



OIL SEARCH LIMITED

(Incorporated in Papua New Guinea)
ARBN – 055 079 868

PNG LNG PROJECT ISSUES FIRST ENVIRONMENTAL AND SOCIAL REPORT

1 June 2010

Please see the attached release from Esso Highlands Limited, a subsidiary of Exxon Mobil Corporation and operator of the PNG LNG Project, regarding the release of the Project's first environmental and social report. The report covers the period from 1 January – 31 March 2010.

The full report can be accessed through the PNG LNG Project website at www.pnglng.com

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Media Release

Papua New Guinea LNG Project Issues *First Environmental and Social report* *Details Actions to protect environment and cultural heritage*

Port Moresby, Papua New Guinea, June 1, 2010

Esso Highlands Limited, a subsidiary of Exxon Mobil Corporation and operator of the Papua New Guinea (PNG) LNG Project, today issued its first quarter 2010 environmental and social report detailing actions to develop the energy project in a responsible manner while bringing economic success to Papua New Guinea and providing energy to meet Asia's growing demand.

The report details how PNG LNG is implementing commitments made in the project's environmental and social management plan, which is based on the most comprehensive environmental impact assessment ever undertaken in Papua New Guinea. The report also demonstrates how the project is contributing to the economic growth of the country through development of a local workforce and suppliers.

Peter Graham, managing director of Esso Highlands, said, "Completion of the financing arrangements in March 2010 moved the project into a full execution phase. We are developing this challenging project in a manner that reflects our high standards in business and operational integrity, and importantly in safety, security, health, environmental and social management."

He added, "The benefits that flow from the project will support the PNG government's objective to strengthen its economy and infrastructure base for the benefit of its people."

"This is the first in a series of reports that details our progress in this challenging project."

The project is currently at an early stage of a four-year construction period, with activities under way in design, pre-mobilization and early site works. The report details how PNG LNG:

- Is implementing world-class safety programs for the workforce and public.
- Conducted pre-construction environmental surveys and social assessments.
- Established baseline data for greenhouse gas emissions and biodiversity protection.
- Protected Papua New Guinea heritage through comprehensive archeological cultural heritage surveys, excavation and preservation of artifacts.
- Established an Enterprise Center to support local supplier development and two centers for workforce technical and professional training. About 850 graduates per year for the next four years are expected.
- Sponsored the first Papua New Guinea Women in Business Exposition.
- Conducted an extensive mapping process that identified over 120,000 stakeholders; an engagement program commenced during the environment impact assessment and continues today.



- Deployed teams of specialists including anthropologists, archeologists and botanists to ensure effective implementation of the environmental and social management plan.
- Created a program to promptly address potential concerns from local residents about the project, its contractors and subcontractors.

About the PNG LNG Quarterly Environmental and Social Report

PNG LNG's quarterly environmental and social report was prepared in accordance with the Equator Principles and International Finance Corporate performance standards, project management plans, and all applicable environmental and social laws. It covers the period January to March 2010.

The Government of Papua New Guinea, through its Department of Environment and Conservation, approved the project's environmental impact statement that reviewed factors such as community needs, sensitive environmental habitats, and biodiversity.

About PNG LNG

The integrated development includes gas production in the Southern Highlands and Western Provinces of PNG, processing facilities, onshore and offshore pipelines, and liquefaction facilities near Port Moresby with capacity of 6.6 million tons per year.

The project will cost an estimated US\$15 billion to construct through initial completion. Over its 30-year life, PNG LNG is expected to produce over 9 trillion cubic feet of gas and 200 million barrels of associated liquids. First LNG deliveries are scheduled to begin in 2014, following a construction period of about four years. It will supply four major LNG customers in the Asia Pacific region through long-term sales, including CPC Corporation, Taiwan (CPC); Osaka Gas Company Limited; Tokyo Electric Power Company Limited; and Unipecc Asia Company Limited, a subsidiary of China Petroleum and Chemical Corporation.

Participating interests include affiliates of ExxonMobil (including Esso Highlands Limited as operator, 33.2 percent), Oil Search Limited (29.0 percent), Independent Public Business Corporation (PNG Government, 16.6 percent), Santos Limited (13.5 percent), Nippon Oil Exploration (4.7 percent), Mineral Resources Development Company (PNG landowners, 2.8 percent) and Petromin PNG Holdings Limited (0.2 percent).

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