



# 2012 ANNUAL RESULTS PRESENTATION //

# 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

Strategy and 2012 highlights

Simon Lockett

Business Units review

Robin Allan

Key operated developments

Neil Hawkings

Exploration update

Andrew Lodge

2012 financial results

Tony Durrant

Summary

Simon Lockett

# STRATEGY AND 2012 HIGHLIGHTS //



# Delivering on our strategy

- **Continue growing the underlying value of the business**

- NAV/share CAGR >10%

- **Focus on high quality, high return developments**

- Chim Sáo, Huntington, Catcher, Bream, Sea Lion – FPSOs
- West Natuna, North Sumatra – Asian gas position

- **Acquisitions focused on core areas, existing fields, future developments**

- Disposal of non-operated/non-core assets

- **Focus on play-opening wells and high impact prospects**

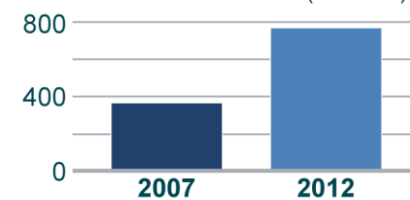
- Disciplined spend

- **Maintain balance sheet strength and good liquidity**

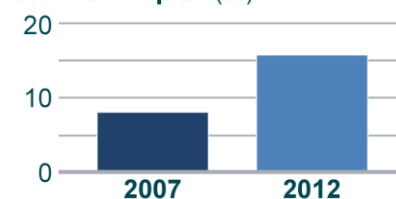
- **Production growth to 100,000 boepd and beyond**

- Substantial cash flow increases

Reserves and Resources (mmboe)



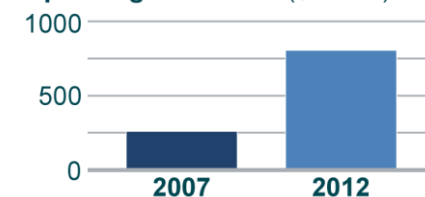
Return on Capital (%)



Profit After Tax (\$million)

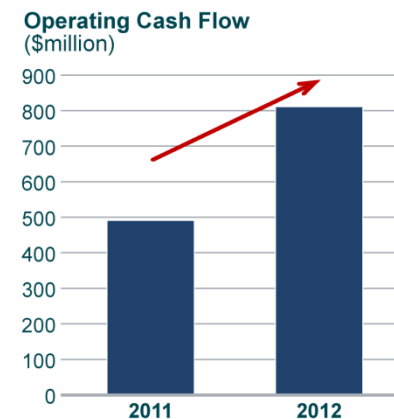
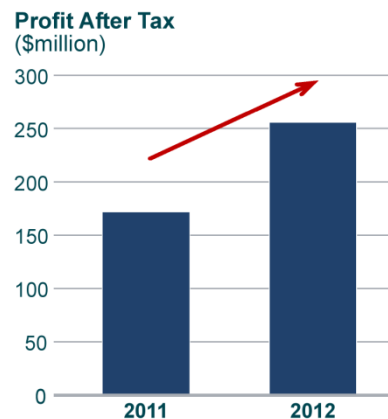
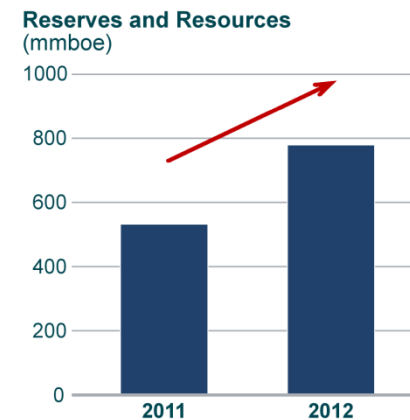
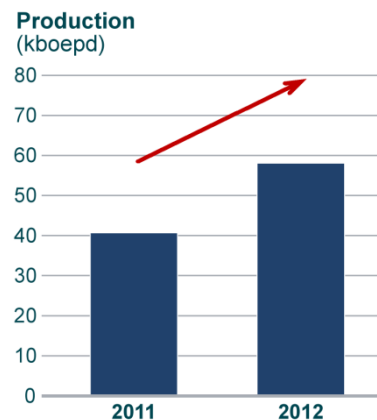


Operating Cash Flow (\$million)



# 2012 highlights

- Four projects achieved final sanction
  - Targeting first oil/gas in 2014
- Significant progress with the operated Catcher field
  - Final sanction targeted for this year
- Successful entry into Falkland Islands
  - Sea Lion development planning well underway
- Play-opening acreage added in Vietnam, Falkland Islands and Iraq
  - Total prospective resources >2.5 bnboe
- Increased financial strength
  - Record profitability
  - Strongly rising cash flows
- Production of 57.7 kboepd, 43% increase

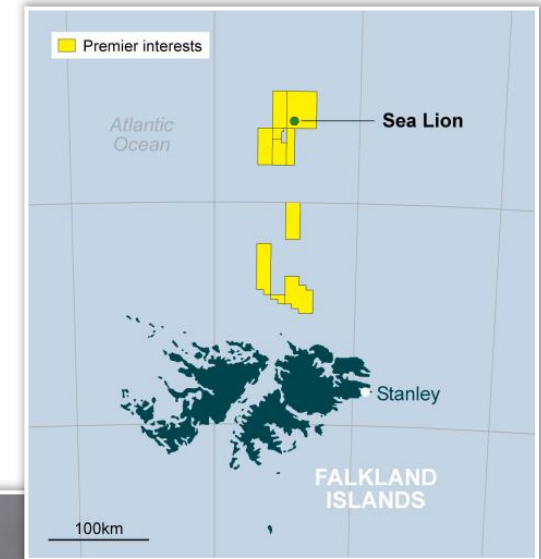


# BUSINESS UNITS REVIEW //



# Falkland Islands

- Completed purchase of 60% interest in Rockhopper's assets for \$231 million cash and \$770 million carry
- Appointed operator of Rockhopper's licence interests in November 2012
- Falkland Islands Business Unit established in dedicated office
  - 70 employees by mid-year
- Attractive fiscal regime with an effective tax rate of 32.6%
- Sea Lion alone adds approximately 200 mmbbls of net discovered 2C resources
- Substantial exploration upside





# UK

## Operated

- Significantly higher uptime at the Balmoral facility achieved in 2012
- Solan progressing with 1<sup>st</sup> phase of development drilling to commence in April
- Catcher development concept formally agreed; first oil timing dependent on FPSO tender process

## Non-operated

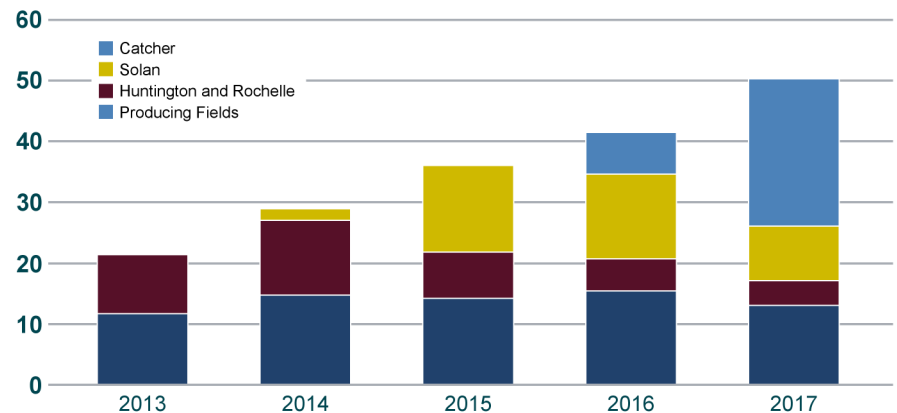
- Long lead items have been procured for the Kyle field redevelopment
- Wytch Farm production exceeded budget due to process plant upgrades, new wells and workovers

## Huntington and Rochelle

- Huntington expected on-stream at the end of the month
- Rochelle expected on-stream 2/3Q 2013

UK production run rate of 25 kboepd once Huntington and Rochelle on-stream; doubling to >50 kboepd once Solan and Catcher on-stream

UK Production (kboepd)



\* Assumes 4Q 2016 for Catcher

# Norway

## Bream

- Completed SPA with Skeie to increase equity in Bream to 40%
- FPSO planned; engineering studies underway
- Project sanction early 2014
- First oil in 2017 with an initial production run rate of 35 kbopd

## Frøy

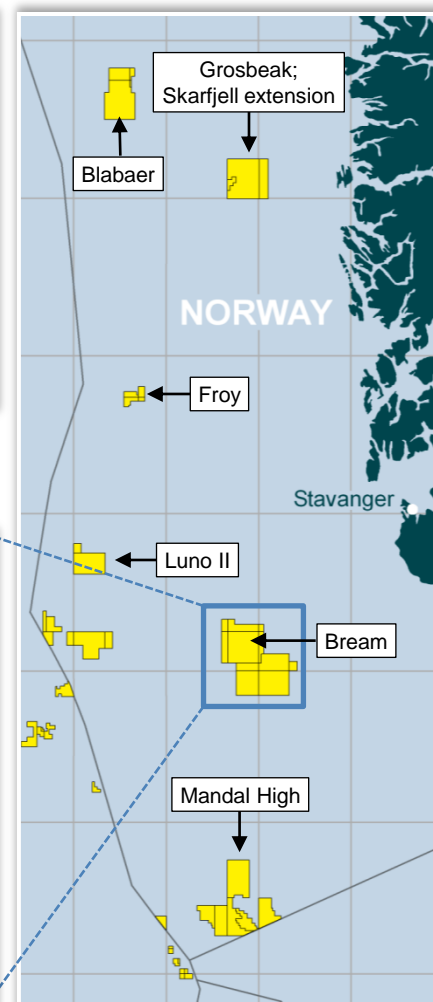
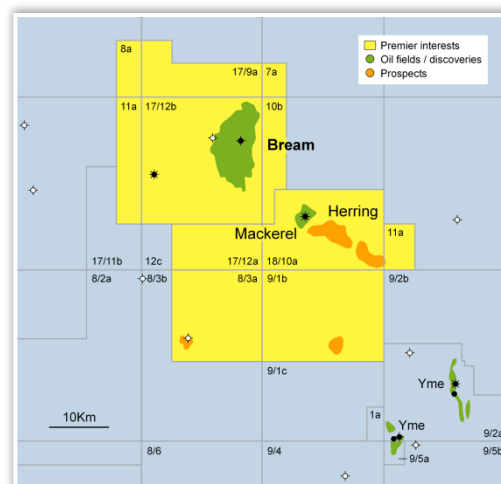
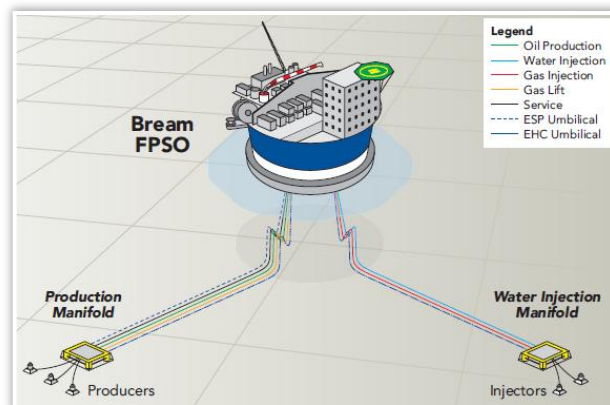
- Commercial discussions to develop a central processing hub continue

## Exploration

- Luno II spudded
- Built on Mandal High position through licensing round and acquisition

## Portfolio management

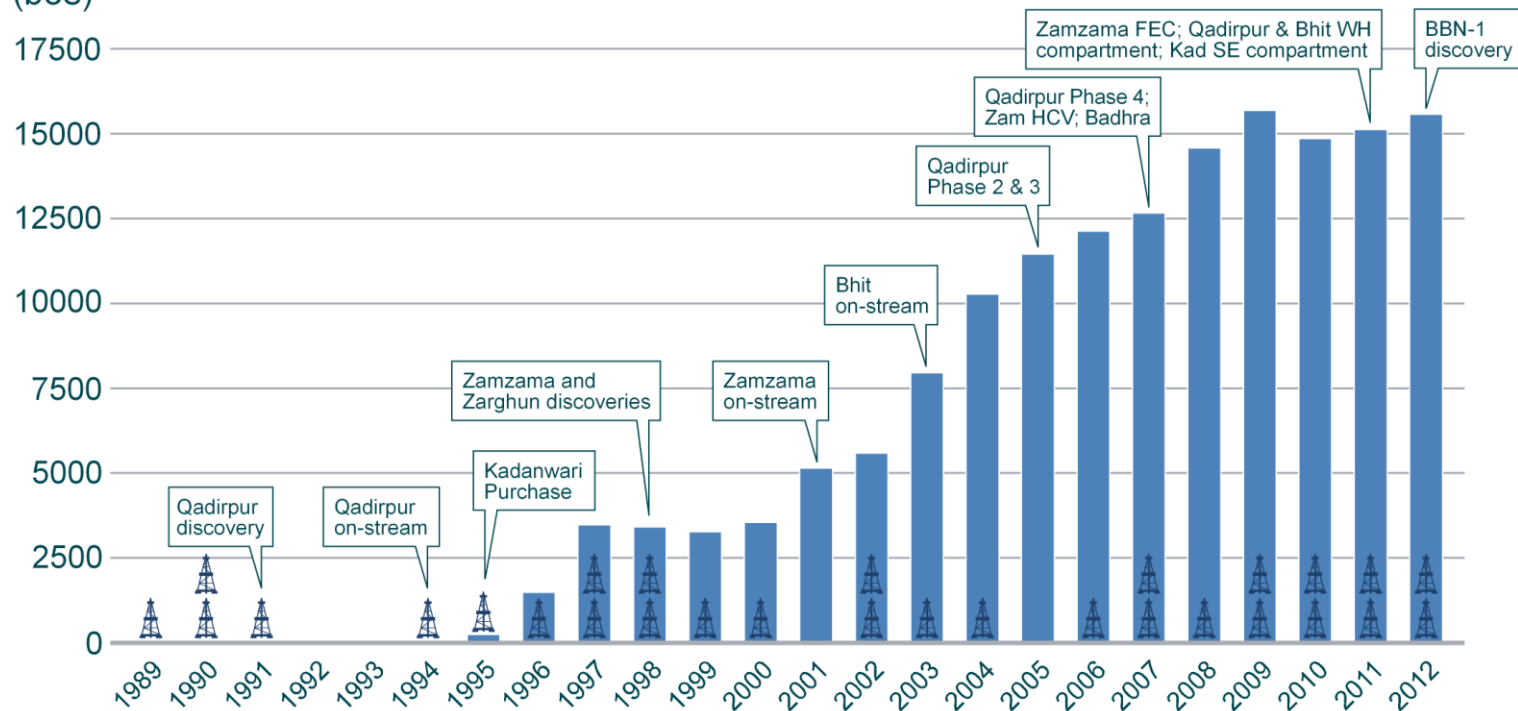
- Non operated discoveries under review



# Pakistan

- Pakistan achieved 2012 production of 15.6 kboepd
- Exploration successes at K-30 and Badhra B North-1
- Further potential to be tested in 2013

## Daily Average Production (boe)



# Vietnam

## Chim Sáo

- 10.5 mmboe produced in 2012
- Currently producing ~30 kbopd and ~25 mmscf/d
- Addressing power issues which could lead to greater deliverability

## Dua

- 3 well subsea tie back to Chim Sáo
- Installation of main pipeline commenced in February 2013
- Forecast average gross production rate of 8-10 kbopd in the first 12 months
- First oil targeted for 1H 2014

## CRD

- Appraisal well to be drilled in mid-2013



Dua pipe lay February 2013

# Indonesia

## Natuna Sea Block A PSC

- Gas sales to Singapore averaged 217 BBtud, up 42%
- Total sales capacity increasing to 400 BBtud
  - Anoa Phase 4, Pelikan and Naga
- Year to date market share of 45%
- Rising market share offsets impact of LNG in Singapore
- Lama development plan underway

## Kakap PSC

- 2012 gas sales to Singapore averaged 33 BBtud
- Liquids produced averaged 3.5 kbopd in 2012

## Block A Aceh

- Focus on improving economics; project sanction by year-end
  - Capex estimate of ~\$650mm
  - Operator's efforts to secure higher gas prices progressing well
- Matang well may have a positive impact



Anoa phase 4



Construction of Pelikan/Naga jackets

# KEY OPERATED DEVELOPMENTS //



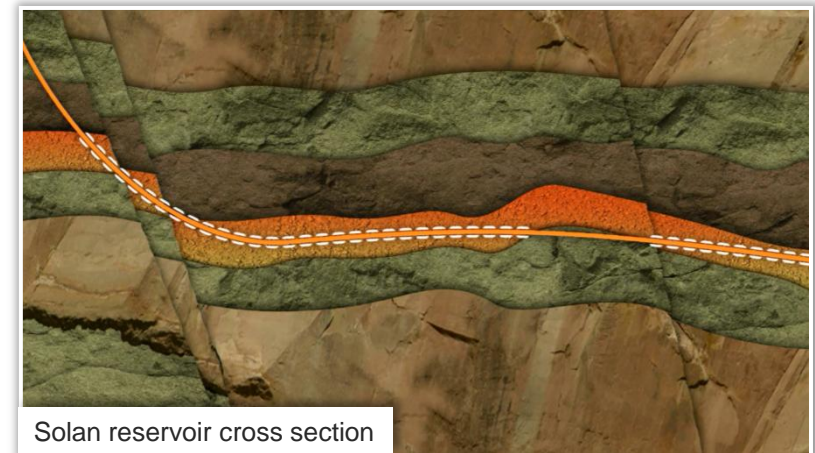
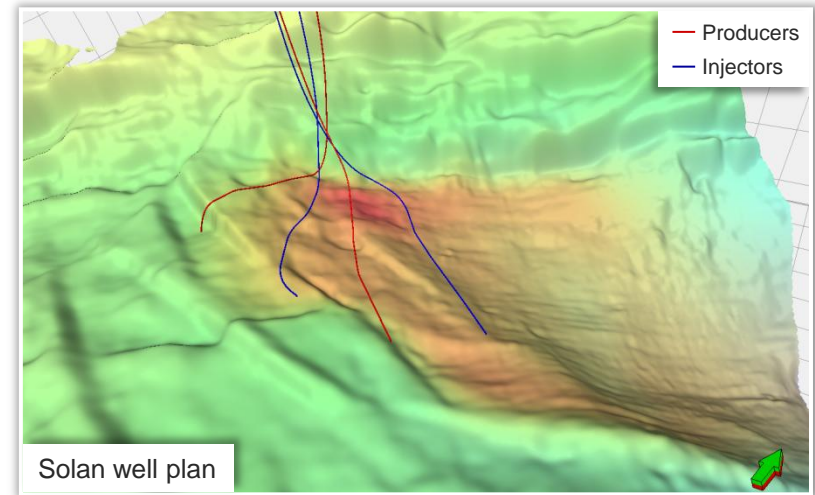
# Solan project update

## Key milestones

- Full DECC and partner approvals received in April
- First oil targeted for Q4 2014; initial production run rate of 24 kbopd
- Capex ~\$20/bbl

## Subsurface and drilling

- Detailed reservoir studies ongoing; well planning complete
- Rig contracted
  - Phase 1 April 2013: 2 injectors & producer upper hole sections
  - Phase 2 April 2014: finish drilling 2 producers



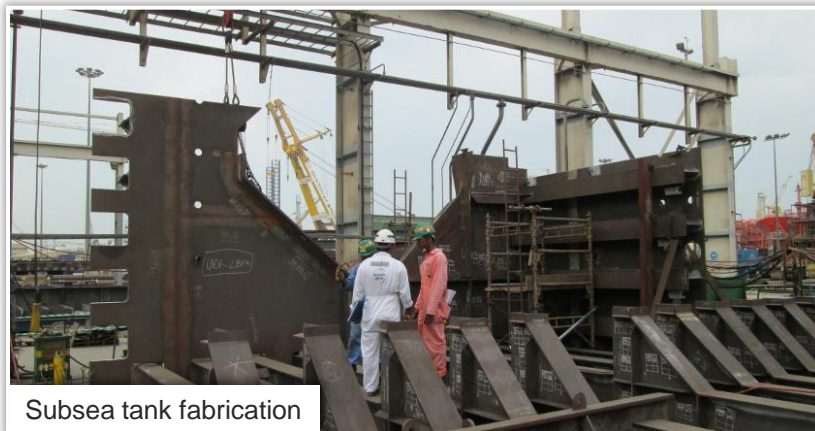
# Solan project update

## Platform and Subsea

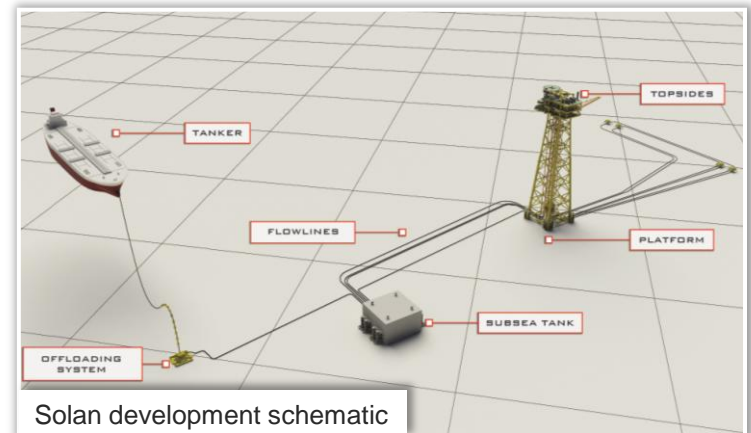
- Platform fabrication commenced at Methil yard, Scotland
- Construction of subsea storage tank commenced in December in Dubai
- Heavy lift installation in Summer 2014
- Contract for associated subsea flow-lines and control lines awarded
- Platform manned for first year only, thereafter monthly maintenance visits
- Operations support contract awarded



Platform fabrication at Methil



Subsea tank fabrication



Solan development schematic



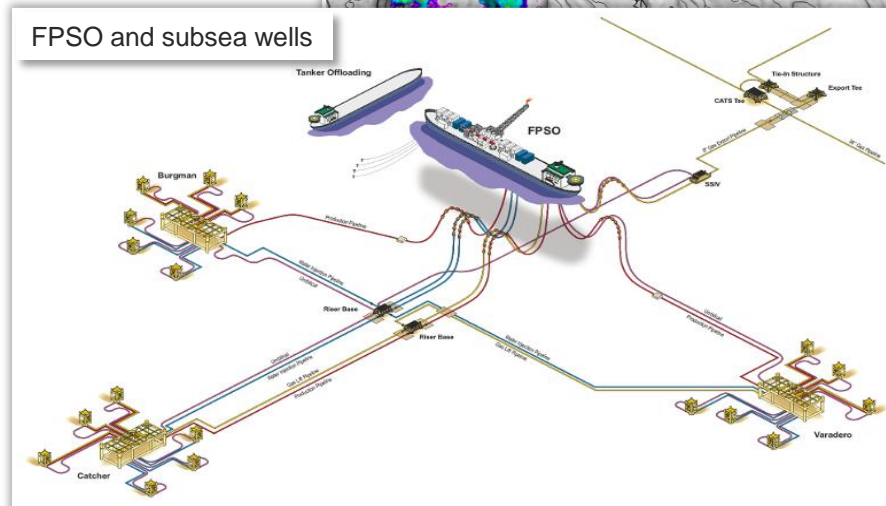
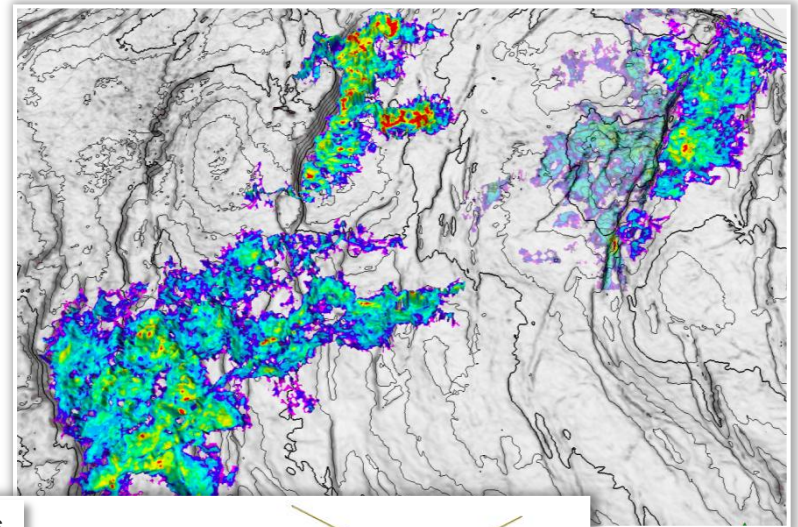
# Catcher project update

## Key milestones

- JV formally agreed development concept in December 2012
  - Leased FPSO
  - Subsea development of three fields
- Sanction targeted for end 2013
- First oil modelled for 2H 2016, subject to FPSO proposals

## Subsurface and drilling

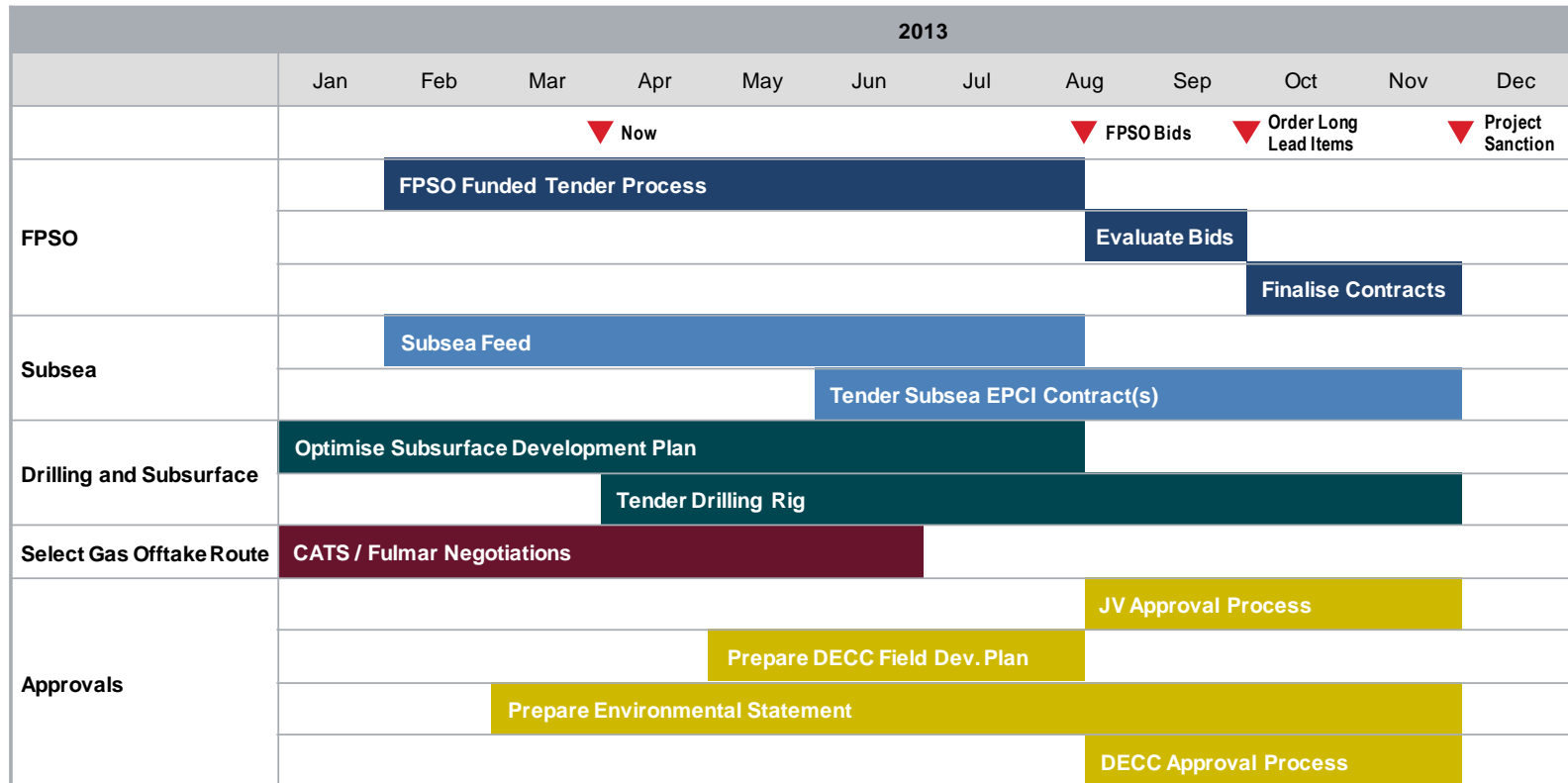
- Reservoir modelling being updated to optimise subsurface development and drilling plans
- Rig procurement process to commence shortly



# Catcher project update

## FPSO and subsea

- Funded tender for the leased FPSO commenced in February with three FPSO providers
- Subsea FEED is underway



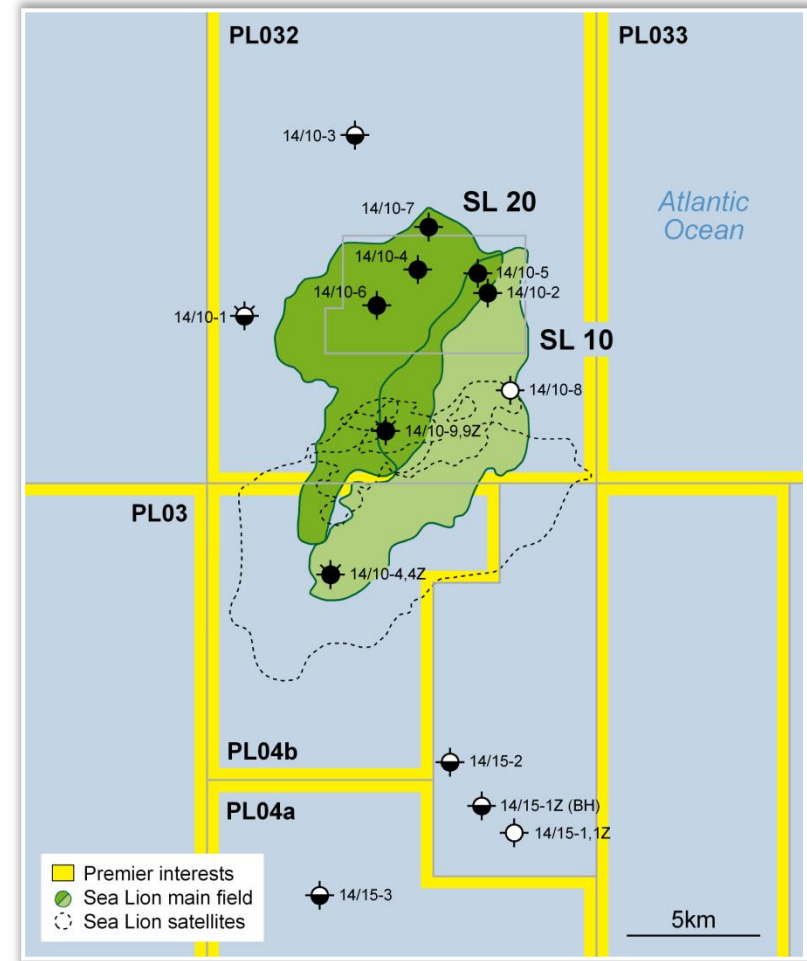
# Sea Lion project update

## Key milestones

- Concept selection targeted for mid-2013
- Project sanction targeted for mid-2014
- First oil targeted for Q3 2017

## Subsurface and drilling

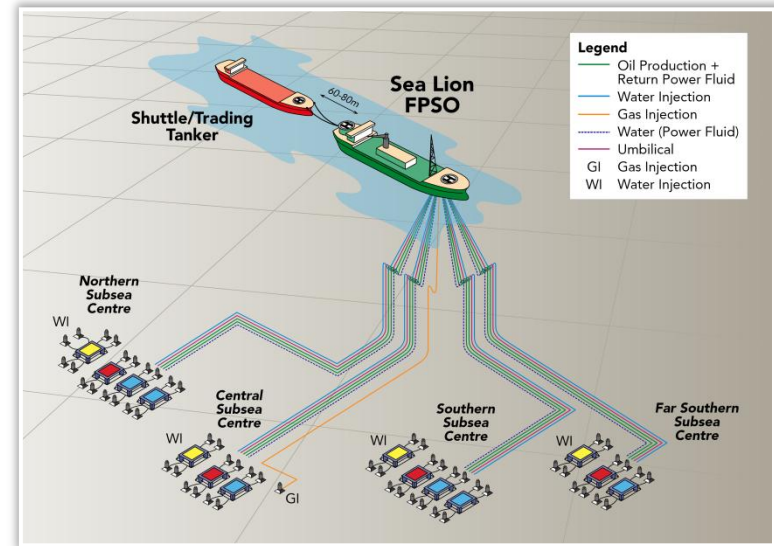
- Detailed static and dynamic reservoir modelling underway for Sea Lion
- Rig contracting strategy being developed and discussions with rig companies commenced
- Evaluating options and timing for satellites
- Planning logistics and base requirements for the development drilling campaign



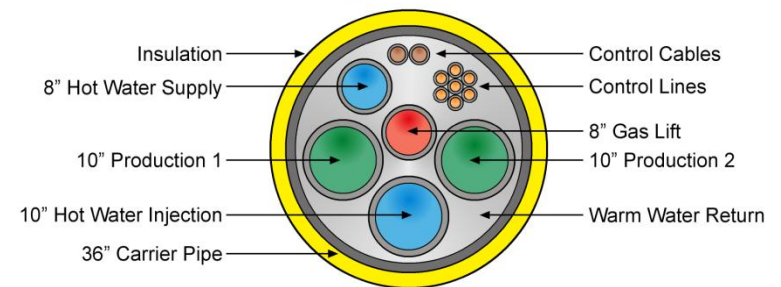
# Sea Lion project update

## FPSO and subsea

- FPSO market enquiries undertaken to assess options for conversions and new builds
- Technical studies ongoing, reviewing FPSO fatigue life, turret designs and offloading operability
- Technical reviews undertaken to study option of gas lift instead of HSPs
- Preliminary topsides designs being assessed
- Design studies underway to assess towed bundles as an alternative to conventional flowlines
- Evaluation of contractors for subsea FEED has commenced



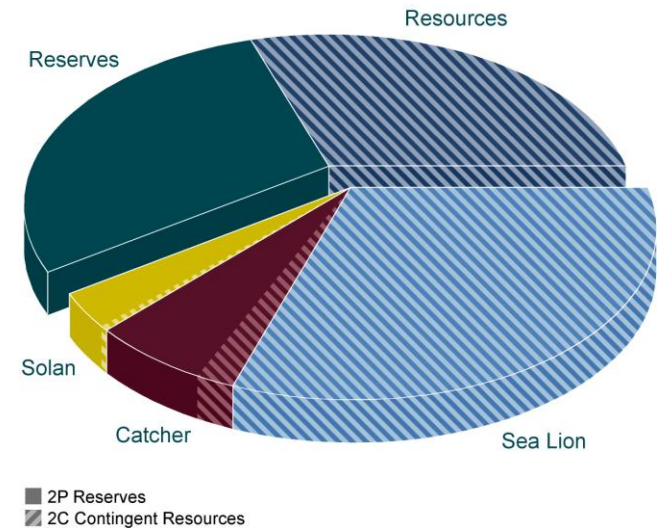
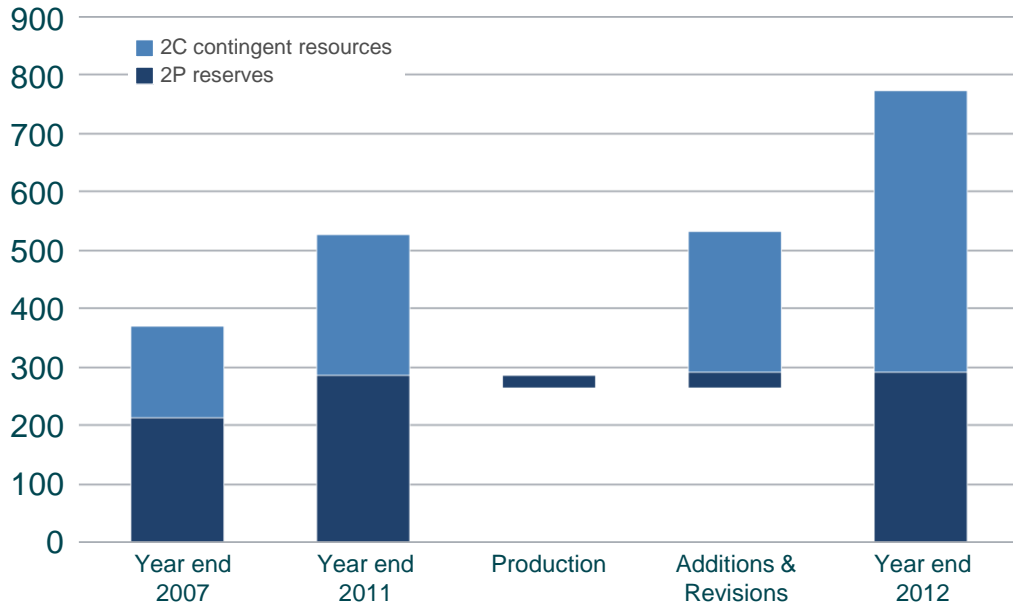
A Typical Bundle



# Reserves and resources – continuing growth

## Reserves and contingent resources

(mmboe)



## Independent valuations

- Based on D&M's value of 2P reserves and RISC's value of Sea Lion
  - \$6.5 billion NPV<sub>10</sub> at \$85/bbl, equivalent to £6/share
  - \$9.8 billion NPV<sub>10</sub> at \$105/bbl, equivalent to £10/share
- Excludes other contingent and prospective resources

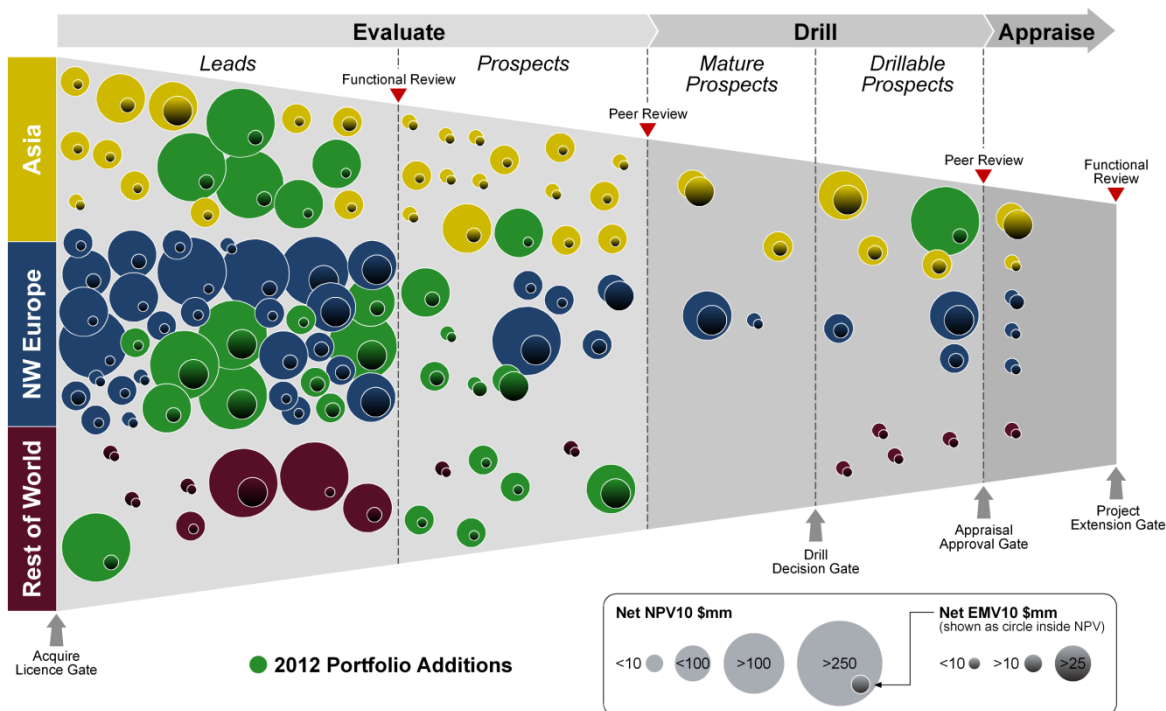
# EXPLORATION OVERVIEW //



















# Transforming the exploration portfolio

- 12 exploration and appraisal wells drilled in 2012
  - Carnaby discovery
  - K-30 and BBN-1 successes
  - Anoa Deep discovery, opened up Lama play
- Three wells currently drilling
  - Matang
  - Bonneville
  - Luno II

- Transforming the exploration portfolio, adding higher impact plays with significant follow on potential
  - Added 1 bnboe prospective resource in 2012



# 2013 exploration drilling programme

Asia			2013				P50 gross unrisks resource (mmboe)	Risk
			Q1	Q2	Q3	Q4		
Vietnam	Block 121	Ca Voi		 Ocean General			120	High
	Block 07/03	CRD appraisal		 Ocean General			N/A	TBC
		Ca Duc			 Ocean General		45	High
Indonesia	Block A Aceh	Matang	 Century Rig28				40	Moderate
	Tuna Block	Kuda Laut & Singa Laut			Ocean General	 	100	High
<b>North Sea</b>								
Norway	PL359	Luno II	 Bredford Dolphin				120	Moderate
UK	P1181	Lacewing		 Maersk Resiliant			58	Moderate
	P1430	Bonneville	WilPhoenix 				10	Low
<b>Rest of World</b>								
Pakistan	Kadanwari	K-32		 Weatherford 812			7	Low
		K-36			 Weatherford 812		5	Low
	Badhra-Bhit	Badhra South Deepening-1		 SLB Rig-23			38	High
		BBN-1 West		 SLB Rig-23			8	Low
		Badhra-6 Parh			 SLB Rig-60		58	Moderate
Kenya	L10A/L10B	Contingent well					TBC	TBC
Mauritania	PSC C-10	Tapendar					TBC	TBC

All well timings are subject to revision for operational reasons

-  Firm Wells: Rig Contracted
-  Firm Wells: Rig TBC
-  Contingent Wells
-  Wells to watch

Five high impact wells targeting in excess of 150 mmboe of net unrisks prospective resources



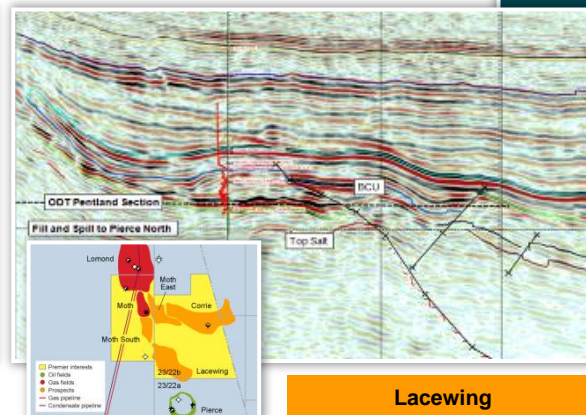
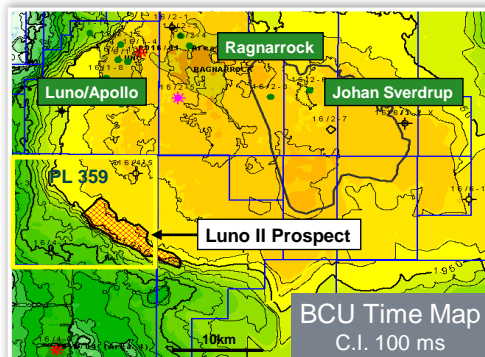
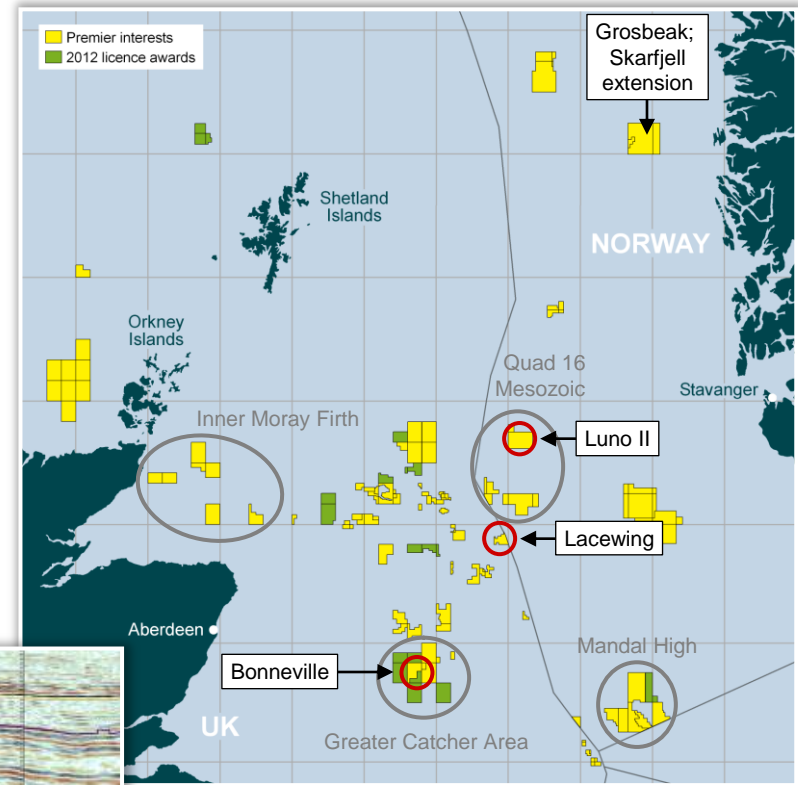
# 2013 North Sea exploration – Luno II and Lacewing

## Luno II (spudded)

- Luno II is on the south west margin of the Utsira high
- Critical risk: reservoir presence
- Gross prospective resource: 30-120-300 mmbbl
- Currently drilling

## Lacewing (1H 2013)

- HPHT Triassic test; learnings will be applied to UK and Norway
- Gross prospective resource: 24-58-110 mmbbl
- Critical risks: trap effectiveness and reservoir quality
- Well expected to spud April 2013



Lacewing

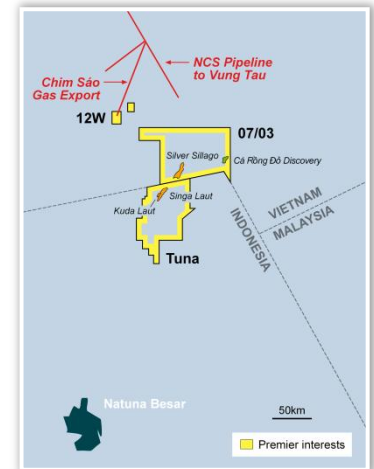
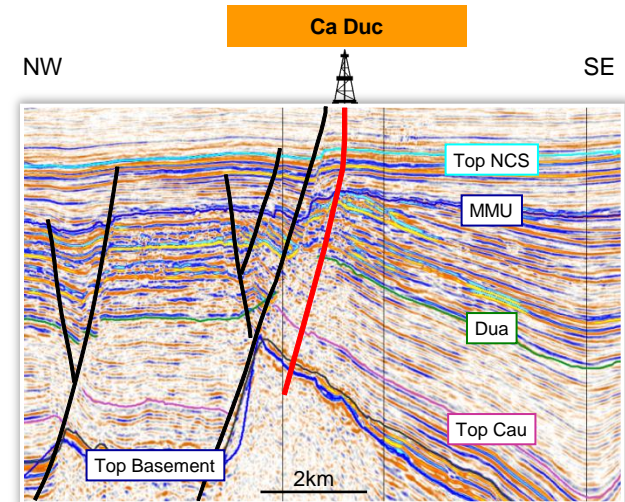
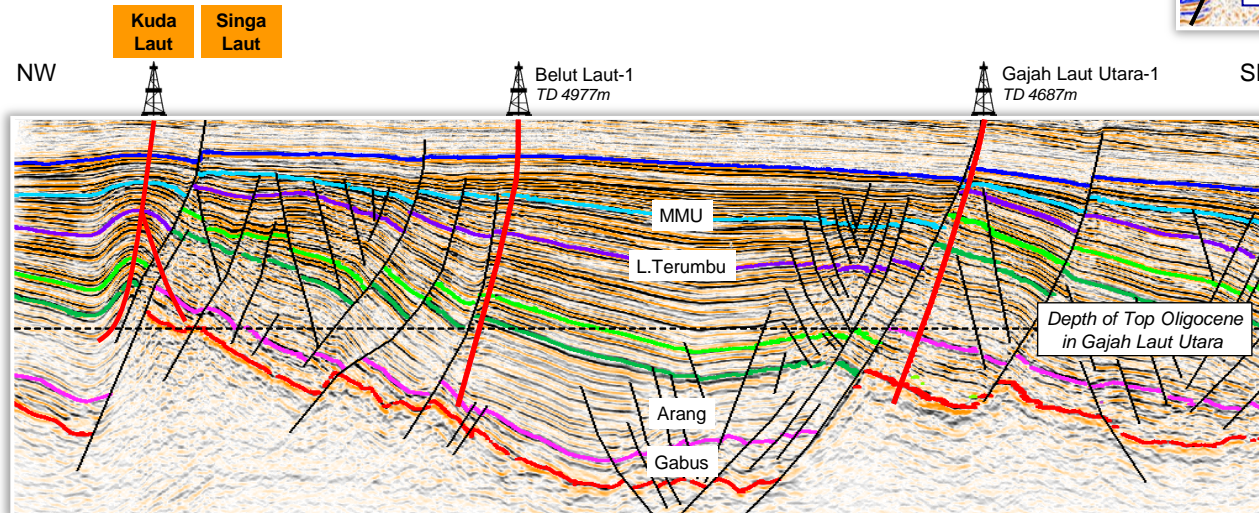
# 2013 Nam Con Son programme

## Kuda/Singa Laut (2H 2013)

- Faulted dip closed structure up dip from a proven source kitchen to the east
- Low risk for gas, high risk for commercial oil
- Gross prospective resource: 60-100-140 mmboe

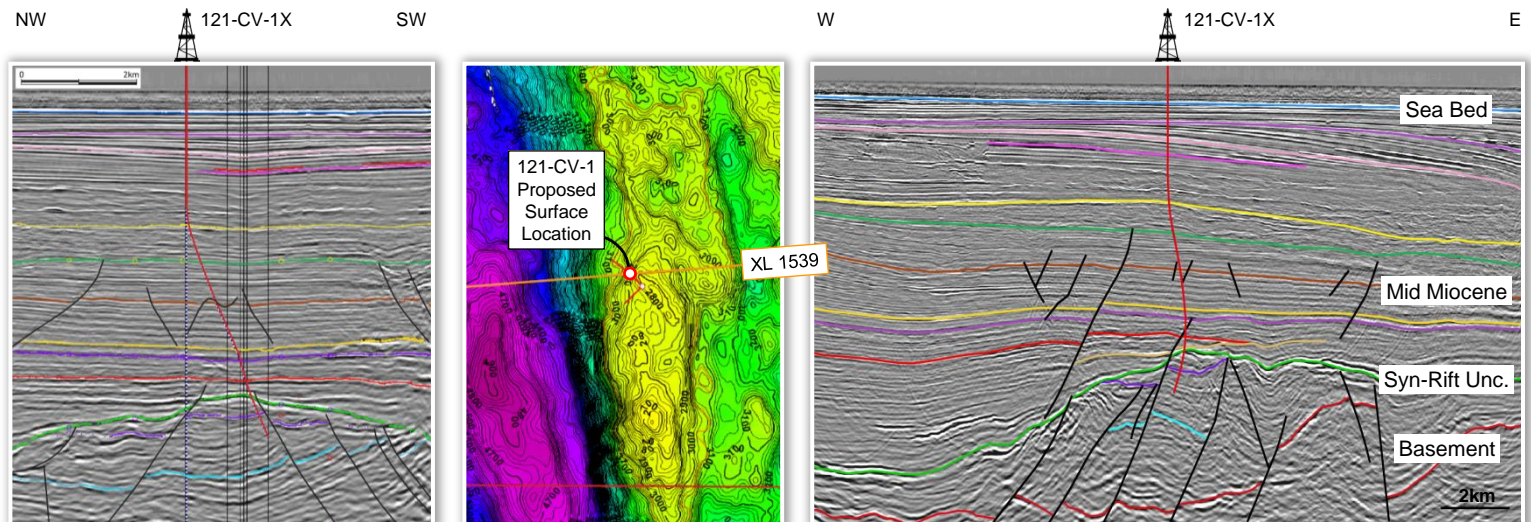
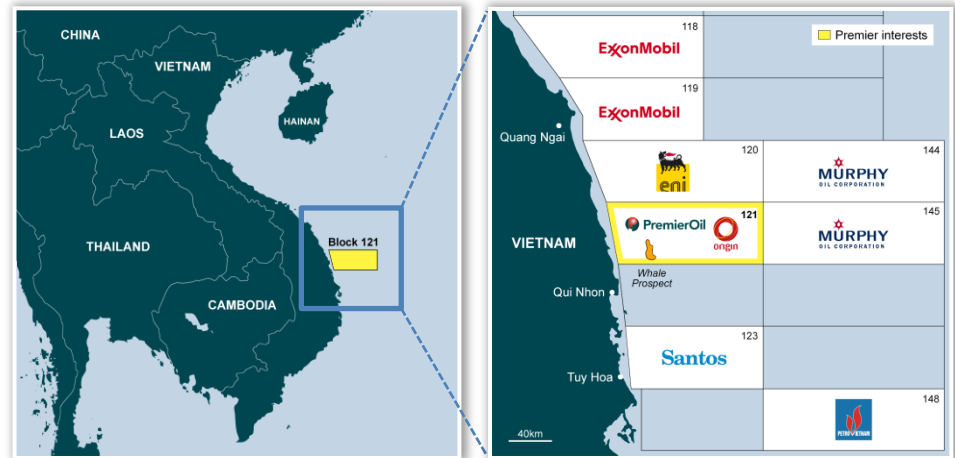
## Silver Sillago (Ca Duc) (2H 2013)

- Analogous to Chim Sao
- Critical risk: fault seal
- Gross prospective resource: 20-45-105 mmboe



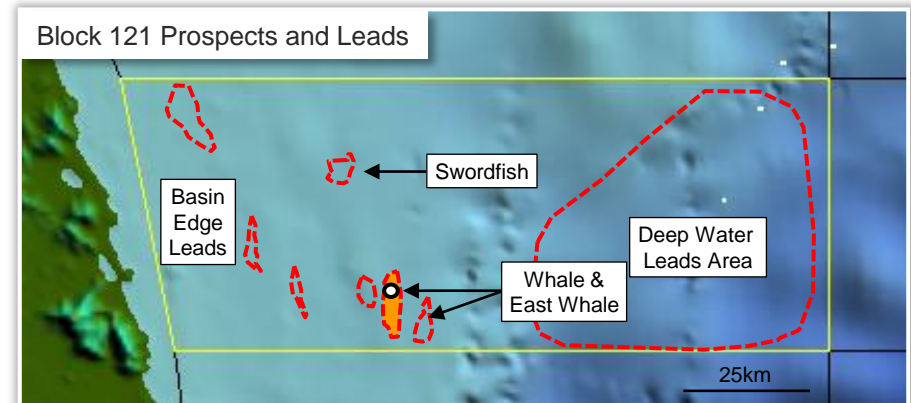
# 2013 play-opening well – Ca Voi

- Premier equity 40%
- The Ca Voi prospect is the first test of the Oligocene play in the Phu Khanh Basin
- High risk well with multiple follow-up potential
- Gross prospective resource: 35-120-190 mmbbl
- Well planned for May 2013

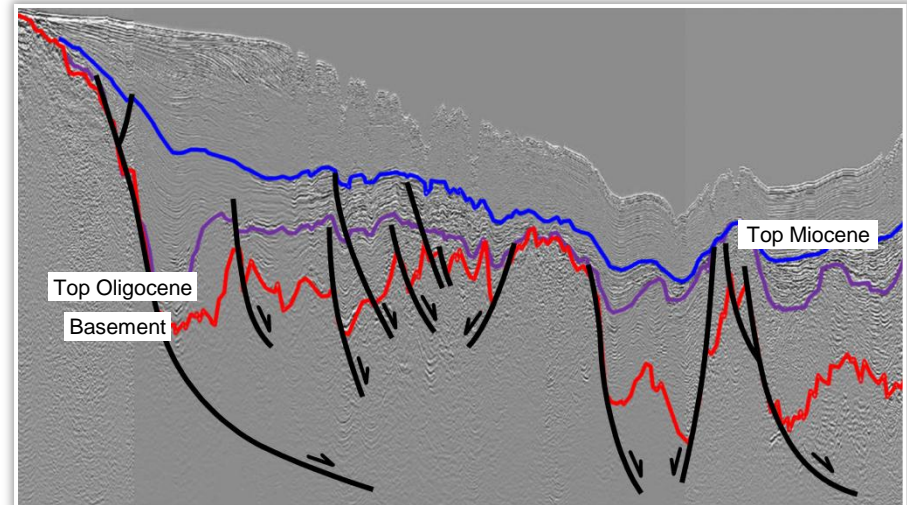


# Ca Voi follow on potential

- A successful Whale (Ca Voi) well de-risks multiple leads
  - Swordfish
  - East Whale
- Unexplored intra-basinal highs in the deep water part of Block 121
- Block resource potential >1 bnboe



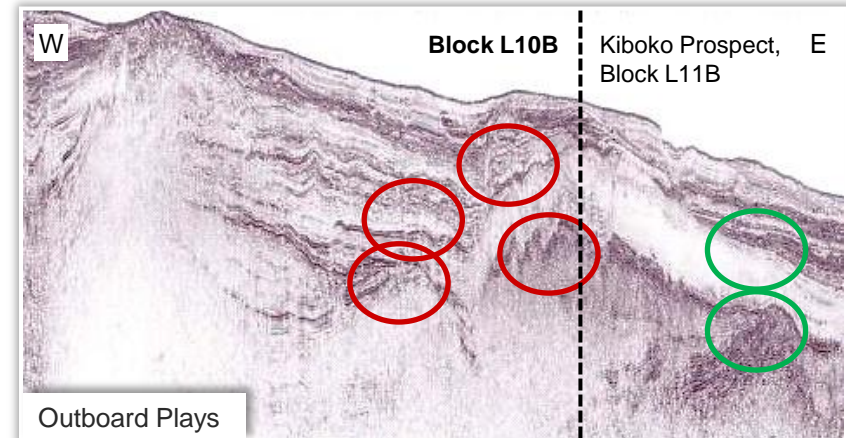
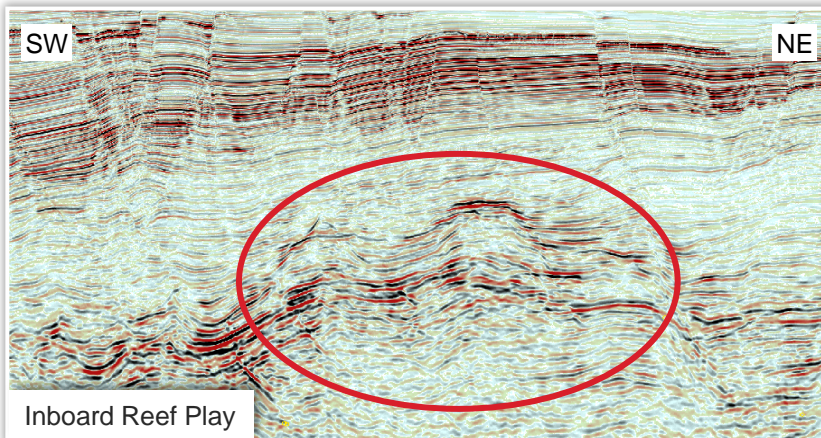
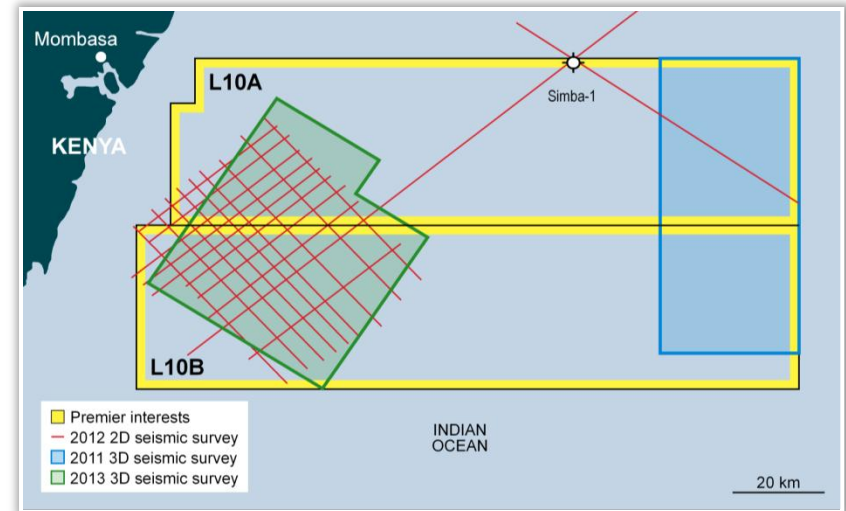
SW **Whale** **East Whale** **DW Lead 1** **DW Lead 2** NE



# Kenya exploration (2013/14)

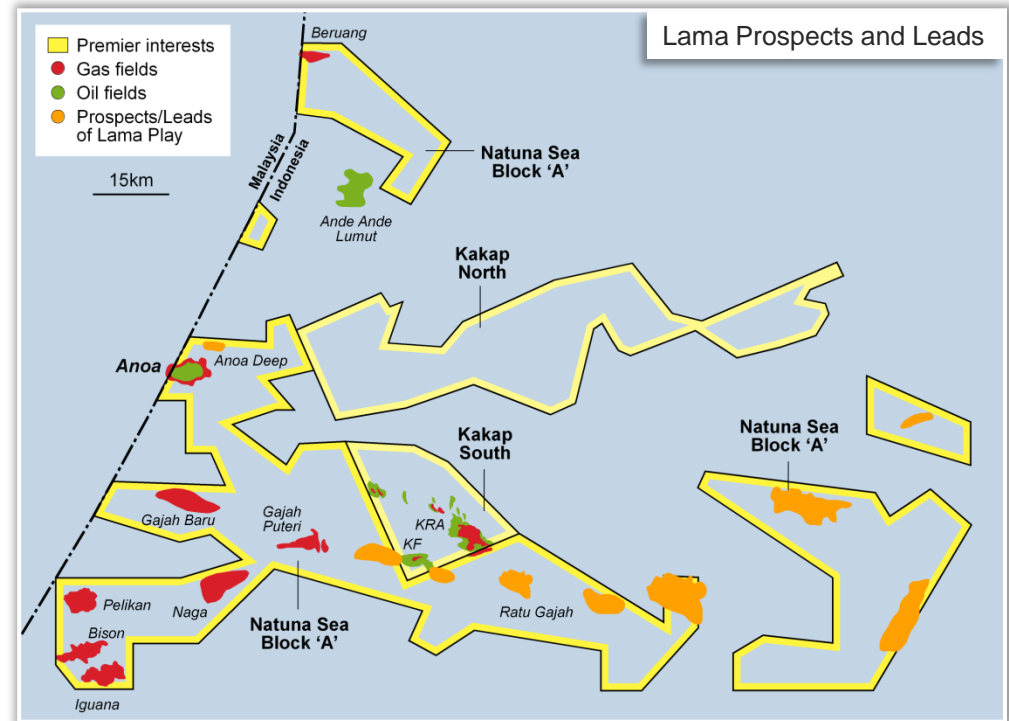
## L10A & L10B

- Oil (Miocene carbonate) play in the West, deeper Cretaceous sandstone (gas?) play in the East
  - 5000 km<sup>2</sup> of 3D and 1000 km 2D acquired
- Upcoming drilling in 2014, possibly late 2013
- Gross prospective resource: ~1bn boe



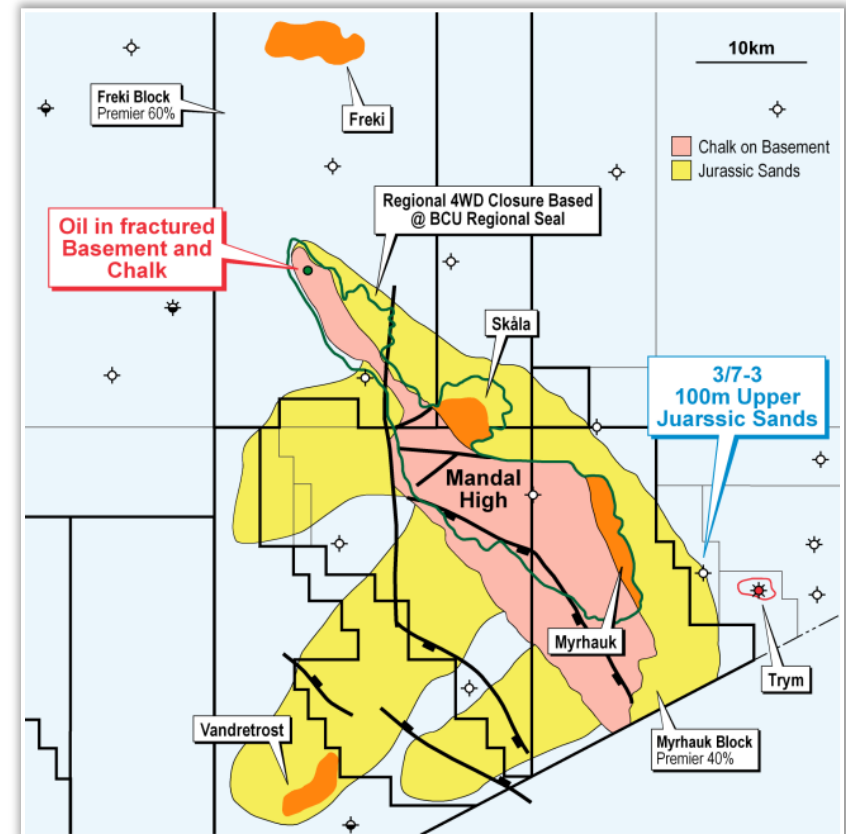
# Lama play (2014/15)

- Anoa Deep
  - ~300 feet of fractured Lama Sandstones within the Anoa field
  - 70-100-150 bcf total gas in place
- Significant follow-on potential
  - Gross accessible prospective resource: ~2TCF
  - Exploration drilling in 2014 and 2015



# Mandal High (2014/15)

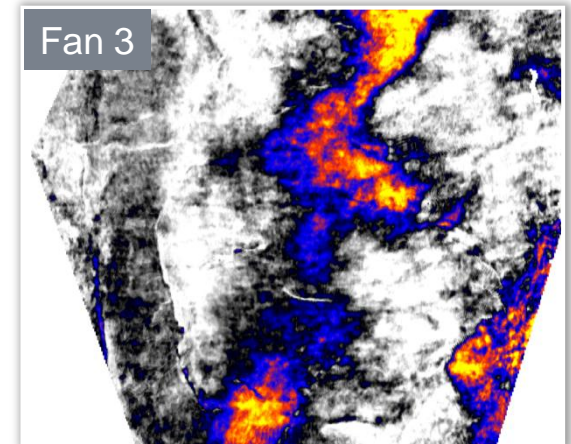
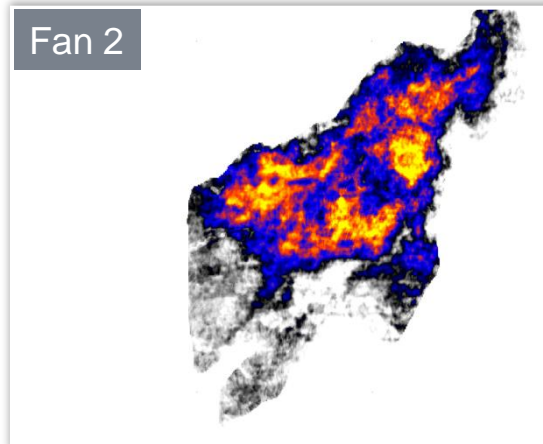
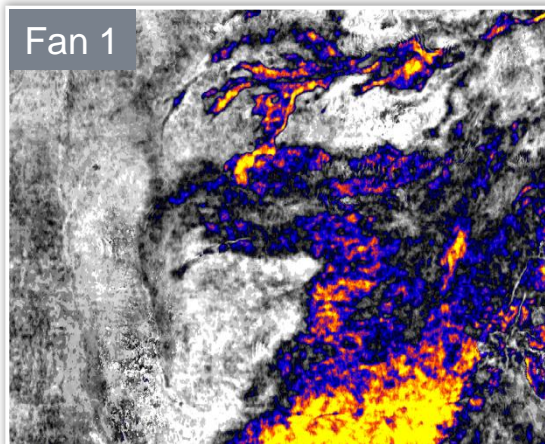
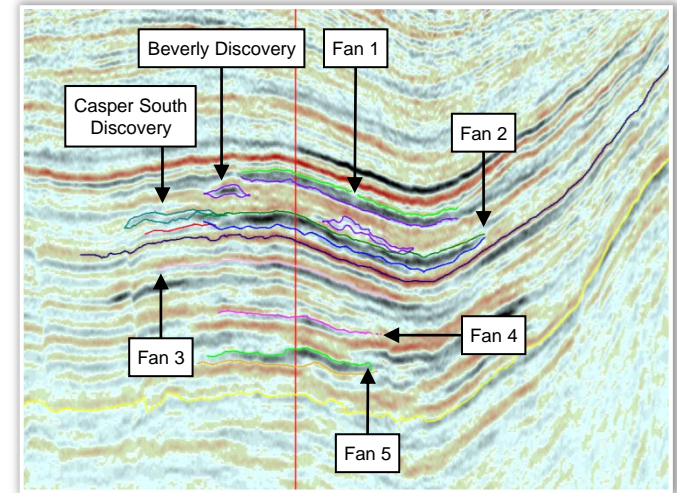
- Shares similar characteristics to that of the Utsira High in 2008
  - Proven Kitchen to west of High
  - Proven Jurassic sands to east of High
  - Hydrocarbons proven in basement
- Myrhauk prospect is targeted for drilling in 2014



Premier has access to ~ 200 mmbo of net prospective resources on and around the Mandal High

# Falkland Islands exploration (2014/15)

- Defined lead and prospect inventory
- A minimum of 3 exploration wells planned
  - Play opening wells to be drilled below existing Sea Lion sands and in up-dip east flank sands
  - 100-250-750 m mboe total resource potential in multiple stacked targets

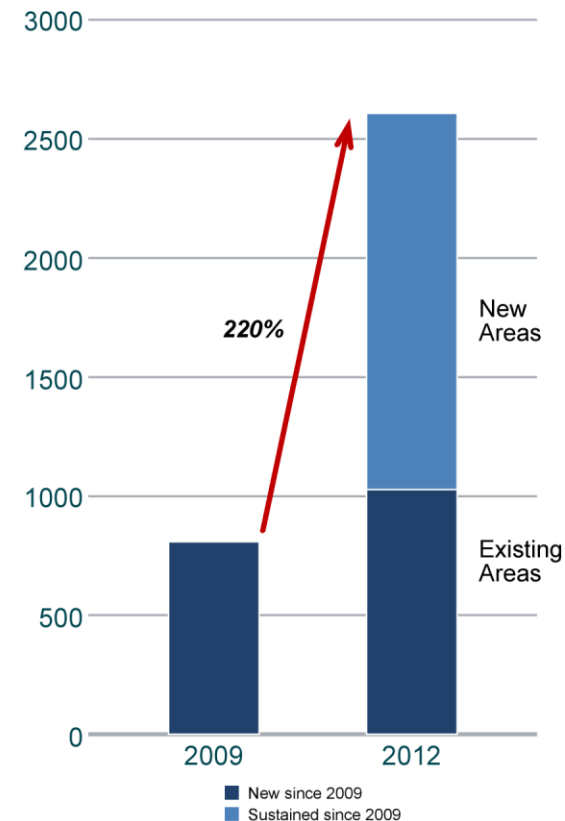




# What should you expect from exploration in 2013

- Play opening test in East Vietnam
- Key prospects drilled in Nam Con Son and North Sea
- Near field drilling in Catcher, Aceh and Pakistan
- Mature portfolio for 2014/15 drilling
  - Kenya
  - Norway (Mandal High)
  - Indonesia (Lama)
  - Falklands
  - UK (Inner Moray Firth)
- Exit non-material acreage
- Continue to replenish the portfolio, adding new high impact plays

Net Unrisked Resource  
(mmbob)



# FINANCE //



# Record profits

	12 months to 31 Dec 2012	12 months to 31 Dec 2011
Working Interest production (kboepd)	57.7	40.4
Entitlement production (kboepd)	51.6	37.7
Realised oil price (US\$/bbl) - pre hedge	111.4	111.9
Realised gas price (US\$/mcf) - pre hedge	8.3	8.5

	US\$m	US\$m
<b>Sales and other operating revenues</b>	<b>1,409</b>	<b>827</b>
Cost of sales	(743)	(415)
<b>Gross profit</b>	<b>666</b>	<b>412</b>
Exploration/New Business	(187)	(211)
General and administration costs	(24)	(26)
<b>Operating profit</b>	<b>455</b>	<b>176</b>
Financial items	(95)	(34)
<b>Profit before taxation</b>	<b>360</b>	<b>142</b>
Tax charge/(credit)	(108)	29
<b>Profit after taxation</b>	<b>252</b>	<b>171</b>

## Highlights

### ● Operating costs (US\$/bbl)

	2012	2011
UK	41.9	39.5
Indonesia	11.2	11.1
Pakistan	2.3	2.4
Vietnam	13.7	16.6
<b>Group</b>	<b>16.2</b>	<b>15.9</b>

### ● Hedging

- Net impact on 2012 of US\$25 million post-tax
- 17% of 2013 production hedged at average equivalent of US\$105/bbl
- Rolling forward sale programme for 2014 targeting US\$110/bbl

# Rising cash flows

	12 months to 31 Dec 2012 US\$m	12 months to 31 Dec 2011 US\$m
Cash flow from operations	1,041	530
Taxation	(233)	(44)
<b>Operating cash flow</b>	<b>808</b>	<b>486</b>
Capital expenditure	(772)	(661)
Acquisitions/disposals, net	(210)	(90)
Finance and other charges, net	(163)	(50)
Pre-licence expenditure	(29)	(23)
<b>Net cash out flow</b>	<b>(366)</b>	<b>(338)</b>

## Capital expenditure split (US\$m)

	2012	2011
Development	585	433
Exploration	187	228
	<u>772</u>	<u>661</u>

## Acquisitions, development and finding costs

- Five-year acquisition cost:
  - US\$6.6/bbl (including carries)
- Five-year development capex (new projects):
  - US\$14.3/bbl
- Five-year exploration/appraisal cost (post tax):
  - US\$5.4/bbl

2013 Forecast of US\$1 billion (development) and US\$200 million (exploration)

# Group taxation position

## Tax charge

	12 months to 31 Dec 2012 US\$m	12 months to 31 Dec 2011 US\$m
Overseas	137.0	60.1
Prior period provisions/revisions	(11.9)	70.0
<b>UK</b>		
PRT	83.1	17.2
CT	—	—
<b>Current charge</b>	<b>208.2</b>	<b>147.3</b>
Deferred tax credits	(100.3)	(177.0)
<b>Tax charge/credit for the year</b>	<b>107.9</b>	<b>(29.7)</b>

## UK Tax Losses/Allowances Position

	As at 31 Dec US\$m
<b>Allowances brought forward</b>	<b>1,360</b>
Net additions	398
RFES	129
<b>Tax allowances carried forward</b>	<b>1,887</b>

## Overseas tax position

- Tax paying - Indonesia, Pakistan, Vietnam
- Expected effective rates for 2013:

	% of Operating Profit*
Indonesia	50
Pakistan, Vietnam	30-33

\*Before exploration write off

Tax paying overseas; no UK CT expected until post-2018

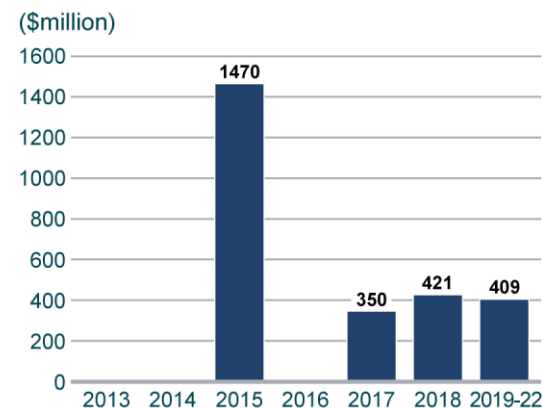
# Strong liquidity and balance sheet position

	12 months to 31 Dec 2012 US\$m	12 months to 31 Dec 2011 US\$m
Cash	187	309
Bank debt	(500)	(484) ●
Bonds	(577)	(341) ●
Convertibles	(220) <sup>1</sup>	(228) ●
<b>Net debt position</b>	<b>(1,110)</b>	<b>(744) ●</b>
Gearing <sup>2</sup>	36%	36%
Cash and undrawn facilities	1,110	1,116 ●

<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 2.3% (floating)

● Facilities extended post year-end by US\$150 million

● Excludes uncommitted facilities of \$310 million

Stable balance sheet; continued access to multiple debt markets

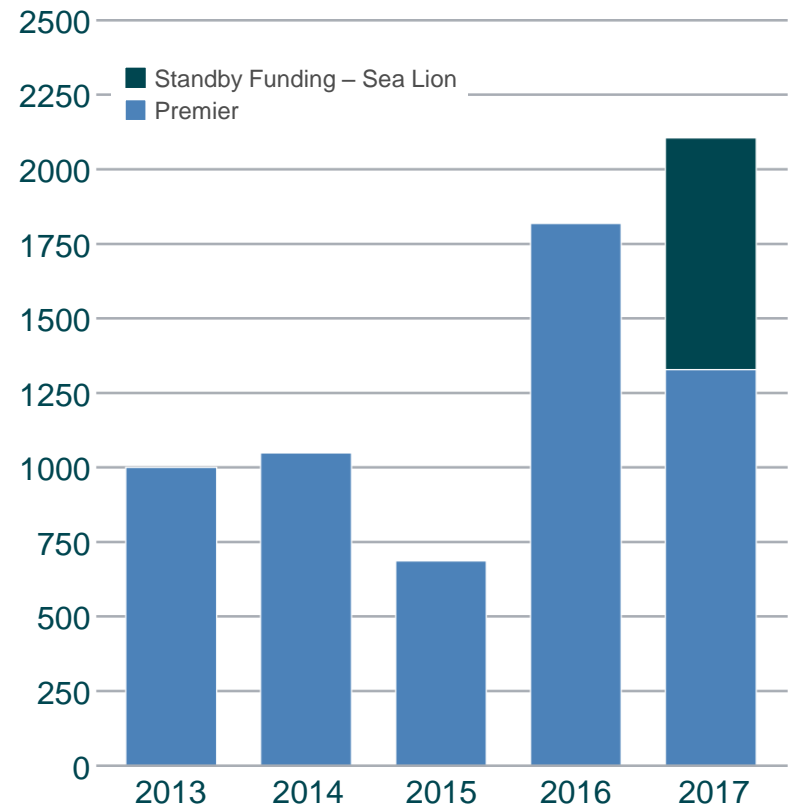
# Fully funded programme

## Funding Outlook

- Significant growth in cash flow
  - US\$2 billion pa post-Catcher \*
  - US\$2.5 billion pa post-Sea Lion \*
- Surplus cash flows 2013-2015\* before discretionary exploration spend
- Gearing position unchanged through to Sea Lion first oil at US\$85/bbl
- Forward profile funded by cash flow and facilities down to US\$65/bbl

\* Assumes US\$100/bbl

## Investment Profile (development) (US\$ million)



# SUMMARY //



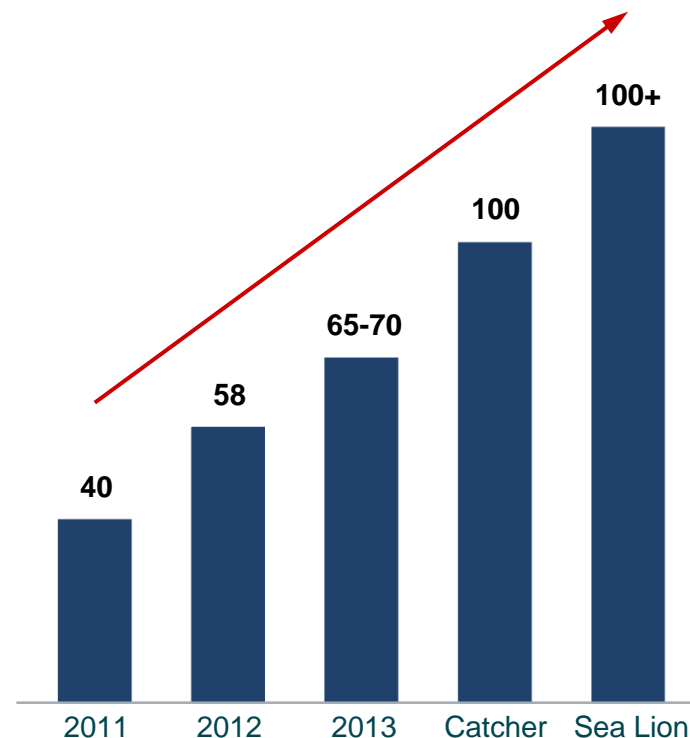


# What can you expect from Premier?

- Growing production
- Quality execution of development projects
- Increasingly material and higher impact exploration
- Continuing portfolio management
- Strong growth in cash flow generation
  - Commenced cash returns to shareholders

A continued focus on growing the underlying NAV/share

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



# APPENDIX //



# End 2012 2P reserves and contingent resources

		Falkland Islands	Indonesia	Norway	Pakistan & Mauritania	UK	Vietnam	Total
<b>2P Reserves</b>	On production	-	36.2	-	28.2	29.7	28.0	122.1
	Approved for development	-	36.0	-	5.6	19.8	7.0	68.4
	Justified for development	-	25.0	-	0.8	74.3	1.4	101.4
	<b>Total Reserves</b>	-	<b>97.2</b>	-	<b>34.6</b>	<b>123.7</b>	<b>36.4</b>	<b>291.9</b>
<b>2C Contingent Resources</b>	Development pending	193.7	-	71.5	2.5	4.2	-	271.9
	Development unclarified / on hold	32.7	68.0	0.1	16.2	16.7	13.2	146.9
	Development not currently viable	6.2	4.9	2.3	12.8	28.7	7.2	62.0
	<b>Total Contingent Resources</b>	<b>232.6</b>	<b>72.9</b>	<b>73.9</b>	<b>31.5</b>	<b>49.6</b>	<b>20.3</b>	<b>480.7</b>
<b>Total Reserves &amp; Contingent Resources</b>		<b>232.6</b>	<b>170.1</b>	<b>73.9</b>	<b>66.0</b>	<b>173.3</b>	<b>56.8</b>	<b>772.7</b>



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