Credit Suisse 19th Asian Investment Conference

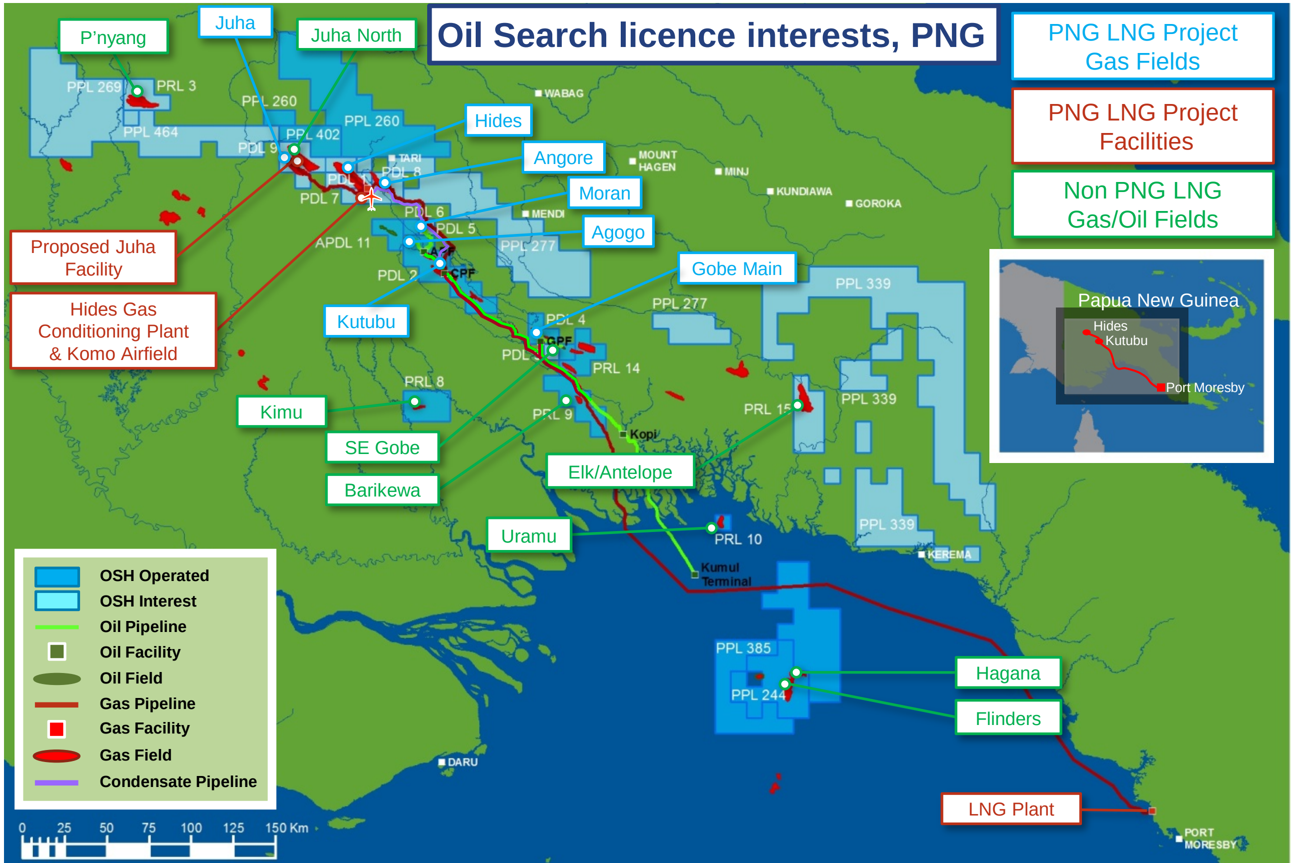
Hong Kong – April 2016

Oil Search

Oil Search Limited
ARBN 055 079 868

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

Oil Search Profile



- Established in Papua New Guinea (PNG) in 1929
- 29% interest in world-class PNG LNG Project, operated by ExxonMobil, and ~60% interest in all PNG's producing oil fields, operated by OSH
- Pursuing two major LNG growth opportunities – potential PNG LNG expansion and Papua LNG Project. Both among most competitive proposed LNG projects globally
- Material gas exploration upside in PNG
- Oil exploration interests in Middle East/North Africa
- Market capitalisation ~A$10bn (~US$7.5bn)
- Listed on ASX (Share Code: OSH) and POMSOX, plus US ADR programme (Share Code: OISHY)

2015 Highlights

	2015	2014	
Total production (mmboe)	**29.25**	19.27	▲
Net (loss)/profit after tax (US$m)	**(39.4)**	353.2	▼
Core profit[1] (US$m)	**359.9**	482.8	▼
Operating cash flow (US$m)	**952.7**	992.3	▼
Total dividend (US cents)	**10.0**	14.0	▼
Net debt (US$m)	**3,318.2**	3,452.0	▼
Liquidity (US$m)	**1,658.5**	1,560.2	▲

1. Core profit (net profit after tax before significant items) is a non-IFRS measure that is presented to provide a more meaningful understanding of the performance of Oil Search's operations. The non-IFRS financial information is derived from the financial statements which have been subject to audit by the Group's auditor.

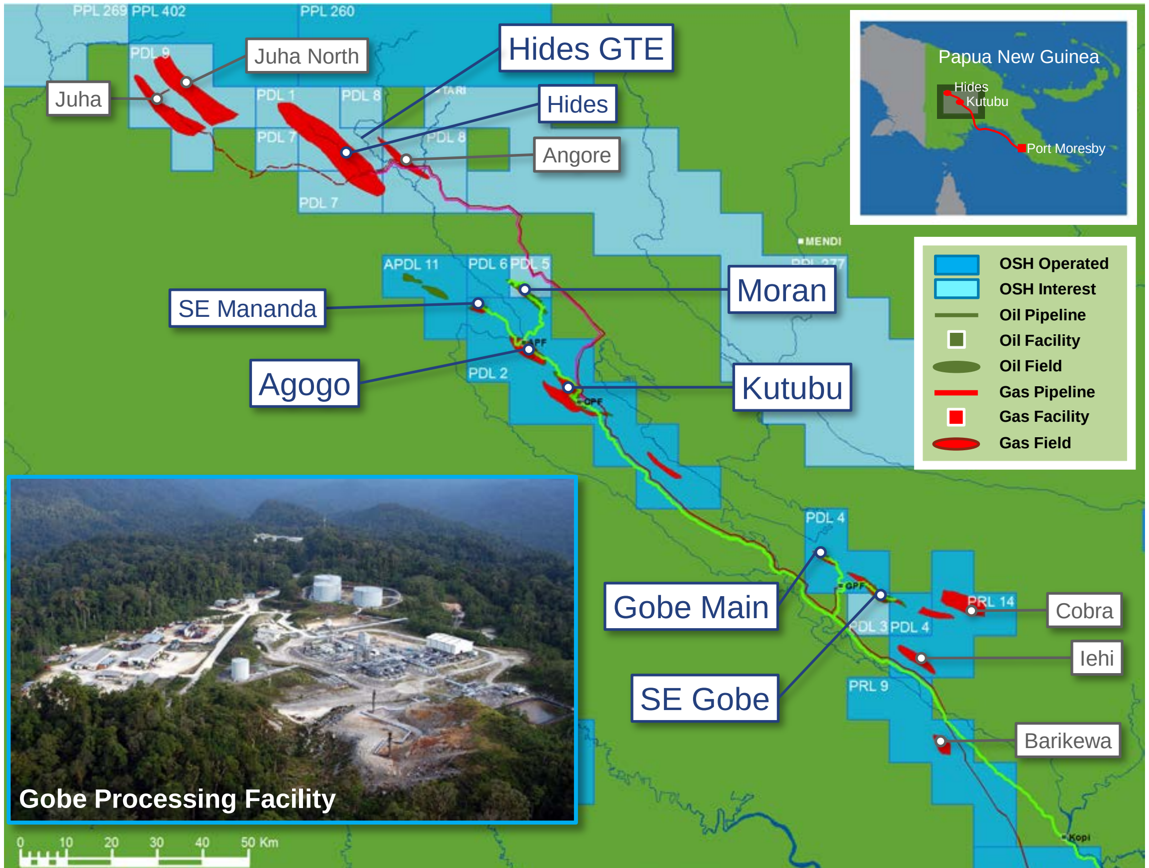
- Total production of 29.25 mmboe – 52% higher than 2014 and all-time record
- Core profit of US$359.9m, US$39.4m loss after impairment of Taza, Kurdistan
- Final dividend for 2015 of 4 US cents, 10 US cents total for year, 42% payout ratio on 2015 core profit
- Continued progress on gas commercialisation activities in PNG:
  - Both PNG LNG and Papua LNG JVs remain committed, projects offer attractive returns even on revised oil price expectations
- Business recalibrated:
  - Cost base reduced
  - Resourcing and organisational structure changes
  - Improved productivity
- Well placed for lower oil price environment:
  - Cash flow positive at <US$20/bbl, with break-even cash flow AFTER interest, principal repayments and sustaining capex in low US$30s/bbl
  - US$1.66bn liquidity available to support growth programmes

PNG LNG Project – performing well above expectations

- » Annualised production in 2015 of 7.4 MTPA, 7% above nameplate of 6.9 MTPA:
  - – Further upside expected in 2016
- » 101 LNG cargoes sold in 2015:
  - – 78 sold under long term contract, ramp-up to plateau level of 6.6 MTPA reached in 4Q15
  - – 23 spot cargoes, with > 70% sold to contract customers, remainder to top tier LNG buyers
- » 31.5 cargoes of Kutubu Blend and 8 naphtha cargoes sold
- » Production optimisation activities progressing well, with additional capacity being achieved both upstream and downstream. Evaluation of potential debottlenecking opportunities ongoing
- » Two Angore development wells drilled and suspended for future tie-in
- » OSH contribution:
  - – 118 mmscf/d of gas delivered from OSH-operated oil fields (Kutubu, Gobe Main, SE Gobe), ~12% of total Project gas feedstock
  - – 10.6 mmbbl (~30,000 bbl/d) of Project condensate handled by OSH-operated liquids export system

Stable contribution from operated oil fields

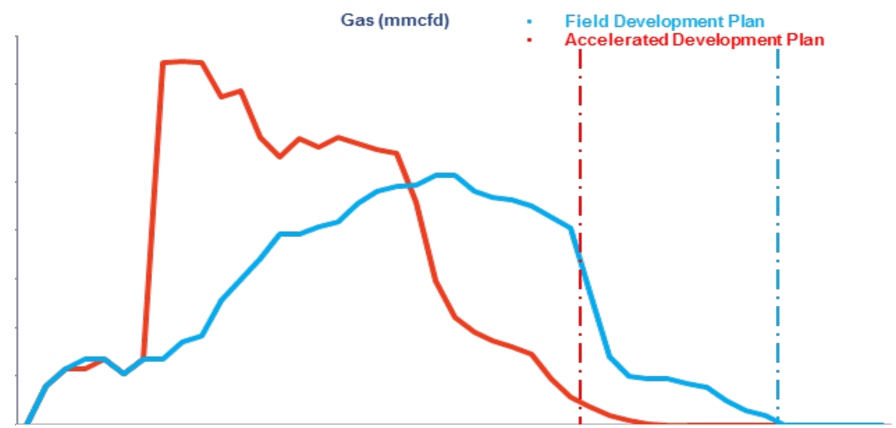
Oil Search



- 2015 net operated production of 7.0 mmboe:
  - Similar to 2014 production of 7.1 mmboe
  - Excellent outcome given maturity of fields
- Gas supply from SE Gobe field to PNG LNG Project commenced in May. Gobe Processing Facility now handling >15,000 boepd (~2,000 bopd prior to Gobe Main and SEG gas export)
- Kutubu and Moran fields remain key producers (>95% total oil produced in 2015)

Potential value upside from accelerating gas supply from OSH-operated AG fields to PNG LNG

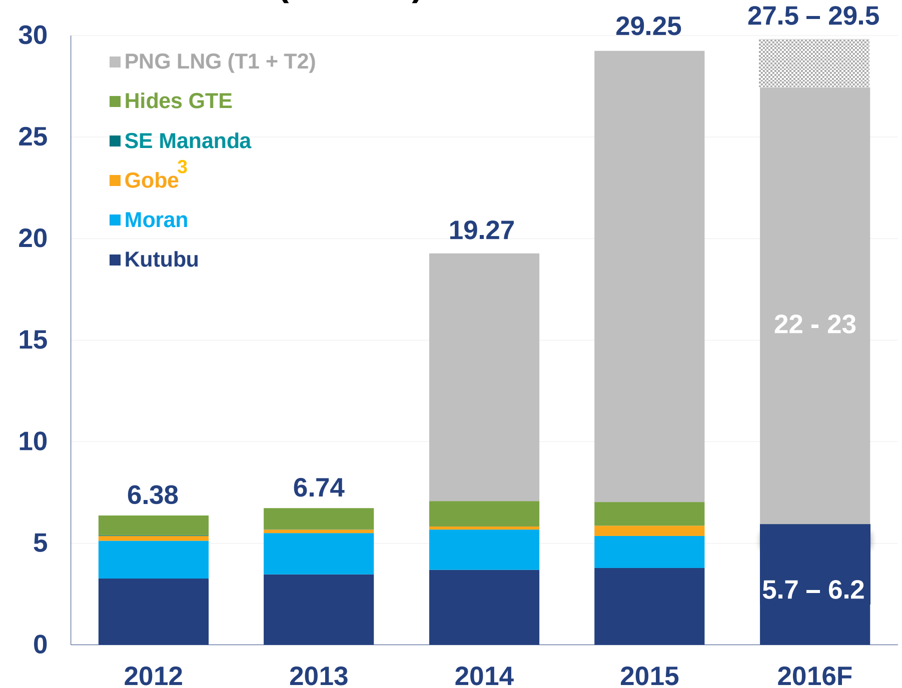
- Significant value opportunity identified from accelerating gas blowdown of OSH-operated Associated Gas (AG) fields to PNG LNG
- Potential benefits:
  - Provision of low cost gas to PNG LNG, increased gas delivery flexibility
  - Optimising future capital investment in alternative supply sources
  - Earlier end of AG field life, reducing cost of supporting ageing facilities and wells
  - Build on OSH's existing operator capabilities
  - Material economic value
- Project team formed, feasibility studies and possible FEED entry in 2016, subject to commercial and fiscal progress
- Initial discussions with PNG LNG operator completed



2016 Production Outlook

- » 2016 production forecast of 27.5 – 29.5 mmboe, comprising:
  - OSH-operated production: 5.7 – 6.2 mmboe*
  - PNG LNG: 22 – 23 mmboe
- » 2016 focus items:
  - Add value to mature oil fields in low oil price environment through:
    - Optimising operated production by reducing planned downtime, improving reliability of facilities
    - Ongoing focus on well integrity, process safety and optimising facilities uptime
  - PNG LNG OSH deliverables:
    - Continued delivery 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 analysing opportunities for further production optimisation and debottlenecking
    - Work on potential accelerated gas blow down of OSH-operated AG fields

Net Production (mmboe)[1,2]



[1] LNG sales products at outlet of plant, post fuel, flare and shrinkage

[2] Gas:oil conversion rate used from 2014 onwards: 5,100 scf = 1 barrel of oil equivalent (prior years 6,000 scf/boe)

[3] Includes SE Gobe gas sales to the PNG LNG Project, which commenced May 2015

* Includes 2.8 – 3.0 bcf (net) of SE Gobe gas sales (OSH – 22.34%) exported to the PNG LNG Project

Gas growth driving value

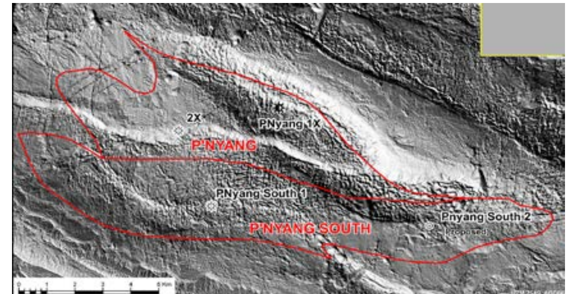
Oil Search

- Gas commercialisation activities in Highlands and Gulf Province made significant progress in 2015:
  - PNG LNG Project: production optimisation, debottlenecking studies, P'nyang MoU and power delivery
  - Papua LNG Project: positive appraisal, selection of project sites, discussions on financing commenced
  - ~10 tcf (gross) undeveloped gas available, sufficient to underpin both world-class developments
- PNG LNG expansion and Papuan LNG high priority for JVs, Government and landowners, while many other LNG projects globally are being deferred:
  - Among lowest project break-even costs in region (WoodMac)
  - Attractive returns even under revised oil price scenario
- Low oil price provides impetus to maximise value of both developments through co-operation and integration
- Growth projects could double OSH production by early 2020s, with further upside from exploration

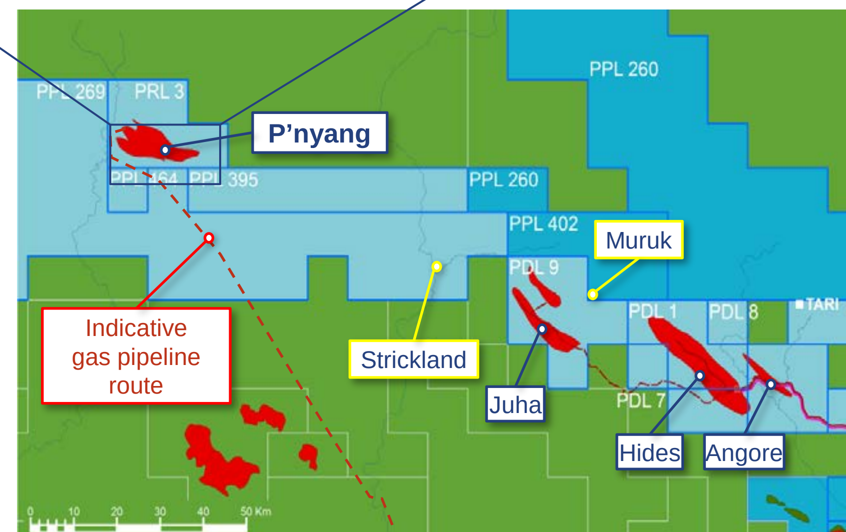
Potential PNG LNG expansion, underpinned by P’nyang and existing gas fields

Oil Search

- Potential PNG LNG Project expansion includes:
  - High-value production optimisation/debottlenecking
  - Potential third LNG train (~4 MTPA)
  - Delivery of domestic power
- Benefits of brownfield expansion:
  - Fiscal regime in place
  - Relatively straightforward expansion of project finance facility
  - Reduced capex due to use of existing infrastructure
- Resource base for potential expansion:
  - Integration of P’nyang (PRL 3) into PNG LNG Project
    - OSH’s P’nyang gross 2C contingent resource estimate upgraded from 2.6 tcf to 3.5 tcf
  - XOM/OSH recertification of Foundation Project fields in 2016
- PNG Government to undertake Development Forums in 2016 ahead of PDL award
- Preparatory work underway for P’nyang South 2 well, targeted to spud 2H16, to move 2C resource to 1C



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

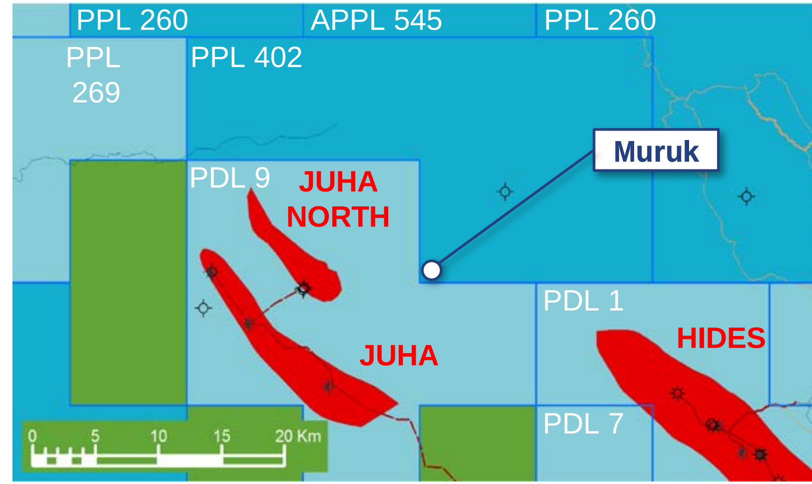


Muruk 1 (PPL 402): High potential exploration

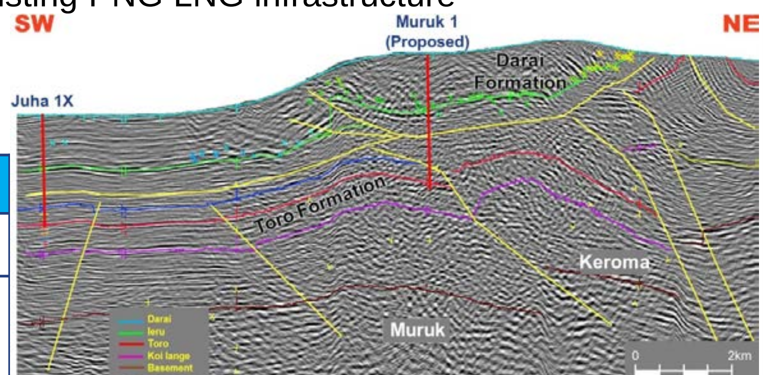
» Muruk 1 taregted to spud in 2016:
  - Pad currently under preparation for drilling with OSH rig
  - Operated by OSH in co-venture with ExxonMobil
  - High altitude, remote site

» Targeting multi-tcf prospect on-trend with Hides, located north-east of Juha and Juha North
  - ~ 1 in 5 chance of success
  - May de-risk adjacent structures

» High-impact well and potential new source of gas for expansion or backfill near existing PNG LNG infrastructure



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




Kobalu supply base, Muruk

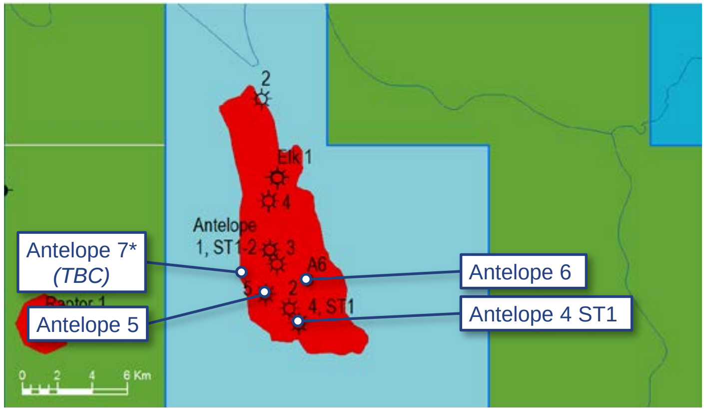
Papua LNG – potential next LNG development in PNG

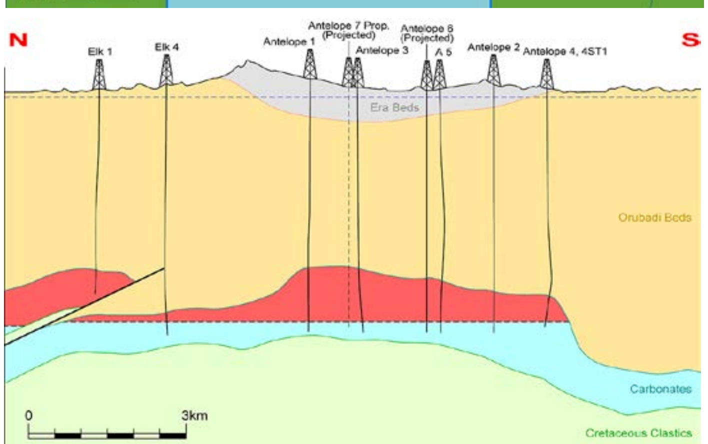
PRL 15	WI %
Total	40.1
InterOil	36.5
Oil Search	22.8
Minorities	0.5

- Significant progress made in 2015:
  - Total SA assumed operatorship of Elk-Antelope (PRL 15) in 3Q15, ramping up in-country presence
  - Locations of key infrastructure sites selected for development and decisions supported by PNG Government
  - Financing activities commenced with financial, legal and tax advisors appointed
- Completion of appraisal programme and confirmation of resource size will enable selection of final development concept and number of LNG trains:
  - 1 x 5 MPTA or 2 smaller trains
- LNG marketing, Gas Agreement negotiations targeted to commence in 2H16, ahead of FEED entry in 2017
- OSH expects final investment decision in 2018 preceded by early works

Encouraging PRL15 appraisal results to date

Oil Search

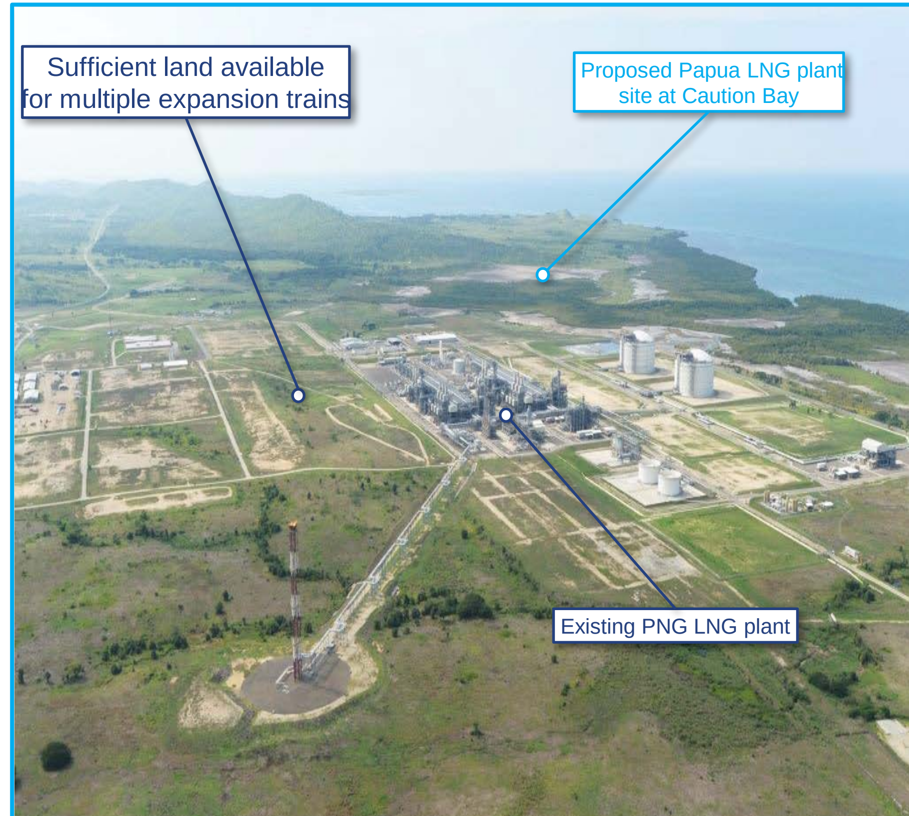




- » Positive appraisal results to date compared to OSH's current resource booking of 5.3 tcf, with potential for resource increase :
  - – Antelope 4 ST1 and 5 extended high quality carbonate reservoir to south and west
  - – Antelope 5 initial testing (mid-15) confirmed substantial resource base, excellent reservoir quality and deliverability and strong pressure communication between A5 and A1
  - – Second production test of A5 (1Q16) confirmed excellent reservoir quality and connectivity with A1 seen in initial test. Further analysis underway to quantify reservoir properties
  - – Antelope 6 confirmed productive reservoir and eastern extent of structure towards gas-water contact. DST over upper 66m of reservoir (inc one of three dolomitised intervals) flowed 13 mmscf/d. Pressure gauges in Ant 1 and 5 recorded pressure pulse, indicating direct connectivity with Ant 6
- » Further appraisal well, Antelope 7, to assess potential upside to west, under consideration by JV for drilling in 2H16
- » Certification by two independent world-class certifiers (Gaffney Cline and Netherland Sewell) commenced Mar 16, results anticipated mid-year. OSH to review 2C resource booking post results
- » Exploration prospects in PRL15 being matured by JV to drill-ready status

Maximising value of next phase of LNG development in PNG

- Low oil price provides impetus to maximise value of PNG LNG Project expansion and proposed Papua LNG Project through cooperation and integration
- Co-location of LNG plant sites would provide opportunity to drive capital efficient investment, cost and operational synergies and schedule optimisation
- Current gross undeveloped resource across both projects of ~10 tcf delivers two x 4 MTPA LNG trains, with option of third expansion train subject to proving up additional resource base
- Coordinated development would allow developers to optimise employment / contractor deployment and extend increasingly skilled labour force across successive developments
- In-country resources and regulator better able to support one large cooperative development
- PNG can learn from other global LNG developments and expansions. Failure to achieve high level of co-operation would be missed opportunity

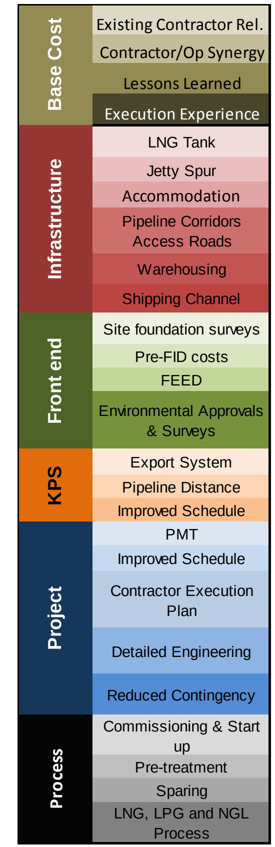


Time is right to drive greater cooperation and potential integration of PNG's LNG projects

Oil Search

- » Focus in 2016 is on resource confirmation and definition of development plans:
  - – Timing is right to consider how projects can work together
- » Strong case for more cooperation, where it makes sense for all parties. Includes potential full integration, with potential for material benefits for all parties, including PNG Government
- » Current oil price and cost environment conducive to alignment
- » OSH's role:
  - – Unique position with interests in PNG LNG and Elk-Antelope resources and in key NW Highlands and Gulf Province exploration licences
  - – Well positioned to support operators, ExxonMobil and Total, and to promote benefits of cooperation
  - – Leverage strong foundations – extensive in-country operating experience, strong Government, community and landowner relationships
- » PNG Government will also have equity in both projects and is supportive of cost-effective and timely development

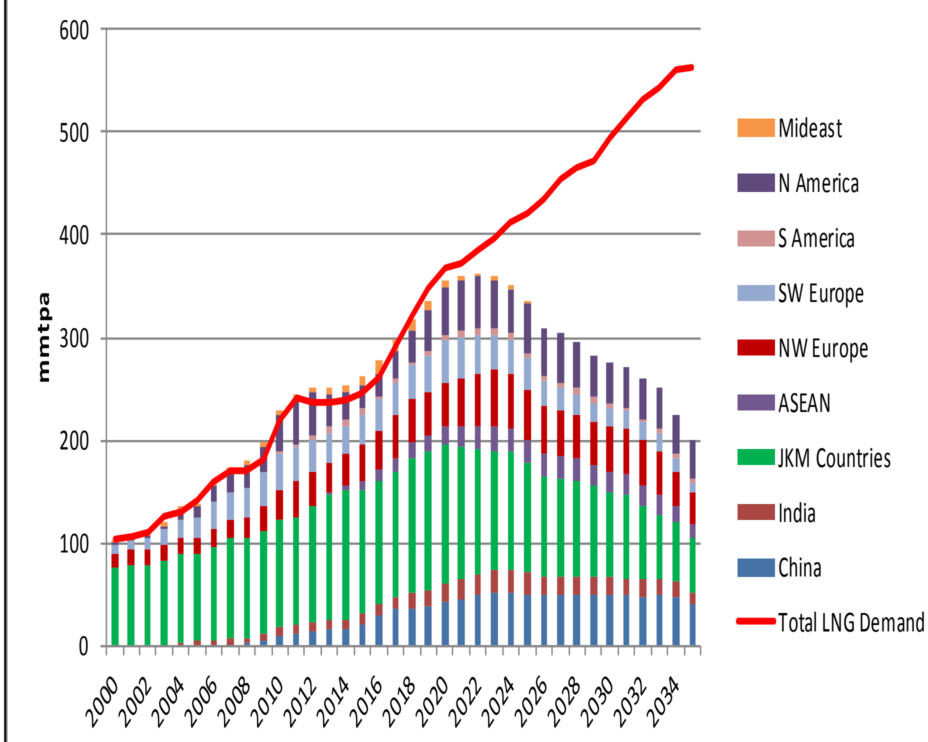
Examples of potential areas of cost savings



LNG demand expected to exceed supply in early 2020s

- Global LNG market increasingly competitive – new projects in Australia, North America exports ramping-up
- Market over-supplied near term and will only come into balance around 2020
- Demand expected to surpass contracted supply early next decade, particularly from Asia Pac, due to:
  - Expiry of existing long-term contracts (>25 MTPA from Japan, Korea, Taiwan between 2020-25)
  - Expected deferral/delay of proposed project sanctions due to challenging economics
- Window opening aligns with timeframes for potential PNG LNG third train and Papua LNG, aimed at high quality Asian customers:
  - Good demand expected for low cost, high heating value LNG from PNG

Global LNG Demand vs Contracted Supply

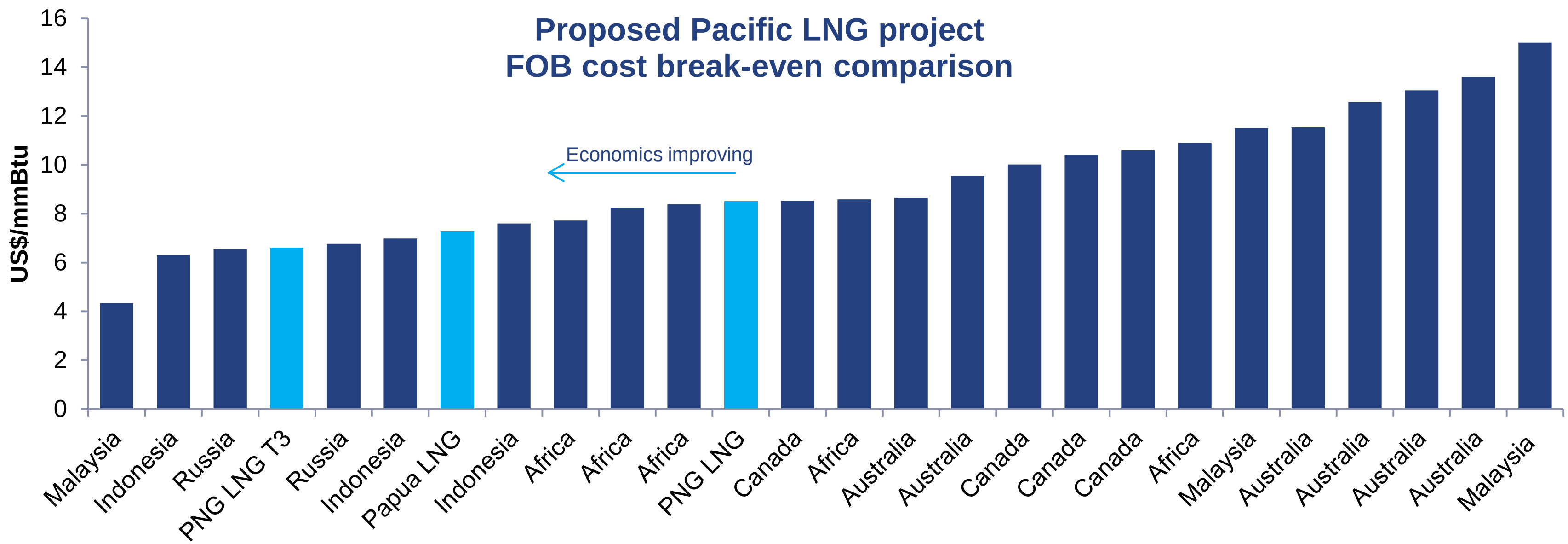


Source: Wood Mackenzie, LNG Tool, December 2015

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

Oil Search

- PNG LNG well placed compared to recently commissioned Australian projects. Production optimisation adding material value, debottlenecking can further improve economics
- OSH analysis demonstrates PNG LNG train 3 has robust economics
- Papua LNG 1 or 2 train options highly competitive against global LNG project alternatives



Source: Wood Mackenzie, LNG Tool, February 2016

Exploration strategy

- Exploration approach in light of low oil and gas prices is to reduce costs, focus on core areas and build long-term growth options. Generating opportunities:
  - Renegotiation of drilling, seismic contract rates
  - Fit-for-purpose approach
  - Stronger cooperation with operating partners
  - Increased exploration asset availability
- International activities pared back to focus on PNG:
  - Optimise partnerships with Total and Exxon
  - Eight new licence applications submitted
- In 2015, OSH entered three new exploration licences:
  - PPL 269 (10%) and PPL 402 (50%, operator) – Highlands
  - PPL 339 (35%, operator) – Gulf Province
- Eight new licence applications submitted
- Acquired 194 km of 2D seismic in PNG Highlands and Gulf Province:
  - Muruk (PPL 402) and Strickland (PPL 269) matured for drilling in 2016

2016/17 PNG exploration/appraisal programme targeting ~5-6 tcf gas (unrisked) close to existing infrastructure

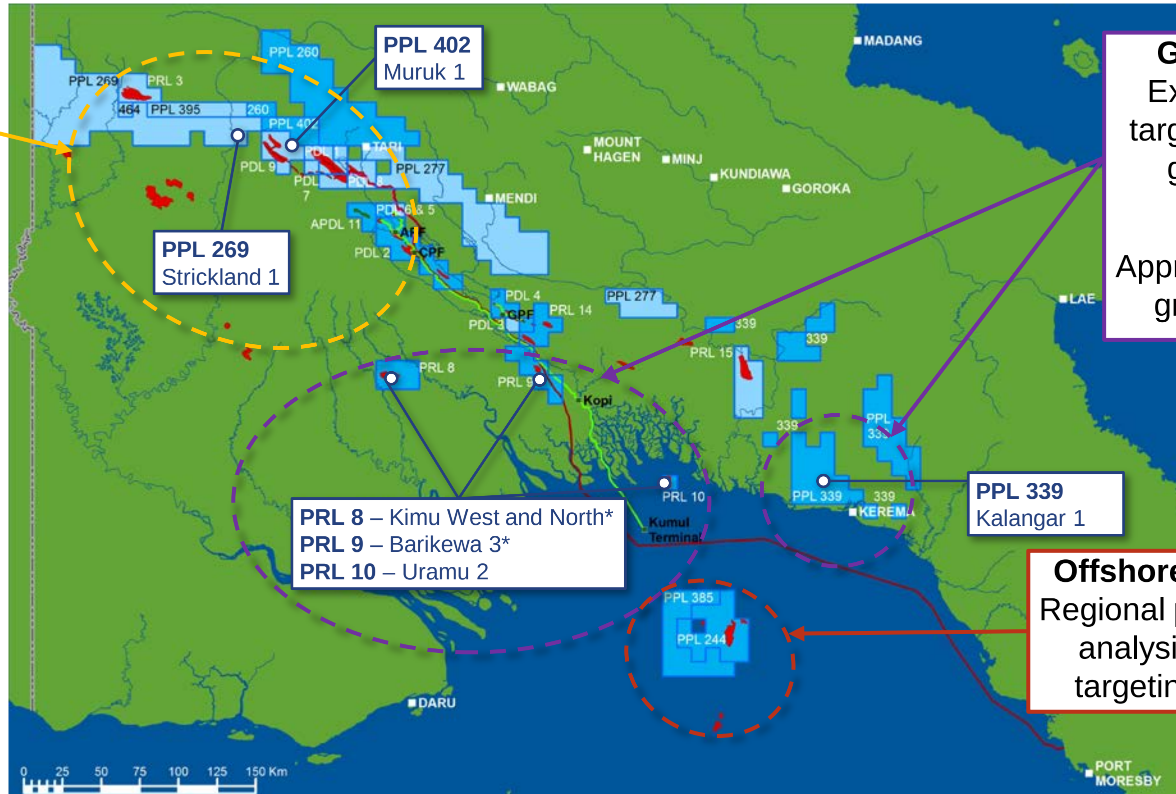
Oil Search

NW Highlands –
Activities targeting ~3-4 tcf* mean gross prospective resources

Gulf / Forelands –
Exploration activities targeting ~1 tcf** mean gross prospective resources

Appraisal targeting ~1 tcf gross 2C resources

Offshore Papuan Gulf –
Regional petroleum system analysis and mapping targeting new frontiers

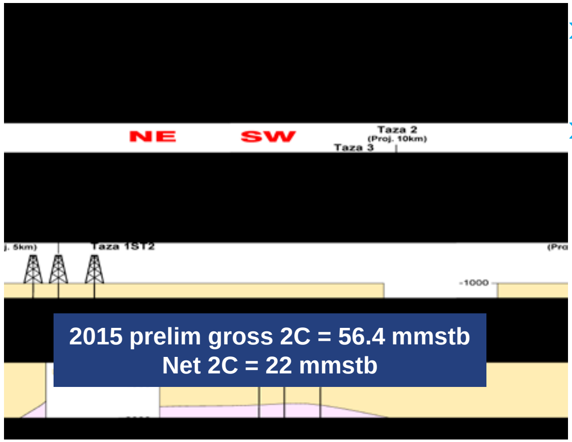


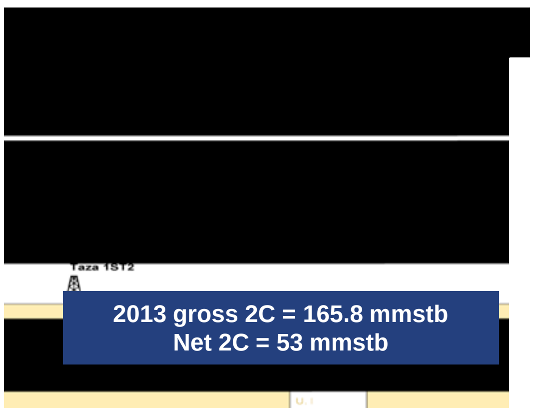
* Subject to JV approval

** Mean gross prospective resources. OSH 2015 internal analysis. P50/best estimate equivalent is ~2.7 tcf. All estimates are unrisked*

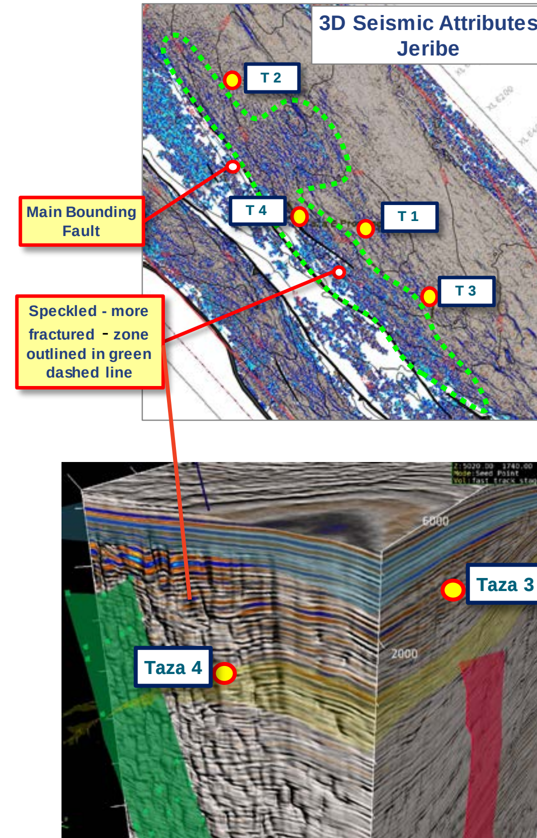
*** Mean gross prospective resources. OSH 2015 internal analysis. P50/best estimate equivalent is ~0.5 tcf. All estimates are unrisked*

Taza impairment –
Prudent approach to evaluation





- Taza 2 and 3 wells plus interpretation of 3D seismic completed in 2015
- Results indicate:
  - Fractures largely absent in drilled locations
  - Commercial production from central area unlikely
  - Extensive fracturing delineated along western limb close to main fault
  - Overall resource potential reduced
- Decision made to impair full book value (US$399m):
  - Reduced resource volumes and resultant economics
  - Prudent approach taken
- Forward plan:
  - Complete technical work
  - Prepare farm-out/divestment package



Operating environment remains volatile

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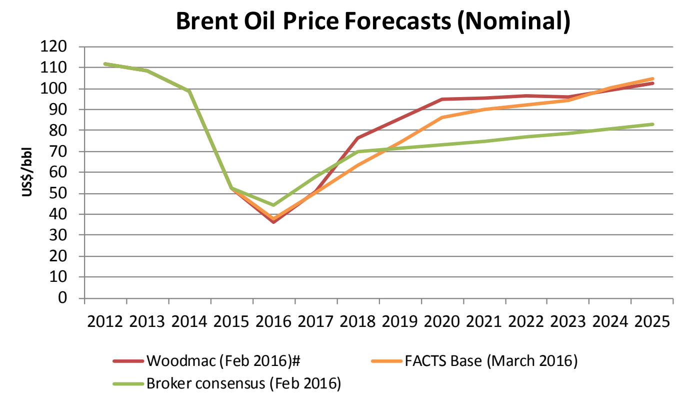
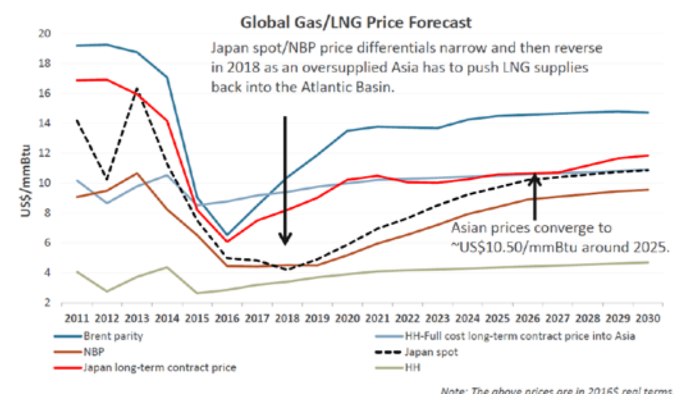
- » Short-term fundamentals remain weak:
  - Current production > demand by ~2 mmbopd
  - Inventories at highest level in years, with Iran to ramp-up
  - Weak demand in China, Japan, Europe
- » Global industry reaction:
  - ~US$400bn of projects stalled. 5 projects sanctioned in 2015 vs annual average 30-50 in recent years
  - Exploration down 60-70% worldwide
  - Major contraction, ~35% oil and gas personnel made redundant
  - Cost deflation a positive for projects that are economic
- » Expect impact on supply, inevitable that prices will eventually rise
- » LNG price outlook:
  - Lower oil price drives contracted gas price
  - New project commissioning resulting in high level of spot sales
  - Potential oversupply to early 2020’s
  - Moving to world-traded commodity



 # Woodmac have not yet adjusted their LT price forecast from 2018 onwards post the recent price falls
FACTS real price range have been nominalised at 2.5%pa inflation



Source: FACTS, February 2016

PNG and OSH remain well positioned

» PNG:

- Production of oil, condensate and LNG highly competitive
- PNG LNG recognised as world-class and reliable project, performing well above nameplate Significant positive impact on perception of PNG, with strong customer, financing and investor confidence
- Potential PNG LNG Project expansion and Papua LNG among most competitive globally, with aligned partners, supportive Government
- Government loan with UBS successfully refinanced in Feb 16, confirming long-term shareholding and removing perceived potential overhang in market

» Oil Search:

- Strong production
- 2015 Business Optimisation Programme:
  - Slimmer, fit for purpose organisation with recalibrated cost base
  - Completing delivery of identified pipeline of improvement initiatives and developing further opportunities to deliver ~25% reduction in operated costs in 2016
- Low cash flow break-even:
  - Total cash opex ~US$13/boe (includes shipping, royalties, corporate costs etc)
  - Cash flow breakeven after opex, interest, principal repayments and sustaining capex in low US$30's/bbl
- Solid balance sheet and liquidity, significantly reduced capital expenditure obligations
- Sufficient funding to pursue discretionary activities to progress LNG growth

Helping preserve stable operating environment in PNG

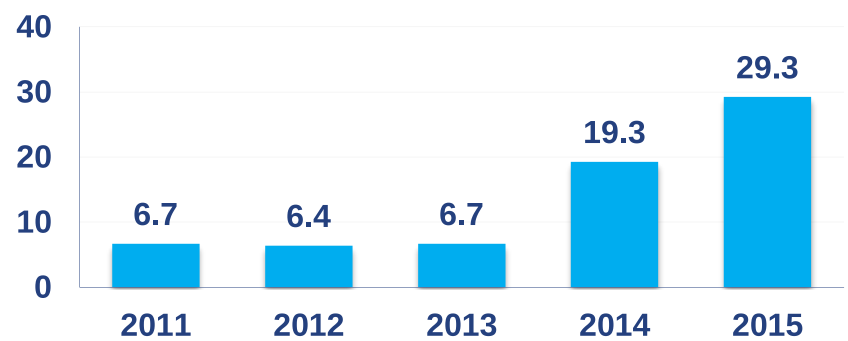
- PNG LNG expansion and Papua LNG development have potential to significantly benefit national economy
- Operating and political stability essential for long-term sustainability
- Landowner and community expectations have not changed with fall in oil and gas prices. Need to have transparent, efficient benefits distribution
- Budget stresses and impacts of drought represent major challenges
- OSH's unique role in PNG:
  - History deeply rooted in PNG, built on 87 years of operating in-country, strong and genuine relationships
  - Long-standing commitment to social responsibility and sustainable development – fundamental to maintaining stable operating environment, the right thing to do
- OSH focus areas:
  - Provision of competitively priced, reliable power – Ramu Power Project
  - Partnerships on infrastructure development through Tax Credit Scheme projects (recently delivered Manasupe (Marea) House and PNG National Football Stadium)
  - Partnerships on health programmes, women's empowerment and protection and education (Oil Search Foundation)
  - Capacity development – education (both ways), PNG leaderships, new Colombo Plan initiative
- Partnership between State and private sector remains vitally important

Summary

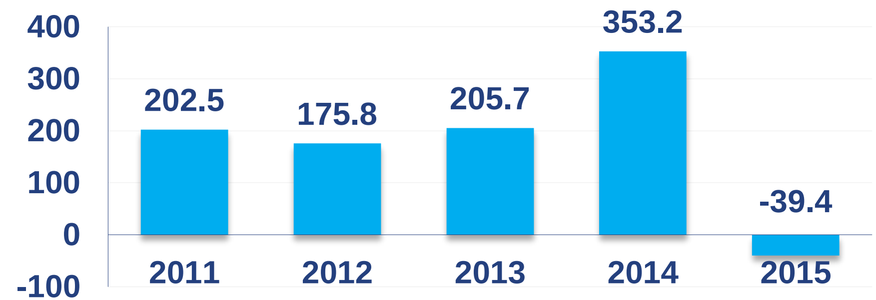
- Strong production, with excellent performance from PNG LNG Project
- Robust cash flows with low breakeven:
  - Implementation of 2015 Business Optimisation Programme initiatives has recalibrated cost base, improved organisational structure, strengthened gas growth and PNG exploration teams
  - Expect to drive further efficiencies and innovation in 2016, ongoing business improvements being delivered
  - Ensuring PNG stability and building capabilities of PNG staff remain a priority
- Strong balance sheet, with sufficient liquidity to fund all growth activities
- Activities reprioritised onto projects that can deliver value in low oil price environment
- Steady progress on potential PNG LNG Project expansion and Papua LNG Project. Both globally competitive and remain commercially sound
- Monitoring potential to take advantage of low oil price to optimise portfolio and support strategic priorities

Appendix 1: Key metrics

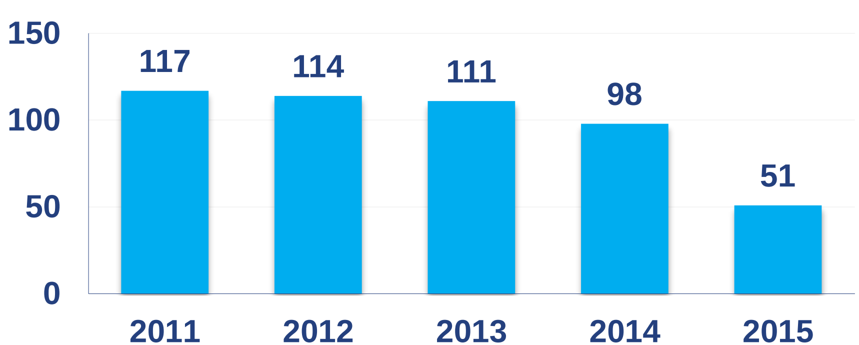
Production (mmboe)



Net Profit After Tax (US$m)



Oil Price (US$/bbl)

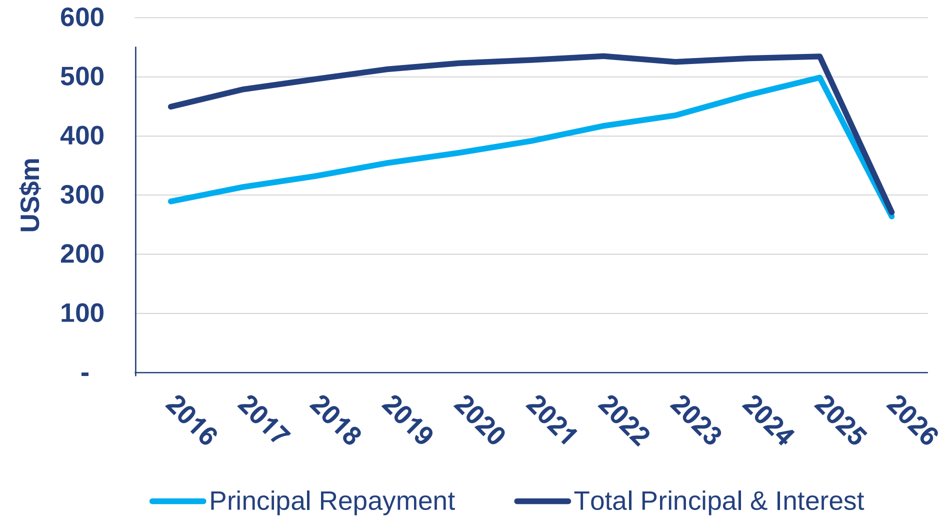


DPS (US cents)

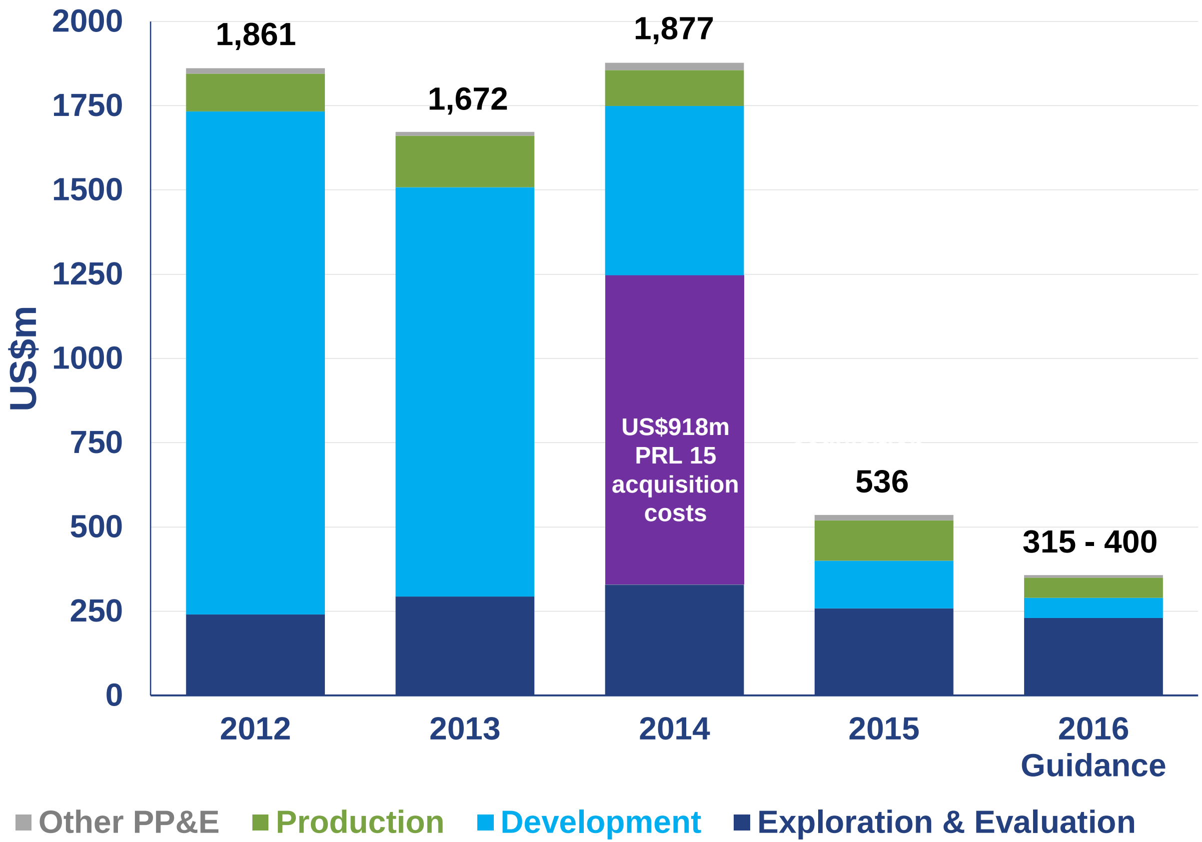
Appendix 2: Financial position

- Strong liquidity position at 31 December 2015 of US$1.66 billion:
  - US$910m of cash (incl. US$271m of PNG LNG escrowed cash) and US$748m available corporate revolving facilities
- Total debt of US$4.23bn, representing OSH's share of debt drawn under PNG LNG Project non-recourse finance facility:
  - Principal repayments in June and December
  - Interest and principal to be paid semi-annually over next 10.5 years (mortgage-style repayment profile)
- PNG LNG 2016 debt service costs (interest and principal) forecast to be ~US$16/boe

Indicative Annual Repayment profile



Appendix 3: 2016 Investment Outlook



2016 Capital Cost Guidance (US$315 – 400 million)

- » **Exploration & Evaluation: US$210 – 250 million (largely discretionary)**
- » **Development: US$50 – 70 million**
- » **Production: US$50 – 70 million**
- » **Other PP&E: US$5 – 10 million**

Appendix 4: 2016 Guidance Summary

Production	2016 Guidance[1]
Oil Search operated	5.7 – 6.2 mmboe[2,3]
PNG LNG Project	
LNG	95 – 100 bcf
Liquids	3.3 – 3.5 mmbbl
Total PNG LNG Project	22 – 23 mmboe[2]
Total Production	**27.5 – 29.5 mmboe**
Operating Costs	
Production costs	US$8 – 10 / boe
Other operating costs[4]	US$135 – 155 million
Depreciation and amortisation	US$13.50 – 14.50 / boe

[1] Numbers may not add due to rounding.
[2] 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.
[3] Includes 2.8 – 3.0 bcf (net) of SE Gobe gas sales (OSH – 22.34%) exported to the PNG LNG Project.
[4] 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.

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