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2013 Half Year Results

August 2013

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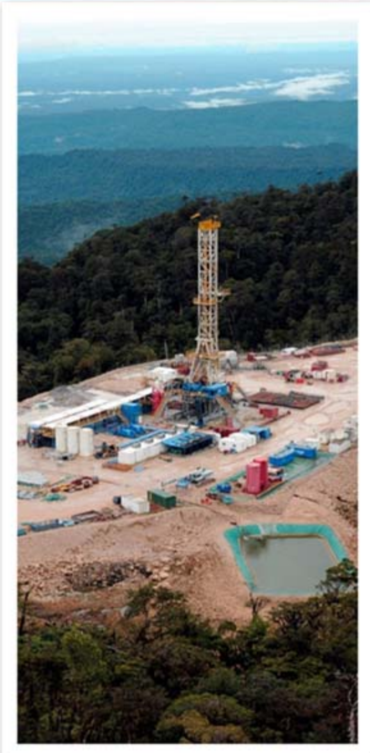
2013 Half Year Results Agenda

Introduction	**Peter Botten**
Financial Overview	Stephen Gardiner
PNG LNG Project & Gas Expansion	Phil Caldwell
Exploration & New Ventures	Julian Fowles
Operations Review	Paul Cholakos
Outlook & Summary	Peter Botten

2013 Half Year Highlights

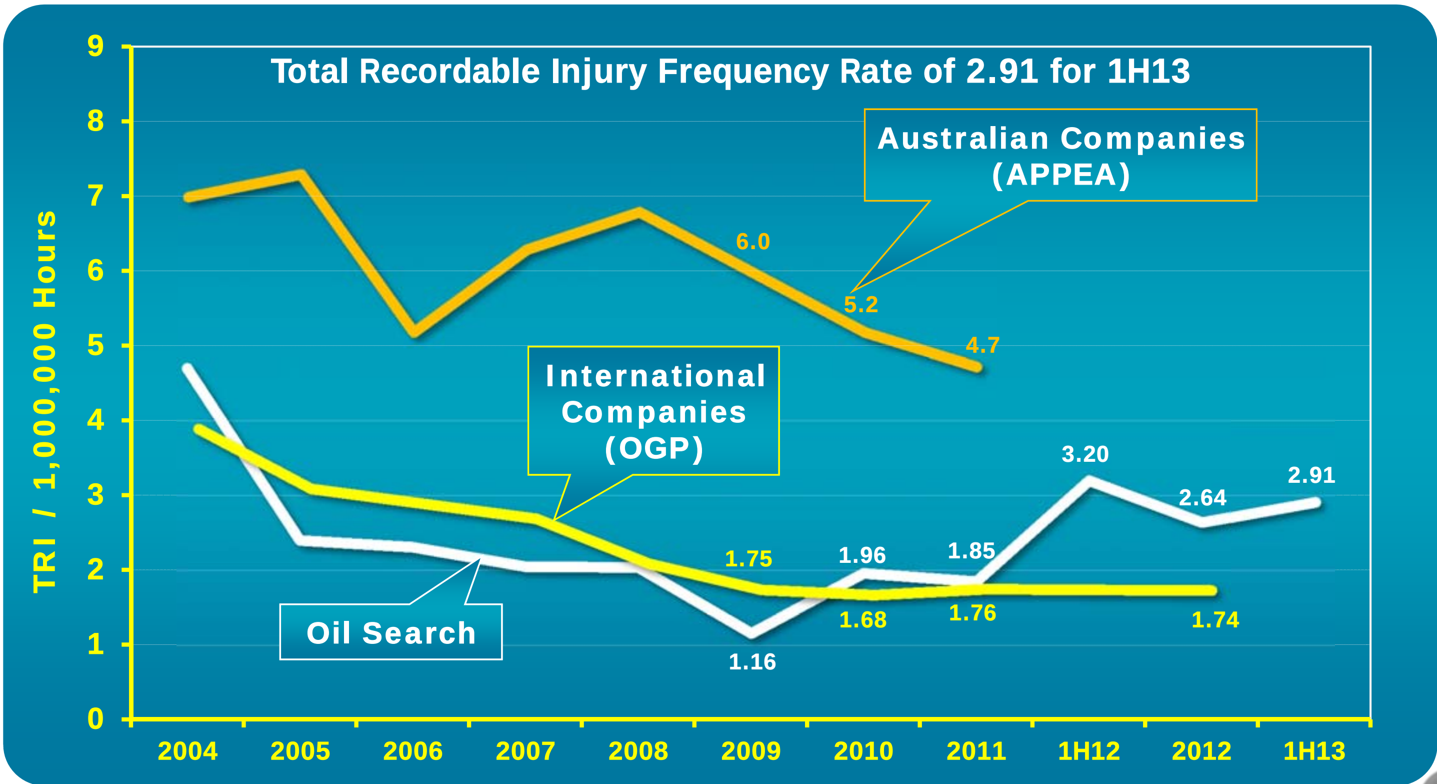
- Strong operational and financial performance in 1H13:
  - PNG LNG Project 90% complete, commissioning to start shortly
  - Solid production of 3.19 mmboe, with good cashflows
  - NPAT up 6% to US$113.5 million
  - Dividend unchanged at two US cents per share
  - Balance sheet remains strong
- Exploration successes in 1H13:
  - Oil discoveries at Mananda 6 in PNG Highlands and Taza 1 in Kurdistan
  - Flinders and Hagana gas discoveries in Gulf of Papua



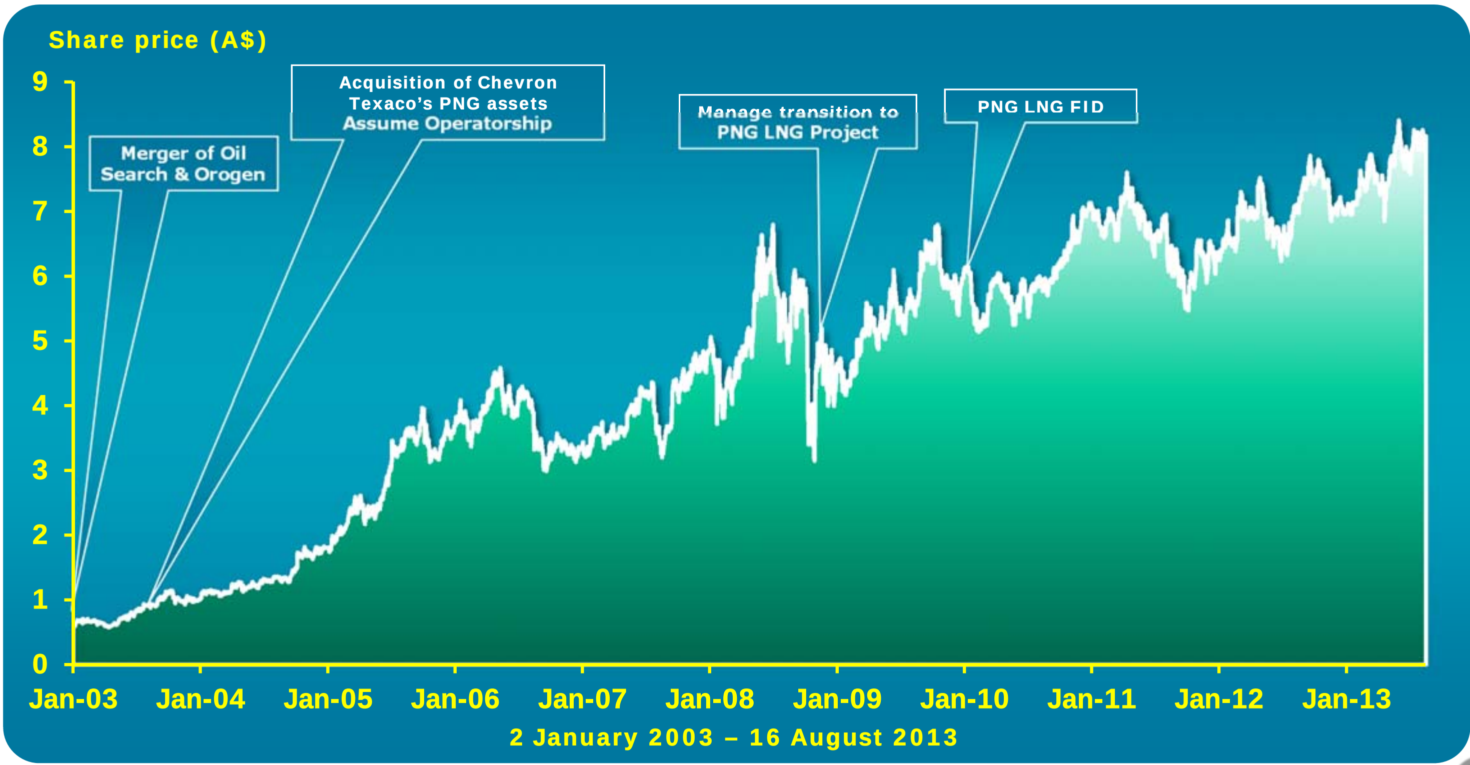
Strategy delivery on-track, progressively adding value

- PNG LNG being delivered progressively and predictably - cash flows six months closer
- Focus moving to potential expansion, with unparalleled series of growth opportunities:
  - LNG expansion a key focus, with OSH a major resource and infrastructure owner
  - Optimal development of additional trains a major objective, resource understanding paramount
  - Attractive economics – class-leading returns
- Continued PNG oil upside at Mananda Ridge. Development team formed, progressive development to take place
- Significant resource potential confirmed at Taza, moving to appraisal and staged development
- Balance sheet strong and able to support unprecedented investment opportunities

Operating safely is our first priority



Core strategies deliver steady share price growth



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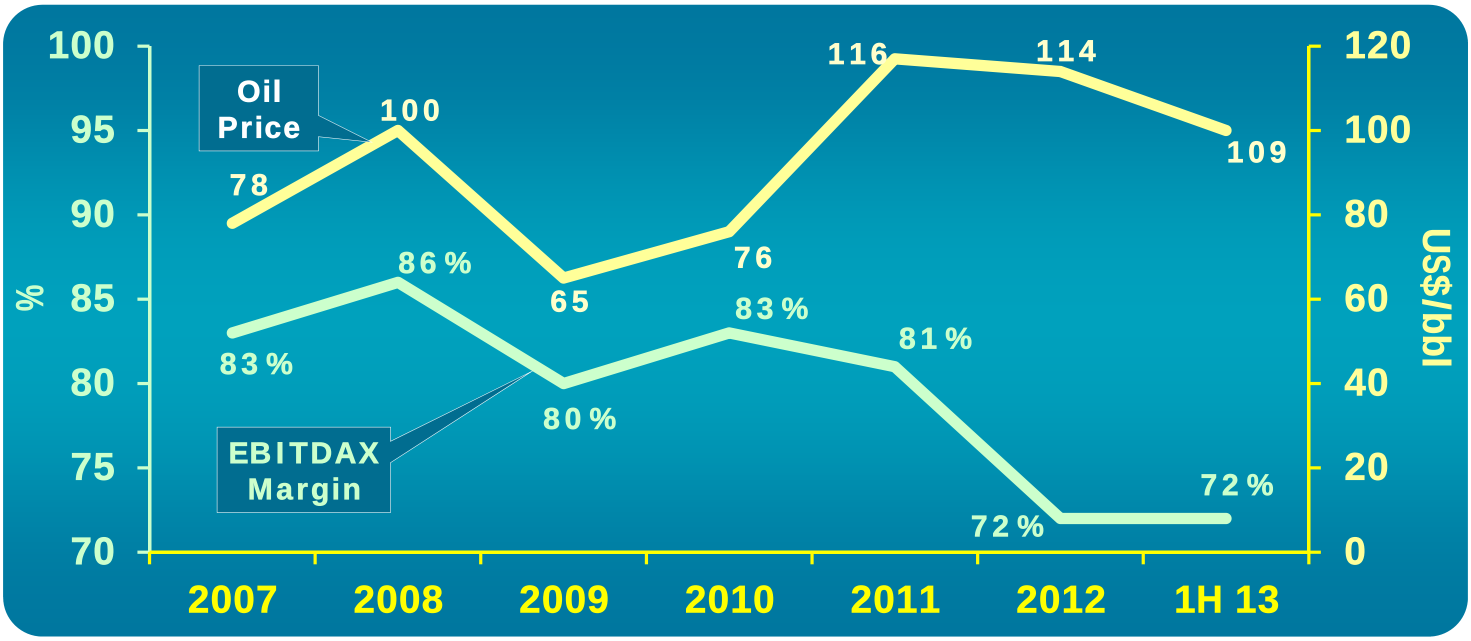
Profit up 6%, driven by lower exploration and tax expense

(US$'m)	1H 2012	1H 2013	% change
Revenue	398.5	381.0	-4%
Cash Expenses/BD	(94.4)	(106.6)	+13%
EBITDAX*	304.1	274.4	-10%
Non-cash items/other	(28.4)	(24.4)	-14%
Exploration expense	(56.5)	(33.9)	-40%
Interest income/(expense)	(1.2)	(7.5)	n.m.
Pre-tax Profit	218.1	208.6	-4%
Tax	(110.6)	(95.1)	-14%
NPAT	107.5	113.5	+6%

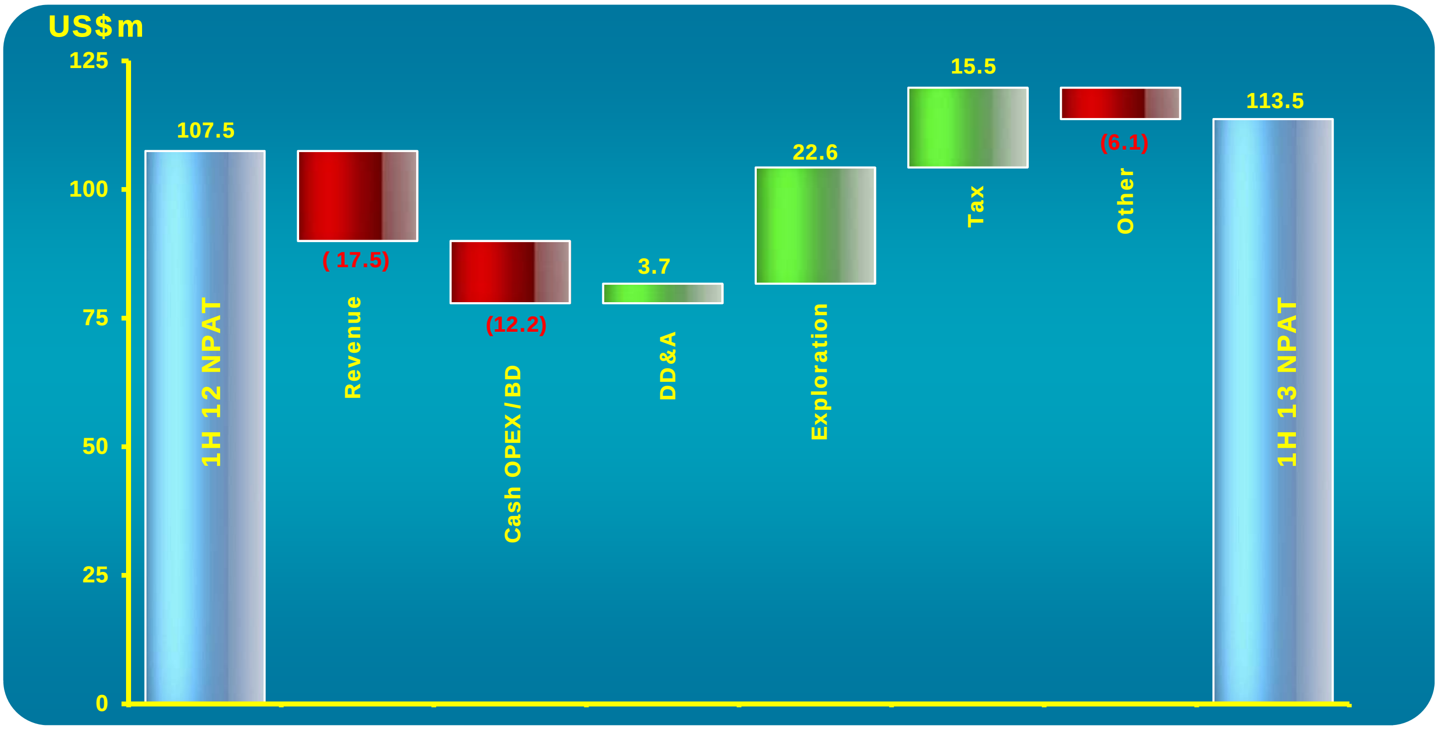
* EBITDAX (earnings before interest, tax, depreciation/amortisation, impairment and exploration) is a non-IFRS measure that is presented to provide a more meaningful understanding of the performance of Oil Search's operations. The non-IFRS financial information is unaudited but is derived from the financial statements which have been subject to review by the Company's auditor.

Cash earnings performance



- Cash margin remained stable despite softer oil prices and higher operating costs
- 2012 margin dip reflects higher value/lower margin impact of revised Hides GTE contract

1H 2013 NPAT drivers



Costs impacted by higher field operating costs in PNG

(US$'m)	1H12	1H13
Field Costs		
- Oil: PNG	47.5	59.7
- Hides	4.5	4.1
	52.0	63.8
Other Prod'n Opex		
- Oil	8.2	6.4
- Hides	0.8	0.8
	9.0	7.2
Gas Purchase Costs	18.7	19.0
Net Corp Costs	8.9	10.5
FX Loss/(Gain)	(0.2)	0.4
Total*	**88.4**	**101.0**

* Excludes Business development costs of US$5.6m (1H12 US$6.0m)

- Costs associated with increased well workovers, additional maintenance and repairs and PNG inflationary pressures added ~US$3.40 per barrel

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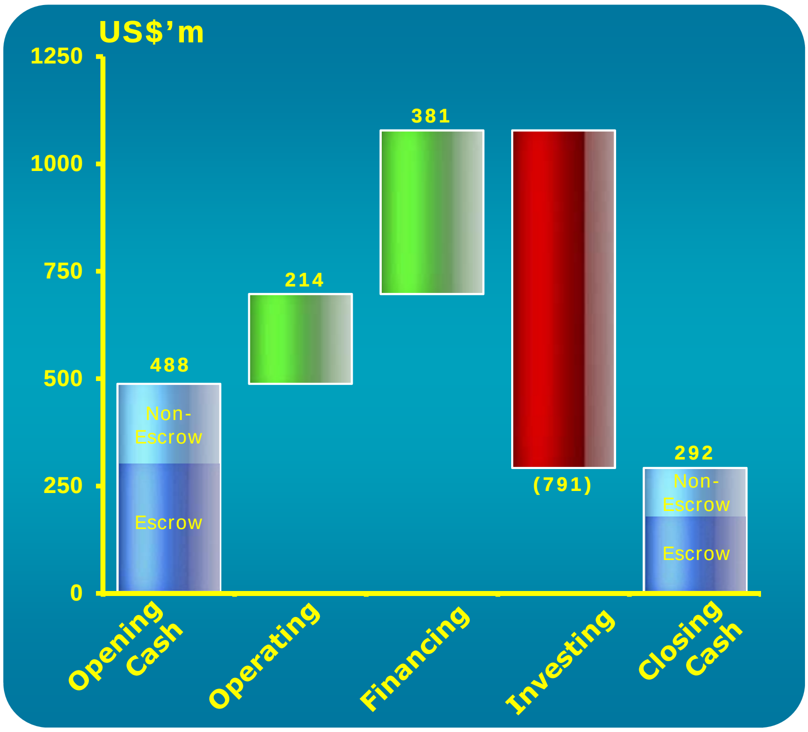
Growth in operating cash flows

- Investment spending dominated by PNG LNG Project and accelerated exploration programme to deliver growth options
- Funded by solid operating cash flows and US$380 million drawdowns under PNG LNG project finance facility
- 2012 final dividend funded by underwritten DRP



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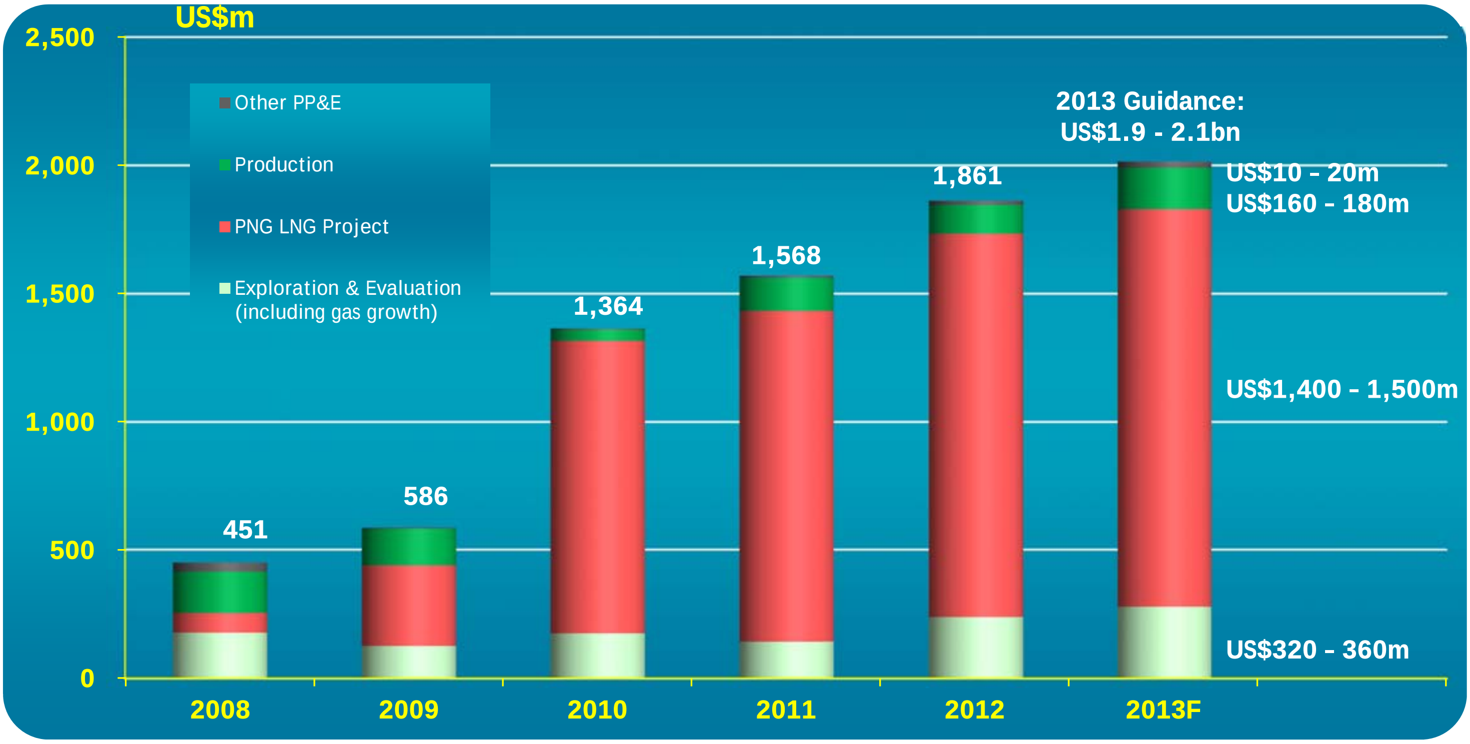
Liquidity of US$792 million

- US$292 million in cash at end June, US$500 million of funding available under corporate facility, nil drawn down
- US$435 million remaining equity contribution to PNG LNG Project
- Number of levers to manage balance sheet:
  - Assessing shorter-term debt funding options, if required, to finance incremental development activities prior to receipt of PNG LNG cash distributions
- US$3.31 billion (OSH share) drawn down under PNG LNG project finance facility, documentation being finalised for US$1.5 billion supplemental debt tranche

Investment outlook



2013 Full Year guidance summary

- **Production:**
  - 6.2 – 6.7 mmboe guidance, unchanged
- **Operating costs:**
  - Normalised opex ~ US$24 - 26/boe (incl corporate costs), unchanged
  - Impacted by:
    - Major workover programme to maximise oil recoveries before gas production
    - Foreign exchange rate movements
    - PNG inflation
  - Hides GTE gas purchase costs ~US$40m
- **Depreciation, amortisation and site restoration:**
  - US$8-10/boe, unchanged

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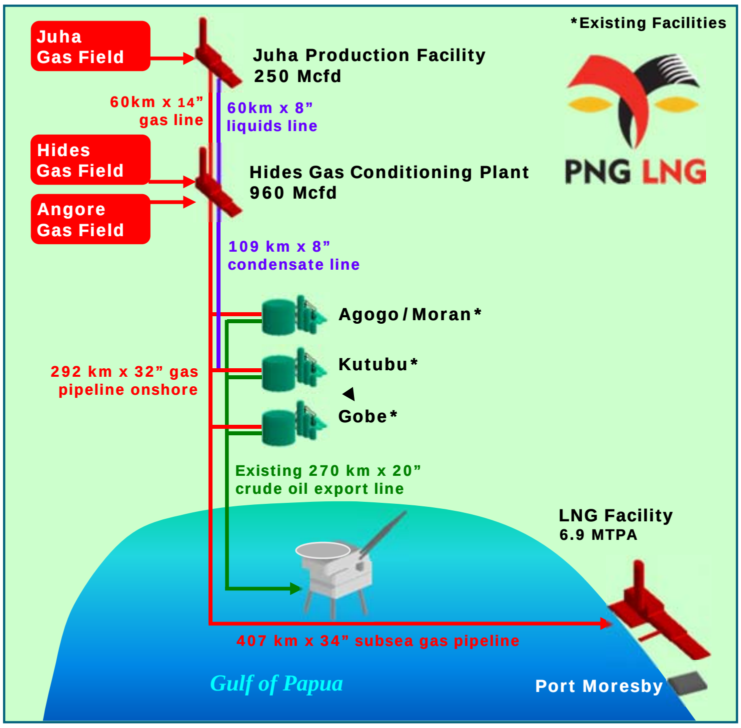
PNG LNG Project Update

- 90% complete
- Commissioning activities ongoing
- First LNG sales on track for 2014
- Cost outlook US$19bn
- Finalising supplementary financing process



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Commissioning of first LNG train to start soon

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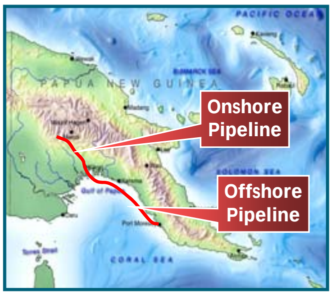
More than 600km of 700km of pipeline complete



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Oil fields are ready to supply commissioning gas

TEG Dehydration Unit commissioning at CPF

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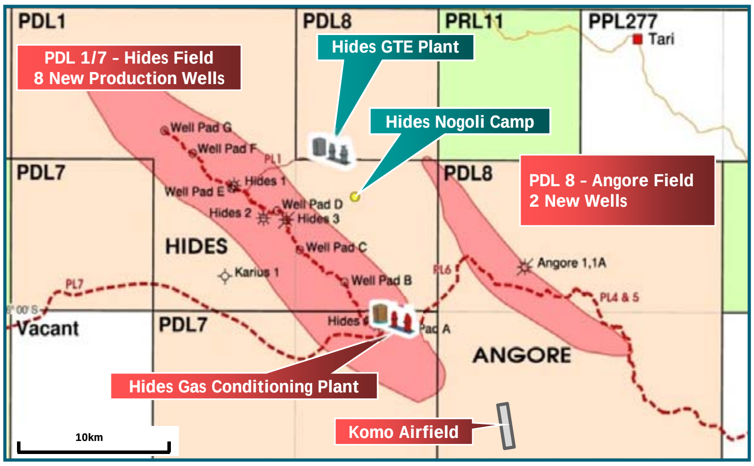
With Komo operational, Hides Plant is making solid progress

Hides Gas Conditioning Plant (HGCP)

June 2013

Drilling at Hides underway with two rigs



- Rig 702 completing second well at well pad B
- Rig 703 drilling ahead at well pad C
- Hides well pads D and G complete

PNG LNG Project Timetable

2010
- Continued early works
- Detailed design
- Order long leads and place purchase orders
- Open supply routes
- Contractor mobilisation
- Commence AG construction
- Financial Close

2011
- Ongoing procurement and mobilisation
- Airfield construction
- Drilling mobilisation
- Start offshore pipeline construction
- Onshore line clearing and laying
- Start LNG equipment installation

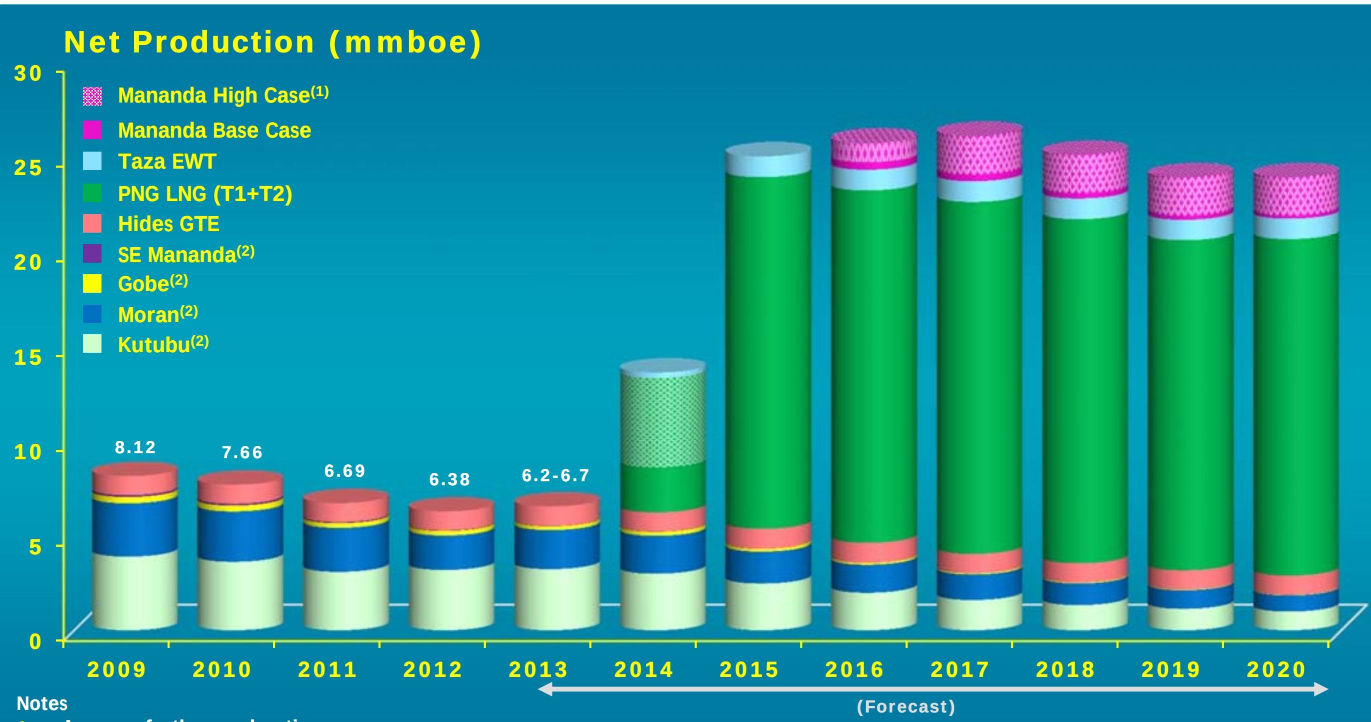
2012
- Continue onshore pipe lay
- Complete offshore pipe lay
- Start Hides plant installation
- Start Hides drilling
- Complete key AG items

2013
- Complete pipe lay
- Ongoing drilling
- Construction of HGCP
- Commission LNG plant with Kutubu gas

2014

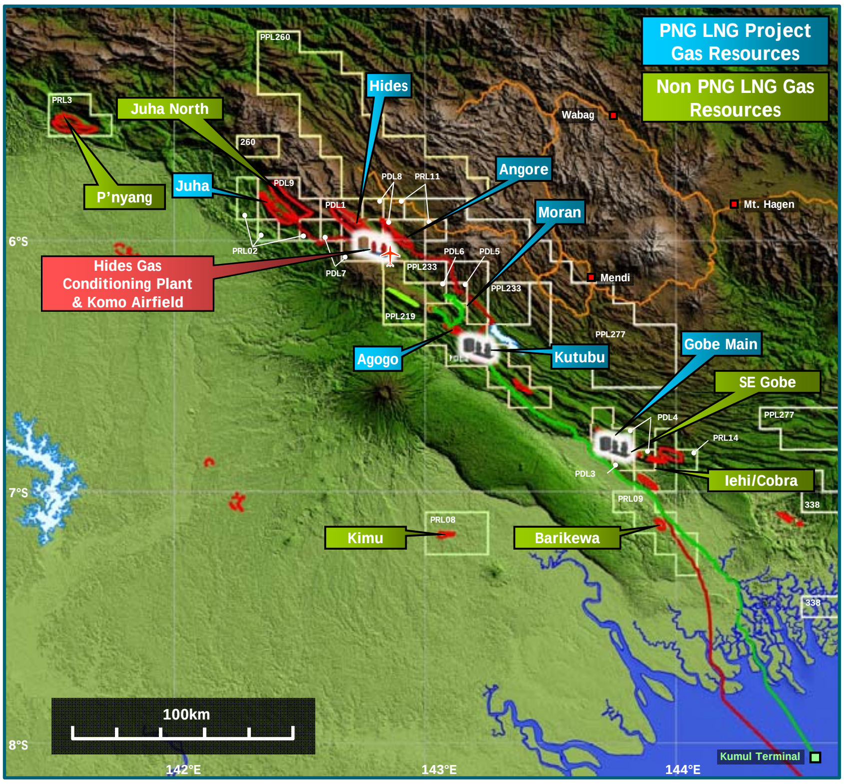
First Gas from Train 1, then Train 2

In first full year, PNG LNG will add 19 mmboe net to OSH production



Notes
1. Assumes further exploration successes
2. Oil forecasts assume no new development wells or workovers beyond 2014

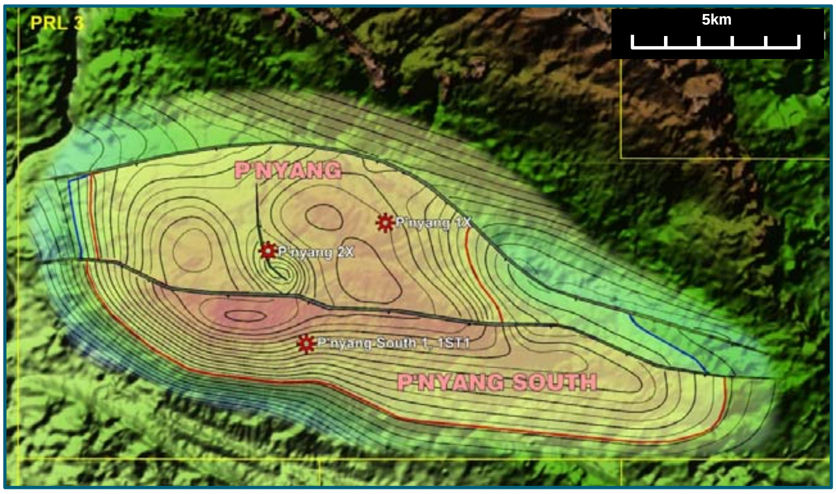
Potential expansion of PNG LNG using Highlands gas

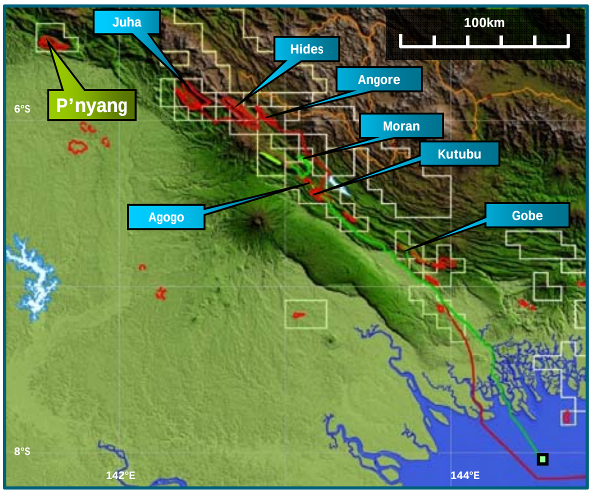


- With PNG LNG construction approaching completion, focus is moving to potential expansion opportunities
- Possible gas for expansion includes P'nyang, Juha North and other Highlands opportunities
- Exploration and appraisal activity in PNG Highlands underway, to help better understand gas resource picture

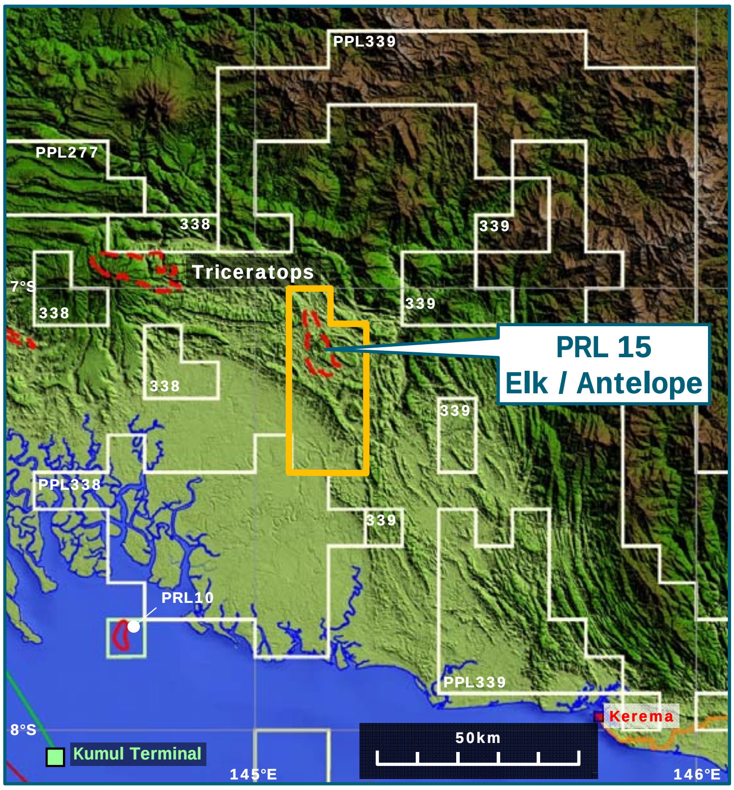
Engineering scoping on P'nyang progressing

- Concept selection and engineering scoping on P'nyang Gas Field in PRL 3 JV (OSH 38.5%, ExxonMobil 49.0%, JX Nippon 12.5%) progressing
- Development work expected to continue through 2013 and into 2014, to support submission of production development licence application in 2015
- Oil Search estimates total 2C gas resources in P'nyang field of 2.5 – 3.0 tcf, with possible upside
- Additional seismic in PRL 3 recently acquired, to support potential development





InterOil – ExxonMobil proposed development of PRL 15



- InterOil (IOC) and Pacific LNG Group in exclusive negotiations with ExxonMobil on development of PRL 15, containing Elk and Antelope gas fields
- Publicly stated that discussions are focused on developing an additional LNG train at PNG LNG Project site
- If transaction proceeds, OSH could potentially participate, either through use of PNG LNG infrastructure or integration into PNG LNG

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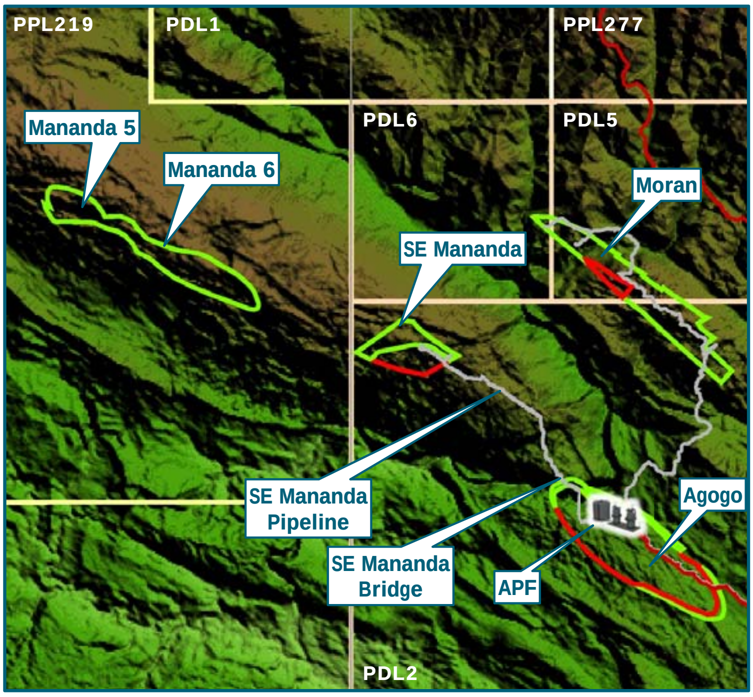
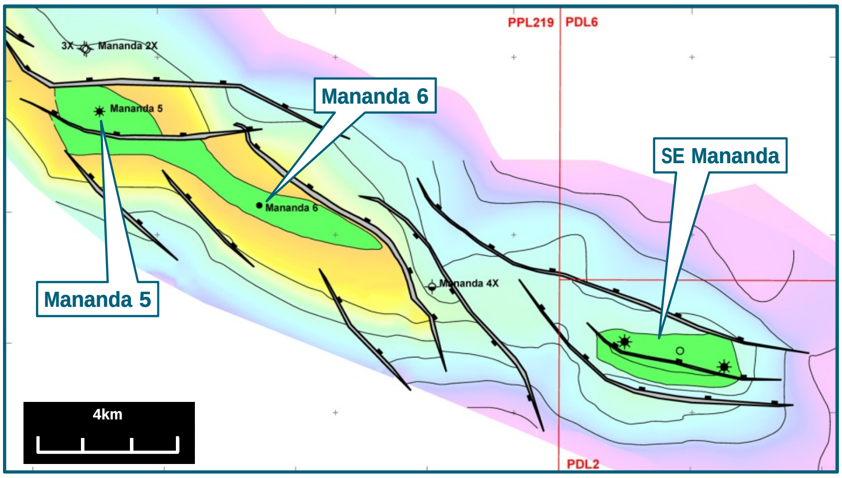
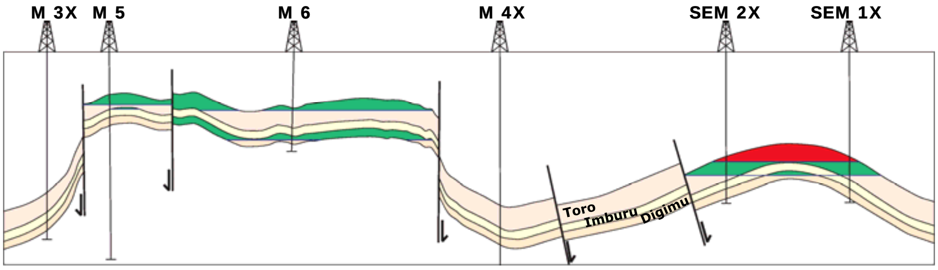
Mananda development

- Successful Mananda 6 appraisal well in 2Q13 extended Mananda 5 discovery ~8km SE
- Application for development licence submitted to DPE
- In-place resource of 50 – 130mmbbl, with 10 - 30 mmbbl recoverable based on 100 mmbbl mid-case & recovery factor of 10 - 30%
- Phased development. Base development comprises M5 & M6 tied-back to SE Mananda and Agogo Processing Facility
- Significant exploration upside in Mananda and SE Mananda areas



Upside on the Mananda Ridge

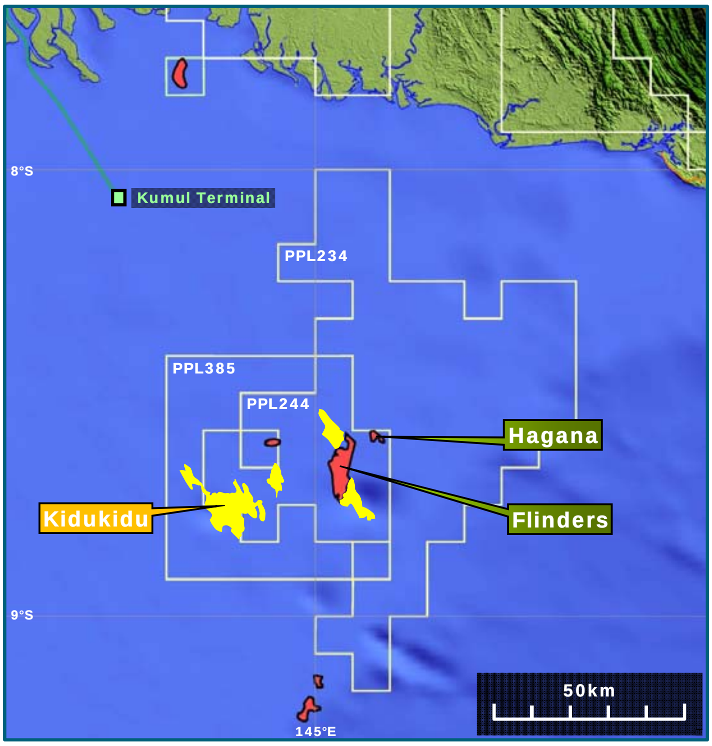




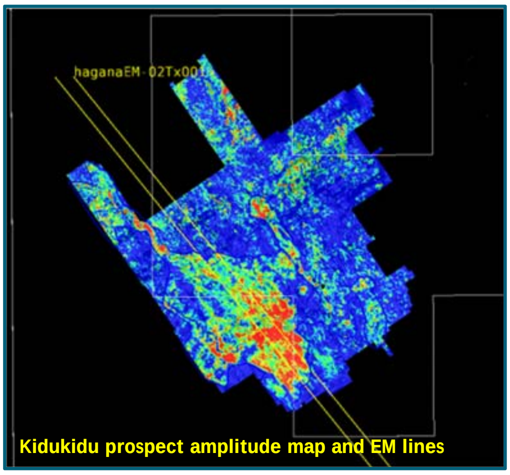
Schematic cross-section NW – SE along Mananda 5 and 6 discoveries and SEM field

Gas discoveries in Gulf of Papua

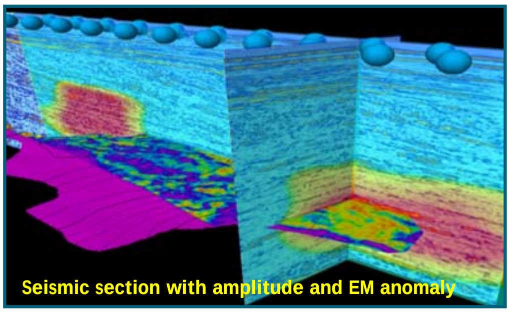
- Gas discovered at both Flinders and Hagana wells, proving Plio-Pleistocene turbidite play fairway in Gulf of Papua
- Drilling results being used to calibrate seismic and geological models, feeding into play evaluation
- Now drilling Kidukidu prospect in PPL 385 (OSH 100%):
  - Targeting gas in Pleistocene-age, submarine fan sands. Mean prospective resource of 1.3 tcf
  - Highly prospective due to both seismic AVO and CSEM anomalies



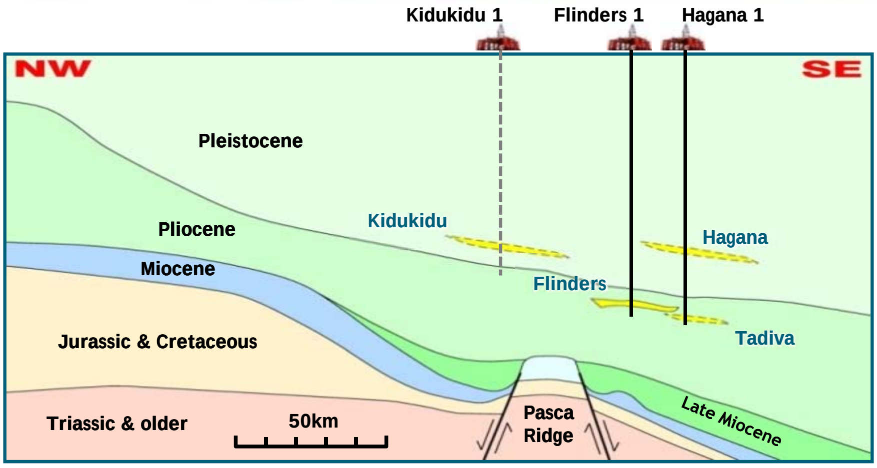
Application of CSEM and high quality 3D lead to success



Kidukidu prospect amplitude map and EM lines

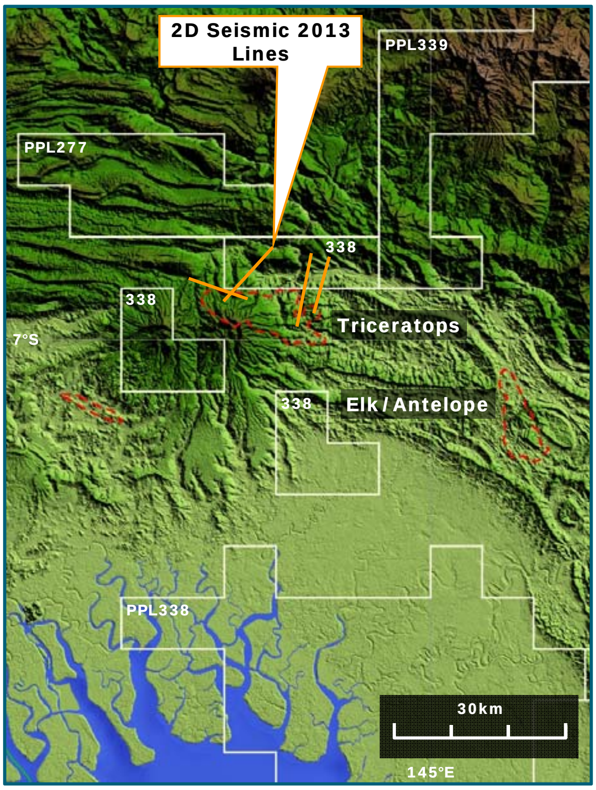


Seismic section with amplitude and EM anomaly



- High quality 3D seismic data across the area
- Sand and gas indications now calibrated by Flinders and Hagana wells
- Electromagnetic anomaly coincident with seismic anomaly over the Kidukidu prospect

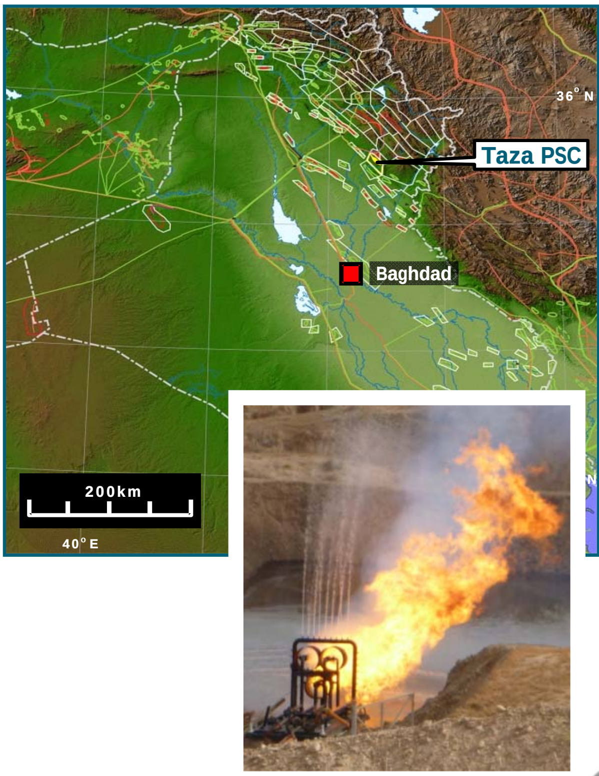
Onshore Gulf of Papua: seismic being acquired



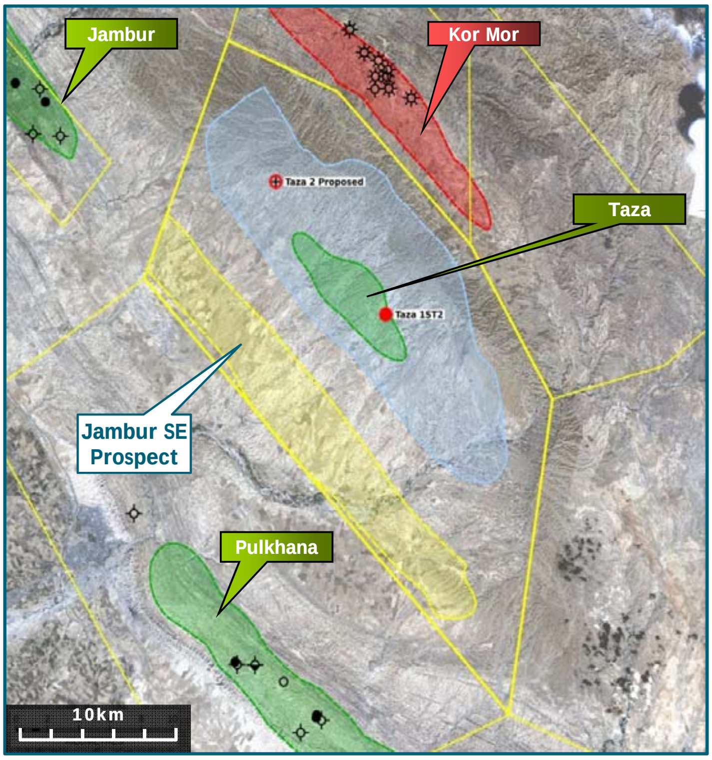
- Seismic programme in PPL 338 underway as part of Oil Search farm-in option, covering potential extension of Triceratops discovery
- Follows acquisition of gravity gradiometry data
- Subject to results of seismic, OSH will decide whether to take up equity and drill well

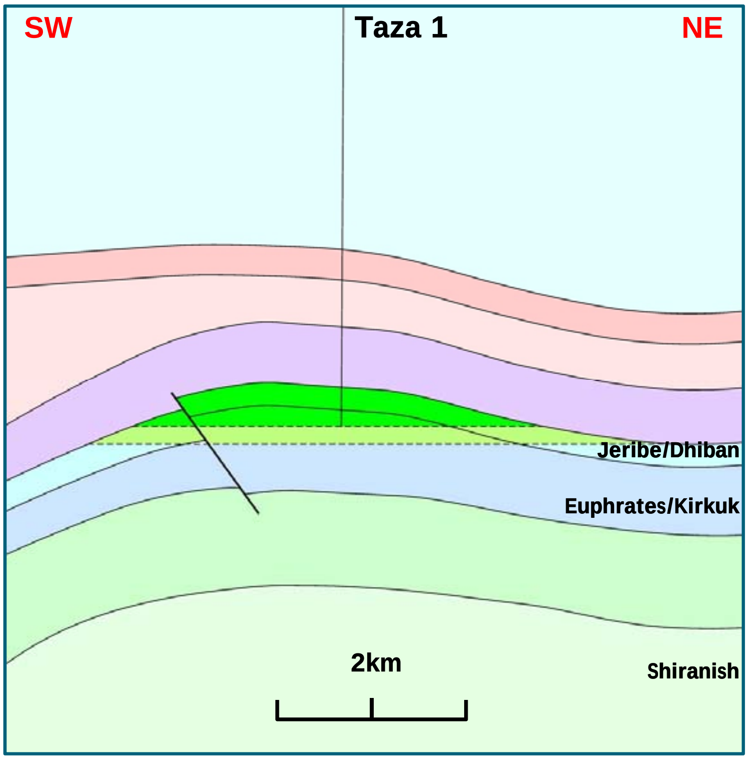
Taza oil discovery: moving to appraisal

- Light oil proven in three reservoir intervals in Taza 1. Initial analysis confirms pre-drill estimates of 250-500 mmbbl of recoverable oil in these intervals
- Including deeper untested intervals, potential could be 750 mmbbl
- Appraisal programme starting 4Q13. Includes Taza 2, to appraise upper intervals and explore deeper Tertiary and Cretaceous targets, drilling up to four additional wells and 3D seismic
- Maturing prospect (SE Jambur) in west of licence for drilling in 2014, with in-place resource potential of ~300 mmbbl



Taza oil discovery: moving to appraisal





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Solid production performance in 1H13

- Sound core safety performance but room for improvement
- 1H13 production held flat at 3.19 mmboe
- Continued in field drilling success
- AGRP project mechanically complete

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Key 2H13 focus areas

- Maintain safety performance in very high activity environment across many sites
- Active workover and development drilling programme, designed to minimise production decline profile
- Commence supply of commissioning gas ex Kutubu to PNG LNG pipeline and plant
- Delivery of commissioning gas will not impact oil production performance

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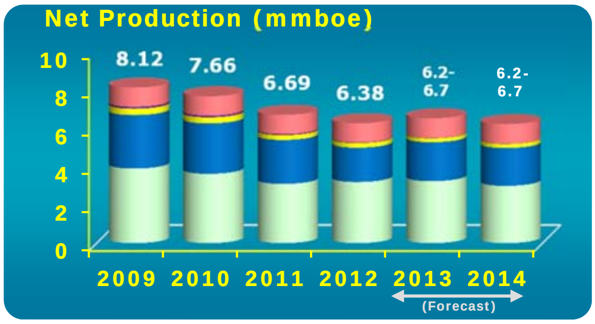
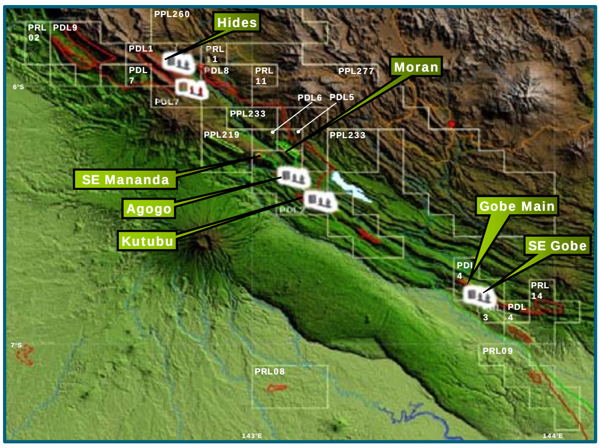
Production outlook for FY 2013 and beyond (ex-PNG LNG)

- 2013 production guidance range remains 6.2 - 6.7 mmboe
- Production out to first LNG in 2014 expected to remain broadly flat
- Incremental production from Mananda from 2016
- Oil field life extension





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Solidly on track in adding value

- PNG LNG revenues getting closer:
  - Continuing preparations for LNG start-up and new opportunities and responsibilities post LNG
- Progressive augmentation of management team, operational systems and facilities life
- Board recognises need to share value created by PNG LNG with shareholders:
  - Seek to balance investment in quality high returning growth projects with dividend and other capital management
  - Disciplined and predictable approach
  - Will review in 2014, when growth projects are better understood, with capital management commencing in 2015, following PNG LNG financial completion

New era of stability in PNG

- Significant economic growth continues in PNG
- PNG Government has made positive progress on key issues:
  - Sovereign wealth fund
  - Benefits distribution
  - Transparency (adoption of EITI)
  - Independent anti-corruption commission to be formed
- OSH has strong relationship with Government, with many common goals in resource development. Continue to work with Government and community to manage and mitigate operating and investment risks:
  - Providing support to Government, where appropriate eg tax credit infrastructure activities
  - Oil Search Health Foundation and ongoing community programmes
- PNG Government seeking to refinance IPIC exchangeable bonds prior to reaching maturity in 2014

Outlook

- Transformation to an LNG producer continues, with PNG LNG nearing completion, sales to commence in 2014
- Series of potential expansion opportunities being matured, with focus on resource build and optimal development
- Appraisal and staged development at Mananda and Taza. Have potential to add to production base in medium term
- Cash flows remain strong, with adequate balance sheet and debt options to support growth initiatives until first LNG
- Strongly committed to growing Company and shareholder value

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