
UBS loan and allegations against the PNG Government

Company statement

Tuesday, 28 May 2019

Oil Search is aware of recent media regarding a Union Bank of Switzerland (UBS) loan to the Government of Papua New Guinea (PNG).

We are also aware of a report dated December 2018 by the Ombudsman Commission of PNG into this UBS loan. At the time of this statement release, the report has not been tabled in parliament.

It is important to note that any issues relating to this UBS loan concern solely the PNG Government. Oil Search was not involved in, or a party to, the UBS loan.

Furthermore, Oil Search has breached no laws and no allegations have been made against Oil Search or Oil Search officers. Any suggestion by the media that Oil Search or an Oil Search officer was involved in illegal conduct in the UBS loan matter is false and baseless. Contrary to the requirements of PNG law, Oil Search and others were not contacted by the Ombudsman Commission during its investigations or given any opportunity to provide evidence or comment before issuing its final report.

Oil Search wishes to clarify some of the inaccurate comments circulating in the media by providing the following facts:

- In early 2014, Oil Search decided to acquire an interest in the Elk/Antelope gas fields – attractive assets which complemented Oil Search's existing PNG assets.
- Oil Search was well progressed in finalising funding options for this acquisition, including entering into an underwriting agreement for a share offer.
- The PNG Government subsequently approached Oil Search and expressed interests in acquiring Oil Search shares via a share placement. The rationale was the PNG Government wanted to maintain a shareholding in the country's biggest oil and gas company and the largest investor in-country (noting they would no longer hold shares post the exercise of IPIC's exchangeable bonds).
- Oil Search issued 149.39 million fully paid ordinary shares to the Government of Papua New Guinea on 13 March 2014.
- The share placement was executed at a price of A\$8.20 per share. The price was assessed by Oil Search to be fair and reasonable for all Oil Search shareholders based on the alternative share issue opportunities and transactions by other companies at the time.
- The execution of this share placement to the Government of Papua New Guinea followed all standard market practices and was in full compliance with all relevant insider trading laws and regulations.
- The assertion the share placement to the Government of Papua New Guinea was made to block any future takeover bids of Oil Search by the International Petroleum Investment Company (IPIC) is false.
- Papua New Guinea already had the power to prevent a takeover of Oil Search, regardless of the share placement to the Government of Papua New Guinea, by the *Takeovers Code 1998* (PNG)

which at the time provided the PNG Securities Commission with the ability to prevent any takeovers on national interest grounds.

- In any case, Oil Search's Board would always consider a takeover bid on its merits and have no interest in preventing a takeover which generates shareholder value. Oil Search's Board would always consider the interests of the company, including shareholders, when determining their attitude to any potential takeover.
- Rumours of Mr Botten's resignation are false. Mr Botten has successfully led Oil Search for more than 25 years and it is a necessary course of action for any organisation to ensure succession plans are in place for executive leadership positions.

Ends.

Media queries

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