

Oil Search Update

The Journey Continues

Deutsche Bank Tokyo Roadshow, June 2015



Oil Search



Methane Spirit, 100th LNG cargo departed PNG on 12 June bound for TEPCO, Japan

Oil Search Limited
ARBN 055 079 868

ASX: OSH | POMSxX: OSH | US ADR: OISHY
www.oilsearch.com

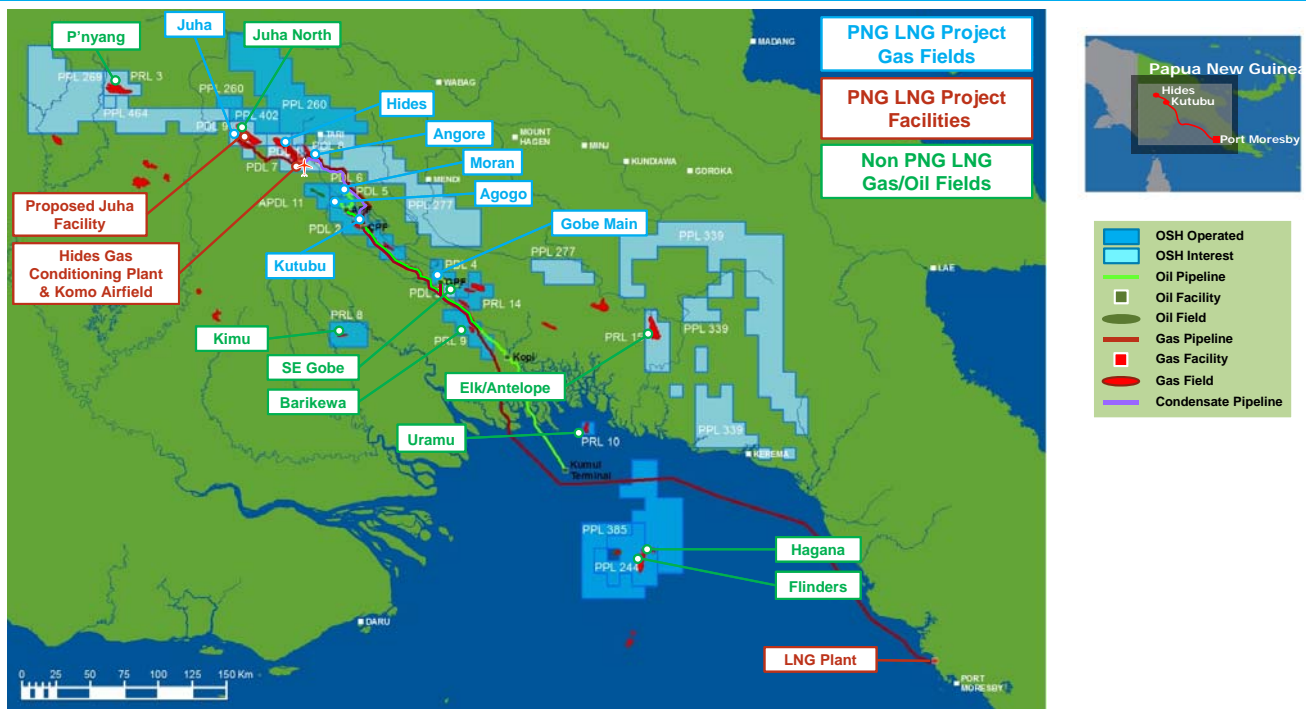
Oil Search Profile



Oil Search



- » Established in Papua New Guinea (PNG) in 1929
- » Market capitalisation ~A\$12bn (~US\$9bn)
- » > 95% of OSH's assets in PNG
- » Operates all PNG's currently producing oil fields
- » 29% interest in 6.9Mtpa PNG LNG Project, operated by ExxonMobil. First LNG cargoes shipped in May 2014. Project has transformed OSH into regionally significant oil and gas producer
- » Comprehensive exploration and appraisal programme to underpin LNG expansion in PNG
- » Exploration interests in Middle East/North Africa
- » Listed on ASX (Share Code: OSH) and POMSOX, plus US ADR programme (Share Code: OISHY)



Company Update - June 2015

3

Over 85 years experience in PNG

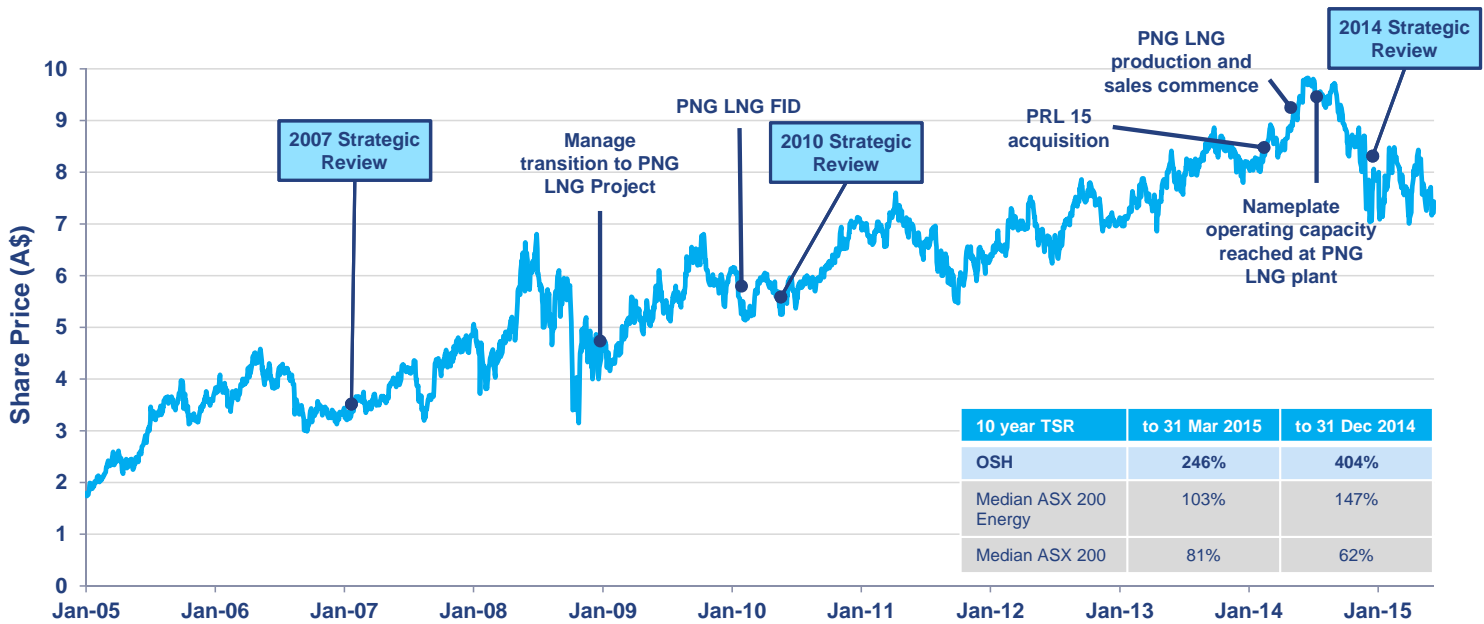
- » Excellent in-country track record of social responsibility and sustainable development – part of our DNA and integral to OSH's historic and future success
- » Unparalleled experience working in PNG – Government, landowners, regulators, communities
- » Extensive knowledge across fold belt geology, drilling, supply chain management, infrastructure development and operations in PNG
- » Leading corporate citizen locally – committed to community through local content approach, Oil Search Health Foundation, benefits management, local power and infrastructure projects
- » Negligible disruptions to production relating to community unrest since commencing operatorship in 2003



Company Update - June 2015

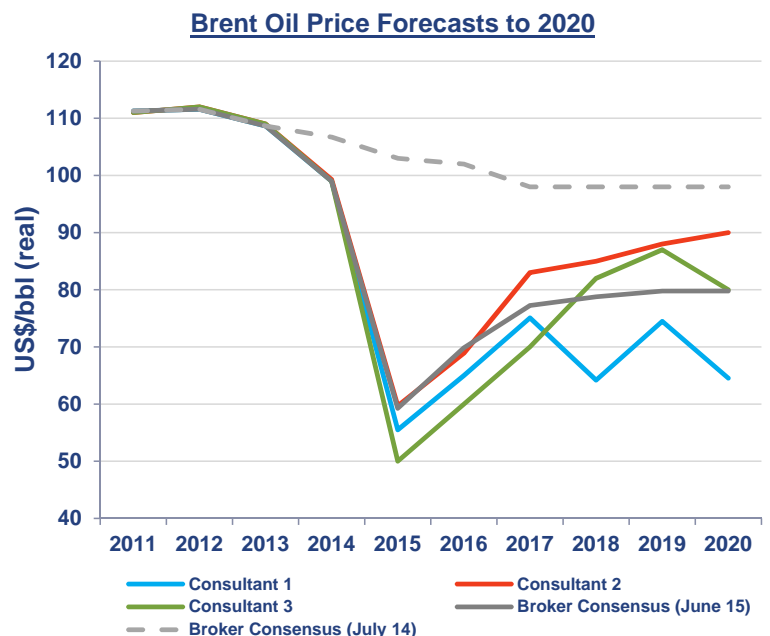
4

Core strategies have delivered steady long-term share price appreciation



Adapting to the new oil price environment

- » Size and speed of oil price fall was unexpected
- » However, OSH is in strong position to manage lower oil price environment, with profitable production
- » Proposed LNG growth projects remain attractive based on current long-term oil price assumptions
- » Industry capital cost deflation now taking place
- » Presents opportunity to recalibrate cost structure
- » Overall, strategic direction remains unchanged



Source: FACTS Global Energy, Wood Mackenzie, Various Brokers, OSH analysis

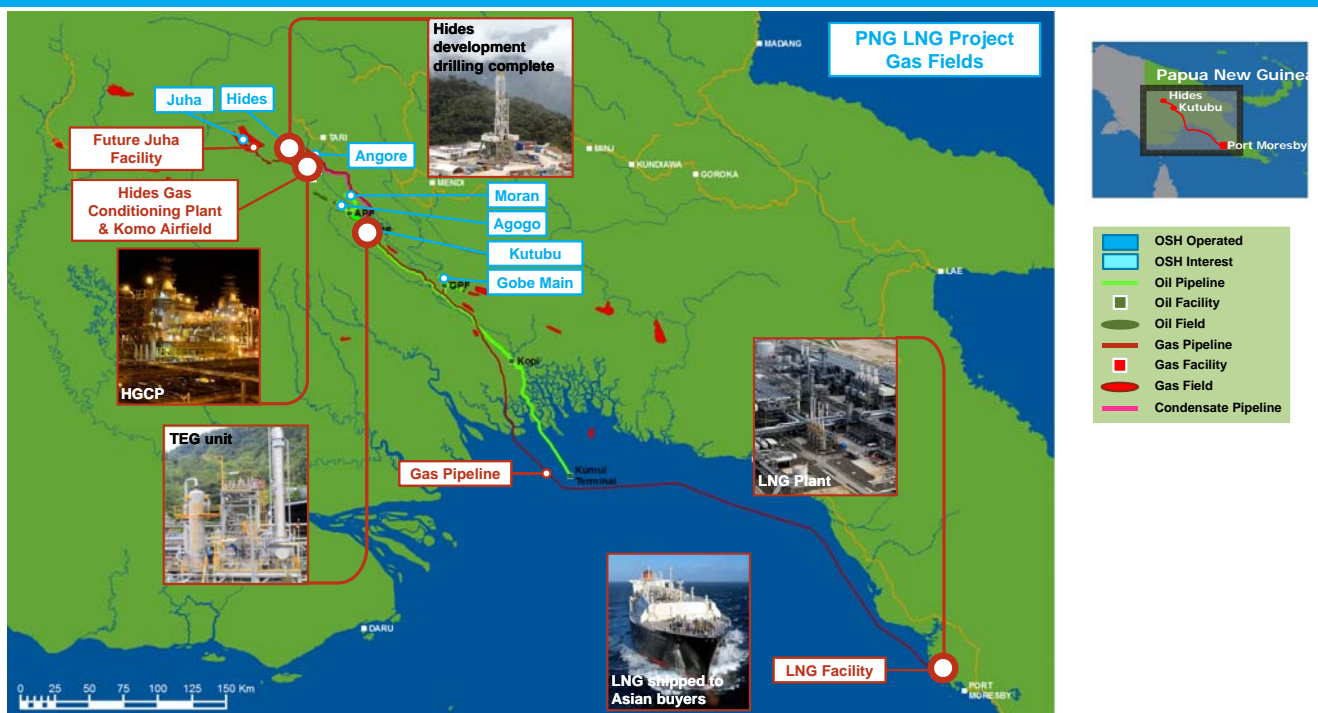


- » 'Plan for the worst, hope for the best'
- » 2015 capex and opex reduced, actively engaging with contractors to reduce costs further, by targeted 15 – 25%
- » Business Optimisation Programme initiated. Strategic, measured and reasoned approach to improve work efficiencies and build value, without compromising safety and long-term sustainability
- » Looking to high-grade PNG portfolio to further support strategic initiatives
- » Focus is to maintain top quartile returns to shareholders, underpinned by delivery of at least two new LNG trains in PNG

2015 Spending Cuts		
PNG Oil and Gas production costs	~20%	↓
Exploration and evaluation spend	~25%	↓
Production capital	~20%	↓
Corporate capital	~40%	↓



PNG LNG Project



PNG LNG Project – performing ahead of expectations, has delivered strong platform for future growth

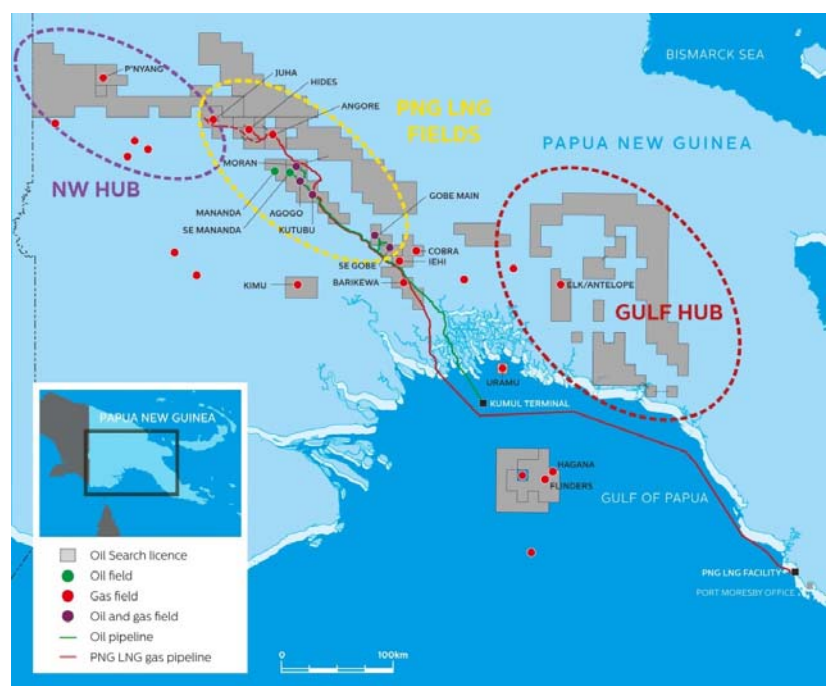
- » PNG LNG Project – a major success story:
 - Delivered ahead of expectations and within revised US\$19bn budget
 - Operational and financial completion achieved in February 2015
 - To date, Project has exported >7 million tonnes of LNG and shipped ~100 LNG cargoes
- » Both trains now consistently operating at or above nameplate capacity of 6.9 MTPA
- » Focus on production optimisation/debottlenecking
- » Project has delivered major infrastructure, Government and landowner support, Tier 1 LNG customers, financier confidence



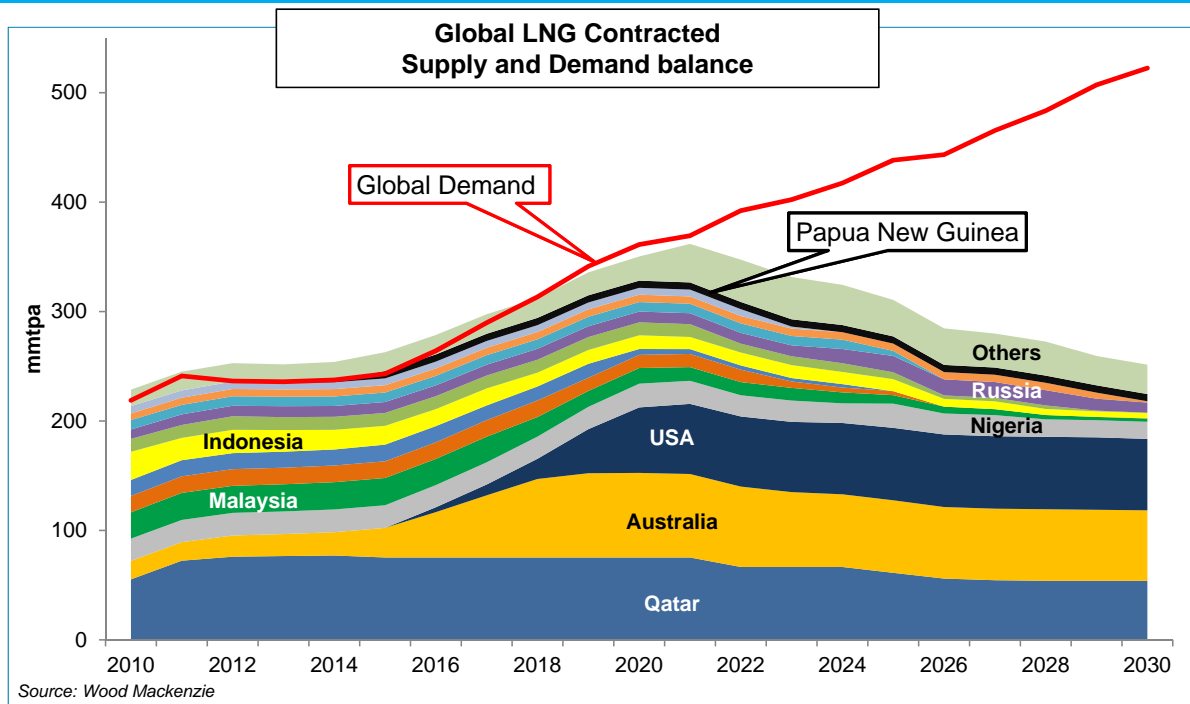
Images courtesy ExxonMobil

Key focus for OSH is commercialising PNG's undeveloped gas

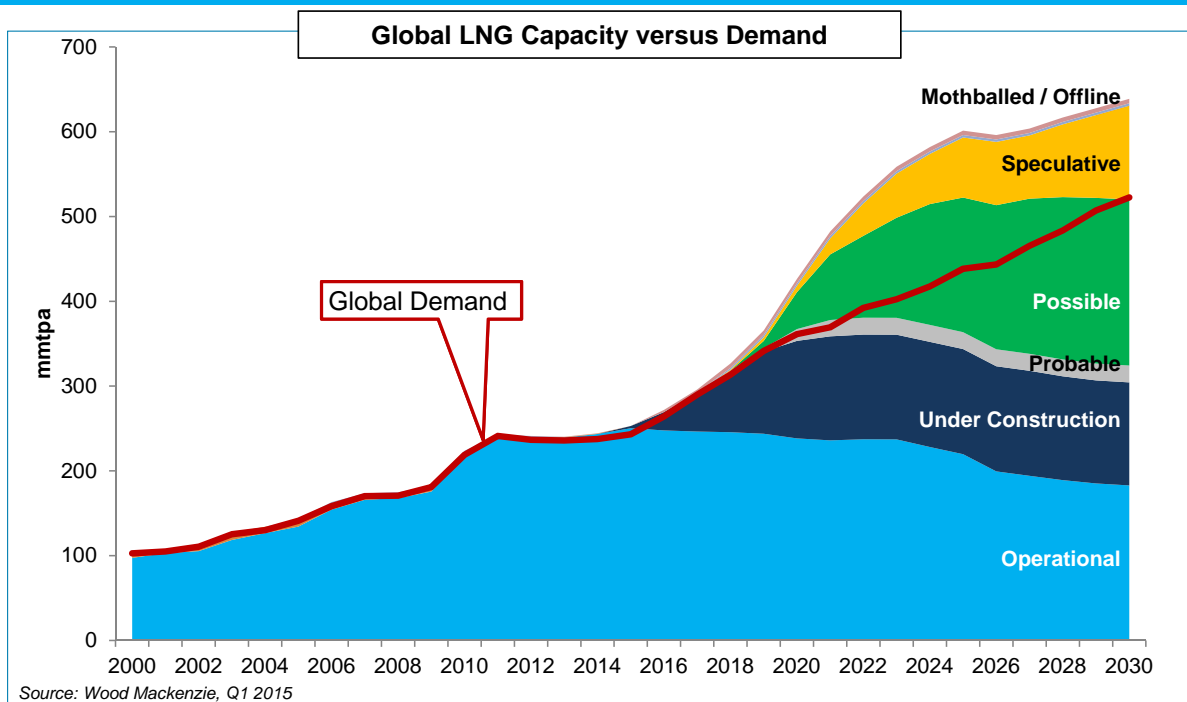
- » PNG LNG Project has delivered strong platform for growth
- » PNG can deliver at least two more LNG trains underpinned by existing undeveloped resources in NW Highlands and Gulf areas and third train with modest drilling success
- » PNG LNG expansion and Elk/Antelope development are economically attractive
- » Multiple exploration opportunities remain, to potentially provide backfill gas or additional trains
- » Delivery of near-term additional trains is common objective for industry, communities and Government
- » OSH well positioned to play key role to ensure optimum development outcome for all stakeholders



LNG market well supplied until post 2020



Many global LNG projects proposed but how many work in new pricing paradigm?



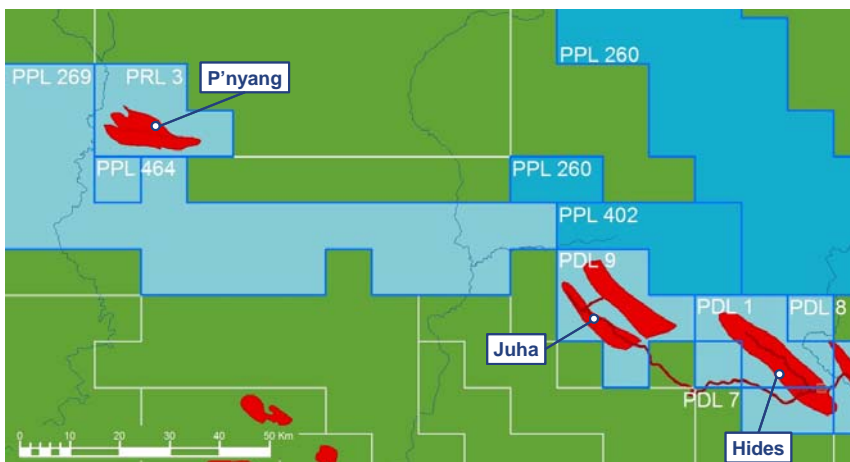
LNG from PNG has competitive advantages

- » Conventional LNG projects with no new technology utilised in development
- » Substantial reserves base with high heating value, suitable for Asian reticulation network
- » High liquids, enhancing economics
- » Onshore location with existing infrastructure base from oil and LNG developments
- » Located close to growing Asian LNG markets
- » Stable fiscal regime with strong Government support
- » Aligned Joint Ventures. Highly respected Operators able to deliver and operate major projects, augmented by OSH's 86 years of in-country experience
- » Provide attractive returns and robust to product price movements



Image courtesy ExxonMobil

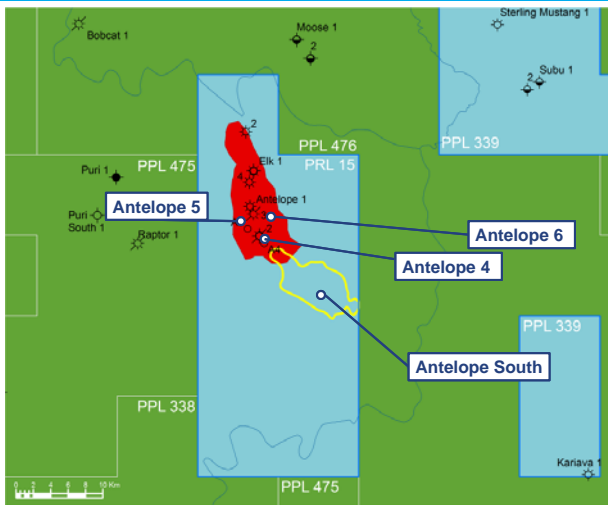
NW Hub: LNG expansion and power MoU signed



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

- » ExxonMobil PNG Limited (as operator of PNG LNG and PRL 3) and PNG Government signed MoU in Jan 2015
- » Sets roadmap for development of P'nyang to provide long-term gas resources to support domestic power and potential PNG LNG Project expansion
- » Power sale agreement with PNG Power, to supply 25MW of power for local use, signed in April 2015
- » P'nyang 2C contingent resource could increase materially
- » Planning for an appraisal well underway

Gulf Hub: PRL 15 (Elk/Antelope) appraisal



- » Potential second world-scale LNG development in PNG
- » Comprehensive appraisal programme underway, with initial results encouraging
 - *Antelope 4*: Located ~1 km south of Antelope 2. Well presently suspended and plans underway to sidetrack well using Rig 103 (subject to final JV approvals)
 - *Antelope 5*: Located ~1.8 km west of Antelope 2. Initial test completed in April. Additional testing, with pressure monitoring in Antelope 1, underway
 - *Antelope 6*: Located in eastern part of field. Well site preparation underway
- » Aim to complete resource evaluation, select broad development concept and move into pre-FEED in 2015:
 - Preliminary discussions on project financing, marketing and environmental and social mapping activities underway



PRL 15	WI %
Total	40.1
InterOil	36.5
Oil Search	22.8
Minorities	0.5

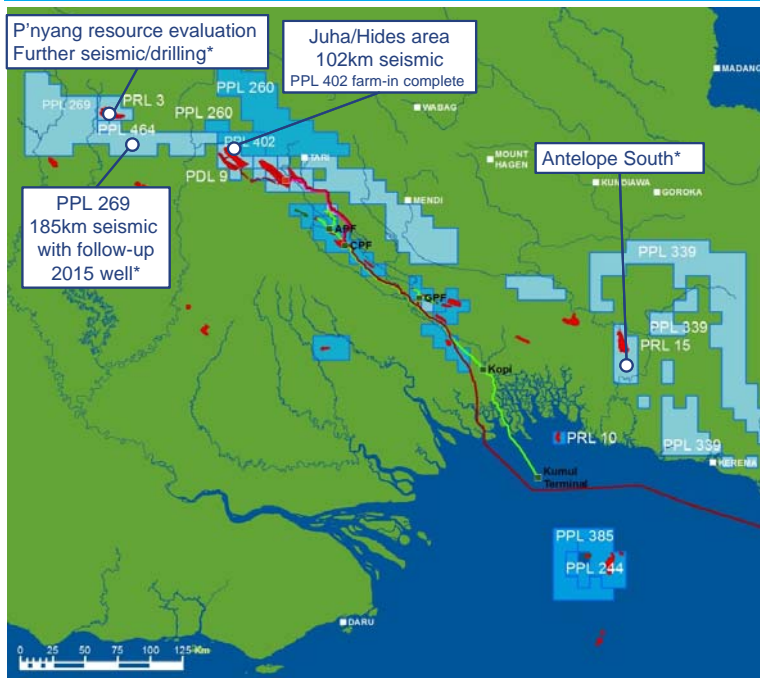
Antelope 5 initial well test completed in April



Photos courtesy of InterOil



PNG gas exploration activities



* Subject to JV approval

- » Focus of 2015 PNG exploration and evaluation programme is to mature material gas prospects for drilling in 2015/16, to support PNG LNG expansion or additional trains
- » Key gas exploration activities in 2015/16:
 - Antelope South exploration well*
 - Exercised option to farm-in to 70% interest in PPL 339 in May 2015 (OSH-operated). Drilling in 2016
 - Extensive seismic and field work in NW Highlands exploration licences
 - Two wells to be drilled in PPL 269* in late 2015/early 2016 (Talisman-operated)
 - Appraisal/exploration on Barikewa, Kimu and Uramu gas fields to commence in 2016 – material resource potential
 - Major PNG basin-wide review underway, focused on acquiring strategic material licence interests, to support long-term programme



2015-16 Exploration and Appraisal Programme Oil Search

	2015			2016			
	Q2	Q3	Q4	Q1	Q2	Q3	Q4
PNG Highlands Activity							
PRL 3 (OSH - 38.5%)							
PPL 269 (OSH - 10%)			Strickland-1	PPL 269 Well 2*			
PPL 402 (OSH - 50%)							Well 1*
PNG Gulf Activity							
PRL 15 (OSH - 22.8%)	Antelope 5	Antelope 4 ST1	Antelope 6				
PPL 339 (OSH - 70%)				Well 1*	Well 2*		
PRL 8 (OSH - 60.7%)							
PRL 9 (OSH - 45.1%)							
PRL 10 (OSH - 100%)							
International Activity							
Taza PSC (OSH - 60% WI)	Taza 3		Taza 4*				

Appraisal/development
Exploration

* Subject to JV and/or government approvals
 ** Timing dependent on rig availability
 Schedule subject to change

Contributing to long-term sustainability in PNG – some essentials

- » With PNG LNG in production, vital to ensure efficient benefits distribution throughout PNG
- » Partnership between State and Private Sector has never been more important
- » Focus areas:
 - Provision of competitively priced, reliable power
 - Port Moresby
 - Highlands and Ramu Grids
 - Platform for industry development
 - Small scale LNG/CNG for resource projects and remote communities
 - Partnerships on infrastructure development
 - Partnerships on health programmes
 - Capacity development



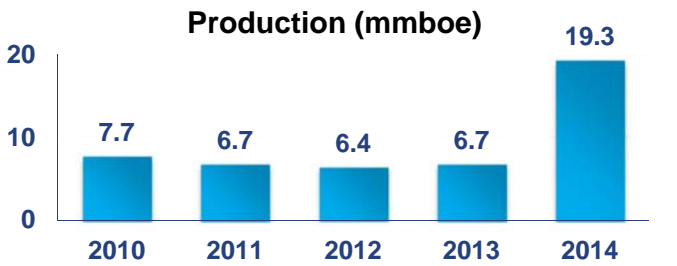
Summary

- » PNG LNG Project delivered ahead of schedule and within revised budget, performing above expectations
- » PNG well placed to significantly expand LNG exports over next 5-7 years
 - » Potential for OSH to more than double production by 2021/22
- » Lower oil price environment represents opportunity to recalibrate cost base, improve fiscal discipline, drive efficiencies and enhance portfolio
- » Top quartile projects will continue to progress
- » OSH in good shape to grow through these changes, with strong balance sheet and ample liquidity to pursue growth





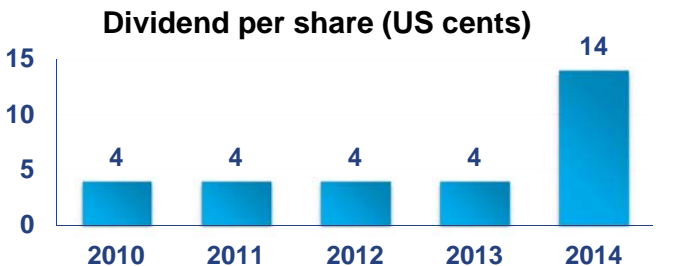
Appendix 1: 2014 key financial metrics



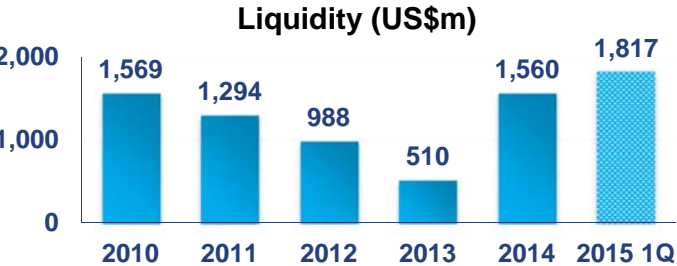
» Production up 186%, reflecting PNG LNG Project start-up plus solid performance from oil fields – all time high



» NPAT up 72% to US\$353.2m. Excluding impairments, core profit up 135%, from US\$205.7m to US\$482.8m – highest ever



» Dividend up 250% on 2013, equivalent to 44% dividend payout ratio on 2014 core profit



» Strong balance sheet, with more than US\$1bn of cash and US\$750m of credit facilities at 31 March 2015



Appendix 2: Treasury Update (as at 31 Mar 2015)

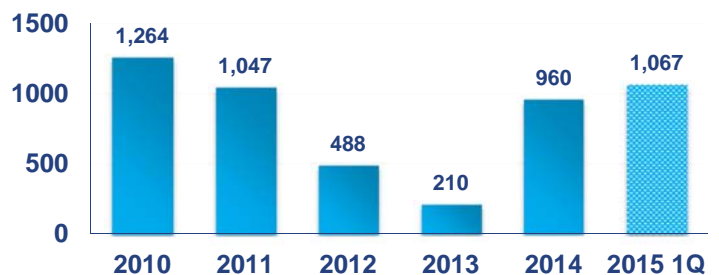
» Liquidity of \$1.8n:

- US\$1,067m cash
- US\$250m available under bilateral revolving credit facilities
- US\$500m available from non-amortising corporate revolving facility

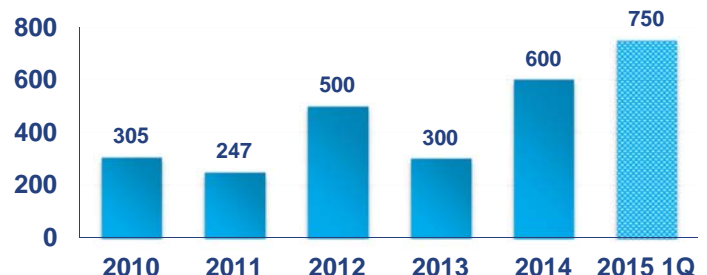
» Total debt of US\$4.3bn, all related to OSH's share drawn down under PNG LNG Project finance facility

» PNG LNG Project financial completion achieved in February 2015, releasing US\$854m from PNG LNG escrowed accounts

Cash (US\$m)

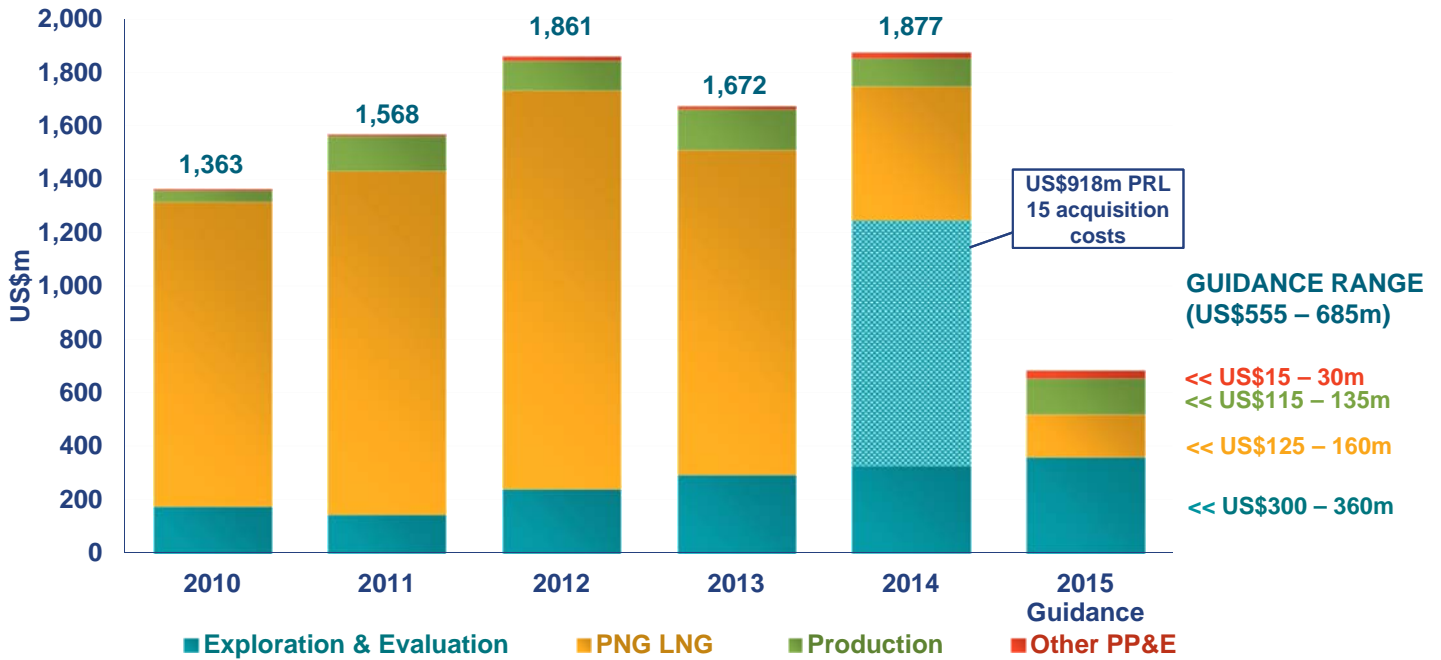


Corporate Facilities Available (US\$m)





Appendix 3: 2015 Investment Outlook



Appendix 4: 2015 Guidance Summary

Production	
Oil Search operated (PNG Oil and Gas)	6 – 7 mmmboe ^{1,2}
PNG LNG Project	
LNG	88 – 91 bcf
Liquids	2.8 – 3.0 mmmboe
Total PNG LNG Project	20 – 21 mmmboe ¹
Total Production	26 – 28 mmmboe
Operating Costs	
Production costs	US\$10 – 12 / boe
Other operating costs ³	US\$145 – 165 million
Depreciation and amortisation	US\$13 – 14 / boe

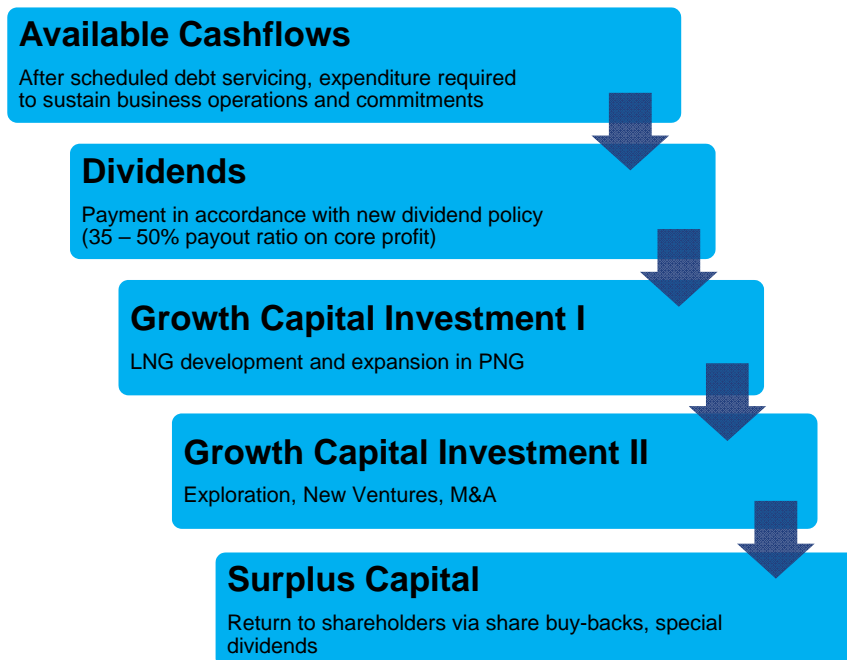
Numbers may not add due to rounding

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.

² Includes South East Gobe gas sales.

³ Includes Hides GTE gas purchase costs, royalties and levies, selling and distribution costs, rig operating costs, corporate administration costs (including business development) and inventory movements.

Appendix 5: Cash Flow Priorities



Appendix 6: PNG LNG Project quick facts



OVERVIEW	
Nameplate capacity	6.9 MTPA, 2 train development
Project investment	US\$18.8 billion
Joint Venture partners	ExxonMobil (33.2%), Oil Search (29.0%), National Petroleum Company of PNG (PNG Govt) (16.8%), Santos (13.5%), Nippon Oil (4.7%), MRDC (PNG Landowners) (2.8%)
Contracts	6.6 MTPA contracted to Asian buyers: Sinopec (China) ~2.0 MTPA TEPCO (Japan) ~1.8 MTPA Osaka Gas (Japan) ~1.5 MTPA CPC (Taiwan) ~1.2 MTPA
PRODUCTION	
Production over Project life	>9tcf gas and >200 mmbbl condensate
Associated oil fields contribution	~20%
Cargo loads per year	>90 cargoes
LNG ship size	125,000 – 220,000m ³
LNG ship count	6 ships
DRILLING	
Drilling rigs	2 x 60m tall weighing 725 metric tonnes
Wells (field life)	13 production wells (9 Hides* + 2 Angore + 2 Juha) + 1 produced water disposal well
Production well depth	Up to 3,000m (excluding PWD)

* Includes Hides F1 Deep well drilled to Toro reservoir

INFRASTRUCTURE	
LNG jetty length	2.4km
LNG tank capacity	2 x 160,000m ³
HGCP production capacity	960mmcf/day
Komo Airfield length	3.2km
Total length of pipelines	~800km (including condensate lines)
Highest altitude of onshore pipeline	2,700m above sea level
Onshore pipeline length	292km
Offshore pipeline length	407km
WORKFORCE	
Total construction workforce	>55,000
Peak construction workforce	21,220 (4Q 2012), comprising 40% PNG citizens
Construction work hours completed	~200 million
SOCIAL ENGAGEMENT DURING CONSTRUCTION	
Landowner company spend	>2.72 billion Kina
In-country spend	~11 billion Kina
Training provided	>2.17 million hours via ~13,000 training programmes
Entrepreneurs assisted	>17,000 via Enterprise Centre to develop business capacity
Community engagements	>4,500 engagements with >165,000 attendees

Source: ExxonMobil

Disclaimer

While every effort is made to provide accurate and complete information, Oil Search Limited does not warrant that the information in this presentation is free from errors or omissions or is suitable for its intended use. Subject to any terms implied by law which cannot be excluded, Oil Search Limited accepts no responsibility for any loss, damage, cost or expense (whether direct or indirect) incurred by you as a result of any error, omission or misrepresentation in information in this presentation. All information in this presentation is subject to change without notice.

This presentation also contains forward-looking statements which are subject to particular risks associated with the oil and gas industry. Oil Search Limited believes there are reasonable grounds for the expectations on which the statements are based. However actual outcomes could differ materially due to a range of factors including oil and gas prices, demand for oil, currency fluctuations, drilling results, field performance, the timing of well work-overs and field development, reserves depletion, progress on gas commercialisation and fiscal and other government issues and approvals.