



# 2013 HALF-YEARLY RESULTS //

# Forward looking statements

This presentation may contain forward-looking statements and information that both represents management's current expectations or beliefs concerning future events and are subject to known and unknown risks and uncertainties.

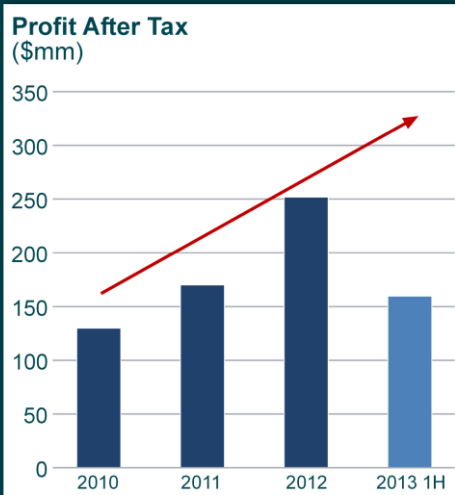
A number of factors could cause actual results, performance or events to differ materially from those expressed or implied by these forward-looking statements.

# Agenda

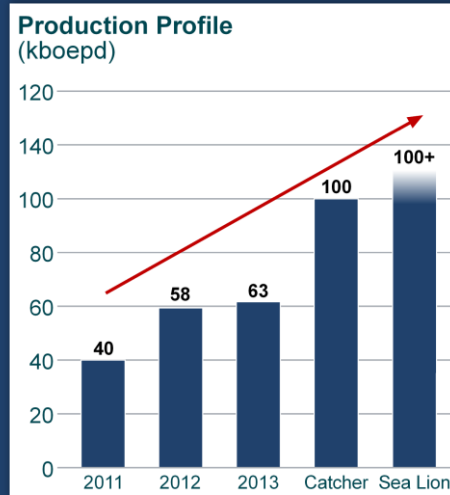
Highlights .....	Simon Lockett
Business Unit review .....	Robin Allan
Key projects .....	Neil Hawkings
Exploration .....	Andrew Lodge
Finance .....	Tony Durrant
Outlook .....	Simon Lockett

# Highlights

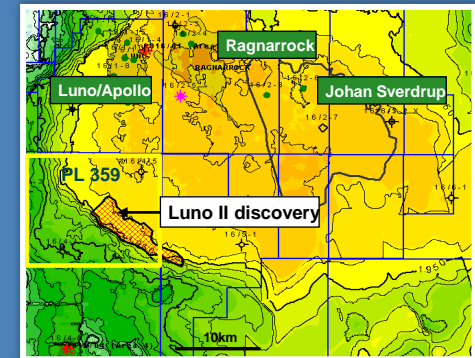
- Continuing record profits and growing cash flow



- Catcher, Bream and Sea Lion projects moving forward



- 6 out of 7 exploration wells successful
- Delivering on portfolio upgrade



# North Sea

## Production and development

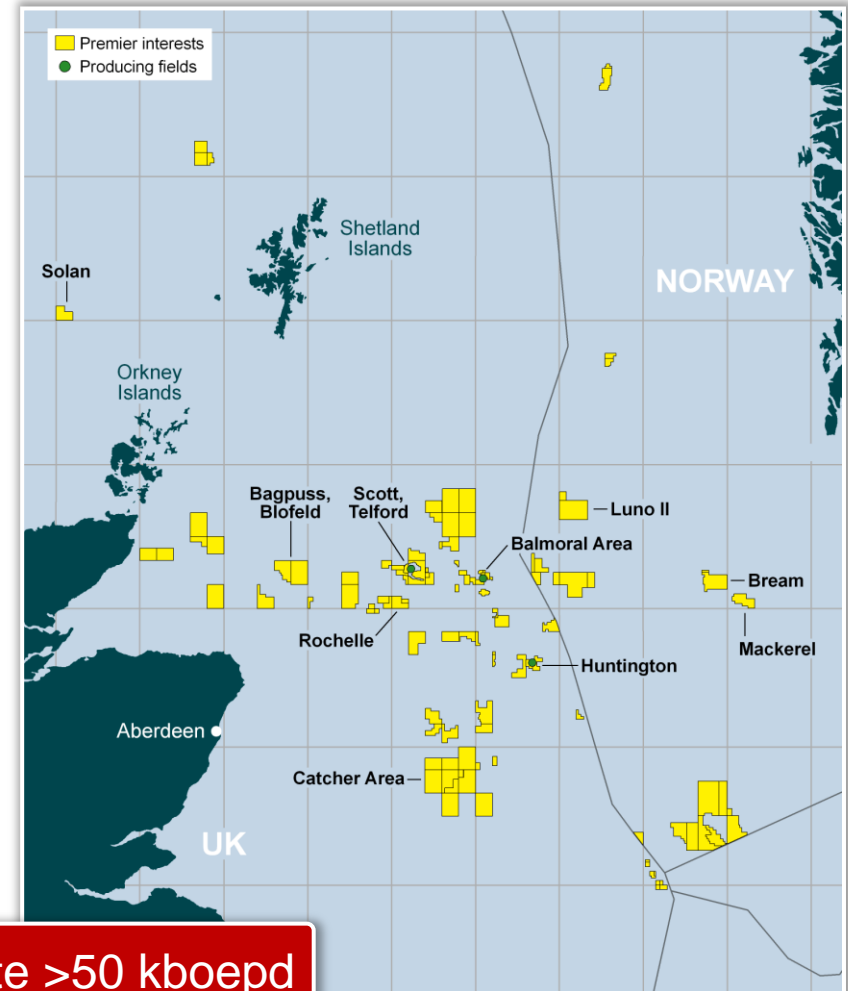
- Strong performance from Wytch Farm, Scott
- Huntington impact on 2H; increase in cash flows
- Solan, Catcher and Bream progressed

## Exploration

- 100% drilling success rate in North Sea year-to-date

## Portfolio management

- Bream area consolidation
- New high impact opportunity (Bagpuss and Blofeld)
- Relinquished / sold non-core assets (Grosbeak)



Building to run rate >50 kboepd

# North Sea – Huntington

## Field performance

- First oil April 2013
- Rates of up to 27 kboepd achieved
- Start-up problems with gas compression systems resolved
- Hydrocarbon blanketing system being commissioned
- Production restarted

## Forward guidance

- Full year group production outturn depends on 2H Huntington performance



High return, fast payback project

# North Sea – Solan

## Key milestones

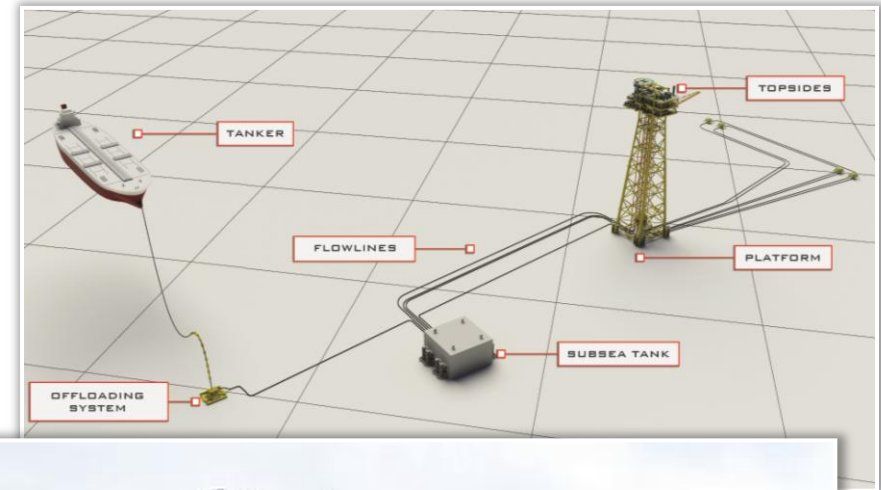
- First oil Q4 2014
  - Initial rate of 24 kbopd

## Development drilling

- Reservoir reached on prognosis in August
- 2<sup>nd</sup> phase to complete 2 producers mid-2014

## Platform and subsea

- Installation of topsides, jacket and subsea storage tank to commence mid-2014



On track for first oil in Q4 2014

# North Sea – Catcher

## Subsurface and drilling

- Reservoir modelling near completion
- 15 producers and 8 water injectors
  - Drilling starts 2015
- Evaluating bids for rig and trees

## FPSO and subsea

- Competitive FPSO tender
  - Bids being evaluated
- Subsea EPCI contract issued for tender
  - Responses expected October

		2013											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
		Gas offtake selected ▼						▼ FPSO Bids		▼ Order LLIs		Board Sanction ▼	
FPSO		FPSO Funded Tender Process							Evaluate Bids		Finalise Contracts		
		Subsea Feed							Tender Subsea EPCI		Evaluate Bids and Finalise Contracts		
		Optimise Subsurface Development Plan							Tender Drilling Rig		Evaluate Bids and Finalise Contracts		
Subsea		Subsea Feed							Tender Subsea EPCI		Evaluate Bids and Finalise Contracts		
Drilling and Subsurface		Optimise Subsurface Development Plan							Tender Drilling Rig		Evaluate Bids and Finalise Contracts		
Select Gas Offtake Route		CATS / Fulmar Negotiations											
Approvals									JV Approval Process				
							DECC Field Development Plan and Approval Process						
		Prepare Environmental Statement											

On track for project sanction by year-end



# North Sea – Bream Area

## Key milestones

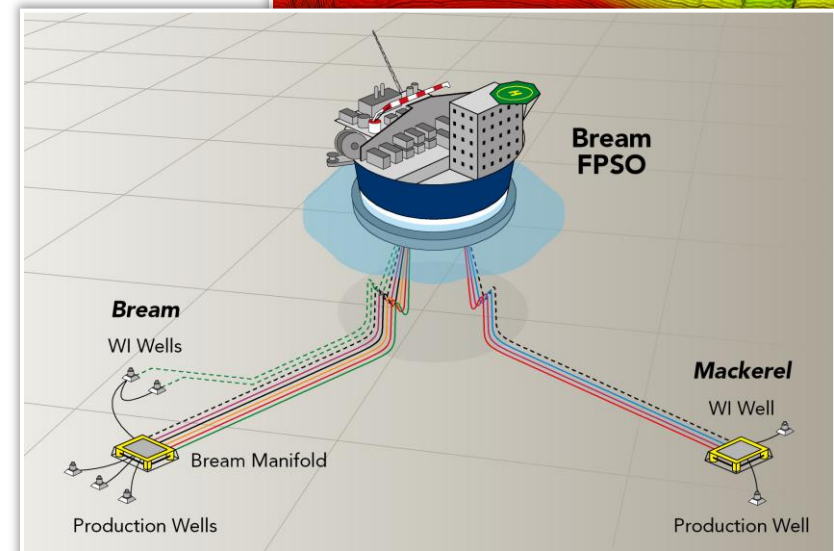
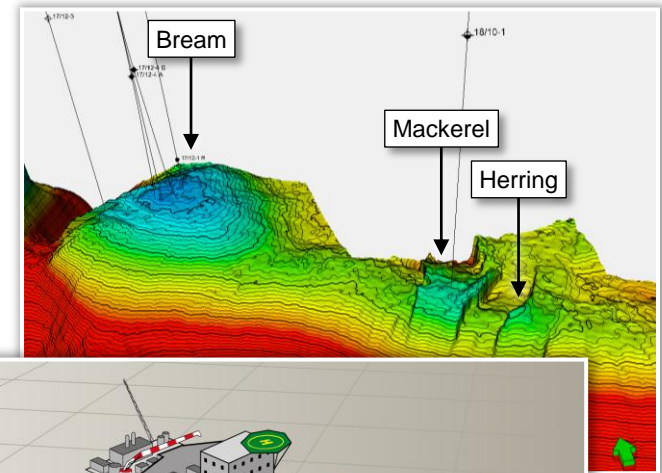
- Equity increased to 50%
  - Partnership interest aligned
- Bream/Mackerel sanction 2014

## FPSO and subsea

- Subsea tie-back to new FPSO
  - Upside in Herring
  - Assessing potential area synergies

## Subsurface and drilling

- 2C resource estimate: 50 mmboc
- Rig procurement planning underway



**New partnership now progressing development**

# Pakistan

## Production

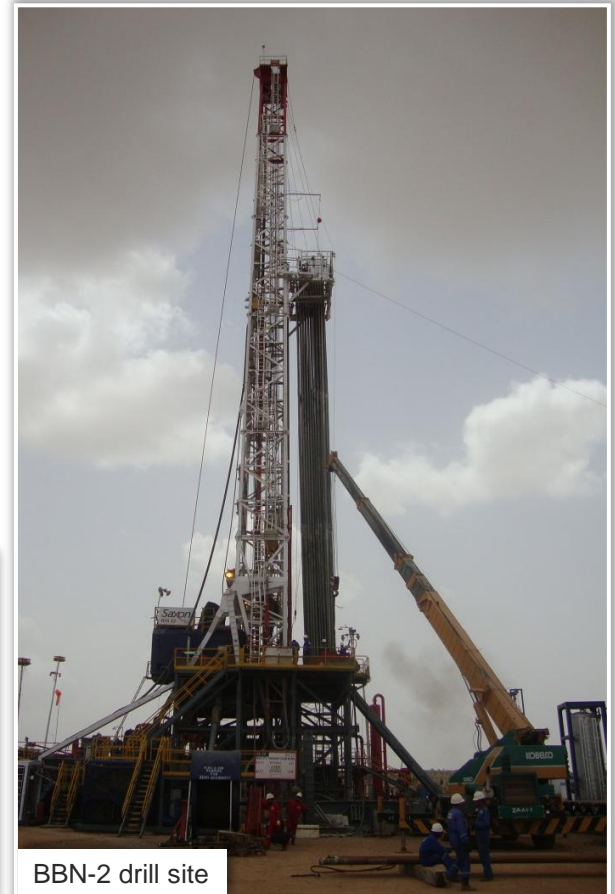
- Gas demand, revenues and cash flows remain strong
- Infill and step-out success

## Exploration

- Exploration success at K-32 and Badhra B North-2
  - 8 consecutive E&A successes
- 6 E&A wells planned over next 18 months



Bhit plant



BBN-2 drill site

Continued infill success

# Vietnam

## Production and development

- Chim Sáo oil production ahead of development plans
  - Power upgrades to address gas production constraints
- Dua first oil 2014 1H

## Exploration

- Block 121 – Ca Voi established working petroleum system

## Portfolio management

- Sale of Block 07/03 for up to \$100 million



Dua extends Chim Sáo production plateau

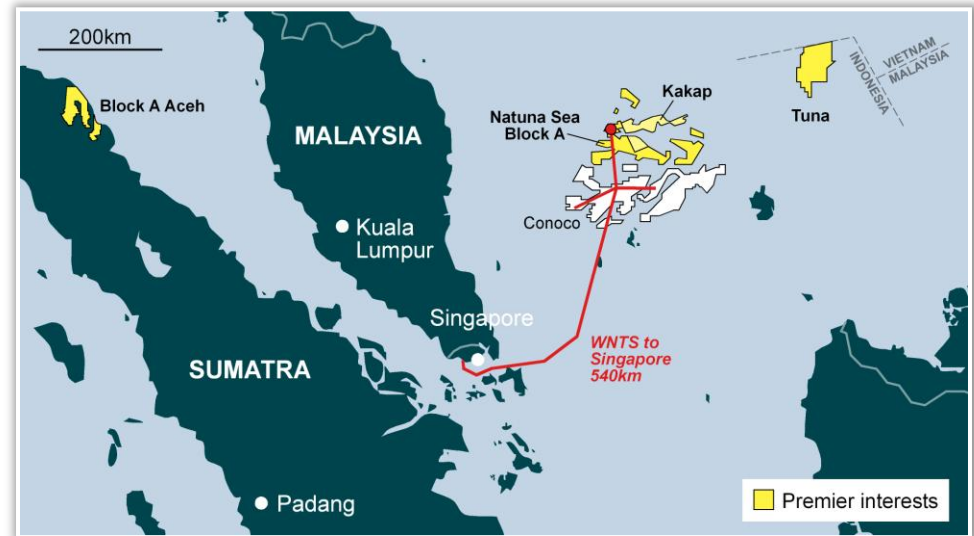
# Indonesia

## Production

- Singapore demand robust
  - Take or pay contracts
- Strong performance from NSBA
  - Anoa captured 44% of GSA1
  - Gajah Baru achieved record production rates

## Development

- Anoa Phase 4 successfully completed
- Pelikan and Naga onstream mid-2014
- Commercialises 350 bcf of reserves
- NSBA holds ~60% of remaining GSA1 reserves



## Exploration

- Kuda/Singa Laut planned for 2013 2H
- Follow-ups to Anoa Deep discovery 2013 and 2014

Meeting Singapore demand, generating long term cash flow

# Sea Lion



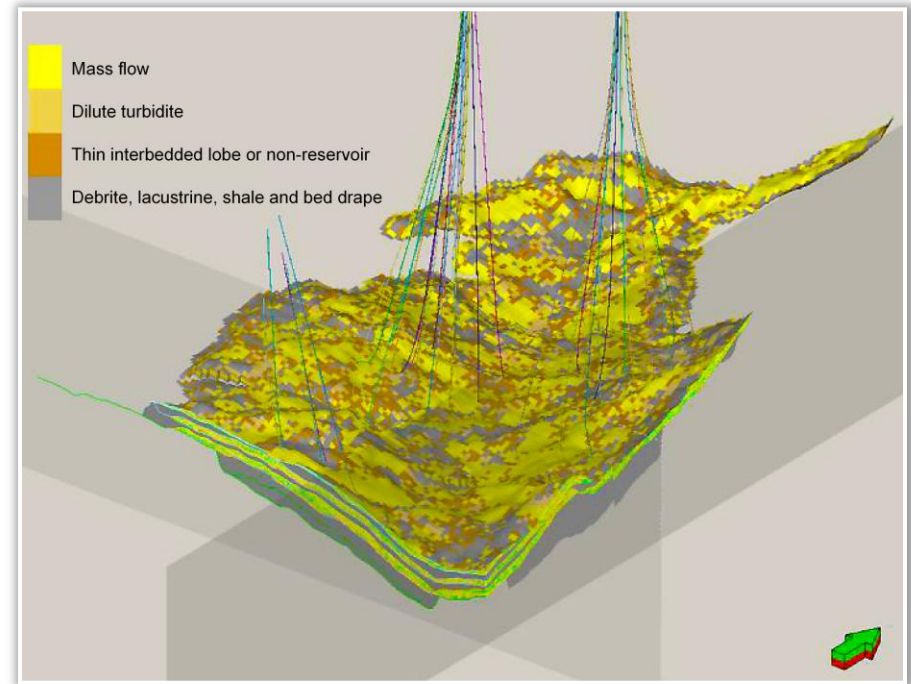
# Sea Lion – studies

## Subsurface and drilling

- Latest modelling results 394 mmbbls
- Evaluating options to accelerate recovery
- Optimising drilling centres and trajectories

## FPSO and subsea

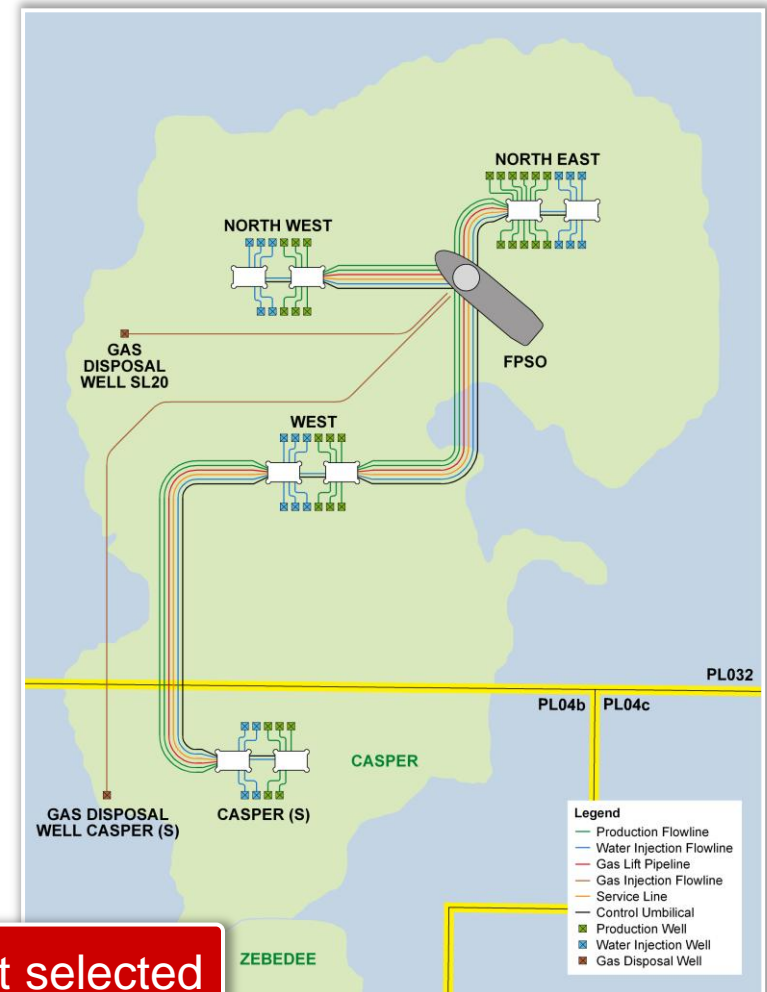
- Flow assurance manageable
  - Gas lift selected
  - Start-up heating system included
- FPSO studies have found no showstoppers
- Finalising topside specifications
- Contractor engagement gone well



**FPSO scheme confirmed as viable**

# Sea Lion – phased development

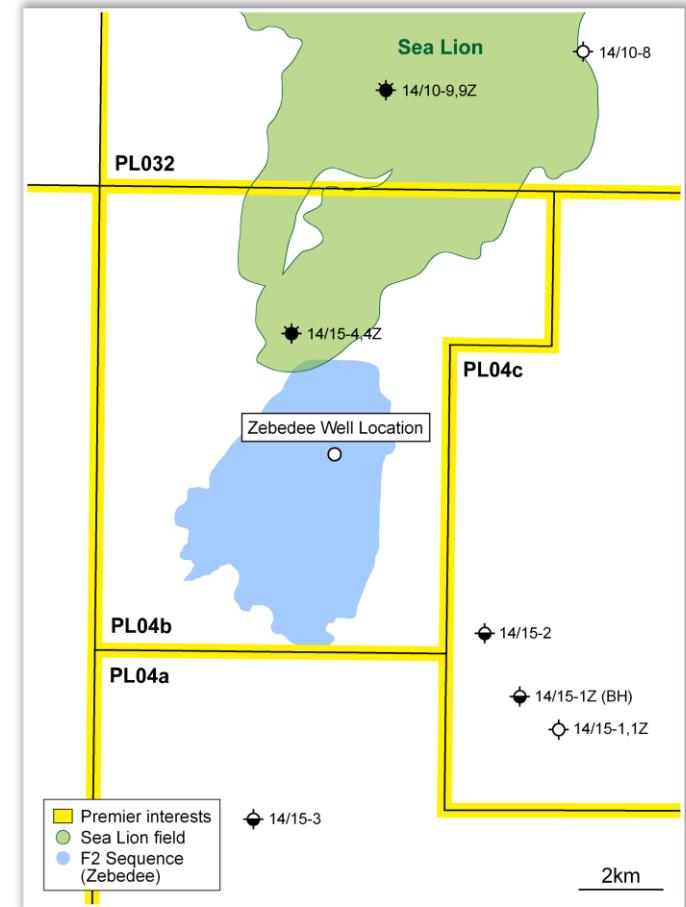
- Initial development in the north
  - 284 mmbbls from 30 development wells
  - Initial rates >100 kboepd
  - Gas cap is assumed in the west
- Followed by a southern development
  - 110 mmbbls from 22 wells
  - Will incorporate results from exploration / appraisal wells drilled in the south
- FIG / DECC supportive of this approach



Flexible phased development selected

# Sea Lion – exploration drilling programme

- Opportunity to participate in rig share
  - 3 slots included in EOI
  - Positive responses received
- 3 well E&A programme with multiple stacked targets, including:
  - Exploration well (Zebedee) to extend the proven play south
  - Appraisal well to confirm gas cap with exploration tail to test deeper potential (Chatham)
  - Third well location under discussion

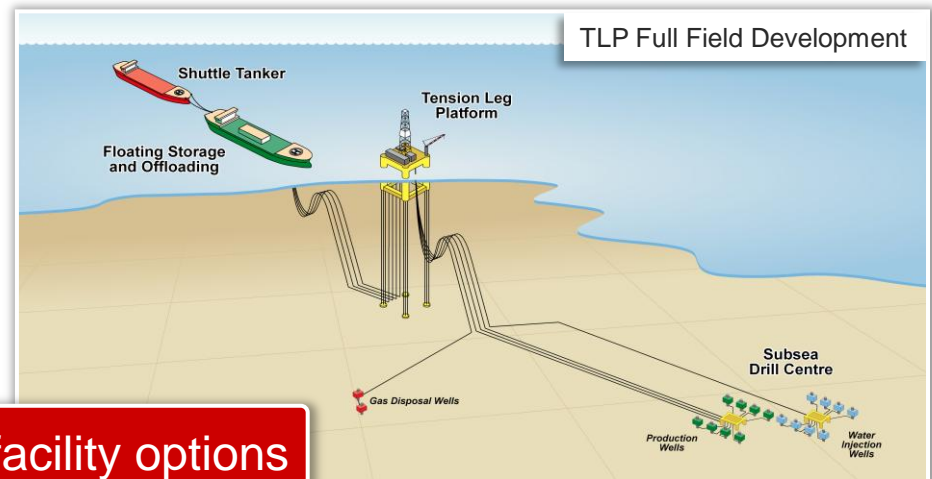
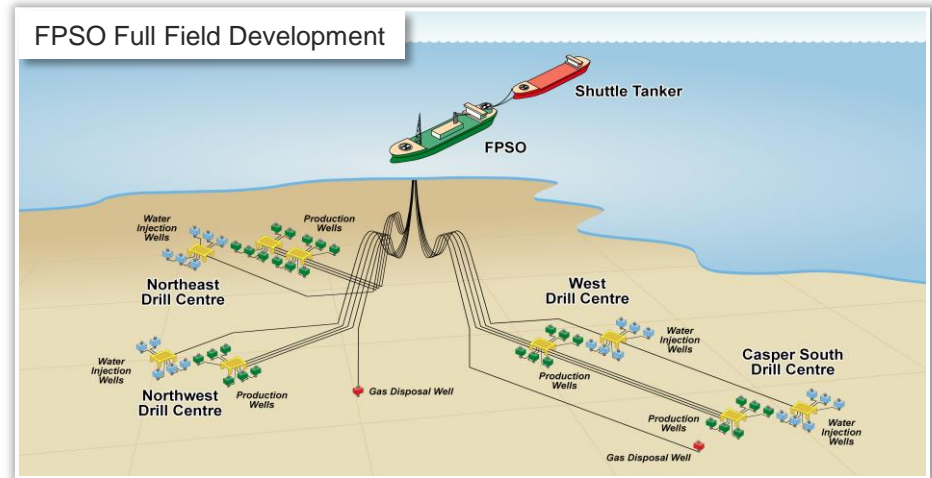


Drilling programme for 2014 H2 firming up



# Sea Lion – facility options and schedule

- Preparing for FEED
  - Finalising basis of design
  - Finalising build methodologies
- Studying a Tension Leg Platform (TLP) with drilling rig as alternative
  - Reduced drilling and subsea costs
  - Greater flexibility for infill drilling
  - Mitigates flow assurance risks
  - Better motion characteristics
  - Initial cost estimates appear attractive
- Final facility decision by year-end
- Targeting sanction for year-end 2014
- 3½ to 4 year project (either scheme)



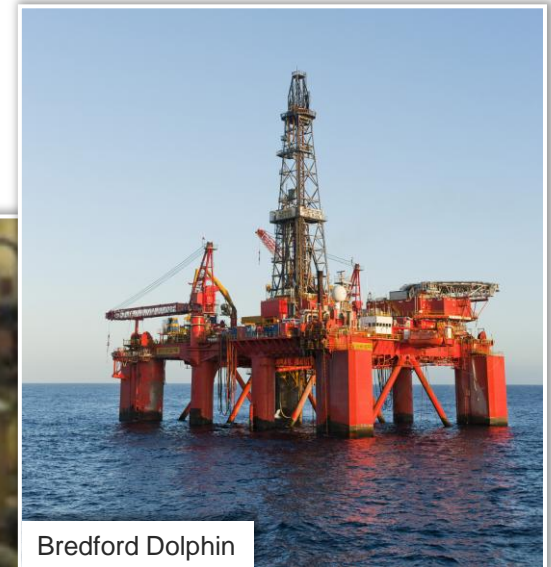
Optimising facility options

# Exploration



# 2013 exploration drilling

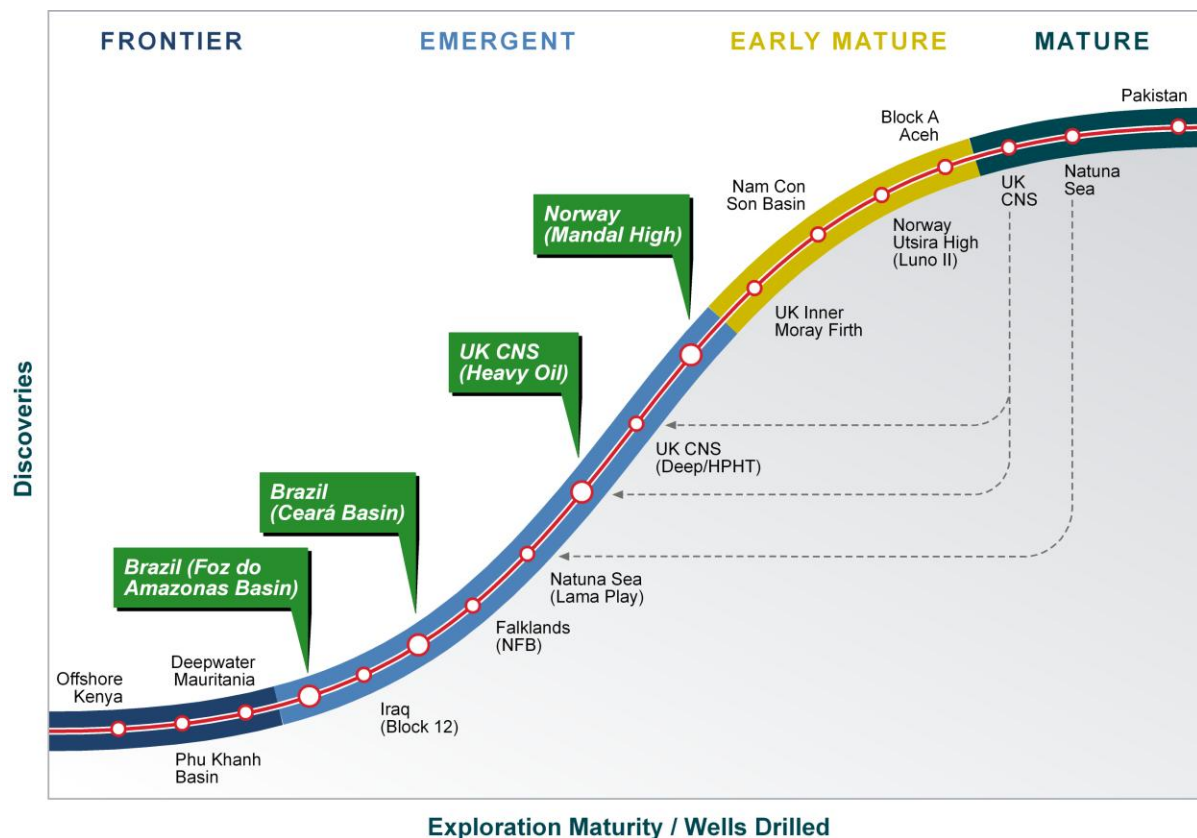
- 6 out of 7 exploration wells successful
  - Significant oil discovery at Luno II
  - Near field discoveries in Indonesia, Pakistan and UK
  - Triassic gas discovered at Lacewing
  - Block 121 – Ca Voi established working petroleum system
- Year to date finding cost <\$5/boe (pre-tax)



Year to date drilling success rate of >80%

# 2013 portfolio management

- Adding opportunities in under-explored plays in rift and frontal fold belt geologies
- >650 mmbobe of net unrisks prospective resource added
- High grading portfolio through selective relinquishments or sales
- Further new opportunities under review



Adding higher impact opportunities

# 2013/14 indicative exploration drilling programme

			2013		2014				P50 gross unrisks resources (mmboe)	Risk	Equity (%)		
Country	Block	Well	Q3	Q4	Q1	Q2	Q3	Q4					
Asia	Indonesia	Tuna Block	Kuda Laut & Singa Laut		Ocean General					60	High	65	
		NSBA	Anoa Deep Appraisal					Hakuryu 11		12	Low	28.67	
		NSBA	Ratu Gajah				Hakuryu 11			37	Low	28.67	
North Sea	UK	P1943	Bagpuss/Blofeld							93	Low	37.5	
	Norway	PL359	Luno II Appraisal Drilling							95	Low	30	
		PL539	Myrhauk							52	Moderate	40	
Rest of World	Pakistan	Kadanwari	K-36					Weatherford 812		5	Low	15.79	
		Badhra	Badhra South Deepening-1			SLB Rig-23				38	High	6	
		Badhra	Badhra BBN-3 Appraisal				SLB Rig-23			24	Moderate	6	
		Badhra	BBN-3/Badhra-7 Parh							59	Moderate	6	
		Bhit	Bhit Deep Mughalkot-1							43	High	6	
		Qadirpur	QPD-2							35	High	4.75	
	Kenya	L10A/L10B	Contingent wells					(Inboard)		(Outboard)	TBC	High	20/25
	Mauritania	PSC C-10	Tapendar			Stena DrillMax				26	High	6.23	
		PSC C-10	Second commitment well							TBC	High	6.23	
	Falkland Islands	PL004b	Zebedee							46	Low	36	
Brazil	Blocks 90, 665, 717								N/A	High	35/50		
Iraq	Block 12								N/A	High	30		

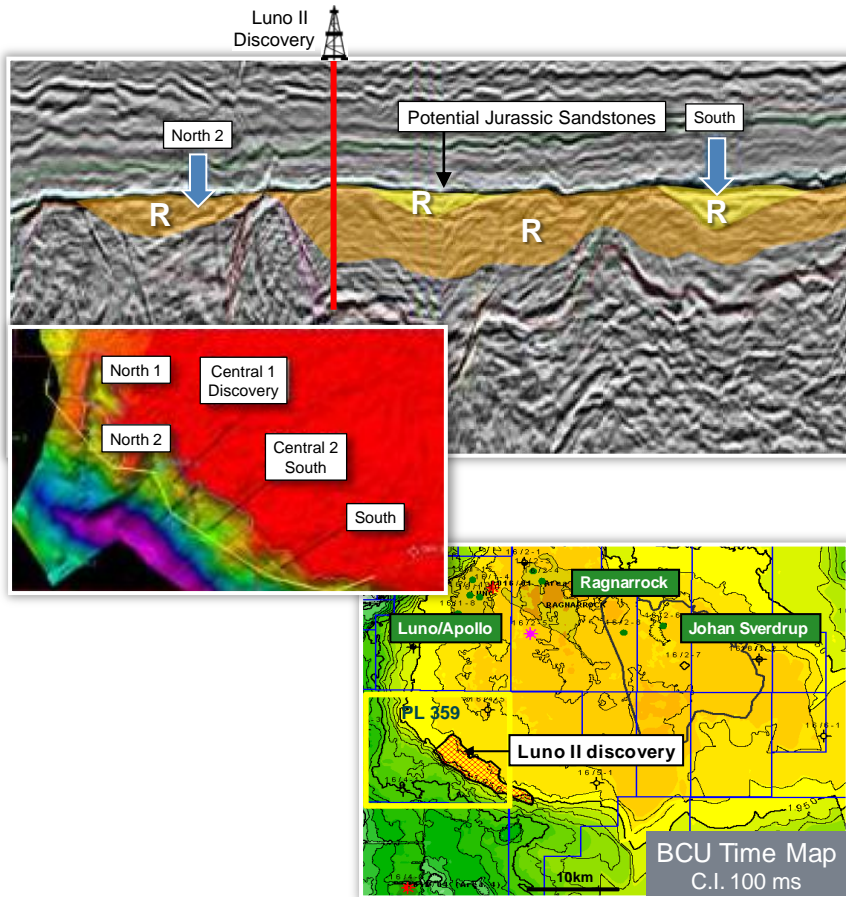
Contingent upside with no cost exposure to Ca Duc and CRD appraisal wells (Vietnam)

All well timings are subject to revision for operational reasons

- Firm Wells: Rig Contracted
- Firm Wells: Rig TBC
- Contingent Wells
- Wells to Watch
- Offshore Seismic Acquisition
- Onshore Seismic Acquisition

Up to 20 wells planned

# Norway – Luno II



## Luno II (Premier 30% equity)

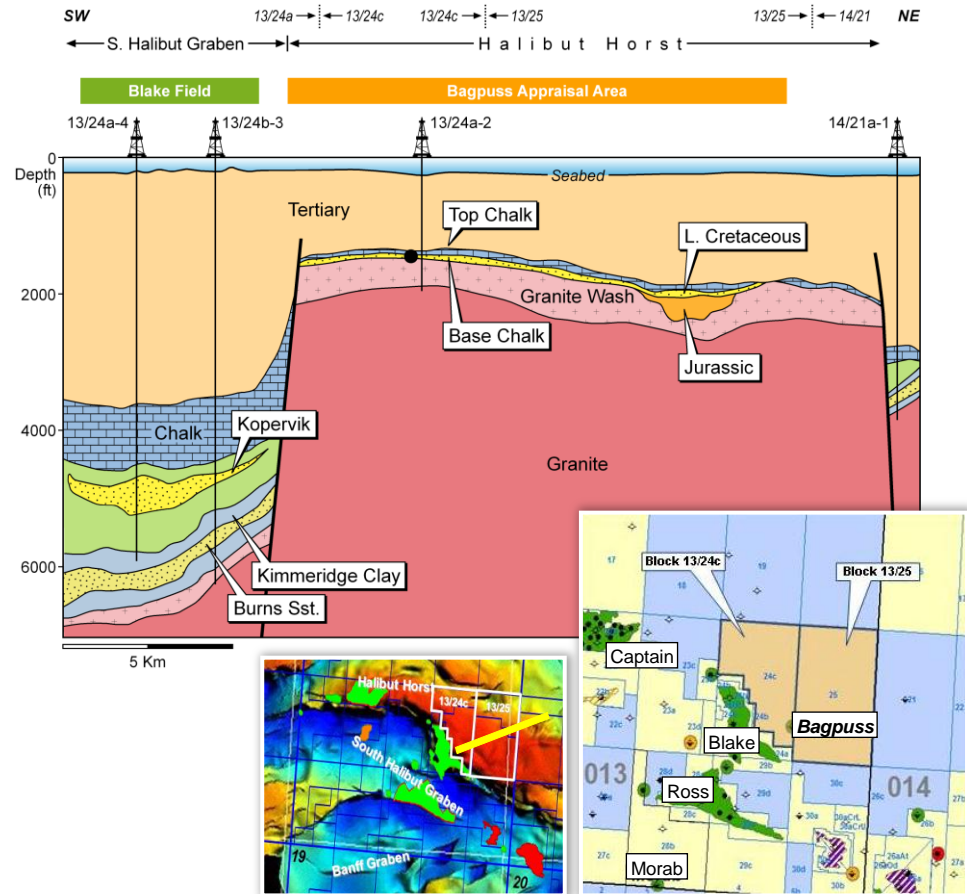
- Significant oil discovery on south west margin of Utsira high
- Luno II discovery
  - 75-95-130 mmbobe gross resource
  - 90% in PL 359
- New Broadseis data acquired
- Further exploration potential remains on PL 359
  - At least one well to be drilled in 2014

Appraising a material new discovery

# North Sea – Bagpuss and Blofeld

## Blocks 13/24c & 13/25

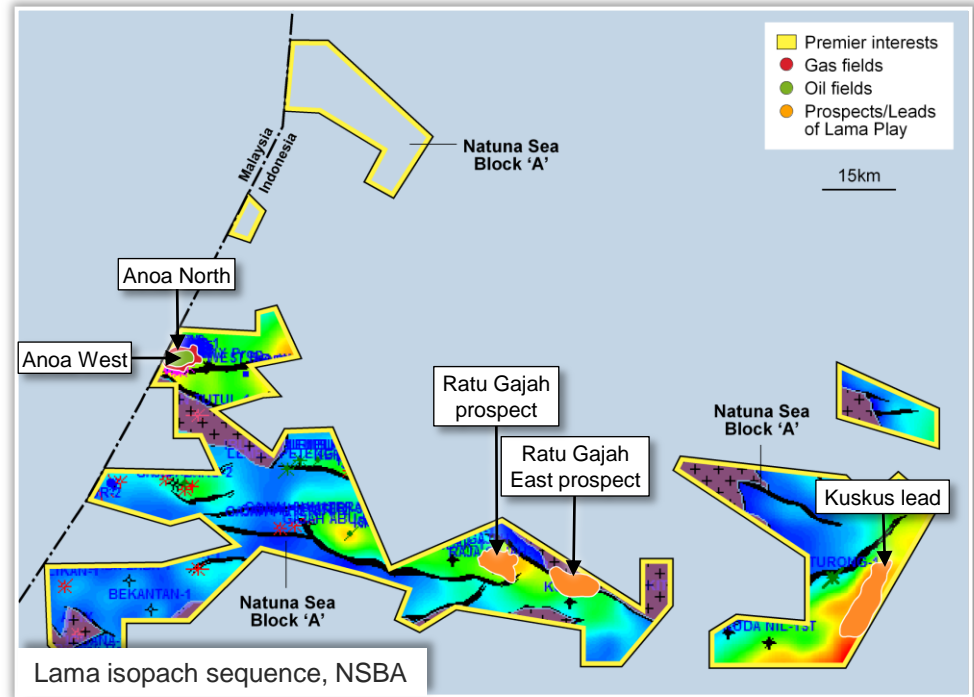
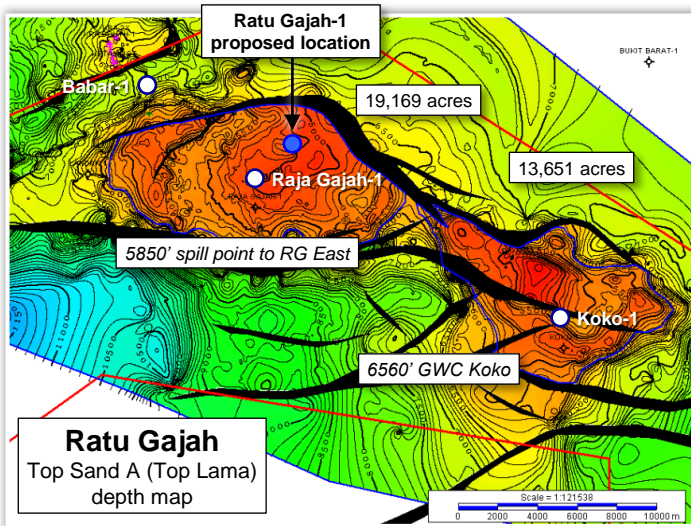
- Farmed in for 37.5% and operatorship
- Contains Bagpuss and the Blofeld prospect
  - Heavy oil targets located on the Halibut Horst
  - Well defined basement high within the Inner Moray Firth
- Discovery well drilled in 1981 proved play but not cored or tested
- Bagpuss appraisal 2014 2H
  - Key risk: oil deliverability
- Up to 2 bn bbls of STOIIP



Major resource opportunity, low cost exposure

# Indonesia – Lama play

- Lama play mapped throughout Premier's acreage
- 5 prospects and leads identified in NSBA
- Gross prospective resource ~2 TCF across area



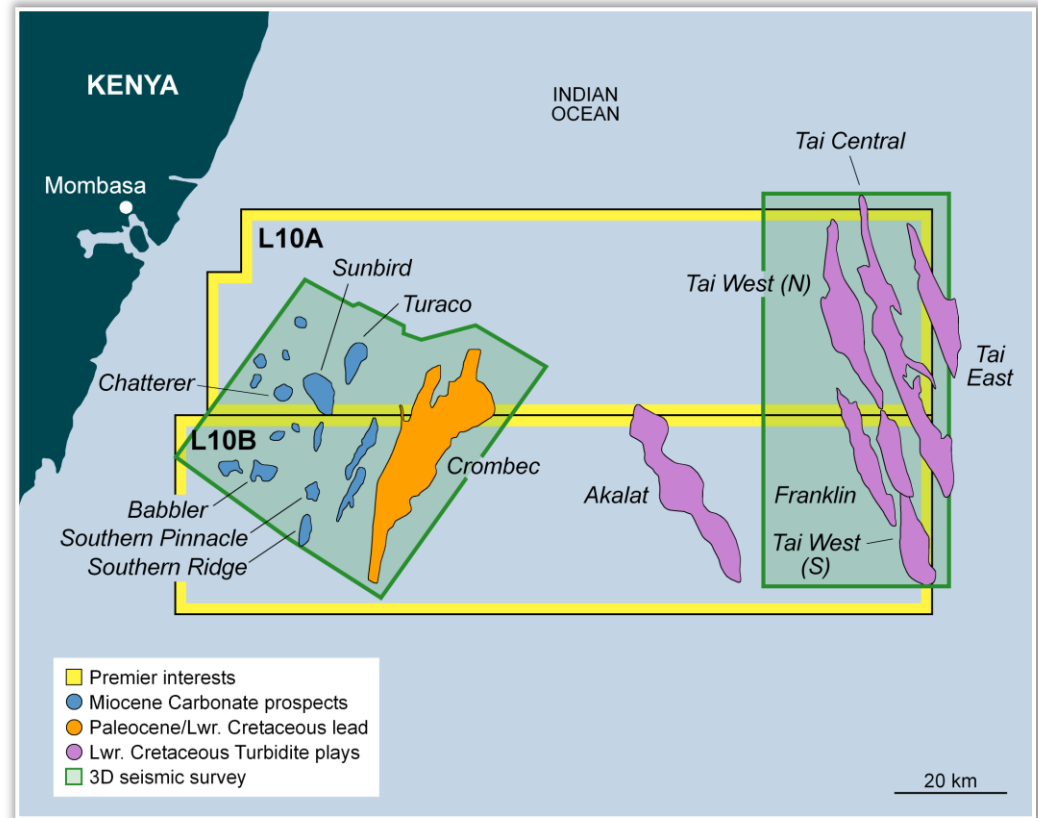
- Low risk Ratu Gajah well to be drilled Q4 2013
  - Gross prospective resource: 60-225-700 bcf
- Anoa West planned for 2014

**Building on Anoa Deep success**



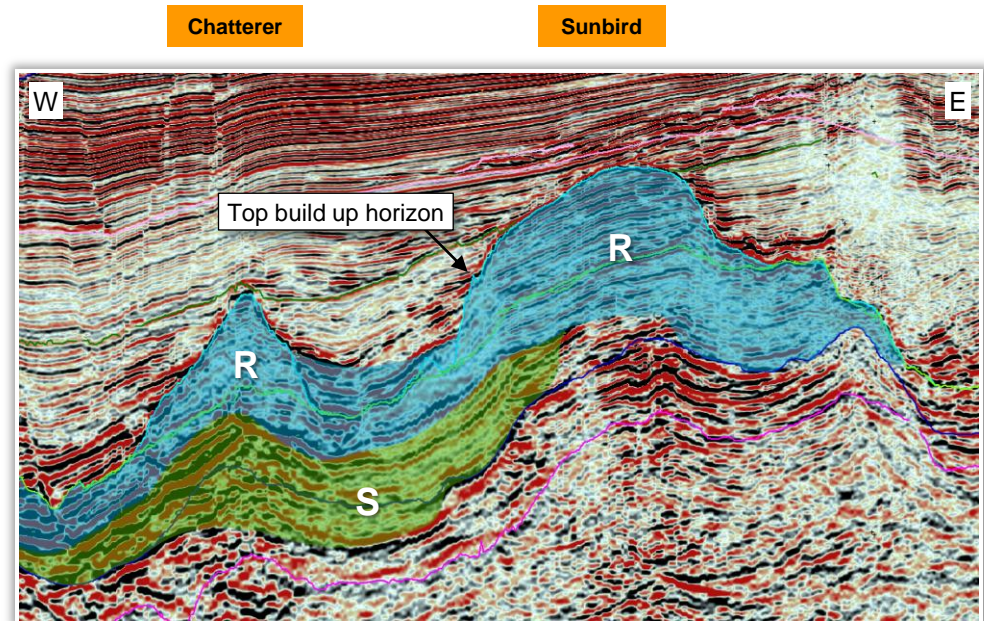
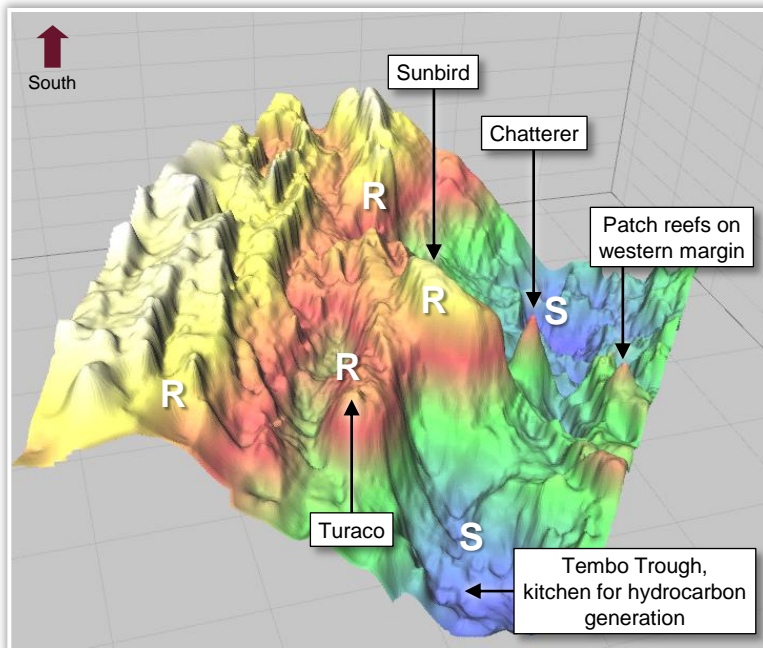
# Kenya exploration

- 21 prospects and leads identified over 3 play types
  - Lower Cretaceous Turbidite plays (outboard)
  - Miocene Carbonate play (inboard)
  - Large Palaeocene to Lower Cretaceous lead (inboard)
- 2 wells planned for 2014
- Additional 3D over the Akalat lead under review
- Gross prospective resource: >1bn boe



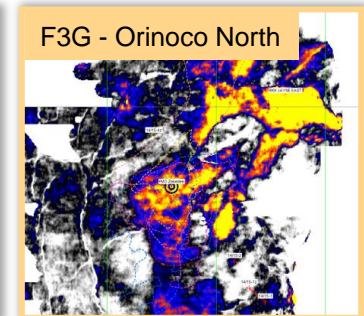
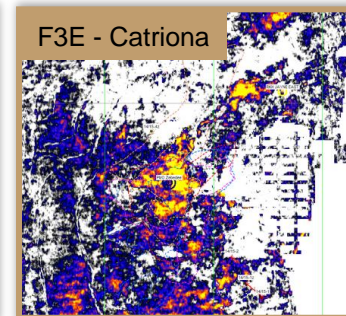
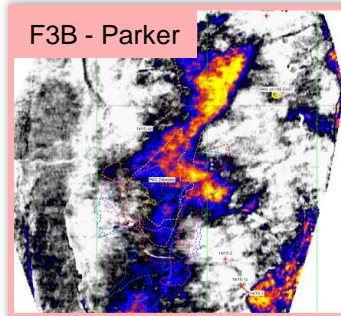
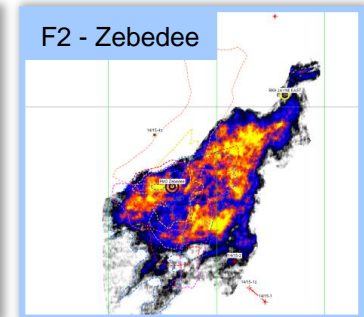
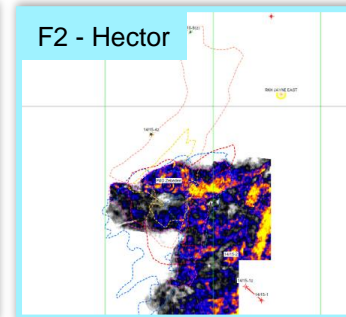
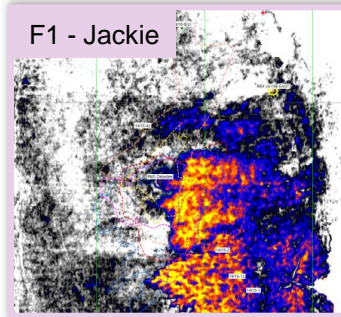
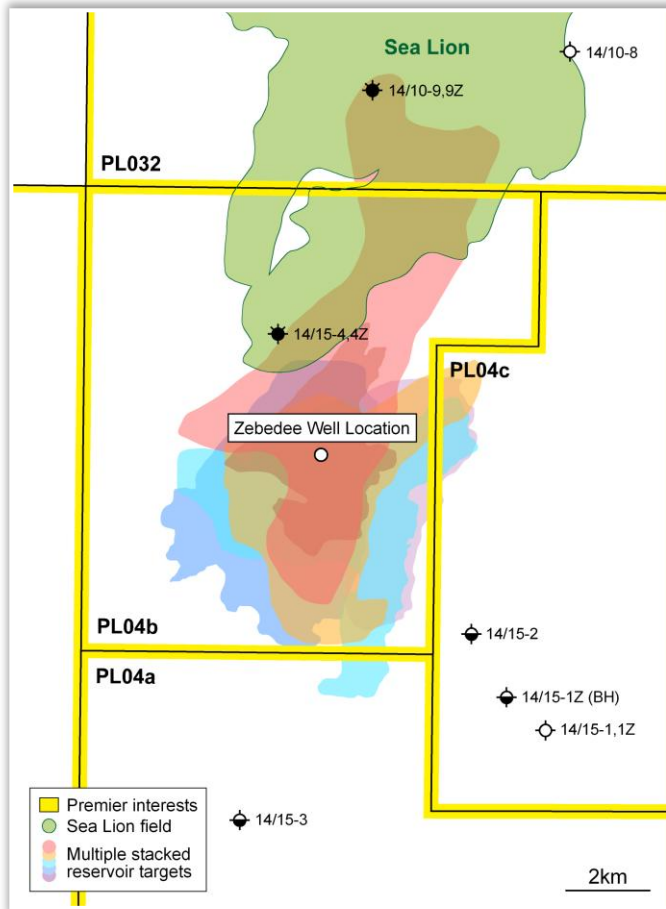
Well locations firming up

# Kenya – Miocene Carbonate play



- Premier's first Kenya well planned to target the Miocene Carbonate play (inboard)
  - 15 prospects and leads identified
  - Potential oil prone source kitchen identified
- Final prospect selection for drilling subject to technical agreement in September
- Gross prospective resource of Miocene Carbonate play: 90-400-900 mmboe

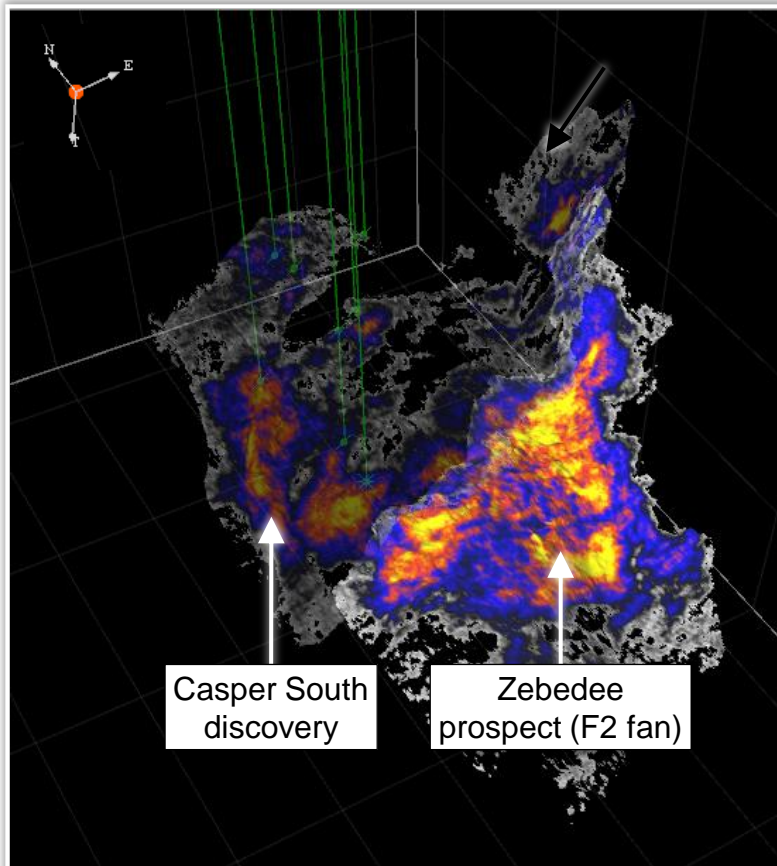
# Falklands exploration



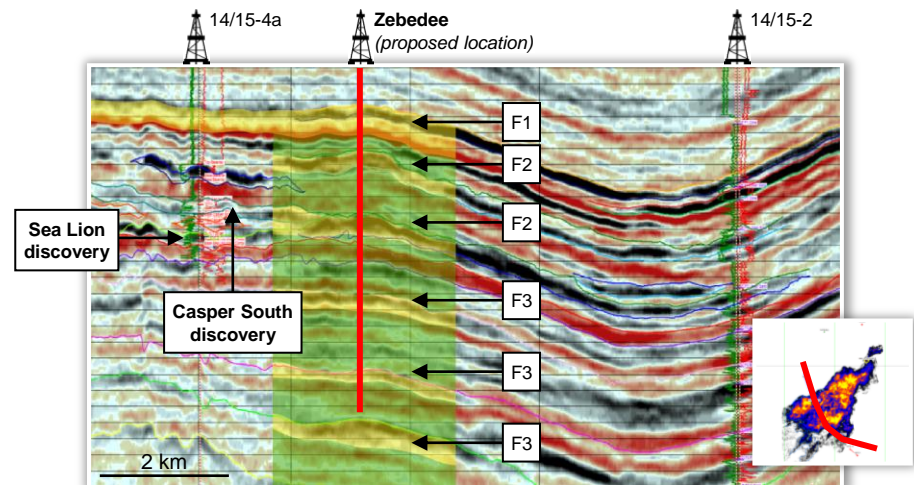
- 5 best prospects high graded
- 3 wells planned for late 2014/2015

**Multiple reservoir targets**

# Falklands – Zebedee prospect

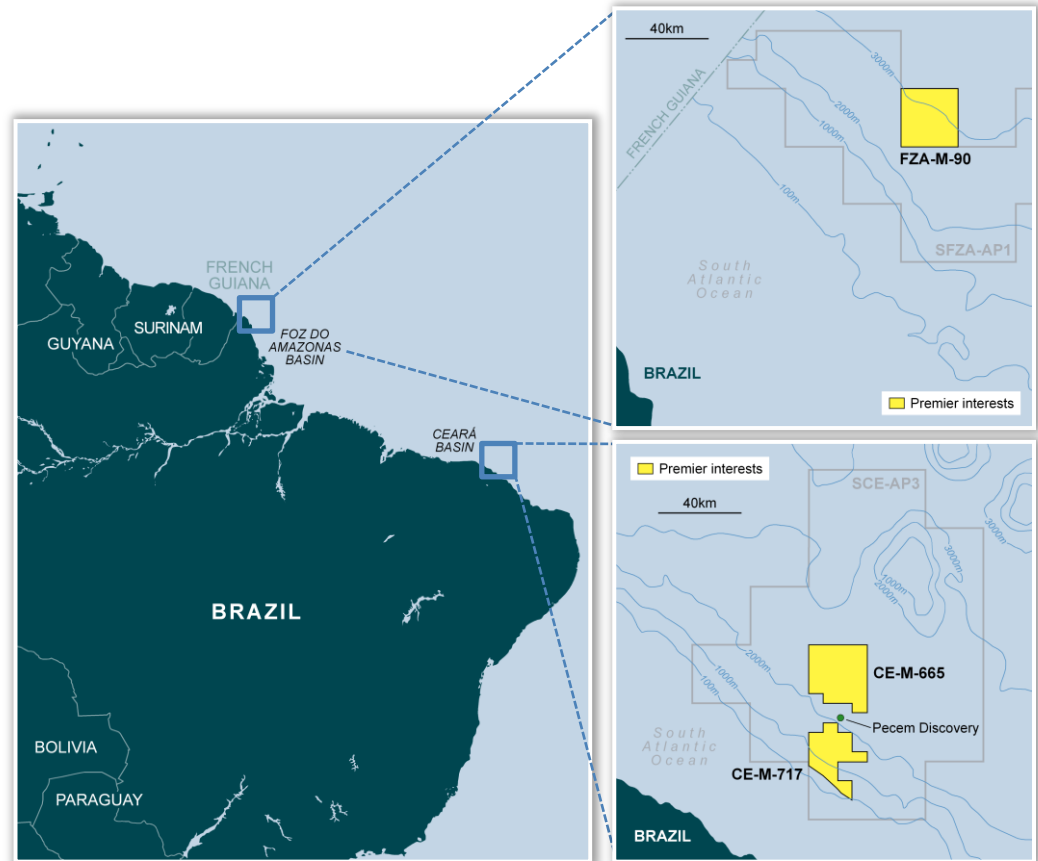


- Zebedee prospect
  - Onlaps the Sea Lion field
  - Onlapped by the Casper South discovery
- Extends the proven SLMC (F2 sequence) play
- Gross prospective resource (F2)
  - 28-46-150 mmboe (low risk)
- Gross prospective resource (F1, F2, F3)
  - 28-165-400 mmboe



# Brazil exploration – new country entry

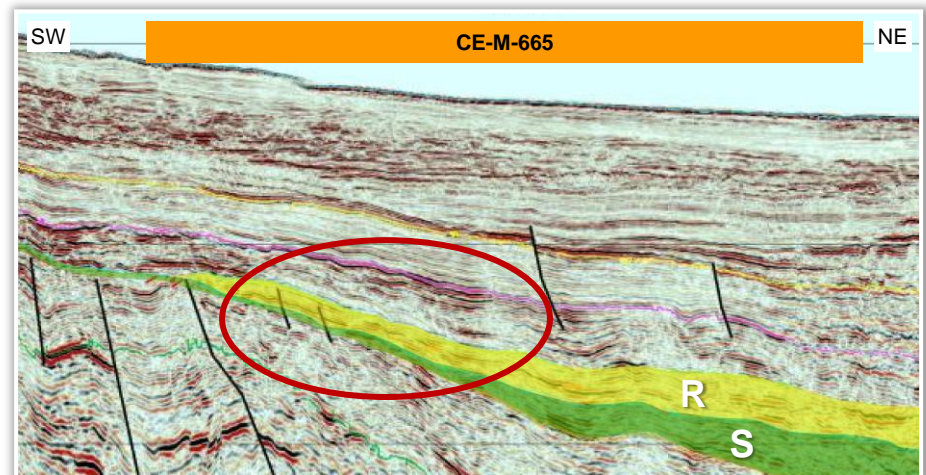
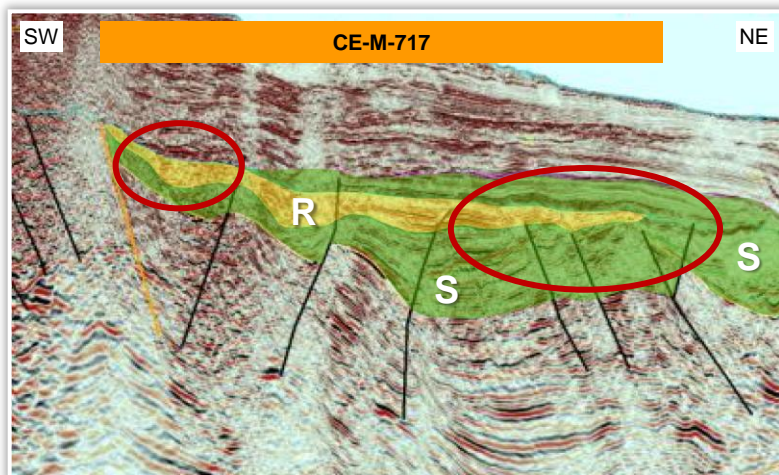
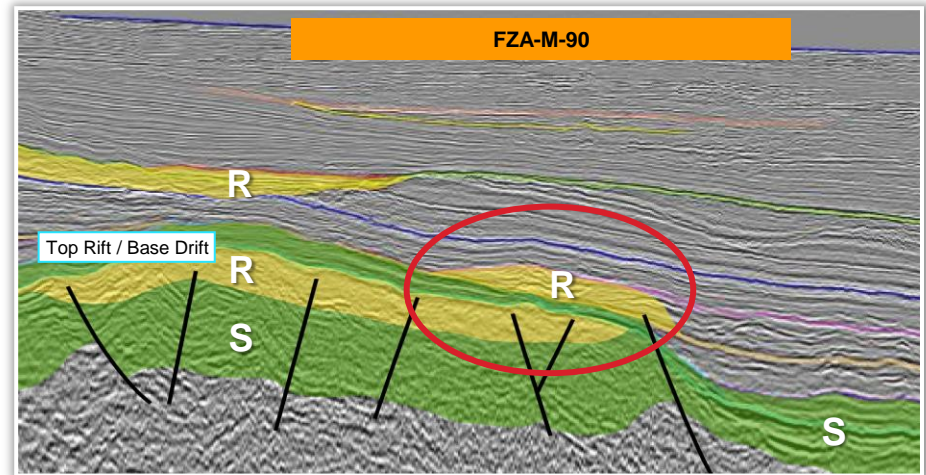
- Awarded 3 blocks in Brazil's 11<sup>th</sup> Bid Round
- Under-explored, proven deep water basins offshore NE Brazil
- 5 year exploration periods
- 3D seismic acquisition planned for 2014 in each block
- Commitment to 3 exploration wells
  - 1 in Block FZA-M-90
  - 2 in Block CE-M-717
- Cost of work programme (~\$150 million) to be funded from planned exploration spend



New position in emergent plays

# Brazil exploration – new country entry

- High impact emergent plays
  - Pecem oil discovery north east of Block 717
  - Oil discovered on trend to Block 90
- Plays targeted are above and within Cretaceous rifts
- Each prospect and lead capable of delivering up to 1 bn bbls



# Finance



# Income Statement

6 months to 30 June 2013      6 months to 30 June 2012

Working Interest production (kboepd)	58.6	58.4
Entitlement production (kboepd)	53.1	52.4
Realised oil price (US\$/bbl) - pre hedge	107.2	110.5
Realised gas price (US\$/mcf) - pre hedge	8.7	9.0

US\$m      US\$m

<b>Sales and other operating revenues</b>	<b>758</b>	<b>744</b>
Cost of sales	(472)	(394)
<b>Gross profit</b>	<b>286</b>	<b>350</b>
Exploration/New Business	(22)	(92)
General and administration costs	(9)	(13)
<b>Operating profit</b>	<b>255</b>	<b>245</b>
Financial items	(40)	(50)
<b>Profit before taxation</b>	<b>215</b>	<b>195</b>
Tax credit/(charge)	(54)	(49)
<b>Profit after taxation</b>	<b>161</b>	<b>146</b>

## Highlights

### ● Operating costs (US\$/bbl)

	1H 2013	1H 2012
UK	\$39.0	\$33.5
Indonesia	\$9.4	\$9.1
Pakistan	\$2.6	\$1.9
Vietnam	\$14.4	\$15.3
<b>Group</b>	<b>\$16.0</b>	<b>\$14.7</b>

- Includes impairment charge of US\$30m (after tax) for Balmoral area

### ● Hedging

No material impact on 2013 1H income statement

	2H 2013	FY 2014
% Hedged	19%	17%
Average price (\$/boe)	\$106	\$100

Record after tax profits



# Cash Flow Statement

	6 months to 30 Jun 2013 \$m	6 months to 30 Jun 2012 \$m
Cash flow from operations	502	466
Taxation	(117)	(141)
<b>Operating cash flow</b>	<b>385</b>	<b>325</b>
Capital expenditure	(436)	(318) ●
Partner funding (Solan)	(51)	- ●
(Acquisitions)/disposals, net	-	25 ●
Finance and other charges, net	(49)	(103)
Dividends	(40)	-
Pre-licence expenditure	(14)	(15)
<b>Net cash out flow</b>	<b>(205)</b>	<b>(86)</b>

## Highlights

### ● Capital expenditure (\$m)

	2013	
	1H	FY (e)
Exploration	\$147	\$250
Development	\$334	\$900
Other	\$5	\$10
<b>Total</b>	<b>\$487</b>	<b>\$1160</b>

- Will be repaid from additional volumes post first oil
- CRD and Grosbeak disposals to complete in 2H 2013

Record first half cash flows

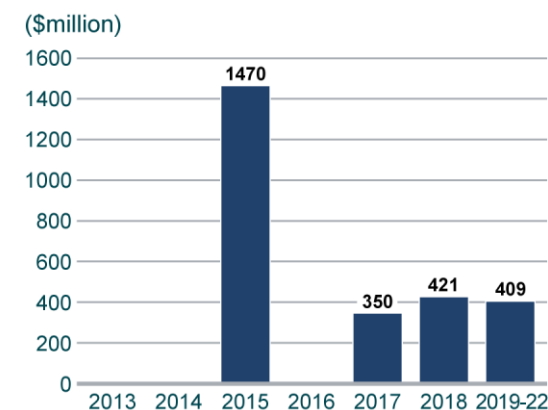
# Liquidity and balance sheet position

	At 30 Jun 2013 US\$m	At 31 Dec 2012 US\$m	
Cash	182	187	
Bank debt	(700)	(500)	●
Bonds	(576)	(578)	●
Convertibles	(222) <sup>1</sup>	(220)	●
<b>Net debt position</b>	<b>(1,316)</b>	<b>(1,111)</b>	●
Gearing <sup>2</sup>	39%	31%	
Cash and undrawn facilities	1,007	1,100	●

<sup>1</sup> Maturity value of US\$245 million

<sup>2</sup> Net debt/net debt plus equity

- Debt maturity profile (including Letters of Credit)



- Average debt costs of 4.6% (fixed) and 2.2% (floating)
- Excludes uncommitted facilities of \$430 million

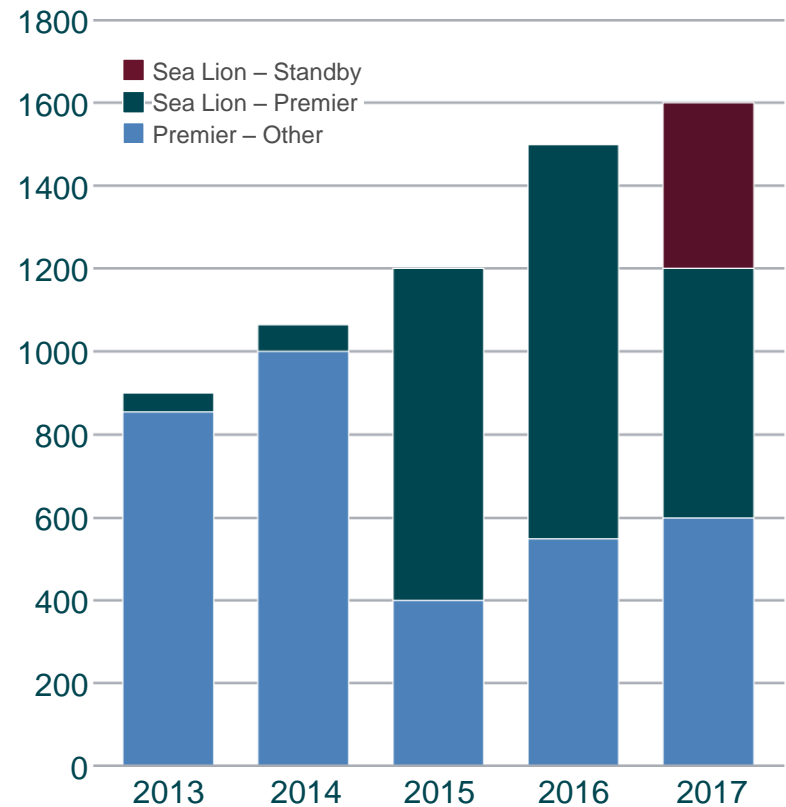
Continued access to multiple debt markets

# Forward investment plans

## Funding outlook

- Phasing subject to final sanction decisions
- Financial profile largely unchanged
  - 2013-15 cash flow neutral at \$100/bbl before exploration spend
- Total capex and dividends covered by cash flow and facilities at \$85/bbl
- Anticipate export credit funding available for major development contracts

## Development Capex (US\$ million)



Growing cash flows match investment profile

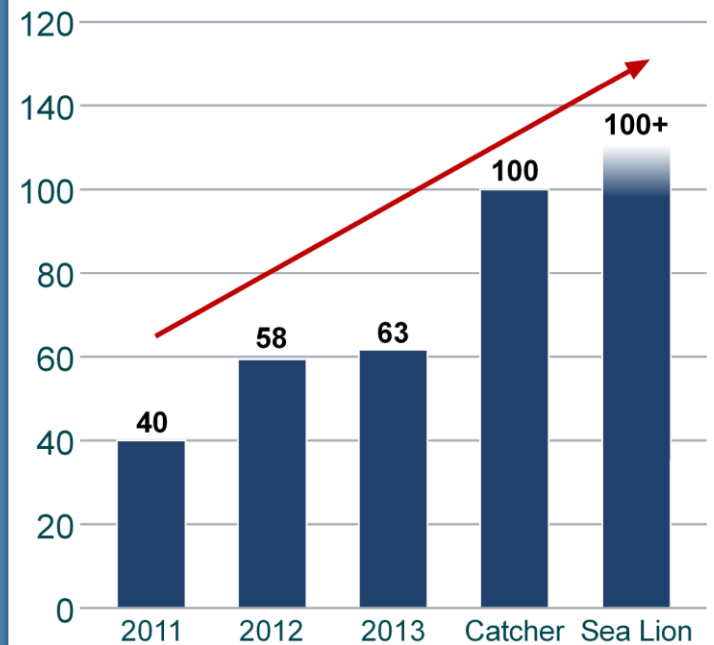
# Outlook



# Outlook

- Rising cash flow as Huntington issues resolved
- 2014 new projects maintain growth profile
- Moving to sanction: Catcher, Bream and Sea Lion
- Continuing portfolio improvement
- Key wells: Tuna block, Luno II appraisal, Kenya
- Securing additional long-term debt financing

**Rapidly rising production and cash flow (kboepd)**



**Growing NAV/share >10% per annum**

