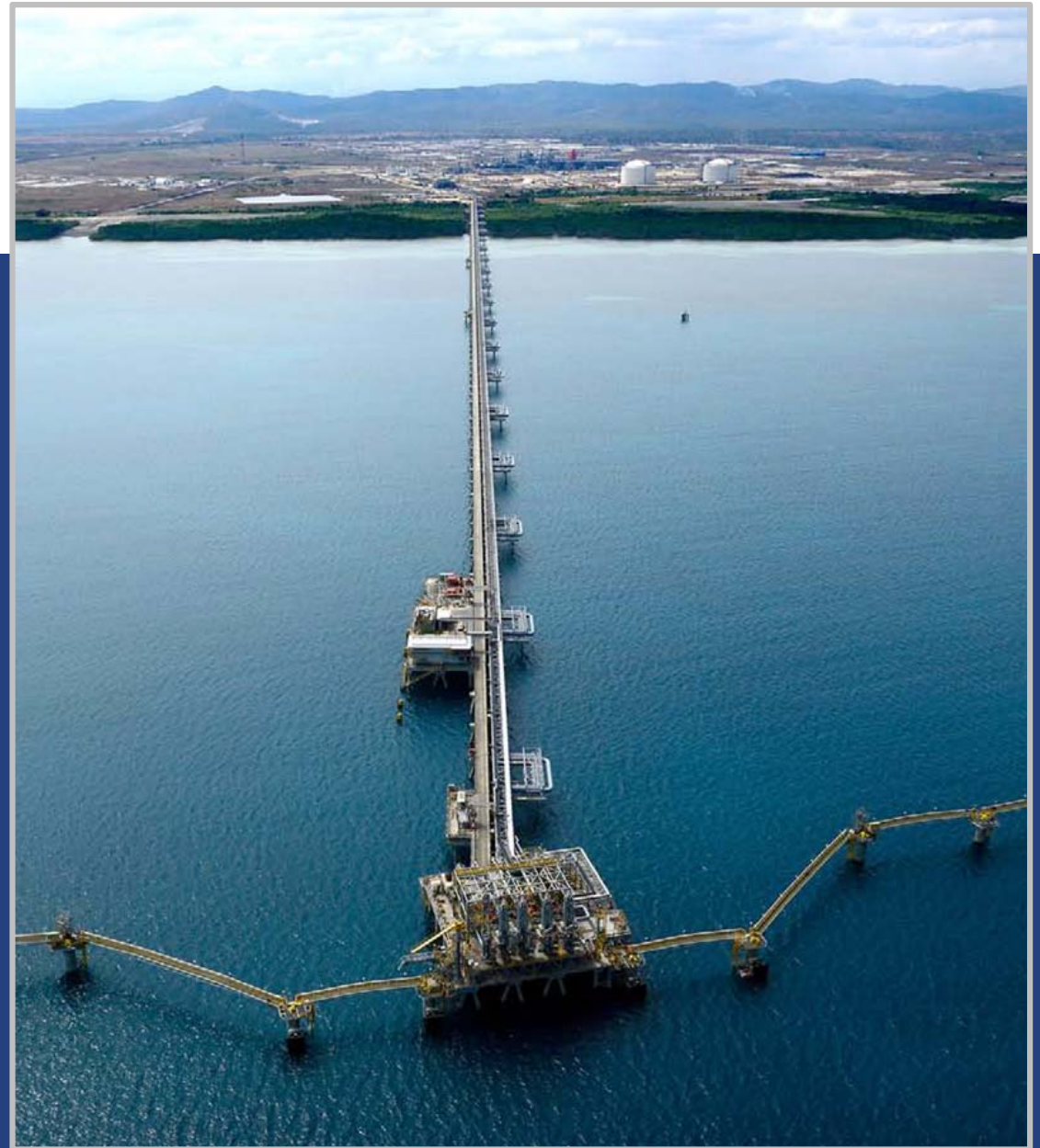




Oil Search

**Macquarie
Australia
Conference**
May 2014

Oil Search Limited
ARBN 055 079 868

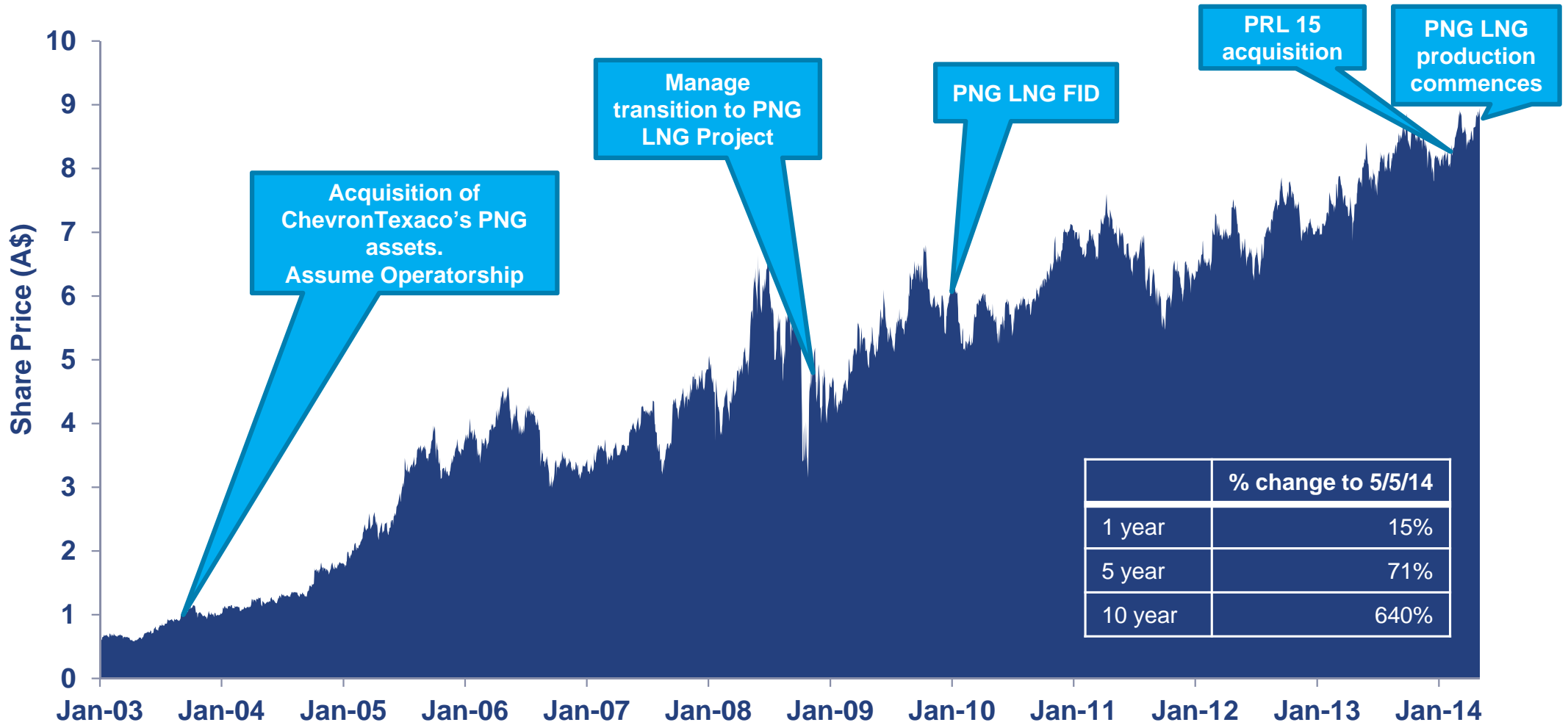


Transformation

- » PNG LNG Project production has commenced, first LNG sales expected soon
- » PNG LNG transforms OSH into significant LNG exporter with steady 20+ year cash flow stream, sufficient to fund both growth opportunities and pay materially higher dividends
- » Highlands and PRL 15 LNG expansion opportunities being matured. Potential involvement in two, possibly three, additional high returning LNG trains by end of decade
- » Taza oil discovery in Kurdistan being appraised, positive results to date
- » Balance sheet strengthened by recent placement to PNG Government, SPP in progress
- » Strategic review underway. Will set direction for next five years



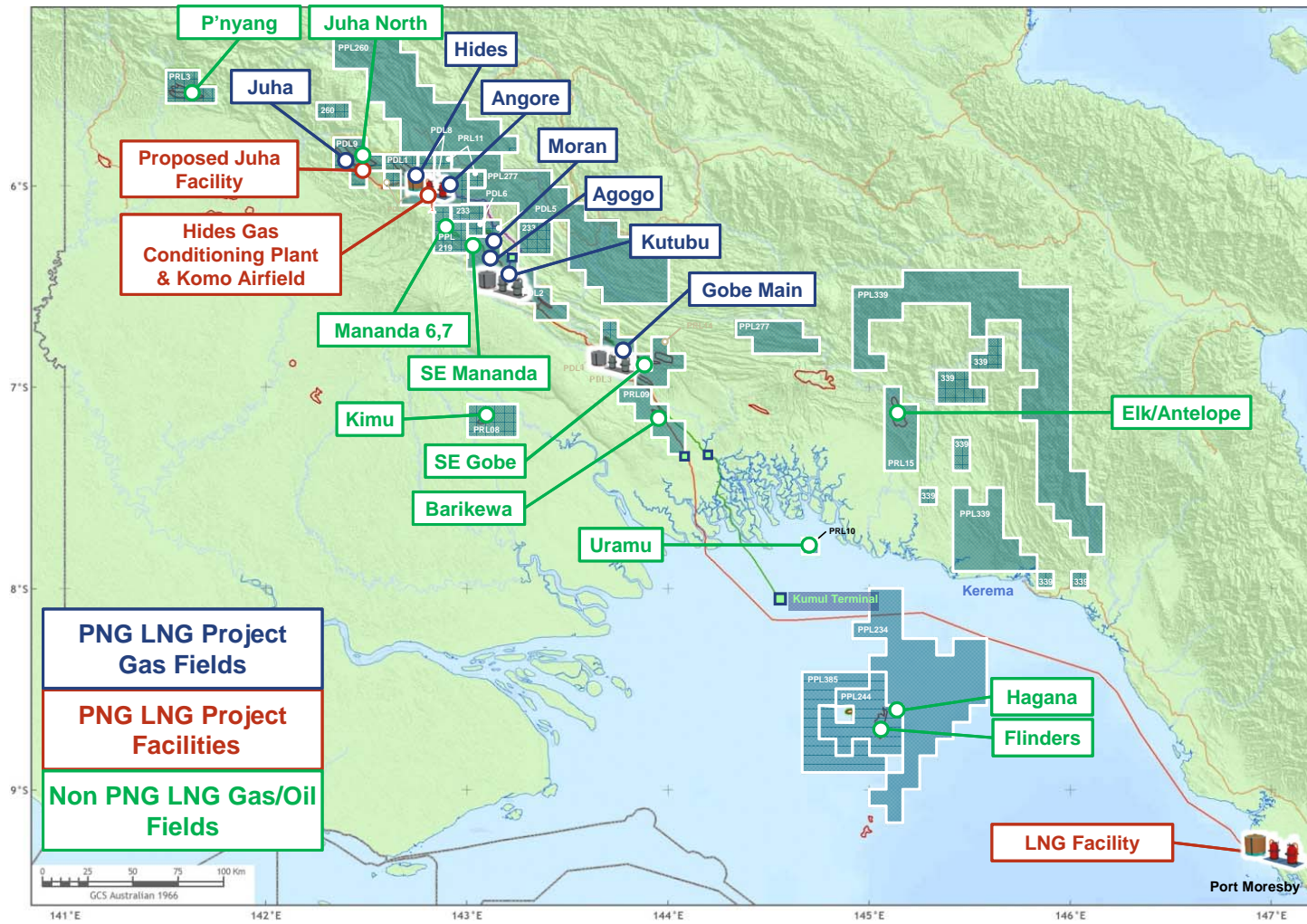
Core Strategies Have Delivered Steady Long-Term Share Price Appreciation









Oil Search Licence Interests, PNG



Oil Search



-  Oil Pipeline
-  PNG LNG Gas Pipeline
-  OSH Permit
-  OSH Facility
-  PNG LNG Project Facility
-  Major Road

PNG LNG Project



Project Update

- » PNG LNG Project ahead of schedule and within November 2012 budget of US\$19 billion
- » LNG production from Train 1 commenced in April 2013. First LNG cargo expected to be shipped to Asian markets shortly
- » Second train expected to commence production in next several weeks
- » Production targeted to ramp up to full capacity (6.9 MTPA) by year end
- » Remaining activities include completion of drilling on Hides field and finalising construction of spinline linking Hides production wells to HGCP
- » Associated Gas (oil fields) are supplying gas and receiving liquids from PNG LNG. Liquids being blended with oil field production and sold as Kutubu Blend



PNG LNG Plant site



March 2014

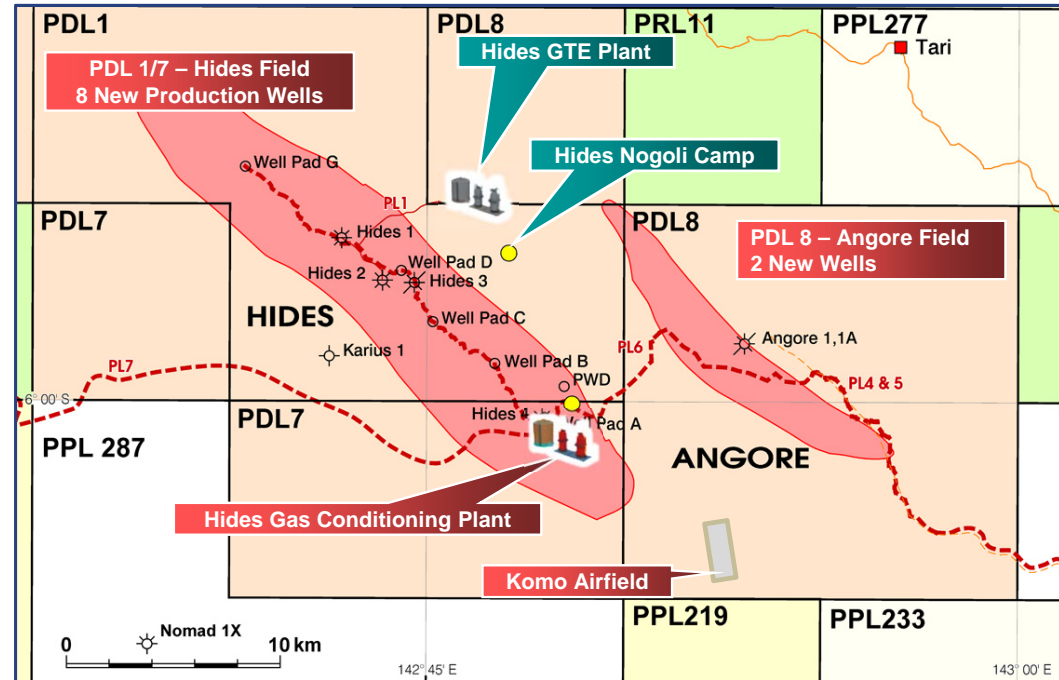
Upstream Facilities



Hides Development Drilling



Rig 703, Hides G pad, March 2014



- » Six wells at three wellpads (B,C and D) complete. B wells brought online late 1Q14
- » Drilling ongoing at wellpad G (NW Hides) and PWD well. Will help constrain gas volume in Hides field
- » Installation of final sections of pipeline gather system to HGCP underway

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 trains
- » Upside in 1P reserves at Hides plus substantial discovered undeveloped gas resources:

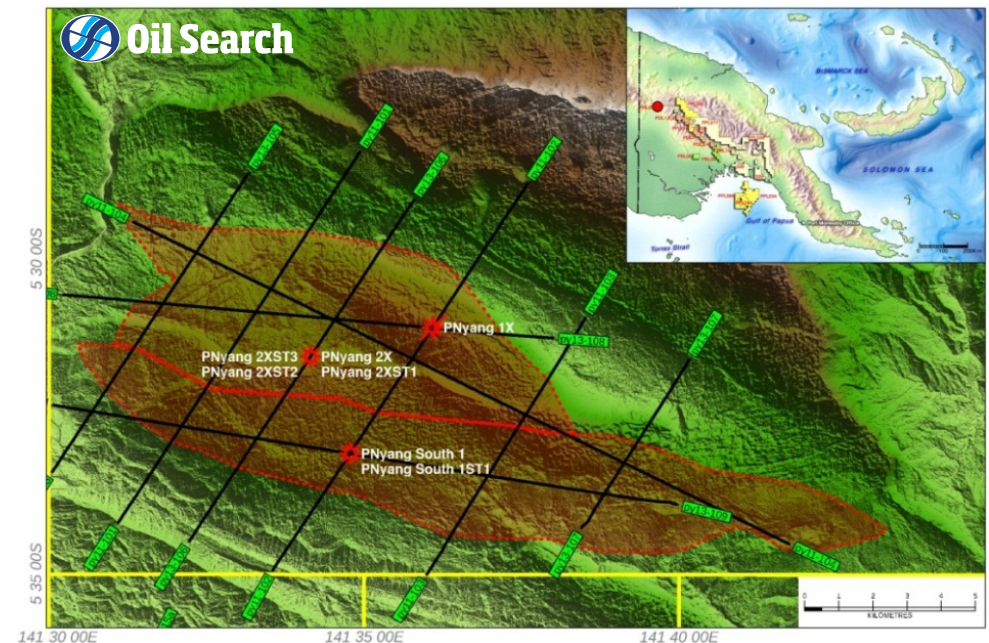
– P'nyang	(38.5% equity)	Kimu	(60.7% Equity)
– Juha North	(24.4% Equity)	Flinders	(40% Equity)
– Uramu	(100% Equity)	Hagana	(40% Equity)
– Barikewa	(45.1% Equity)	Elk/Antelope	(22.8% Equity)

 - 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

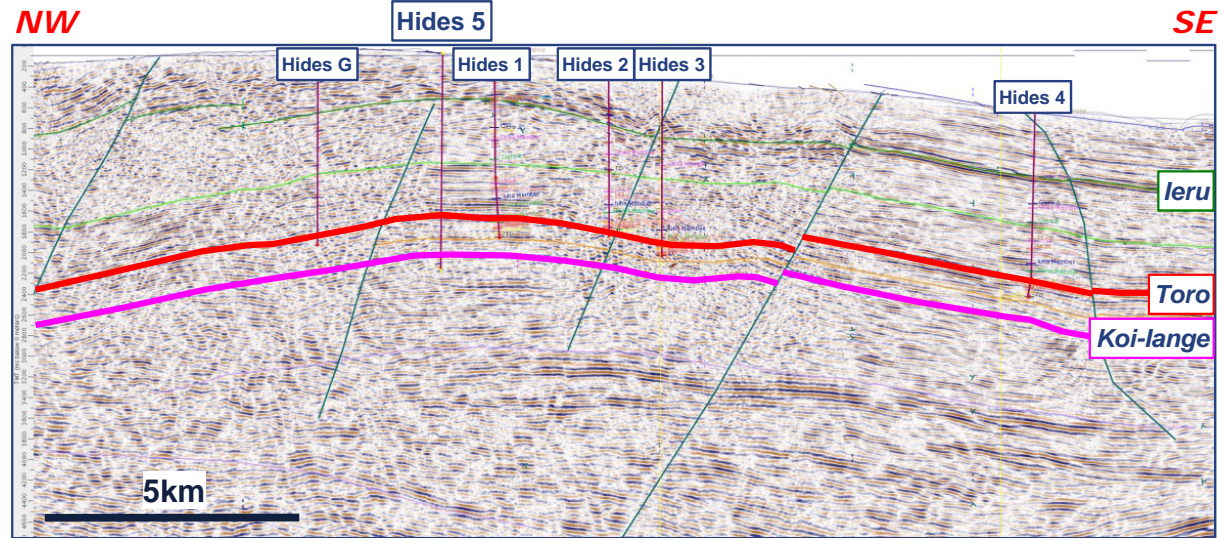
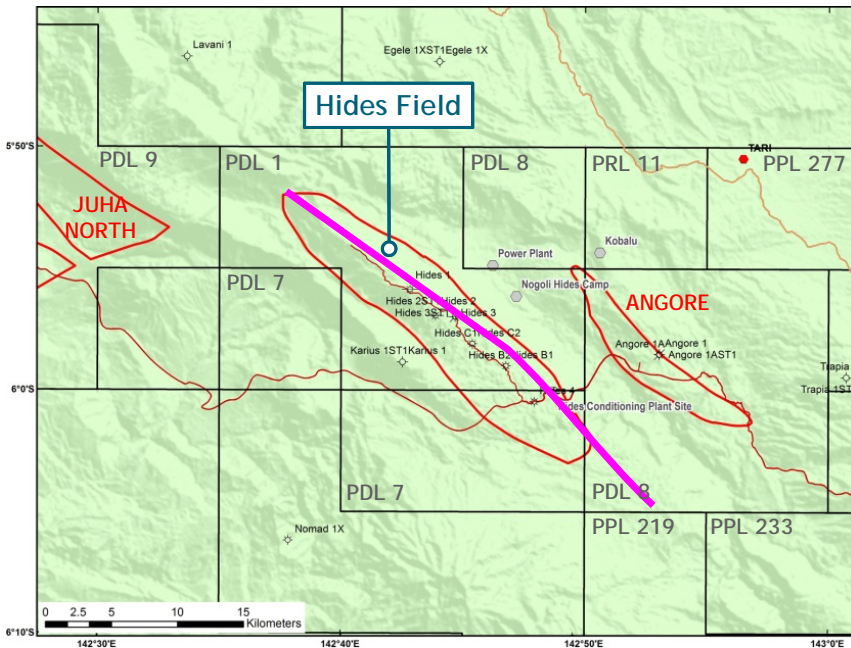
- » Key resource to support potential growth from PNG LNG:
 - Total 2C recoverable gas resources in P'nyang field of 2.5 tcf
- » Concept selection work well advanced – engineering, environmental and social mapping
- » Development work to continue through to submission of PDL application in early 2015

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





Hides 5 – PDL 1



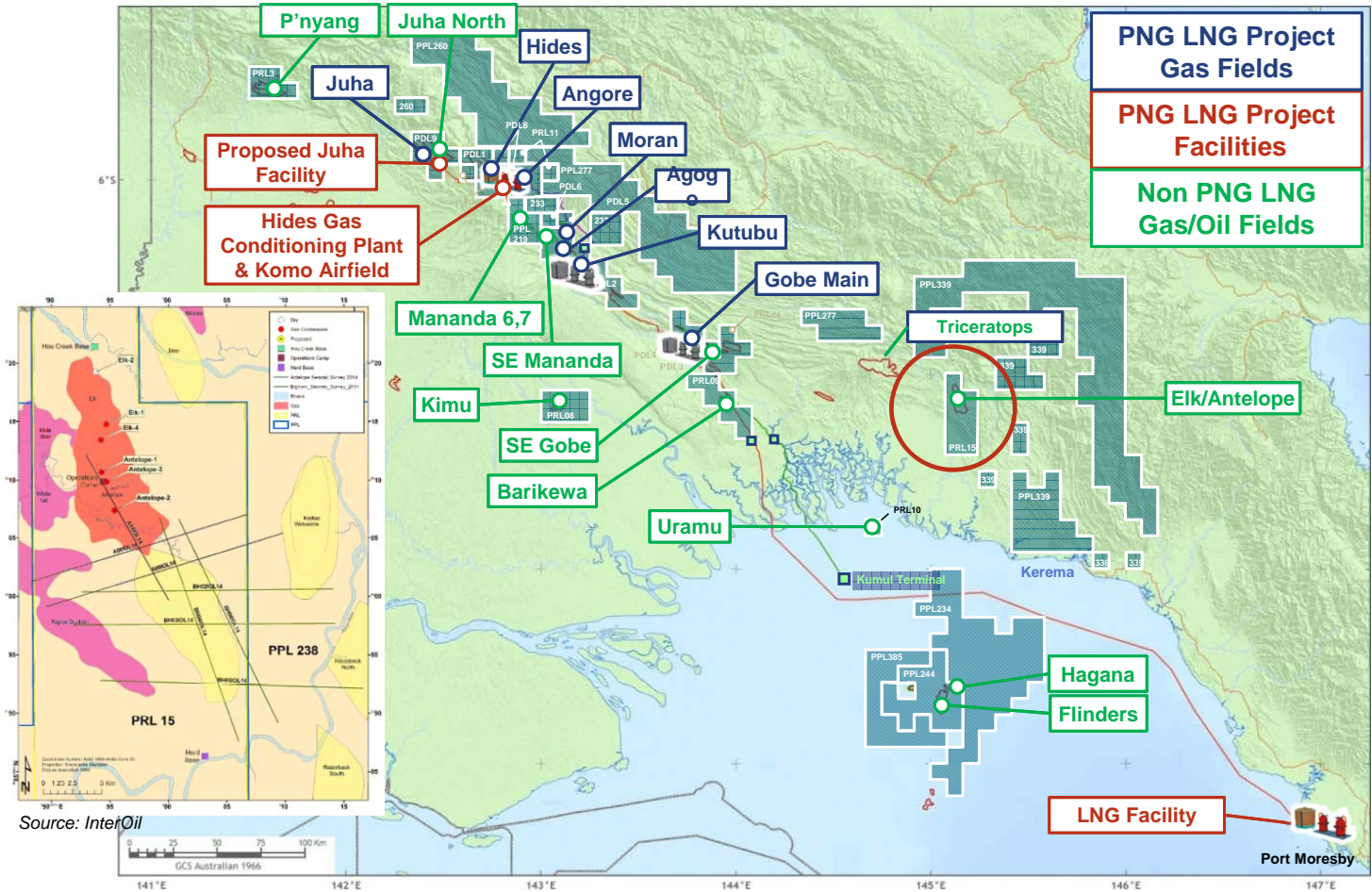
- » Hides 5 to explore Koi-lange reservoir
- » Simple well-constrained anticline - 30km x 5km
 - >1,200m proven gas column in Toro
 - Koi-lange target mapped ~700m below Toro
- » Site construction complete
- » Drilling provisionally scheduled for 4Q14, subject to JV approval

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



Elk/Antelope - PRL 15

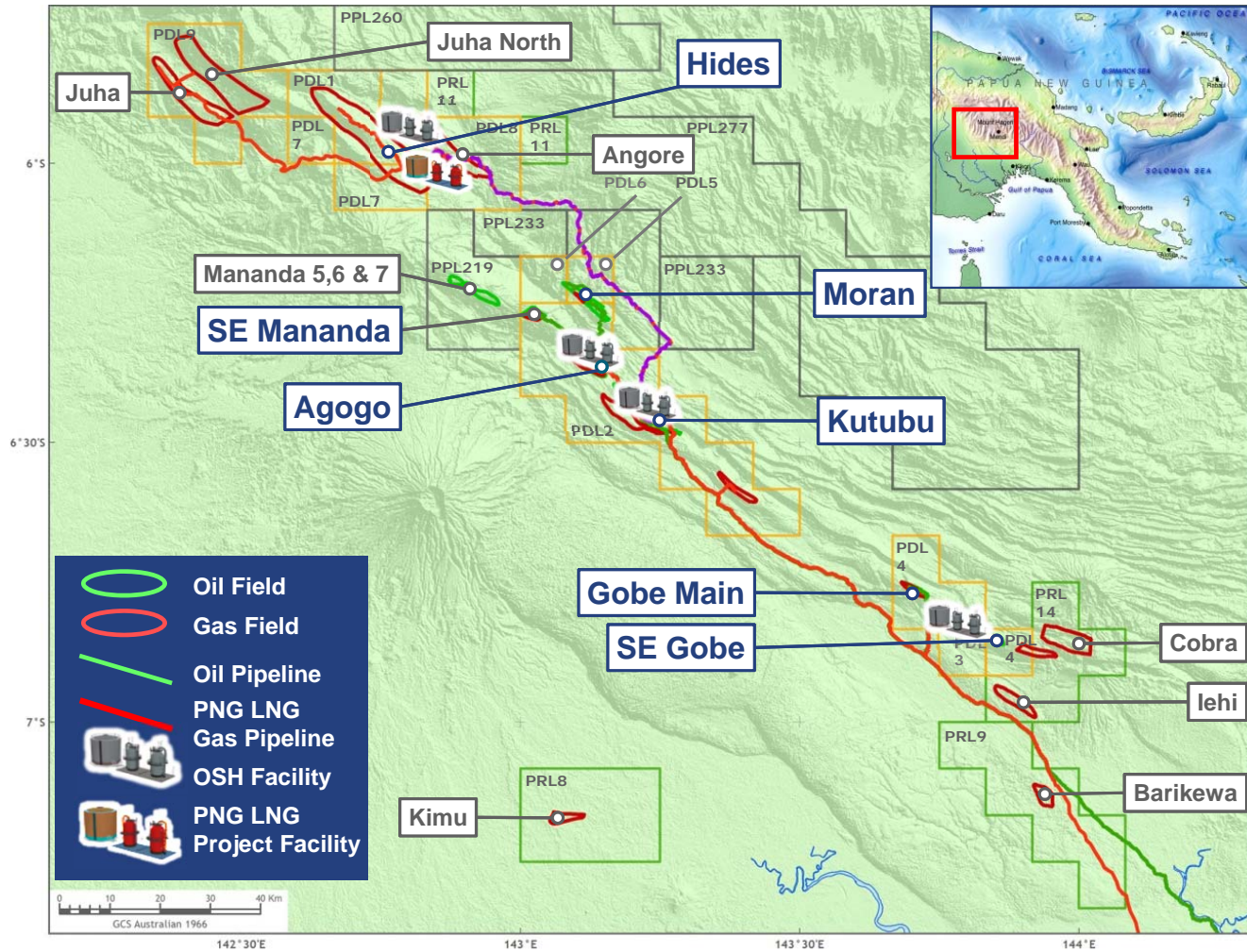
- » 22.835% interest in PRL 15, containing Elk/Antelope gas discoveries
- » Gross Elk/Antelope 2C contingent resources estimated by OSH at 5.3 tcf of raw gas including 75 mmbbl condensate
- » Independent assessment by Gaffney Cline & Associates (Dec 2013) estimates P50 raw gas resource of 7.0 tcf including 96 mmbbl condensate¹
- » Up to three wells to be drilled on PRL 15, designed to prove up sufficient gas resources to support LNG development. First well expected to spud in July
- » Range of material prospects and leads identified in PRL 15 – provide additional upside
- » JVOA dispute resolution process underway relating to sale of 40% interest in PRL 15 from InterOil to Total SA in March. Negotiations to achieve commercial resolution also ongoing
- » PNG Government has expressed desire that Elk/Antelope be developed in earliest practical timeframe



¹ Raw gas is natural gas recovered at the wellhead consisting of wet gas volumes (unprocessed) before reductions for shrinkage due to recovery of 75 million barrels of condensate, removal of non-hydrocarbon compounds and losses from fuel and flare. The reference point is taken at the wellhead because the detailed development plan has not yet been agreed.



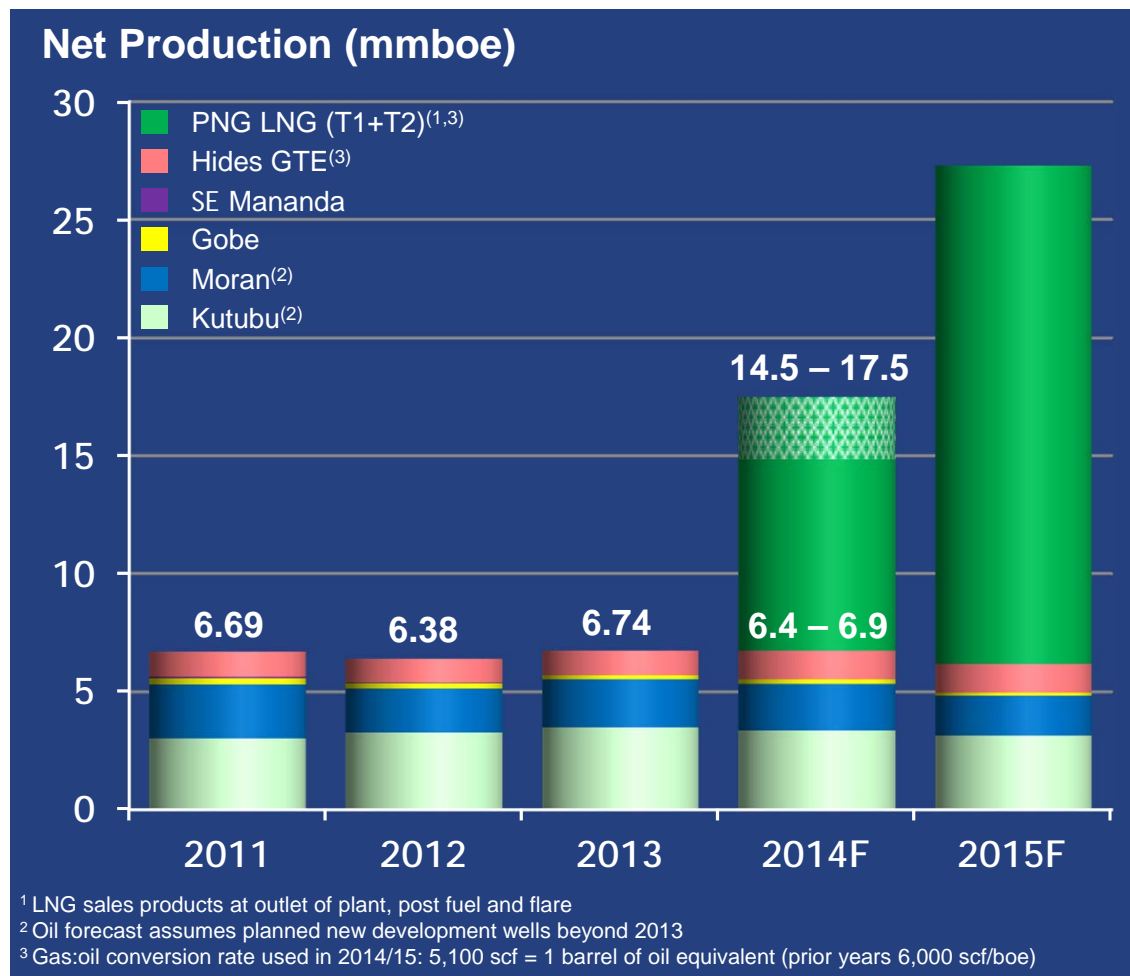
Strong production from PNG oil fields



- » Reservoir performance from key oil fields remains strong
- » Continued success of development drilling and field management activities
- » Commissioning gas successfully delivered from Kutubu to PNG LNG Plant (September) and HGCP (December)

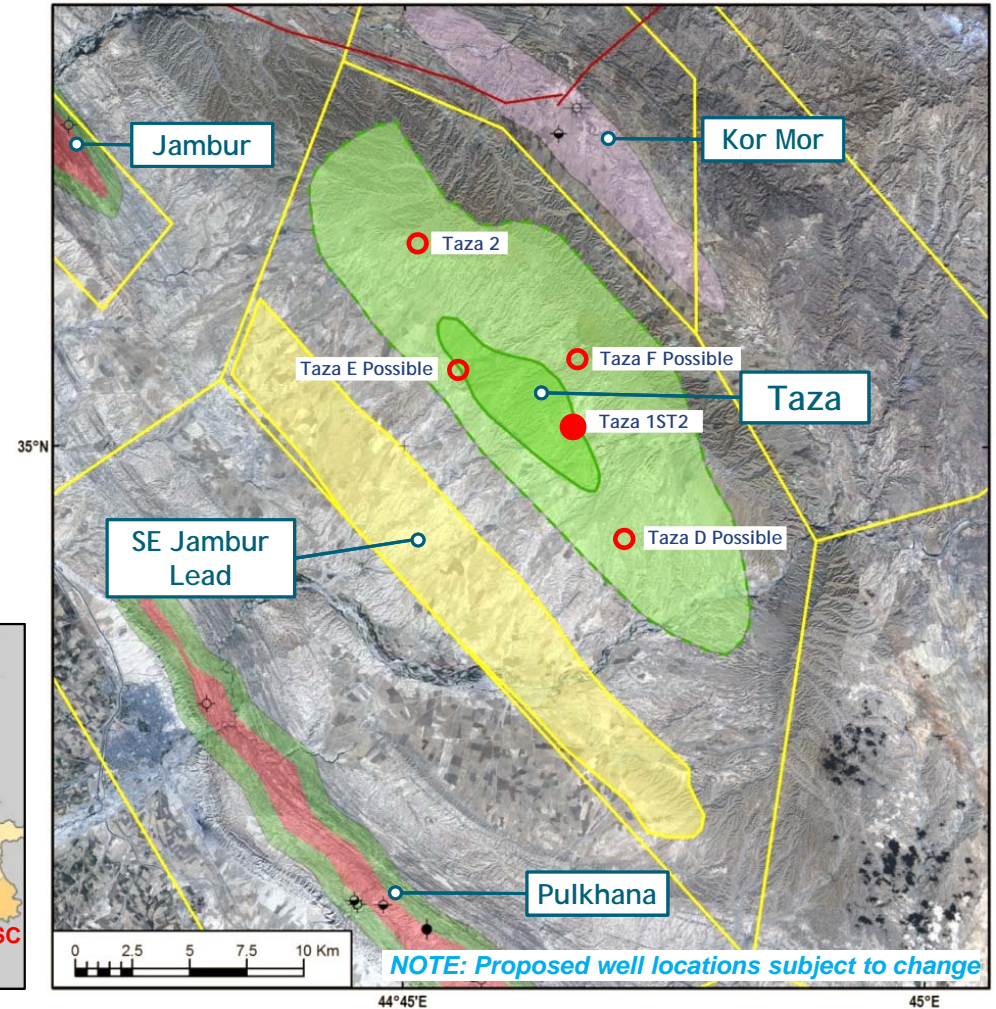
Production Outlook

- » Production guidance for 2014 increased from 13 – 16 mmboe to 14.5 – 17.5 mmboe:
 - Driven by Project operator update of first LNG from Train 1 ahead of schedule, good progress by Train 2
- » Production from oil fields of 6.4 – 6.9 mmboe (unchanged), up slightly from 2013
- » In first full year (2015), PNG LNG will add ~21 mmboe net to OSH production

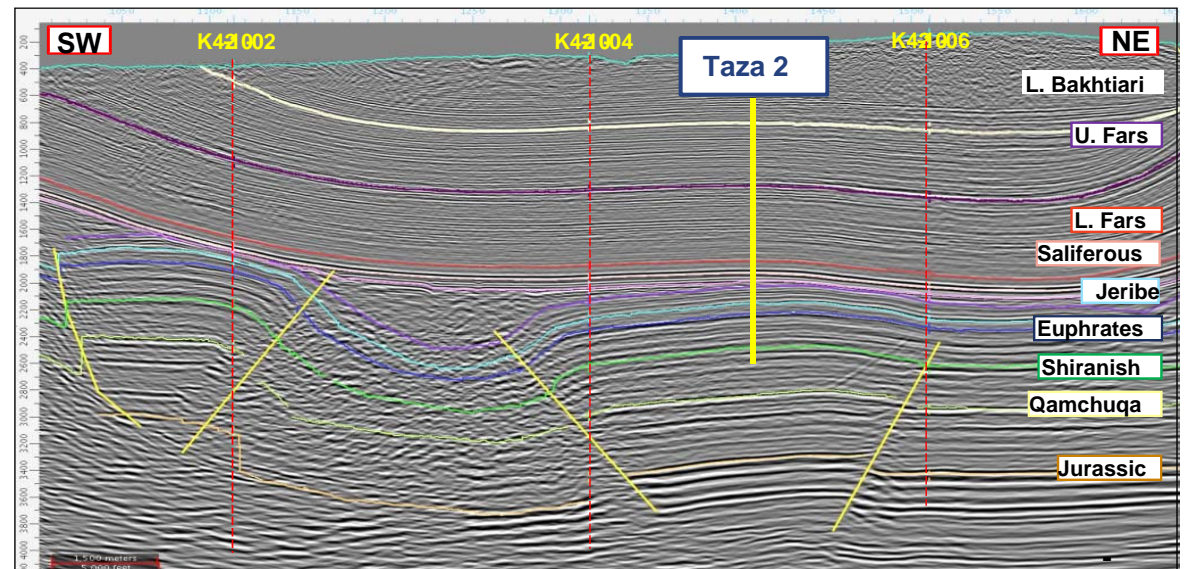
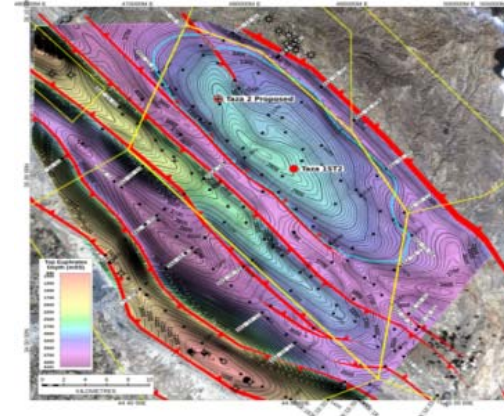


Oil Discovery at Taza, Kurdistan: Appraisal Underway

- » Appraisal programme on Taza oil discovery underway
- » Taza 2, spudded 25 December, to appraise upper intervals and explore deeper Tertiary and Cretaceous targets:
 - Jeribe Formation recently penetrated. Initial analysis confirms entire interval is oil-bearing
 - Setting casing, prior to drilling ahead into Euphrates/Kirkuk and Shiranish and testing of key intervals
- » Taza 3, to appraise southern part of field planned for 3Q14, plus two more wells and 3D seismic
- » Early Production Facility (EPF) on one well
- » 3D seismic acquisition underway, including over SE Jambur lead
- » New export pipeline through Kurdistan to Turkey complete. Fiscal issues between Kurdistan and Iraq being steadily resolved



Taza 2 Well – Multiple Objectives





Positioning for Next Phase of Growth

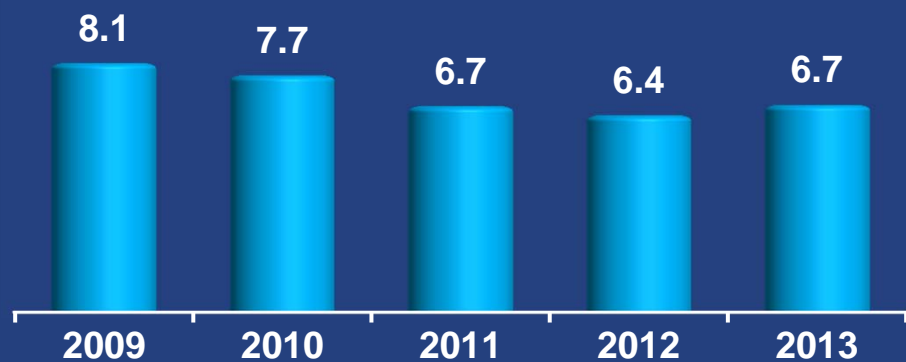
- » Corporate transformation underway:
 - First LNG sales will change production and cash flows radically
- » Strategic plan to maximise value from the existing portfolio
- » New strategic review will set plan for the next five years. Focus areas include:
 - Review of Company structure, cost base and 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
- » Changes in share register:
 - IPIC now OSH's largest holder with 13.1% – reputation as long term, supportive shareholder
 - Government remains key shareholder with 10.0% – ongoing alignment

Summary

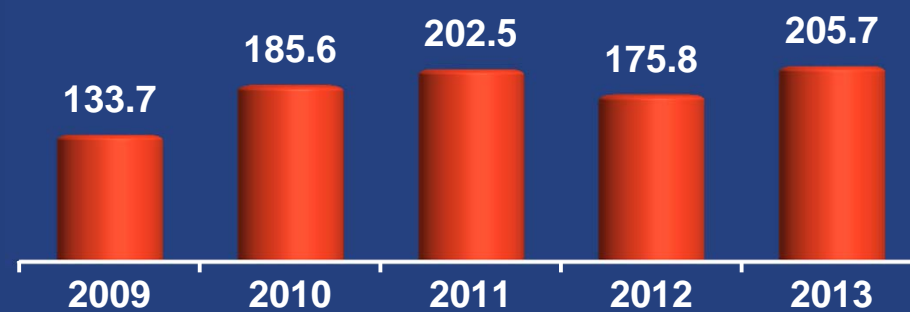
- » PNG LNG nearly complete, with first LNG deliveries expected before mid-2014 within revised budget:
 - Transformational for OSH's production and cashflow profile
- » Moving forward on LNG expansion plans:
 - Proven P'nyang resource
 - Drilling to determine size and shape of Hides underway
 - Acquisition 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 drilling multiple wells, seismic, EPF
 - Kurdistan-Iraq issues being resolved
- » Active programmes to mitigate natural decline from PNG oil fields will continue into 2014
- » Sound balance sheet

Appendix 1: Key metrics

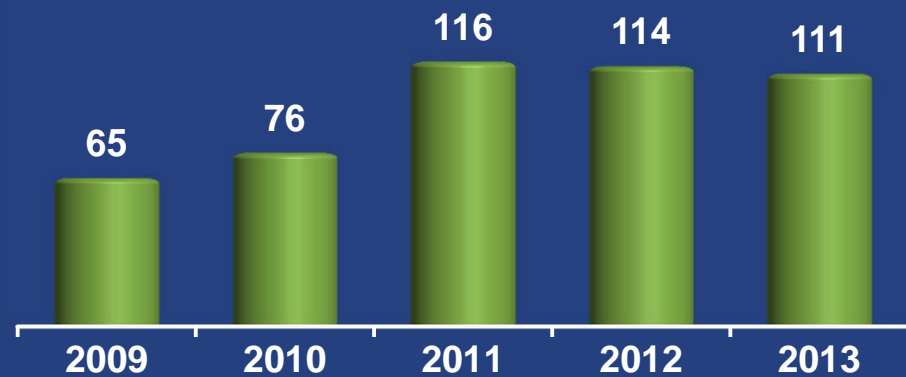
Production (mmboe)



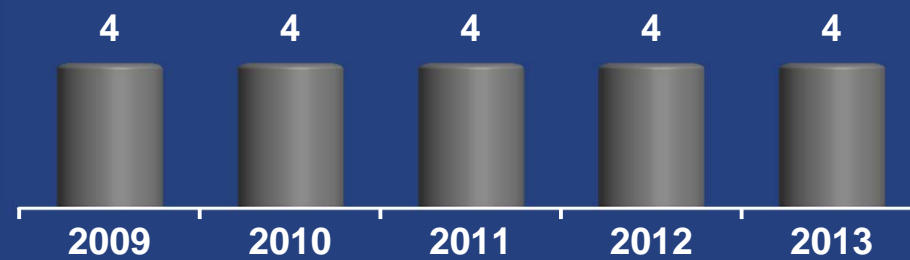
NPAT (US\$m)



Oil Price (US\$/bbl)



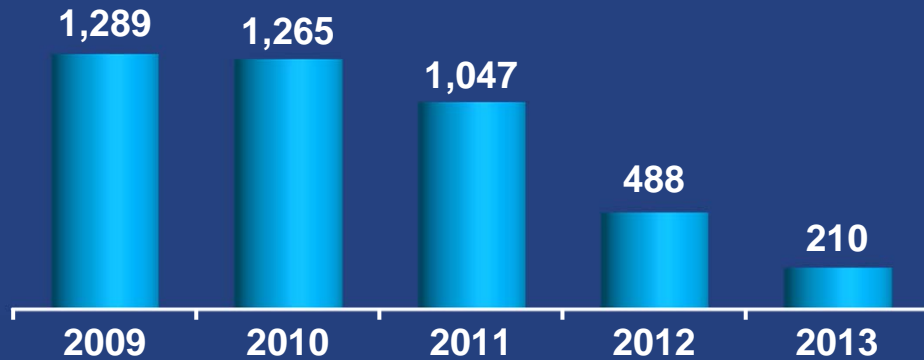
DPS (US cents)



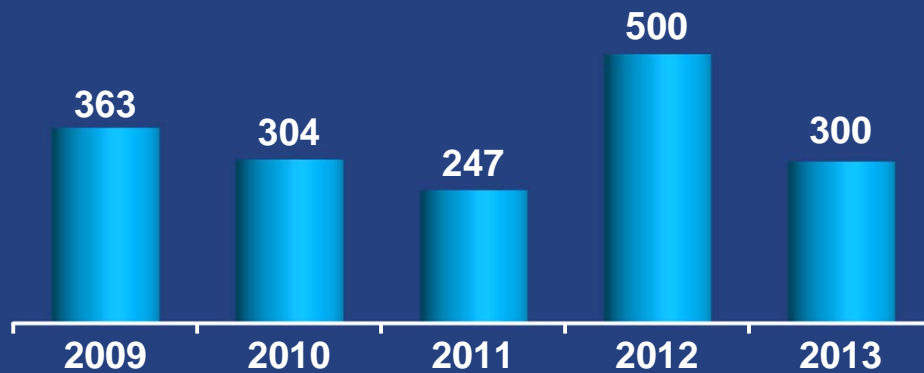


Appendix 2: Treasury Update

Cash (US\$m)



Corporate Facility Available (US\$m)



- » Total liquidity of US\$711.2 million at end 1Q14 comprising US\$411.2 million cash and US\$300 million available under non-amortising corporate revolving facility
- » US\$200 million remaining equity contribution to 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\$3.91 billion (OSH share) drawn down under PNG LNG Project finance facility at end 1Q14
- » 2013 final unfranked dividend of two US cents per share, fully funded via underwritten DRP

Appendix 3: 2014 Guidance Summary



Production

Current operations (oil and GTE)	6.4 – 6.9 mmboe ¹
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PNG LNG Project	
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LNG	34 – 43 bcf
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Liquids	1.5 – 2.1 mmbbl
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Total PNG LNG Project	8.1 – 10.6 mmboe ¹
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Total Production	14.5 – 17.5 mmboe
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Operating Costs (subject to review)

Normalised cash opex (incl corporate costs)	US\$21 – 26 / boe
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Hides GTE gas purchase costs	US\$37 – 40 million
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Business development	US\$10 – 15 million
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Depreciation, amortisation and site restoration	US\$13 – 15 / boe
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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.

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