



Oil Search

2014 Annual Meeting

A year of transformation

85 YEARS
1929-2014

10:00am, Friday 16 May, 2014
Crowne Plaza Hotel, Port Moresby, PNG

Oil Search Limited

ARBN 055 079 868



Oil Search

Presentation by Managing Director

Peter Botten





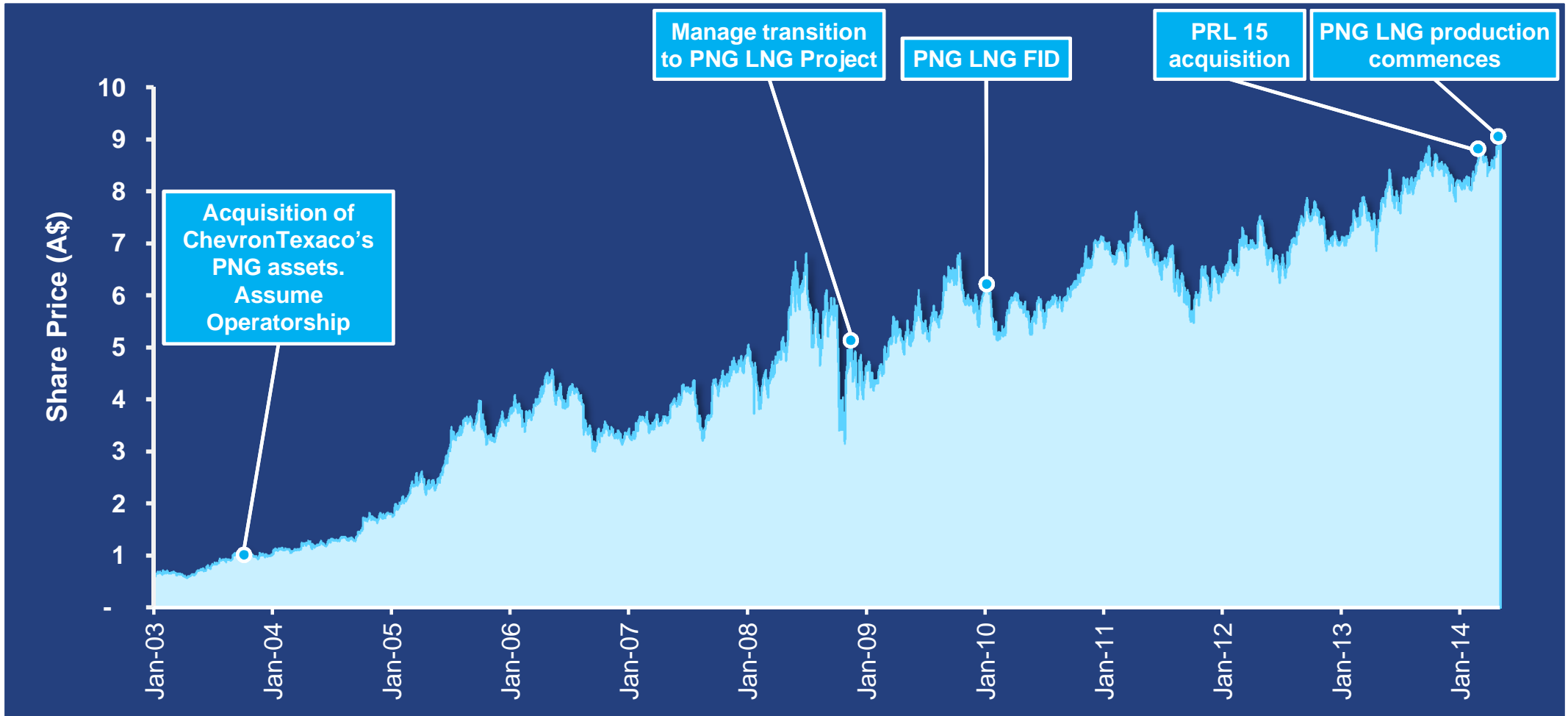
Corporate Transformation Underway

Oil Search is in excellent position to build further value for shareholders. Platform of unprecedented strength

- » PNG LNG Project largely complete, with loading of first cargo underway
- » 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:
 - Possibility of more than doubling production over next 5 – 7 years, off 2015 base
- » Taza oil discovery in Kurdistan being appraised, positive results to date
- » Balance sheet strengthened by recent placement to PNG Government and SPP
- » Strategic Review underway. Will set direction for next five years



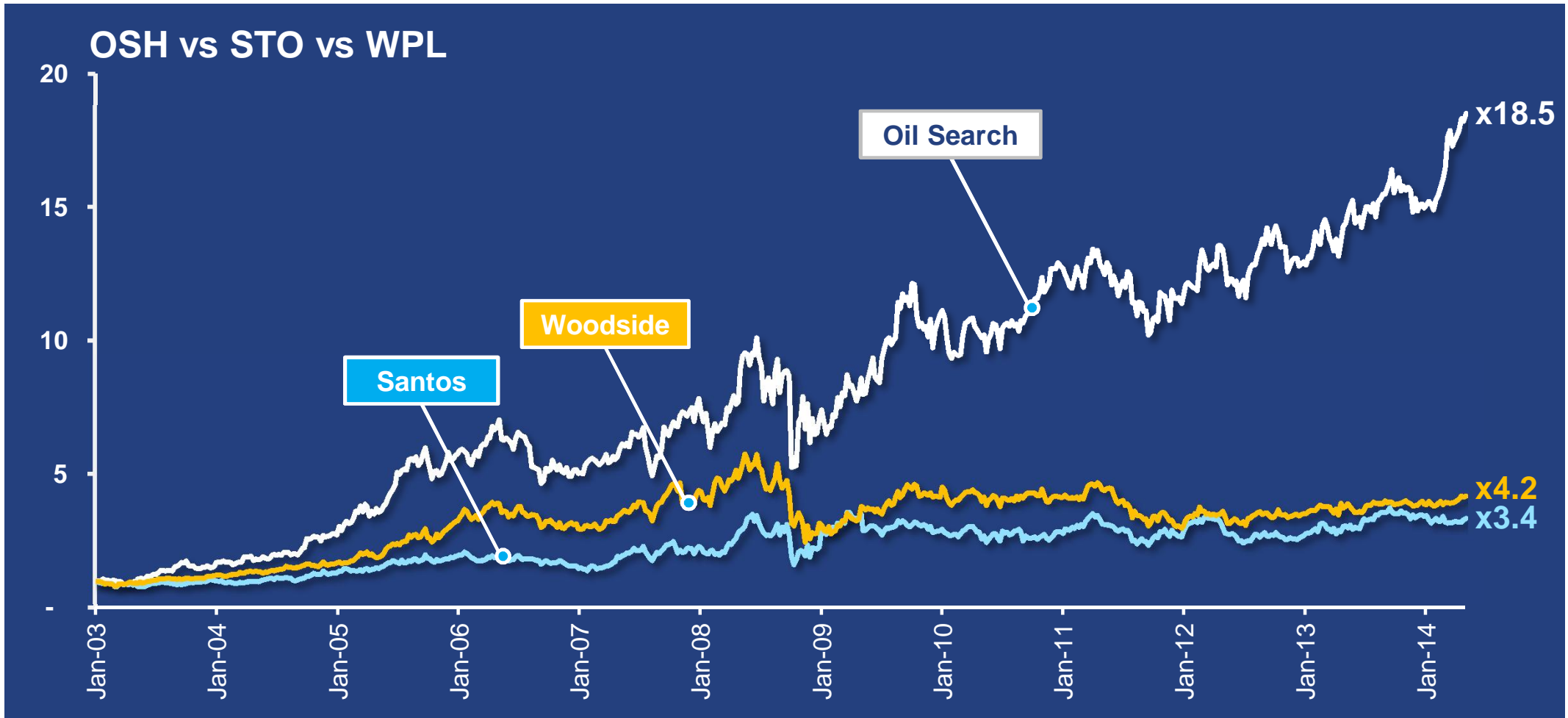
Core Strategies Have Delivered Steady, Long-Term Share Price Appreciation....



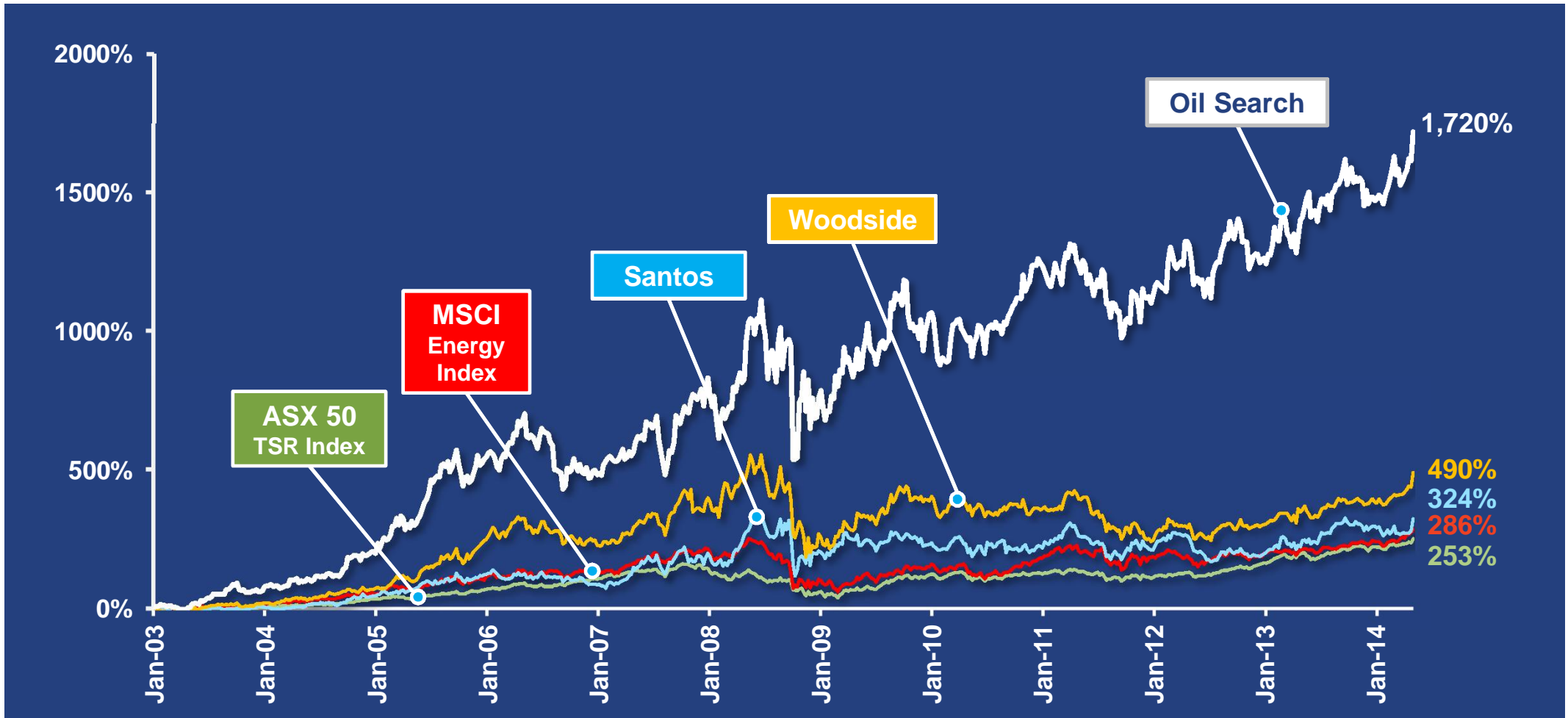
...Significant increase in Market Capitalisation..



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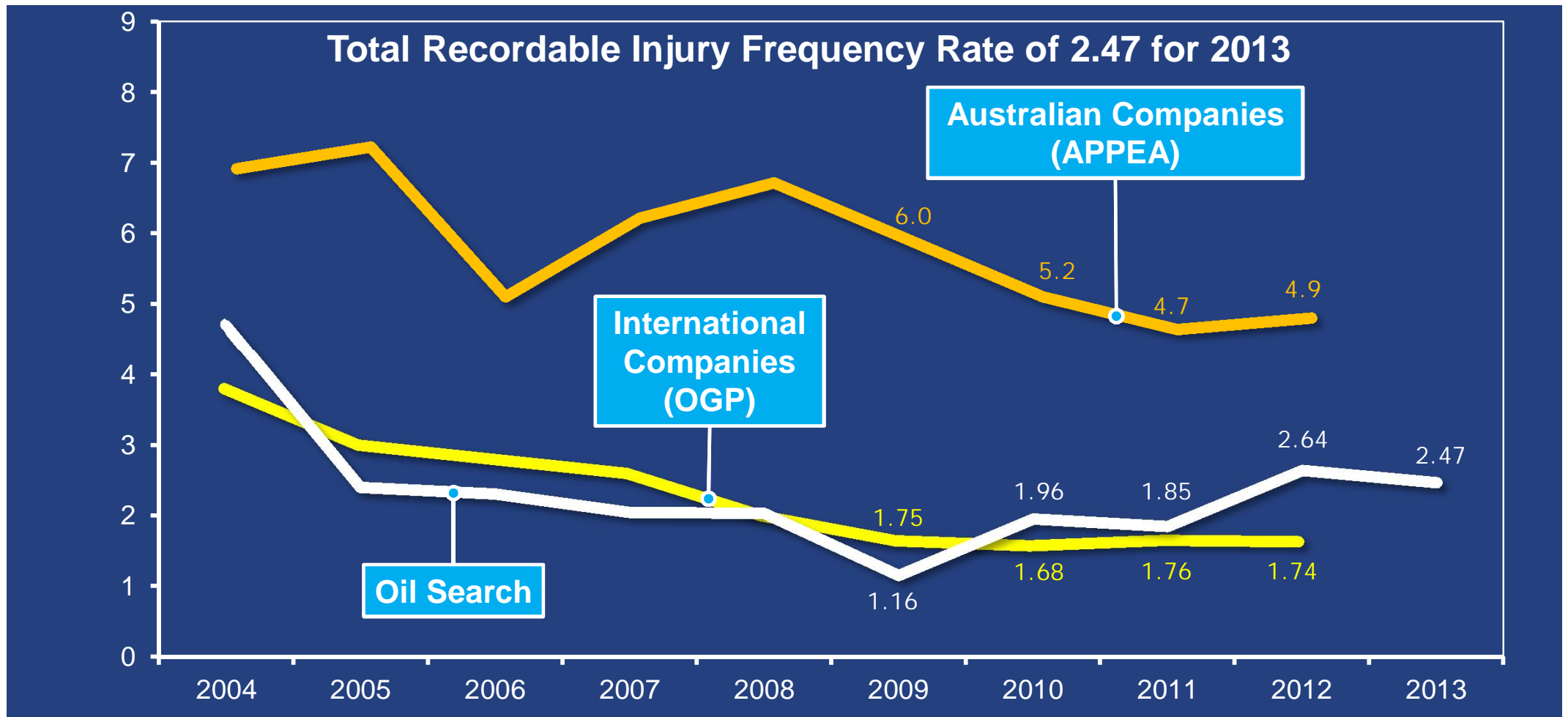
...Top Quartile TSR Performance Relative to Australian Peers



Safety Remains Our Top Priority



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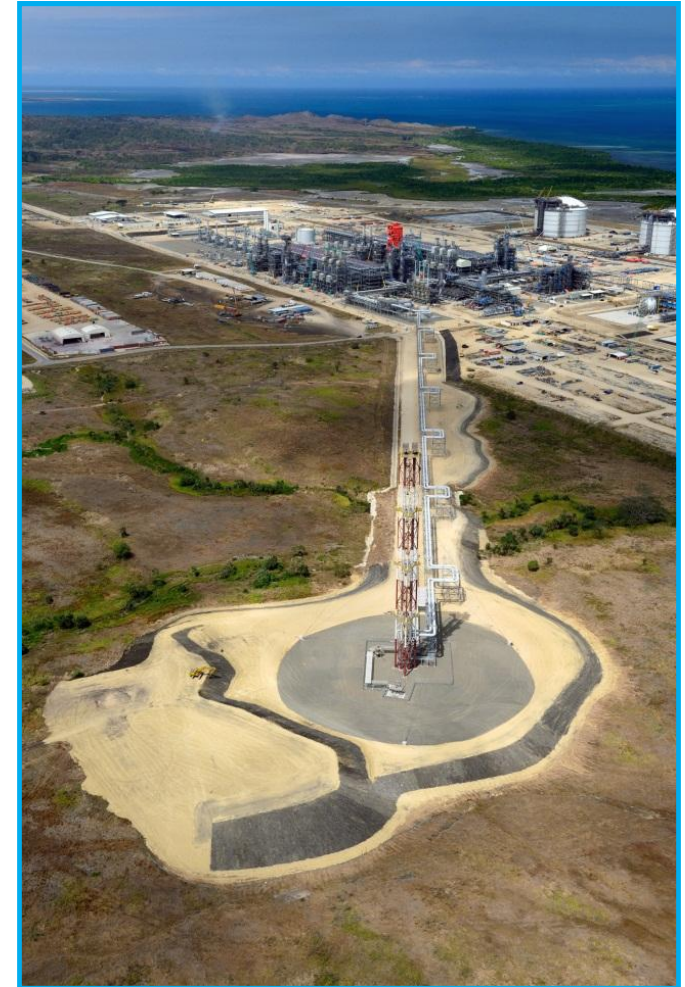


PNG LNG Project



Project Update

- » PNG LNG Project ahead of schedule and expected to be delivered within November 2012 budget of US\$19 billion
- » Train 1 in production and start-up of Train 2 expected soon
- » LNG loadings have commenced, first shipment to Asian markets expected shortly
- » Ramp up to full capacity (6.9 MTPA) in progress
- » Hides liquids being blended with oil field production and sold as Kutubu Blend



PNG LNG Plant Site



Feb 2011



Feb 2014

PNG LNG Plant Site and Jetty



PNG LNG Spirit of Hela



PNG LNG Offshore Pipeline



PNG LNG Onshore Pipeline

Highlands section pipeline



Pipeline burial

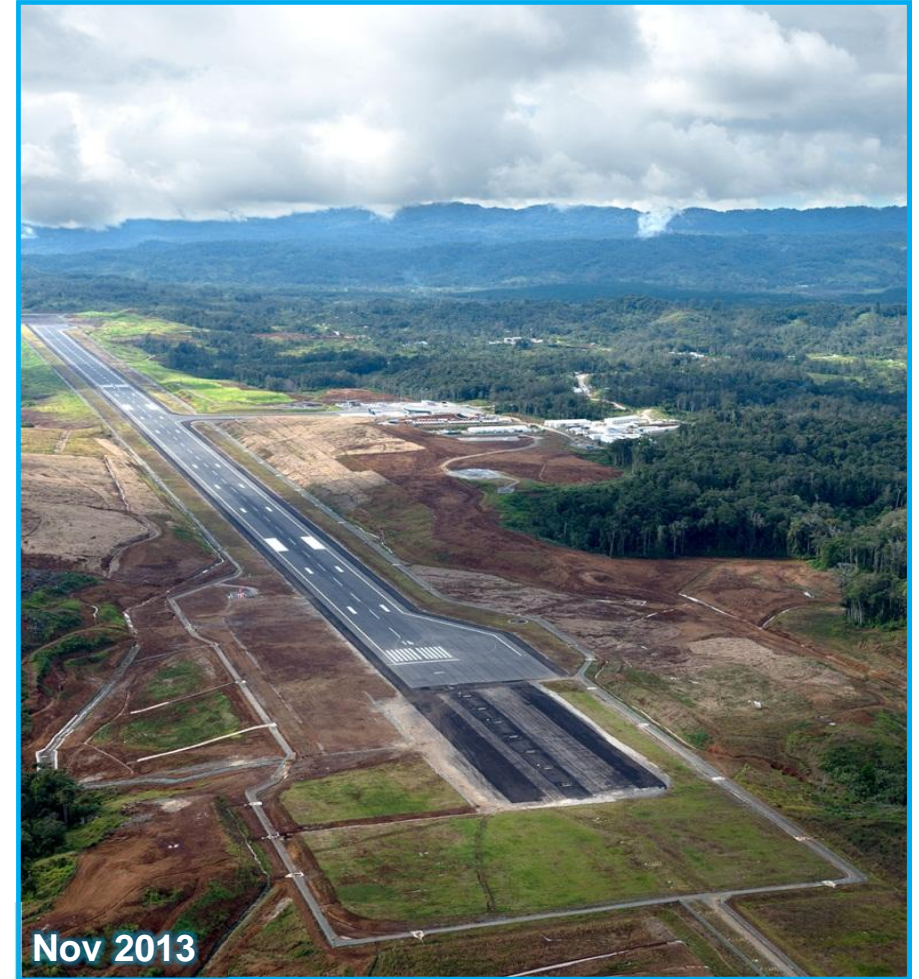


Mar 2014

PNG LNG Kutubu



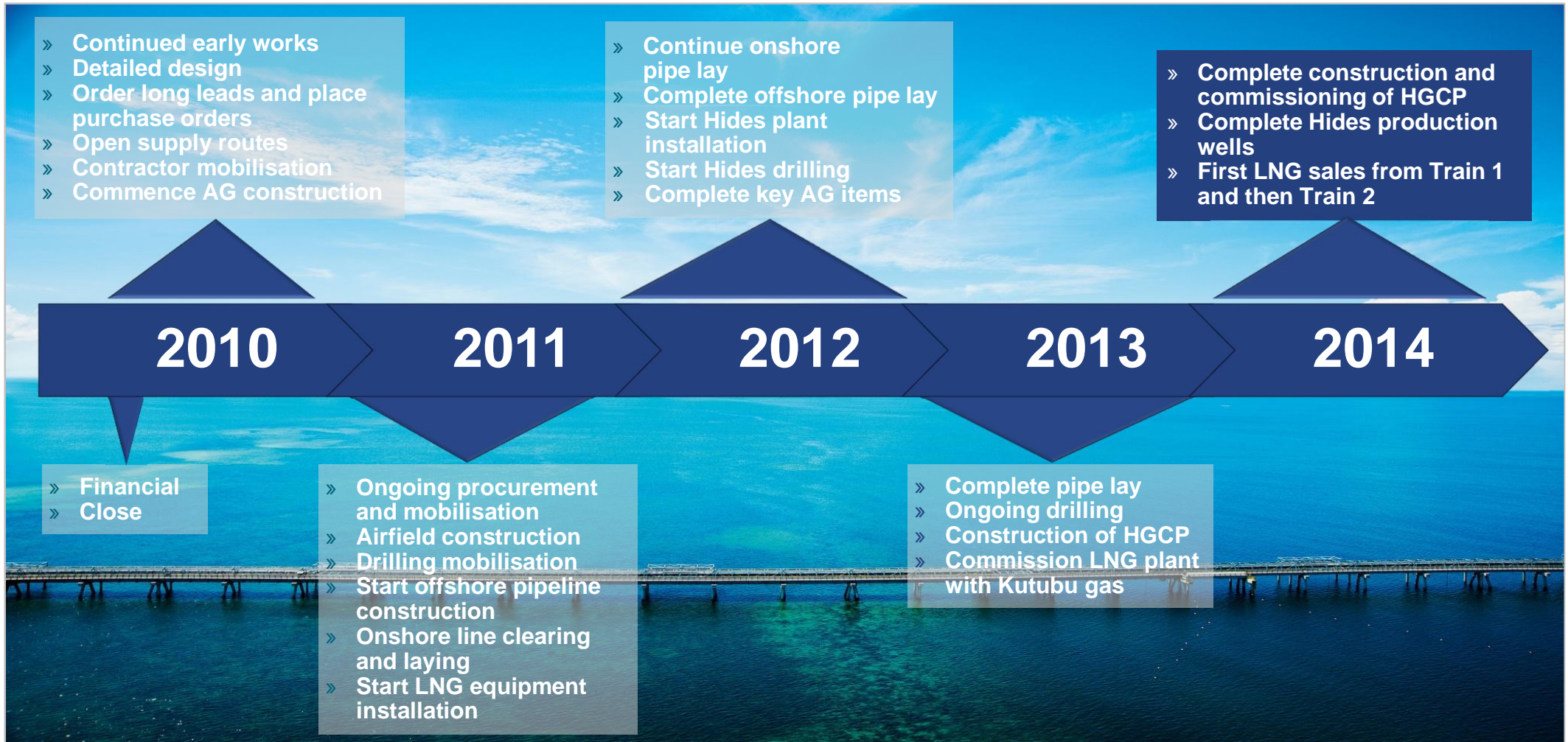
PNG LNG Komo Airfield



PNG LNG HGCP



PNG LNG Project Delivery – Ahead of Schedule



PNG Gas Growth

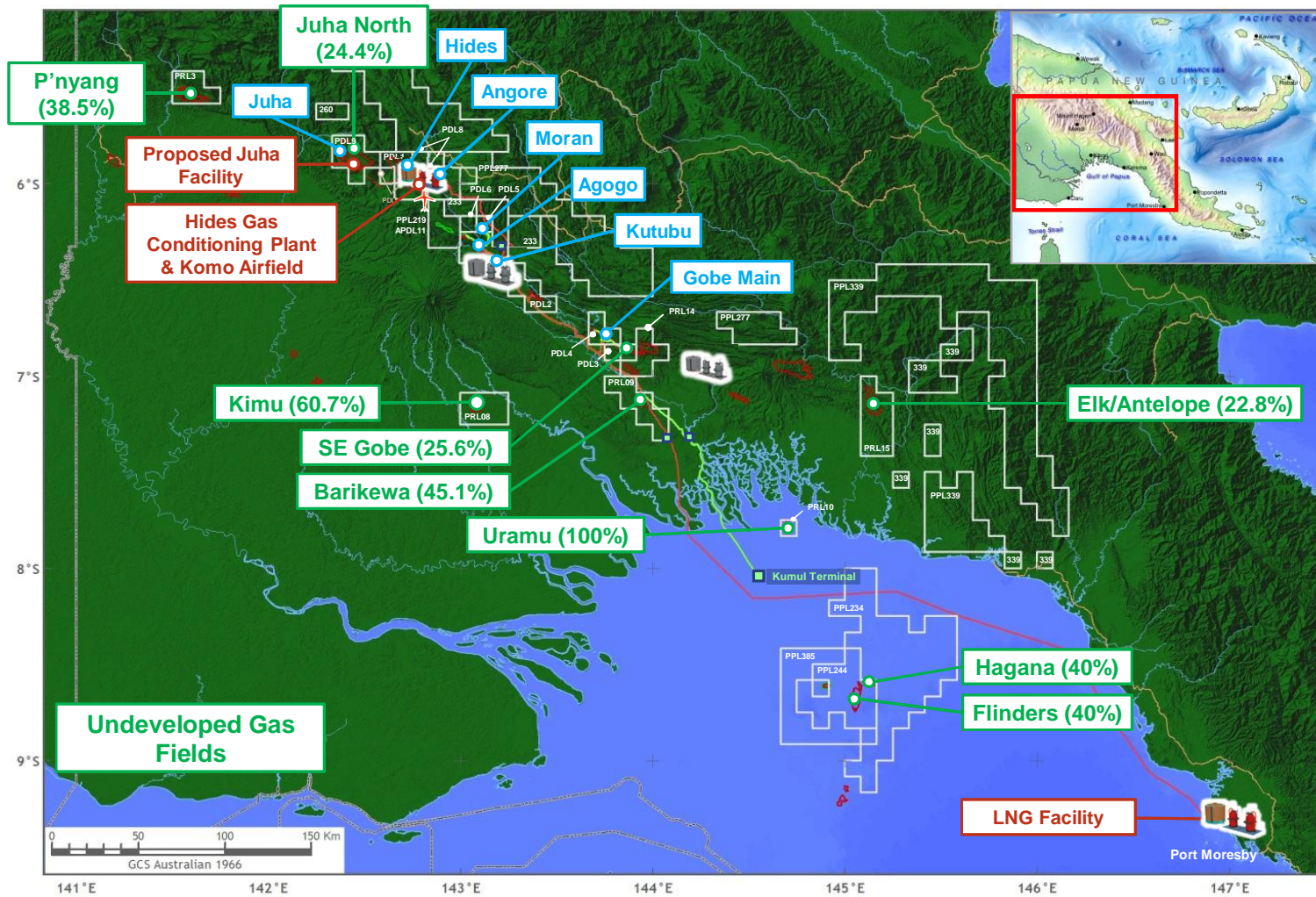


Seismic acquisition in PNG Highlands

Gas Growth Strategy

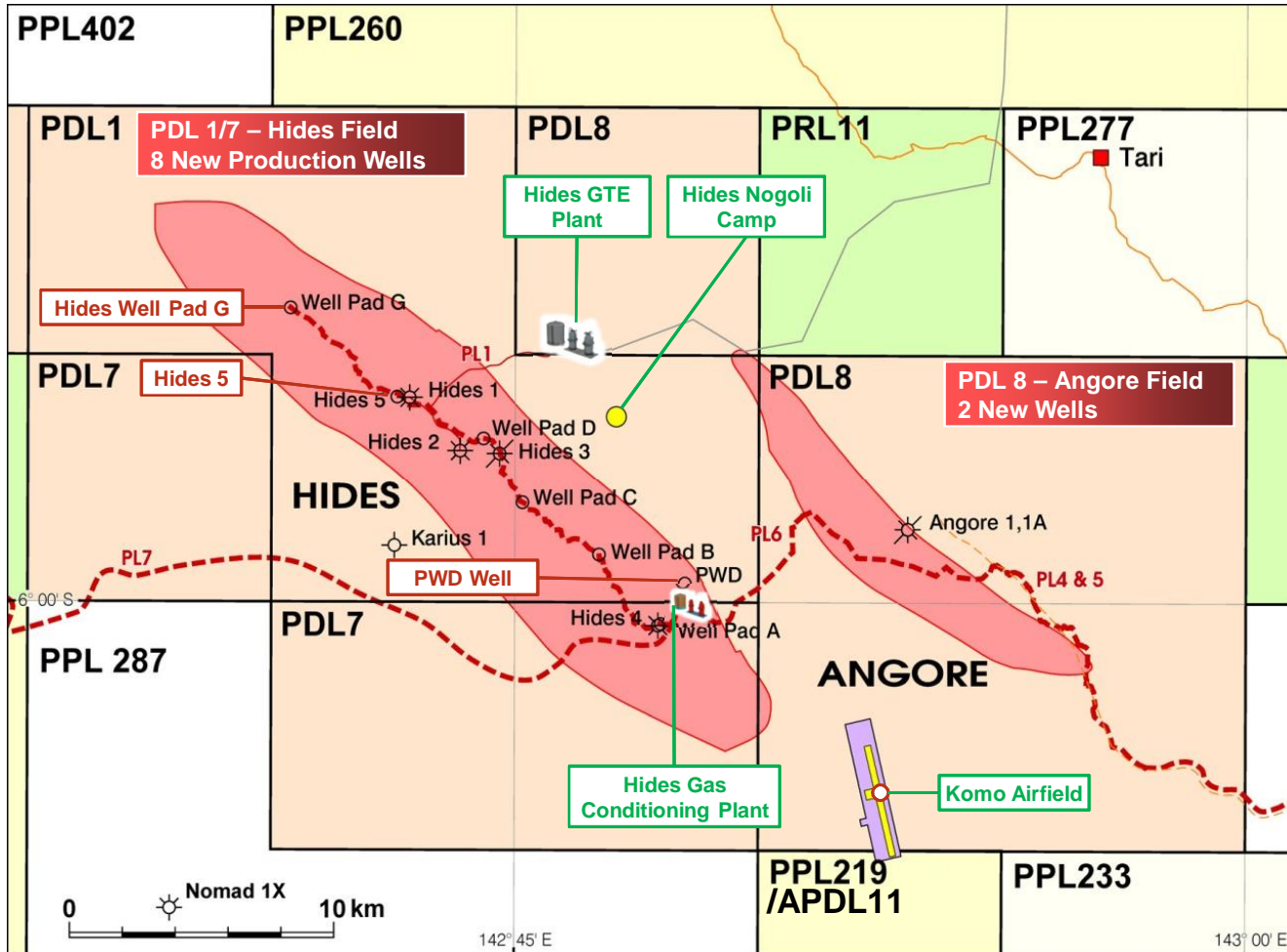


Oil Search



- » Oil Search looking to leverage existing LNG infrastructure and skills developed by foundation PNG LNG Project
- » Upside in 1P reserves at Hides plus substantial discovered undeveloped gas resources
- » Oil Search well positioned to realise value from future phases of development:
 - Significant resource and infrastructure owner
 - Proven operator (manage ~ 20% of PNG LNG Project gas supply and all condensate export)

Hides Drilling

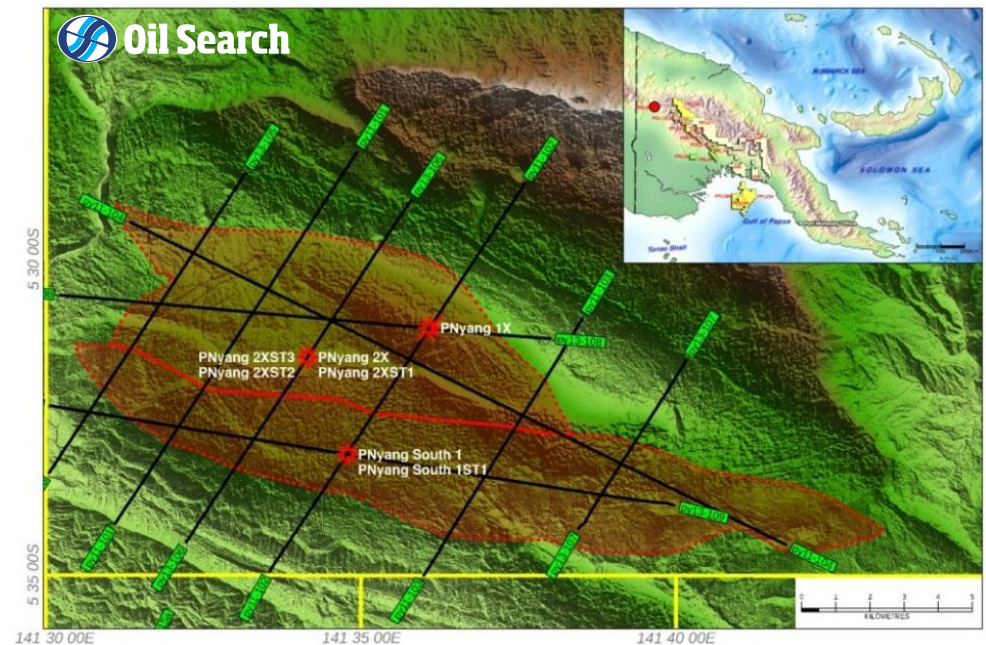


- » Six wells at three wellpads (B,C and D) complete
- » Drilling ongoing at wellpad G (NW Hides) and PWD well. Will help constrain gas volume in Hides field
- » Hides 5, to explore deeper Koi-lange reservoir, scheduled to spud 4Q14, subject to JV approval

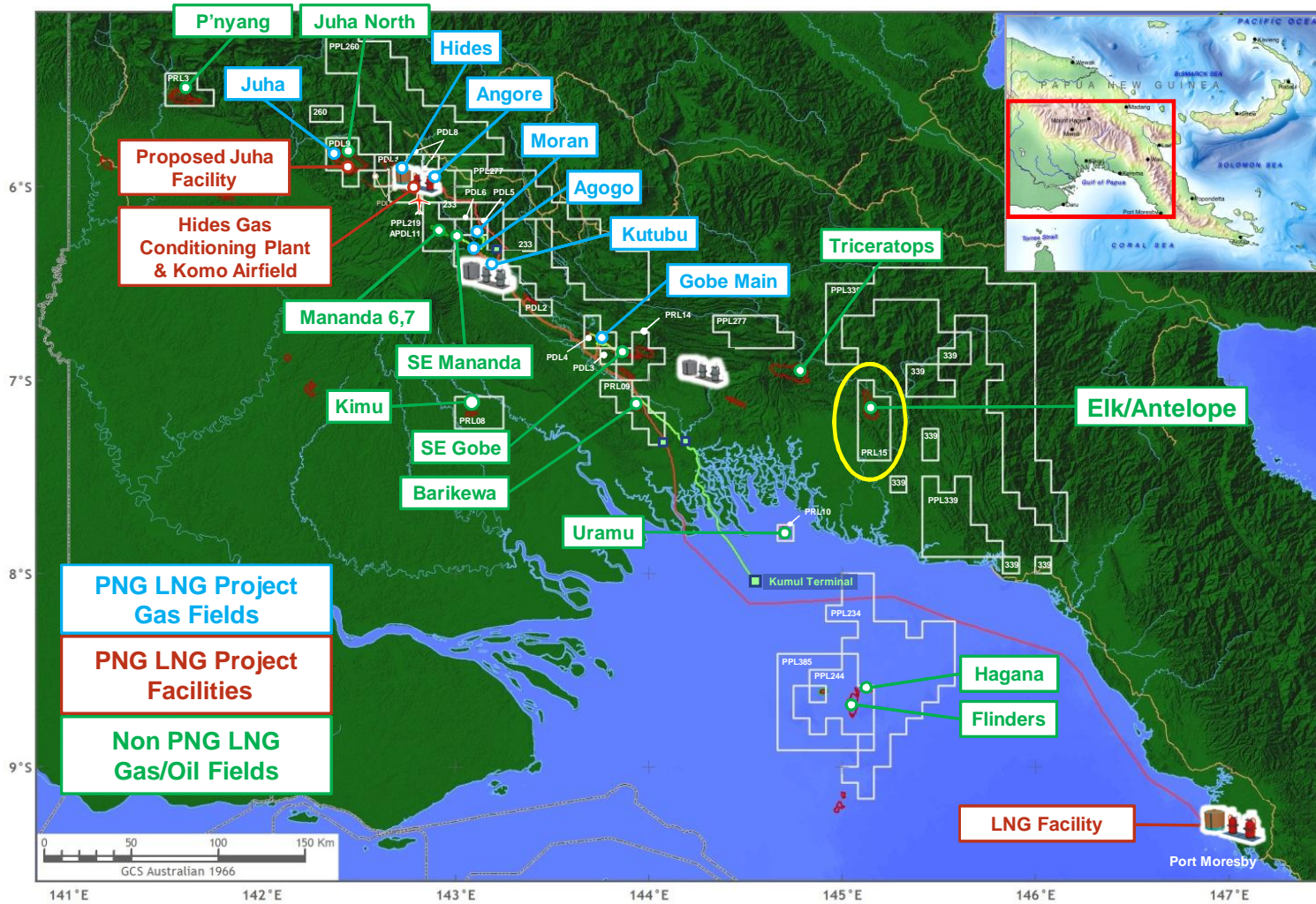
P'nyang - PRL 3

- » 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



Elk/Antelope – PRL 15



- » Acquired 22.8% gross interest in PRL 15, containing Elk/Antelope gas fields, for US\$900 million
- » Up to three appraisal wells to be drilled, to prove up sufficient gas resources to support LNG development. First well expected to spud in July
- » Substantial exploration and appraisal upside in PRL 15
- » Dispute resolution process underway relating to sale of interest in PRL 15 from InterOil to Total SA. Negotiations to achieve commercial resolution ongoing

PNG Oil Production



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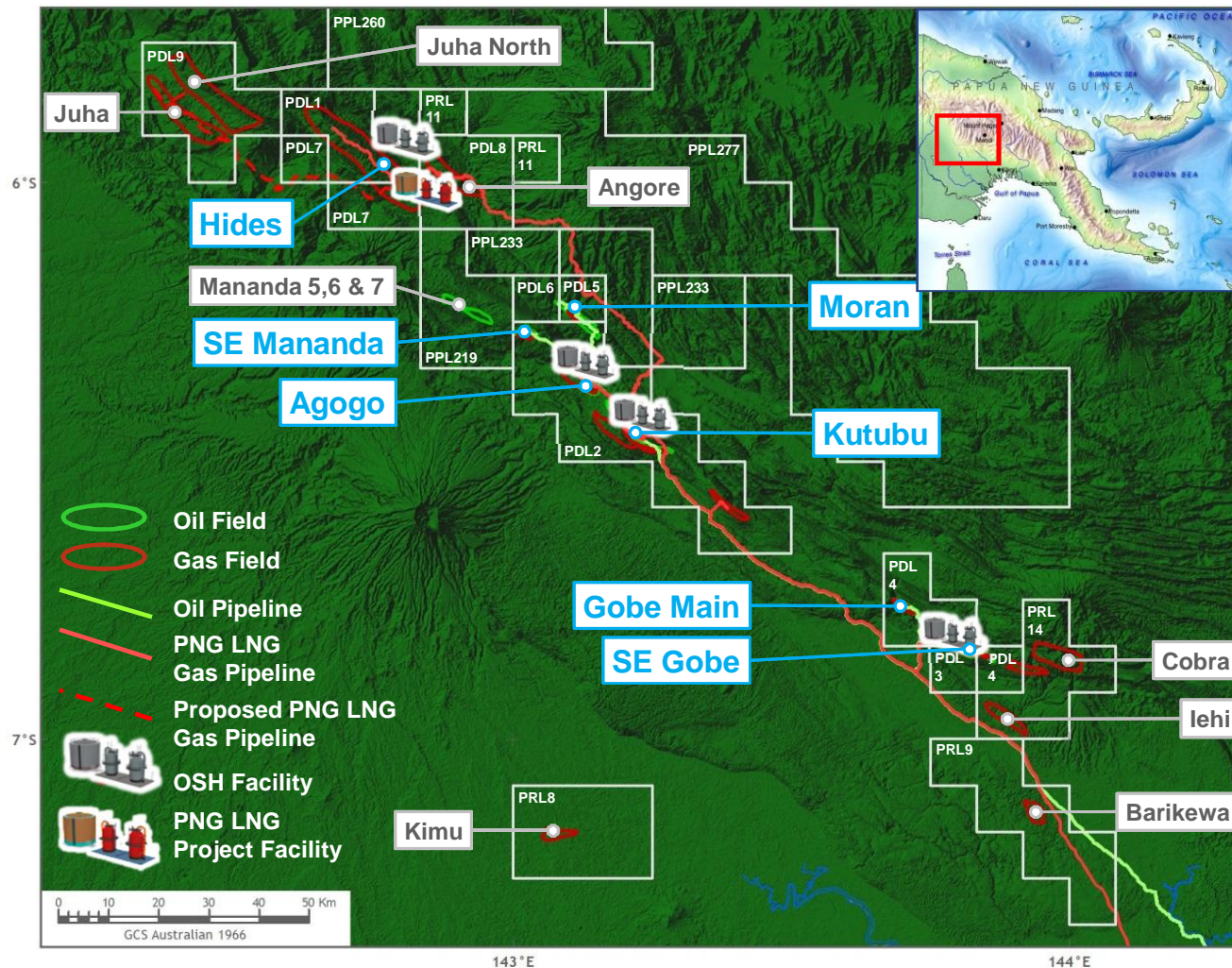


Operator of all PNG's oil fields since 2003

Strong production from PNG oil fields



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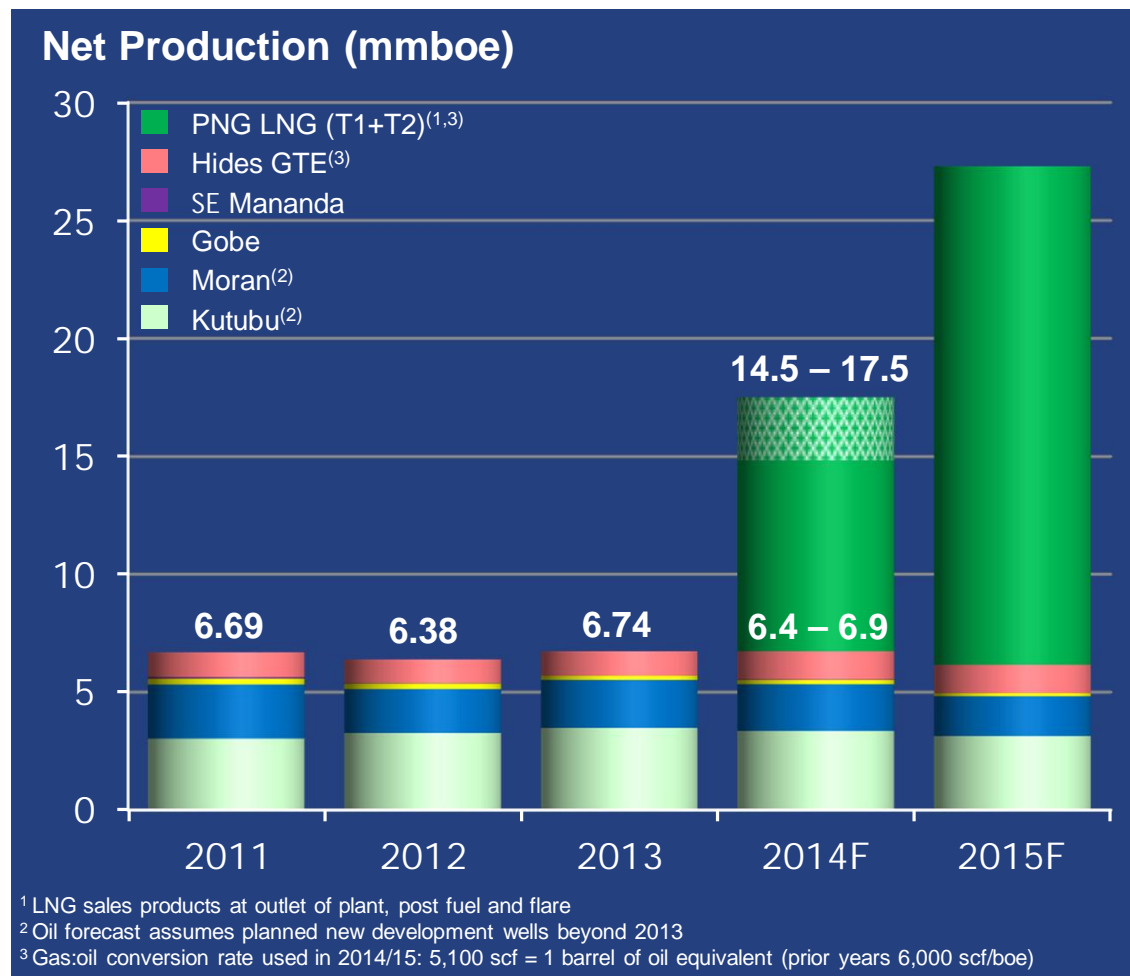


- » 2013 production of 6.74 mmbbl, 6% higher than in 2012
- » Continued success of development drilling and field management activities
- » Commissioning gas successfully delivered from Kutubu to PNG LNG Plant (September) and HGCP (December)
- » PNG LNG liquids being blended with oil production and sold as Kutubu Blend



Production Outlook

- » Production guidance for 2014 increased from 13 – 16 mmboe to 14.5 – 17.5 mmboe due to early delivery of PNG LNG
- » 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 Oil Search production



Oil Exploration



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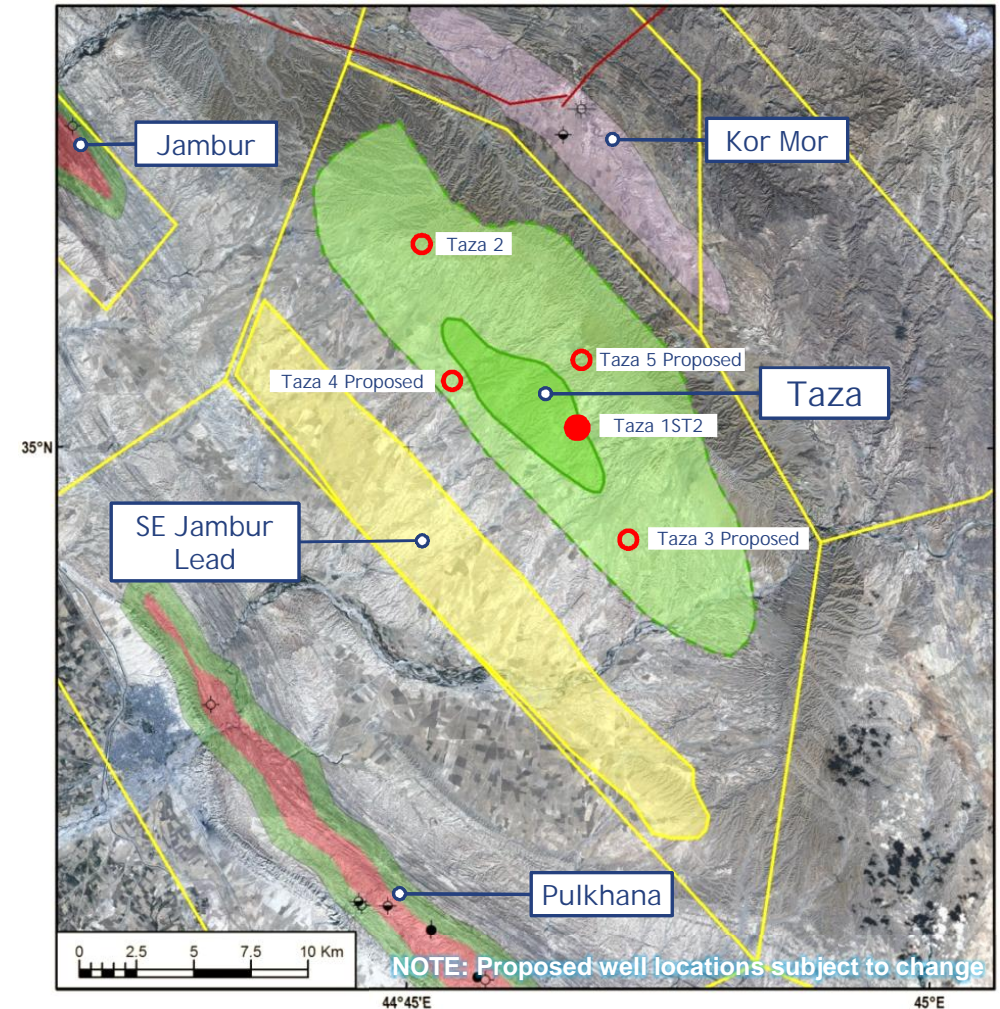
Taza 1 well, Kurdistan

Oil Discovery at Taza, Kurdistan: Appraisal Underway



Oil Discovery at Taza, Kurdistan: Appraisal Underway

- » Taza 1, drilled in 2013, discovered light oil. Appraisal programme now underway
- » Taza 2 currently drilling to appraise upper intervals and explore deeper targets. Encouraging results to date, with oil found in first reservoir
- » Taza 3, to appraise southern part of field, planned for 3Q14, plus two more wells and 3D seismic
- » Plan to install Early Production Facility (EPF) on one well in 2015
- » 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



Sustainability Focus



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Sustainable. Oil Search.



Global Compact Network
Australia



**OIL SEARCH
HEALTH FOUNDATION**

Caring for Communities
PNG PROUD



PNG Operating Environment

- » New era of political stability with O'Neill Government
- » With transformational PNG LNG cash flows imminent, increased transparency and accountability is key to future stability of PNG:
 - Adoption of EITI, formation of ICAC represent positive developments
- » Good progress made by new Minister for Petroleum and Energy since taking office, but further work to be done on ensuring Project benefits are delivered
- » Maintaining fiscal stability vital for future sustained investment in energy sector
- » PNG Government shareholding in OSH:
 - Represents an investment in high returning company with proven track record
 - Ongoing alignment between Company and the Government
 - Ombudsman enquiry into PNG Government loan welcomed

Oil Search's Commitment to PNG

- » Oil Search was PNG's largest single investor and largest tax payer in 2013:
 - ~US\$1.6bn spent on development, appraisal, exploration and operations
- » Capacity building in 2013:
 - 83% of PNG workforce comprised PNG citizens
 - US\$10.7m spent on delivery of Government infrastructure through tax credit scheme
- » Entering a period of heightened expectations from communities in PNG



Oil Search's Commitment to PNG



Oil Search

- » Comprehensive programme of benefits and social contribution
- » Project-related benefits include:
 - Equity, royalties, development levies, employment, business development, education, training, health and agriculture
 - Delivery of benefits to the whole country
- » Other major contributions:
 - Oil Search Health Foundation
 - Tax credit projects (focus on efficient delivery and capacity building)
 - Road construction
 - Refurbishment of Marea Haus, Lloyd Robson Oval
 - Tari Hospital
 - Power generation
- » Establishment of Public Private Partnerships with National and Provincial Governments





Positioning for Next Phase of Growth

- » Major Strategic Review underway to set objectives and programmes for Oil Search over next five years
- » Review will analyse:
 - Asset values and ways to capture full value
 - Balance of asset portfolio to deliver growth projects and capital management initiatives
 - Company structure, cost base and operating model
 - Development of our people and organisation to deliver continued top quartile returns
- » Results to be communicated to shareholders in 4Q14

Oil Search has unprecedented platform for further growth:

- Delivery of PNG LNG will more than quadruple production 2013 – 2015
- Delivers material cash flow to invest in high returning projects and fund higher dividends
- Assets have potential to underwrite at least two further LNG trains and expansions
- Taza oil discovery has significant potential. Appraisal taking place
- Oil business remains strong
- » Balance sheet will strengthen rapidly with LNG revenues
- » Strategic Review will provide programme to deliver continued superior returns

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