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Gutpela Dei Lo Yupela Olgeta and Hepi niu yia.

Greetings and good wishes to you all for 2019!

This Newsletter is an excellent opportunity for me to inform you, the communities of PRL-15, that I replaced Mr. Philippe Blanchard as the Managing Director of Total E&P PNG Limited in September 2018. Since then, we achieved a key milestone of the Project when a Memorandum of Understanding (MoU) between the Independent State of Papua New Guinea and Papua LNG Project was signed. In parallel, we continued all the technical studies required to progress to a Final Investment Decision.

I haven't had a chance to visit you but rest assured that I follow carefully the reports of the Community Relations team, my eyes and ears within the communities. Now, let's provide you with some updates on the progress of our activities.

Project update

As mentioned, a major step in the Project development took place on 16th of November 2018, during the Asia Pacific Economic Conference in Port Moresby, in the presence of Peter O'Neil, Prime Minister, and Patrick Pouyanné, Charmain and CEO of Total, when TEP PNG and its partners signed a Memorandum of Understanding with the Independent State of Papua New Guinea to define some key parts of the Gas Agreement for the Papua LNG Project. Minister for Petroleum Hon. Fabian Pok signed on behalf of the State, witnessed by Hon. Chris Haiveta, Governor of Gulf Province, Hon. Robert Agarobe, Governor of Central Province, Hon. Charles Abel, Deputy Prime Minister & Treasurer, and all members of the State Negotiating Team. The Gas Agreement is expected to be finalized in 2019.

Significant milestones for the Project have also been achieved with:

- The confirmation that Papua LNG Project will encompass two LNG trains (those being big industrial units) in PNG LNG existing gas processing facilities near Port Moresby.
- The conclusion of pre-project studies, enabling the kick-off by mid-2019 of more detailed engineering studies (also known as Front-End Engineering Design - FEED).

In PRL-15, significant progress has been made with the completion of the seismic campaign performed by Oil Search. There are still activities ongoing with the finalization of geotechnical activities (aiming at assessing the capability of the proposed grounds to support heavy facilities such as the CPF or the trunklines). Other geotechnical work is also happening to assess the presence of gravel in the area. A team of geologists is also going to walk within the Project area and possibly perform some trenching to understand the underground features of the Project area following the earthquake (i.e. to assess the presence of fault lines).

Project milestones

To get government approval to develop the Project (the Project Development License or "PDL"), several regulatory steps have to be carried out in the coming months and preparatory operational activities also have to take place within PRL-15.

The following activities have been scheduled in 2019:

- The signature of the Gas Agreement with the Independent State of Papua New Guinea;
- The delivery of an Application for a Petroleum Development License (APDL) to the Department of Petroleum. This process is the first step towards the grant of the Petroleum Development License (subject to Government approval process). The APDL submission will include several deliverables, including the Social Mapping and Landowner Identification (SMLI) studies. As a supporting document to the SMLI, the Land Investigation Report (LIR) will be provided;

- Launch the preparatory works within the proposed CPF area (construction of access tracks, creation of an offloading area, etc.) – those activities are the only ones that should happen in PRL-15 for 2019;
- Submission of the Papua LNG Environmental Impact Statement (EIS) to the Conservation and Environment Protection Authority (CEPA) for their assessment, including by an Independent Peer Reviewer, towards granting of the Environmental Permit.

As you can see, we are striving to complete all the necessary studies and operations to comply with PNG regulatory process and technical requirements.

Current activities

Social Mapping and Landowner Identification

We thank you for cooperating with SMLI study teams. I know you appreciated that representatives from Department of Petroleum were present in the awareness, and Gulf Provincial Government Rep, during the performance of the SMLI fieldwork.

The SMLI for PRL-15 is completed and we are finalizing the SMLI for the pipeline export route and offshore pipeline route. The next step is to submit the full reports to the Department of Petroleum in 2019.

To support your understanding of the Oil and Gas regulatory process, TEP PNG will provide you early 2019 with legal support. Specialists will be able to answer your queries and provide you with general information on the *Oil and Gas Act 1998* and any other relevant laws.

NID – National Identification Programme

Thank you for your participation in the NID exercise undertaken by the Department of National Planning. This is a national Government initiative that we are pleased to support, so that the people in the Project area can register and have birth certificates and ID cards. This will greatly assist you in many activities including administrative processes.

Land access

I would like to emphasize that under our Petroleum Retention License (PRL) sec. 42, the *Oil and Gas Act 1998* gives TEP PNG exclusive rights of entry to conduct all activities anywhere within PRL-15. Nevertheless, TEP PNG will continue to consult you and seek your in-principle consent.

The current rates for land access and associated operations relate to exploratory activities. At the beginning of the second quarter of 2019, TEP PNG intends to negotiate long-term project rates with you as we are moving from exploratory phase to longer term development phase.

To ensure your understanding and meaningful participation in those negotiations, TEP PNG will provide you, early 2019, with independent legal support, to advise and support you in this important process.

Local business development

Local Representative Company (REPCO)

TEP PNG has been informed by PRL-15 clan leaders that they are developing a new Representative Company (Repco), under the name of Koko Nene Henaru Resources Limited (KNHRL) which includes the Pawaian and Kaura clans. They also told us that they are also establishing four investment companies that will be owned by members of the PRL-15 clans. PRL-15 clan members would share the benefits from business done by KNHRL and the four investment companies.

TEP PNG respects your decision to use KNHRL as your Repco. As a pre-requisite of agreeing to engage with this new company, TEP PNG will require that KNHRL ensures that you, the people of PRL-15, are transparently consulted and informed about the activities of KNHRL.

In addition, TEP PNG would encourage KNHRL to deliver the services the Project needs effectively, to agree to regular checks to ensure its compliance with contractual agreement (as this is a "Client / Contractor" relationship), and most importantly, that KNHRL delivers a fair share of profits and benefits to clan members, in line with normal business practices and conditions.

Beware of bad business offers!

I want to strongly counsel you to evaluate carefully and critically offers that you receive from numerous consultants promising to serve your interest. I caution you against people who try to influence you or try to take an unfair share of your clan business. They may try to do this through bad business arrangements or they might provide flights, hotel rooms, food or other things so that you owe them and eventually they will take part of your business as payment.

In 2019, we will engage a Business Development Officer who will spend time on site to advise and support you.

Community Investment Programs & Projects

Community Investment initiatives progressed well in 2018:

- We successfully completed an Aid Post in Evara in collaboration with Digicel Foundation Inc. and the communities with the full endorsement of the Gulf Province;



Evara Aid Post



Evara Aid Post (rear side)

- In partnership with National Volunteer Service (NVS) – Ministry of Community Development and Religion, Community Health Workers are continuing to serve the communities in Wabo and Poroi 2;
- Stationery has been given to all schoolchildren of the PRL-15 area;
- Clinic health books for adults, mothers and children have been given to your health facilities;
- Logistical assistance was provided to Gulf Province for the transportation of examiners and the distribution of grade 8 exam papers to primary schools;

New projects for 2019 will include the construction of Poroi 2 Aid Post and more initiatives shall be done in 2019. You shall be consulted about these.

TEP PNG would like to thank the Gulf Province and the Communities for this successful partnership. It is because we work together that these projects contribute to a better future.

Conclusion

Be careful of fake news, especially on social media and please rely on our CLOs, should you have any questions related to the Project.

I wish to highlight that TEP PNG is committed to keeping you, PRL-15 communities, our Neighbors, informed about our activities, processes and updates.

Jean Marc NOIRAY
Managing Director, Total E&P PNG Limited
January 2019