

## Joint Press Release

### Oil Search and Total sign agreement regarding acquisition of InterOil assets in Papua New Guinea

- **MoU signed between Oil Search and Total. Oil Search to sell down 60% of the interest acquired from InterOil in PRL 15 and 62% of InterOil's exploration assets to Total, subject to closing the InterOil acquisition.**
- **Oil Search and Total to focus on development of Papua LNG Project and to pursue cooperation and/or integration opportunities with PNG LNG Project.**
- **MoU with Total underpins the value of the InterOil transaction, enhances Oil Search's liquidity and, importantly, drives long term alignment between the JV parties to deliver value for all stakeholders.**

**May 20, 2016** - Oil Search Limited and Total SA are pleased to announce that they have entered into an exclusive Memorandum of Understanding (MoU). This follows Oil Search's agreement to acquire InterOil Corporation (InterOil), announced earlier today.

The MoU sets out the principles on which:

- Oil Search will sell down 60% of InterOil's interests in PRL 15 and 62% of InterOil's interests in its other exploration assets to Total following the successful completion of Oil Search's acquisition of InterOil. The terms of the sell down will be consistent with the value implied under the InterOil transaction.
- Oil Search and Total will seek to maximise the value for all stakeholders by pursuing cooperation and/or integration opportunities with the PNG LNG Project.

The MoU is expected to deliver significant value to Oil Search, InterOil and Total shareholders:

- Immediately de-risks Oil Search's acquisition of InterOil through the PRL 15 sell-down process, delivering certainty and incremental liquidity for Oil Search and InterOil shareholders.
- Establishes an aligned partnership between Total and Oil Search, with material interests in the Papua LNG Project, while also providing the possibility of bringing in new partners including LNG buyers.
- Provides a commitment to maximise the value of the Papua LNG Project through cost minimisation, schedule acceleration and optimal resource utilisation through cooperation and/or integration with the PNG LNG Project.
- In a standalone project case, aligns Total and Oil Search to deliver a robust LNG project with equity available for buyers and potential new participants.

## **Sell-down Agreement**

Oil Search and Total have agreed that Total's acquisition of equity in PRL 15 and InterOil's exploration assets will be on the same terms as Oil Search's proposed acquisition of InterOil announced earlier today. The transaction is anticipated to occur shortly after completion of the proposed acquisition of InterOil. Following completion of the sell-down process, Oil Search and Total will share, on a pro rata basis, all costs and liabilities in respect of acquiring InterOil, as well as any future Contingent Value Rights payable to InterOil shareholders, at or above a 2C resource of 6.5 tcf for Elk/Antelope.

Following the sell-down to Total, Oil Search expects to have an equity interest in PRL 15 of up to 37.4%, or 29.0% post government back-in, with Total holding an equity interest in PRL 15 of up to 62.1%, or 48.1% post government back-in. This equates to Oil Search selling down 60% of InterOil's 36.5% (28.3% post government back-in) PRL15 interest to Total.

After paying for the additional equity in PRL 15 and equity in InterOil's exploration assets, Total will also pay Oil Search a further cash amount of US\$141.6m on 1 July 2017 and US\$230m at FID for the Papua LNG Project. No further contingent resource payments or exploration carries will be due by Total.

Under the MOU, both Oil Search and Total have committed to ensuring an accurate resource certification under the Total-InterOil SPA. Oil Search and Total are committed to ensuring the interim resource certification process is transparent and focused on accurately assessing the potential resource in the Elk-Antelope gas fields for the purposes of the CVR calculation and for guiding development plans for the Papua LNG Project. This process will follow the yet-to-be formally approved Antelope-7 appraisal well program.

## **Development Agreement**

Under the terms of the MoU, Oil Search and Total's objectives are to maximise the value of the Papua LNG Project through capital and operating cost minimisation, project acceleration and optimal resource utilisation. Oil Search and Total have therefore agreed to pursue cooperation and/or integration opportunities between the Papua LNG Project and the PNG LNG Project, to maximise value for all stakeholders.

Commenting on the MoU, Oil Search's Managing Director, Peter Botten, said:

*"This MoU, along with our proposed acquisition of InterOil, is a tangible step forward to optimising cooperation between PNG's two world-class LNG projects, where we now have complementary significant interests. This has the potential to deliver capital efficient, high returning investments which is especially important in periods of low oil and gas prices. This agreement between Oil Search and Total, supported by the PNG government is a major advance in maximising value in these world-class assets for all stakeholders, while also facilitating the entry of potential new parties, including LNG buyers, into Papua LNG."*

Total's Chairman and Chief Executive Officer, Patrick Pouyanné, said:

*"Following our entry into PRL 15 in 2014, this agreement between Total and Oil Search demonstrates Total's strong commitment to the development of PNG's gas resources. In line with our strategy to hold significant interest when we are operator, we will increase our operated interest to a more material level to drive the future development of the Papua LNG project, a low cost onshore LNG project close to Asian markets. Total is very pleased to establish such a strong cooperation with Oil Search. This aligned partnership paves the way to jointly working towards optimizing the monetization of these resources, including by actively seeking opportunities for collaboration and/or integration with the existing PNG LNG Project, for the benefit of all stakeholders."*

Goldman Sachs and Macquarie Capital are acting as financial advisers to Oil Search on this transaction.

### **About Oil Search**

Oil Search is an oil and gas exploration and development company, which was established in Papua New Guinea (PNG) in 1929. Oil Search's main asset is its 29% interest in the 6.9 MTPA PNG LNG Project, a world-scale liquefied natural gas (LNG) development operated by ExxonMobil PNG Limited. In addition to the PNG LNG Project, Oil Search has a 22.8% interest in the Papua LNG Project and interests in, and operates all of, PNG's currently producing oil fields. Approximately 20% of PNG LNG Project gas is sourced from the Oil Search-operated oil fields.

### **About Total**

Total is a global integrated energy producer and provider, leading international Oil and Gas Company, and the world's second-ranked solar energy operator with SunPower. Total has over 96,000 employees and is committed to better energy that is safer, cleaner, more efficient, more innovative and accessible to as many people as possible. As a responsible corporate citizen, Total is focused on ensuring that their operations in more than 130 countries worldwide consistently deliver economic, social and environmental benefits. Total have been involved in PNG since 2012 and are the operator of the Papua LNG Project.

### **About InterOil**

InterOil is an independent oil and gas business with a sole focus on Papua New Guinea. InterOil's assets include a 36.5% interest in the Papua LNG Project, which comprises one of Asia's largest undeveloped gas fields, Elk-Antelope, in the Gulf Province, and exploration licences covering about 16,000sqkm. Its main offices are in Singapore and Port Moresby. InterOil is listed on the New York and Port Moresby stock exchanges.

### **For further information please contact:**

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#### **Investors and Media:**

##### **Oil Search**

##### **Investors:**

Ann Diamant  
General Manager, Investor Relations and  
Communications  
Tel: +61 2 8207 8440  
Mob: +61 407 483 128

##### **Media**

Ruth Waram  
Manager – PNG Communications  
Mob: +675 7190 6078

##### **P&L Corporate Communications:**

Ian Pemberton  
Principal  
Tel: +61 2 9231 5411  
Mob: +61 402 256 576

##### **Hill+Knowlton Strategies:**

Jackie Zupsic (US)  
Tel: +1 (212) 885 0590  
Mob: +1 (805) 698 5060

Rick Harari (Canada)  
Tel: +1 (416) 413 4766  
Mob: +1 (416) 209 5755

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##### **Total SA:**

##### **Investors:**

Mike Sangster, Nicolas Fumex, Patrick Guenkel,  
Romain Richemont  
Tel: +44 7901 111 244  
Tel: +44 7818 521 372

Robert Hammond (US)  
Tel: +1 713 483 5070

##### **Media**

Press office: +33 (0) 147 444 699

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