2013 Full Year Results

February 2014

Oil Search

Oil Search Limited

ARBN 055 079 868

2013 Full Year Results Agenda

2013 Highlights

Financial Overview

PNG Production

PNG LNG Project

Gas Growth

Exploration/Appraisal

Summary

2013 Full Year Results - Highlights

Oil Search

- 2013 production of 6.74 mmboe, 6% higher than 2012 production and slightly above 6.2 – 6.7 mmboe guidance
- NPAT of US$205.7 million, up 17% year-on-year, underpinned by strong oil sales volumes, lower exploration costs expensed and lower tax rate
- PNG LNG Project >95% complete and on track for first LNG sales in 3Q14
- Two oil discoveries, Taza 1 in Kurdistan and Mananda 6 in PNG. Both now under appraisal
- Two small gas discoveries, Flinders and Hagana, in Gulf of Papua. New play identified
- Total Recordable Injury Rate (TRIR) of 2.47 per million hours worked in 2013, an improvement from 2.64 in 2012

2008 Strategy Delivered – Planning for the Next Five Years

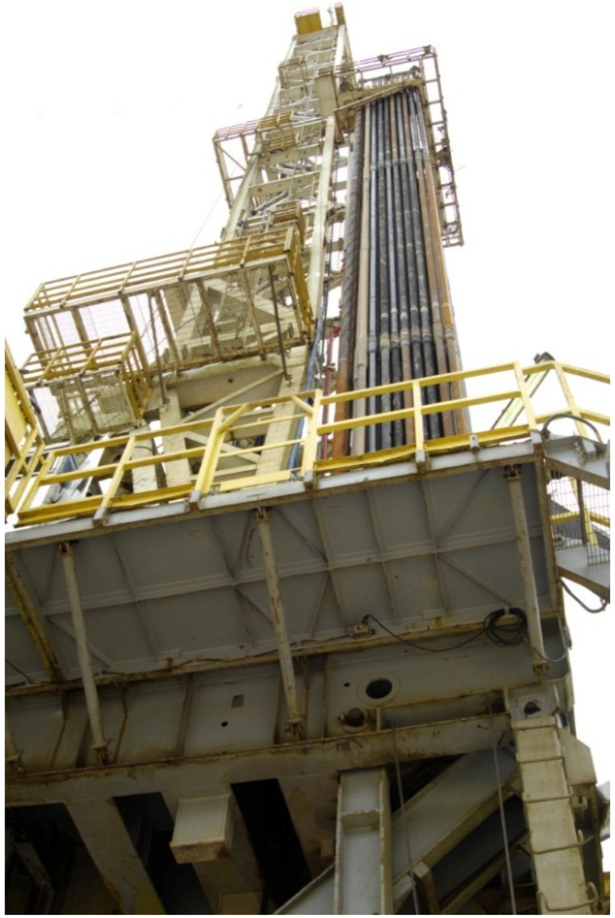
Oil Search

» Key objectives of 2008 strategic plan have been delivered:

- Field development activities continue to mitigate PNG production natural decline. Smooth transition to gas for commissioning of PNG LNG Project
- PNG LNG Project nearing completion, over 95% complete
- Focus on LNG expansion, with range of PNG gas growth options
- Taza 1 discovery in Kurdistan - high potential international expansion opportunity
- Solid financial position
- Operating safely and sustainably remain key underpinning principals

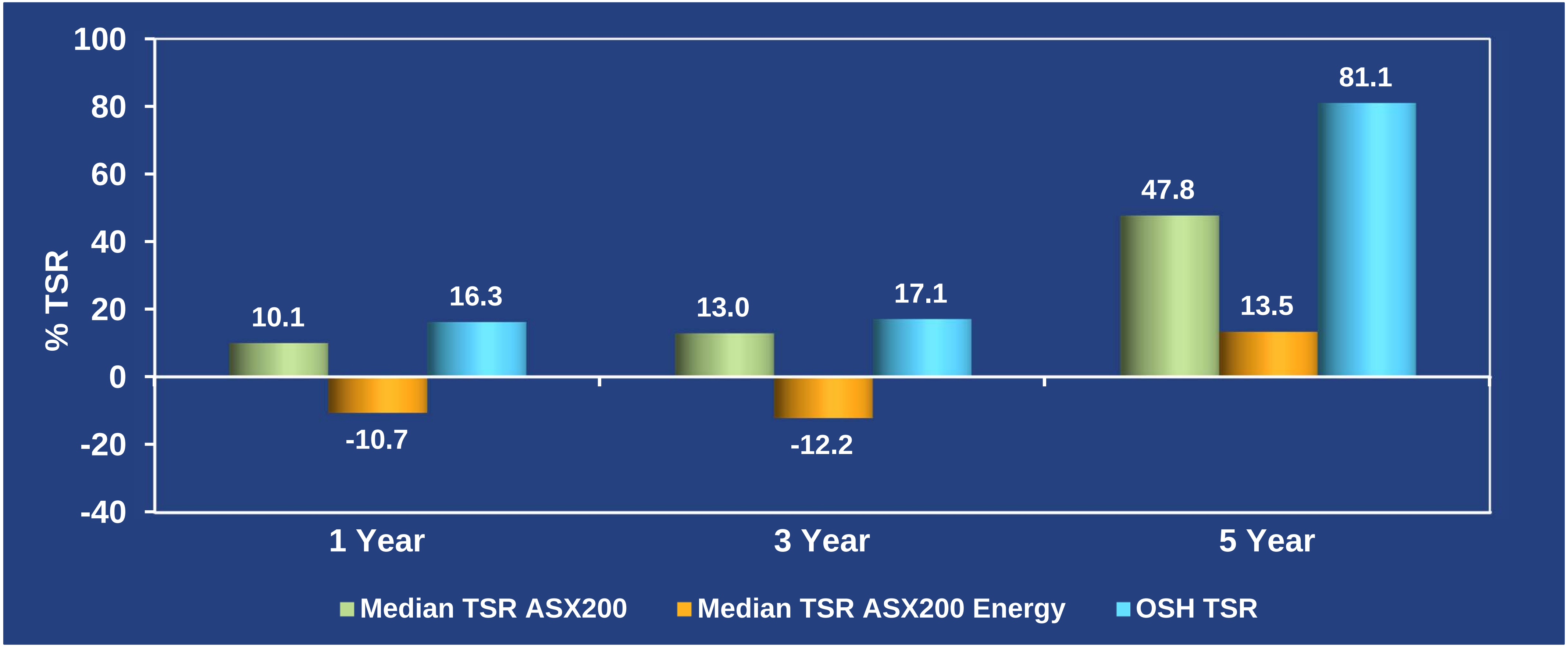
» Work on new strategic plan to commence shortly:

- Focus on next phase of growth, given imminent start of transformational cash flows from PNG LNG Project
- Review will include establishing appropriate balance between reinvestment into value accretive growth projects and capital returns to shareholders



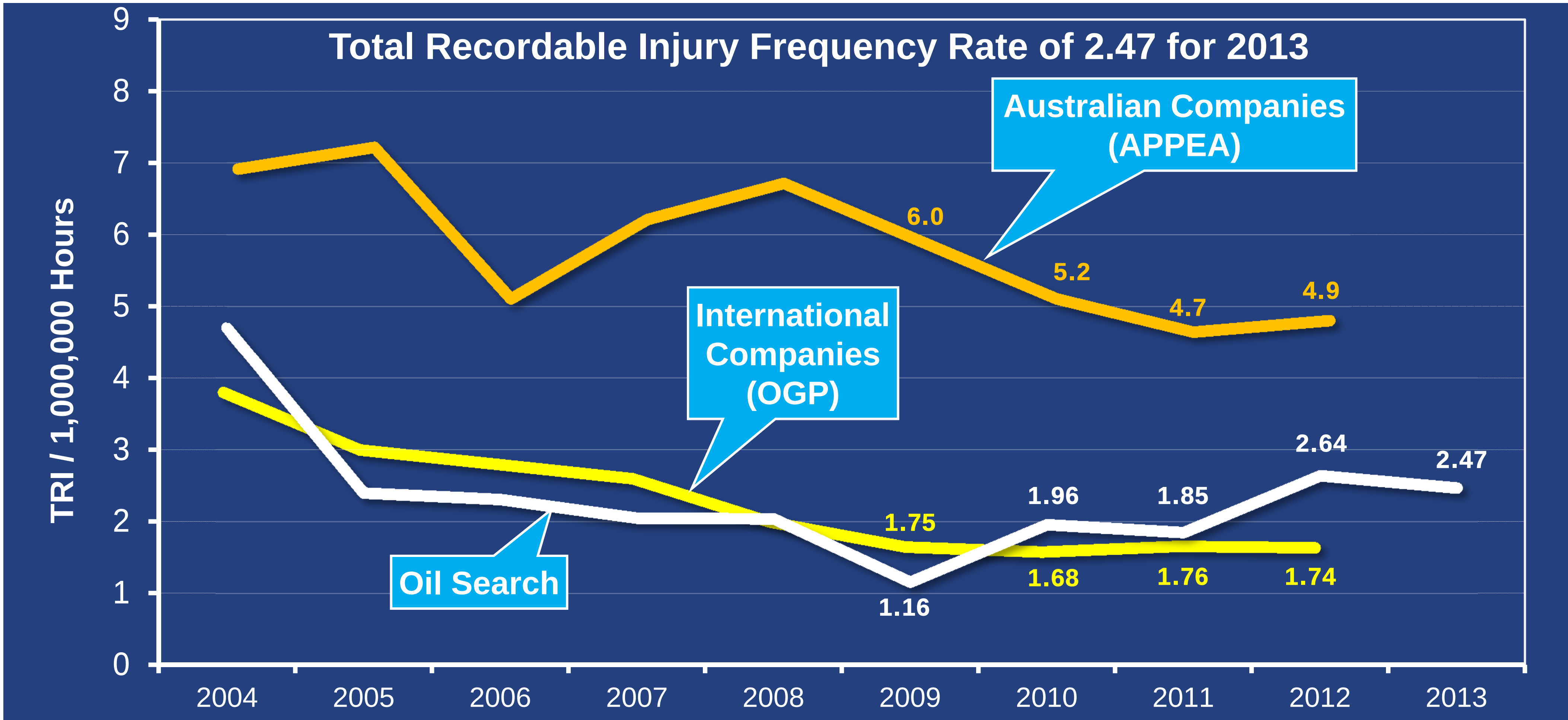
TSR Performance

Total Shareholder Return of 81% for five years to 31 December 2013



Source: Orientcap

Safety Performance



2013 Financial Performance

US$m	2012	2013
Revenue	**724.6**	**766.3**
Cash expenses/BD	(200.3)	(213.9)
EBITDAX[1]	**524.3**	**552.4**
D, D & A	(49.5)	(50.2)
Significant items[2]	21.3	-
Gain on sale of assets	-	0.2
Exploration expense	(144.0)	(107.4)
Net finance costs	(4.6)	(15.2)
Pre-tax profit	**347.6**	**379.9**
Tax	(171.8)	(174.1)
NPAT	**175.8**	**205.7**
Core Profit[1]	**153.0**	**205.7**

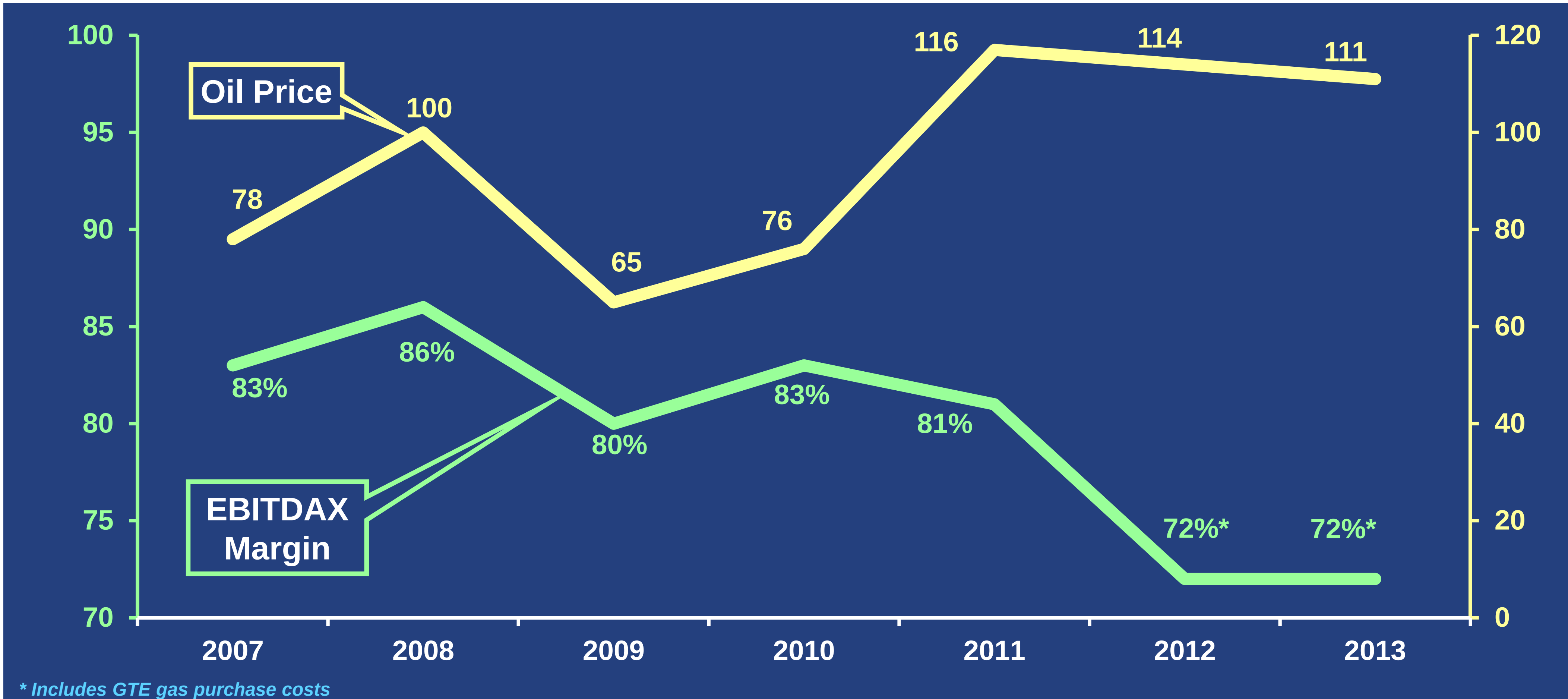
Note: Numbers in table may not add up due to rounding

- Full year revenue up 6% due to higher sales volumes, offset by slightly lower oil prices
- Higher cash expenses reflects increase in manpower, asset integrity and workover costs, offset by favourable FX movements
- No significant items in 2013
- Lower exploration costs expensed due to exploration success and shift towards appraisal expenditure in 2013
- Higher finance costs associated with US$500m corporate revolving facility secured in late 2012

[1] EBITDAX (earnings before interest, tax, depreciation/ amortisation, impairment and exploration) and Core Profit (net profit after tax before significant items) are non-IFRS measures that are 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 audit by the Company's auditor.

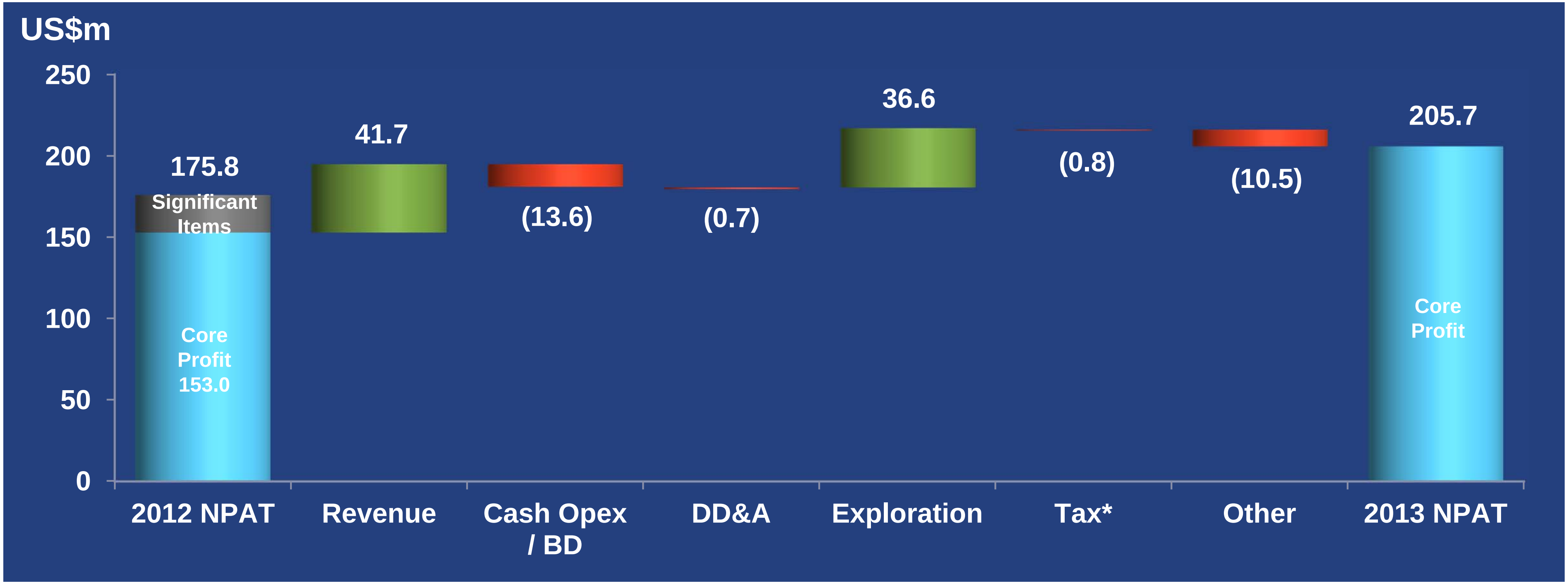
[2] Significant items in 2012 NPAT include US$29.3m (US$32.4m pre-tax) on sale of Block 3 and US$12.7m (US$12.7m pre-tax) associated with the farm down of licences, including the Gulf of Papua, offset by an impairment charge of US$19.2m (US$23.8m pre-tax) relating to Pandora.

Cash Earnings Performance



» Cash margins remained steady year on year

2013 NPAT Drivers



- Higher revenue driven by higher oil and gas sales, offset by slightly lower realised oil price
- Lower exploration costs expensed than in 2012. Key items in 2013 included Kidukidu (US$54.3m) and Semda (US$21.2m)

* Excludes US$1.5m of net tax benefit relating to significant items in 2012

Cost Management

Oil Search

US$m	2012	2013
Field Costs		
- Oil: PNG	98.5	122.3
- Hides	11.5	9.8
	110.0	132.1
Other Prod'n Opex		
- Oil	17.6	11.7
- Hides	1.6	1.7
	19.2	13.4
Total Production Costs	129.2	145.5
Gas Purchase Costs	36.6	37.1
Net Corp Costs	20.8	20.6
FX Losses	1.4	0.5
Total*	**188.0**	**203.7**

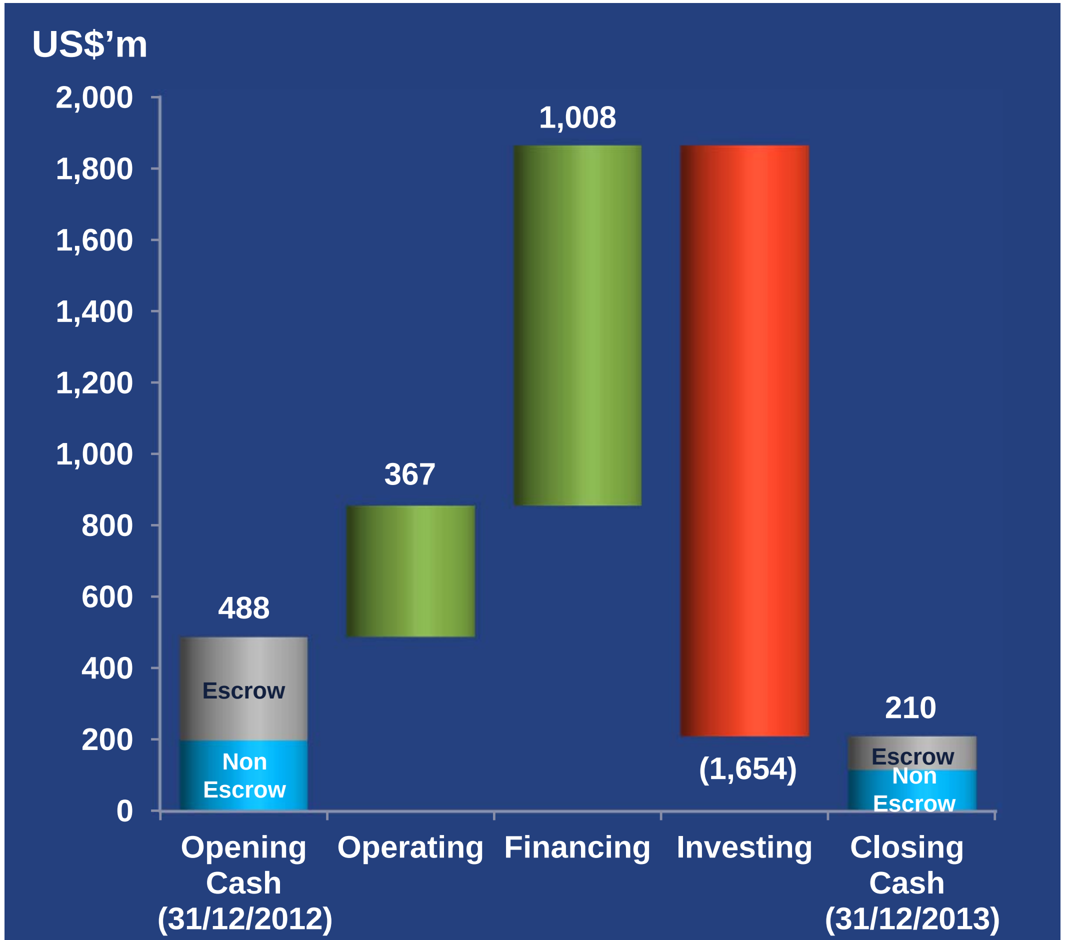
**Excludes Business Development costs of US$10.2m (2012 US$12.3m)*

- Higher field costs due to increased well work activity, higher manpower and asset integrity costs
- Lower 'other production costs' driven by favourable foreign exchange movements, offset by higher inventory movements
- Unit costs steady due to higher sales volumes in 2013

** Calculated on a volume sold basis*

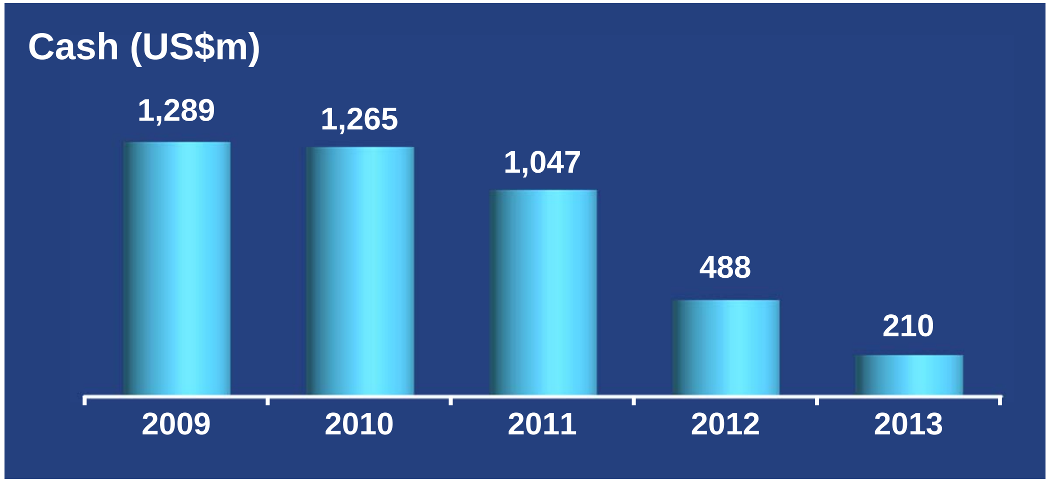
Growth in Operating Cash Flows

- Operating cash flows strong, supported by higher sales volumes, timing of cash receipts and lower tax payments
- Investment spend driven by PNG LNG development and pursuit of other growth initiatives
- Investment funded by surplus cash, operating cash flow, PNG LNG Project finance facility and corporate revolving facility
- Financing includes US$807 million drawn under PNG LNG Project finance facility and US$200 million drawn under corporate facility
- Dividend funded with proceeds from underwritten DRP



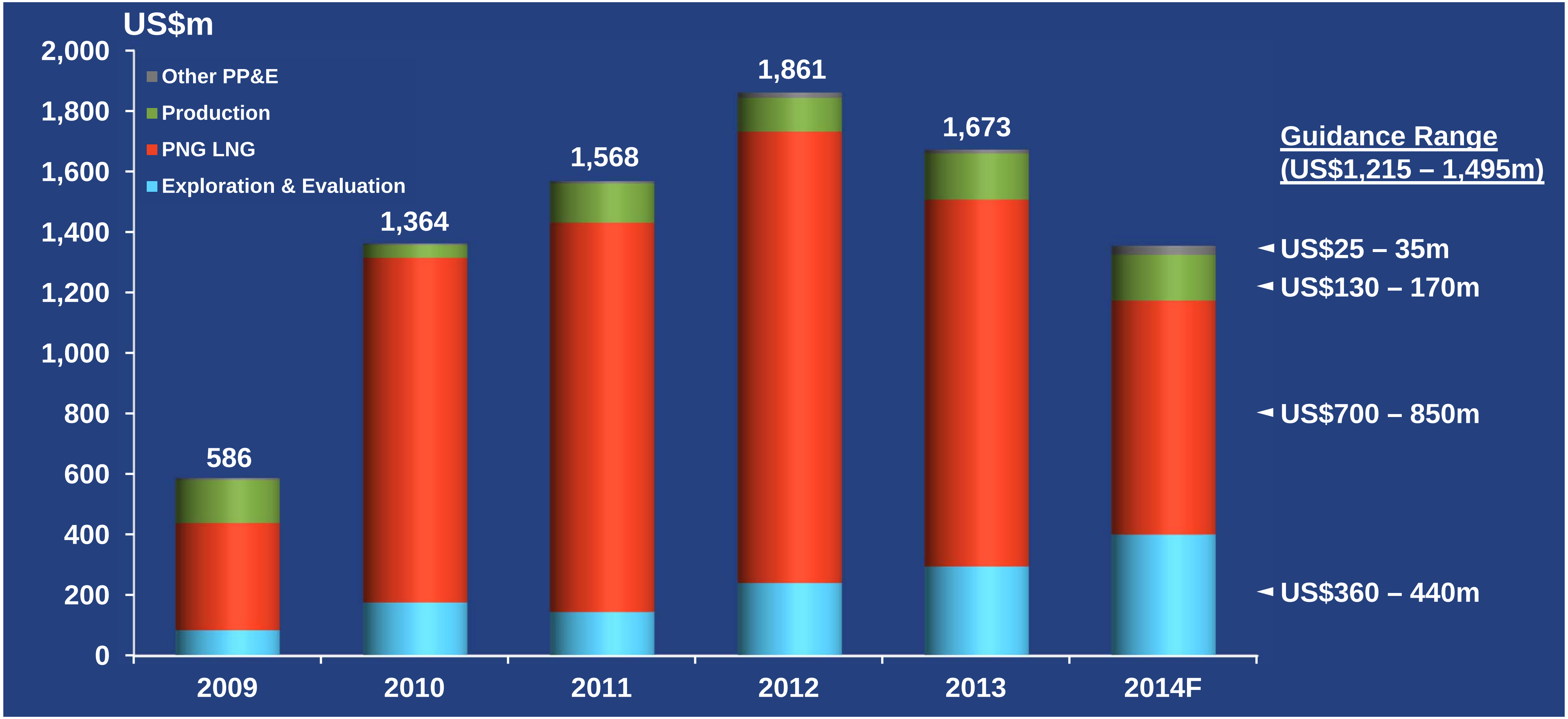
** Includes company share of JV cash balances*

Treasury Update



- Total liquidity of US$509.7 million at end December comprising US$209.7 million cash and US$300 million available under non-amortising corporate revolving facility
- US$260 million remaining equity contribution for PNG LNG Project
- Additional credit lines, including L/C facilities to access cash in LNG Project secured accounts, being established to provide near-term funding flexibility
- US$3.82 billion (OSH share) drawn down under PNG LNG Project finance facility. US$1.5 billion supplemental debt tranche (gross) secured in October 2013
- 2013 final unfranked dividend of two US cents per share, to be fully funded via underwritten DRP

Investment Outlook



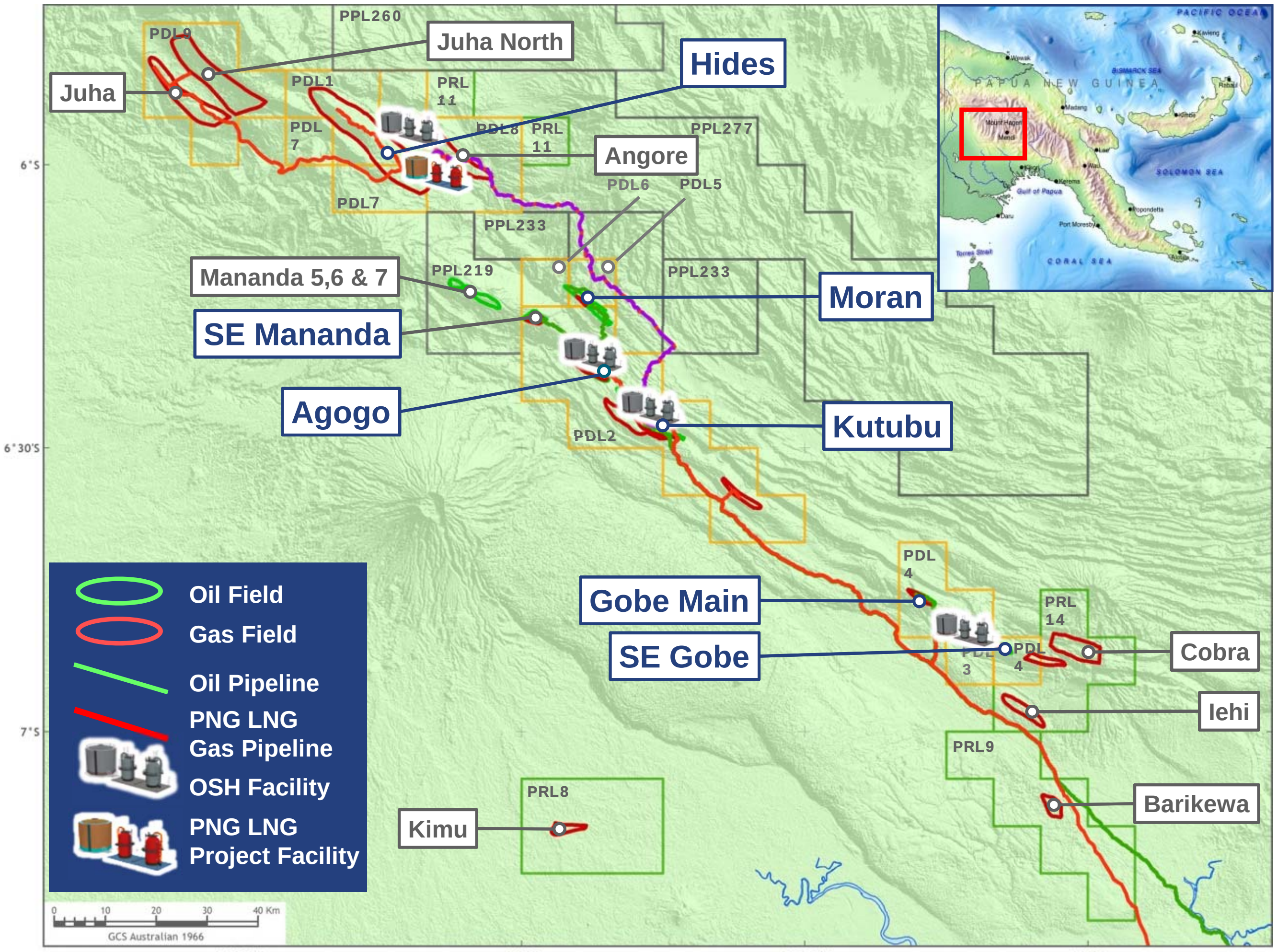
2014 Guidance Summary

Production	
Current operations (oil and GTE)	6.4 – 6.9 mmboe[1]
PNG LNG Project	
LNG	26 – 38 bcf
Liquids	1.3 – 1.8 mmbbl
Total PNG LNG Project	6.4 – 9.3 mmboe[1]
Total Production	**13 – 16 mmboe**
Operating Costs	
Normalised cash opex (incl corporate costs)	US$21 – 26 / boe
Hides GTE gas purchase costs	US$37 – 40 million
Business development	US$10 – 15 million
Depreciation, amortisation and site restoration	US$13 – 15 / boe

Numbers may not add due to rounding

[1] Gas volumes have been converted to barrels of oil equivalent using an Oil Search specific conversion factor of 5,100 scf per boe, which represents a weighted average, based on Oil Search's reserves portfolio, using the actual calorific value of each gas volume at its point of sale. The change to a specific boe conversion factor more closely reflects the energy content of the Company's gas reserve portfolio compared to the previous conversion factor of 6,000 scf per boe.

Strong Production Performance in 2013



» 2013 production of 6.74 mmboe, 6% higher than in 2012 and slightly above guidance of 6.2 – 6.7 mmboe

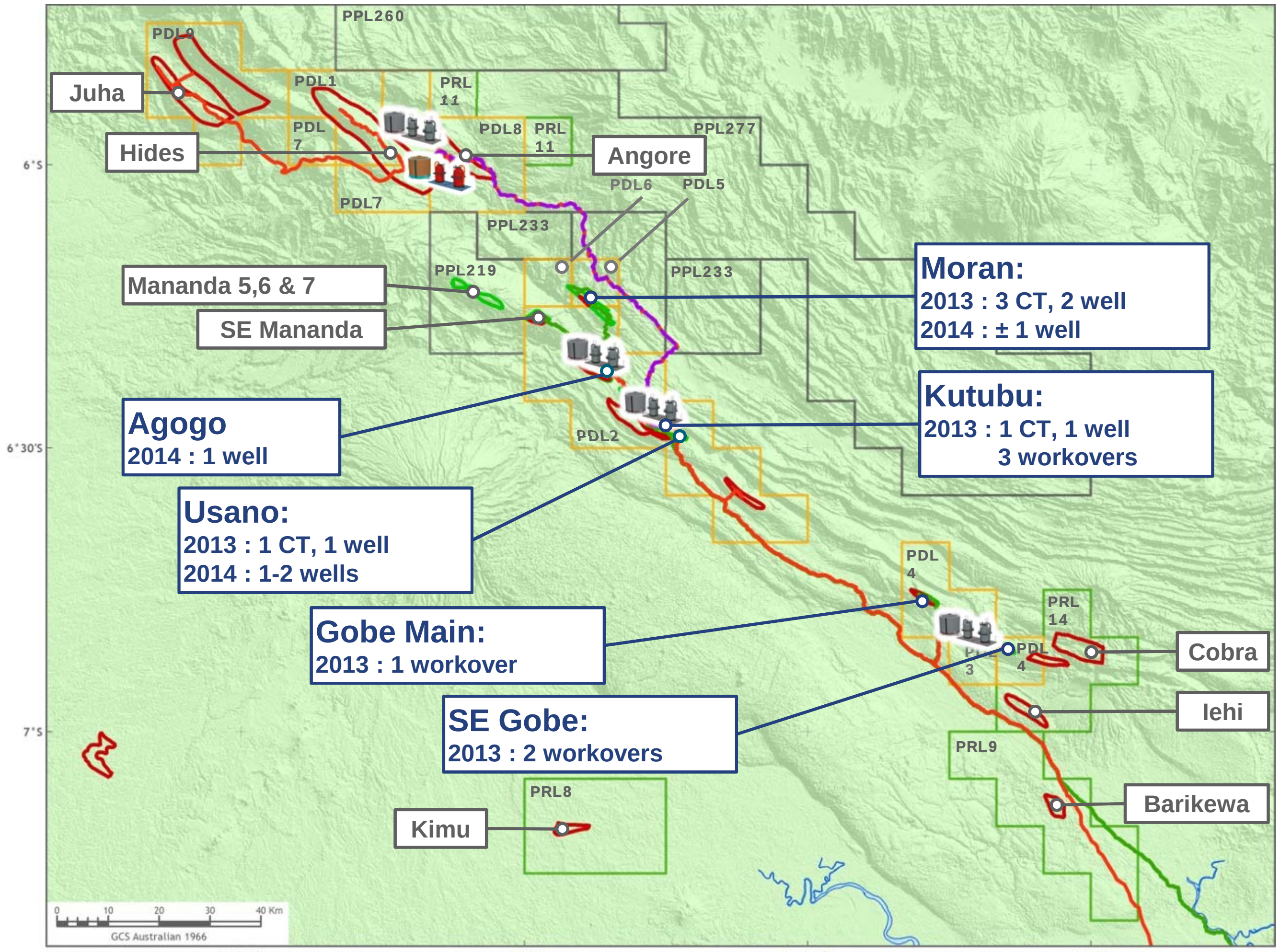
» Significant contributions from Kutubu and Moran fields

» Continued success of development drilling and field management activities

» Commissioning gas successfully delivered from Kutubu to PNG LNG Plant (September) and HGCP (December)

2013/14 Development & Near-Field Appraisal Drilling Activity

Oil Search



Oil Field

Gas Field

Oil Pipeline

PNG LNG Gas Pipeline

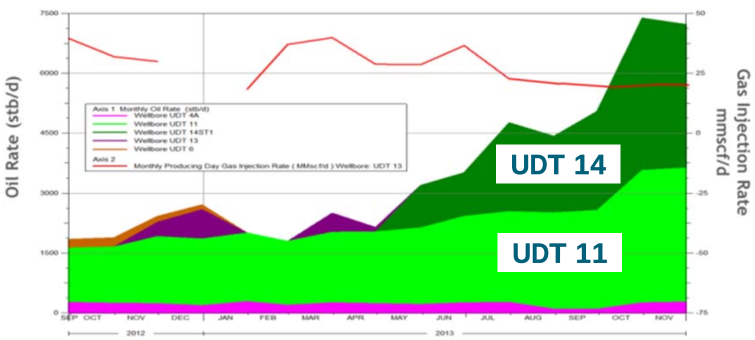
OSH Facility

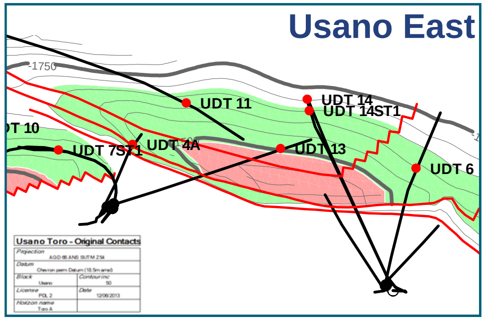
PNG LNG Project Facility

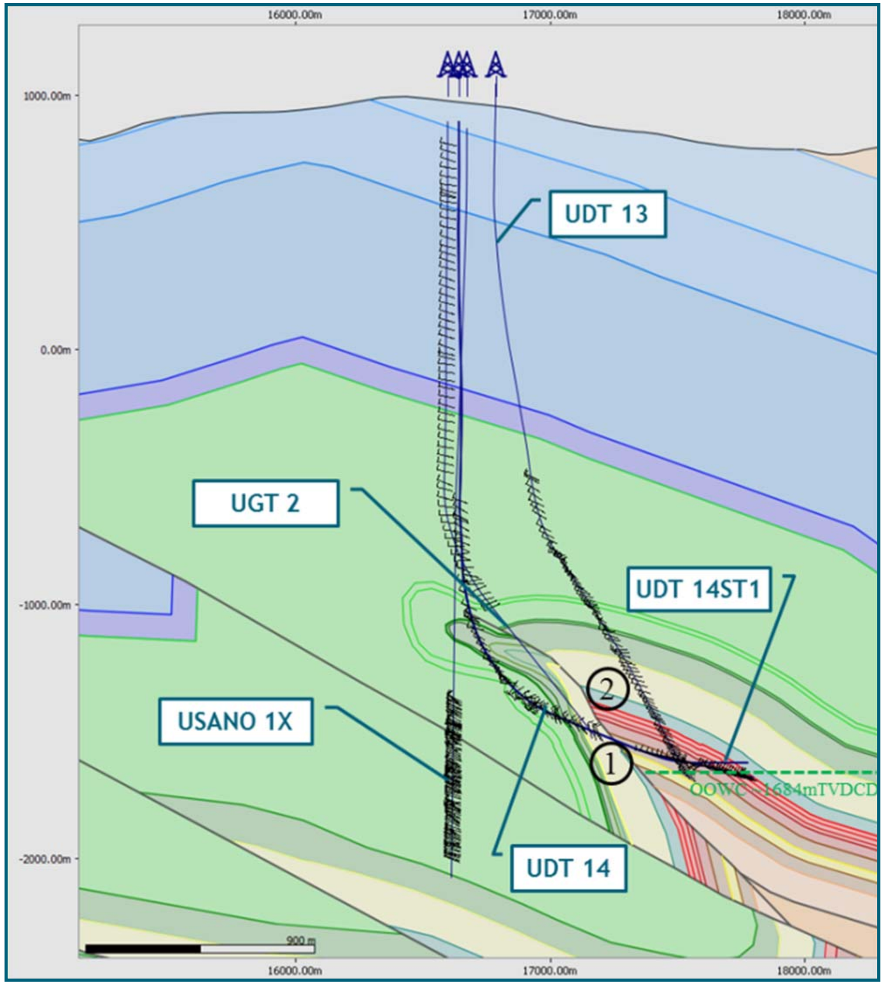
Major Road

2013 success story: UDT 14

- Successful pilot hole to appraise structure and oil-water contact, followed by horizontal sidetrack to maximise recoveries
- Data acquired from well allowed update to geo- & simulation model and confidence to increase off-take in Usano East block
- UDT 14 & UDT 11 now contributing ~7,000 bopd
- Dedicated gas injection from UDT 13

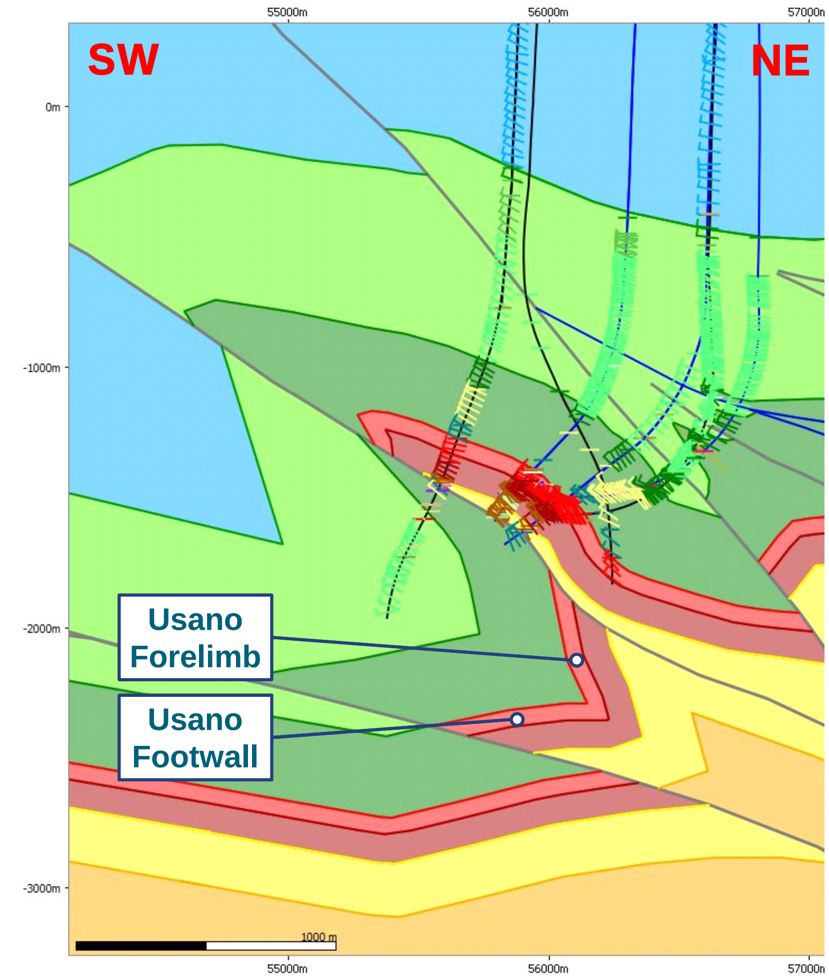






Significant potential remains within and around oil fields

- » Added over 13 mmstb gross incremental reserves in last three years from in-field and near-field drilling
- » 2014 wells:
  - – Agogo forelimb development – AFL A
  - – Usano forelimb
    - Near exploration field opportunity
    - Analogue to Agogo and Hedinia forelimb discoveries which have produced > 1 mmstb
    - Additional footwall potential
  - – Separate segment east of Usano also identified and ready for future drilling
  - – Continuous maturation of opportunity hopper from structural mapping to well design optimisation



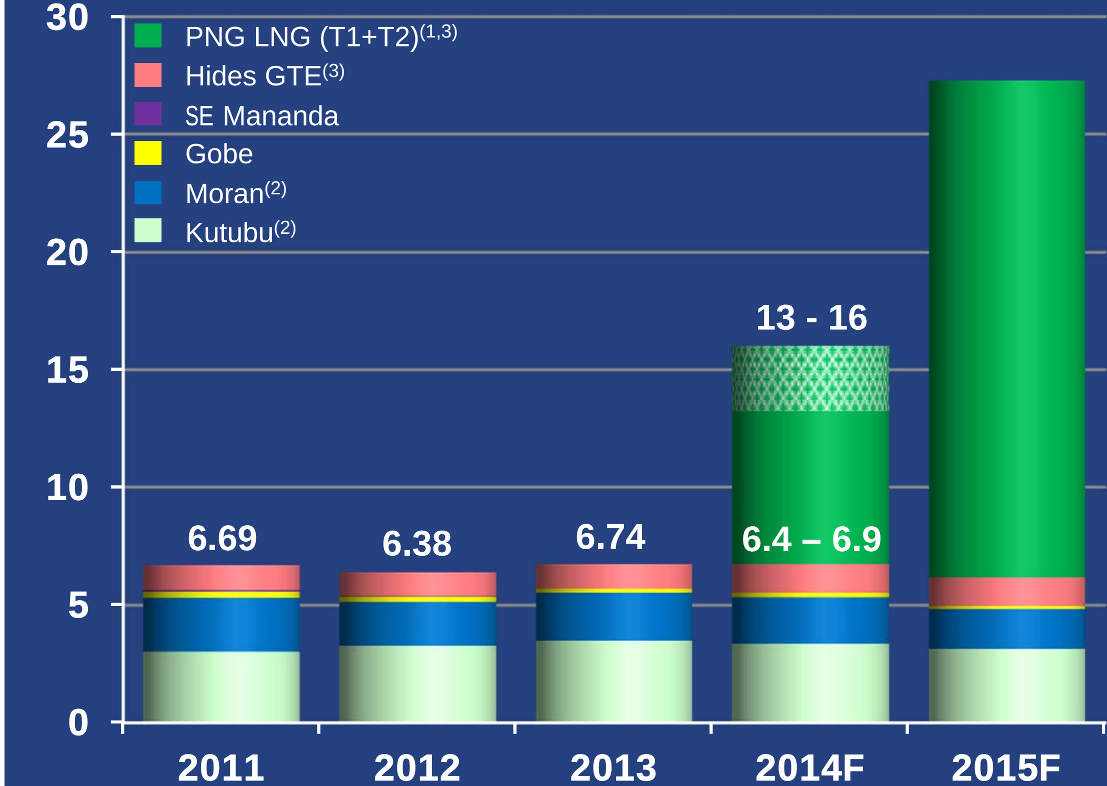
Reserves and Resources at 31 December 2013

- 2013 reporting modified to align with new ASX listing rules
- Total proven and probable (2P) oil reserves and contingent oil resources (2C) up 34% to 179 mmbbl:
  - 51.5 mmbbl contingent oil resources booked for Taza field in Kurdistan (net entitlement)
- Total 2P gas reserves and 2C gas resources of 4,668 bcf, down 4%:
  - Expiry of PRL 1 Pandora licence
  - Revised assumptions used to calculate PNG LNG Project fuel, flare and shrinkage
- 2P reserves:
  - Oil: 94.3 mmbbl, no changes except 2013 production of 5.8 mmbbl, 1.8 mmbbl PNG LNG tail liquids moved to 2C
  - Gas: 2,371 bcf, down from 2,703 bcf reflecting reclassification of tail gas to contingent resources (sales volumes & 1P unaffected), revision to fuel, flare and shrinkage
- 2C contingent resources:
  - Oil: 84.7 mmbbl, up from 31.5 mmbbl driven by Taza oil additions
  - Gas: 2,297 bcf, up from 2,182 bcf due to PNG LNG reclassification, Taza gas, offset by Pandora

Production Outlook

- Underlying production from oil fields expected to remain strong in 2014:
  - Routine plant shutdowns required during 2014
  - 6.4 – 6.9 mmboe, up slightly from 2013
- Total production guidance for 2014 of 13 – 16 mmboe, driven by PNG LNG Project
- Increased guidance reflects adoption of revised conversion factor of 5,100 bcf per boe compared to 6,000 bcf per boe used previously
- In first full year, PNG LNG will add ~21 mmboe net to OSH production

Net Production (mmboe)

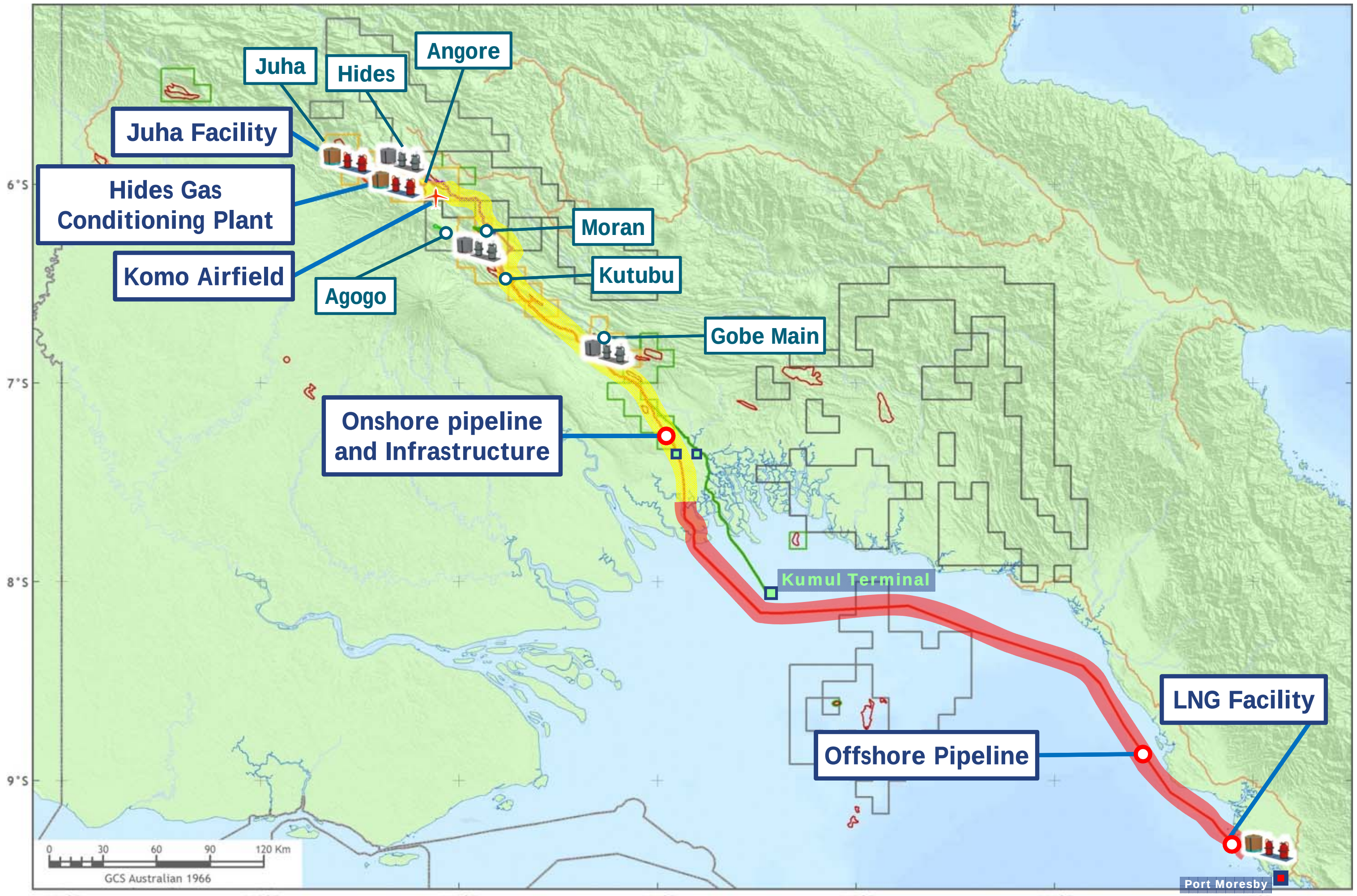


[1] LNG sales products at outlet of plant, post fuel and flare
[2] Oil forecast assumes planned new development wells beyond 2013
[3] Gas:oil conversion rate used in 2014/15: 5,100 scf = 1 barrel of oil equivalent (prior years 6,000 scf/boe)

Summary - 2014 Focus Items

- Safety performance and safe reliable production of oil and gas
- Development drilling programme, designed to maximise oil recovery from mature fields
- Continue testing and maturation of near field opportunities
- Safe, reliable operation of key PNG LNG elements:
  - Continued delivery of Kutubu gas for commissioning purposes
  - Sales gas from CPF and GPF in 2014
  - Receipt of Hides condensate and export via Kumul Marine Terminal

PNG LNG Project



Oil Pipeline

PNG LNG Gas Pipeline

OSH Facility

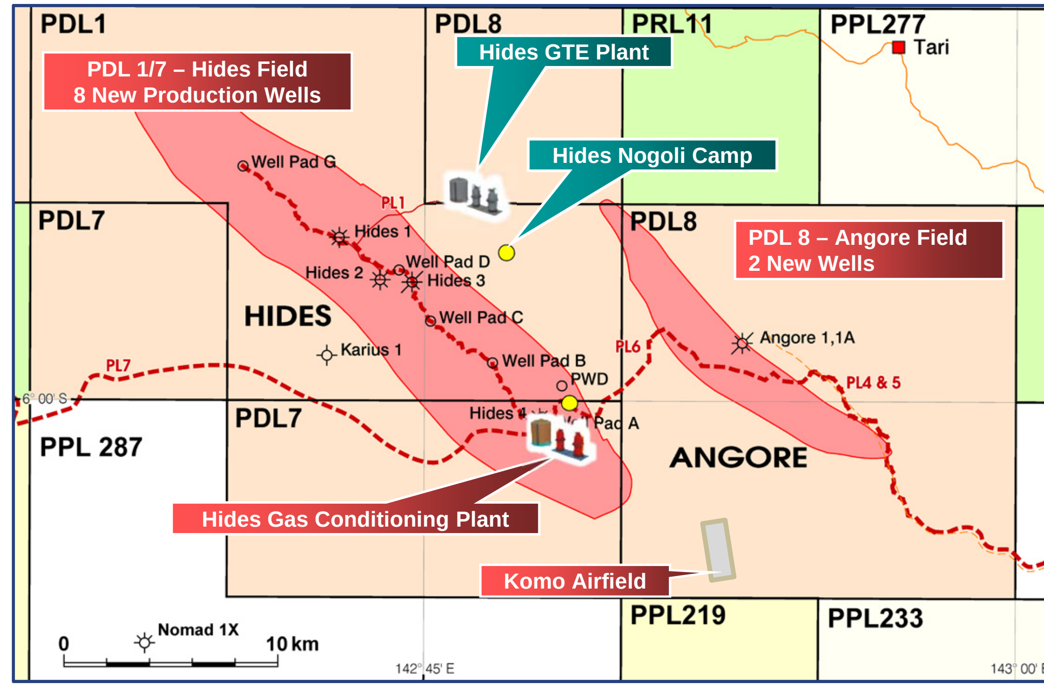
PNG LNG Project Facility

Major Road

2013 Project Milestones

- PNG LNG Project now over 95% complete
- LNG plant:
  - Completed construction of Train 1, LNG storage tanks and jetty
  - Commencement of commissioning activities on Train 1 and common process and utilities areas in September
- Onshore pipeline:
  - Main 292km gas pipeline fully laid and welded; installation of spineline linking Hides production wells to HGCP underway
  - Liquids pipeline complete and being used to commission HGCP
- Commissioning gas introduced into the Hides Gas Conditioning Plant in December
- Associated Gas (oil fields) supplying gas and ready to receive liquids
- PL 2 Export Life Extension Project effectively complete
- Komo completed, commenced operations in May and used for HGCP mobilisation
- Hides drilling progressing well – four wells complete at year end

Hides Development Drilling



- Construction of access roads and wellpads complete – ongoing installation of flowlines to HGCP
- Four wells at two wellpads (B and C) now complete. Drilling underway at wellpads D and G
- NW Hides (G Site) and PWD wells will help constrain gas volume in Hides field

2014 Focus Items

- Finalise construction of LNG Plant Train 2 and commission remainder of LNG Plant
- Finish construction and commissioning of the HGCP and tie in production wells
- Continue drilling operations
- Begin production from Hides, condensate sales
- Cool down LNG Plant facility and begin production of LNG
- Commence LNG exports

PNG LNG Project Timetable

PNG LNG Oil Search

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

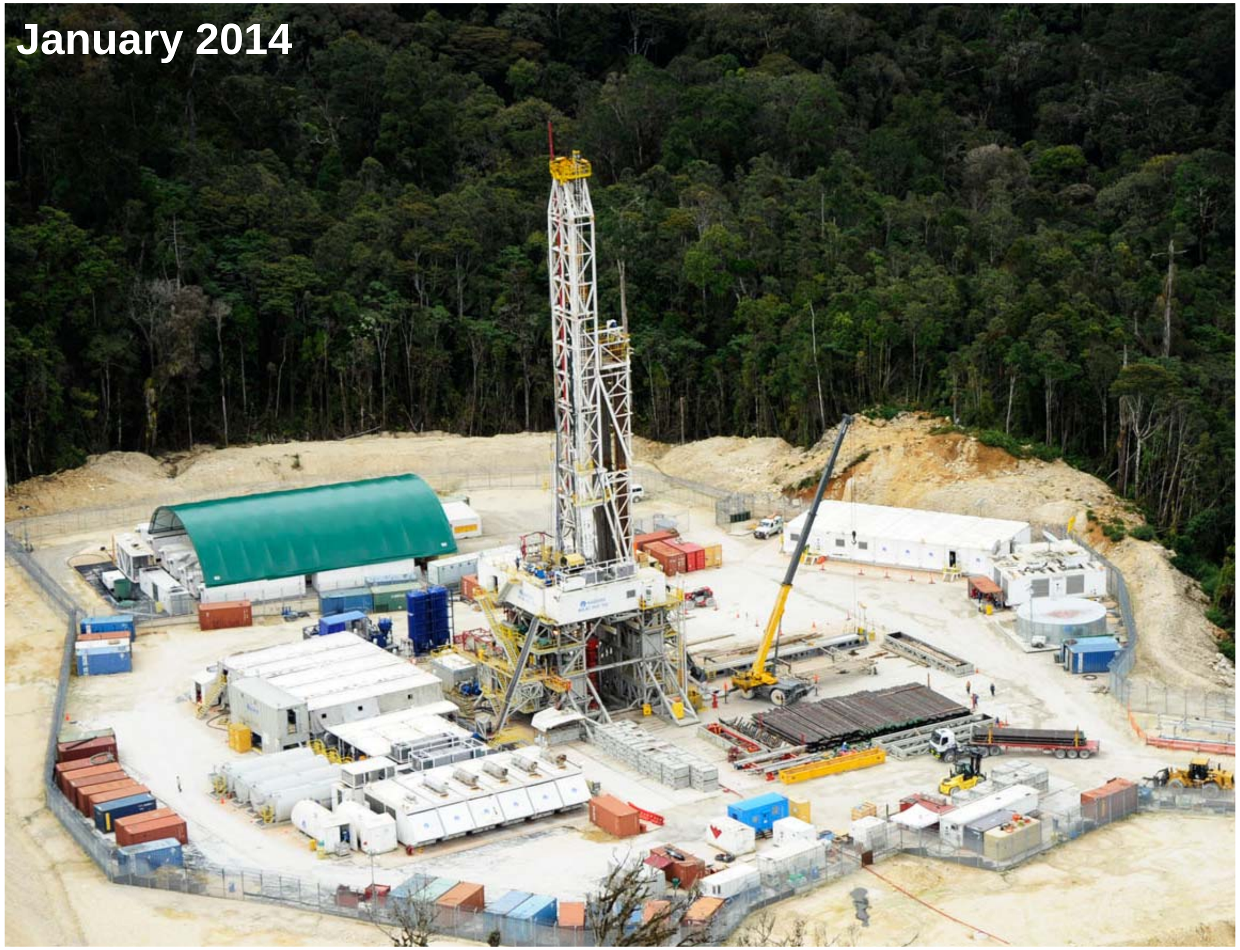
2014

- **Complete construction and commissioning of HGCP**
- **Complete Hides production wells**
- **3Q14: First sales from Train 1 and then Train 2**

PNG LNG Plant site

Hides Gas Conditioning Plant

Rig 702 on Hides Wellpad D



Gas Growth Strategy

- OSH looking to leverage LNG infrastructure and skills:
  - Brownfield LNG expansion offers potential high return growth opportunity
  - PNG LNG site has capacity to accommodate additional train/s
- Upside in 1P reserves at Hides – to be evaluated by drilling in 2014 – plus substantial discovered undeveloped gas resources:

– P'nyang	(38.5% equity)	Kimu	(60.7% Equity)
– Juha North	(24.4% Equity)	Flinders	(40% Equity)
– Uramu	(100% Equity)	Hagana	(40% Equity)
– Barikewa	(45.1% Equity)	Elk/Antelope	(22.8% Equity) - post completion of acquisition
– PNG exploration			

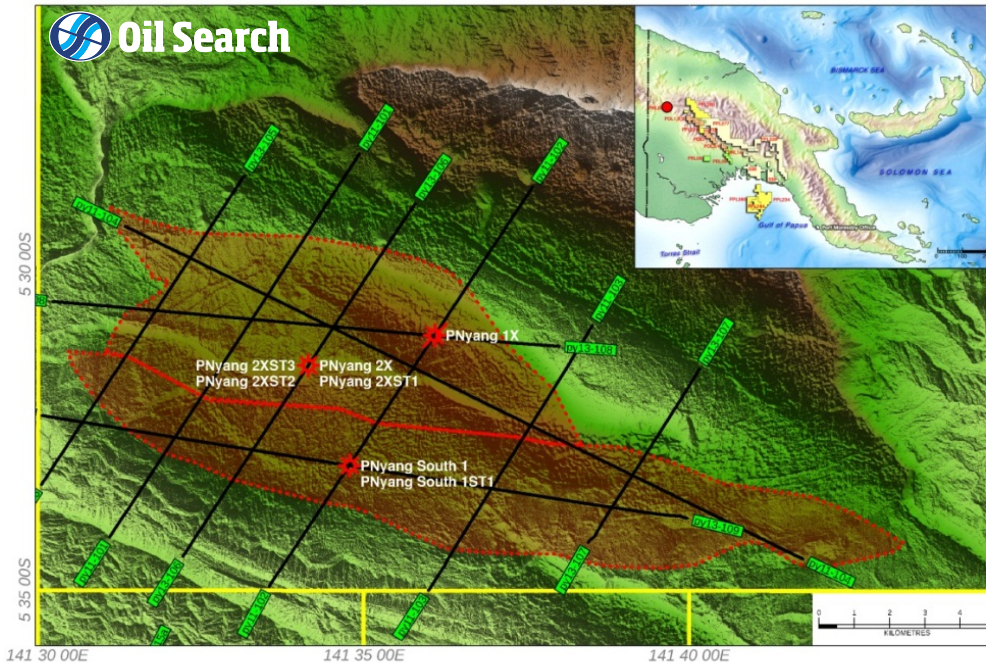
- Oil Search well positioned to realise value from next and future phases of development:
  - Significant acreage/ resource/ infrastructure owner and proven delivery
  - Operator of ~ 1/5th of PNG LNG Project gas supply / all condensate export
- PNG remains an attractive investment location:
  - Competitive fiscal terms anticipated for LNG expansion options
  - Continued strong regional demand for LNG supply from PNG

P'nyang - PRL 3

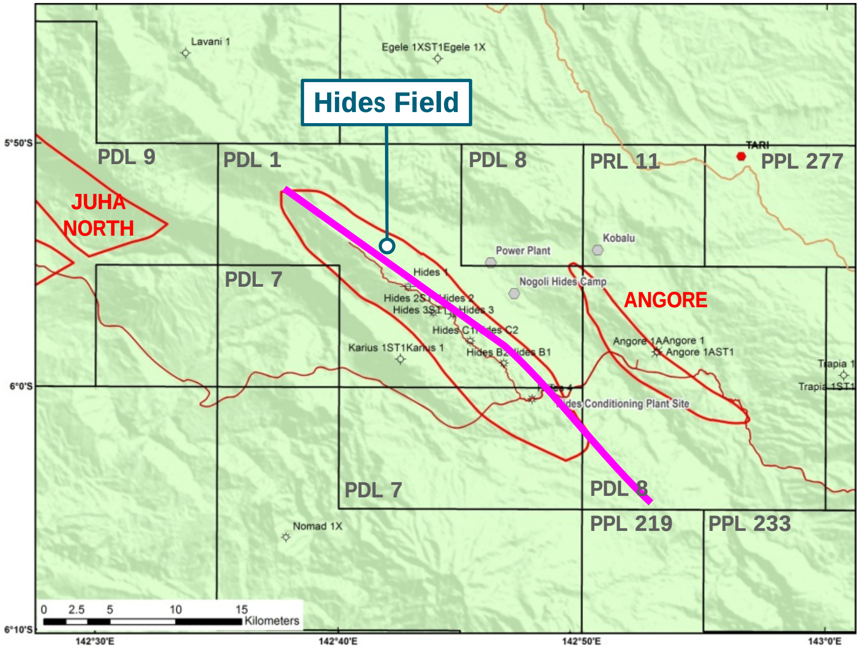
- Key resource to support potential LNG expansion:
  - Total 2C recoverable gas resources in P'nyang field of 2.5 tcf
  - Acquisition of second phase of additional seismic in PRL 3 complete, with data processing underway

- Concept selection work ongoing – engineering, environmental and social mapping
- Development work to continue through to submission of PDL application in early 2015

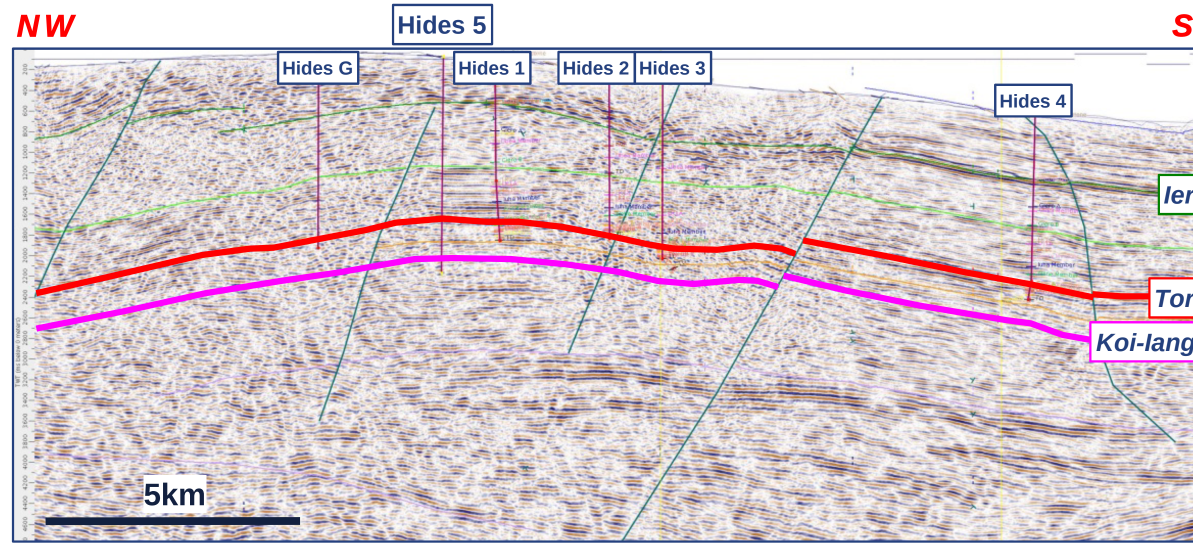
PRL 3	WI %
ExxonMobil affiliates (operator Esso PNG P'nyang Ltd)	49.0
Oil Search	38.5
JX Nippon	12.5



Hides 5 (Hides Deep) – PDL 1

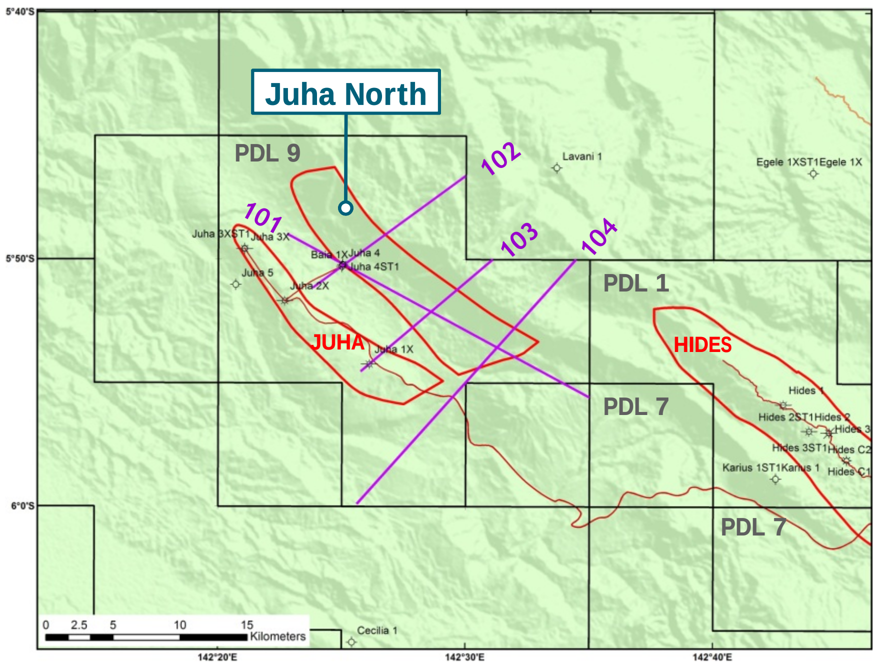


PDL 1	WI %
Esso Highlands Limited (operator)	36.8
Oil Search	16.7
Santos	24.0
NPCP	20.5
Gas Resources Gigira	2.0

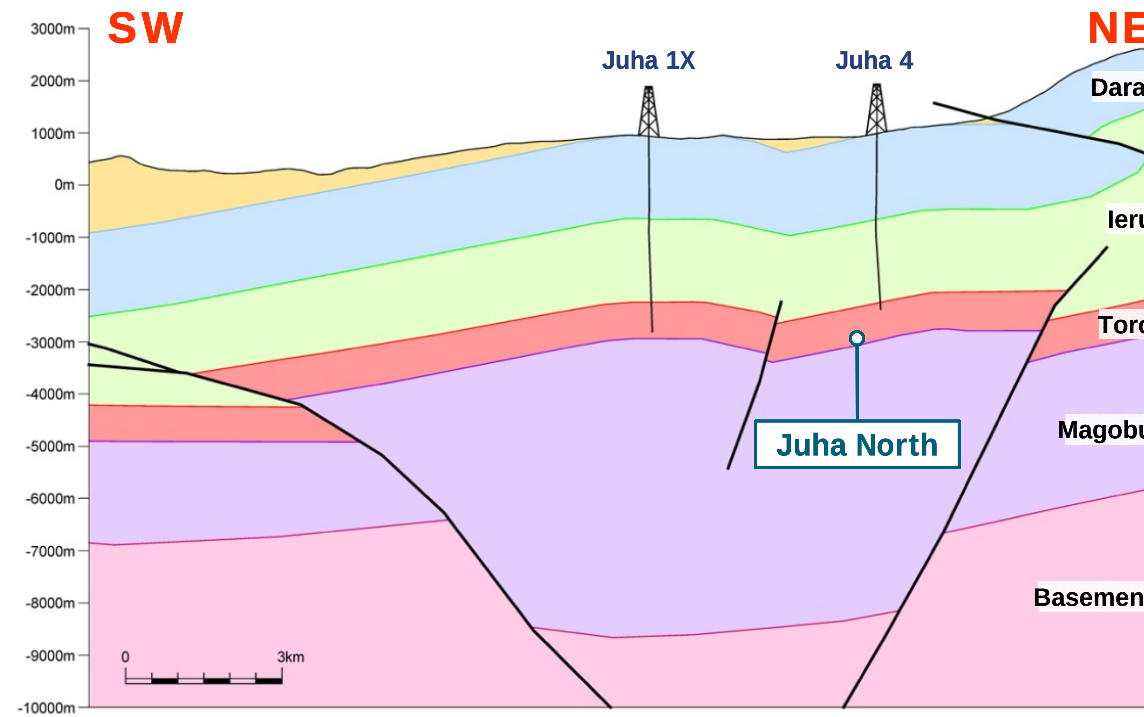


- Hides 5 proposed to explore Koi-Iange reservoir
- Simple well-constrained anticline - 30km x 5km
  - >1,200m proven gas column in Toro
  - Koi-Iange target mapped ~700m below Toro
- Site construction almost complete
- Drilling provisionally scheduled for 4Q14, subject to JV approval

Juha North – PDL 9

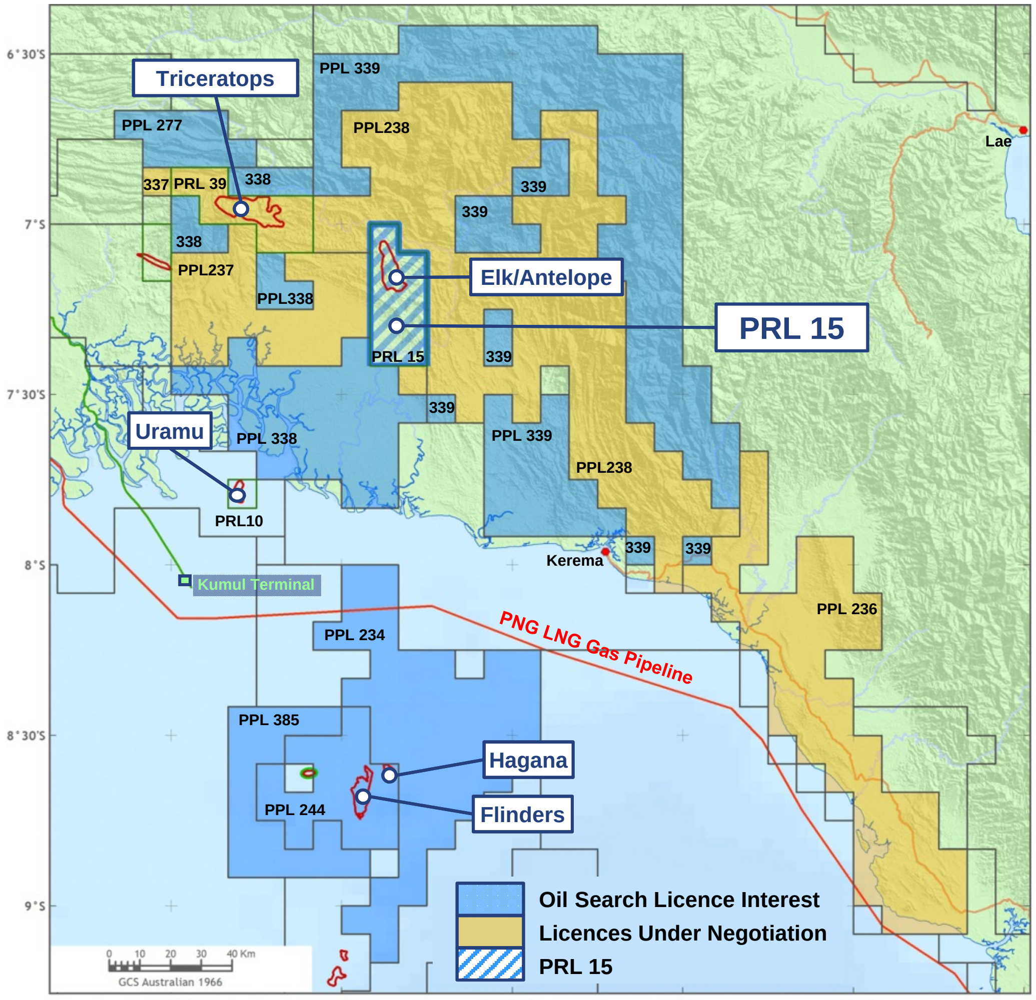


PDL 9	WI %
Exxon Mobil affiliates (operator Esso PNG Juha Ltd)	43.4
Oil Search	24.4
NPCP	20.5
JX Nippon	9.7
Gas Resources Juha	2.0



- Juha North segment not within PNG LNG Project
- Gas proven, OSH believes there is significant potential upside, but appraisal necessary
- Seismic acquisition commenced 2Q13 and will continue in 2014

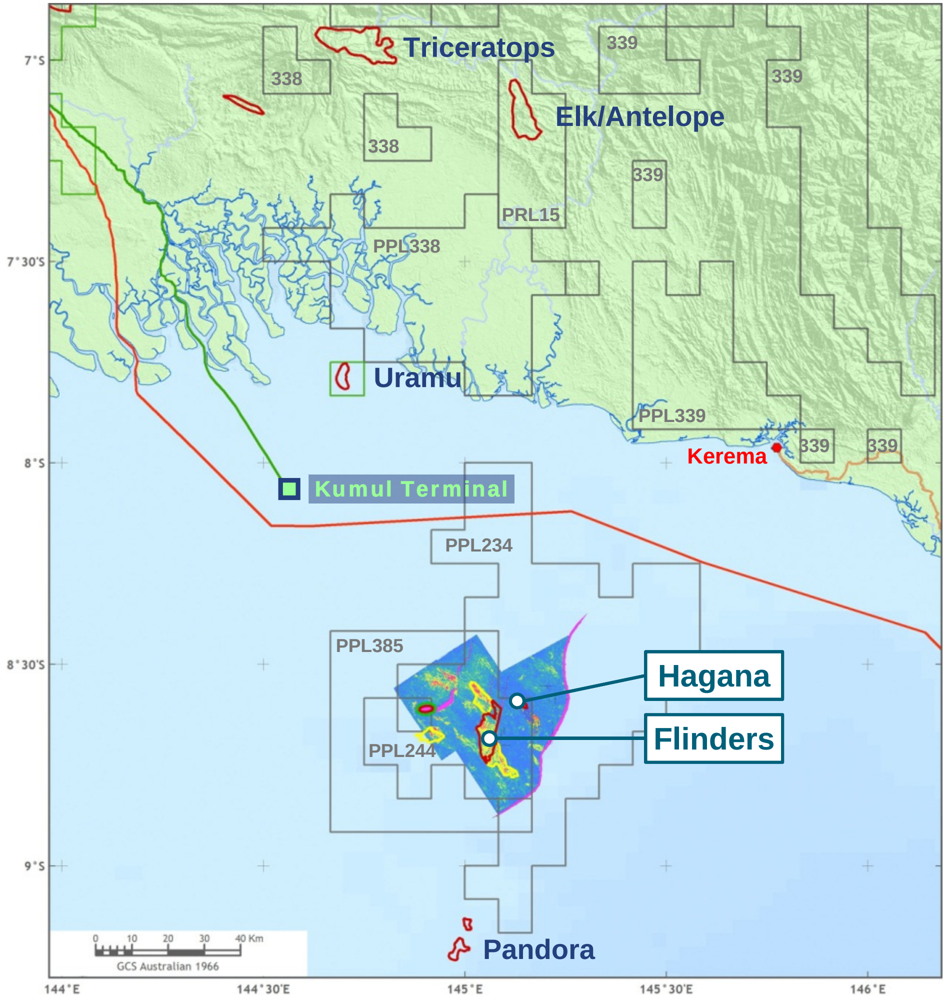
Elk/Antelope - PRL 15



- Oil Search to acquire 22.835% gross interest in PRL 15, containing Elk/Antelope gas discoveries, through acquisition of Pac LNG
- Upfront payment of US$900m, payable at completion
- A contingent payments for any certified 2C raw gas contingent resource in Elk/Antelope >7 tcf
- Provides exposure to largest undeveloped gas resource in PNG and substantial exploration and appraisal upside
- HoA to undertake exclusive negotiations to acquire interest in PPLs 236, PPL 237, PPL 238 and PRL 39 (Triceratops)
- Acquisition will deliver significant long term shareholder value and is in line with core strategy, to aggregate gas resources to underpin LNG developments in PNG

PRL 15	WI %
InterOil Corporation	75.6114%
Oil Search	22.835%
Other	1.5536%

Gulf of Papua Discoveries

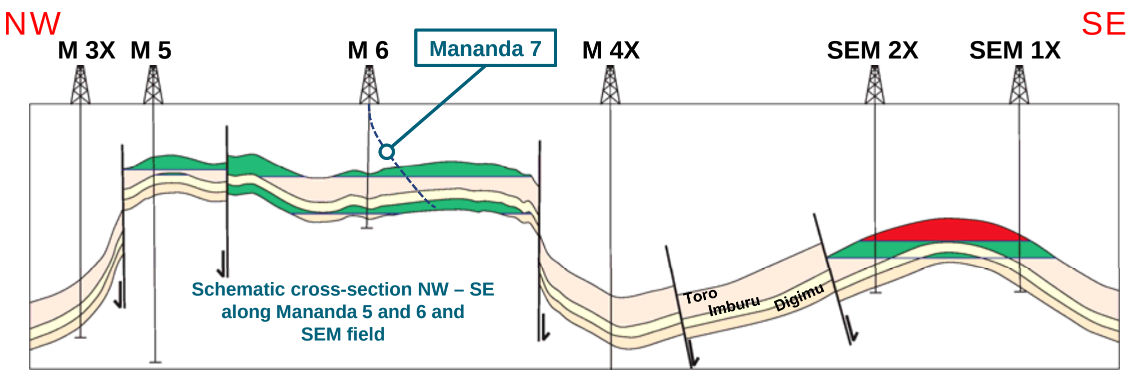


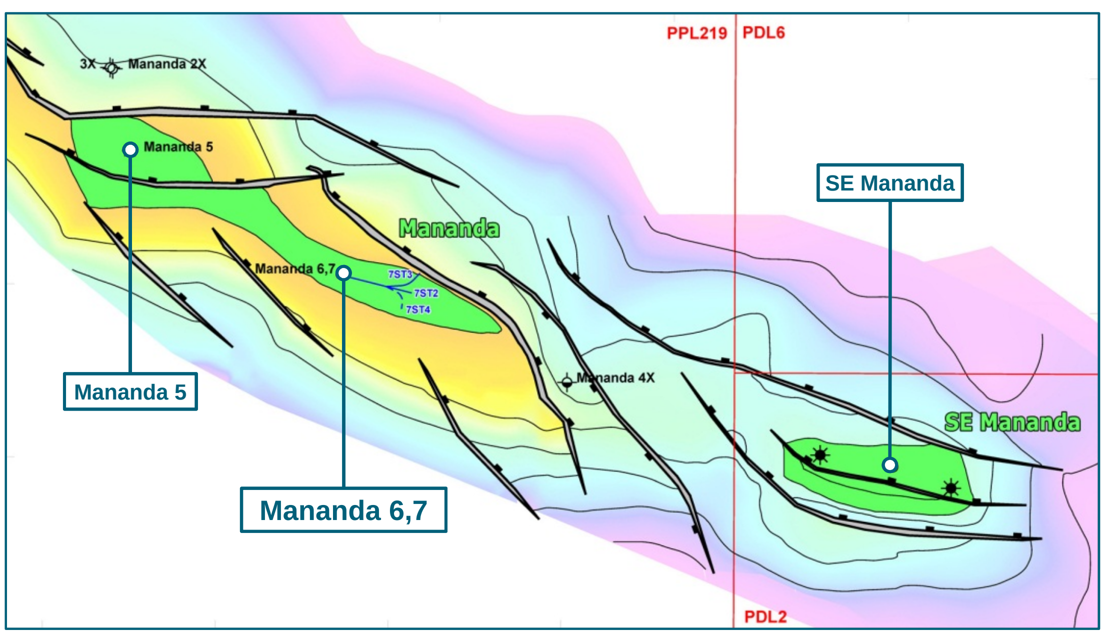
- Gas discovered at both Flinders and Hagana wells in PPL 244
- Drill results proved Plio-Pleistocene turbidite play fairway in Gulf of Papua
- Well data being used to calibrate seismic and geological models, allowing full evaluation of other prospective targets in Gulf
- Additional leads have been identified. Work is ongoing to further delineate play through specialised 3D seismic reprocessing and quantitative interpretation

Gas growth summary

- Key strategic focus on ensuring highly value accretive LNG expansion opportunities are crystallised
- Ongoing exploration and appraisal activity in Highlands/Western Province to support PNG LNG expansion
- PRL 15 acquisition of key importance, potential catalyst for further LNG development
- Oil Search well positioned to realise value from future phases of development as foundation infrastructure owner and through leveraging core capabilities

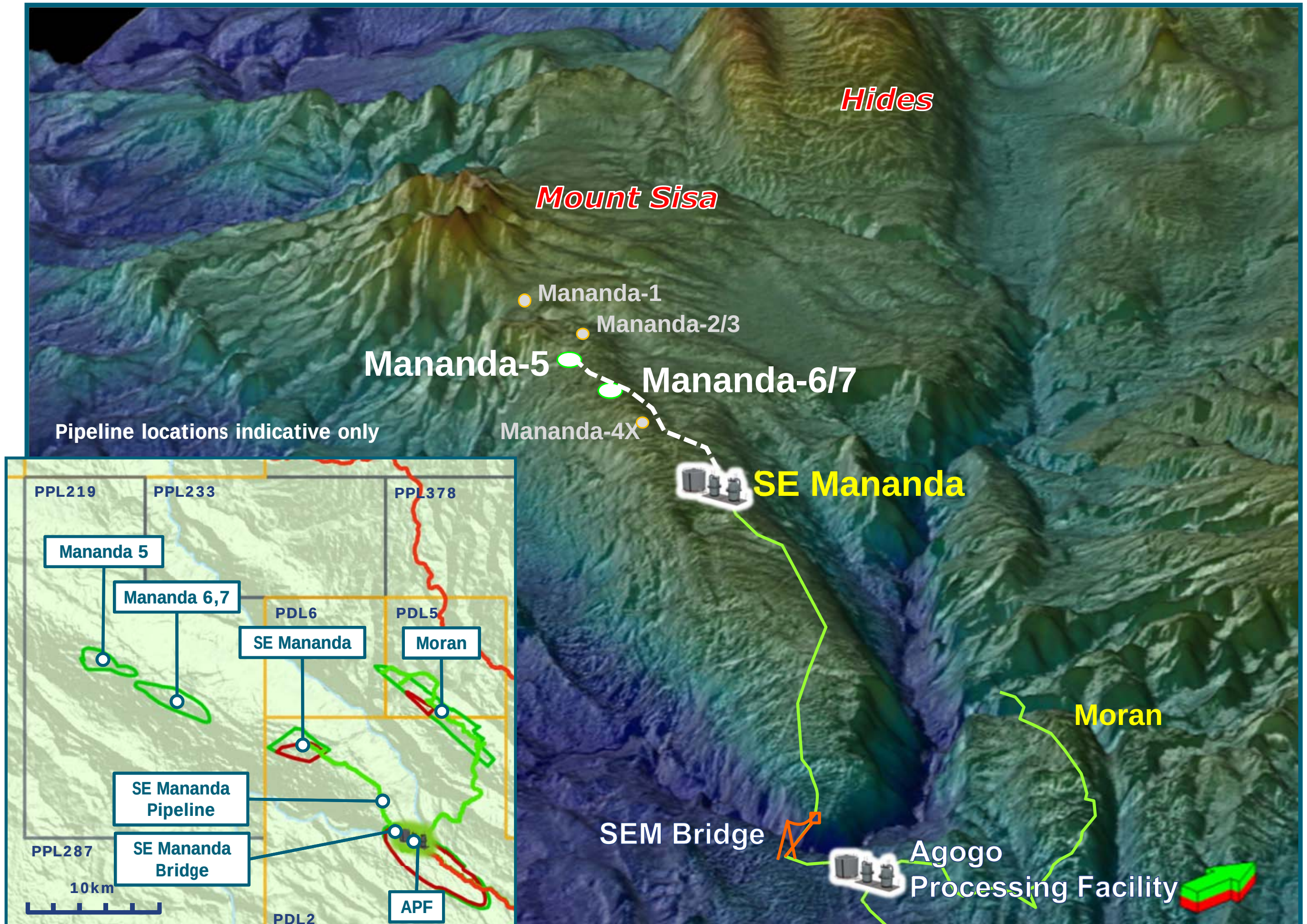
Mananda Development – PPL 219





- Successful Mananda 6 appraisal well drilled in 2Q13 extended Mananda 5 discovery ~ 8km to SE
- Application for development licence submitted to PNG Government in August 2013
- Mananda 7 spudded in December 2013, designed to appraise Mananda 6:
  - Help delineate structure
  - Test for presence of gas cap
  - Provide structural data to optimally place sidetrack well as a future producer
- Data gathered to date from Mananda 7 indicates structure is more complex than previously mapped

Mananda Development



- Base development focused on two-well tie back of Mananda 5 and Mananda 6 to existing facilities at South-East Mananda and Agogo Processing Facilities
- Expansion of development beyond Phase I contingent on results of Mananda 7 appraisal well
- Development study work on-going to optimise development across Mananda Ridge

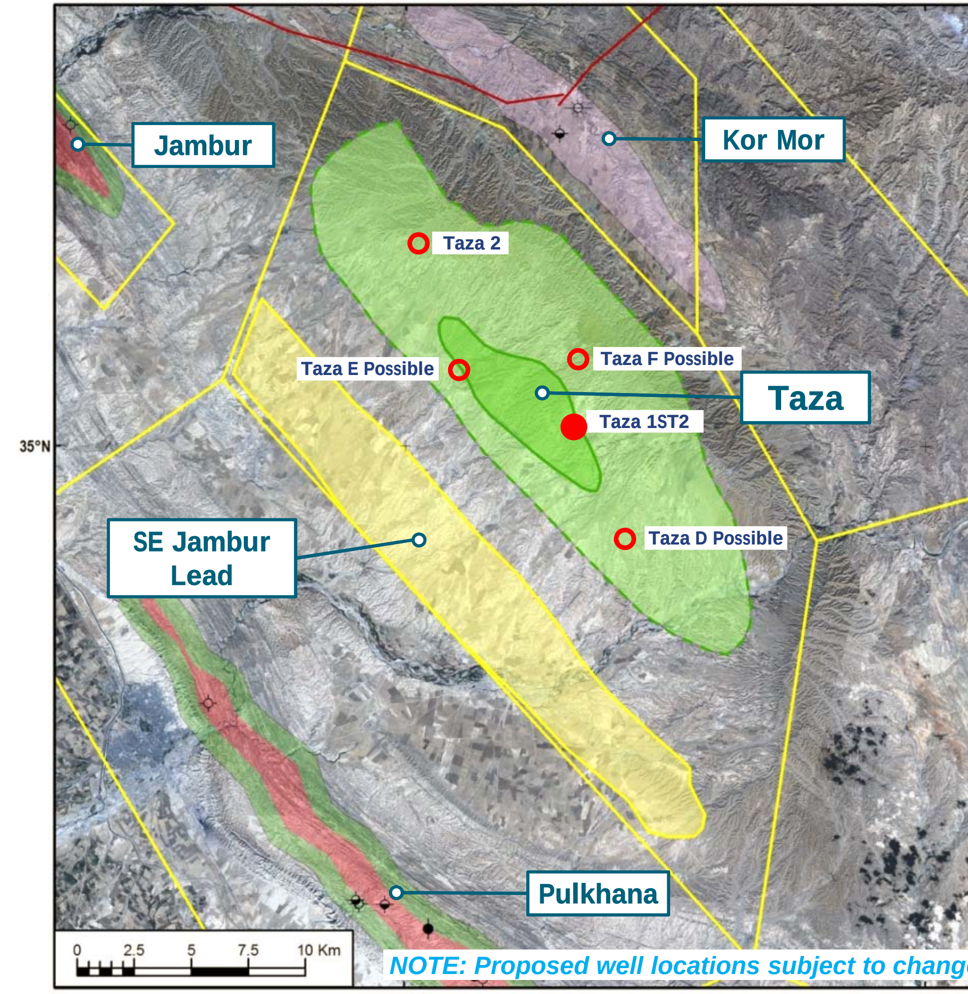
International exploration/appraisal

- International strategy primarily focused on oil opportunities that have material potential
- Long term strategy is to leverage existing strong relationships and skill base to develop international portfolio. Pace dependent on availability of suitable value-add opportunities, PNG capital commitments

Oil Discovery at Taza, Kurdistan: Appraisal Underway

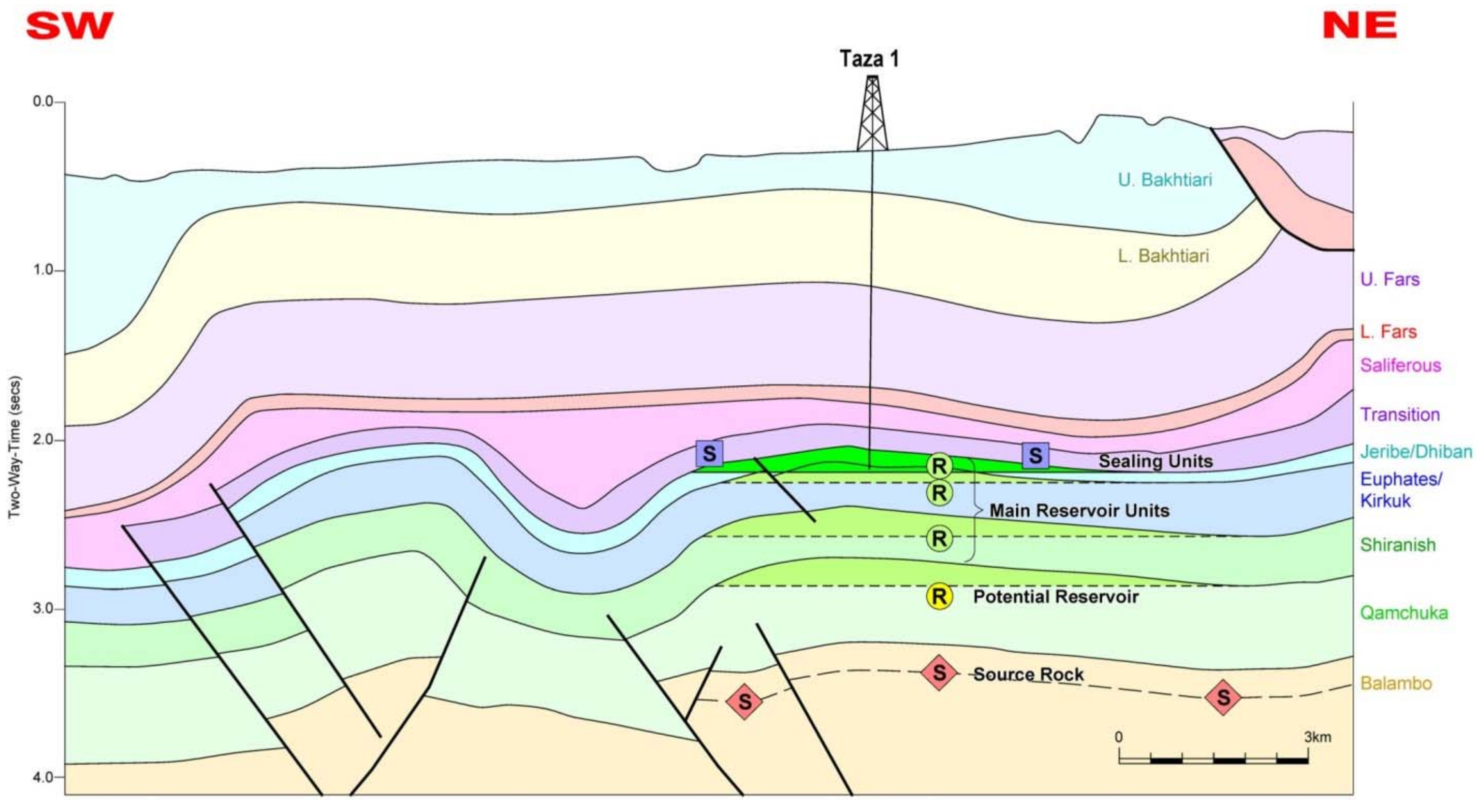
Oil Search

- Taza discovery report submitted to KRG in July 2013. Appraisal programme approved by MNR in December
- Based on initial exploration programme, have booked 51.5 mmbbl net entitlement oil and 134.9 bcf entitlement gas to 2C resources (~166 mmbbl & 357 bcf gas (gross 100%) in proven intervals)
- Mapping indicates very large structure, potentially 200 km^2. Significant potential upside exists in deeper untested intervals
- Appraisal programme includes;
  - Taza 2 (spudded 25 December) to appraise upper intervals and explore deeper Tertiary and Cretaceous targets
  - Taza 3 to appraise southern part of field
  - Two more wells
  - 3D seismic
  - EWT on one well
- Maturing SE Jambur lead with 3D coverage



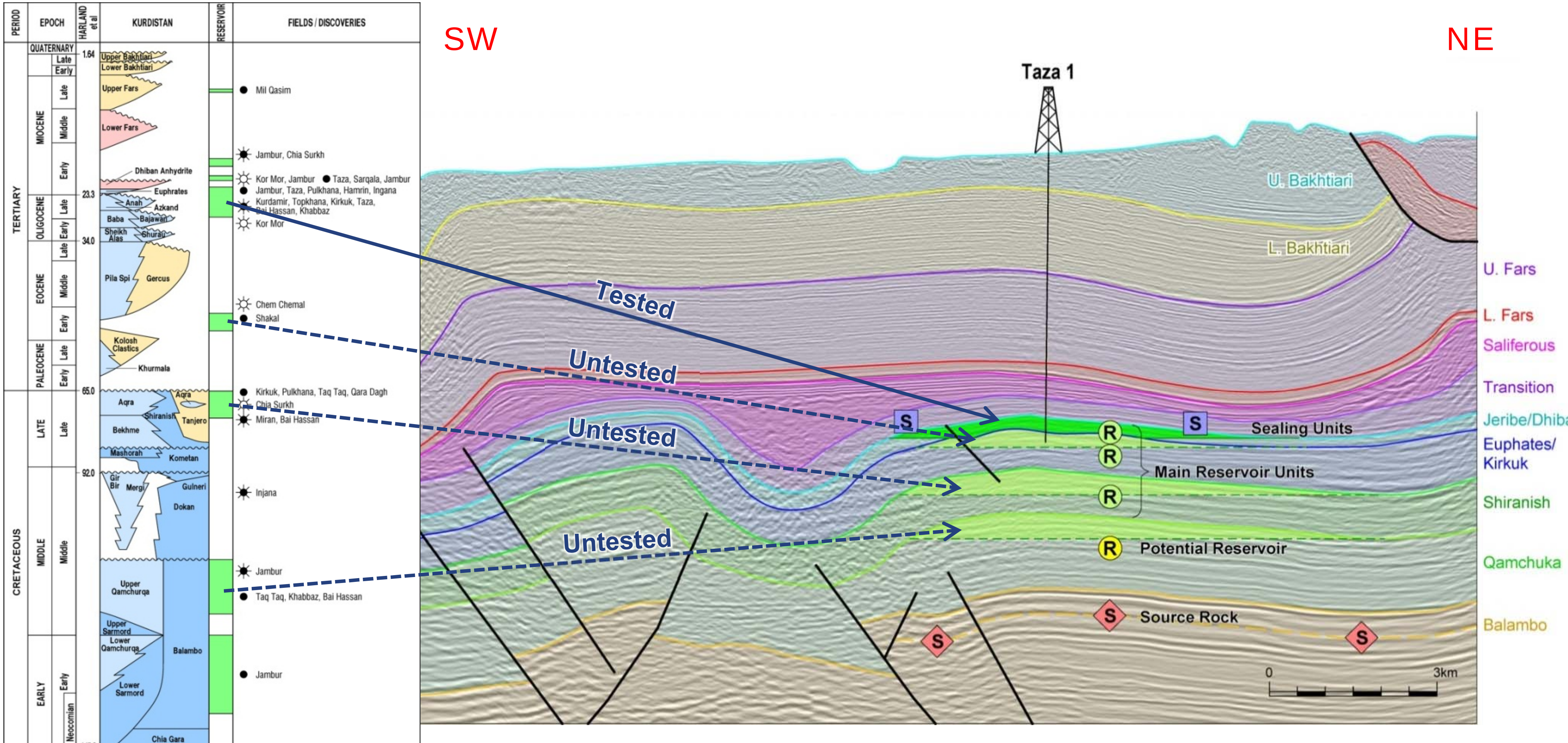
NOTE: Proposed well locations subject to change

Taza PSC – Oil discovery



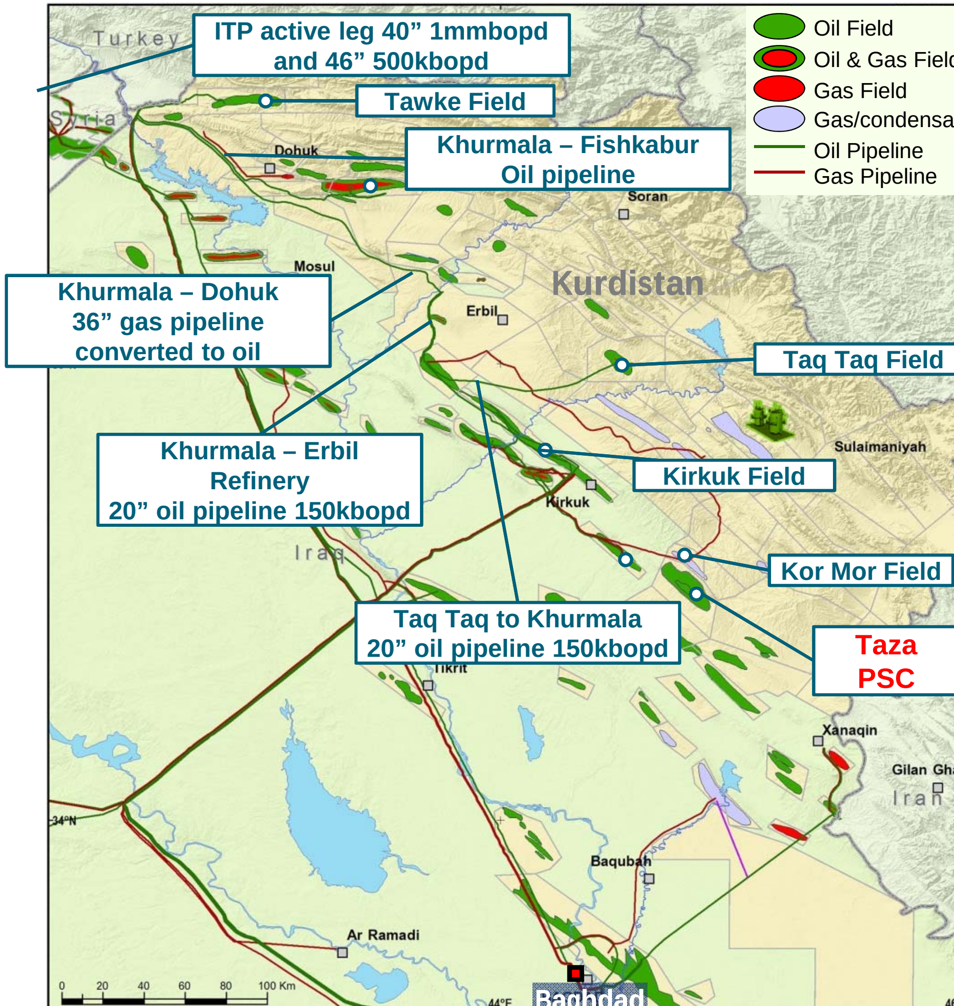
- Taza PSC (OSH 60% Operator, Total 20%, KRG 20%)
- Light oil proven across Jeribe/Dhiban and Euphrates/Kirkuk intervals
- Testing of 150m interval across the Jeribe/Dhiban and Euphrates/Kirkuk sections flowed up to 1,100 bopd (36° API)
- Taza 1 suspended for future re-entry

Taza PSC – additional potential



Kurdistan Operating Environment

- Resource estimate of 40 billion barrels oil and 60 tcf gas (USGS, 2010)
- KRG stated production target of 1 mmbopd by 2015, 2 mmbopd by 2020
- KRG building closer ties to Turkey, providing long term alternative export route (Turkey-Kurdistan Energy Accord signed March 2013)
- Production capacity 400Kbopd. Current production ~250Kbopd, 150Kbopd shut in
- KRG independent 40” oil pipeline connecting Taq Taq field to Fishkabur on Iraq-Turkey border recently completed
- Significant step towards achieving sustainable exports from region and unlocking value from oil fields
- Turkey cautiously supports KRG export plan but would like Baghdad endorsement



Positioning for Next Phase of Growth

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- Corporate transformation underway:
  - First LNG sales will change production and cash flows radically
  - New set of obligations with supply of gas to PNG LNG
  - Several potential growth projects – in PNG and Kurdistan
  - Reinvestment challenges/risks
- New strategic review will set plan for the next five years. Focus areas include:
  - Review of Company structure, cost base and operating model
  - Reinvestment opportunities and investment criteria:
    - Reinvestment is vital for long term growth but disciplined approach is essential
  - Capital management:
    - Quantum, optimal structure
  - Developing our people capability, including augmenting skills in key areas: right skills – right place
- Change in major shareholder – long term, supportive

Summary

- PNG LNG >95% complete, on track for first LNG deliveries in 3Q14 within revised budget:
  - Transformational for OSH's production and cashflow profile
- Moving forward on LNG expansion plans:
  - Proven P'nyang resource
  - Drilling to determine size and shape of Hides underway
  - Acquisition of PRL 15 interest provides exposure to potential new LNG development underpinned by Elk/Antelope. Commercially attractive on both a standalone or expansion basis
- High potential Taza appraisal underway:
  - Includes multiple well drilling, seismic, EWT
  - Kurdistan-Iraq issues being resolved
- Active programmes to mitigate natural decline from PNG oil fields will continue into 2014
- Balance sheet to be optimised prior to commencement of PNG LNG cash flows

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