

ASX Announcement

Full Year 2014 Production Guidance Update

4 June 2014

Following the commencement of LNG production from Train 1 in April and Train 2 in May, both ahead of schedule, ExxonMobil PNG Limited, operator of the PNG LNG Project, has revised its 2014 production forecast for the Project.

Based on this new information, Oil Search has updated its production guidance for the 2014 full year. Forecast cash operating costs on a barrel of oil equivalent basis have also been adjusted, as follows:

	Previous Guidance	Updated Guidance
2014 Production		
Current operations (oil and GTE)	6.4 – 6.9 mmboe ¹	6.4 – 6.9 mmboe ¹
PNG LNG Project		
LNG	34 – 43 bcf	45 – 57 bcf
Liquids	1.5 – 2.1 mmbbl	1.7 – 2.0 mmbbl
Total PNG LNG Project	8.1 – 10.6 mmboe ¹	10.5 – 13.2 mmboe ¹
Total Production	14.5 – 17.5 mmboe	17 – 20 mmboe
2014 Operating Costs		
Normalised cash opex (incl corporate costs)	US\$21 – 26 / boe	US\$18 – 22 / boe
Hides GTE gas purchase costs	US\$37 – 40 million	US\$37 – 40 million
Business development costs	US\$10 – 15 million	US\$10 – 15 million
Depreciation, amortisation and site restoration	US\$13 – 15 / boe	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 = 1 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.

Peter Botten, Oil Search's Managing Director said:

"The commencement of production and sales from the PNG LNG Project has progressed well and I am pleased to report that another major milestone was reached yesterday, with the arrival of the first LNG cargo to Tokyo Electric Power Company Inc. in Japan.

Oil Search now expects 2014 production to be in the range of 17 – 20 million barrels of oil equivalent (mmboe) compared to the previous 14.5 – 17.5 mmboe guidance range. Reflecting the largely fixed cost

base of the Project, the increase in production has resulted in a downward revision to our forecast per barrel cash operating costs, from US\$21 – 26/boe to US\$18 - 22 /boe.

We would like to congratulate the operator again for the safe and efficient execution of the start-up and ramp-up phase of the Project.”

PETER BOTTEN, CBE

Managing Director

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