

Company: Oil Search Limited
Title: 2018 Annual General Meeting
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Start of Transcript

Rick Lee: Good morning ladies and gentlemen and welcome to Oil Search's 2018 Annual Meeting. My name is Rick Lee and I am Chairman of Oil Search and will be the Chairman of this Annual Meeting. In line with Oil Search's focus on safety I would first like to draw your attention to the emergency evacuation procedures for this room shown on the screen. I would also like to inform you that today's meeting is being recorded and also will be broadcast as a live webcast.

I'd first like to introduce you to the other directors of Oil Search who are on the stage here with me today. I think a number of them are well known to you but we have some new ones. One of the well-known ones, Peter Botten. Next to Peter, Bakheet Al Katheeri, who joined us a couple of months ago. Kostas Constantinou you know well. Susan Cunningham, another new director who joined the Board a couple of months ago. Next to Susan, Eileen Doyle. Then Fiona Harris, Agu Kantsler and Mel Togolo. I would also like to introduce Stephen Gardiner who is at the end of the table. He is Chief Financial Officer and the Group Secretary of Oil Search.

This Notice of Meeting has been convened to consider matters specified in the Notice of Meeting dated 20 March 2018. I will be conducting today's meeting in accordance with the order of business contained in that notice and that would have been sent to you some little while ago. There will be reasonable opportunity to discuss each item of business. When addressing the meeting please use the microphone that will be provided to you and I ask that you identify yourself by giving your full name and if appropriate the name of the organisation you represent. Please note that only Oil Search shareholders or their duly appointed representatives may address the meeting, ask questions, join in debate or vote at the meeting. I ask that you restrict your comments to the particular item of business before the meeting. You will be asked to consider and vote on a number of resolutions for which notice has been given and I will propose each motion and allow a discussion of the motion and I will then formally put the motion to the meeting.

Stephen Gardiner, our Group Secretary, has advised me that a quorum is present in accordance with Clause 12.2 of the Company's constitution and hence I declare this meeting opened.

A notice dated 20 March 2018 convening the meeting has been forwarded to members and I move that such notice be taken as read. I now put the motion. All those in favour, against, the motion is carried. So, we take the Notice of Meeting as read.

Our Managing Director, Peter Botten, will run through the operating results for last year in more detail but let me just summarise. Net profit in 2017 was more than three times higher than the 2016 level. This reflected not only the highest oil and gas production in Oil Search's history, but also a recovery in global oil and gas prices. The average realised oil price was nearly US\$56 per barrel, 24% higher than in 2016 and the average realised LNG price increased 17% to US\$7.67 per million BTU. The PNG LNG project continued to perform very well with LNG production for the year of 8.3 million tonnes, which was 20% above nameplate capacity. We would like to thank the operator, ExxonMobil, for their continued excellent stewardship of this asset, from both a production and a safety perspective with zero loss time incidents achieved again in 2017.

In terms of growing the business, a significant step towards confirming new LNG development and expansion was made when alignment was reached with our partners in PRL 15, Total and Exxon Mobil, on the preferred downstream

development concept for LNG expansion. This is a key milestone towards achieving our growth aspirations with the proposed expansion to add eight million tonnes per annum of installed LNG capacity as the existing PNG LNG plant site. The three train design of which two trains would be supplied by gas from Elk-Antelope and one train by PNG LNG gas and P'nyang is an excellent technical solution. It is cost effective and also simplifies commercial and financial structures.

The successful completion of appraisal drilling at P'nyang South 2 in January 2018 was followed by a re-certification of P'nyang field. This has resulted in a tripling of the gross 1C resource to 3.5 tcf and an increase in the 2C resource to 4.4 tcf. Together with the Elk-Antelope fields there is now approximately 11 tcf of 2C and more than 8 tcf of 1C discovered undeveloped gas resource to support LNG expansion.

The Muruk gas discovery which has upgraded the prospectivity along the Hides P'nyang trend in the North West Highlands potentially provides another source of relatively low cost gas to backfill the existing project or to support further LNG development. Appraisal drilling is scheduled to take place on Muruk 2 later this year which will help define resource volumes in the field.

Finally, late last year the Company announced the proposed acquisition of oil assets in the Alaska North Slope for US\$400 million. The acquisition was completed in February this year and Oil Search assumed operatorship in March. While the purchase may have been a surprise to some shareholders it met a number of our strategic objectives including reweighting the portfolio towards oil and providing the Company with a platform for operatorship. In addition, the assets are high quality and do not dilute the value of our existing world class PNG interests. [The acquisition] does not signal any change in our longstanding commitment to PNG where more than 90% of our assets are still located. We believe we have bought into Alaska at the right time in the appraisal process of the field with further material upside resource potential identified. The acquisition also coincided with an upturn in oil prices, again underscoring the value upside we believe there is in these assets.

The Company's total dividend for 2017 was US\$0.095 per share, equivalent to 20 toea per share. This was nearly three times the prior year's US\$0.035 payment reflecting the Company's strong profit result in 2017 and a 48% payout ratio which was at the upper end of our 35-50% dividend payout range. As many of you may be aware taxation amendments in the PNG 2017 budget resulted in the 2017 interim dividend being subjected to a 15% withholding tax. However, I am pleased to report that amendments in the PNG 2018 budget confirmed that dividends paid by Oil Search from PNG LNG source profits are exempt from dividend withholding tax in accordance with the PNG LNG gas agreement. This means that the final dividend for 2017 and future dividends paid solely from PNG LNG source profits are exempt from PNG dividend withholding tax.

During 2017, Oil Search continued to make a significant contribution to the PNG economy, investing more than 1.2 billion Kina (US\$383.6 million) in the country. In addition to payments to the PNG Government through taxes, royalties and levies, the Company made broader socioeconomic contributions by providing employment and development opportunities, procuring goods and services from local suppliers and creating a positive impact from our operations on communities through strategic community investment. The Company also provided more than K1 million of drought relief assistance. Oil Search continues to support the development of critical infrastructure in PNG and is currently project managing a range of infrastructure projects on behalf of the government. Through the infrastructure tax credit scheme the Company delivered roads, police barracks, hospital and school redevelopments and other infrastructure worth K393 million in 2017. This includes management of the construction of APEC Haus, which I am pleased to report is close to completion. APEC Haus will provide a world class meeting venue for the country, not just for the APEC leader's meeting, but for many years to come as a convention centre and museum.

Some questions have been raised recently about the benefits generated by the PNG LNG project. In fact, Papua New Guinea has received multiple benefit streams from the project since it came on stream. These total some K14 billion, equivalent to US\$4.3 billion, contributed to the government and local businesses through employment, taxes, project

equity cash distributions to MRDC and Kumul Petroleum, development levies, royalty and licence maintenance fees. Of this more K3.5 billion, equivalent to US\$1.1 billion, has been spent with [unclear] companies. In addition, some 10,000 Papua New Guineans were employed and trained during the construction period, many of whom continue to benefit from employment today based on the skills they have learned. Nearly 2600 employees and contractors are directly engaged in PNG LNG production operations and more than 80% of the PNG LNG production workforce is Papua New Guinean.

All payments due to the government and other stakeholders in PNG have been paid by the PNG LNG coventurers in line with the *Oil and Gas Act*. While it was encouraging to see the government commence distribution of project benefits to LNG plant site landowners in 2017 we acknowledge that benefits flowing from the project have not yet reached all project landowners. Oil Search continues to support communications between the government and local landowner groups to resolve this issue. Peter will provide an update of the current status of benefits distribution in his presentation.

The payments Oil Search made to government and other stakeholders in 2017, as just referred to, are fully outlined in this year's Transparency Report. Oil Search is a strong supporter of payments [transparency as] demonstrated by our voluntary annual disclosure of payments in the Oil Search Social Responsibility Report and in our dedicated Transparency Report. We have been a participating company in the Extractive Industry Transparency Initiative, EITI, since 2013 and a strong advocate for PNG's journey towards EITI compliance. ExxonMobil, the operator of the PNG LNG project and our joint venture partner in LNG expansion and several exploration licences in PNG, is also an EITI participant.

Publishing a detailed breakdown of what payments have been made and to whom provides essential information to government and citizens alike and is a means to combat corruption. Payments transparency also helps mitigate the risk of community unrest. Discontent within our communities has increased over the past few years due to growing frustrations about what is happening to government revenues from our industry which have increased significantly since the PNG LNG project commenced production. We continue to support and campaign for improved transparency around how these payments are received and spent.

Transparency on payments is just one example of Oil Search's commitment to adopting and implementing rigorous corporate governance practices across all our activities. We are also committed to reporting fully and openly on these practices so all stakeholders can have trust and confidence in our approach. An area where we have recently enhanced our reporting to stakeholders is in the area of human rights. While respect for human rights and the desire to do no harm have been core objectives for Oil Search for many years, in 2017 we submitted our first Voluntary Principles on Security and Human Rights Report under the Voluntary Principles Initiative.

In addition, as foreshadowed in last year's annual meeting during 2017, the Company significantly increased its level of disclosure on climate change risks [and] opportunities. At the end of 2017 the Board approved a new climate policy and earlier this year we became one of the first companies in Australia to publish a Climate Change Resilience Report disclosing how our assets will perform under a range of decarbonisation scenarios. I am pleased to report that the analysis concluded that our PNG producing assets, the proposed LNG expansion in PNG and our potential oil development in the Alaska North Slope all have long term resilience and are expected to generate positive returns to shareholders under a number of decarbonisation scenarios including a [two centre grade] pathway. Importantly this also means that they are unlikely to become stranded in a carbon constrained world. The Climate Change Resilience Report, as well as the Social Responsible Transparency and Voluntary Principles on Security and Human Rights Reports, are all available on the Oil Search website.

Since the last annual meeting two directors have left the Oil Search Board. Keith Spence in October last year and Gereia Aopi in March this year. I would like to thank sincerely both Keith and Gereia for their dedicated service and considerable contribution to Board deliberations for the past five and 12 years respectively. Gereia's connection with Oil

Search will continue through his role as PNG Country Chair as well as Director of the Oil Search Foundation and Oil Search Power Holdings where his strong relationships across a wide range of PNG stakeholders will prove invaluable as we progress the next phase of LNG development to sanction.

I've already introduced Susan Cunningham and Dr Bakheet Al Katheeri who were both appointed to the Oil Search Board in March this year following a comprehensive international search process. Together they bring more than 55 years of global oil and gas experience strengthening the Board's collective depth of industry knowledge, as well as international insight and diversity. I and my fellow Board members look forward to working with Susan and Bakheet as Oil Search prepares for LNG expansion in PNG as well as the appraisal and development of our Alaskan oil assets.

As many of you are all too aware, on 26 February a 7.5 magnitude earthquake struck the PNG Highlands. There have been numerous aftershocks since although thankfully with reducing intensity and frequency. This event was caused by the convergence of tectonic plates beneath the earth's surface and resulted in enormous tragedy including injuries, deaths and loss of livelihoods for many PNG communities living in the Hela and Southern Highland provinces. While other parts of PNG regularly experience earthquakes, this was the first time in nearly 100 years that an earthquake of this magnitude had struck the Highlands. Peter will talk about how Oil Search, together with the Oil Search Foundation, was at the forefront of relief efforts to assist our local communities in their hour of need. In addition to being the right thing to do we were one of very few companies in PNG with the ability to provide rapid on the ground assistance using our Moro Airfield as a logistical base for the delivery and distribution of aid.

Following a shut in immediately following the earthquake production from the Oil Search operated fields has resumed while ExxonMobil expects the PNG LNG project to be operating again at full capacity later this month. The safe recovery and swift ramp up of production with no damage to the environment from uncontrolled losses of petroleum is a testament to the robust design and build of the facilities and associated infrastructure which withstood the sizeable earthquake remarkably well. As well as to the enormous dedication and commitment from many Oil Search and PNG LNG project employees operating in very, very challenging circumstances.

While clearly the earthquake has impacted our operations, it has not diminished our enthusiasm to invest further in PNG through LNG expansion, exploration and continued commitment to sustainable development. In 2018 Oil Search and its joint venture partners in PRL 15 and PRL 3 will continue to drive various LNG expansion workstreams to enable a decision to be made on entering front end engineering and design or feed in the second half of the year. This will require considerable hard work by all parties and we look forward to engaging with government in the coming weeks and months to ensure this transformation or nation building development proceeds.

Oil Search is also drilling three appraisal wells in the North West Highlands and Forelands regions and shooting the largest onshore seismic program in the Company's history, aimed at underwriting further long-term growth in PNG. Our PNG exploration and activities will be complemented by activities in Alaska focusing on delineating the size of the Nanushuk oil field.

Our socioeconomic programs in PNG will continue with a particular focus on supporting the government's effort to deliver on its PNG LNG project commitments to landowner beneficiaries. Our earthquake relief efforts are also ongoing with the emphasis moving onto helping local communities recover and preventing communicable diseases.

In 2018 PNG is hosting the APEC forum. This is a unique opportunity for PNG to showcase its people, its culture and its economy to the world and highlight PNG as an attractive place for foreign investment. We look forward to welcoming country leaders from OPEC economics at APEC Haus in Port Moresby.

2018 will be a significant year for Oil Search. While oil prices have rallied in recent months we will continue to focus on controlling costs and on prudent capital management in preparation for the expected concurrent development of LNG expansion in PNG and in our Alaskan oil field. The Company is well positioned from a governance, financial and

operational perspective and enters 2018 with a refreshed Board, a strong balance sheet, a resilient high quality production base and with very attractive growth opportunities.

I would like to thank all our staff for the skill, dedicated and passionate contributions to the Company, especially over the last few months. I would also like to thank our shareholders for their continued support. Thank you again for your attendance here today and I will now hand over to Peter.

Peter Botten: Thank you Rick. Thank you, ladies and gentlemen. It's a real pleasure to be here again to address you here today. This is actually the twenty fourth time I've done it and I think the first time I did it I did it with overhead projector screens and other things, so technology has changed. Hopefully this technology will work today.

As I say, it is a real pleasure to address you and it's a time that the future responsible growth of our Company is being progressed at a very significant pace. As our Chairman highlighted 2017 was a record year for production, underscoring good financial returns, cashflows and profits for our organisation. It was also a year when we made progress in addressing a number of important social issues including ensuring our assets are robust as we play our part in the energy transition to a lower carbon world, addressing the important issue of climate change. We continue to build the platform of future growth for our Company with new discoveries at Muruk and resource upgrades in our oil and gas fields. The acquisition of world class oil assets in Alaska and of course continued progress in maturing our next PNG growth option, the expansion of PNG LNG and the development of Papua LNG.

Tremendous, thank you for that. Of course, a key focus for everyone at the Company is the safety of all our personnel and contractors. It is the top priority for us all that none of our workforce come to work and go home injured or harmed in anyway. Our performance in 2017 was not where we wanted to be. Although still rated in the top quartile in Australian listed companies our performance as measured by total recordable incident frequency rate moved from 1.5 incidents per million person hours worked in 2016 to 1.9 incidents per million hours worked in 2017, taking it back to 2015 levels and breaking a streak of continual improvements starting five years ago in 2012. Frankly this is not acceptable to us as an organisation and emphasises the need to prioritise and refresh safety every day with leadership from the top of the organisation, through our contractors and our landowner companies.

I am pleased to say that significant progress was made in the area of process safety with fewer incidents recorded in our operating plants and no material environmental incidents across our operations. It is also pleasing to note that there were no material losses or releases of hydrocarbons from our facilities during or after the February earthquake. It's a tribute to the design of our facilities that they survived the major quake and many aftershocks without loss of integrity. More on that later.

I am pleased to say that through 2017 and into 2018 we've further built the platform of people and assets that we believe will continue to drive high returning [value] growth for our shareholders. Significant progress has been made in defining what expansion of PNG LNG and development of Papua LNG could look like. The development proposal leverages existing infrastructure, drives cooperation and delivers capital efficiency. After considerable engineering and commercial activities in the respective ventures the development concept has been agreed whereby three new LNG trains will be constructed, each with a capacity of around 2.7 million tonnes per annum, slightly smaller than the 4.2 to 4.4 million tonne trains built by PNG LNG.

One of the new trains will be supported by PNG LNG with gas coming from fields at Kutubu, Hides and P'nyang and two trains will be supported by the development of Papua LNG in the Elk-Antelope field. This cooperative development with three new trains taking advantage of infrastructure already built for PNG LNG provides the PNG Government and other project developers with a world competitive project, the highest value and in the bottom quartile of costs. PNG needs to be competitive in a very competitive world. We fundamentally need to take advantage of what we've built already and the cooperation between two projects to deliver the best outcome for everyone concerned. This concept also delivers simplified commercial and financing structures, again an important part of project success. Engagement with

government has commenced regarding these new developments and we remain on track for a decision on front-end engineering design later this year and I'll speak a little bit more of that later.

Our oil and gas production is presently recovering well from the effects of the earthquake and cashflows are now strong, especially with healthy oil and gas prices now being seen in the market. Late in 2017 we announced the acquisition of what we believe to be a world class set of assets in Alaska. These assets have the potential to add materially to our production in 2023 onwards complementing our excellent assets in production of LNG and oil from Papua New Guinea.

I would now like to turn and concentrate on the relief efforts that Oil Search carried out and the impact of the earthquake on not just our assets and our people but also the communities around where we work. Of course, 2018 has been dominated in so many ways by the tragic 7.5 earthquake and its many aftershocks in Southern Highlands, Hela and Western Province, right through our operating areas. Our operating sites, our production facilities, camps, drill sites, exploration seismic operations and of course our people were impacted by this enormous event, though that however pales in significance to the hundreds of thousands of Papua New Guineans who were affected by this event. Our hearts and prayers and sympathy go out to everyone who suffered through this period. Many lives tragically lost, houses destroyed, gardens and livelihoods ruined. As our Chairman said it was our human and moral duty to try and help in these terrible circumstances and we did.

Following the first earthquake on the morning of 26 February our focus initially turned to ensuring all our people were safe and by a miracle only minor injuries were recorded in our workforce. Our facilities sustained mostly minor damage and our production operations were successfully shut down without loss of containment of oil and gas. The design of our facilities actually worked. At the time of the first quake we had 24 operating sites and around 3000 staff and contractors spread from Kopi in the South East to Muruk 2 and P'nyang in the North West, a distance of over 300 kilometres.

Although our facilities were largely okay our camps at Kutubu and Moro were severely damaged. Communications were down and roads were out. Initially we did not know frankly the extent of the damage but our field personnel quickly moved to evacuate non-essential staff out of the area. Our camps just could not support all our people. Power and water were out, drainage was out and some of our mess and camp facilities were trashed. The basics to keep people in the field were broken. Over 600 people were evacuated in the days following the quake and it was a major logistical achievement to get them out at the time.

Remaining staff then turned their attention to damage assessment and reconstruction, focusing initially on our camps. We were fortunate that the Moro Airstrip remained open and the only airfield in the area that was open and quickly that airfield became the locus of relief support and delivery of materials for the relief effort. From around our organisation from drilling, from our production base and from exploration, we mobilised our aircraft, our helicopters, from all around our operations and we started to help not just in our own recovery but in the recovery of our communities, focusing on aid relief to the many communities suffering from the earthquake and aftershocks. Our relief efforts started three days after the initial shock and was in full swing six days after with over 80 people involved and at times over 30 aircraft involved in the relief efforts.

As the slide shows, between Oil Search and the Foundation we played a critical role as being a first responder, being one of the few people that could actually get material and relief, food, et cetera, out into the villages using our helicopters. The ideal location of our logistics base at Moro became pivotal in that delivery. In the first four weeks after the earthquake the UN estimated that we delivered almost 80% of the total food supplies delivered through relief into the communities and I think that's a real tribute to the dedication of our staff and the organisational logistics work taking materials from Port Moresby, delivering them into Moro and going on from there into the villages. Right now, we continue to work with our landowner and government agencies to further develop and continue the relief effort, although we are focusing much more on the delivery of health initiatives, immunisations and overall the wellbeing from a medical context in our communities while other people take up the load.

We contributed around US\$5 million, K16 million, to the relief effort. We delivered over 200 tonnes of material, foods and supplies to over 200,000 people. 2500 people were treated through our organisation with many medevacs and I'd like to show you just a little video of a summary of that in the following.

[Pause]

Clearly the video is suffering from video aftershocks as well.

[Video playing]

Peter Botten: (Oil Search, Managing Director) Our apologies for that. Technical problems obviously follow so obviously effects of the earthquake have got to Moresby as well unfortunately or at least in his computer. Let me move on. Of course, the operations had a massive impact on not just ourselves and I must say the coordination of - by government agencies, relief agencies, the Australian and New Zealand governments in the provision of heavy lift aircraft helped us a lot in our delivery. There were many people who contributed to Oil Search and the Oil Search Foundation and we were delivering aid in a world-class way buying aid in Port Moresby in delivering into the village within 24 hours and we understand that is a seriously world-class effort in aid relief. Many thousands of lives were impacted and helped by our relief effort and I genuinely want to thank our staff in the efforts that they put in and our partners in supporting those efforts.

If I move now to the PNG LNG project, obviously in the aftermath of the earthquake, PNG LNG is slowly coming back on full production and production resumed in April ahead of the previous forecast by the operator. Both LNG trains at the plant site are now operational and LNG exports have resumed and we, as the Chairman said, expect full capacity to be reached in May. During the period when operations were shut in, planned maintenance took place, a number of other activities took place to keep the plant cool and planned modifications were also made. So, we brought forward some of the maintenance that were clearly important in getting back to production in a timely way.

A major part of PNG LNG is the economic benefits that it brings to the country. It really is necessary to be fully open and transparent about those benefits that are delivered by the project. Since the project commenced in mid-2014, PNG has received over K14 billion from the project with K3.9 billion paid to the state and landowner entities in royalties, development levies and equity payments. Taxation employer contributions add to this figure. At the moment some K708 million is held in trust waiting for final landowner event identification determination. Various government entities are working hard to complete the final parts of this important process where 12 of the 15 licences either receiving or close to receiving benefits. In this process landowner identification under the act, including verification, has been completed in many areas awaiting final ministerial determination whilst three areas remain subject to resolutions of various court orders before resolution and final determinations can take place.

The payment structures for boards and benefits distribution are in place. The final company board composition for each company requires confirmation. All parties, Oil Search especially see the importance of completing this process and we will continue to support the communities and Government in their efforts to resolve all the final issues.

In our oil gas business, our oil business, our central processing facility at Kutubu resumed operations in late March and all production progressively is being reinstated around our operations at Kutubu and progressively at Gobe where our production is now back on line. Repairs are still required to the Agogo production facility and as we move away from Kutubu to the north-west, there is more damage to flow lines and our facility's well pads et cetera. Certainly at Moran, there's further damage and remediation work is required.

With that in mind, we see now a revised production forecast. Last year was a record in production at 30.31 million barrels of oil equivalent. This year we believe will be in the 23 to 26 million barrels of oil equivalent following loss of production through the period of the earthquake.

A key growth project for us is obviously LNG expansion and we're targeting FEED entry in the second half of 2018. I've already mentioned that the optimal downstream configuration involves three new LNG trains, 2.7 million tonnes per annum capacity, two supported by PNG LNG and one supported by - sorry, Papua LNG and one supported by PNG LNG. It is the best technical outcome. It simplifies commercial and financial structures and right now we're engaging with Government on the best way forward in terms of moving the project towards FEED and finalising the various terms and conditions to move these projects forward. Really, there is a strong focus on ensuring a balanced gas agreement with appropriate domestic market obligation and other beneficiaries, including national content, as well as ensuring an expedited and simplified benefit sharing process.

If we look at the plant site, there's lots of room at the plant site and part of the opportunity that these projects bring is to optimise the facilities that are already built. That brings significant capital cost reductions. It shares the facilities in terms of tanks, in terms of jetties, and the use of the infrastructure does save billions of dollars for the next phase of development. The biggest beneficiary in that cooperation process is the State.

Our Chairman has already highlighted a significant improvement in our resource base supporting LNG expansion. Frankly, there's no shortage of gas in Papua New Guinea and drilling at P'nyang and confirmation of resource at Elk-Antelope now gives us more reserves around 11tcf of gas than we had in the initial project. All of that underscores a long-term future for LNG development in this country with a very substantial backing of gas.

If we move to the LNG market on a global scale, we see at the moment a minor oversupply of LNG into the world markets. However, as we look forward with very few LNG projects being committed over the last two or three years, there is actually going to be a likely shortage of LNG supply by the early to mid-part of the next decade and PNG can play into that market and be a quality supplier into that market. But we do need to be moving in a timely way forward because other people are also lining up that new demand. But we are seeing a significant new growth in LNG supply and PNG can fill that - some of that hole in the early part of the next decade with timely development in this country.

In exploration sense we see a large program this year in some of our smaller gas fields at Kimu and Barikewa. We also see further appraisal work in the north-western corner at Muruk all designed to underscore our resource base, but also put gas where it may be used for future development internal to PNG by other activities including power and petrochemicals. We're undertaking the largest operated onshore seismic program around Elk-Antelope looking for further restructures that have been so successful in the Elk-Antelope area. We aim to constrain some of those leads for drilling in later years.

We've also become involved in the deep water offshore and shallow water offshore. So, we have plenty of opportunities and that brings me to the next slide which basically says PNG has more than 20tcf of remaining potential. We need to think about what goes on post the next three trains. What's the development optic beyond 2023? That means that we could explore in the Highlands at Muruk and P'nyang, Gulf onshore in Elk-Antelope area or the Gulf offshore and deep water offshore. We want through this piece of work to understand where we should be putting our exploration dollars to optimise our development post the next three trains. So, understanding where that goes, where we drill, and how much we spend in exploration is part of a major study that's presently underway and we expect to see the results by the end of the year.

Papua New Guinea has very substantial gas resources remaining, optimising how the country and ourselves develop that resource remains part of that study.

As our Chairman said, we acquired for \$400 million assets on the north slope of Alaska and key to that was the undeveloped and partially appraised Nanushuk oil field. We acquired that asset on the basis of a 500 million barrel resource and that makes it a cost base of about \$3.30 per barrel. Our joint venture partners think it's a bit bigger than that, in fact, about 1.2 billion barrels and I hope that the appraisal work that's taking place in adjacent areas and also

appraisal that we'll carry out later this year will prove up that resource base too and hopefully over that 1.2 billion barrels. We think we've acquired it at the right time. These assets are very complementary to LNG. LNG is slow - it takes a long time to get to market. Oil assets are much quicker and these assets are, we believe, world-class, at the lowest end of the cost curve and able to contribute significant production in 2023 and beyond.

Just showing you a map of these Alaskan assets and the Nanushuk. The Nanushuk field is actually in a broad band north to south in this area here all the way down. The field length is over 90 kilometres long. It is not small and we have appraisal work in the north and appraisal work in the south and I'm pleased to say that ConocoPhillips recently drilled two holes here and we understand that the results of those two wells which fill in the gaps for us were very encouraging. So, our 2018 and 2019 drilling program is now on track to fully appraise and targeting a FEED - Front End Engineering Design decision in the middle and second half of 2019 and an FID decision in 2023. That would lead to production at somewhere between 25,000 and 35,000 barrels a day potential in 2023 and beyond. I'd also say there's significant further opportunities in the areas that we've acquired.

Just turning to some other PNG focus areas. As part of our comprehensive strategy to make a positive contribution to social development in PNG, Oil Search continues to play a very active role in delivery of competitively priced power in Port Moresby through the building of a new gas fired power generation station. In Morobe we have a development potential of a 30-megawatt power station fed by plantation trees utilising several thousand of our local communities in growing and agriculture around that project and delivering competitively priced power into the Morobe grid. We're also refurbishing the power grid in the Highlands in Hela to deliver further power stability in the Hela province.

Over K190 million were spent on tax credit projects chosen by the Government and delivered by Oil Search construction teams in 2017. This work included schools, medical facilities and road construction, refurbishment of government buildings and of course APEC Haus. Also, Oil Search Foundation continues to work with the Hela province and the Hela Provincial Health Authority to improve provision of healthcare to the people of Hela and this includes significant new developments in Tari Hospital a new accident and emergency ward, new accommodation for nurses, training for doctors, new X-ray machines and blood lab and support for all our staff, all the Hela [PHA] staff in terms of bringing them to a level of competency suitable for 2018. It also includes major programs in women's empowerment and addressing gender-based violence.

In 2017, we also supported the rugby league world cup, a hugely successful tournament brought to Papua New Guinea for three games and we supported the tournament. We also support the national football stadium and we're also supporting the developing the women's game, including sponsorship of the ladies' team. We believe as PNG's largest company, we have an obligation to make a positive contribution to society in PNG. Our response we believe to the earthquake effort demonstrates we really can make a difference.

Some key priorities then just in finalising. Obviously, priority for us right now is for the remaining part of 2018 is to continue the restoration of full production from our operations and from PNG LNG following the devastating earthquake. We're well on track to doing this and my personal thanks to everybody, our staff, our contractors, our various supporters for the work that's been done in very difficult circumstances. We're presently about 80% of oil production back on line and we hope to build that through the rest of the year.

Our focus too through is concentrated on expansion opportunities for PNG LNG and development of Papua LNG to a FEED decision later this year. Our work on the vision of how PNG's gas development can take place post the next LNG development will be defined by the end of the year and will guide us in future exploration activities. Certainly, we'll continue to help support Government in addressing remaining issues to ensure timely and efficient benefits distribution and work with our communities in delivering core infrastructure and services that improves everybody's lives. We'll also continue efforts to providing ongoing relief focusing on initially health and immunisation programs, women's empowerment and protection in our various communities.

We will have a major drilling program in Alaska later this year and that will hopefully provide a platform for FEED in 2019. So far 2018 has been a very challenging year for the Company and PNG as a whole. Our hearts and prayers continue to go out to communities impacted by the earthquake as we collectively recover from these tragic events. The fundamentals though for Oil Search have never been stronger. We have world-class assets in our people, our oil and gas fields and unprecedented opportunities to competitively grow our business over the next five years. I'd sincerely like to thank our staff for their efforts in the last 12 months. The dedicated professional way they address the challenges of rebuilding our operations and providing significant lifesaving care to communities in the Highlands. That was absolutely world-class. Thank you to them all and thank you to our shareholders for your continued support. It's always a pleasure coming and seeing you and giving you an insight into some of our thinking and some of our operations and objectives over the coming 12 months. Thank you very much.

Rick Lee: (Oil Search, Chairman) Thank you Peter, and unfortunately the video didn't work. We will see if we can make amends for that in some way, but it is quite a graphic picture of what was happening when the earthquake rolled through. We will ensure I think on the website that we get that working so people can kind of understand the experience of those who were up in the fields at the time.

Well, it's now time to proceed to the formal part of the meeting. The group secretary has tabled the proxies and as Chairman of the meeting, and in my capacity as Chairman of Oil Search, I hold a minimum of 1.04 billion proxy votes for each resolution representing more than 68% of the shares on issue directing me how to vote or to use at my discretion in respect of each resolution. Other directors hold a small number of proxy votes directing them how to vote or to use at their discretion. There are also a number of proxy votes authorising people other than directors to vote on behalf of members. The proxy vote tally indicates that on a poll all resolutions will be comfortably passed with more than 88% of proxy votes cast on each resolution being in favour of the resolution. The proxy votes cast for each resolution will be displayed on the screen when each resolution is put to the meeting.

A comprehensive summary of the proxy tally from our share registry, Computershare, is available at today's meeting. Clause 12.8 of Oil Search's constitution specifies the methods of voting for a [referendum]. Voting will be by a show of hands and shareholders are asked to raise one hand holding their voting card. As Chairman of the meeting and in accordance with Clause 12.9 of the Company's constitution, a declaration by me that a resolution is carried by the required majority is conclusive evidence of that fact, unless a poll is demanded in accordance with Clause 12.10 of the constitution. If a poll is demanded, then I will hand the conduct of the poll to Mr Richard Powell, our Computershare representative who is in attendance today.

Shareholders are requested to deposit their unused voting cards in the box at the door of this room as they leave. Turning to our ordinary business, there are six items of ordinary business to be considered today. These items deal with the 2017 financial statements and reports of the Company, the election and re-election of directors and the reappointment of the Company's auditor. The first item of ordinary business is to receive and consider the financial statements together with the directors' report and auditor's report for the year ending 31 December 2017. There is no requirement for shareholders to approve the financial statements and reports. However, shareholders will have an opportunity to ask questions or make comments about the statements and reports. Mr Matthew Donaldson of the Company's auditor Deloitte Touche Tohmatsu, is present at today's meeting in the front row here and will be able to answer any questions from shareholders relating to the audit of the Company's financial statements.

I'll now invite questions and comments from the floor.

[Pause]

No questions on the financial statements? Well, perhaps we should move on then to the re-election and election of directors. Items two to five of ordinary business relate to the election and re-election of directors. As one of the resolutions is in regard to my standing for re-election, I will hand the conduct of the meeting over to my fellow director,

Agu Kantsler, as acting Chairman while these resolutions are dealt with. I will then resume the chair. Agu, you can come up.

Agu Kantsler: (Oil Search, Director) Thank you, Chairman. Good morning, ladies and gentlemen. The second item of business today is the re-election of Mr Rick Lee. Mr Rick Lee retires in accordance with Clause 15.3B of the Company's constitution and, being eligible to do so, offers himself for re-election. Mr Lee joined the board on 9 April 2012 and was appointed Chairman on 28 February 2013. Following a successful executive career in commerce with CSR, and investment banking with NM Rothschild Australia where he was CEO, Mr Lee has held a number of company directorships and also served as the Chairman of the Australian Institute of Company Directors. Mr Lee's full background and credentials are outlined in the notice of meeting. I have pleasure in moving that Rick Lee, being eligible to seek re-election as a director of Oil Search pursuant to Clause 15.3B of the Company's constitution, be re-elected as a director of the Company. The motion having been proposed is now open for discussion. No discussion? I now put the motion. Those in favour? Thank you. Those against? Thank you. Motion is carried.

Move on to the third item of ordinary business which is the re-election of Dr Eileen Doyle. Dr Eileen Doyle retires in accordance with Clause 15.3B of the Company's constitution and, being eligible to do so, offers herself for re-election. Dr Doyle joined the board on 18 February 2016. She held senior operational roles at BHP and CSR culminating in her appointment as the CEO of CSR's panel division. Dr Doyle has served on a number of boards, including as deputy Chairman of CSIRO. Dr Doyle's full background and credentials are outlined in the notice of meeting. I have pleasure in moving that Eileen Doyle, being eligible to seek re-election as a director of Oil Search pursuant to Clause 15.3B of the Company's constitution, be re-elected as a director of the Company. The motion having been proposed is now open for discussion. No discussion? So, I now put the motion. Those in favour? Thank you. Those against? Motion is carried.

I now move on to the fourth item of ordinary business which is the election of Miss Susan Cunningham. Miss Susan Cunningham retires in accordance with Clause 15.3A of the Company's constitution and, being eligible to do so, offers herself for re-election. Miss Cunningham joined the board on 26 March 2018. She has more than 35 years of experience in the oil and gas industry across a wide range of countries. After senior roles at Amoco, Statoil and Texaco, Miss Cunningham was appointed executive vice president of Noble Energy where she was responsible for global exploration and new ventures. Miss Cunningham also has served as chair of the Offshore Technology Conference in Houston which has just been held. Massive conference. Miss Cunningham's full background and credentials are outlined in the notice of meeting. I have pleasure in moving that Susan Cunningham, being eligible to seek re-election as a director of Oil Search pursuant to Clause 15.3A of the Company's constitution, be elected as a director of the Company. The motion having been proposed is now open for discussion. No discussion? So, I now put the motion. Those in favour? Thank you. Those against? I declare the motion carried.

The fifth item of ordinary business is the election of Dr Bakheet Al Katheeri. Dr Bakheet Al Katheeri retires in accordance with Clause 15.3A of the Company's constitution and, being eligible to do so, offers himself for election. Dr Al Katheeri joined the board on 26 March 2018. Dr Al Katheeri has served as the CEO of Mubadala Petroleum since March 2017. He has over 20 years of diverse oil and gas experience, including overseeing both operated and non-operated production assets and UAE gas supply. Dr Al Katheeri is a member of a number of industry boards. As Mubadala Petroleum is owned by Mubadala Investment Company, which in turn owns 12.9% of the shares in Oil Search, appropriate arrangements have been established to protect Oil Search's confidential information and to address any potential conflicts of interest that may arise. Dr Al Katheeri's full background and credentials are outlined in the notice of meeting. I have pleasure in moving that Bakheet Al Katheeri, being eligible to seek election as a director of Oil Search pursuant to Clause 15.3A of the Company's constitution, be elected as a director of the Company. The motion having been proposed is now open for discussion. No discussion? I now put the motion. Those in favour? Thank you. Those against? I declare the motion carried.

I'll now hand the conduct of the meeting back to Rick Lee as chair.

Rick Lee: (Oil Search, Chairman) Thank you, Agu, and thank you to my colleagues and congratulations to my colleagues for their election and re-election. The next item of ordinary business is the appointment of our auditor. I move that Deloitte Touche Tohmatsu be reappointed as the Company's auditor until the next annual meeting of the Company and that directors be authorised to fix the fees and expenses of the auditor. The motion having been proposed is now open for discussion. No discussion? I'll now put the motion. Those in favour? Those against? I declare the motion carried.

There are three items of special business to be considered today. These items will be dealt with by ordinary resolution. With regards to the four items of special business, pursuant to ASX Listing Rules 10.14 and 10.15A, Peter Botten is the only director eligible to participate in the long-term incentive plan and any votes cast on the following items by him and any of his associates will be disregarded. So, this resolution item one, the special business covers the proposed issue of performance rights to the Managing Director, Peter Botten, under the long-term incentive plan. The key terms applying to the award of these performance rights are summarised in the notice of meeting. If approved by the meeting, the performance rights will be awarded to Peter Botten as soon as practicable following the close of this meeting. I move that 302,200 performance rights be awarded to Peter Botten pursuant to the rules and terms of issue of the long-term incentive plan. The motion having been proposed is now open for discussion. No discussion? I now put the motion. Those in favour please raise your hands. Against? I declare the motion carried.

Item two of the special business covers the proposed issue of restricted shares to the Managing Director, Peter Botten, pursuant to the long-term incentive plan by way of a mandatory deferral of 50% of Peter Botten's short-term incentive in respect of the 2017 year. The key terms applying to the issue of these restricted shares are summarised in the notice of meeting. If approved by this annual meeting, Peter Botten's restricted shares will be awarded to him as soon as practicable following the close of the meeting. I move that 252,694 restricted shares be awarded to Peter Botten pursuant to the long-term incentive plan by way of a mandatory deferral of 50% of Peter Botten's short-term incentive in respect of the 2017 year. The motion having been proposed is now open for discussion. No discussion? I now put the motion. Those in favour please raise your hand. Those against? I declare the motion carried.

Item three of the special business covers the proposed issue of share rights to Managing Director, Peter Botten, pursuant to a separate incentive for the achievement of investment sanctioning of the Papua LNG project and of the PNG LNG expansion project. The background to the issue of these share rights and the key terms applying to the issue of the share rights under the LNG expansion incentive plan are summarised in the notice of meeting. I move that Peter Botten be awarded 203,984 share rights pursuant to the LNG expansion incentive plan. The motion having been proposed is now open for discussion. No discussion? I'll now put the motion. All those in favour please raise your hand. Against? I declare the motion as carried.

In accordance with Section 90.1 of the *PNG Companies Act* and Clause 12.7A of the Company's constitution, shareholders may now ask questions, discuss or comment on the management of the Company. Does anyone wish to raise any matters of general business?

Brynn O'Brien: (Australasian Centre for Corporate Responsibility, Shareholder) Thank you, Mr Chairman. Brynn O'Brien of the Australasian Centre for Corporate Responsibility and a shareholder in Oil Search.

As you have discussed today, a pillar of our Company's social responsibility strategy is making PNG lives better. This promise has both macroeconomic and local components and I'll address each in turn. A report published last month by NGO Jubilee Australia and written by a former senior Australian Treasury official, found that the macroeconomic benefits promised by PNG LNG to the country and her people have in large part failed to materialise.

I note the Chair's comments about the positive impacts that the project has had, and in particular I note the Chair's comments about employment, but this report found that instead of employment projected increase of 42%, it fell by 27%

over the project life. My question is does the Board believe that the PNG LNG project has improved Papua New Guinea's macroeconomic health and if so, what evidence does it rely upon to come to this analysis?

Rick Lee: I think the short answer to answer to that is yes, and I think the basis for that is the strong platform of very, very long-term revenue generation and wealth creation that is possible from a project of this scale that is as competitive as it is in the markets that it serves. I think we have a - we look at this through a different lens from the Jubilee report. We certainly look at it through a much longer-term time horizon than the Jubilee report covers, and we believe that these judgements should be made over that time horizon and certainly over that time horizon we will believe that PNG is very well served and will continue to be very well served by having this strong basis for development. We recognise that there are shortcomings and we're working as hard as we can to assist government and communities in overcoming those shortcomings.

As far Oil Search is concerned, we have delivered to government and our partners have delivered to government all those revenues that are required of us under the licensing arrangements and we'll obviously continue to do so. I think you've heard today that we do in many other ways go well beyond that in terms of our commitment and our support for the communities and we'll continue to do that as well. I think through the lens that we look at on the PNG LNG project and the future of the country as a whole, we feel very comfortable that the potential is there. Clearly, the execution, the distribution of benefits is something that is a very important aspect and we are working hard to try and get those issues resolved that are standing in the way of those distributions.

Brynn O'Brien: (Australasian Centre for Corporate Responsibility, Shareholder) Of course, we understand that this project has a long timescale. However, there were projections made for interim targets and against each one of those economic and welfare indicators the country has gone backwards so far. Do you have any comment in relation to that? I guess my question is on what basis do you say that you consider that the project is benefiting Papua New Guinea if on the projections set at the outset of the project, those promises - those targets are not being met?

Rick Lee: I believe the simple answer to that really is a function of the collapse in the oil prices which has clearly diminished revenues to government and its capacity to deliver a number of those things. As regards the project itself and the partners within those projects, they have met their obligations and those funds are sitting ready to be distributed. We recognise the problems, we recognise the challenges and we do feel, and we believe very strongly, that the timeframe in which any project of this scale and any resource project generally, whether it's in PNG or anywhere else, has to be assessed over a long term. We as a Board have to take that view.

We have a look through the cycle view on oil price and the like as other resource companies do in relation to their particular commodities. We don't believe the collapse in oil prices that came very shortly after commissioning of this project is really a fair basis on which to assess what were long-term projections at the time. We don't see that as undermining the case for the project or its contribution to PNG.

Brynn O'Brien: (Australasian Centre for Corporate Responsibility, Shareholder) Moving then on from those macroeconomic and revenue questions, the report - sorry, the project also promised - made many promises to communities, to landowner communities both around the site of the operations and along the pipeline and down to the plant. Another report published by Jubilee Australia this morning calls into questions the delivery of those promises, the delivery of infrastructure promises, the delivery of roads and hospitals and so on that were promised under the benefit-sharing arrangements. Can the Board comment on the failure to deliver local development outcomes along projected timeframes?

Rick Lee: I think again it's tied up with much the same areas where government certainly made commitments. Those commitments were made to the different landowner groups and clearly, the lack of distribution not the lack of payment by the joint venturers into the appropriate bodies is the cause of it, and those are being worked on very actively and clearly, everyone has an objective of trying to ensure these issues are resolved.

As far as Oil Search is concerned, outside the benefit arrangements, we have done in our own case I think a significant amount to help support and serve the communities that are in the licensed areas around our own operations. I think the earthquake relief was just a very good example of that. I'm not sure that we could have done any more to do what the communities would have expected in this situation. I think as a Board and as a Company we are very proud of what we've done and what we've delivered to those communities and we will continue to do that outside the formal arrangements that are there in the licences.

Brynn O'Brien: (Australasian Centre for Corporate Responsibility, Shareholder) I do have a couple of other questions but I'm conscious that there may be other people in the room who wish to ask some, so I'm happy to hand over to someone else unless there are no other questions.

Rick Lee: Yes.

Unidentified Participant: (Shareholder) Thank you, ladies and gentlemen and Chairman of Oil Search and Managing Director. I'm one of those ordinary shareholders civilian and I also ran a Gobe [Unclear] project. I want to address that the issues have been held up in my mind for so many years. I'm from [Harabe]. Harabe district is from the Oil Search oil development at Gobe Project. This project never signed, never reviewed the agreement, MOU, MOA agreement. It certainly in so many years never been reviewed. That's one mistake.

Two mistake is I've seen Oil Search partner with the government of this country and they're putting up some development infrastructure developments around other [proponents] of this country, but nothing is done in my district, Harabe district, was [not done]. I don't know why. It is a development project area, supposed to be the government and Oil Search is the developer, is the developer and leading company of this country is Oil Search, should have done something in my district, not any development taking place in my area, and [unclear] become a shareholder to this Company. I am just putting my concerns before you.

Rick Lee: I certainly acknowledge your comments. I certainly aren't familiar with the detail of the Gobe arrangements; they were put in place many years ago, and I believe that they are in many ways caught up in much the same kinds of issues that were referred to previously. We are working very hard to deliver those benefits. Certainly, our activities and commitments generally, as Oil Search outside the specific commitments there will continue.

I don't know, Peter, if you want to make any comments on the specifics of Gobe, but essentially, we are working hard with everyone and anyone to try and get this benefits distribution issue resolved, because it is clearly an important issue for everyone in ensuring that the project as it stands and the project as we would hope will be licensed for expansion, delivers the benefits that it should and will do to the communities as a whole.

Unidentified Participant: (Shareholder) With [unclear] company is Oil Search and the leading company of this country in our petroleum industry. The government also partnership with you and they are putting up [duty]. This company discussed ecological development. Funding from where, is Oil Search, is ExxonMobil, and nothing is done in my district. So Australian Government, Australian Government and British Government [unclear] [that stationed in 1953] it is already [rubbish]. [Unclear] covered, nothing is there. [Does the policy] [unclear] district, nothing is there. What is really happening? This should have been addressed properly, so I am putting to you, I want you to reconsider this. Thank you.

Rick Lee: Do you want to add anything in relation to the Gobe situation? I think we are as a Company doing everything we possibly can to ensure that the benefit of distribution is there, whether it applies to Gobe or any of the other licence areas and to their communities. So, I am not sure what more I can say, but clearly it is in our interests as it is in the interests of both the government and the communities to ensure that the obstacles that are in the way of that distribution are resolved as quickly as possible, and we believe, as I think Peter mentioned in his report, that we are quite close to that situation, but I fully acknowledge the frustrations that your colleagues have.

Unidentified Participant: (Shareholder) Thank you.

Rick Lee: Any other questions?

Brynn O'Brien: (Australasian Centre for Corporate Responsibility, Shareholder) Hi again. Acknowledging the concerns raised by the landowner gentleman just previously, is it possible for anyone on the Board to go through the infrastructure benefits promised versus delivered at this point? And if it's not possible at this moment in time, can the Board commit to undertaking a transparent report to shareholders on the local development infrastructure promises made versus delivered at this point in time?

Rick Lee: Certainly, we can have a look at that. I think there are a number of different levels of commitment and they are largely outside the Oil Search - they're government commitments and they are what we are trying to unlock. Clearly, once the accounts are unlocked - the funds are being contributed to government and they are held in accounts and once the funds are unlocked and there are various and different issues sometimes in different licences, but we are working very hard to unlock those.

The second issue then is once unlocked how those funds are distributed and invested, and that clearly was originally contemplated and still is one that varies across licences and over the life of the project, so it's not a two or three-year exercise. I certainly am not aware of the detail of the particular commitments that were made in Gobe, but we are very mindful of making sure that Oil Search fulfils its obligations and in relation to commitments in terms of infrastructure, we are I think as we've shown in our reports, doing a lot both within the areas of our obligations and beyond those areas of our obligations and will continue to do so.

Brynn O'Brien: (Australasian Centre for Corporate Responsibility, Shareholder) Thank you. It appears that part of the issue here is lack of communication and confusion about what is actually being delivered and the timeframes for delivery, so perhaps a suggestion that increasing transparency around local benefits promises and delivered and the likely timeframes for realising these commitments would assist all parties.

Rick Lee: I wholeheartedly agree.

Brynn O'Brien: (Australasian Centre for Corporate Responsibility, Shareholder) I do have one further question, and it's on a different topic. On one hand, our Company acknowledges the need to keep the world global warming trajectory of less than two degrees Celsius and says in its climate policy that it supports efforts to implement the Paris climate agreement. On the other hand, Oil Search does not currently as far as I understand have emissions reduction targets.

I assume that the Board is familiar with the concept of a global carbon budget; that is, the amount of carbon dioxide emissions we can emit while still having a likely chance of limiting global warming temperature rise to two degrees Celsius above pre-industrial levels. Independent financial thinktank Carbon Tracker's report of June last year, it's called *Two Degrees of Separation*, estimated that 50% to 60% of Oil Search's capital expenditure is outside a two-degree pathway. How does the Board reconcile its commitment to a two-degree world with both its upstream capital expenditure and its lack of an emissions reduction target?

Rick Lee: Well, I'll have a go first and then Peter can perhaps follow.

I think the key is that these matters will be factored into investment decisions in the future. Clearly, we can't change investment decisions that have been made in the past, and we are part of joint ventures, particularly in relation to PNG LNG. Certainly, going forward as we've said in our climate report and as we've undertaken to do in our policy, we will be addressing those kinds of issues in the context of future investment decisions. In terms of the impact that that may have

over time and our particular role in that, we are doing what all companies I think are recognising is that they have to review and potentially modify how they go forward in many of these things.

The issue that we have spent quite some time addressing, as you know, over the last 12 months since our meeting last year, is looking at our own operations and our potential future operations and testing them for resilience based on a number of price scenarios that are independent of ours, and fundamentally we believe from a shareholder perspective that our projects are strong and resilient, and they will continue to have value for shareholders under those environments. We feel comfortable that we've got a robust platform and within the current platform and in decisions taken in moving that platform forward and delivering production, future production that we will be in good shape in terms of our position in the market and we will continue to monitor and watch that. I'm not sure, Peter, whether you have anything to...

Peter Botten: Well, just we have targets and we do comprehensively use two-degree C input in and [unclear] two-degree C world into [unclear]. Megan, I think you wanted to say something.

Megan Christensen: Megan Christensen, GM Social Responsibility at Oil Search. Just in response to your comment on targets, Brynn, I think we've made strong comments in the resilience report around the way that we've managed targets. We've had an emissions reduction target from 2011 to 2016 which we exceeded quite significantly, I think in excess of 50%, and we've made clear statements in the resilience report in regard to that we will re-establish targets once we do our next major strategic review as an organisation.

In regard to the Carbon Tracker report, that was done well ahead of our climate change resilience report, and arguably there was a lack of information that Carbon Tracker had, an incomplete picture of many of our assets. I think you'll find in, as Rick pointed out, the analysis that we've done demonstrates very heavily and in a very transparent and robust methodology that all of our assets are actually clearly resilient and aligned with the 2C pathway.

Brynn O'Brien: (Australasian Centre for Corporate Responsibility, Shareholder) Just to clarify, do you mean then that the capex, upstream capex is aligned with the two-degree pathway? Is that what you mean?

Megan Christensen: Stephen will have to comment on the capex aspects of it, but in terms of the resilience of our projects, which is what Carbon Tracker was evaluating, we've demonstrated that they are resilient.

Brynn O'Brien: (Australasian Centre for Corporate Responsibility, Shareholder) We might be talking about a different report. I don't have any further questions but my colleague [Lucille Paroo], who is a landowner, does. Now, due to an administrative oversight on my part, she does not have a right to speak. However, if you will permit her to speak she would very much like to. If not, I will ask a question on her behalf.

Rick Lee: If you want to ask a question on her behalf, that's fine.

Brynn O'Brien: (Australasian Centre for Corporate Responsibility, Shareholder) Okay. I understand it would be well within the Board's discretion to permit a comment to be made at an AGM by a non-shareholder but seeing as you will not permit that. Papua New Guinea is a member of the Coalition of Small Island States that lobbied for the inclusion of a 1.5-degree Celsius target in the Paris Agreement. Furthermore, Papua New Guinea is already being affected by sea level rise. Residents of the Carteret Islands have been moved to Bougainville. Why, as the largest company in Papua New Guinea with an apparent commitment to the health of Papua New Guineans does Oil Search make no mention of a 1.5-degree target in its policy position?

Rick Lee: We do assess for a 1.5-degree target, but we are following what we believe are reasonable scenarios in relation to our own activities, and certainly our feedback is that as an oil and gas company we are fulfilling both the obligations but also the expectations of our shareholders and other groups. Clearly, this is a journey for everyone. At the

moment, our point on the journey has been adequately reported in the climate report, so that's where we'll be staying for the moment, but we will be keeping these matters under review.

Brynn O'Brien: (Australasian Centre for Corporate Responsibility, Shareholder) Thank you.

Rick Lee: Any other questions? Any other matters of general business? I think that brings our proceedings to a - oh, one more, sorry.

Jones: (Shareholder) Thank you for the opportunity to be here. Jones is my name and I see in your awards area here, maybe - my father bought the shares that I represent today back in the '30s. It's the first time anyone has ever been on behalf of the family at an AGM, so maybe that gets an award. Thank you.

[Applause]

Rick Lee: I'd love to give you one. Any other comments or questions from the floor? Well, if there's no more business, I declare the - sorry?

Unidentified Participant: (Shareholder) Good morning, everybody. Okay. I'm a grassroots, my education, I went as far as Grad 10, simple, grassroots. I see around the streets of Port Moresby or around Papua New Guinea Oil Search sponsor this building and they've been putting up that and this and that, but we grassroots, [we're made to share]. We're living in small, poor [unclear] building houses. To me, I look at it and I'm not feeling happy. I [looking to] minister who was responsible for that, to look at the shareholders and help us make our living by building up a good house or sponsor us putting a business and Papua New Guinea is a developing country, so we have to develop our country.

Rick Lee: Thanks very much, and we fully appreciate and are very sensitive to your own and other communities' situations, particularly obviously with the earthquake but regardless of the earthquake, I think the Company has demonstrated at the grassroots level its preparedness to get in, roll its sleeves up and deliver benefits through schools, through medical clinics, through the Tari Hospital, the number of areas that I think does position the Company well in the context of its own responsibilities and obligations.

We're very mindful we over time hopefully will be able to help the communities around our activities improve their circumstances and we will continue to do what we can to support and assist in that. As a Company we can do some things; we can't change things overnight. We I think have demonstrated on many occasions that we're out there in the community and we're very sensitive to the communities that are looking to improve their circumstances and we provide what support we can.

Thank you. Yes, there's another question down the back.

Brian: (Shareholder) Good morning, everyone. My name is Brian. I'm just so interested to ask a question where I suppose it might be in the Board's favour or not. Again, it is in line with my good gentleman here, coming out from a view of people on the streets, in line with those contributors. Should I ask this question to the Board. You have a fund where that should make possible to all shareholders to apply for a living standard, for instance, there is a condition for all shareholders to apply probably to put up a house.

Rick Lee: Thank you very much. I think we're straying away from Oil Search responsibilities into the responsibilities of government at all levels. I think we will have to be very careful about that. We certainly look at community assets and infrastructure. We are not a bank, we are very focused on the business that we believe we have expertise in and we do that in a way that I think is in a global sense almost unique in terms of our commitment and intimacy if you like with the communities around our operations, but I don't think we will be able to get into the facilitation of personal investment. That's not the role of an oil and gas company.

Hopefully over time as the benefits of these project developments are dispersed through communities, that will become a more achievable outcome through convention arrangements within the economy, the broader economy. We will do - I think it's better if we continue to focus on the things that we're good at and let other focus on the things that they are good at.

Yes.

Simon: (Shareholder) [Simon] this is the last one. There are two types of shares, not only Oil Search but all the other countries - other companies, [leading] companies. They have top 10 shareholders and ordinary shareholders. Okay, some of us ordinary shareholders did not receive any reports, monthly reports, yearly reports, and also did not receive anything, any benefit, any dividends. Like me, I didn't receive dividends for 22 years. How can I get it? I think I want to see you after this meeting.

Rick Lee: I think - Stephen, do you want to...

[Inaudible - microphone inaccessible]

Rick Lee: We do our best to make sure that all shareholders receive their paperwork and their dividends.

Simon: (Shareholder) But I didn't receive mine for 22 years and I would [unclear].

Rick Lee: Stephen's your man.

[Inaudible - microphone inaccessible]

Rick Lee: No other questions? I think I can declare the 2018 Annual Meeting of Oil Search Limited closed. Thank you very much for interest in the Company, for your attendance today and for your ongoing support of our activities. We undertake to continue to support the interests of shareholders and the interests of the communities that we operate within and the country as a whole. Thank you very much.

End of Transcript