2013 Reserves and Resources Statement

27 February 2014

Highlights

- **At the end of 2013, Oil Search's total proven and probable oil reserves and contingent oil resources were 179.0 mmbbl, up 34% compared to the end of 2012.**
- **This increase reflected primarily the booking for the first time of contingent resources for the Taza field in Kurdistan.**
- **The Company's total proven and probable gas reserves and contingent gas resources were 4,667.5 bcf, 4% lower than at the end of 2012.**
- **This small decline was driven by the expiry of the PRL 1 licence (Pandora) and revised assumptions used to calculate PNG LNG Project fuel, flare and shrinkage.**

Oil Search's 2013 reserves and resources statement has been modified this year to comply with the new ASX listing rules which came into effect on 1 December 2013. These modifications include a number of re-classifications of reserves and resources to align with ASX guidance and the definition of reserves in developed and undeveloped categories for the first time.

Oil and Gas Reserves

At 31 December 2013, the Company's proven oil and gas reserves (1P) were 61.6 million barrels of oil and 1,616.1 bcf of gas. Proven and probable reserves (2P) were 94.3 million barrels of oil and 2,370.7 bcf of gas.

The key changes in 1P and 2P reserves since 31 December 2012, which are summarised in Tables 1 and 2, are as follows:

- Reserves at 31 December 2013 have been adjusted for 2013 net production of 5.8 mmbbl oil and condensate and 5.5 bcf gas.
- Oil Search has reviewed the Company's PNG LNG Project reserves and resources database in light of the new ASX listing rules. This review has resulted in the movement of 208.4 bcf (excluding 35 bcf of fuel, flare and shrinkage) and 1.8 mmbbl of liquids from undeveloped reserves to contingent resources (Tables 1 and 2). This relates to tail gas and associated liquids produced beyond 2046, when the annual production rate is forecast to be below the current minimum operating rate of the LNG Plant unless Plant modifications are made. This reclassification does not affect sales volumes or 1P reserves. The

reference point for booking PNG LNG Project reserves is, as in previous years, at the outlet to the PNG LNG Plant.

- The PNG LNG reserves and resources review has also resulted in an 85 bcf reduction in PNG LNG 2P reserves, due to an update in the assumptions used for fuel, flare and shrinkage at the lease, the HGCP and the LNG Plant.
- 23.8 bcf related to SE Gobe net sales gas and liquids, which were previously carried within the PNG LNG Project category at the Plant outlet, have been reclassified and are now reported at the Gobe outlet.

Developed and undeveloped reserves are shown in Table 3. Undeveloped reserves are dominated by PNG LNG Project reserves, currently under development. Undeveloped oil and gas reserves within the oil fields are related to field life extensions resulting from the PNG LNG Project. A substantial proportion of the undeveloped oil field and PNG LNG Project undeveloped reserves will transfer to the developed reserves category once the PNG LNG Project comes on-stream in 2014.

Contingent Resources

At the end of 2013, the Company's 2C contingent oil resources were 84.7 mmbbl and 2C contingent gas resources were 2,296.8 bcf.

The key changes in contingent resources since 31 December 2012, which are summarised in Tables 1 and 2, are as follows:

- The successful outcome of the Taza 1 well in the Kurdistan region of Iraq, completed in 2013, has resulted in the addition of 51.5 mmbbl of oil and 134.9 bcf of gas to 2C contingent resources (see below).
- As previously noted, a proportion of PNG LNG Project tail gas and associated liquids has been transferred from the reserves category to the contingent resources category.
- 191.1 bcf of contingent resources relating to the Pandora field in PRL 1 have been removed due to the expiry of the licence in February 2013 and a minor correction to resources at Kimu in PRL 8 has been incorporated.

As technical work to constrain a number of subsurface uncertainties has not yet been completed, no contingent resource estimates have been included in the current statement for the 2013 Flinders and Hagana Gulf of Papua gas discoveries. It is expected that this technical work will be completed in 2014.

Reserves and Resources

As highlighted in Table 4, at the end of 2013 Oil Search's total proven and probable oil reserves and contingent oil resources were 179.0 mmbbl and the Company's total proven and probable gas reserves and contingent gas resources were 4,667.5 bcf.

Taza PSC – Initial Booking of Contingent Resource

51.5 million barrels of net entitlement oil and 134.9 bcf of net entitlement gas have been booked for the first time in the contingent resource category relating to the Taza discovery in the Taza Production Sharing Contract (PSC) (Block K42) in the Kurdistan Region of Iraq. Based on information gained from the initial exploration campaign, gross volumes are estimated at 165.8 million barrels and 356.9 bcf of gas. Oil Search's net entitlement is calculated based on the terms of the Taza PSC, with an evaluation date of December 2013.

The presence of significant quantities of potentially moveable hydrocarbons in the Taza field has been confirmed from the following:

- Data was acquired from the Taza 1 exploration well and two sidetracks drilled in 2012/13.
- A total of four well tests were conducted which identified the presence of mobile oil in the Jeribe and Euphrates reservoir intervals. Samples of oil and gas were collected from the Euphrates reservoir.
- Analysis of petrophysical data gathered during the drilling also indicated the likely presence of hydrocarbons in the Kirkuk reservoir intervals.

Contingent resource volumes have been estimated by combining in-place volume estimates from geological modelling with recovery factor estimates from both simulation modelling and a consideration of analogue fields. A deterministic approach was used to estimate the reported volumes in each reservoir and they have been aggregated arithmetically.

These resources are considered to be contingent on the confirmation of a commercially viable development project. Planning for the installation of an Early Production Facility has commenced. Additional appraisal drilling and evaluation will be required to further assess the potential for commercial recovery and this may also include the reprocessing of existing seismic lines, the acquisition of additional seismic lines and further well testing.

Governance and 2014 Audit Plan

The governance arrangements for the reporting of hydrocarbon reserves and resources are based on the Company's Reserves Management and Audit Process (RMAP) which consists of the following:

- A Technical Reserves Committee (TRC) which meets on a regular basis throughout the year and assesses all proposed changes and additions to the Company's reserves and resources database, utilising advice and contributions from peer review and subject matter experts where appropriate.
- The TRC reports to the Reserves Operating Committee (ROC), consisting of senior management from technical and commercial disciplines, for the sanction of changes proposed by the TRC.
- Final statements are subject to Board approval at the Audit and Financial Risk Committee.
- Under the Company's RMAP arrangements, oil fields are subject to independent audit every three years or more frequently under some circumstances (for example, if a material change is indicated).

All oil fields were audited at the end of 2012 by independent auditors, Netherland Sewell & Associates, Inc. (NSAI). No fields were audited in 2013 as performance during the year was closely in line with expectations. Field performance will be monitored in order to determine whether a further audit of any of the fields is justified in 2014. Gas reserves are subject to audit under instruction from the PNG LNG Project operator, ExxonMobil PNG Limited.

Table 1: 2013 Liquids Reserves and Resources Reconciliation with 2012

Proven Liquids Reserves (millions of barrels)

Licence/Field	End 2012 Reserves	Production	Discoveries/ Extensions/ Revisions	Acquisitions/ Divestments	End 2013 Reserves
PDL 2 – Kutubu	15.9	3.5	-	-	12.4
PDL 2 – SE Mananda	0.1	-	-	-	0.1
PDL 2/5/6 – Moran Unit	11.3	2.0	-	-	9.3
PDL 4 – Gobe Main	0.1	-	-	-	0.1
PDL 3/4 – SE Gobe	0.5	0.1	-	-	0.3
PDL 1 Hides	1.1	0.1	-	-	1.0
PNG LNG Project	38.4	-	-	-	38.4
Total	**67.5**	**5.8**	**-**	**-**	**61.6**

Proven & Probable Liquids Reserves (millions of barrels)

Licence/Field	End 2012 Reserves	Production	Discoveries/ Extensions/ Revisions	Acquisitions/ Divestments	End 2013 Reserves
PDL 2 – Kutubu	22.1	3.5	-	-	18.7
PDL 2 – SE Mananda	0.3	-	-	-	0.3
PDL 2/5/6 – Moran Unit	15.9	2.0	-	-	13.9
PDL 4 – Gobe Main	0.2	-	-	-	0.2
PDL 3/4 – SE Gobe	0.7	0.1	-	-	0.6
PDL 1 Hides	1.1	0.1	-	-	1.0
PNG LNG Project	61.5	-	-1.8	-	59.7
Total	**101.9**	**5.8**	**-1.8**	**-**	**94.3**

2C Contingent Liquid Resources (millions of barrels)

Licence/Field	End 2012 2C Resources	Production	Discoveries/ Extensions/ Revisions	Acquisitions/ Divestments	End 2013 2C Resources
PNG LNG Project Liquids	-	-	1.7	-	1.7
PNG Other Liquids	29.9	-	-	-	29.9
Middle East Other Liquids	1.6	-	51.5	-	53.1
Total Other Liquids	**31.5**	**-**	**53.1**	**-**	**84.7**

Table 2: 2013 Gas Reserves and Resources Reconciliation with 2012

Proven Gas Reserves (billions of standard cubic feet)

Licence/Field	End 2012 Reserves	Production	Discoveries/ Extensions/ Revisions	Acquisitions/ Divestments	End 2013 Reserves
PDL 2 – Kutubu	-	-	-	-	-
PDL 2 – SE Mananda	-	-	-	-	-
PDL 2/5/6 – Moran Unit	-	-	-	-	-
PDL 4 – Gobe Main	-	-	-	-	-
PDL 3/4 – SE Gobe	-	-	-	-	-
PDL 1 Hides	48.8	5.5	-	-	43.3
PNG LNG Project	1,572.8	-	-	-	1,572.8
Total	**1,621.6**	**5.5**	**-**	**-**	**1,616.1**

Proven & Probable Gas Reserves (billions of standard cubic feet)

Licence/Field	End 2012 Reserves	Production	Discoveries/ Extensions/ Revisions	Acquisitions/ Divestments	End 2013 Reserves
PDL 2 – Kutubu	-	-	-	-	-
PDL 2 – SE Mananda	-	-	-	-	-
PDL 2/5/6 – Moran Unit	-	-	-	-	-
PDL 4 – Gobe Main	-	-	-	-	-
PDL 3/4 – SE Gobe	-	-	23.8	-	23.8
PDL 1 Hides	48.8	5.5	-	-	43.3
PNG LNG Project	2,653.9	-	-350.3	-	2,303.6
Total	**2,702.7**	**5.5**	**-326.5**	**-**	**2,370.7**

2C Contingent Gas Resources (billions of standard cubic feet)

Licence/Field	End 2012 2C Resources	Production	Discoveries/ Extensions/ Revisions	Acquisitions/ Divestments	End 2013 2C Resources
PNG LNG Project Gas	-	-	208.4	-	208.4
PNG Other Gas	2,181.7	-	-37.0	-191.1	1,953.6
Middle East Other Gas	-	-	134.9	-	134.9
Total Other Liquids	**2,181.7**	**-**	**306.2**	**-191.1**	**2,296.8**

Table 3: Developed and Undeveloped Reserves

Developed Reserves
(Net to Oil Search)

Licence/Field	Oil Search Interest %	Liquids Developed mmbbl	Gas Developed bscf	Liquids Developed mmbbl	Gas Developed bscf
Reserves		**Proven (1P)**		**Proven & Probable (2P)**	
PDL 2 – Kutubu	60.0%	11.1	-	17.3	-
PDL 2 – SE Mananda	72.3%	0.1	-	0.3	-
PDL 2/5/6 – Moran Unit	49.5%	7.8	-	12.2	-
PDL 4 – Gobe Main	10.0%	-	-	0.1	-
PDL 3/4 – SE Gobe	25.6%	0.2	-	0.4	-
PDL 1 Hides	100.0%	1.0	43.3	1.0	43.3
Oil Fields and Hides GTE Reserves		**20.2**	**43.3**	**31.4**	**43.3**
PNG LNG Project Reserves	**29.0%**	**-**	**-**	**-**	**-**
Subtotal Developed Resources		**20.2**	**43.3**	**31.4**	**43.3**

Undeveloped Reserves
(Net to Oil Search)

Licence/Field	Oil Search Interest %	Liquids Undeveloped mmbbl	Gas Undeveloped bscf	Liquids Undeveloped mmbbl	Gas Undeveloped bscf
Reserves		**Proven (1P)**		**Proven & Probable (2P)**	
PDL 2 – Kutubu	60.0%	1.3	-	1.3	-
PDL 2 – SE Mananda	72.3%	-	-	-	-
PDL 2/5/6 – Moran Unit	49.5%	1.5	-	1.7	-
PDL 4 – Gobe Main	10.0%	-	-	-	-
PDL 3/4 – SE Gobe	25.6%	0.2	-	0.2	23.8
PDL 1 Hides	100.0%	-	-	-	-
Oil Fields and Hides GTE Reserves		**3.0**	**-**	**3.3**	**23.8**
PNG LNG Project Reserves	**29.0%**	**38.4**	**1,572.8**	**59.7**	**2,303.6**
Subtotal Undeveloped Resources		**41.5**	**1,572.8**	**63.0**	**2,327.4**

Table 4: Total Reserves and Resources Summary [1,2]

Reserves and Resources as at 31 December 2013
(Net to Oil Search)

Licence/Field	Oil Search Interest %	Liquids Total [3] mmbbl	Gas Total [4] bscf	Liquids Total [3] mmbbl	Gas Total [4] bscf
Reserves		**Proven (1P)**		**Proven & Probable (2P)**	
PDL 2 – Kutubu	60.0%	12.4	-	18.7	-
PDL 2 – SE Mananda	72.3%	0.1	-	0.3	-
PDL 2/5/6 – Moran Unit	49.5%	9.3	-	13.9	-
PDL 4 – Gobe	10.0%	0.1	-	0.2	-
PDL 3/4 – SE Gobe [5]	25.6%	0.3	-	0.6	23.8
PDL 1 Hides [6]	100.0%	1.0	43.3	1.0	43.3
Oil Fields and Hides GTE Reserves		**23.2**	**43.3**	**34.6**	**67.1**
PNG LNG Project Reserves [5]	**29.0%**	**38.4**	**1,572.8**	**59.7**	**2,303.6**
Subtotal Reserves		**61.6**	**1,616.1**	**94.3**	**2,370.7**
Contingent Resources		**1C**		**2C**	
PNG LNG Project Gas and Liquids		-	-	1.7	208.4
PNG Other Gas and Liquids [7]		-	-	29.9	1,953.6
Middle East Other Gas and Liquids [7]		-	-	53.1	134.9
Subtotal Resources		-	-	**84.7**	**2,296.8**
Total Reserves and Resources		**61.6**	**1,616.1**	**179.0**	**4,667.5**

1. Numbers may not add due to rounding.
2. Oil fields proven reserves (1P) and proven and probable reserves (2P) are as certified by independent auditors Netherland, Sewell & Associates, Inc. (NSAI) in 2012. 1P PNG LNG Project reserves are as certified in 2008 by independent auditors, NSAI. 2P PNG LNG Project reserves and contingent resources (2C) are based on a combination of independent audit, PNG LNG Project operator and internal assessments.
3. Liquids include crude oil, separator and plant condensates.
4. For PNG LNG Project, shrinkage has been applied to raw gas for the field condensate, plant liquids recovery and fuel and flare.
5. PNG LNG Project reserves comprise the Kutubu, Moran, Gobe, SE Hedinia, Hides, Angore and Juha fields. In addition, third party wet gas sales to the project at the Gobe plant outlet (inclusive of plant condensate) have been included for SE Gobe in 2P at the post-sales agreement SE Gobe field interest (22.58%).
6. Hides reserves associated with the GTE Project only.
7. Other Gas and Liquids Resources comprises the Company's other fields including SE Mananda, Juha North, P'nyang, Kimu, Uramu, Barikewa, Iehi, Cobra, Al Meashar-1 fields, as well as the 2010/2013 Mananda 5/6 and 2013 Taza discoveries. These gas resources may include fuel, flare and shrinkage depending on the choice of reference point.

Additional Notes

- The evaluation date for these estimates is 31st December 2013.
- The following reference points are assumed:
  - Oil field liquids: the inlet to the refinery
  - Hides GTE: the custody transfer point at the wellhead with gas and condensate reported separately
  - PNG LNG: the outlet to the LNG plant
  - SE Gobe gas: the outlet to the Gobe facility
  - Fuel, flare and shrinkage upstream of the reference points have been excluded.
- Reserves and contingent resources are aggregated by arithmetic summation by category and therefore proved reserves may be a very conservative estimate due to the portfolio effects of arithmetic summation.
- Reserves and contingent resources have been estimated using both deterministic and probabilistic methods.
- The information in this reserves and resources statement has been prepared by Dr Jon Rowse, Oil Search's General Manager - Subsurface, who is a full-time employee of the Company and a member of the Society of Petroleum Engineers. Dr Rowse is qualified in accordance with ASX Listing Rules 5.41-5.44, and confirms that the statement fairly represents information and documentation which has been prepared under his supervision and approved by him. He has consented to publish this information in the form and context in which it is presented in this statement.