

Acquisition of InterOil and MoU with Total North American Roadshow



Oil Search



31 May 2016

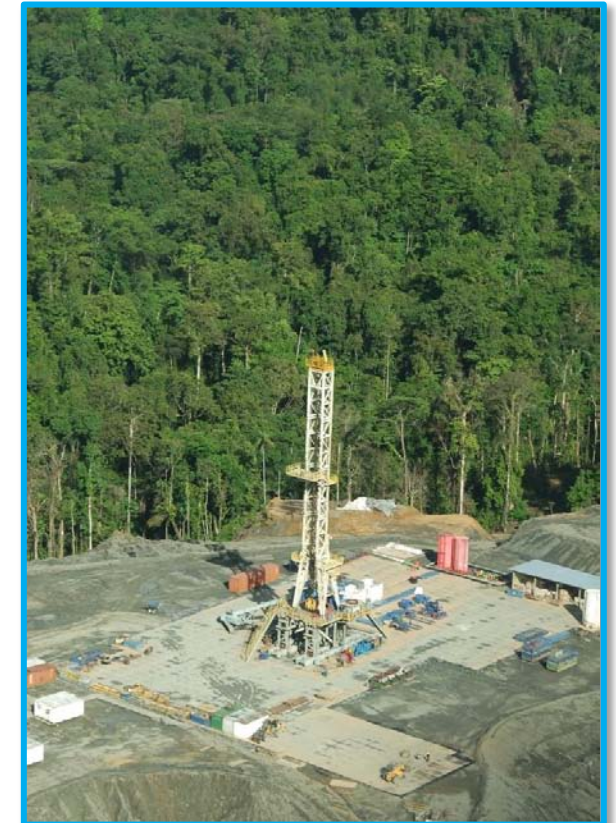
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Overview

Platform to deliver higher returns and to optimise further LNG development

- » Oil Search announces agreements to create major independent PNG regional oil and gas champion:
 1. Acquisition of 100% of InterOil
 2. Execution of MoU with Total for back-to-back farmout
- » Agreements result in Oil Search increasing its stake in Papua LNG Project to 29.0% and Total increasing to 48.1% (both after government back-in), de-risking InterOil acquisition
- » Agreements expected to deliver material immediate and long term strategic and financial benefits for shareholders of both Oil Search and InterOil:
 - Oil Search achieves alignment of significant equity interests in two world-class LNG projects
 - Oil Search's shareholders gain increased interest in Papua LNG Project, providing potential to double production from 2022 – 2023 and upside from surrounding exploration acreage, while maintaining strong and flexible balance sheet
 - Provides pathway to optimise cooperation and/or integration between Papua LNG and PNG LNG, driving capital efficiency, superior returns and NAV per share accretion for Oil Search shareholders
 - InterOil shareholders receive immediate value at significant premium and access to further potential upside through shareholding in Oil Search and possible resource based payments through contingent value right (CVR)
 - Agreements provide additional scale to Oil Search, leveraging high-quality, low-cost production base, balance sheet strength, excellent growth opportunities and leading in-country relationships



Deal highlights

InterOil Acquisition

Oil Search enters into agreement to acquire InterOil



Oil Search announces agreements to create a major independent PNG regional oil and gas champion

Offer price and consideration	<ul style="list-style-type: none">» 8.05 Oil Search shares (fixed ratio) plus Contingent Value Right (CVR) for each InterOil share» Share consideration implies US\$40.25 per InterOil share¹» Cash alternative up to total of US\$770 million – value equal to all share consideration based on 5 day VWAP to voting deadline date and subject to scale back» Intention to offer Oil Search Level 1 over-the-counter ADRs to US shareholders who would prefer ADRs instead of ASX shares» InterOil shareholders to own approximately 21% of combined entity²
Contingent Value Right	<ul style="list-style-type: none">» CVR equivalent to US\$6.05 per InterOil share for each incremental tcf above 6.2 tcf» CVR payment triggered on Elk-Antelope fields 2C resource certification (expected first half 2017), CVR expires on certification payment» Subject to receiving confirmation from ASX, CVR will be listed as a debenture instrument on ASX
Unanimous recommendation	<ul style="list-style-type: none">» InterOil acquisition unanimously approved by InterOil and Oil Search boards» InterOil board unanimously recommends that InterOil shareholders vote to approve transaction
Governance	<ul style="list-style-type: none">» One current InterOil director to join Oil Search Board
Share buyback	<ul style="list-style-type: none">» Following successful completion of Oil Search's offer, Oil Search plans on-market share buyback to reduce dilution to Oil Search shareholders³» Final size of share buyback will depend on take-up of cash alternative and will not exceed US\$770m
Structure	<ul style="list-style-type: none">» InterOil acquisition structured as Plan of Arrangement under Business Corporations Act (Yukon)<ul style="list-style-type: none">— Process similar to Australian Corporations Act Scheme of Arrangement
Roadmap to completion	<ul style="list-style-type: none">» Conditions include:<ul style="list-style-type: none">— InterOil shareholder approval – 66 2/3% of the shares voted— Court approval» Completion expected in 3Q16

¹ Based on Oil Search's 10-day VWAP, converted daily to USD using the RBA's reference AUDUSD rate, up to and including 19 May 2016, of US\$5.00 per share. Excluding any potential cash payment associated with the CVR.

² Pre-any buyback and assumes no take up of cash alternative; enlarges Oil Search's issued capital by 411m shares

³ Share buyback to be conducted over a 12 month period post completion of the Total transaction to the extent that InterOil shareholders do not take up the full US\$770m cash alternative

InterOil Acquisition Contingent Value Right



InterOil shareholders benefit from uncapped upside potential in Elk-Antelope resource

CVR terms and benefits

Terms of CVR	<ul style="list-style-type: none"> » CVR payable in cash to InterOil shareholders based on results of interim resource certification of Elk-Antelope fields » US\$0.77/mcfe for 2C resource over 6.2 tcf, on 40.1275% (interest sold to Total), divided by number of InterOil shares (51.1m) » CVR equivalent to US\$6.05 per InterOil share for each incremental tcf above 6.2 tcf » Expected to be paid in first half 2017, following drilling of Antelope-7 well¹ » CVR expires on certification payment date
Benefits	<ul style="list-style-type: none"> » InterOil shareholders gain direct exposure to uncapped upside in resource » Ensures InterOil shareholders retain upside of resource-linked payment under Total 2014 sale, but downside is protected » Higher resources mean two train development likely – beneficial for all stakeholders
Other details	<ul style="list-style-type: none"> » Board subcommittee with an InterOil appointee and independent chairman to be established to oversee a fair and transparent resource certification process for the CVR » Accurate certification essential for project design and development » CVR will be managed by trustee. Oil Search will have obligations to trustee for releasing timely updates on relevant information for CVR² » Oil Search funds between 6.2 and 6.5 tcf, beyond 6.5 tcf Oil Search and Total fund 40%/60% respectively » Subject to receiving confirmation from ASX, CVR expected to be listed as a debenture instrument and tradable on ASX

CVR example

Certified Resource	6.2 tcf	6.5 tcf	7.0 tcf	8.0 tcf
Excess resource above 6.2 tcf	-	0.3 tcf	0.8 tcf	1.8 tcf
CVR payment	-	US\$93m	US\$247m	US\$556m
CVR payable per InterOil share	-	\$ 1.81	\$4.84	\$10.88

1. Drilling of Antelope-7 has now been agreed by PRL 15 joint venture participants
2. Further information on the CVR to be released as part of interOil information circular in late June

InterOil Acquisition

Immediate and long term value for InterOil shareholders

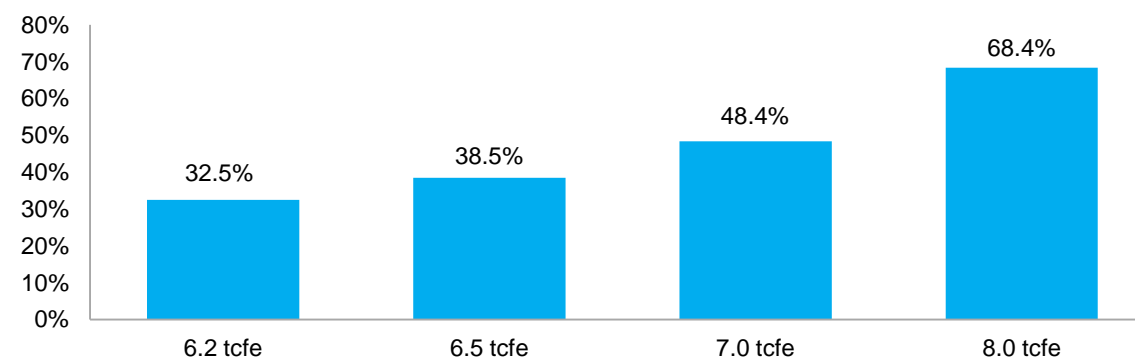


Material and immediate premium	<ul style="list-style-type: none"> » Share Consideration delivers immediate and significant premium (before upside of CVR): <ul style="list-style-type: none"> — 27.2% to InterOil's last closing price³ — 32.5% to InterOil's 3-month VWAP³
Uncapped upside potential in Elk-Antelope fields	<ul style="list-style-type: none"> » Additional value through ongoing exposure to uncapped upside potential in Elk-Antelope fields resource volumes above 6.2 tcf through CVR consideration » Resource certification to benefit from drilling of Antelope-7 well
Exposure to benefits of combined company	<ul style="list-style-type: none"> » InterOil shareholders gain 14 – 21% interest in combined company¹ » Exposure to world-class Oil Search assets including PNG LNG Project and existing PRL 15 interest » Exposure to value created by possible LNG Project cooperation/integration » High quality, low-cost production base and excellent growth opportunities with potential to double production from 2022-23 » Establishes larger platform with stronger balance sheet to drive growth from its low cost assets and maximise returns » Benefit from Oil Search's strong operating platform, management capabilities and unrivalled in-country relationships

Material premium to InterOil shareholders

US\$ per share	6.2 tcf	6.5 tcf	7.0 tcf	8.0 tcf
Share Consideration ²	40.25	40.25	40.25	40.25
CVR Consideration	-	1.81	4.84	10.88
Aggregate Consideration	40.25	42.06	45.09	51.13
Premium to last close ³	27.2%	32.9%	42.5%	61.6%
Premium to 1-month VWAP ³	26.3%	31.9%	41.4%	60.4%
Premium to 3-month VWAP ³	32.5%	38.5%	48.4%	68.4%

Implied premium to 3-month VWAP



1. Subject to take up of Cash Alternative

2. Based on Oil Search's 10 day VWAP of US\$5.00 per share as at 19 May 2016

3. Based on InterOil's closing price of US\$31.65 per share as at 19 May 2016 and InterOil's 1-month VWAP and 3-month VWAP of US\$31.88 per share and US\$30.37 per share respectively up to and including 19 May 2016.

Total MoU

MoU between Oil Search and Total SA

» MoU sets out key principles:

- Oil Search sell down to Total 60% of interest acquired from InterOil in PRL 15 and 62% of InterOil's interests in its other exploration assets, following completion of InterOil acquisition
- Oil Search and Total to seek to maximise stakeholder value through pursuit of cooperation and/or integration opportunities with PNG LNG Project

» Sell-down agreement:

- Post sell-down, Oil Search and Total expect to have 29.0% and 48.1% equity respectively in PRL 15 (post government back-in)
- Total to pay Oil Search 60% of InterOil acquisition cost (~US\$1.2bn) on settlement of InterOil purchase, US\$141.6m on 1 July 2017 and US\$230m on FID of Papua LNG Project plus 60% of any CVR payment > 6.5tcfe
- Oil Search and Total committed to fair and transparent resource certification process of Elk-Antelope fields for CVR calculation and for guiding Papua LNG Project development
- Further potential equity sale to strategic participants to be considered, if it maximises value

» MoU expected to deliver significant value to Oil Search, InterOil and Total shareholders:

- Underpins value of InterOil acquisition and immediately de-risks Oil Search's acquisition of InterOil, delivering certainty and incremental liquidity for Oil Search and InterOil shareholders
- Establishes long term alignment between Total and Oil Search, both with material interest in Papua LNG Project
- Provides avenue to maximise value of Papua LNG Project through pursuit of cooperation and/or integration opportunities with PNG LNG Project
- In standalone project case, aligns Total and Oil Search to deliver robust LNG project with equity available for new strategic participants

Transaction timing driven by the goal of cooperation and/or integration

- » Oil Search's key driver for InterOil acquisition is potential upside from cooperation and/or integration between PNG LNG and Papua LNG
- » Current transaction timing is optimal to maximise cooperation and/or integration synergies;
 - Development window of PNG LNG train 3 and Papua LNG currently aligned
 - Plant and infrastructure design can be appropriately sized
 - Construction and operations workforce optimised
- » Delays in the certification of Elk/Antelope and this transaction would impact ability to achieve cooperation and/or integration, with loss of upside;
 - Value to Oil Search and ability to offer these attractive terms to InterOil would be materially diminished
- » InterOil was considering potential sell down of minority interest in PRL 15;
 - Would have meant less equity for the parties who can deliver cooperation and/or integration
- » Oil Search believes the window is open for cooperation and/or integration from now until approximately mid-2017

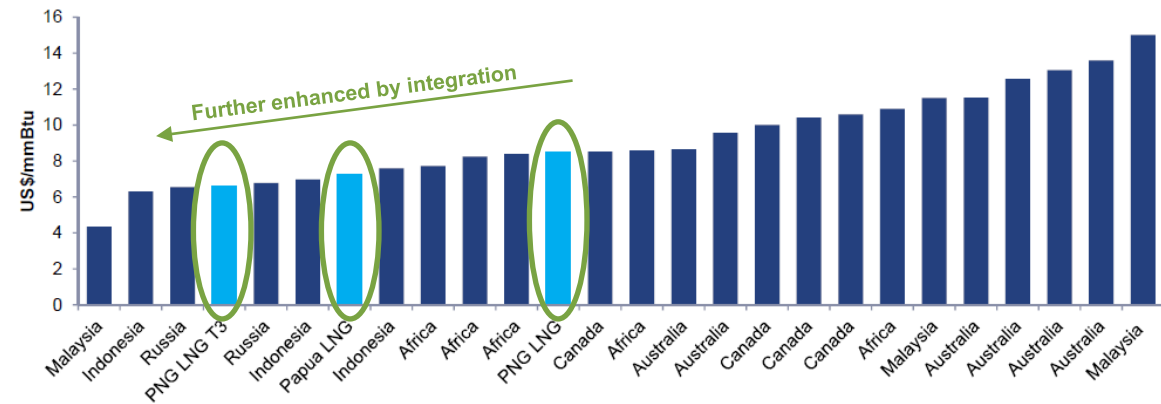
Strategic rationale

InterOil further strengthens Oil Search's world-class LNG position



- » Both PNG LNG potential expansion and Papua LNG projects making progress while many less competitive projects being delayed or cancelled
- » Long term market outlook for gas remains strong, with shortages anticipated early next decade:
 - Current market in potential oversupply until early 2020s
 - Potential PNG LNG expansion and Papua LNG Project expected to commence production early next decade, coinciding with increased demand and shortage of supply
- » World-class Papua LNG Project expected to be next major LNG development in PNG:
 - Even after payment of CVR to InterOil shareholders, Oil Search acquires gas at value accretive price per tcf of resource that could potentially underwrite sequenced multiple train development
- » Papua LNG Project has potential to be further enhanced by close cooperation with PNG LNG:
 - Agreements create opportunity to commence pathway to cooperation and/or integration of two world-class LNG projects
 - Agreements facilitate Oil Search's alignment of interests across two projects
 - Aids in maximisation of returns and capital efficiency for strong future growth, with potential to double production from 2022-2023

Best-in-class break-even costs¹



PRL 15 Project Interests

Entity	Pre back-in	Pre back-in Post transactions	Post back-in Post Transactions
InterOil	36.5%	-	-
Oil Search	22.8%	37.4%	29.0%
Total	40.1%	62.1%	48.1%
Indirect interests	0.5%	0.5%	0.4%
PNG Government	-	-	20.5%
Landowners	-	-	2.0%

PNG LNG Project interests

Current interests	
ExxonMobil	33.2%
Oil Search	29.0%
PNG Government	16.8%
Santos	13.5%
Nippon Oil	4.7%
MRDC	2.8%

Oil Search is only party with interests in both projects (other than PNG Govt)

¹ Wood Mackenzie February 2016, full-life FOB breakeven cost, 12% discount rate, shipping costs to Japan.

Pathway to cooperation and/or integration of two world-class LNG projects in PNG

Agreements pave way for potential material capex and opex savings plus anticipated schedule acceleration of Papua LNG development, facilitating superior returns and NAV per share accretion for Oil Search shareholders

- » Focus in 2016 is on resource confirmation and definition of development plans
- » Strong case for greater cooperation and/or full integration, where it makes sense for all parties
- » Current oil price and cost environment conducive to alignment of joint venture interests
- » Oil Search's role:
 - Unique position with interests in PNG LNG and Elk-Antelope fields 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 will be major beneficiary of cost-effective and timely development
- » Proven successes in Trinidad, Egypt and Qatar of value created from integrated projects over standalone projects
- » Cooperation and/or integration can create value through one, or combination, of: tolling models, gas sale agreements and common ownership of hydrocarbons / facilities

Examples of potential areas of cost savings

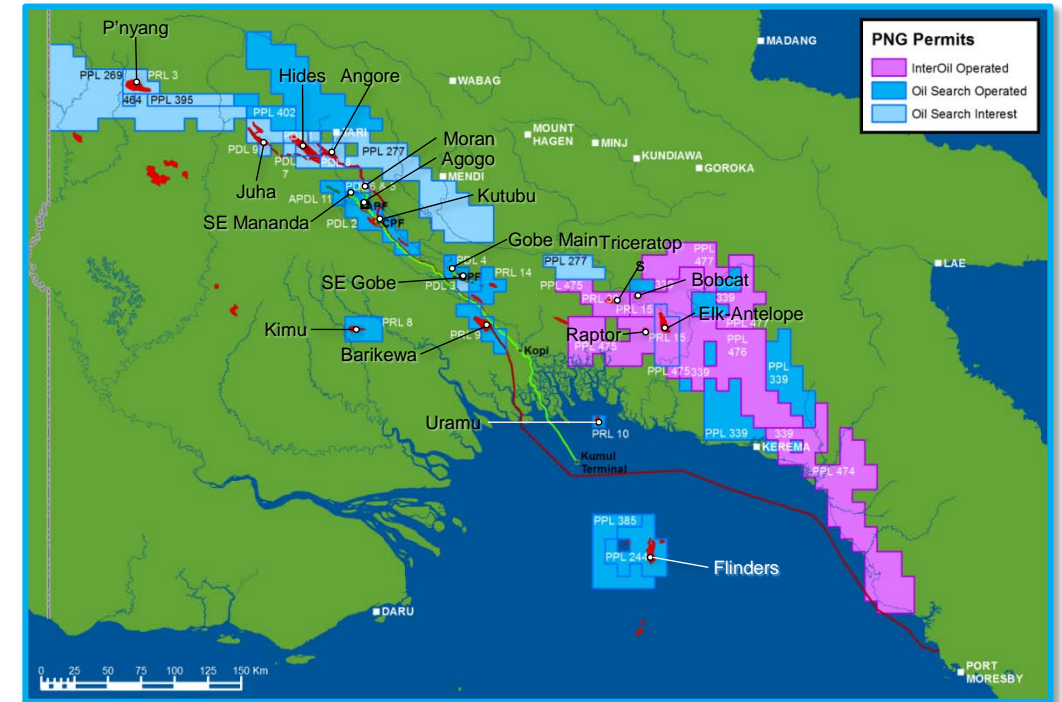
Base Cost	Existing Contractor Rel.
	Contractor/Op Synergy
	Lessons Learned
	Execution experience
Infrastructure	Storage
	Marine Facilities
	Accommodation
	Pipeline Corridors Access Roads
	Warehousing
	Shipping Channel
Front end	Pre-FID costs
	FEED
	Environmental Approvals & Surveys
Liquids Exports	Export System
	Improved Schedule
Project	PMT
	Improved Schedule
	Contractor Execution Plan
	Detailed Engineering
	Reduced Contingency
Process	Commissioning & Start Up
	Pre-treatment
	Sparing
	LNG, LPG and NGL Process

Material exploration portfolio supports long term, focused growth

Oil Search existing PNG portfolio



Oil Search plus InterOil's PNG portfolio



- » Combined Oil Search and InterOil PNG acreage results in world-class exploration portfolio with multiple play types and growth opportunities
 - Opportunity for further equity alignment / farm downs
- » Exploration and appraisal upside in close proximity to existing discoveries (eg Triceratops, Raptor, Bobcat)
- » Disciplined approach to exploration spend to focus on high impact exploration through portfolio high-grading:
 - Ability to manage commitments
- » Alignment with Total to support long term, focused growth
- » Oil Search will be operator for the exploration licences and PRL 39

Financial considerations

Oil Search expected to remain cashflow positive with a strong balance sheet well positioned for growth



Continue to generate positive cashflow

- » Oil Search expected to continue to generate positive cash flows, even at oil prices well below current levels
- » Cash flow breakeven (opex plus interest) in 2016 forecast at ~US\$19/bbl and at low US\$30/bbl level after principal repayments and sustaining capex
- » No planned change to dividend policy – Oil Search expects to continue to distribute 35 – 50% of annual core profits

Cash alternative/ share buyback

- » Cash alternative up to US\$770 million to be funded from liquidity, currently in excess of US\$1.6 billion
 - Total cash of US\$914m and available corporate revolving facilities of US\$748m¹
- » To extent InterOil shareholders do not take up all cash alternative, surplus cash used to fund on-market share buyback to reduce dilution to Oil Search shareholders

Total MoU de-risks integration

- » Upfront payments from Total expected to be ~US\$1.2 billion, received shortly after closing²
 - Total to fund 60% of CVR payment above 6.5 tcf certification, with Oil Search funding balance
- » Total MoU paves way for potential material capex and opex savings plus anticipated schedule acceleration

Strong balance sheet well positioned for growth

- » Pro-forma net debt increases to ~US\$4.2 billion at completion of InterOil acquisition³
- » Pro-forma net debt decreases to ~US\$3.0 billion post completion of sell down to Total, or ~US\$300 million lower than position pre InterOil acquisition
- » Pro-forma liquidity position of approx. US\$2.0 billion compared with US\$1.7 billion as at 31 March 2016, inclusive of repayment of InterOil corporate debt³
- » Capex guidance for 2016 of US\$315 – 400 million maintained
- » Balance sheet and liquidity able to support increased expenditure on development spend from higher interest in PRL 15, and larger exploration portfolio

1. As at 31 March 2016

2. Total sell-down payments, pre any CVR payment

3. Pro-forma net debt based on InterOil and Oil Search net debt at 31 March 2016 and assumes Cash Alternative fully taken up by InterOil shareholders; excludes transaction costs, pre any CVR payment, pre future fixed Total payments

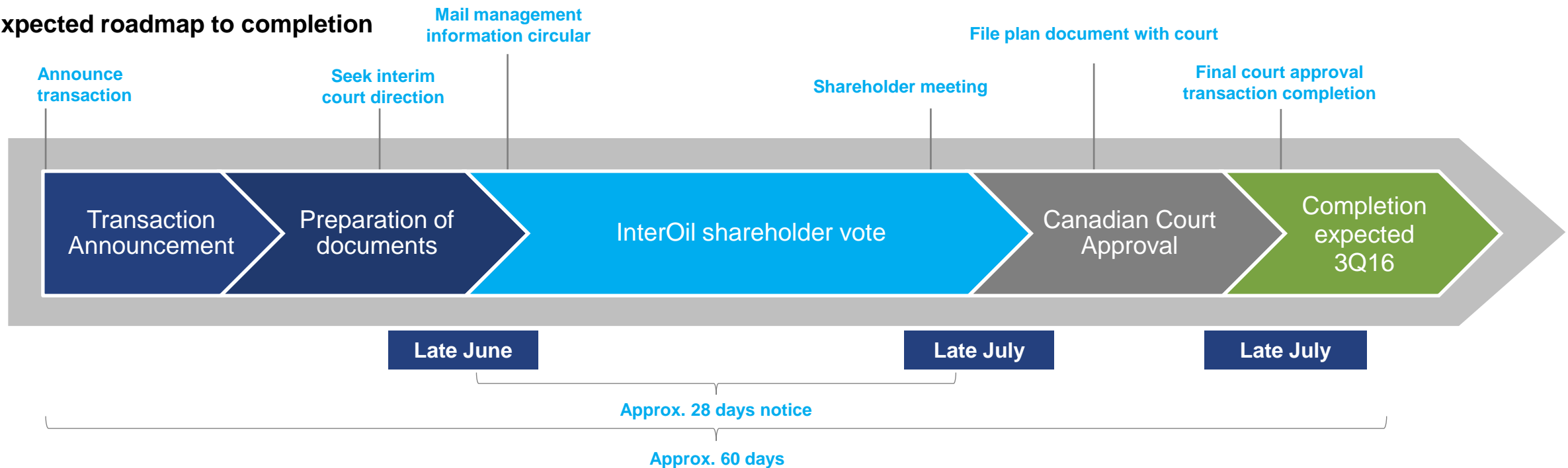
Indicative timetable to completion

Indicative timetable to completion

InterOil acquisition structured as Plan of Arrangement under Business Corporations Act (Yukon)

- » Process similar to Australian Corporations Act Scheme of Arrangement (although 66 2/3% of shares voted, not 75%)
- » Information circular for InterOil shareholders expected to be released in late June – including a detailed timetable with dates
 - InterOil shareholder vote expected to be late July
 - Transaction close is expected to occur within one week of InterOil shareholder vote

Expected roadmap to completion



FAQs & further information

FAQs



Is the US\$40.25 per share fixed?	<ul style="list-style-type: none">» No. InterOil shareholders receive a fixed 8.05 Oil Search shares for every InterOil share» Therefore the implied purchase price moves with the value of the Oil Search share price and the AUD/USD exchange rate
How is the cash alternative calculated?	<ul style="list-style-type: none">» Calculation for cash alternative to be based on 5 day VWAP (prior to the voting date) of the all share consideration value¹» Calculation date and price ensures no difference in value of shares and cash
What are the details of the CVR?	<ul style="list-style-type: none">» Subject to receiving confirmation from ASX, the CVR expected to be structured as a debenture instrument and tradable on ASX» CVR has a finite life and will be delisted when the Elk/Antelope fields resource certification has been completed and payment is made» Certification and payment is expected to occur in first half of 2017, after Antelope-7 is drilled» CVR will be managed by a trustee. Oil Search and trustee responsible for releasing timely updates on relevant information to CVR holders» CVR to be received by all InterOil shareholders including those that elect the cash alternative» Further information on CVR to be released as part of information circular to InterOil shareholders, expected to be released late June
Can the new Oil Search shares be traded on the NYSE?	<ul style="list-style-type: none">» The Oil Search shares will be listed and traded on ASX and POMSox» Oil Search currently has a Level 1 over-the-counter ADR program on the NYSE managed by Bank of New York Mellon» It is the intention to offer these over-the-counter ADRs to those US shareholders who would prefer not to hold ASX/POMSox shares
What is the expected timetable to completion?	<ul style="list-style-type: none">» Information circular for InterOil shareholders expected to be released in late June – including a detailed timetable with dates» InterOil shareholder vote expected to be late July – transaction close is expected one week after
What happens if there is a change in InterOil Board or there is a superior offer?	<ul style="list-style-type: none">» InterOil shareholder vote must proceed even if InterOil directors change, or InterOil board change its unanimous recommendation» InterOil board support for transaction can only change if there is a superior offer put to InterOil shareholders
Is PNG ICC approval required?	<ul style="list-style-type: none">» No ICC approval required as exploration and export activities outside scope of PNG competition laws» Only standard PNG regulatory sign-offs required

¹ Voting date is expected to occur two days prior to the InterOil shareholder meeting

<p>How have the Total payments to InterOil under its original 2014 SPA changed?</p>	<ul style="list-style-type: none"> » Total resource based payments to InterOil under 2014 SPA have been simplified: <ul style="list-style-type: none"> — Now comprise two fixed payments US\$141.6m on 1 July 2017 and US\$230m on FID of Papua LNG Project » Net present value of payments are equivalent in value to previous obligations for 6.5 tcf resource » Resource downside risk is eliminated » Creates certainty for both Total and InterOil / Oil Search shareholders » Total to pay 60% of CVR cost above 6.5 tcf » 'Wildcard' post production certification and payment to no longer apply
<p>Would post production certification and payment be more beneficial than pre production?</p>	<ul style="list-style-type: none"> » Typically very little discrepancy in 2C resource information gained post a comprehensive appraisal program and post production » Any post-production payment would be potentially 8-10 years away and worth significantly less in NPV terms than planned payment in 2017 » If resource is unexpectedly materially larger, InterOil shareholders still benefit via shareholding in Oil Search » Definition of a 2C resource means there is a 50% chance that the resource could be higher or lower when re-estimated. Under the previous Total SPA InterOil would have been liable to make a payment to Total if the resource proved to be lower » Under the previous Total SPA, InterOil would need to fund its share of development cost to production » Any payments under previous Total SPA go to InterOil and not directly to InterOil shareholders
<p>What are the details of the resource certification process?</p>	<ul style="list-style-type: none"> » Accurate resource certification is critical to ensuring a successful Papua LNG development <ul style="list-style-type: none"> — Size of resource sets the basis for project design and financing » Integrity and transparency of certification process to be overseen by a Certification Subcommittee comprised of (i) two independent Oil Search directors, (ii) two current InterOil directors and (iii) an independent chairperson » Process requires two independent certification firms to certify the resource and average of the two estimates is taken
<p>Will Antelope-7 be drilled?</p>	<ul style="list-style-type: none"> » Yes. The PRL 15 JV participants have agreed to proceed with drilling Antelope-7 with spudding expected in September 2016
<p>How can cooperation and/or integration create value?</p>	<ul style="list-style-type: none"> » Cooperation and/or integration can create value through the following commercial frameworks; <ul style="list-style-type: none"> — Tolling models, gas sale agreements and/or common ownership of hydrocarbons / facilities

What are the financial impacts on Oil Search?

- » Pro-forma liquidity position of approx. US\$2.0 billion compared with US\$1.7 billion as at 31 March 2016¹
 - Post repayment of InterOil corporate debt, excluding US\$371.6m of Total future payments in July 2017 and FID which further strengthens balance sheet
- » Balance sheet able to support increased expenditure from
 - Development spend associated with higher interest in PRL 15, and
 - Exploration spend across from larger portfolio

Is the PNG Government supportive of the transaction?


- » Yes, the PNG Government is supportive of the transaction
- » This is especially important given its position as equity holder in PNG LNG and potentially PRL 15, as well as its shareholding in Oil Search
- » The Prime Minister and the Energy minister have both released official statements of support that can be found on the Oil Search website at <http://papuanosl-app.azurewebsites.net/Investor-Centre/InterOil.html>

¹ Post completion of Transaction, post buyback/cash alternative, pre-CVR payment

PNG Government support

PNG's Prime Minister, the Hon. Peter O'Neill MP official statement

**Office of the
Prime Minister**



PAPUA NEW GUINEA

News Release

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Papua New Guinea to Benefit from InterOil Acquisition

Approved for Release: 22 May 2016

The Prime Minister, Hon. Peter O'Neill CMG MP, has welcomed the announcement that the boards of Oil Search and InterOil have agreed that Oil Search is to acquire 100% of InterOil saying the deal will deliver tangible benefits for Papua New Guinea.

The Prime Minister also highlighted the benefit of the execution of an MoU between Oil Search and Total for a back-to-back sale of Oil Search's interest acquired to Total following the completion of the InterOil acquisition.

"This acquisition will provide cost savings and efficiencies for our nation's greatest growth opportunities, which will directly benefit the people of Papua New Guinea," Prime Minister O'Neill said.

"A combined Oil Search-InterOil entity creates a Papua New Guinea oil and gas company of regional significance.

"As a shareholder of this company, the Papua New Guinea Government will benefit from its increased influence and growth opportunities.

"Co-operation between our two large LNG projects, the expansion of the PNG LNG Project and the development of Papua LNG, is in the best interests of our nation.

"These arrangements present a pathway to collaboration and possible integration of the projects, in which both Oil Search and the Papua New Guinea Government would hold influential stakes.

"The MoU between Total and Oil Search will further see both companies increase their interest in Papua LNG.

"This will carry an additional commitment from these companies to develop and commercialise this project in very timely manner, expediting the inflow of revenue."

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Background

The Elk-Antelope discovery is one of the largest gas discoveries made in the Asia-Pacific region in the last 20 years. Analysts further believe the proposed Papua LNG Project is one of the most cost competitive global LNG projects and likely to be developed despite the downturn in oil price.

The Project's current joint venture partners, Total, Oil Search and InterOil, have already agreed on proposed site development.

After back-in rights, usually executed after a project is sanctioned, Landowners and the Papua New Guinea Government would hold a combined 22.5% of PRL 15, which contains the Elk-Antelope fields, PRL 39 and PPLs 474, 475, 476 and 477.

The Papua New Guinea Government currently holds 16.8% interest in the PNG LNG Project.

Under its agreement to acquire InterOil, Oil Search would offer 8.05 Oil Search shares for each InterOil share and an additional payment for each incremental tcf above 6.2 tcf as determined in the Elk-Antelope fields 2C resource certification.

Both InterOil and Oil Search boards have unanimously approved the acquisition, and InterOil's board has unanimously recommended that InterOil shareholders vote to approve the transaction.

Telephone: +675 327 6525 E-mail: media@pm.gov.pg (Page 2/2)


“ This acquisition will provide cost savings and efficiencies for our nation’s greatest growth opportunities, which will directly benefit the people of Papua New Guinea

These arrangements present a pathway to collaboration and possible integration of the projects, in which both Oil Search and the Papua New Guinea Government would hold influential stakes. ”

The Hon. Peter O'Neill MP

PNG Government support

PNG's Minister for Petroleum and Energy, the Hon. Ben Micah MP official statement



MINISTER FOR PETROLEUM AND ENERGY

MEDIA STATEMENT

Petroleum and Energy Minister congratulates PNG's oil and gas industry development.

Petroleum and Energy Minister Hon. Ben Micah today extended his congratulations to Oil Search, InterOil and Total on the companies' strategic deals announced this week that will result in the creation of a major independent PNG oil and gas company.

Mr Micah said Oil and gas exports are by far the major contributor to PNG's economy, so progress such as that announced is clearly good for our country given PNG's blessing of petroleum resources and it is appropriate for a PNG-committed, regionally significant company headquartered here in PNG.

"I congratulate all those involved on putting together a deal that is highly-beneficial to all involved. These announcements will result in increased prosperity, jobs and development for the people of PNG. Furthermore, one of our nation's biggest growth opportunities, the proposed Papua LNG Project, which is underpinned by the gas fields in PRL 15, will benefit from cost efficiencies resulting from the deal. The PNG Government will now have increased interest in one of our nation's biggest growth opportunities, the proposed Papua LNG Project, which is underpinned by the gas fields in PRL 15."

Oil Search and InterOil announced that they have signed a definitive agreement under which Oil Search will acquire all the outstanding shares of InterOil. Under the Transaction, InterOil shareholders will receive:

- 8.05 ordinary shares of Oil Search for each InterOil share and
- Oil Search will also provide InterOil shareholders with a cash alternative, up to a total of US\$766 million
- A Contingent Value Right which will deliver an additional cash payment of US\$6.13 per share for each tcf gross resource certification of the Elk-Antelope fields above 6.2 tcf.

Also Oil Search and Total announced that they have entered into an exclusive Memorandum of Understanding (MoU):

- Oil Search will sell down 60% of InterOil's interests in PRL 15 and 62% of InterOil's interests in its other exploration assets to Total following the successful completion of Oil Search's offer to acquire InterOil. The terms of the sell-down will be consistent with the value implied under the InterOil transaction.
- Oil Search and Total will seek to maximise the value for all stakeholders by pursuing cooperation and/or integration opportunities with the PNG LNG Project.
-

Mr Micah said the country issues petroleum licences to companies that can safely and effectively find and commercialise PNG's resources, which brings benefits to the country in so many different ways.

"The deals announced will create and deliver these benefits more quickly by creating synergies and efficiencies amongst the companies involved in our petroleum efforts."

He said if successful, the transactions would result in State company Kumul Petroleum on behalf of the Government, after back-in rights, obtaining a 20.5% interest in PRL 15, which contains the large Elk-Antelope discovery underpinning the proposed Papua LNG Development. Kumul Petroleum would also hold 20.5% of PRL 39 and PPLs 474, 475, 476 and 477.

The PNG Government currently holds 16.8% interest in the PNG LNG Project.

Original signed

Hon. Ben Micah MP
Minister



Petroleum Energy Secretary David Manau, Gereia Aopi, Executive General Manager Oil Search, Minister Micah, Peter Botten MD Oilsearch and Peter Koim Director Gas Project Coordinating Office...today after briefings on the new developments.

“ These announcements will result in increased prosperity, jobs and development for the people of PNG. Furthermore, one of our nation's biggest growth opportunities, the proposed Papua LNG Project, which is underpinned by the gas fields in PRL 15, will benefit from cost efficiencies resulting from the deal.

The deals announced will create and deliver these benefits more quickly by creating synergies and efficiencies amongst the companies involved in our petroleum efforts.

The Hon. Ben Micah MP

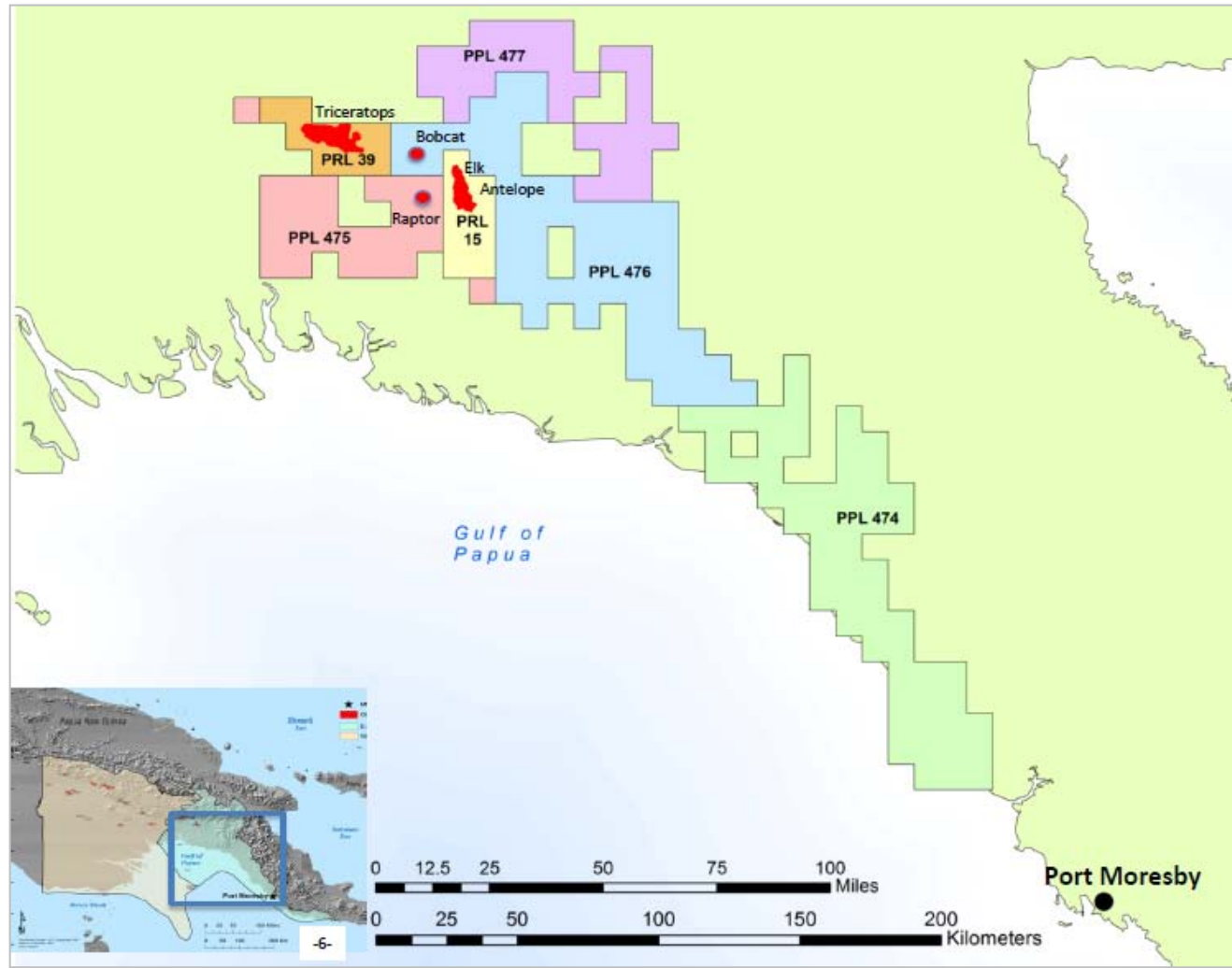
Appendix



Oil Search

Appendix: Overview of InterOil

Key assets¹



Source: InterOil PNG Mining and Petroleum Conference Presentation (25 November 2015)

Corporate snapshot

Highlights		
Close as of 19 May 2016	US\$/sh	31.65
1-month VWAP	US\$/sh	31.88
Market Capitalisation ²	US\$m	1,617
Net Debt ²	US\$m	146
Enterprise Value ²	US\$m	1,764
Listing		NYSE
Country of Incorporation		Canada

¹ InterOil company filings

² As at 19 May 2016, net debt based on debt of US\$190m as at 30 March 2016, and cash of US\$44m as at 30 March 2016. InterOil diluted shares outstanding of 51.1m shares

Appendix: InterOil – Working interests in licences*

Permit Discovery	PRL 15 Elk-Antelope	
Entity	Pre back-in	Post back-in
InterOil	36.5%	28.3%
Oil Search	22.8%	17.7%
Total S.A	40.1%	31.1%
IPI Holders	0.5%	0.4%
PNG Government	-	20.5%
Landowners	-	2.0%
Total	100.0%	100.0%

Permit Discovery	PRL 39 Triceratops	
Entity	Pre back-in	Post back-in
InterOil	69.1%	53.5%
Pacific Rubiales	12.9%	10.0%
IPI Holders	12.5%	9.7%
PNGDV	5.6%	4.3%
PNG Government	-	20.5%
Landowners	-	2.0%
Total	100.0%	100.0%

Permit Discovery	PRL 39 Excl. Triceratops	
Entity	Pre back-in	Post back-in
InterOil	81.3%	63.0%
Pacific Rubiales	12.9%	10.0%
IPI Holders	-	-
PNGDV	5.75%	4.5%
PNG Government	-	20.5%
Landowners	-	2.0%
Total	100.0%	100.0%

Permit Discovery	PPL 475 Raptor	
Entity	Pre back-in	Post back-in
InterOil	79.1%	61.3%
IPI Holders	15.1%	11.7%
PNGDV	5.8%	4.5%
PNG Government	-	20.5%
Landowners	-	2.0%
Total	100.0%	100.0%

Permit Discovery	PPL 475 Excl. Raptor	
Entity	Pre back-in	Post back-in
InterOil	94.3%	73.0%
IPI Holders	-	-
PNGDV	5.8%	4.5%
PNG Government	-	20.5%
Landowners	-	2.0%
Total	100.0%	100.0%

Permit Discovery	PPL 476 Bobcat	
Entity	Pre back-in	Post back-in
InterOil	78.6%	60.9%
IPI Holders	14.6%	11.3%
PNGDV	6.8%	5.2%
PNG Government	-	20.5%
Landowners	-	2.0%
Total	100.0%	100.0%

Permit Discovery	PPL 476 Excl. Bobcat	
Entity	Pre back-in	Post back-in
InterOil	79.1%	61.3%
IPI Holders	15.1%	11.7%
PNGDV	5.8%	4.5%
PNG Government	-	20.5%
Landowners	-	2.0%
Total	100.0%	100.0%

Permit Discovery	PPL 477 n/a	
Entity	Pre back-in	Post back-in
InterOil	79.1%	61.3%
PNGDV	5.8%	4.5%
IPI Holders	15.1%	11.7%
PNG Government	-	20.5%
Landowners	-	2.0%
Total	100.0%	100.0%

Permit Discovery	PPL 474 n/a	
Entity	Pre back-in	Post back-in
InterOil	94.3%	73.0%
PNGDV	5.8%	4.5%
PNG Government	-	20.5%
Landowners	-	2.0%
Total	100.0%	100.0%

*Sourced from pages 18-20 of the InterOil Annual Information Form 2015 dated 30 March 2016. Note: figures above have been rounded to one decimal place
Note: PRL denotes a Petroleum Retention Licence and are discovery permits. PPL denotes a Petroleum Prospecting Licence and are exploration permits

Appendix: Key Transaction metrics



		6.2 tcf ^e	6.5 tcf ^e	7.0 tcf ^e	8.0 tcf ^e
Share exchange ratio	x	8.05	8.05	8.05	8.05
Oil Search shares issued ¹	m	411	411	411	411
Oil Search 10D VWAP ²	US\$/sh	5.00	5.00	5.00	5.00
Share consideration	US\$/sh	40.25	40.25	40.25	40.25
CVR consideration	US\$/sh	-	1.81	4.84	10.88
Aggregate equity consideration (per share)	US\$/sh	40.25	42.06	45.09	51.13
Share consideration	US\$m	2,057	2,057	2,057	2,057
CVR consideration	US\$m	-	93	247	556
Aggregate consideration (total)	US\$m	2,057	2,150	2,304	2,613
Total base payments (at close of selldown) ³	US\$m	1,234	1,234	1,234	1,234
Total base payments (as at 1 July 17)	US\$m	142	142	142	142
Total base payment (at FID)	US\$m	230	230	230	230
Total share of CVR payment	US\$m	-	-	93	278
Total consideration (total)	US\$m	1,606	1,606	1,698	1,884
Cash alternative / share buyback	US\$m	(770)	(770)	(770)	(770)
Less CVR payment	US\$m	-	(93)	(247)	(556)
Net Oil Search Cash Received	US\$m	836	743	681	558
<i>Pac LNG Certification Payments</i>	<i>US\$m</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>(177)</i>

1. Based on InterOil diluted shares outstanding approx. 51.1m

2. Based on Oil Search's 10D VWAP converted daily to US\$ using the RBA's reference AUDUSD rate up to and including 19 May 2016, implying a price of US\$5.00 per share.

3. Calculated based on equity value Oil Search pays for InterOil and 60% sell down to Total at acquisition cost. Note this does not account for any net debt and liability adjustments. CVR payment above 6.5 tcf^e is funded 60% by Total.

Disclaimer

None of the securities anticipated to be issued pursuant to the Plan of Arrangement, pursuant to which Oil Search intends to acquire InterOil (“the Arrangement”) have been or will be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws, and any securities issued in the Arrangement are anticipated to be issued in reliance upon available exemptions from such registration requirements pursuant to Section 3(a)(10) of the U.S. Securities Act and applicable exemptions under state securities laws. This press release does not constitute an offer to sell or the solicitation of an offer to buy any securities.

There can be no assurance that the Arrangement will occur. The proposed Arrangement is subject to certain approvals and the fulfilment of certain conditions, and there can be no assurance that any such approvals will be obtained and/or any such conditions will be met.

Further details regarding the terms of the transaction are set out in the Arrangement Agreement and will be provided in a management information circular which will be available under the profile of InterOil Corporation at www.sedar.com.

Forward Looking Statements

This release includes “forward-looking statements”. All statements, other than statements of historical facts, included in this release that address activities, events or developments that InterOil, Total or Oil Search expect, believe or anticipate will or may occur in the future are forward-looking statements. These include in particular information and statements relating to Oil Search’s MoU with Total and the anticipated benefits, InterOil’s agreement with Oil Search and the anticipated benefits, the combined company’s expected growth profile, the anticipated market capitalization of the combined company, the combined company becoming a leading exploration and production champion for Papua New Guinea, the success of integration of LNG Projects, the profitability of the combined company, the completion of the Arrangement resources, hydrocarbon volumes, well test results, the estimated timing of the LNG project, the timing and quantum of the certification payment, the costs and break-even prices and potential revenues of the LNG project, the estimated drilling times of the exploration or appraisal wells and estimated 2016 budgets and expenditures. These statements are based on our current beliefs as well as assumptions made by, and information currently available to Total, InterOil and Oil Search. No assurances can be given however, that these events will occur. Actual results could differ, and the difference may be material and adverse to the combined company and its shareholders. Such statements are subject to a number of assumptions, risks and uncertainties, many of which are beyond the control of Total, InterOil and Oil Search, which may cause actual results to differ materially from those implied or expressed by the forward-looking statements.

Some of these factors include the risk factors discussed in InterOil’s and Oil Search’s publicly available filing, including but not limited to those in InterOil’s annual report for the year ended December 31, 2015 on Form 40-F and its Annual Information Form for the year ended December 31, 2015, and in Oil Search’s annual report for the year ended December 31, 2015, as well as the risk that Oil Search and Total do not enter into definitive agreements relating to the MoU. In particular, there is no established market for natural gas or gas condensate in Papua New Guinea and no guarantee that gas or gas condensate will ultimately be able to be extracted and sold commercially. Actual results may vary materially from the expected results expressed in forward-looking statements, including due to a range of operational, cost and revenue factors and uncertainties including oil and gas prices, changes in market demand for oil and gas, currency fluctuations, drilling results, field performance, the timing of well work-overs and field development, reserves depletion and fiscal and other government issues and approvals.

Total, InterOil and Oil Search disclaim any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as expressly required by applicable securities laws.