



Oil Search

Oil Search Update

June 2014

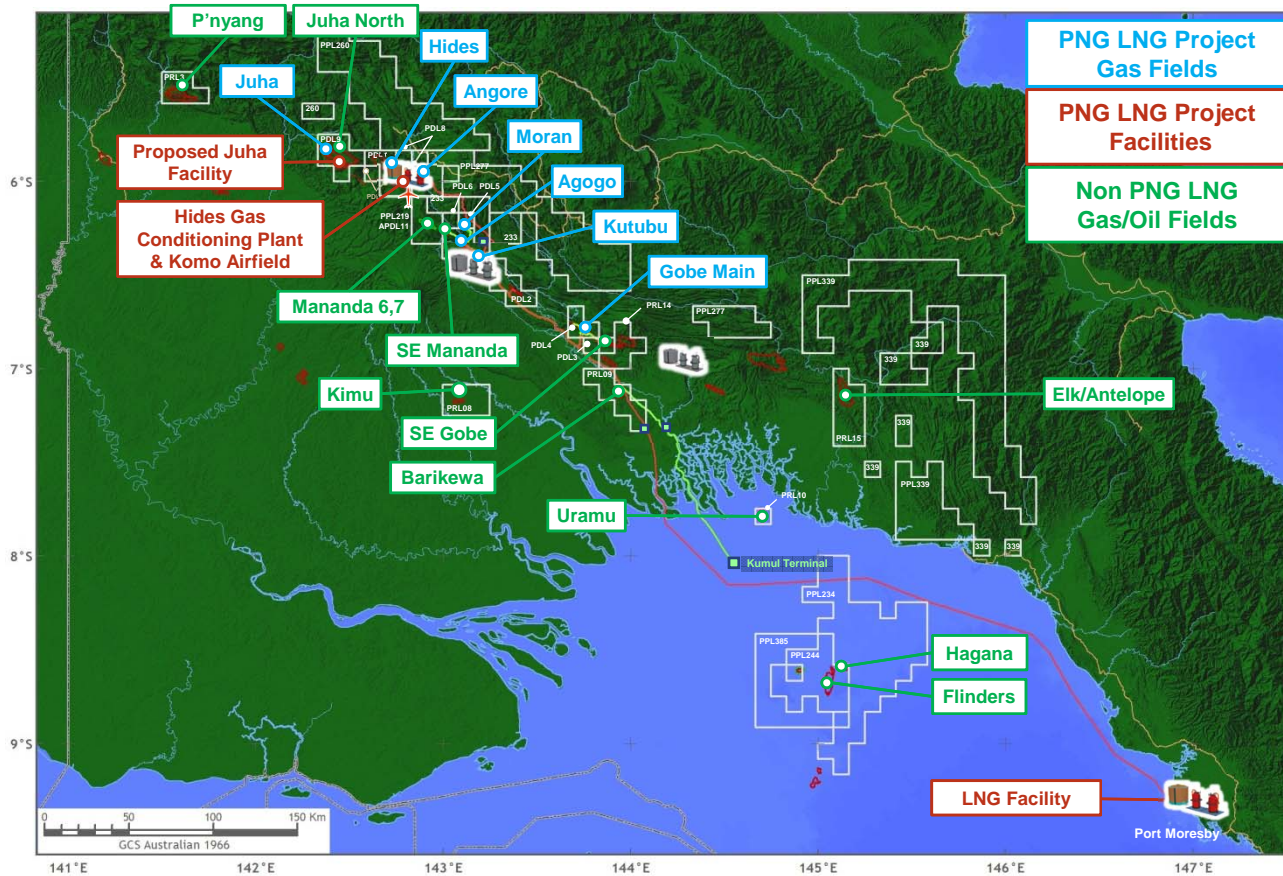
Oil Search Limited
ARBN 055 079 868



Oil Search Licence Interests, PNG



Oil Search



- Oil Field
- Gas Field
- Oil Pipeline
- PNG LNG Gas Pipeline
- Proposed PNG LNG Gas Pipeline
- OSH Facility
- PNG LNG Project Facility
- Major Road



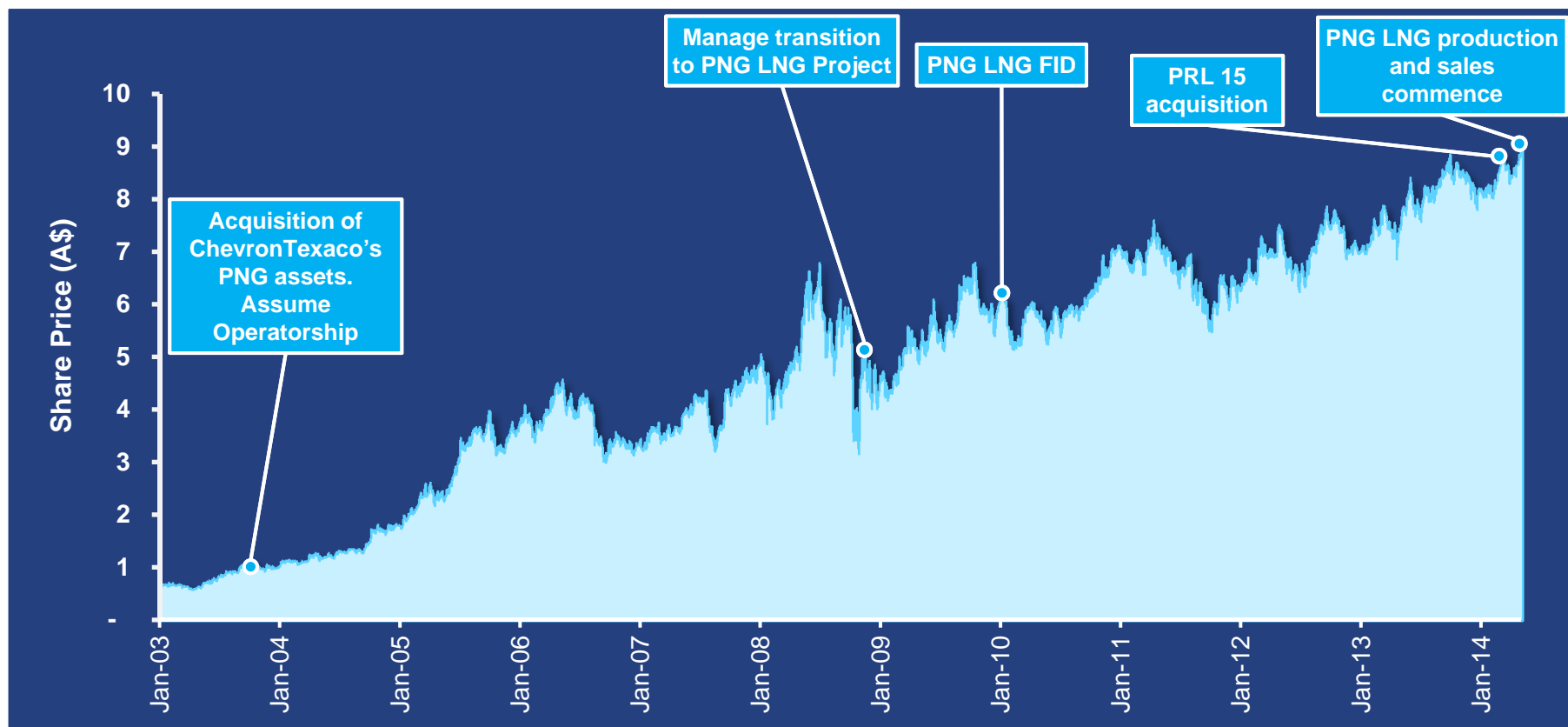
Corporate Transformation Underway

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

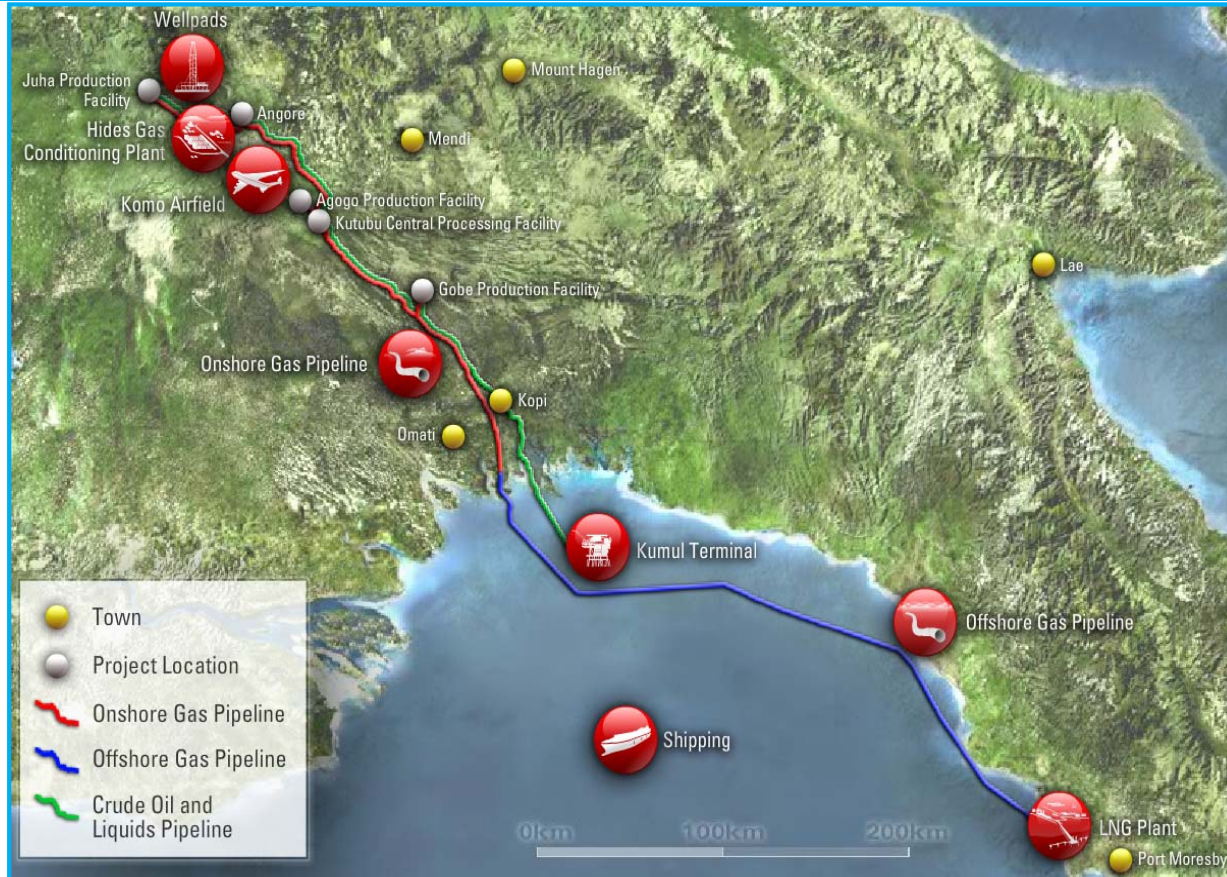
- » PNG LNG Project sales commenced in May 2014. Transforms OSH into significant LNG exporter with steady 20+ year cash flow stream, sufficient to fund both growth opportunities and pay materially higher dividends
- » Highlands and PRL 15 LNG expansion opportunities being matured. Potential involvement 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



PNG LNG Project



Project Update



- » PNG LNG Project Train 1 commenced production in April, Train 2 in May, both ahead of schedule
- » Ramp up to full capacity (6.9 MTPA) in progress
- » LNG shipments to Asian markets commenced late May, with first cargoes being sold on spot market, prior to start of long term contract sales
- » Project expected to be delivered within November 2012 budget of US\$19 billion
- » Hides liquids being blended with oil field production and sold as Kutubu Blend



PNG LNG – first shipment delivered to TEPCO, Japan



Spirit of Hela

PNG LNG Plant site

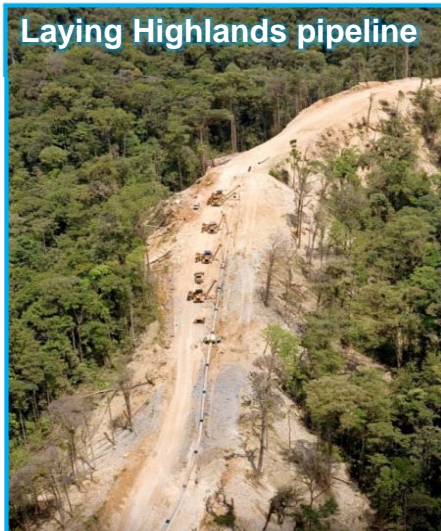


Jetty





Offshore and Onshore Pipelines



Associated Gas (CPF)



Komo Airfield



Hides Gas Conditioning Plant

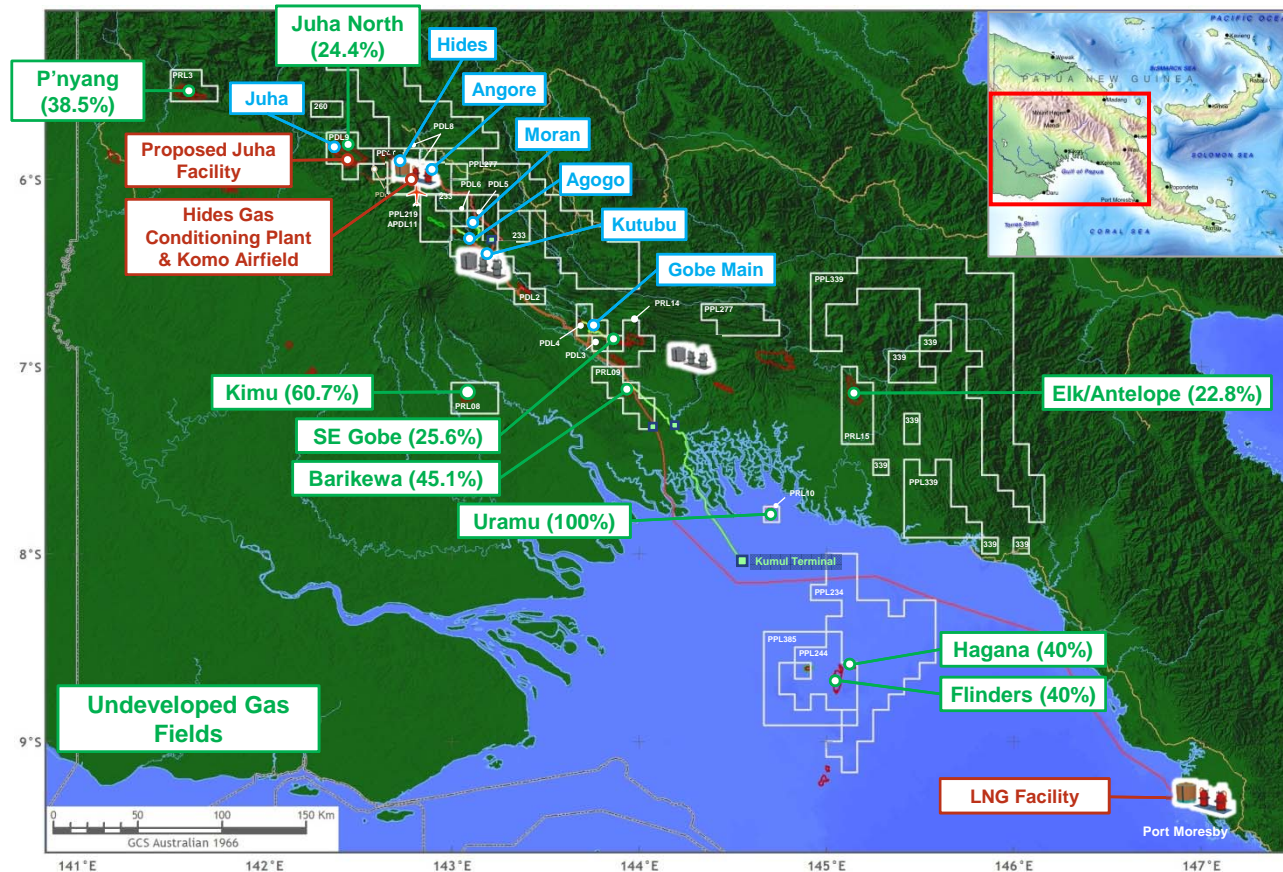


Drilling



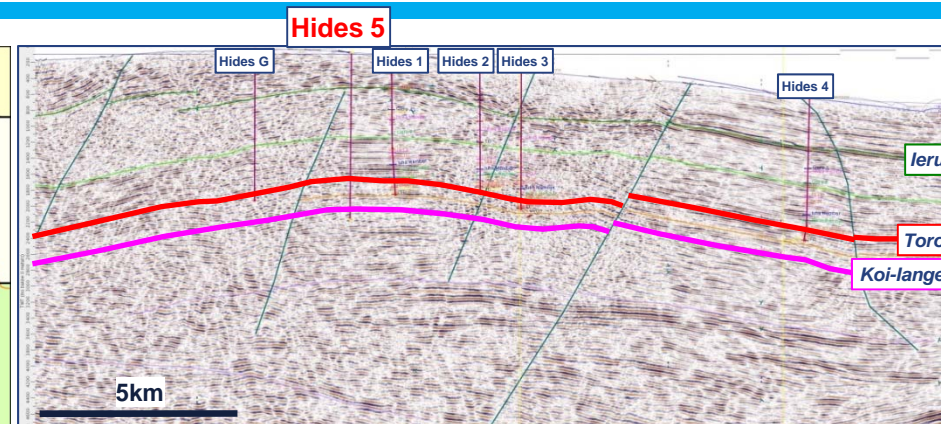
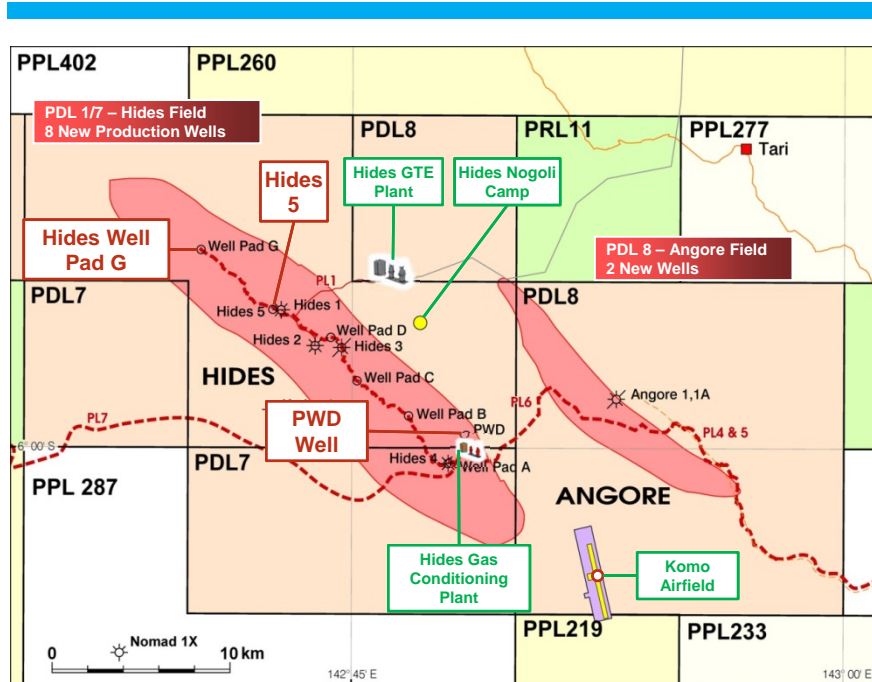


Gas Growth Strategy



- » 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, as significant resource and infrastructure owner and proven operator
- » PNG remains an attractive investment location

Hides Drilling

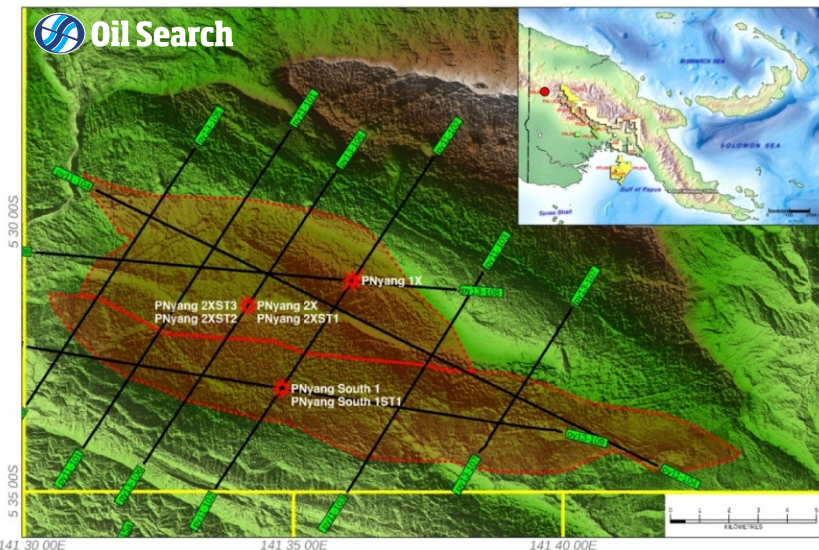


- » Six production wells at three wellpads (B,C and D) complete
- » Drilling ongoing: two wells at wellpad G (NW Hides) and PWD well. Will help constrain gas volume in Hides field
- » Hides 5 planned to explore Koi-lange reservoir (~700m below Toro), with drilling scheduled to commence in 4Q14



P'nyang - PRL 3

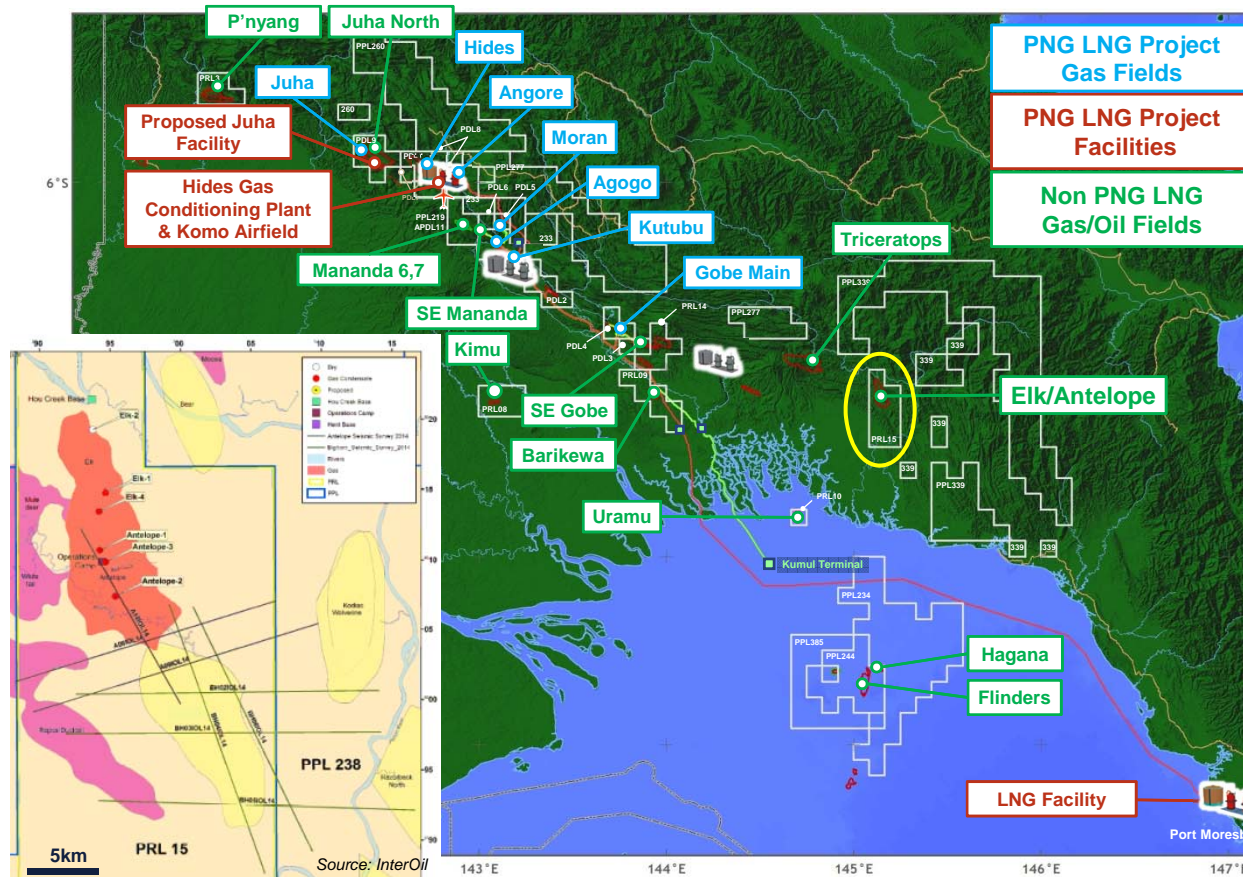
- » Key resource to support potential growth from PNG LNG:
 - Total 2C recoverable gas resources in P'nyang field of 2.5 tcf
- » Concept selection work well advanced – engineering, environmental and social mapping
- » Development work to continue through to submission of PDL application in early 2015



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



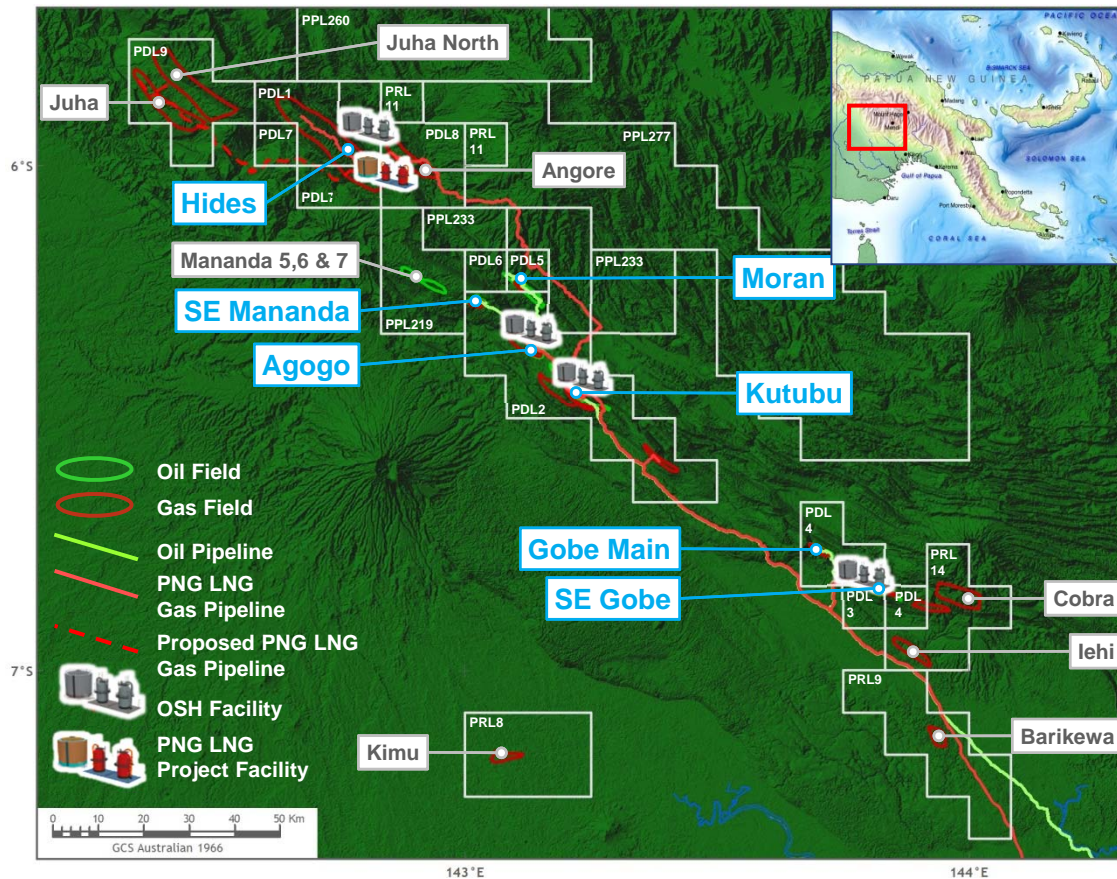
Elk/Antelope - PRL 15



- » 22.8% gross interest in PRL 15, containing Elk/Antelope gas fields
- » Up to three appraisal wells to be drilled, to prove up sufficient gas resources to support LNG development. First well expected to spud in 3Q14
- » 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



Strong production from PNG oil fields

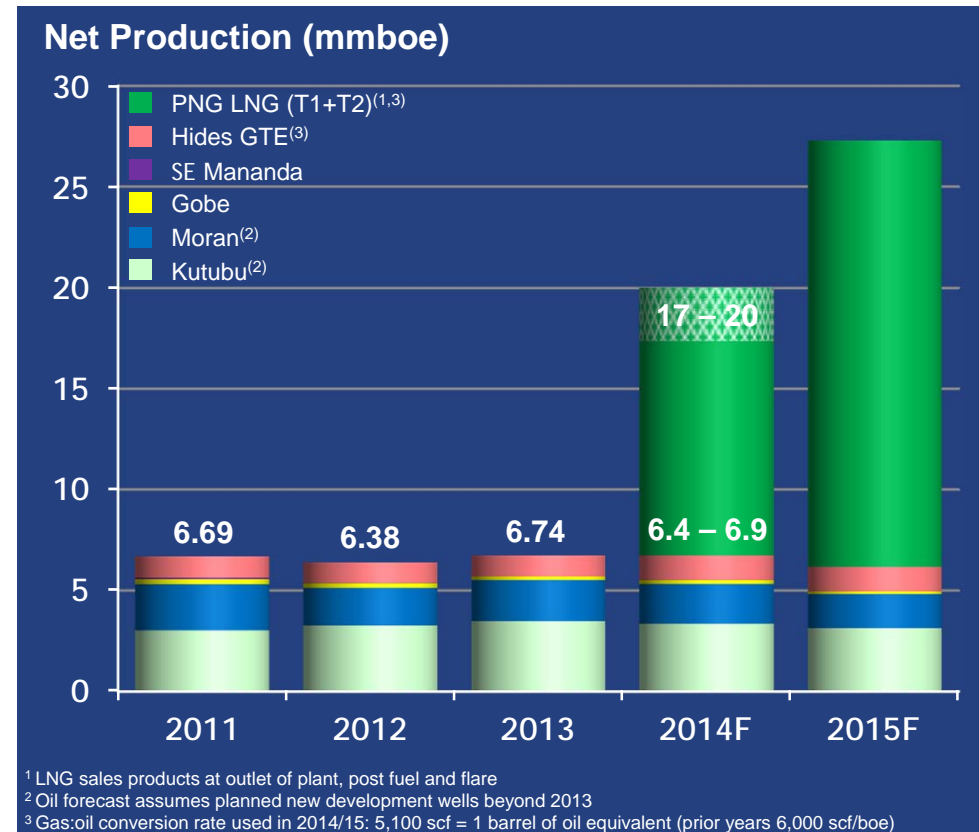


- » Reservoir performance from key oil fields remains strong
- » Continued success of development drilling and field management activities
- » Commissioning gas delivered from Kutubu to PNG LNG Plant (September) and HGCP (December)
- » PNG LNG Hides liquids being blended with oil field production and sold as Kutubu Blend

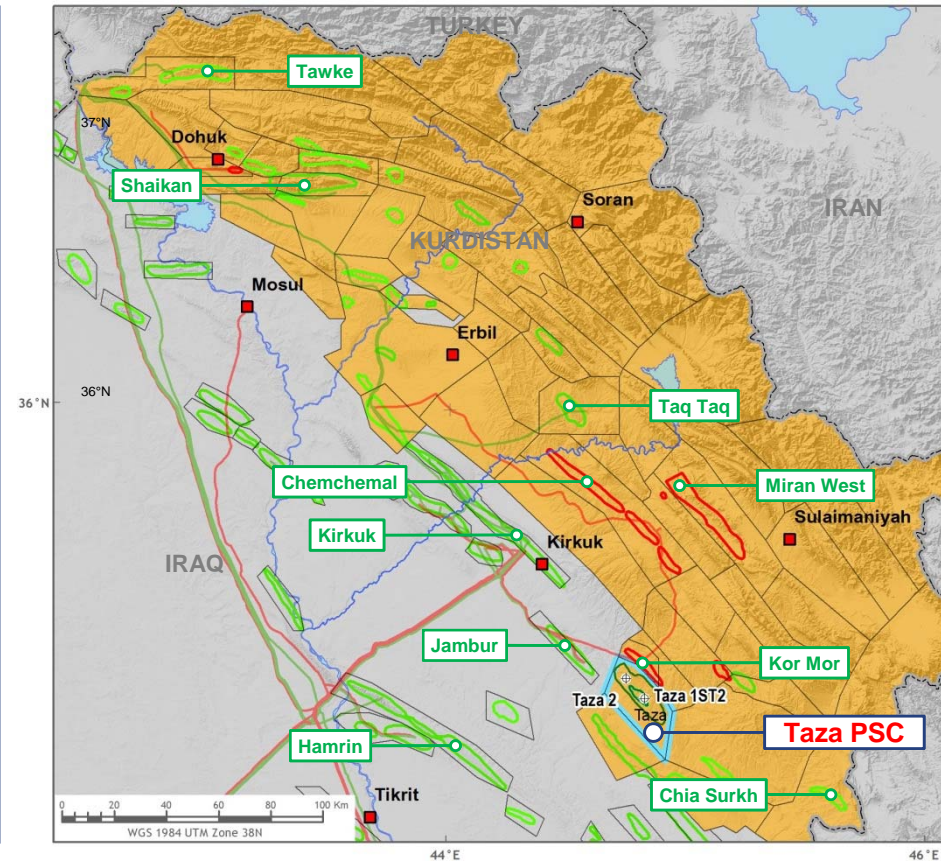


Production Outlook

- » Total production guidance for 2014 increased from 14.5 – 17.5 mmboe to 17 – 20 mmboe, due to commencement of LNG production from Train 1 (April) and Train 2 (May) ahead of schedule
- » 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

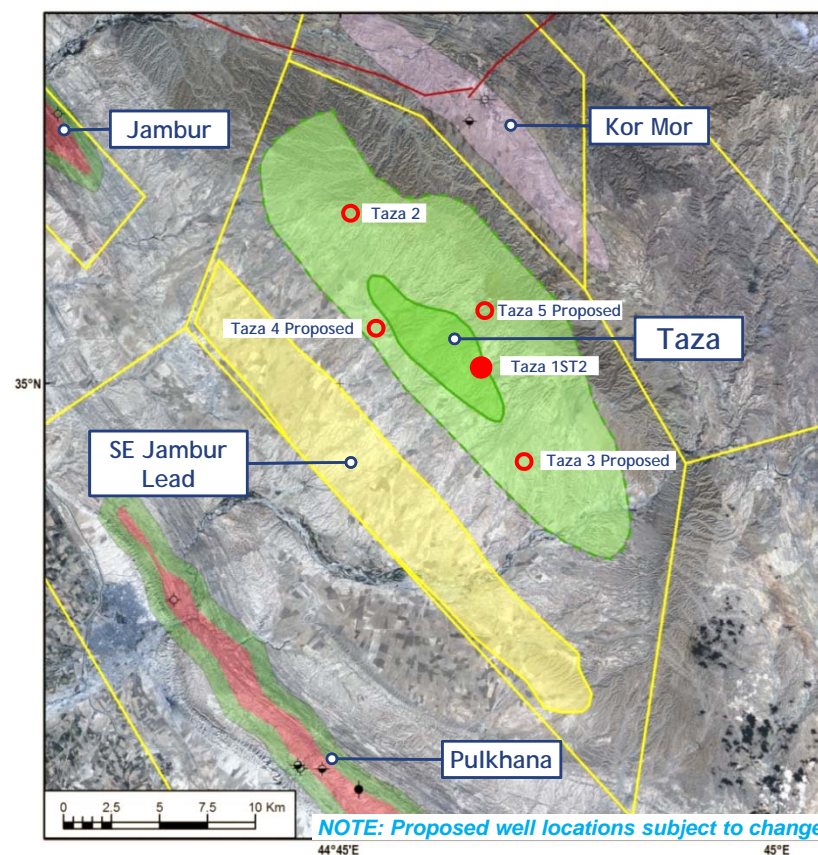


Oil Discovery at Taza, Kurdistan: Appraisal Underway



Oil Discovery at Taza, Kurdistan: Appraisal Underway

- » Taza 2 appraisal well has found oil in Jeribe, Dhiban and Euphrates Formations. Presently drilling towards deeper Shiranish Formation, not penetrated by Taza 1
- » Taza 3, to appraise southern part of field, planned to spud in 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 operational. Operations have not been impacted by recent unrest in Iraq





Positioning for Next Phase of Growth

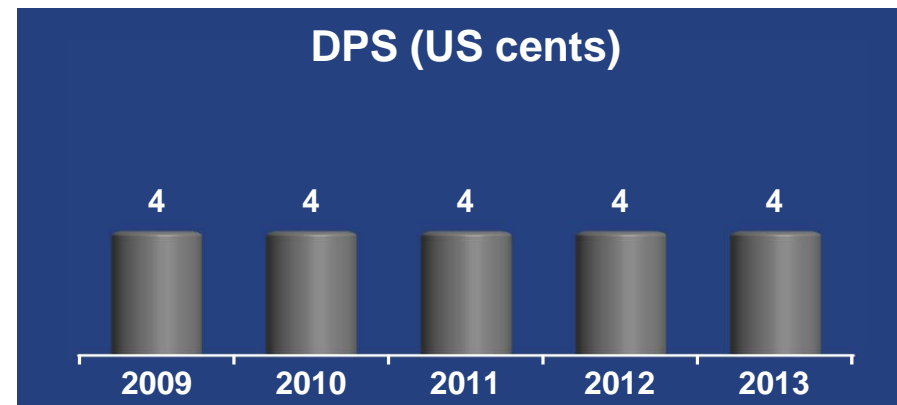
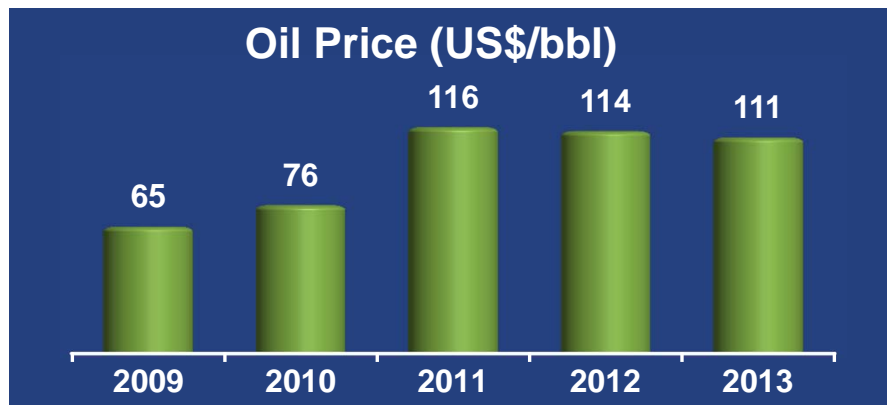
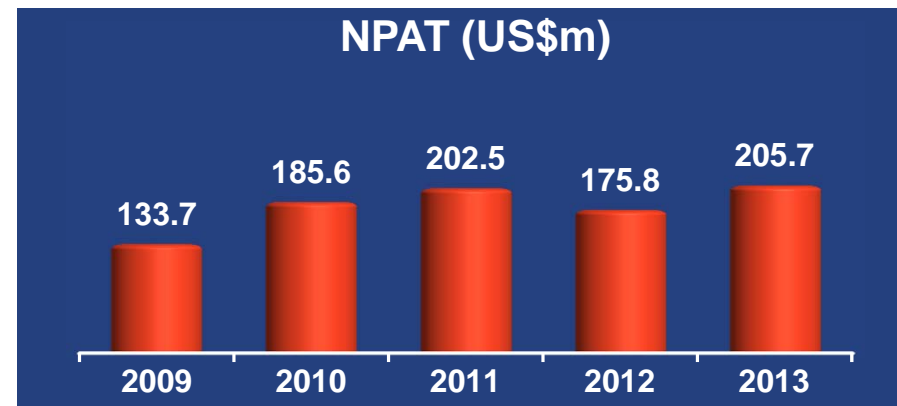
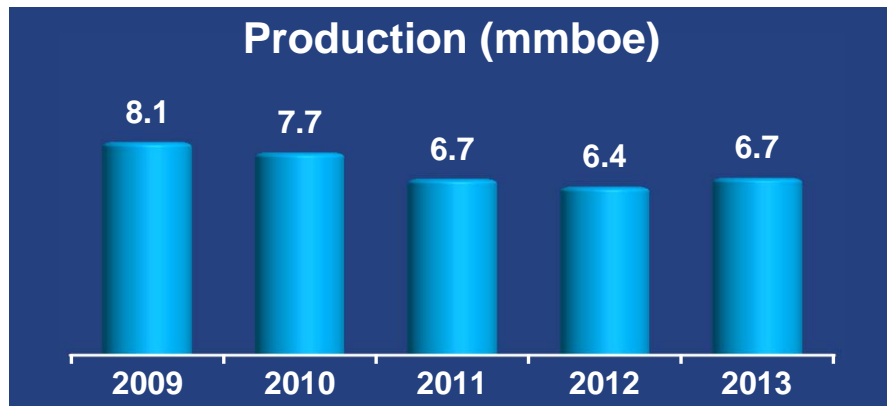
- » Major Strategic Review underway to set objectives and programmes for Oil Search over next five years
- » Review will analyse:
 - Asset values and ways to capture full value
 - Balance of asset portfolio to deliver growth projects and capital management initiatives
 - Company structure, cost base and operating model
 - Development of our people and organisation, to deliver continued top quartile returns
- » Results to be communicated to shareholders in 3Q14

Summary

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

Appendix 1: Key metrics





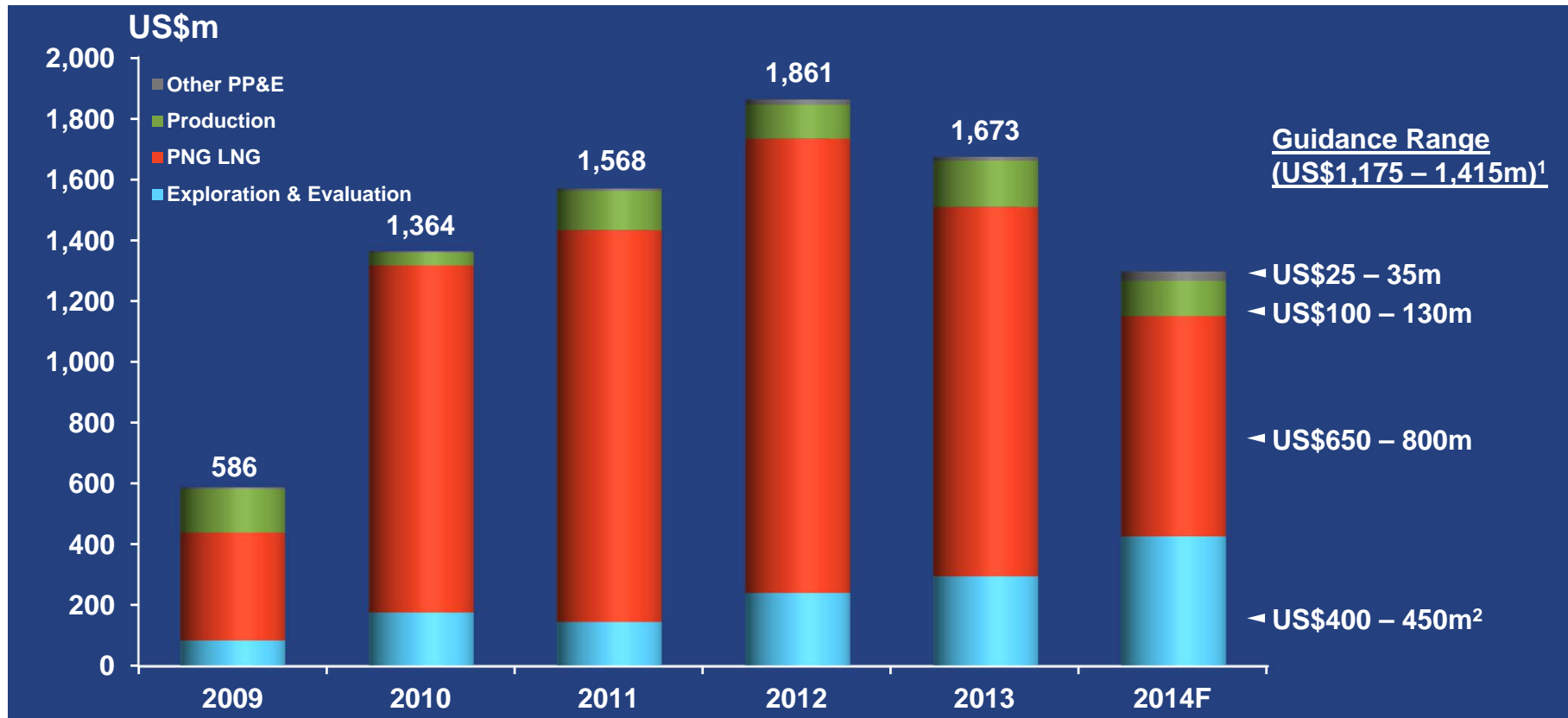
Appendix 2: Treasury Update



- » 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
- » Additional A\$184 million raised under SPP in May
- » US\$250 million of funding lines, including L/C facilities to access cash in LNG Project secured accounts, have been established to provide additional 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: Investment Outlook



¹ Excludes US\$900m upfront payment for acquisition of 22.835% interest in PRL 15, completed March 2014.

² Includes capex associated with appraisal activity in PRL 15



Appendix 4: 2014 Guidance Summary

	Previous Guidance	Updated Guidance
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
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	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 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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