UBS Australasian Conference

November 2015

Oil Search

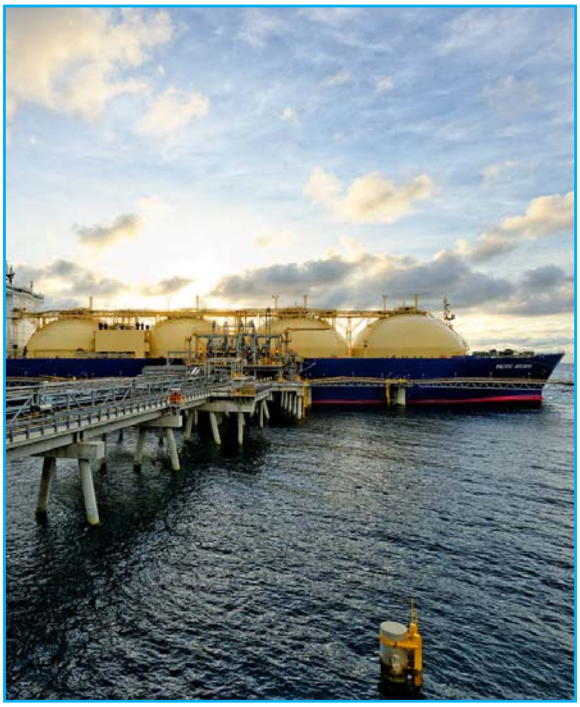
Oil Search Limited
ARBN 055 079 868

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

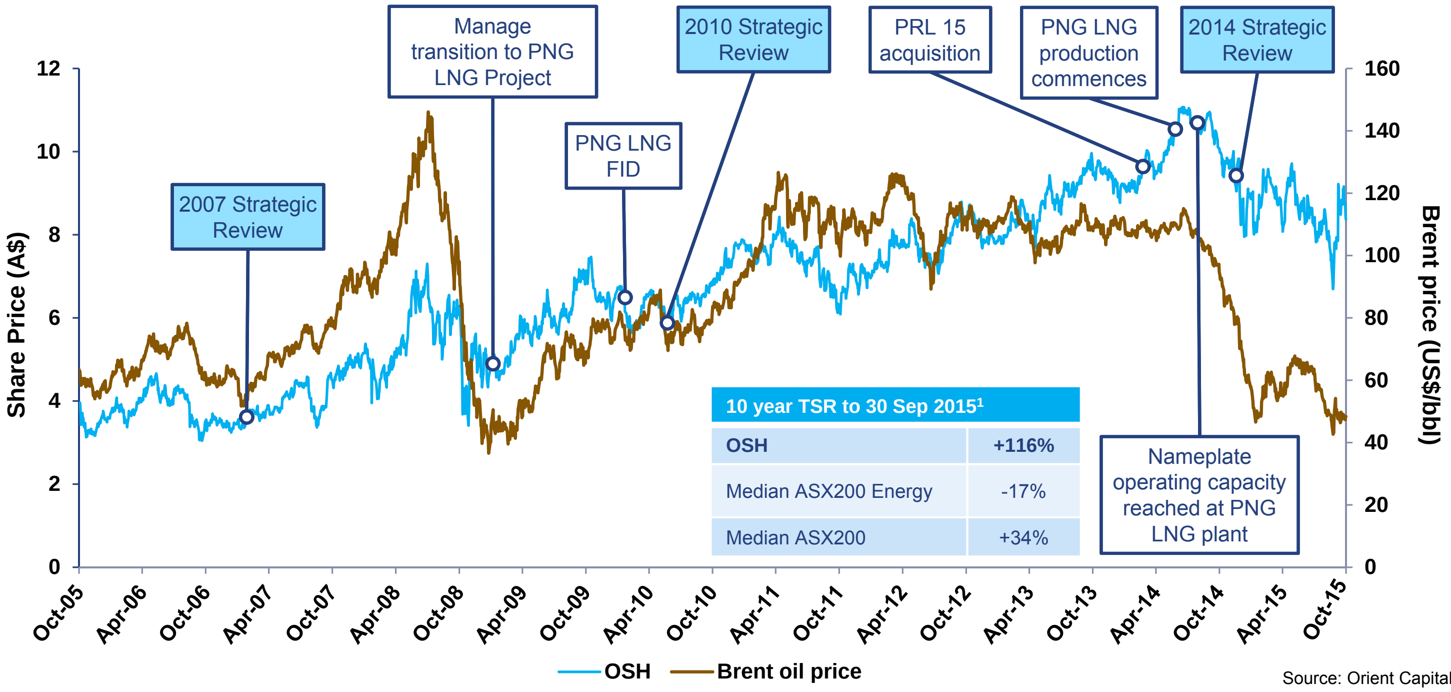
Overview

Oil Search

- » Strong production from quality assets:
  - – PNG LNG Project capacity increased from 6.9 MTPA to 7.3 MTPA
  - – Mature oil assets performing well
- » Solid balance sheet with liquidity of ~US$1.6bn
- » PNG LNG has created strong platform for further growth
- » World class LNG growth projects advancing:
  - – PNG LNG production optimisation/debottlenecking plus potential T3
  - – Papua LNG Project resource maturation underway
  - – Major near-field exploration programme planned for 2016+
- » Business optimisation and performance innovation programmes initiated:
  - – Recalibrated cost base, with capital spend focused on attractive LNG growth opportunities
  - – Developing continuous improvement culture
- » WPL one-for-four takeover proposal rejected by OSH Board:
  - – Grossly undervalued existing assets and growth potential



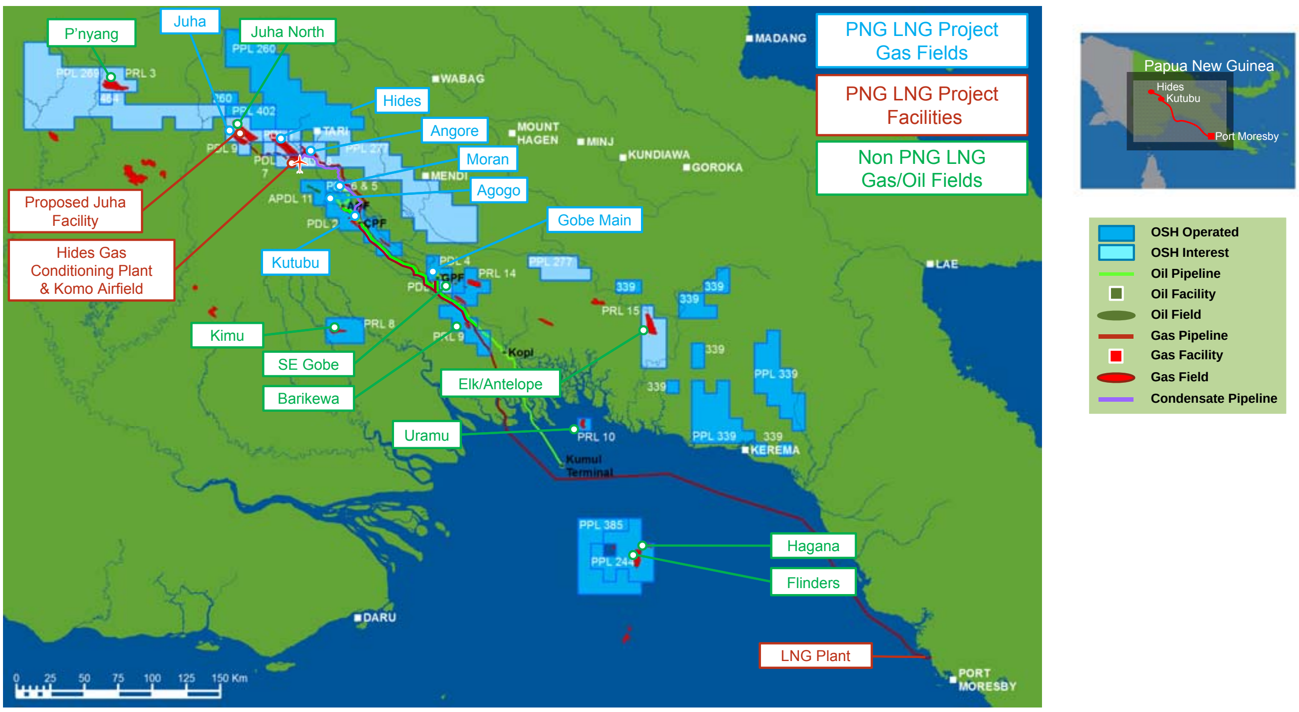
Core strategies have delivered steady long-term share price appreciation



10 year TSR to 30 Sep 2015[1]	
OSH	**+116%**
Median ASX200 Energy	-17%
Median ASX200	+34%

Source: Orient Capital

Oil Search licence interests, PNG



PNG LNG Project – producing consistently above nameplate capacity

PNG LNG Oil Search

- At end 3Q 2015, >125 cargoes delivered and nearly 9 million tonnes produced since start-up in 2014
- Annualised production in 3Q15 of ~7.4 MTPA (1H15 of ~7.1 MTPA), compared to nameplate capacity of 6.9 MTPA:
  - ExxonMobil announced increase in gross capacity from 6.9 MTPA to 7.3 MTPA , reflecting "focus on maximising the value of installed capacity and improving profitability"*
  - Increase in capacity supported by strong upstream deliverability (including OSH-operated gas supply) and LNG plant reliability
- Project has established excellent reputation as a reliable gas supplier
- Full contractual volumes being taken, with contract ramp-up underway to plateau of 6.6 MTPA in 2Q16
- Good demand for spot volumes, >80% of spot cargoes have been sold to contract customers
- Current focus on production optimisation / debottlenecking:
  - Already delivering substantial incremental value, with further upside potential
- Final components of foundation development (Angore drilling, tie-in of Hides F1) expected to be completed in 2015

* ExxonMobil 3Q 2015 earnings conference call

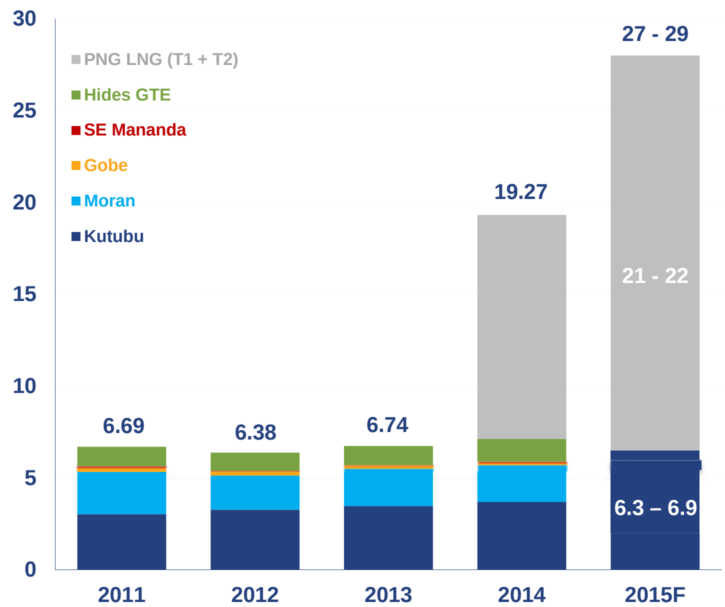
2015 Production Outlook

Oil Search

- 2015 production expected to be at upper end of 27 – 29 mmboe guidance range:
  - 6.3 – 6.9 mmboe from operated oil fields and Hides GTE*
  - 21 – 22 mmboe from PNG LNG Project
- 2H15 focus items:
  - Ongoing oil production optimisation initiatives, with focus on process safety, reliability and well integrity
  - Continued delivery of Kutubu, Gobe Main and SE Gobe (third-party) gas to PNG LNG Project, operation of liquids export system via Kumul Marine Terminal
  - Support operator in maximising PNG LNG production opportunities through optimisation / debottlenecking

* Includes SE Gobe gas sales

Net Production (mmboe)

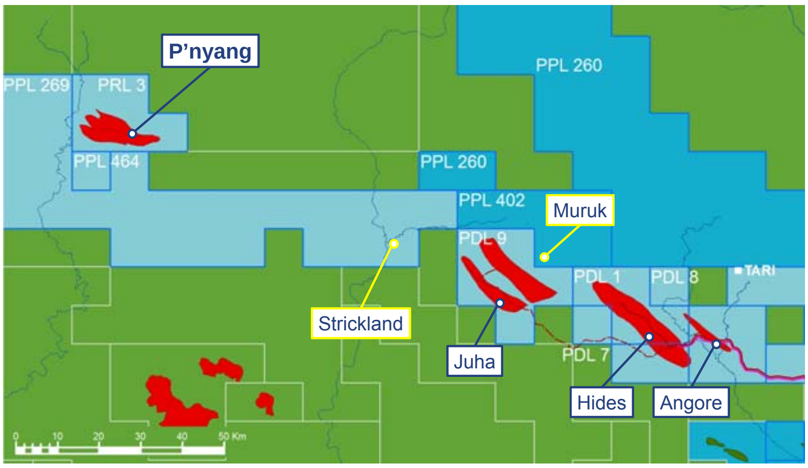


1 LNG sales products at outlet of plant, post fuel, flare and shrinkage
2 Oil forecast assumes successful development drilling in 2015
3 Gas:oil conversion rate used in 2014 & 2015: 5,100 scf = 1 barrel of oil equivalent (prior years 6,000 scf/boe)

Commercialising PNG's undeveloped gas

- PNG LNG Project has delivered strong platform for growth:
  - Major infrastructure
  - Government and landowner support
  - Tier 1 LNG customers
  - Financier confidence
- PNG can deliver at least two more LNG trains, underpinned by existing undeveloped gas resources in NW Highlands and Gulf areas, and third train with modest drilling success
- Unprecedented opportunity to participate in PNG LNG expansion and Papuan LNG development:
  - Both world-class projects
- Major appraisal and exploration programme underway, multiple opportunities to provide gas for expansion, additional trains and industrial development
- Delivery of near-term additional trains is common objective for industry, communities and Government

NW Hub: PNG LNG expansion, potential third train and domestic power

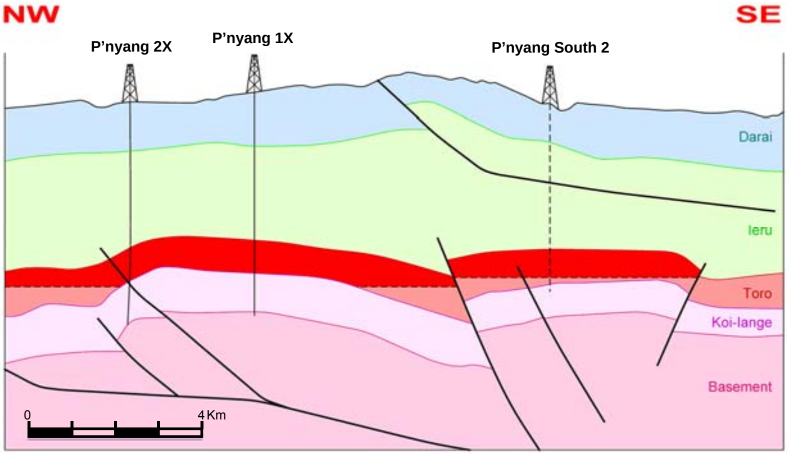


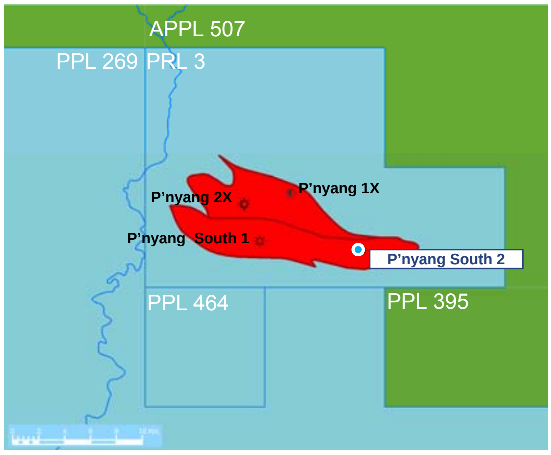
PRL 3	WI %
ExxonMobil affiliates (operator Esso PNG P'nyang Ltd)	49.0
Oil Search	38.5
JX Nippon	12.5

- MoU signed in January 2015 by ExxonMobil (as operator of PNG LNG and PRL 3) and PNG Government sets schedule to develop P'nyang gas field, to underpin:
  - PNG LNG Project expansion (high-value production optimisation/debottlenecking and potential third LNG train – FID targeting end 2017)
  - Delivery of domestic power to PNG
- Delivery of up to 25MW of interruptible electricity from PNG LNG plant to PNG Power in Port Moresby commenced in July:
  - Satisfied key commitment of MoU
- Landowner development forum planning progressing
- PNG LNG expansion identified by ExxonMobil as "very well positioned to compete" globally*
  - Supported by successful delivery and performance of foundation Project, competitive cost structure, stable and transparent fiscal terms

* ExxonMobil 2Q 2015 earnings conference call

Up to two P’nyang wells planned to further constrain 1C and 2C resource

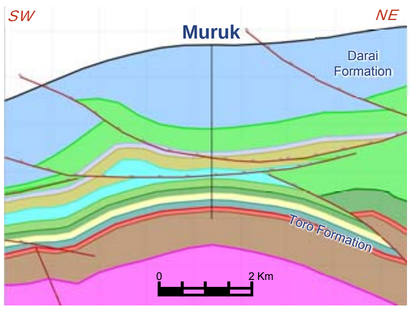


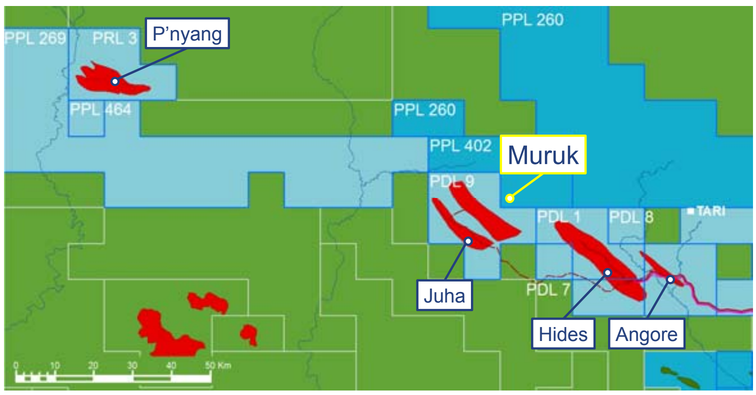


- Preparatory work underway for P’nyang South 2 well:
  - Location in SE of structure agreed by PRL 3 JV, to be drilled 2Q/3Q 2016
- Potential second well
- Assuming success, OSH expects material increase in current 1C and 2C resources
- Once PDL awarded, P’nyang to be integrated into PNG LNG Project

Muruk 1 well to target multi-tcf exploration prospect

- Muruk 1 – PPL 402 (OSH 50%). Operated by OSH in co-venture with ExxonMobil
- Potential multi-tcf structure on-trend with Hides, located north-east of Juha and Juha North
- Potential new source of gas for PNG LNG expansion, if successful
- Expected to spud in 1Q16
- Part of coordinated 2016 Highlands drilling campaign to source gas for PNG LNG expansion





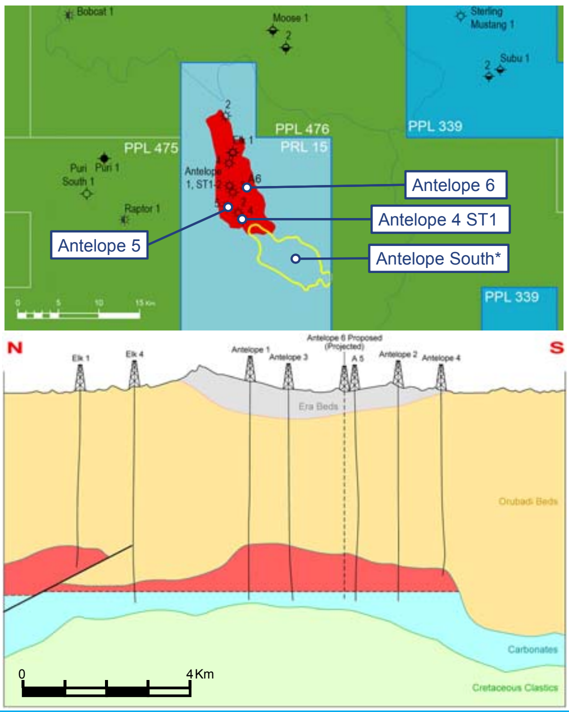
PPL 402	WI %
Oil Search	50.0
Esso PNG Wren Ltd (ExxonMobil affiliate)	50.0

Gulf Hub: Papua LNG Project

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

- Potential second world-scale LNG development in PNG
- Significant progress achieved:
  - Locations of key infrastructure sites agreed by PRL 15 JV and supported by Government
  - Commencement of financing process – financial, tax and legal advisors appointed, JV discussions on financing structure
  - Transfer of operatorship to Total SA effective 1 August 2015. Total personnel progressively being mobilised to Port Moresby
  - OSH community affairs personnel seconded to Project, to support Total in landowner engagement
- Final development concept to be selected after completion of appraisal programme and resource evaluation:
  - LNG plant location provides opportunity for capital savings
- Entry to Basis of Design, including decision on one or two trains, followed by FEED:
  - Potential for early works in 2017
- Development can provide material benefits for Gulf communities

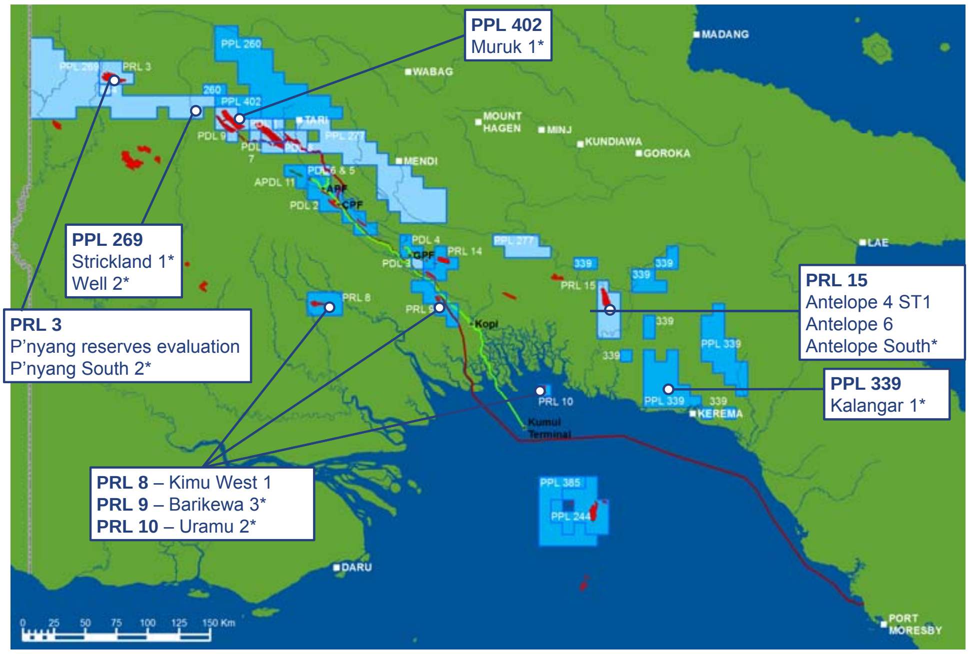
Elk - Antelope appraisal programme underway, OSH certification targeted for 2Q16



- Results of appraisal programme to date at upper end of OSH expectations:
  - Antelope 4 extended good quality reservoir to south
  - Antelope 5 testing confirmed substantial resource base, excellent reservoir quality and deliverability and pressure communication between A5 and A1
  - Antelope 4 ST1 encountered reservoir 32 metres high to prognosis, drilling ahead into reservoir
  - Antelope 6 site preparation on eastern flank advanced, expected to spud 4Q15
  - Interference testing involving Antelope 1 and Antelope 5 planned post Antelope 4 ST1 completion
- Elk-Antelope field has sufficient resources to underpin one 5 MTPA LNG train (basis for entry into PRL 15) with ~5 tcf 2P, or depending on outcome of appraisal, potentially two PNG LNG-sized trains requiring >7 tcf 2P
- Resource base >7 tcf would deliver higher returning LNG project (PNG LNG “look-alike”) and trigger certification payments (US$0.775/mcf for volumes >7 tcf based on average of two certifiers – Gaffney Cline and NSAI)
  - OSH certification process due for completion mid 2Q16

Active PNG exploration/appraisal programme proposed

Oil Search



** Subject to JV approval*

- » OSH estimates Yet-to-Find potential of >5 bnboe in PNG
- » Systematic appraisal and exploration planned, subject to oil price/available cash flow:
  - – OSH's 2H15-16 programme targeting ~6 - 7 tcf[1,2] gas (mean prospective volumes)
- » Programme focused on wells with clear commercialisation options
- » Review of costs and technology to drive costs down:
  - – Fit for purpose rigs and well-defined scopes
  - – Reduced 3rd party contractor costs and services

Exploration and appraisal programme

Oil Search

	2015 Q3	2015 Q4	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2017 Q1
PNG Highlands Activity							
PRL 3 (OSH - 38.5%)				P'nyang South 2 & other possible appraisal activities*			
PPL 269 (OSH - 10%)			Strickland 1	PPL 269 Well 2*			
PPL 402 (OSH - 50%)			Muruk 1*				
PNG Gulf Activity							
PRL 15 (OSH - 22.8%)	Antelope 4 ST1	Antelope 6			Antelope Appraisal*		
PRL 9 (OSH - 45.1%)					Barikewa 3*		
PPL 339 (OSH - 70%)						Kalangar 1*	
PRL 8 (OSH - 60.7%)							Kimu W*
PRL 10 (OSH - 100%)						Uramu 2*	
International Activity							
Taza PSC (OSH - 60% WI)	Taza 3 ST1				Taza 4*		

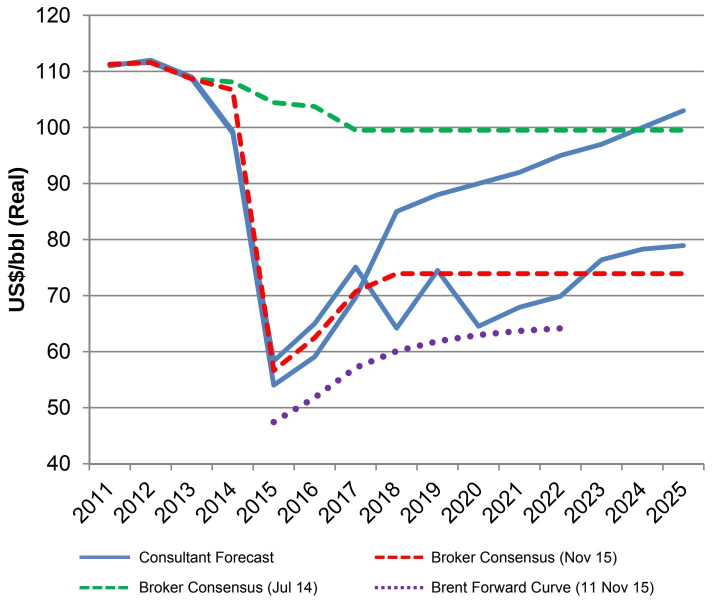
Appraisal/development | Exploration

**** Subject to JV and/or government approval, timing dependent on rig availability***
Schedule subject to change

Business environment outlook

- Wide range of oil price forecasts
- Oil market appears oversupplied into 2016, inventories remain at record levels
- 'Lower for longer' pervasive in management thinking
- Global industry reaction:
  - Marginal projects stalled, discretionary spend reduced
  - Contractors asked to share the pain
  - Equity funding hard to obtain
- OSH remains well positioned:
  - Strong production and cash flows
  - Solid balance sheet and liquidity, with significantly reduced capital expenditure obligations
  - Two globally competitive LNG growth projects in lowest quartile for costs

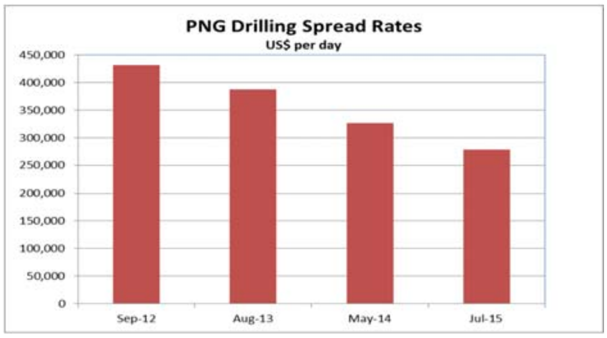
Brent Oil Price Forecasts to 2025



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

OSH response: Performance and innovation – sustainable efficiencies and cost reduction

- 2Q15: initiated business optimisation programme:
  - Company-wide review of strategic priorities in low oil price environment
  - Identified opportunities to improve processes, reduce costs and increase efficiencies without compromising safety performance
  - Creating slimmer, fit for purpose organisation with recalibrated cost base, by taking advantage of business climate to reset internal costs and negotiate lower supplier costs
  - Focus on attractive LNG growth projects, with measured spend on other activities
  - Safety, citizen development and PNG country stability initiatives a priority
- 4Q15: initiated performance and innovation programme, aimed at:
  - Developing disciplined and focused continuous improvement culture
  - Developing and embedding high performing capability throughout Company
  - Completing delivery of identified pipeline of improvement initiatives (including stretch targets) and identifying and developing further improvement initiatives
  - Ensuring OSH leverages best of external innovative thinking and industry/technological developments



OSH response: Clear, measurable objectives and actions

Initiative	Objective	Actions
Organisation efficiency and effectiveness	Right sized Performance focus Optimal planning Clear priorities	Reduce Australia/MENA offices, reduce footprints in field operations, re-set organisation and streamline decision-making
Citizen Development Programme	Long-term capability of citizens Increased citizen senior management Clear KPIs	Accelerated development programme, focused leadership training succession planning
Production optimisation	Optimise production Stretch targets Enhance efficiency and facilities uptime Clear KPIs	Step change focus on work efficiency, shutdown and well intervention planning, rationalise facilities' projects
Cost reduction and cost effectiveness	3rd party rates Services and facilities Clear KPIs	Optimise infrastructure and equipment utilisation and material consumption, reduce transportation costs
Spend management	Maximise efficiency and cost effectiveness of end-to-end supply chain Clear accountabilities and KPIs	Complete Company–wide review and gap analysis, improve contract management, simplify category spend strategies
Drilling performance	Spread-rate reduction Minimise mob/demob costs Fit-for-purpose civils Rig technology and innovation	Increased project management focus on civils and logistics support, rig drilling and services performance, improved inventory management

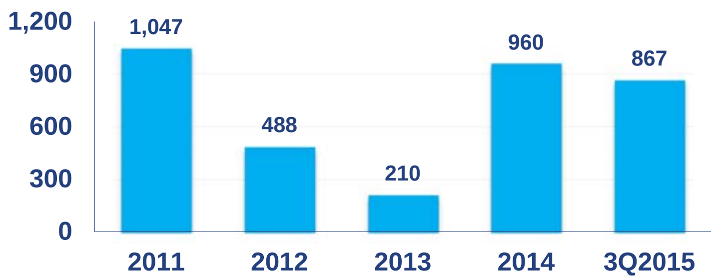
OSH in healthy financial position

» Strong liquidity position of US$1.62 bn*:
- US$867m of cash
- US$750m of undrawn revolving facilities

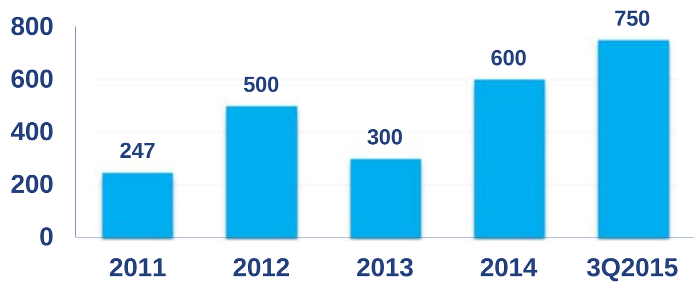
» Total debt of US$4.29bn: OSH's share of debt drawn under PNG LNG Project finance facility
- Non-recourse debt with 11 year, semi-annual mortgage-style repayment profile

» Capital spend being managed carefully:
- Maintaining liquidity capacity for priority growth projects

Cash (US$m)

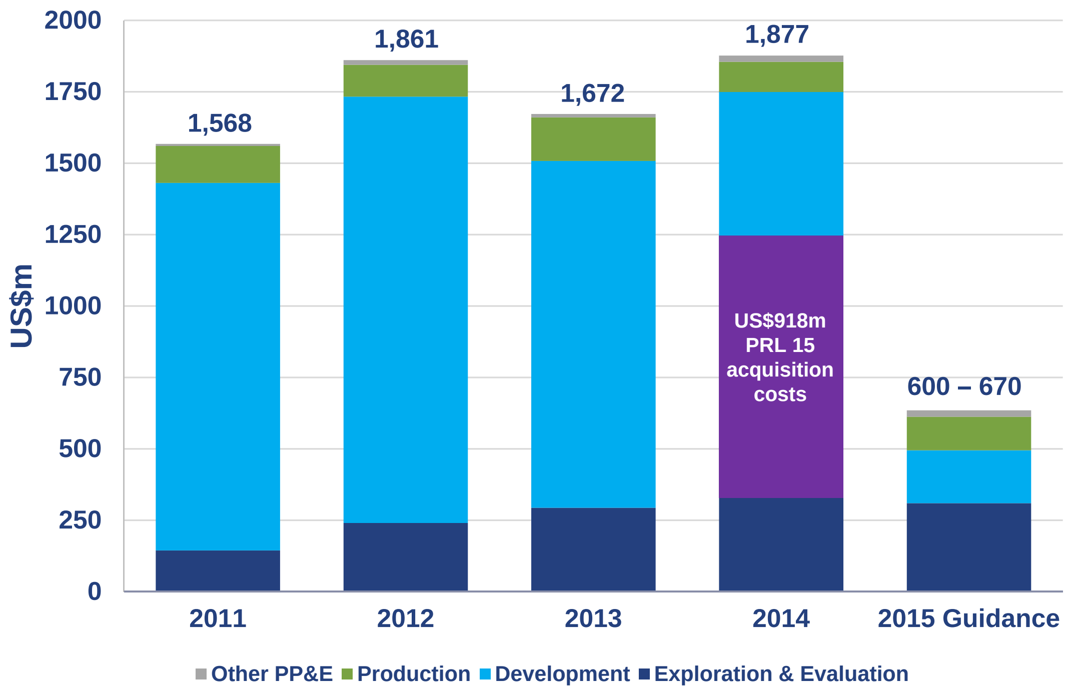


Corporate Facilities Available (US$m)



* As at 30 September 2015

2015 Investment Outlook



- 2015 capital spend forecast US$600 – 670m:
  - Exploration & Evaluation:
    - US$300 – 320m
  - Development:
    - US$170 – 200m
  - Production:
    - US$110 – 125m
  - Other PP&E:
    - US$20 – 25m
- 2016 budgets under preparation, capex likely to be significantly lower than in 2015

Cash Flow Priorities

Available Cashflows

After scheduled debt servicing, sustaining capital expenditure and commitments

Dividends

Payment in accordance with dividend policy (35-50% of NPAT)

Growth Capital Investment I

LNG expansion

Growth Capital Investment II

Exploration, New Ventures, M&A

Surplus Capital

Return to Shareholders:

- Share Buy-Backs, Special Dividends

LNG industry: Undergoing fundamental change

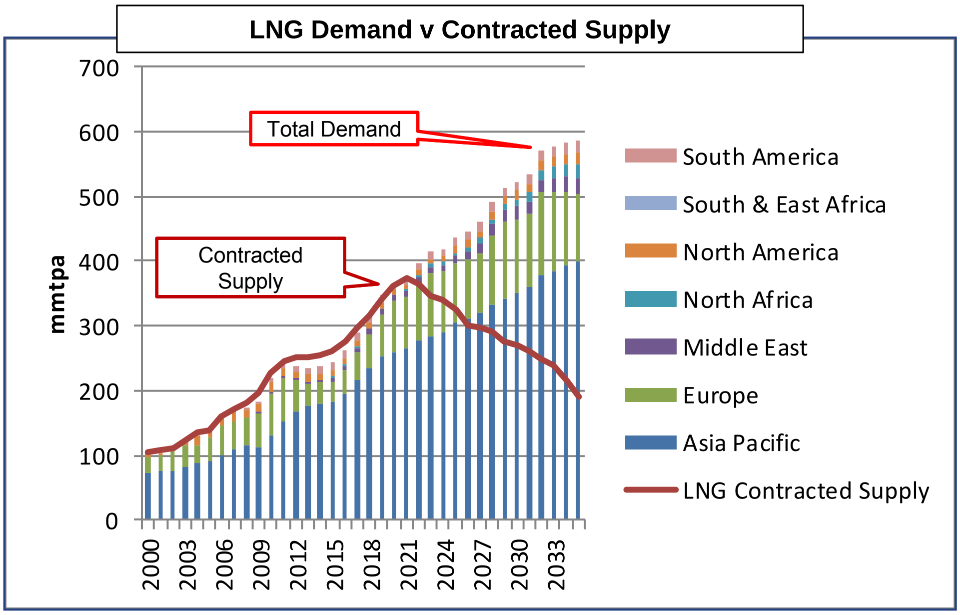
Oil Search

» Markets and LNG pricing:
  – Current oversupply through commissioning of major projects
  – Gas prices globally have normalised, now trading in US$7 - 8/mmBtu range
  – More globally connected and significantly more LNG being traded
  – Increased pricing and delivery flexibility with short–medium term commitments
  – Current market not reflective of longer term demand/supply
» Project structures and outlook:
  – North America leads flexibility but can they really penetrate Asia at these prices?
  – Project delays or deferrals globally
» In Australia:
  – Project structures and economics challenging
  – Search for capital efficiency
  – Impacts on local gas pricing
» LNG projects from PNG well placed in this environment

Medium to long-term LNG demand forecasts still robust

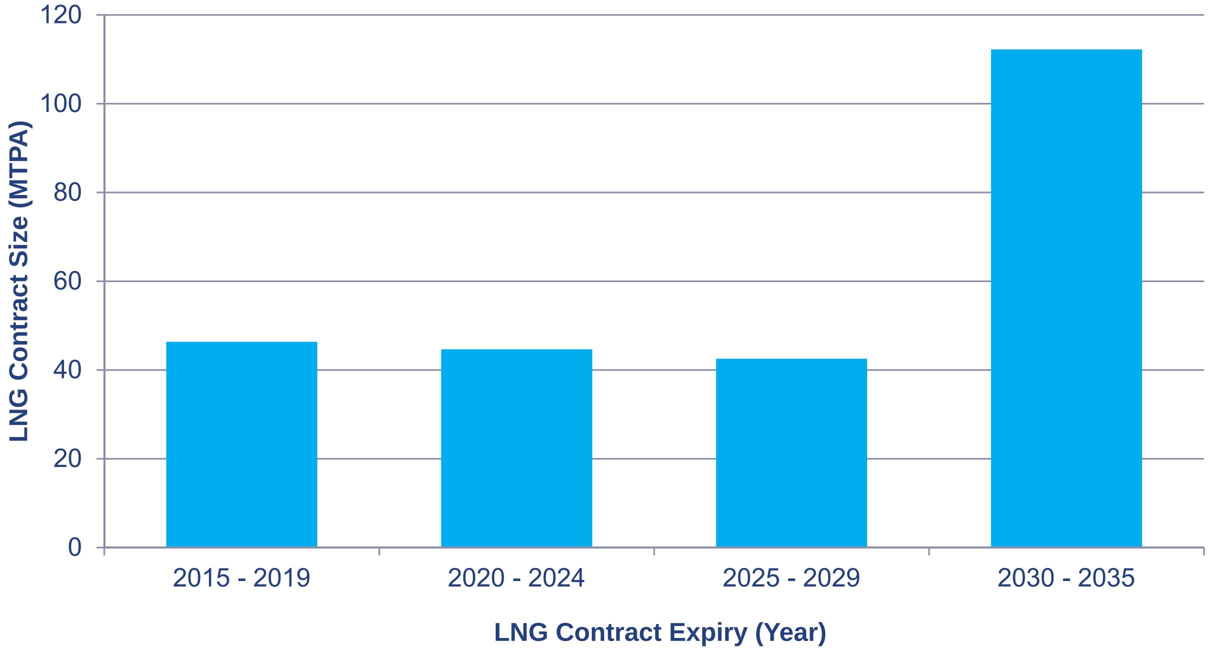
Oil Search

» Global contractual supply expected to be >30 MTPA short of demand in 2022, >120 MTPA short by 2025, as demand increases, old contracts roll off:
  – Few LT contracts have been signed in past 2-3 years
» >25 MTPA of net existing contracts expire in Japan, Korea and Taiwan between 2020 and 2025, leaving region >40 MTPA short
» Window opening aligns with timeframes for potential PNG LNG T3 and Papua LNG developments
» Both projects aimed at high quality Asian customers



Expiry of existing LNG Contracts

Oil Search



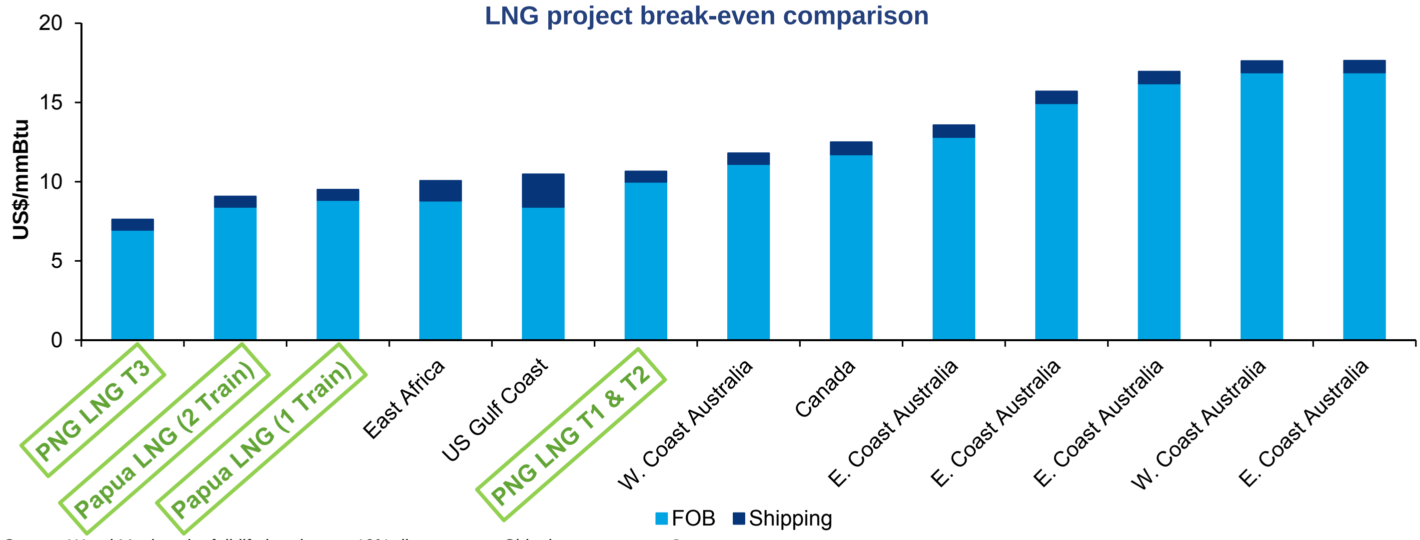
Source: Wood Mackenzie 2015

LNG from PNG has competitive advantages

Oil Search

- Conventional LNG projects with no new technology utilised in development
- Substantial reserves base with high heating value, suitable for Asian reticulation networks
- 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

LNG projects from PNG competitive versus Australian and global alternatives (WoodMac)



Source: Wood Mackenzie, full-life breakeven, 12% discount rate, Shipping costs are to Japan

» PNG LNG well placed compared to recently commissioned Australian projects

» Production optimisation and debottlenecking at PNG LNG offers opportunity to further improve economics

» Potential Train 3 at PNG LNG and Papua LNG 1 or 2 train options highly competitive with global LNG project alternatives

PNG context – living in the real world

» PNG has unprecedented opportunity to benefit from PNG LNG expansion and Papuan LNG development:

– Both world-class projects with potential to significantly impact economy over next 5-7 years

» Landowner and community expectations have not and will not change with fall in oil and gas prices

» Requirement to have transparent, efficient benefits distribution

» Budget stresses and impacts of drought represent major challenges

» Partnership between State and private sector never been more important:

– Partnerships on infrastructure development – roads, schools, power

– Partnerships on health programmes – TB, malaria, HIV, Tari Hospital

– Capacity development – education (both ways), PNG leaderships, new Colombo Plan initiative

» Contributing to long-term sustainability a key to success

OSH rejects Woodside's non-binding conditional indicative proposal

- On 8 September 2015, OSH announced receipt of non-binding, conditional indicative, scrip only proposal from Woodside:
  - One WPL share for every four OSH shares
- Proposal highly conditional:
  - Completion by WPL of satisfactory due diligence on OSH
  - Execution of mutually acceptable confidentiality agreement
  - Exclusivity period
  - OSH to obtain support from key stakeholders and shareholders
  - Likely to be supported by PNG Government
- On 14 September, following detailed evaluation, OSH Board unanimously rejected WPL proposal:
  - Highly opportunistic
  - Grossly undervalues OSH
  - Dilutes OSH's growth profile, with attractive low-cost LNG growth opportunities:
    - Expansion of PNG LNG Project through debottlenecking and construction of third LNG train
    - Development of proposed Papua LNG Project
- Overwhelming feedback from shareholder engagement that proposal had little merit
- OSH Board remains committed to acting in best interests of shareholders. Board will assess and engage on any future proposals that reflect compelling value for OSH shareholders

Key milestones*

2015

PNG LNG Project/Expansion

- Continued operation above nameplate capacity of 6.9 MTPA
- Award of PDL for P'nyang field and integration into PNG LNG Foundation Project

Papua LNG Project

- Drill Antelope 4 ST1 and spud Antelope 6 appraisal wells

Exploration and Appraisal

- Complete testing of Taza 3 ST1

2016

PNG LNG Project/Expansion

- Drill P'nyang South 2 plus possible second well
- Target FEED entry for T3

Papua LNG Project

- Resource certification of Elk-Antelope field
- Selection of final development concept
- Enter Basis of Design
- Target FEED entry

Exploration and Appraisal

- Drill Muruk well in PPL 402 in NW Highlands
- Spud Strickland 1 (PPL 269) and possible second PPL 269 well
- Drill Antelope Appraisal well (PRL 15), Barikewa (PRL 9) and Kalangar (PPL 339) (subject to 2016 budget)

2017

PNG LNG Project/Expansion

- Resource certification of P'nyang and Hides
- Redetermination of PNG LNG equities
- Target FID for expansion train by year end

Papua LNG Project

- Ongoing FEED activities
- Possible early works

Exploration and Appraisal

- Targeting 6+ exploration wells
- Potential FEED decisions on small scale LNG, domestic power gas developments

** Timing contingent on Government and Joint Venture approvals, rig availability and subject to change*

Summary

» Strong production, with excellent performance from PNG LNG Project and steady output from operated PNG fields:
  - Capacity of PNG LNG has increased 6% to 7.3 MTPA with further upside – material additional value
  - High-margin barrels with strong cash flow

» Business optimisation and performance and innovation programmes launched with results already being delivered

» Good progress on PNG LNG Project expansion and Papua LNG Project
  - Both globally competitive and remain commercially sound even in lower oil price environment

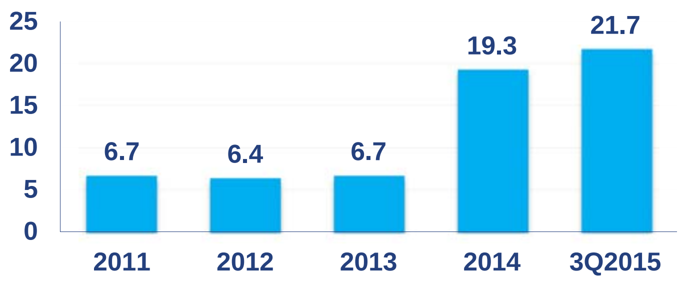
» Revitalised exploration programme planned over next 18+ months, targeting material gas resources

» Sound balance sheet, with liquidity being actively managed to fund growth

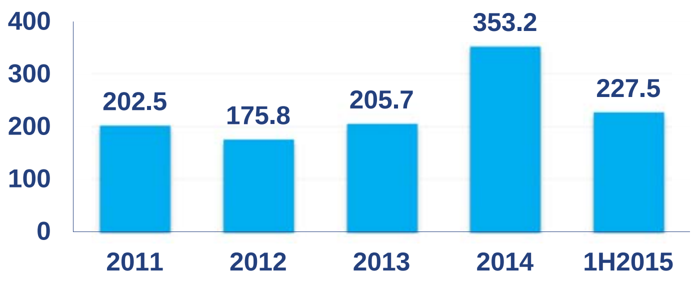
» Woodside proposal unanimously rejected by OSH Board

Appendix 1: Key metrics

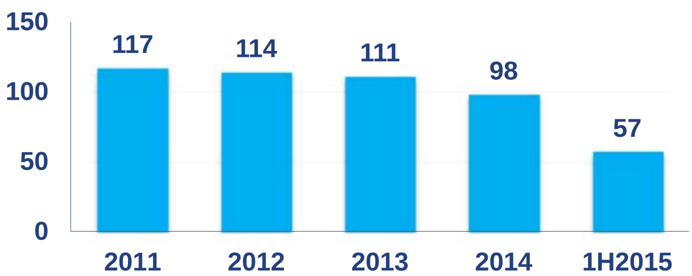
Production (mmboe)



Net Profit After Tax (US$m)



Oil Price (US$/bbl)



DPS (US cents)

Appendix 2: 2015 Guidance Summary

Production	2015 Guidance
Oil Search operated (PNG Oil and Gas)	6.3 – 6.9 mmboe
PNG LNG Project	
LNG	92 – 97 bcf
Liquids	3.0 – 3.2 mmbbl
Total PNG LNG Project[1]	21 – 22 mmboe
Total Production[1]	**27 – 29 mmboe**
Operating Costs	
Production costs	US$9 – 11 / boe
Other operating costs[2]	US$145 – 165 million
Depreciation and amortisation	US$13 – 14 / boe

- One-off costs of Business Optimisation Programme included within guidance. Positive earnings impacts to be realised in 2016

[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 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 3: LNG Projects with declining production

Project Name	Country	Plateau Production	Off Plateau
ADGAS	Abu Dhabi	7.8 MTPA	2020
Atlantic LNG (1 – 4)	Trinidad and Tobago	18 MTPA	2019
Bontang	Indonesia	12 MTPA	In decline
Brunei LNG	Brunei	7.5 MTPA	2023
EG LNG	Equatorial Guinea	4.3 MTPA	2026
NWS	Australia	18.2 MTPA	2023
OLNG	Oman	5.9 MTPA	2025
Peru LNG	Peru	4.8 MTPA	2024
Qalhat LNG	Oman	3.5 MTPA	2026
RasGas I	Qatar	7.6 MTPA	2026
Sakhalin 2	Russia	11.6 MTPA	2026

Source: Wood Mackenzie 2015

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