

Strategic Plan 2023 – 2027

Building the nation through our energy resources



**KUMUL PETROLEUM
HOLDINGS LIMITED**



A photograph of a dense, lush green forest. A wooden structure, resembling a ladder or a series of steps, is leaning against a tree trunk on the left side of the frame. The structure is made of thin wooden planks and branches, and it appears to be a makeshift path or a way to climb the tree. The forest is filled with various types of trees and thick foliage, creating a vibrant green background.

Contents

| | |
|---------------------------------------|----|
| Opportunity..... | 4 |
| Creating value | 6 |
| Strategic Themes and Objectives | 7 |
| KPHL Strategy 2023 – 2027 | 8 |
| Stakeholders..... | 10 |
| Implementation..... | 11 |
| Core values | 12 |



Opportunity

PNG's national petroleum & energy company

As an exporter of oil since 1992, and after the commissioning of the PNG LNG Project in 2014 and almost ten years of LNG production, there is no doubt that Papua New Guinea is internationally recognised as a significant petroleum producing nation in the Asia-Pacific region.

The petroleum future of the country is bright with the development of projects progressing; the financial benefits of these will underpin the national economy. Full integrated (upstream and downstream) FEED has been announced for the Papua LNG Project, the P'nyang Gas Agreement has been signed and the offshore Twinza Project arrangements are being finalised. Also discovered are currently 'stranded' oil and gas fields in Gulf and Western provinces, some of which are now held by Kumul Petroleum Holdings Limited.

Kumul Petroleum Holdings Limited is an integral part of all these petroleum developments. In the years since its creation, the company has repaid loans, made annual dividend payments to the State, established the Kumul Petroleum Academy and provided multi-million kina support to nation-building rural electrification, renewable energy, health sector and community development projects.

With its bid to acquire an additional 5% equity in the PNG LNG Project, and forthcoming take up of 22.5% equity in the Papua LNG Project, Kumul Petroleum is increasing its asset base and set to become a major regional petroleum company, alongside Santos and Woodside.

The Kumul Petroleum Strategy 2023–2027 provides a framework of strategic themes and associated objectives that will enable the company, with sufficient financial standing and professional staff, to participate in the development of the non-renewable and renewable energy resources of the country in the decades to come.

The Strategy has six strategic themes with 27 associated strategic objectives. The most important include:

- Exercising and optimising State back-in rights in petroleum developments.
- Being a successful and profitable operator of strategic petroleum assets.
- Facilitating transport of LNG domestically in PNG and the Pacific region.
- Supplying gas to, and investment in gas fired power projects and domestic petrochemical industries.
- Investing in alternative energy sources where appropriate and profitable.
- Providing a sustainable annual return to KPHL's shareholder, the State.
- Sustaining high levels of governance, compliance, competence and use of technology in a professional national workforce.
- Continuing to contribute to PNG's social development through targeted nation-building investments.

Kumul Petroleum Holdings Limited has enjoyed unqualified audits for the last six years, clearly demonstrating the company's transparency and accountability.

PNG's national petroleum & energy company

Kumul Petroleum has already made a significant contribution to the economy of Papua New Guinea. Since 2014 KPHL has made payments to the State in various forms of US\$1,990 million (K3.5 billion) – this includes US\$692 million (K2.4 billion)

in dividends and US\$438 million (K1.5 billion) in taxation to the State, along with US\$461 million in corporate social responsibility expenditure in support of Government initiatives.





Creating value

Kumul Petroleum has proven itself as a company able to undertake a range of nation-building projects, petroleum and energy related projects as well as those providing more philanthropic and social inclusion support.

Electrification

Kumul Petroleum Holdings is a 50% shareholder with Santos in NiuPower Limited, which operates a 58MW gas-fired power station just outside Port Moresby, enabling PNG Power to reduce its dependency on liquid fuels. KPHL has also constructed hundreds of kilometres of low-voltage electricity transmission lines in rural areas of a number of provinces, enabling communities and institutions to connect to PNG Power's high-voltage grids.

Kumul Petroleum is also working with the New Ireland Provincial Government in the installation of a trial 5MW solar installation in Kavieng.

Domestic LNG utilisation

Kumul Petroleum is investigating the domestic transport and utilisation of LNG in Floating, Storage, Regasification Plants (FSRPs) to fuel gas-powered electricity generation as well as assessing the feasibility of using LNG domestically as a feedstock for fertilisers and other petrochemicals. The company has a Memorandum of Understanding with the Ministry of International Trade & Investment to provide power generation, or co-generation, solutions for application in Special Economic Zones being planned in country.

Education & Training

The Kumul Petroleum Academy has been operating since 2014, providing 12-month competency based vocational training programs for electrical, instrumentation & mechanical technicians and process/control room operators. The 2018 installation of a simulated Safe Live Processing Plant, costing K12.5 million, has enhanced the facility's ability to train process technicians. Annual intakes of students have been sponsored by ExxonMobil, Oil Search (now Santos) and KPHL. KPHL plans to establish a construction academy associated with a fabrication facility in preparation for the construction phase of the Papua LNG and other LNG and mining projects. The facility will have a capacity of up to 20,000 tonnes per year, producing steel, mechanical, piping and electrical modular packages. It will provide direct employment for 1000 skilled Papua New Guineans and indirect jobs for up to 3000 more people when operating at full capacity. The number of jobs could double if the facility is run 24hrs per day.



An aerial photograph of a large industrial facility, likely a refinery or petrochemical plant. The foreground and middle ground are dominated by a long, rectangular structure covered with numerous large, circular, metallic tanks or storage drums. To the left, a tall, complex distillation column rises into the sky. The facility is surrounded by a flat, open landscape with some distant hills under a clear blue sky. The image is used as a background for the text overlay.

Strategic Themes and Objectives

The Strategy is based around six strategic themes that relate to ensuring full development of the nation's petroleum resources, maximising domestic utilisation of these resources, supporting countrywide energy development, facilitating nation-building projects whilst harnessing the latest technology and developing KPHL employees to achieve the company's social inclusion/CSR policy.

Each strategic theme is supported by a number of specific strategic objectives that will underpin KPHL's activities and work programmes over the next five years.

KPHL Strategy 2023 - 2027

KPHL Vision: Building the Nation

VISION
STRATEGIC THEMES
KEY STRATEGIC OBJECTIVES

Invest in the exploration, development and production of oil and gas reserves

Exercise and optimise our back in rights

Be a successful and profitable operator of strategic assets

Develop effective JVs and strategic alliances with IOCs and other industry partners

Develop effective JVs and strategic alliances with IOCs and other industry partners

Enter into midstream petroleum infrastructure projects

Facilitate transportation of gas and LNG throughout PNG and regions

Influence major operators to optimize their development options and maximize value

Facilitate the development of viable midstream projects

Diversify and invest across the petroleum and energy sectors

Actively pursue domestic and international marketing and trading opportunities in LNG and petroleum

Supply gas to power projects and other gas related domestic industries

Invest in and / or operate gas fired power stations

Investment in petrochemicals using domestic feedstock

Invest in alternative energy sources where appropriate and profitable

through our energy resources

Lead and influence nation building projects

Provide a reasonable and sustainable return on investment to KPHL's shareholders

Develop a national oil and gas database

Support the establishment of a petroleum regulatory body

Improve financial performance year-on-year

Harness technology and develop people, process, and culture

Sustain the highest levels of external compliance

Sustain the highest levels HSE compliance

Sustain the highest levels of governance across KPHL

Establish, develop, and maintain a highly skilled workforce

Use technology, information management, and processes to enable efficient operations

Achieve KPHL's social inclusion (CSR) policy

Contribute to PNG's social development through targeted investments

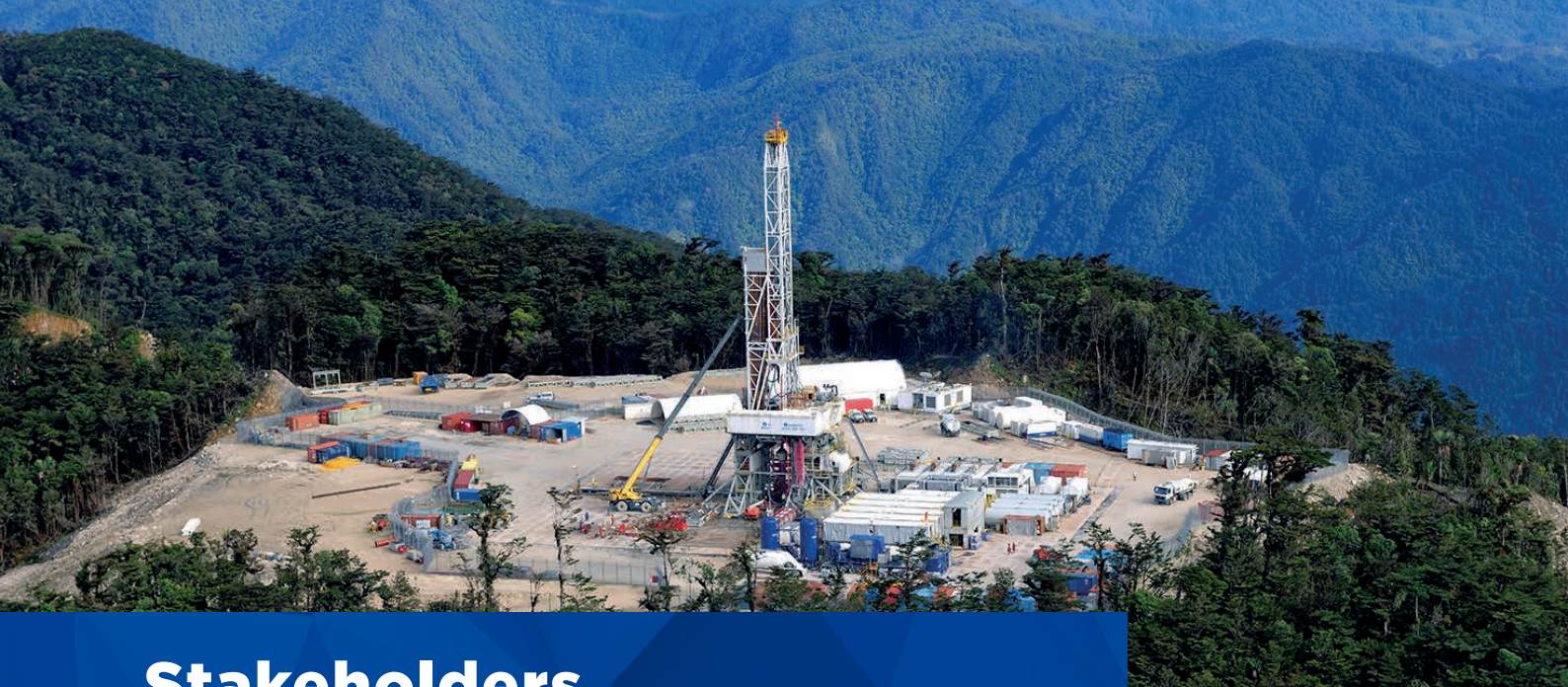
Continuously build KPHL's positive corporate image

Be an expert industry advisor to the State and its instrumentalities

Ensure effective engagement with stakeholders

Advocate national and local content in policy development and implementation

Promote programs to develop accredited skills and knowledge in country



Stakeholders

The KPHL Board has recognized the following stakeholders in the development of the company's 2023-2027 plan

| Major Stakeholders | Secondary Stakeholders |
|--|--|
| The People of Papua New Guinea | PNG Community (Employment, training, national content, social inclusion and responsible community development) |
| The PNG State (as representative and agent of its people) | PNG Businesses (Commercial supply, trading opportunities, secondary economic multiplier effects) |
| Sub-national Entities (Resource impacted landowners, provincial and local-level governments) | Business Partners (Joint venture partners, financiers, investors, shareholders) |





Implementation

The directors and senior management of Kumul Petroleum Holdings Limited have developed the KPHL Strategy, its strategic themes and associated objectives. These are also the individuals who will be responsible for ensuring implementation of all the necessary actions to achieve the Strategy's overall objectives.

Where appropriate and necessary, KPHL will engage professional consultants, industry experts and investment partners to work or joint venture with us in particular activities, in order to achieve the strategic objectives as outlined in the Strategy.

The Strategy will deliver the optimal benefit to the State and the people of Papua New Guinea through maximising the long-term returns from the petroleum resources of the country, facilitating community access to electricity as well as exploring greater utilisation of the country's renewable energy resources.

Elsewhere in the world it has been demonstrated that increased access to electricity has directly resulted in improved standards of living. The Strategy aims to assist the Government to achieve its objective to increase the current very low electrification access so that by 2030 70% of the population should have access to electricity.

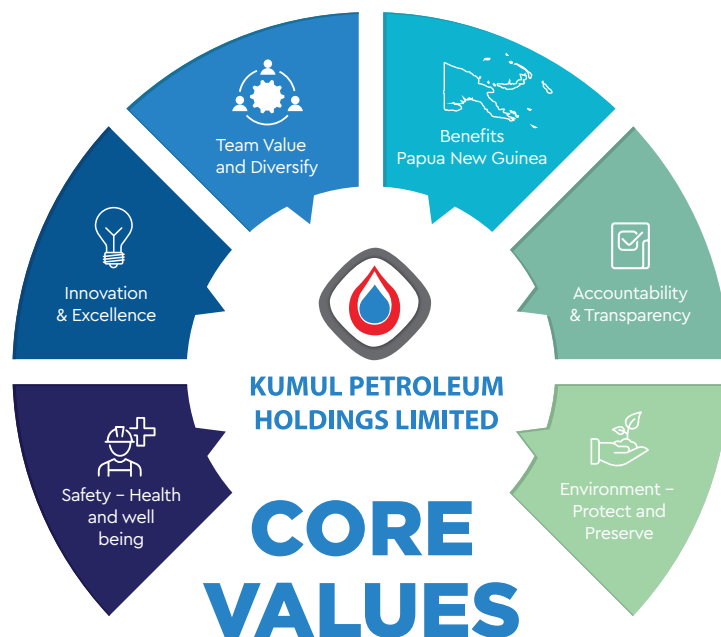




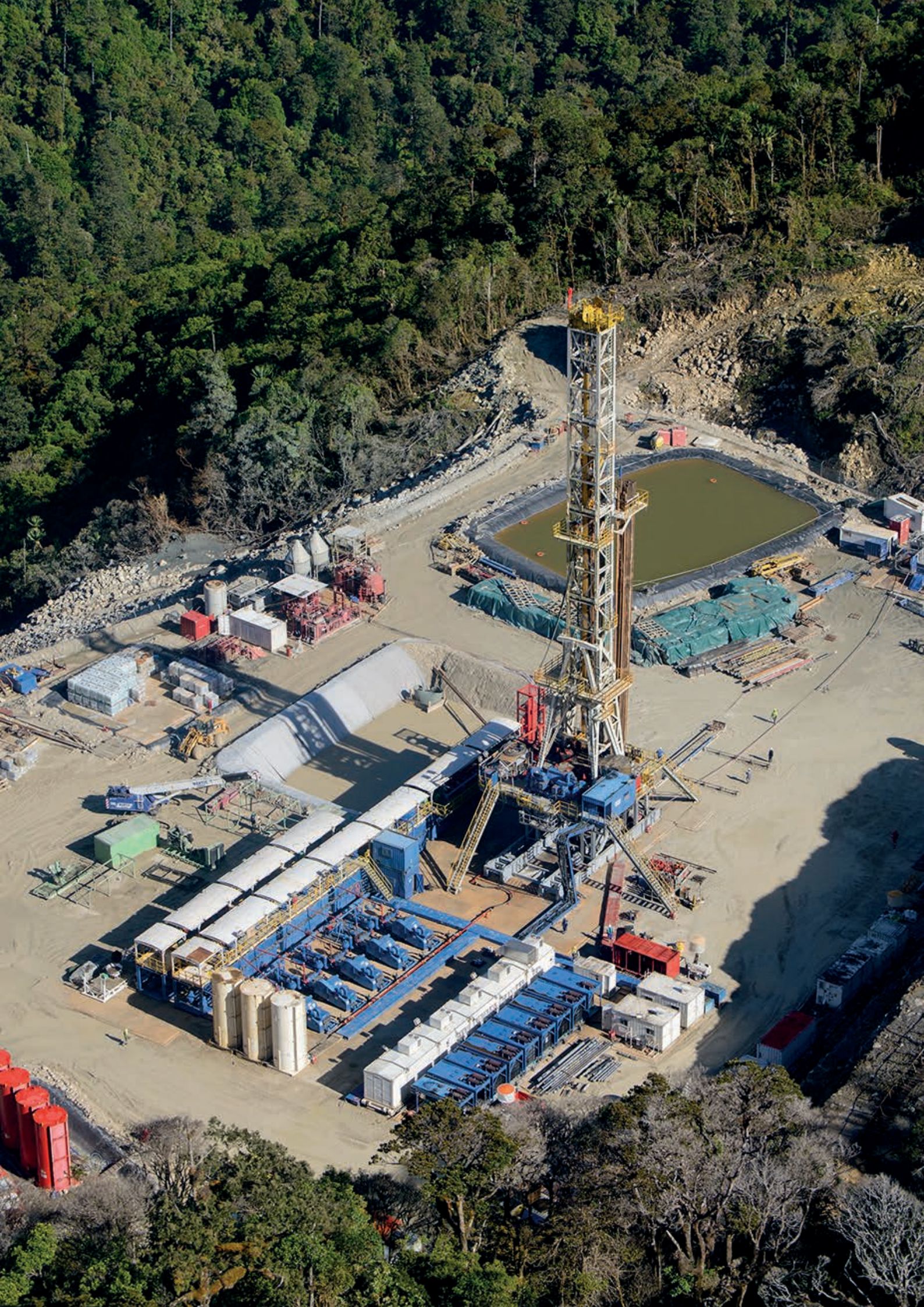
Core values

Kumul Petroleum Holdings will embrace a suite of core values as the foundation policy of its Strategy. These core values acknowledge that the company can only achieve outstanding results if it treats how it does its business as important as what it does.

KPHL is committed to:



A comprehensive code of conduct explains how these core values will be applied across the company and ensure all stakeholders – Board, executives, staff, contractors and our corporate partners – commit to this code before they do business with us.





**KUMUL PETROLEUM
HOLDINGS LIMITED**

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