Oil Search Update
June 2016

Oil Search

ASX: OSH | POMSoX: OSH US | ADR: OISHY

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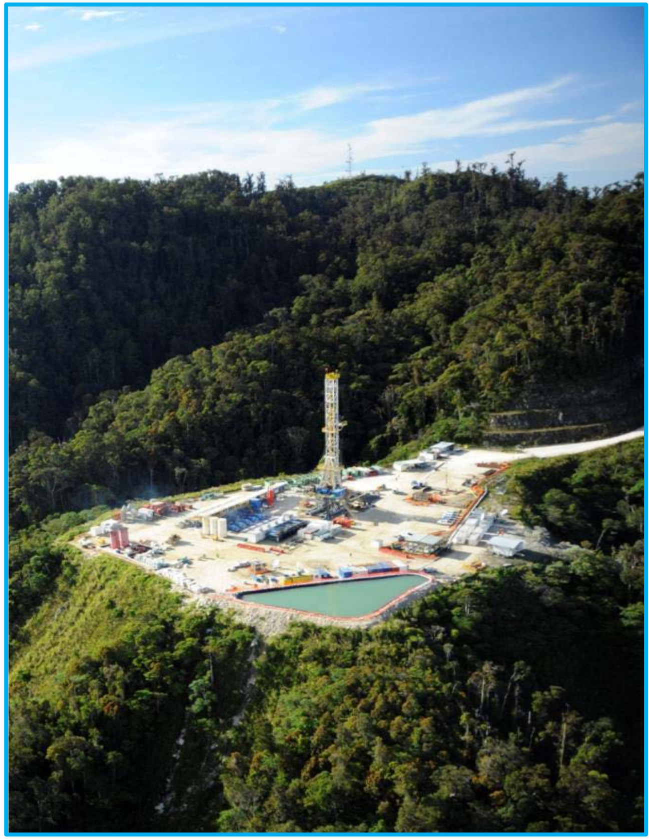
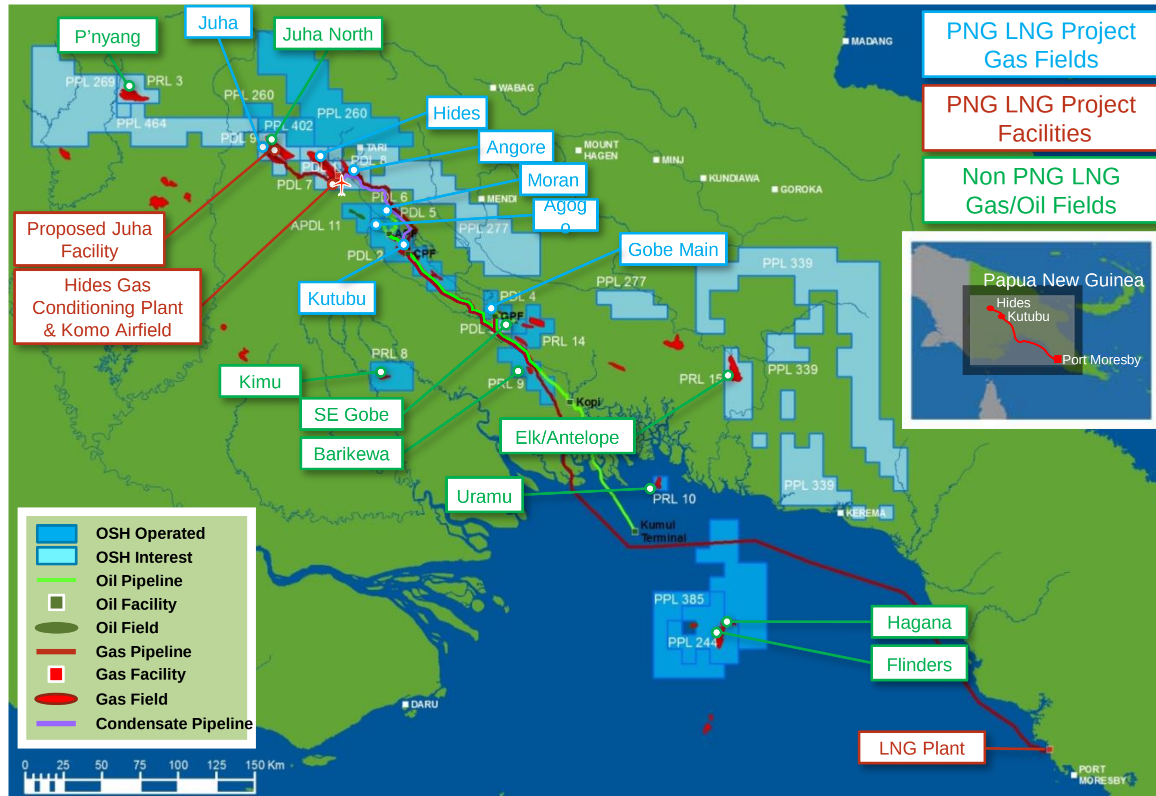


Oil Search - History of commitment to shareholders and Papua New Guinea (PNG)

- » Established in PNG in 1929
- » Market capitalisation ~A$10bn (~US$7.5bn)
  - – Listed on ASX, POMSoX & US ADRs
- » PNG's largest company and investor:
  - – 1,250+ employees
  - – 29% interest in world-class PNG LNG Project (Exxon Op)
  - – ~60% interest in, and operator of, all PNG's producing oil fields
  - – >6 million acres exploration acreage
- » Pursuing two major LNG growth opportunities, among most cost competitive globally:
  - – PNG LNG expansion
  - – Papua LNG Project



PNG LNG Project - World class LNG development performing well above expectations

- ExxonMobil-led development, delivered on time and performing well above nameplate without additional capex:
  - Annualised production rate of 7.4 MTPA in 2015 vs nameplate capacity of 6.9 MTPA
  - Annualised production in 1Q16 at record rate of 8.0 MTPA (16% above nameplate)
  - Project recently celebrated 200th lifting
- High facilities uptime from LNG trains and Hides Gas Conditioning Plant, supported by strong productivity from wells
- Evaluation of potential debottlenecking opportunities ongoing
- OSH contributes gas from OSH-operated oil fields (Kutubu, Gobe Main, SE Gobe) (~13% of total Project gas feedstock in 1Q16) plus handles export of all Project condensate through liquids export system
- Downstream location has room for multiple additional trains
- PNG LNG is in bottom quartile of costs globally, with scope for expansion and integration with PNG projects

Kutubu, Moran, Gobe Main & SE Gobe oil fields - Still generating quality production and revenue

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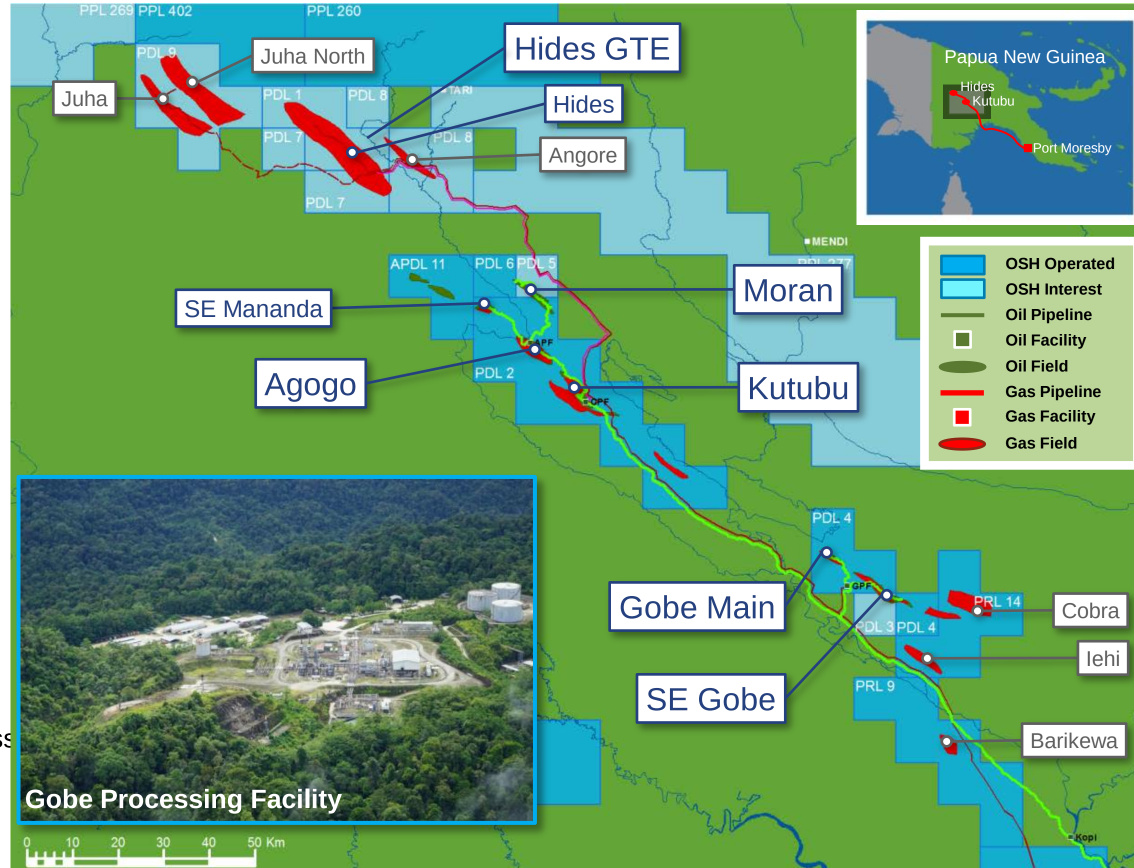
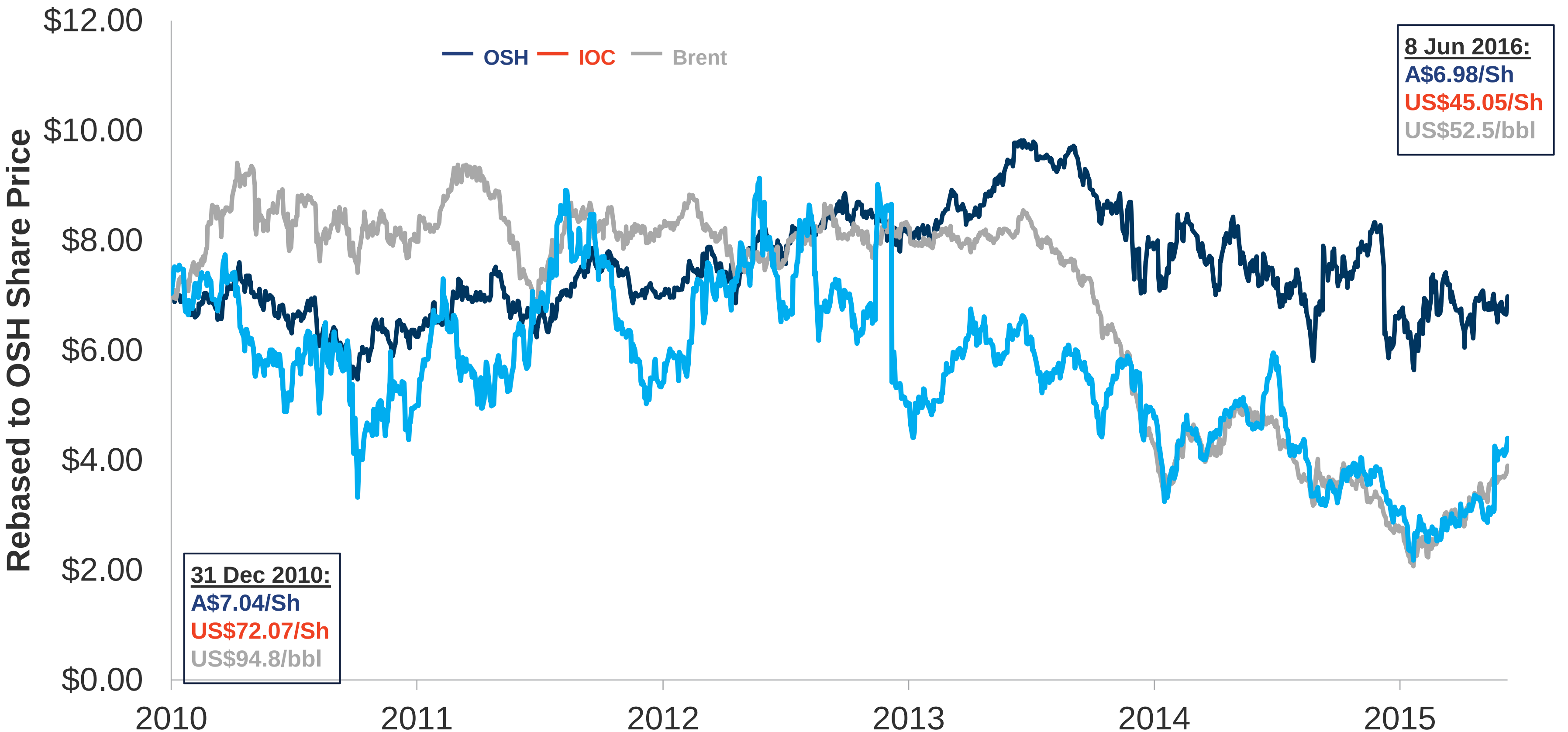
- Kutubu and Moran fields remain key producers (>95% total oil produced in 2015)
- 2015 net operated production of 7.0 mmboe:
  - Excellent outcome given maturity of fields
- Strong start to 2016, with 1Q16 production of 1.8 mmboe
- Major cost reduction programme in 2015/16, targeting 20+% reductions:
  - Operating costs
  - 3rd party service
  - Capital allocation prioritisation
- OSH leading major associated gas utilisation study, supported by Exxon
  - Provision of low cost gas to PNG LNG from oil fields
  - Reduces high cost tail and converts fields across to PNG LNG earlier
  - Possible FEED entry in 2016



Core strategies have delivered long term share price outperformance

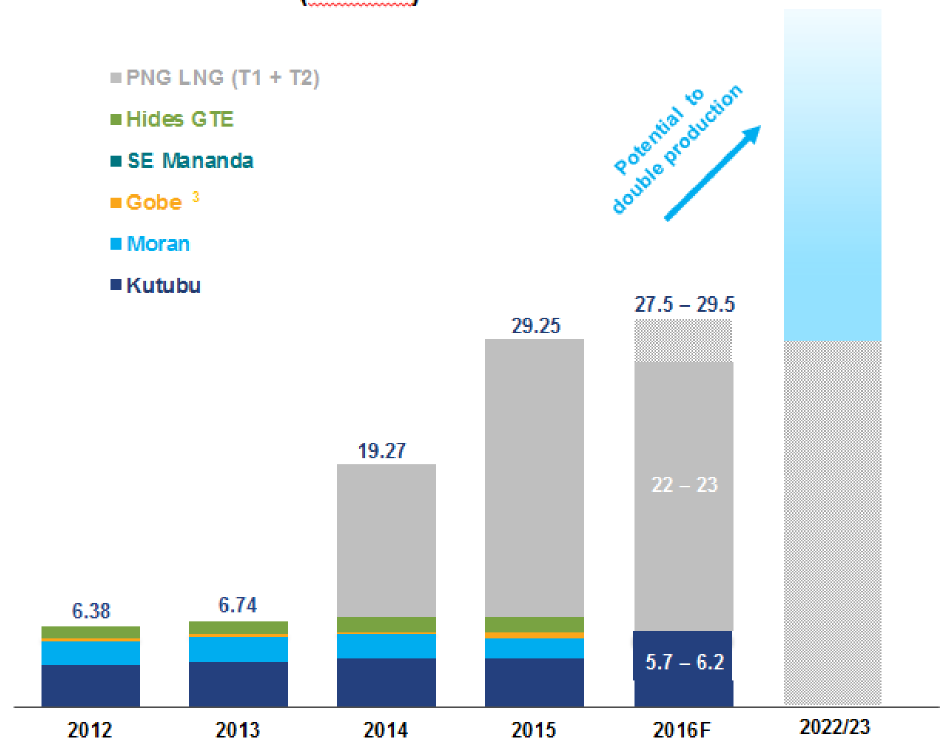


Source: FactSet as at 8 June 2016

OSH's quality assets driving long term growth - Strategies focused on commercialisation and value optimisation

- Strong production base from high quality, low cost quality assets with low sustaining capital requirements:
  - 2016 forecast production guidance 27.5 – 29.5 mmboe
- Generating positive cash flows:
  - Very competitive cash opex of <US$10/bbl for PNG LNG and <US$13/bbl for LNG, operated oil and gas fields and corporate combined. Corporate cash flow breakeven (opex plus interest) in 2016 forecast ~US$19/bbl and in low US$30s/bbl after principal repayments and sustaining capex*
- Solid balance sheet with liquidity of ~US$1.7bn:
  - Will increase to US$2bn following completion of proposed transactions
- Progressing two high-potential LNG growth opportunities, assessed to have lowest quartile breakeven costs in region:
  - Expansion of PNG LNG through production optimisation of existing trains and potential third train development
  - Papua LNG Project, expected to be next major LNG development
- Recently announced acquisition of IOC is highly synergistic, provides pathway to optimise cooperation and/or integration between Papua LNG and PNG LNG, while back-to-back sale to TOT reduces exposure, establishes JV alignment

OSH 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

** Excluding IOC/TOT transaction costs*

More than just an oil company - Committed to helping preserve a stable PNG operating environment

- Operating and political stability essential for long-term sustainability
- OSH's unique role in PNG:
  - 87 years 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). Includes Public-Private Partnership agreements with Government for Hela Regional Hospital
  - Capacity development – education (both ways), PNG leaderships, new Colombo Plan initiative
- Partnership between State and private sector remains vitally important
- Government strongly supportive of IOC/TOT transaction

OSH / IOC Transaction – Creation of major PNG oil and gas champion

- In May, OSH announced:
  - Acquisition of 100% of IOC
  - Execution of MoU with TOT for back-to-back farm-out
- Will result in OSH increasing stake in Papua LNG Project to 29% (after Govt back-in)
- Expected to deliver material immediate and long term strategic and financial benefits:
  - Alignment of equity interests in two world-class LNG projects
  - Provides pathway to optimise cooperation and/or integration between Papua LNG and PNG LNG, driving capital efficiency, superior returns and NAV per share accretion
  - IOC shareholders receive significant premium, access to further potential upside through shareholding in OSH and possible resource based payments through uncapped contingent value right (CVR)
  - Agreements provide additional scale to OSH, leveraging high-quality, low-cost production base, excellent growth opportunities and leading in-country relationships
  - Maintain strong and flexible balance sheet, capable of funding world scale LNG growth opportunities
- OSH, together with Government, uniquely positioned to drive Project cooperation and value

IOC & Total transactions – why now?
Strengthens OSH's world-class LNG position & drives synergies

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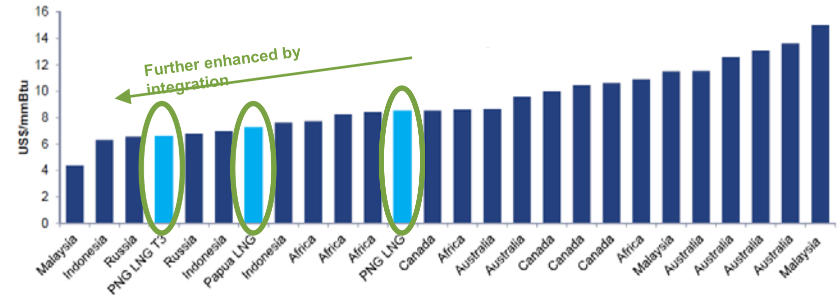
- Long term market outlook for gas remains strong, with shortages anticipated early next decade:
  - Current market in potential oversupply until early 2020s
  - PNG LNG expansion and Papua LNG Project expected to commence early next decade
  - Coincides with increased demand and shortage of supply
- PNG LNG potential expansion & Papua LNG projects making progress while less competitive projects delayed or cancelled:
  - Opportunity to drive costs even lower, making PNG highest ranked of new expansion and growth projects globally
  - Requires all parties to cooperate
- Potential to enhance economics of both T3 and Papua LNG Project, by close cooperation between projects:
  - Agreements create pathway to cooperation and/or integration of two world-class LNG projects
  - Agreements align OSH interests across projects
- IOC were undertaking process that may have resulted in sale of interest in Papua LNG to new party:
  - Would have made cooperation more difficult with more players
- OSH decided to act to drive value across all its LNG assets

- Best-in-class break-even costs[1]



- 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%

OSH 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

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- Agreements pave way for potential material capex and opex savings plus potential schedule acceleration of Papua LNG development, resulting in superior returns and NAV per share accretion for OSH shareholders
- Project cooperation also has potential to reduce financing and marketing risk
- 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, with current oil price and cost environment conducive to alignment of joint venture interests
- OSH'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 TOT, and to promote benefits of cooperation
  - Leverage strong foundations – extensive in-country operating experience, strong Government, community and landowner relationships
- PNG Government will 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

Potential capex savings of US$2-3 bn (OSH est) - Sharing facilities and infrastructure with PNG LNG

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Excludes significant savings in PMT/Owner's costs through schedule acceleration and contingency

Additional savings on site preparation and surveys

Sharing of utilities, power generation, metering

Tank size/number Optimisation. Sharing & optimisation of liquid export

Sharing of flare

Construction of spur instead of new jetty

Savings on infrastructure (roads, camps, buildings)

Image from ExxonMobil http://corporate.exxonmobil.com/en/company/multimedia/the-lamp/reputation-for-excellence

Lessons from other projects

- PNG can learn from other global LNG developments and expansions
- Value destruction has been typical in many LNG developments:
  - Governments and shareholders the major losers
  - >US$220 billion invested in Australian LNG projects. RISC estimates poor decision making and duplication of infrastructure cost industry >US$30 billion in downstream sector alone
- Maximising capital efficiency is a corporate obligation to all stakeholders
- Lessons for PNG:
  - Cooperation in multi train developments will deliver higher value for all stakeholders
  - RISC estimates cooperation in PNG could result in >US$5 billion in savings over next 20 years
  - Next 12-18 months critical in pursuing development coordination
  - Failure to achieve high level of co-operation would be missed opportunity

Source: Google maps

"PNG can avoid these pitfalls by putting policies in place which ensure a rational use and sharing of infrastructure.

RISC estimates that collaboration in the downstream infrastructure between the PNG LNG and Papua LNG projects, could result in savings in excess of US$5 billion over a 20 year period"

Source: RISC – June 2016

IOC acquisition terms

Offer price and consideration	» 8.05 OSH shares (fixed ratio) plus Contingent Value Right (CVR) for each IOC share » Share consideration implies US$40.25 per IOC share[1] » Cash alternative up to total of US$770 million – value equal to all share consideration based on 5 day VWAP to 3 days before transaction close and subject to scale back » Intention to offer OSH Level 1 over-the-counter ADRs to US shareholders who would prefer ADRs instead of ASX shares » IOC shareholders to own approximately 21% of combined entity[2]
Contingent Value Right	» CVR equivalent to US$6.05 per IOC share for each incremental tcfe above 6.2 tcfe » CVR payment triggered on Elk-Antelope fields 2C resource certification (expected first half 2017), CVR expires on certification payment
Unanimous recommendation	» IOC acquisition unanimously approved by IOC and OSH boards » IOC board unanimously recommends that IOC shareholders vote to approve transaction
Governance	» One current IOC director to join OSH Board
Share buyback	» Following successful completion of OSH's offer, OSH plans on-market share buyback to reduce dilution to OSH shareholders[3] » Final size of share buyback will depend on take-up of cash alternative and will not exceed US$770m
Structure	» IOC acquisition structured as Plan of Arrangement under Business Corporations Act (Yukon) — Process similar to Australian Corporations Act Scheme of Arrangement
Roadmap to completion	» Conditions include: — IOC shareholder approval – 66 $^{2}/_{3}$% of the shares voted — Court approval » Completion expected in early 3Q16

1. Based on OSH'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 OSH's issued capital by 411m shares
3. Share buyback to be conducted over a 12 month period post completion of the TOT transaction to the extent that IOC shareholders do not take up the full US$770m cash alternative

CVR terms - IOC shareholders benefit from uncapped upside potential in Elk-Antelope resource

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Terms of CVR

- CVR payable in cash to IOC shareholders based on resource certification of Elk-Antelope fields
- US$0.77/mcfe for 2C resource over 6.2 tcfe, on 40.1275% (interest sold to TOT), divided by number of IOC shares (51.1m)
- CVR equivalent to US$6.05 per IOC share for each incremental tcfe above 6.2 tcfe
- Expected to be paid in 1H17, following drilling of Antelope 7
- CVR expires on certification payment date

Benefits

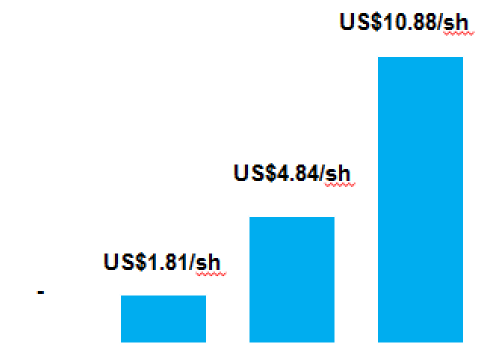
- IOC shareholders gain direct uncapped exposure to upside in resource
- Ensures IOC shareholders retain upside of resource-linked payment under TOT 2014 sale, but downside protected
- Higher resources mean two train development more likely – beneficial for all stakeholders

Other details

- Board subcommittee to be established to oversee fair resource certification process (see slide 15)
- CVR will be managed by trustee. OSH will have obligations to trustee for releasing timely updates on relevant information for CVR
- OSH to fund 100% between 6.2 and 6.5 tcfe. Beyond 6.5 tcfe, OSH and TOT fund 40%/60% respectively
- CVR expected to be listed as debenture instrument and tradable on ASX

CVR example

Certified Resource	6.2 tcfe	6.5 tcfe	7.0 tcfe	8.0 tcfe
Excess resource above 6.2 tcfe	-	0.3 tcfe	0.8 tcfe	1.8 tcfe
CVR payment	-	US$93m	US$247m	US$556m
CVR payable per IOC share	-	**US$1.81/sh**	**US$4.84/sh**	**US$10.88/sh**



Further information on the CVR to be released as part of IOC information circular in late June

CVR - Increased governance to ensure fairness

- Accurate resource certification critical:
  - Sets design basis for multi billion dollar project
  - Underwrites LNG marketing activities
  - Project financing with international banks and lending agencies
- Significant increase in governance in resource certification process vs previous SPA, to ensure integrity and transparency
- Certification Subcommittee to be formed to oversee certification, comprising:
  - Two IOC nominees and two independent OSH directors
  - Mutually agreed chairperson with appropriate technical skills, reputation, standing and industry experience, with no direct or indirect personal interest in outcome
- Committee will have access to all available technical data and has contractual requirement to act in best interests of CVR Noteholders in accurate assessment of PRL 15 2C Resources, to undertake duties to best of their skill and ability and comply with OSH Constitution
- Two independent certification firms (one to be selected by TOT, one by OSH from BeicepTecSol, Miller & Lents and Ryder Scott) to certify resource. Average of two estimates to be used to calculate any amount payable under CVR
- OSH/Pac LNG currently undertaking separate certification using Gaffney Cline & NSAI

MoU with Total - Underwrites value, aligns parties and de-risks cooperation

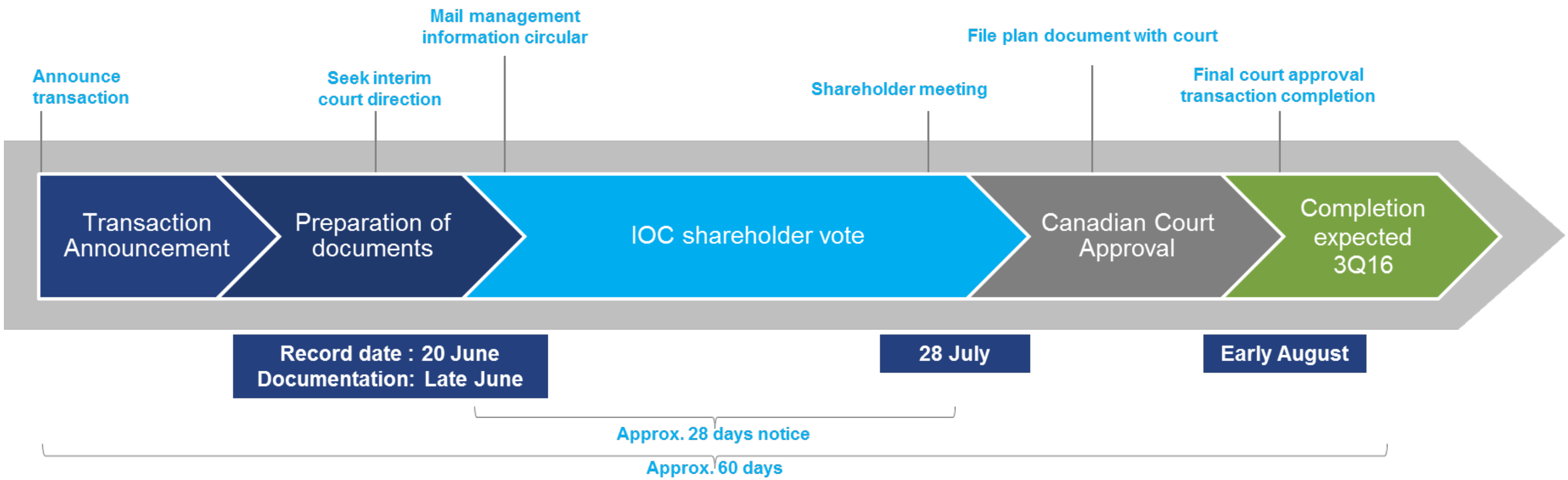
- OSH to sell 60% of interest acquired from IOC in PRL 15 and 62% of IOC's interests in other exploration assets to TOT. Consideration comprises:
  - 60% of IOC acquisition cost (~US$1.2bn) on settlement of IOC purchase
  - US$141.6m on 1 July 2017
  - US$230M on FID of Papua LNG Project
  - 60% of any CVR payment > 6.5tcfe
- OSH and TOT will have 29.0% and 48.1% equity respectively in PRL 15 (post government back-in)
- MoU also sets out:
  - Key principles to seek to maximise stakeholder value through pursuit of cooperation and/or integration opportunities with PNG LNG Project
  - Commitment by OSH and TOT to fair resource certification process of Elk-Antelope fields for CVR calculation and for guiding Papua LNG Project development
  - Potential equity sale to strategic participants to be considered, if it maximises value

» MoU expected to create significant value to OSH, IOC & TOT:

- ☑ Underpins value of IOC acquisition and immediately de-risks OSH's acquisition of IOC, delivering certainty and incremental liquidity for OSH and IOC shareholders
- ☑ Establishes long term alignment between TOT and OSH, 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 TOT and OSH to deliver robust LNG project with equity available for new strategic participants
- ☑ TOT SPA payments simplified to fixed payments representing net present value of previous obligation at 6.5 tcfe. Resource downside risk eliminated. CVR payments go directly to IOC shareholders (previously to IOC).

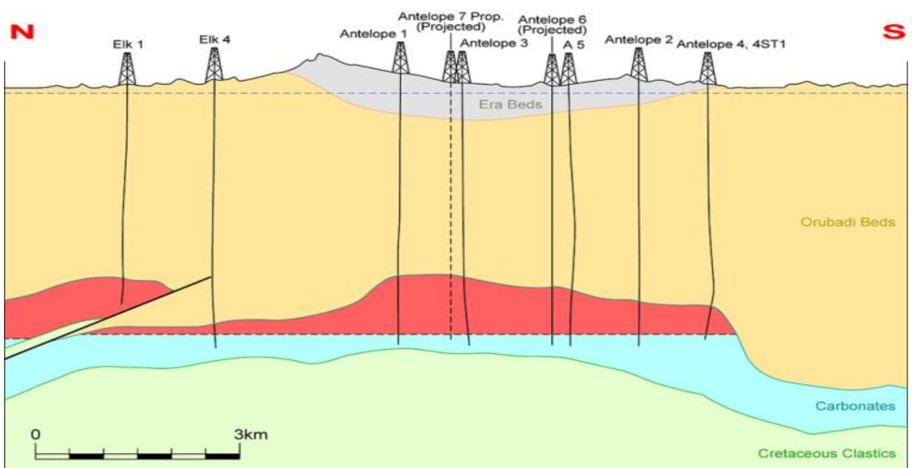
Indicative timetable to completion

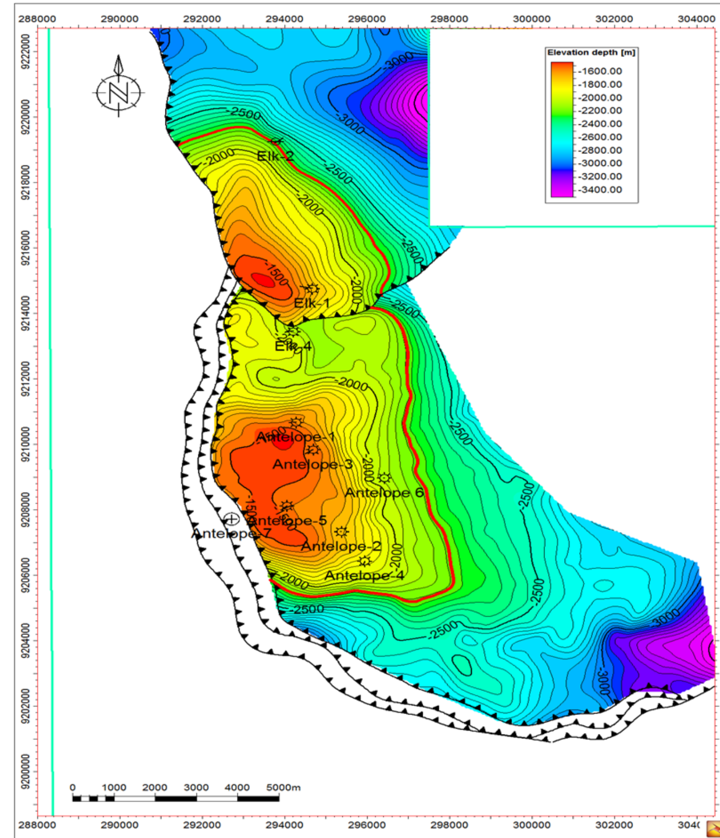
» IOC acquisition structured as Plan of Arrangement under Business Corporations Act (Yukon)
  – Process similar to Australian Corporations Act Scheme of Arrangement
» Requires approval from 66 $^{2}/_{3}$% of shares voted
» Information circular for IOC shareholders expected to be released late June
» IOC shareholder vote 28 July, record date for voting 20 June
» Transaction close expected to occur within one week of IOC shareholder vote



OSH mapping of Elk-Antelope structure - Western margin fault poorly defined, may extend +/- 1km west

- Positive appraisal results from 2015 drilling and testing programme
- Key uncertainty is western boundary, to be tested by Antelope 7, scheduled to spud in September 2016:
- Potential to add 1 – 2 tcf to current resource estimates
- Certification process by two independent world-class certifiers (Gaffney Cline and NSAI) as required by acquisition of OSH's interest from Pac LNG commenced Mar 16

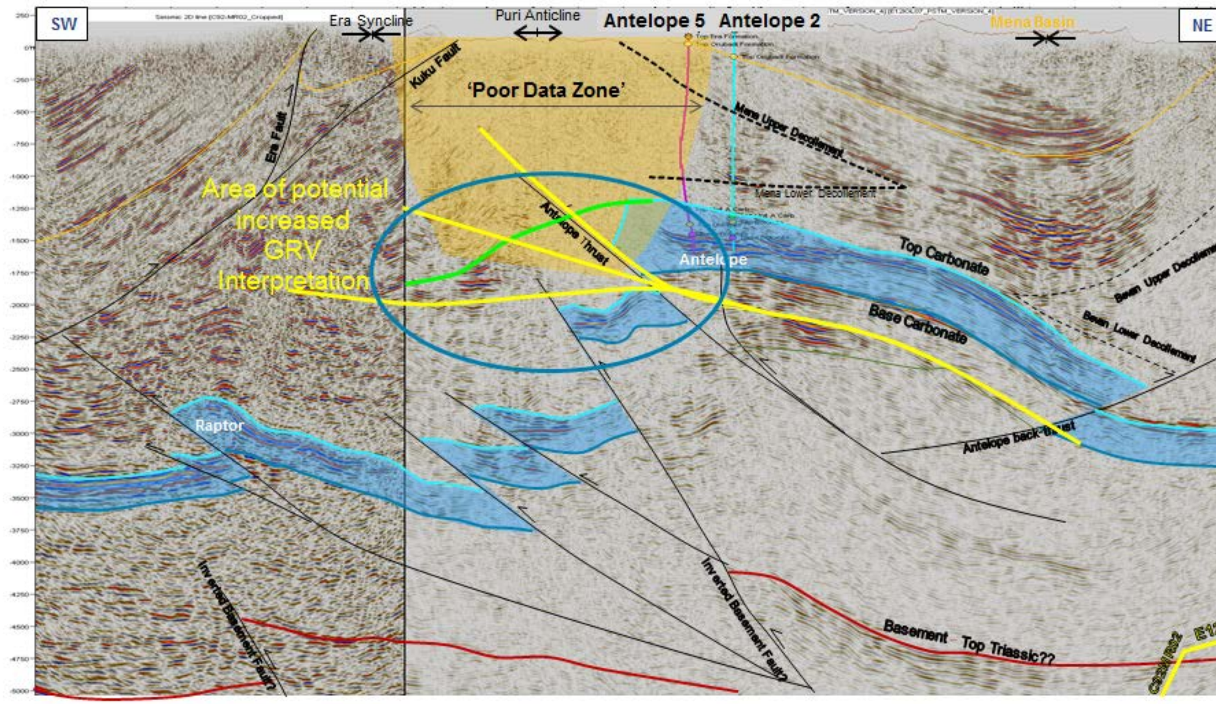




Antelope 7 - Key to confirming western extension of Antelope field

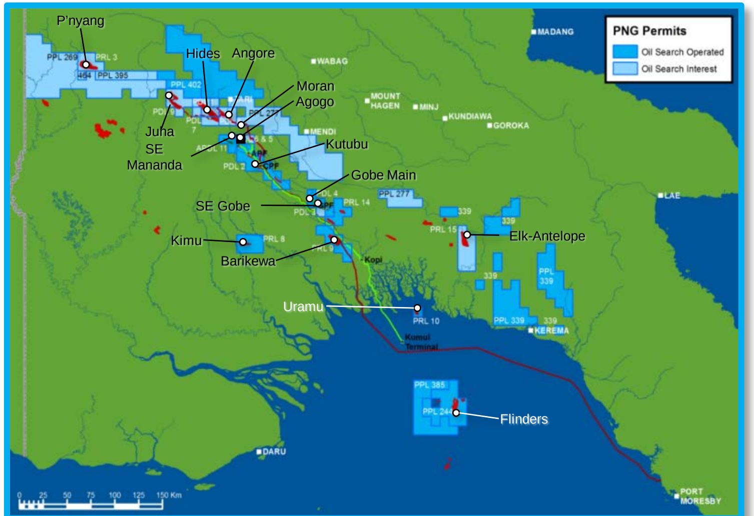
- Antelope 7, planned to spud in September 2016, will test poorly imaged western forelimb
- Potential for additional 1-2 tcf+ along western margin if reefal facies and structure is present
- Antelope 7 will provide key data on potential field resource upside and confirm whether there are sufficient 2C resources to support two train development

Antelope 7
General location



OSH and IOC exploration potential - Material portfolio supporting long term growth

OSH existing PNG portfolio



OSH plus IOC PNG portfolio

- Combined OSH and IOC 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 TOT and XOM to support long term, focused growth
- OSH will be operator for the exploration licences and PRL 39

IOC & Total transactions strengthen OSH's balance sheet - Funds growth and facilitates cooperation and alignment

Continue to generate positive cashflow	» OSH generating 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 – 35 – 50% of annual core profits
Cash alternative/ share buyback	» Cash alternative up to US$770 million to be funded from current US$1.7bn liquidity (US$914m and aUS$748m[1] available corporate revolving facilities) » If not all cash alternative taken up, surplus cash to be used to fund on-market share buyback to reduce dilution
TOT MoU de-risks integration	» Upfront payments from TOT expected to be ~US$1.2 billion, received shortly after closing[2] — TOT to fund 60% of CVR payment above 6.5 tcfe certification — TOT 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 IOC acquisition[3], decreases to ~US$3.0 billion post completion of sell down to TOT, ~US$300 million lower than currently. Receipt of TOT bullet payments will improve position further » Pro-forma liquidity position of ~US$2.0 billion vs US$1.7 billion at 31 March 2016, incl. IOC corporate debt[3] » Capex guidance for 2016 of US$315 – 400 million unchanged » 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. TOT selldown payments, pre any CVR payment
3. Pro-forma net debt based on IOC and OSH net debt at 31 March 2016 and assumes Cash Alternative fully taken up by IOC shareholders; excludes transaction costs, pre any CVR payment, pre future fixed TOT payments

Summary

- Strong production, with excellent performance from PNG LNG Project
- Robust cash flows with low breakeven oil price
- Steady progress on potential PNG LNG Project expansion and Papua LNG Project. Both globally competitive and commercially sound, with opportunity to maximise value and returns through cooperation/integration
- IOC acquisition and back-to-back sale to TOT pave way for potential material capex and opex savings plus potential schedule acceleration of Papua LNG development through cooperation / integration of PNG’s future LNG projects:
  - OSH is in unique commercial and operating position to help drive cooperation and associated major uplift in value
- Helping preserve stable operating environment in PNG stability remains a priority
- Strong balance sheet, with sufficient liquidity to fund growth activities

Appendices

FAQs

Is the US$40.25 per share fixed?	» No. IOC shareholders receive a fixed 8.05 OSH shares for every IOC share » Implied purchase price moves with the value of the OSH share price and the AUD/USD exchange rate
How is the cash alternative calculated?	» Calculation for cash alternative to be based on 5 day VWAP (prior to the date that is 3 business days before the effective date) of the all share consideration value[1] converted to USD » Calculation date and price ensures no difference in value of shares and cash
What are the details of the CVR?	» CVR fairly and directly rewards IOC's shareholders for a resource certification outcome larger than 6.2 tcfe » OSH will pay an amount per IOC share equal to US$0.77/mcfe on an interest of 40.1275% above an Elk-Antelope 2C certified resource of 6.2 tcfe (gross). This payment is **uncapped** and equates to US$6.05 per share for every tcfe certified above 6.2 tcfe » Subject to receiving final confirmation from ASX, the CVR will be structured as a debenture instrument and tradable on ASX » CVR has a finite life and will be redeemed or cancelled when the Elk-Antelope fields resource certification has been completed and payment of monies owing is made » Certification and payment is expected to occur in the first half of 2017, after the recently approved Antelope 7 well is drilled » CVR will be administered by an independent professional Trustee Company, which will be responsible for releasing timely updates on relevant information to CVR holders » CVR to be received by all IOC shareholders including those that elect the cash alternative » Further information on CVR to be released as part of Management Information Circular to IOC shareholders, expected to be released late June
Can the new OSH shares be traded on the NYSE?	» The OSH shares will be listed and traded on ASX and POMSox » OSH currently has a Level 1 over-the-counter ADR program managed by Bank of New York Mellon » These over-the-counter ADRs will be offered to those shareholders who would prefer not to hold ASX/POMSoX listed shares
What is the expected timetable to completion?	» Management Information Circular for IOC shareholders expected to be released in late June, including a detailed timetable with dates » Record date for voting is 20 June » IOC shareholder vote on 28 July – transaction close is expected within 7 business days thereafter
What happens if there is a change in IOC Board or there is a superior offer?	» IOC shareholder vote must proceed even if IOC directors change » IOC board support for transaction can only change if there is an unsolicited superior offer put to IOC shareholders which is not matched by OSH
Is PNG ICCC approval required?	» No ICCC approval required: no impact on competition on any market; exploration and export activities outside scope of PNG competition laws » Customary PNG Securities Commissions and POMSoX approvals required

FAQs

How have the TOT payments to IOC under its original 2014 SPA changed?	» TOT resource based payments to IOC under 2014 SPA have been simplified: — 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 tcfe resource » Resource downside risk is eliminated, creates certainty for both TOT and IOC / OSH shareholders » TOT to pay 60% of CVR cost above 6.5 tcfe » 'Wildcard' post production certification and payment, FID payment, First LNG Cargo payment and other components no longer apply » The previous one-off contingent exploration success payment of US$65.4m per tcf over 1 tcf has been more than offset by the removal of IOC's obligation to repay the three appraisal well costs (each ~US$50m, 100% basis) and one PRL 15 exploration well (~US$60m, 100% basis)
Would post production certification and payment be more beneficial than pre production?	» Typically little discrepancy in 2C/2P volume post a comprehensive appraisal programme versus during production » Any post-production payment would be potentially up to 16 years away and worth significantly less in NPV terms than planned payment in 2017 » If resource is unexpectedly larger, IOC shareholders still benefit via shareholding in OSH » 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 TOT SPA, IOC would have been liable to make a payment to TOT if the resource proved to be lower » Under the previous TOT SPA, IOC would need to fund its share of development costs to production » Any payments under previous TOT SPA go to IOC and not directly to IOC shareholders
What are the details of the resource certification process?	» Accurate resource certification is critical to ensuring a successful Papua LNG development: — Size of resource is fundamental as it sets the design basis for a multiple billion dollar project, LNG marketing to major utilities and project financing with international banks and lending agencies » Integrity and transparency of certification process to be overseen by a Certification Subcommittee comprised of (i) two independent OSH directors, (ii) a current IOC director who will join the OSH Board by mutual agreement (iii) a current or former non-executive director of IOC, nominated by IOC and (iii) a mutually agreed chairperson who will have appropriate technical skills, is of appropriate reputation, standing and experience in the petroleum industry and has no direct or indirect personal interest in the outcome of the Interim Resource Certification » Two independent certification firms will certify the resource and average of the two estimates is taken as the 2C certified resource for the purpose of calculating any amount payable under the CVR
Will Antelope 7 be drilled?	» Yes. The PRL 15 JV participants have unanimously agreed to proceed with an Antelope 7 well, which is expected to spud in September 2016
How can cooperation and/or integration create value?	» Cooperation and/or integration can create value through the following commercial frameworks; — Tolling models, gas sale agreements and/or common ownership of hydrocarbons / facilities

FAQs

What are the balance sheet and liquidity impacts on OSH?	» Pro-forma liquidity position of approx. US$2.0 billion compared with US$1.7 billion as at 31 March 2016[1] post repayment of IOC corporate debt, excluding US$371.6m of TOT future payments in July 2017 and FID which further strengthens balance sheet » OSH's net debt will fall by $300m to $3.0bn immediately post IOC acquisition and TOT transaction (pre-any CVR payment or future receipts from TOT) » Balance sheet able to support development spend associated with higher interest in PRL 15 and exploration spend across 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 OSH » The Prime Minister and the Energy minister have both released official statements of support that can be found on the OSH website at http://papuanOSH-app.azurewebsites.net/Investor-Centre/InterOil.html
Is there a chance that the TOT deal won't proceed given it is only an MoU?	» TOT is very committed to Papua LNG and this transaction: — We are already progressing the MoU with TOT, with a plan to have definitive documentation signed shortly after the IOC deal closes » We believe it is highly unlikely that the transaction will not proceed given the inherent commercial benefits for TOT » We also note that as previously stated, the IOC transaction is not dependent on the TOT selldown
Will the transaction lead to a delay in FID for T3?	» We don't believe this will be the case » The PNG LNG JV parties are still focused on FID for Project expansion by the end of 2017, in line with the MoU with the PNG Government
Why was ExxonMobil not involved with this deal? What is their view on this deal?	» We have had numerous discussions with ExxonMobil regarding cooperation and integration and it is our understanding that they share similar positive views on this concept » We believe that some form of cooperation and integration will occur following the completion of this transaction and we look forward to discussing future development options with ExxonMobil in the next 6-12 months.
How much equity will OSH and/or TOT sell down?	» We would ideally like to have between 20 – 30% (post Government back in) of any major LNG development » The MoU establishes an aligned partnership between TOT and OSH, while also providing the possibility of bringing in new partners including LNG buyers

FAQs

Why should the dissident IOC shareholders vote for this deal?

- All IOC shareholders should read the Management Information Circular for further and more complete information about this transaction before making an investment decision but we believe this deal has the potential to address many of Mr Mulacek's concerns by providing upside payments aligned with his publicly stated targets, a management and Board with proven PNG oil and gas expertise and a history of delivery as well as a balance sheet capable of delivering shareholder value

How much did OSH pay on an mcfe basis? Is this expensive?

- The transaction multiples on a resource basis (US$/mcfe) are as follows

6.2 Tcfe	6.5 Tcfe	7.0 Tcfe	8.0 Tcfe
0.56	0.63	0.65	0.67

- Based on these multiples, we believe the transaction represents compelling value for OSH as we are acquiring gas that can be readily commercialised

What will happen in the event of an ExxonMobil counter bid? Is there a break fee?

- In the event of an unsolicited counter-bid, the IOC Board will need to consider whether such a competing offer is superior to ours. We note there is a break-fee payable if our transaction does not proceed due to a superior offer
- OSH and Exxon Mobil have the same interests in relation to integration of the two projects. If Exxon Mobil makes an unsolicited superior proposal and it is ultimately successful then it is likely to also provide a catalyst towards integration of the two projects which remains beneficial for OSH and all other stakeholders

Given this acquisition is entirely through scrip, is it dilutive?

- With the potential cooperation and integration benefits we believe this is an accretive deal on a NAV basis for OSH
- The terms of the Transaction, even after any payment of the CVR to IOC shareholders, result in OSH acquiring gas at a fair price per tcfe of resource that could potentially underwrite a sequenced multiple train development

How does this affect the Pac LNG resource certification?

- Given the unanimous vote by the PRL15 joint venture partners to support the drilling of the Antelope 7 well, OSH and the Pac LNG sellers are considering whether to suspend the ongoing certification process (with NSAI and GCA) in relation to the Pac LNG sale and recommence after completion of the well
- This is subject to the approval of OSH and the sellers of the five Pac LNG companies

What drove the timing behind this acquisition?

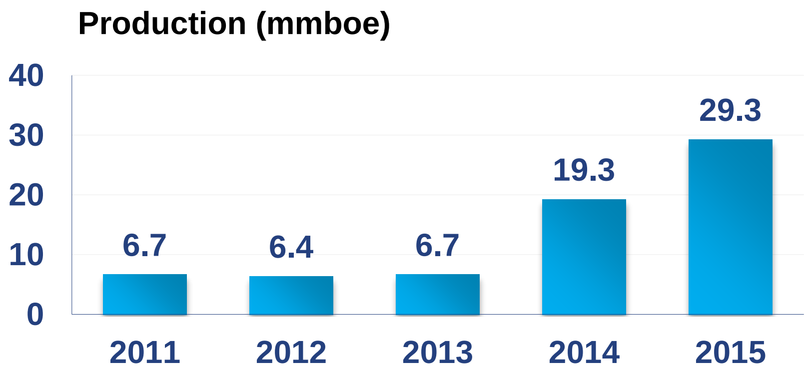
- Current transaction timing is optimal to maximise cooperation and/or integration synergies;
  - Development window of PNG LNG train 3 and Papua LNG currently aligned
  - Plant and infrastructure design can be appropriately sized
  - Construction and operations workforce optimised
- Delays in the certification of Elk/Antelope and this transaction would impact ability to achieve cooperation and/or integration, with loss of upside value to OSH and its ability to offer these attractive terms to IOC would be materially diminished

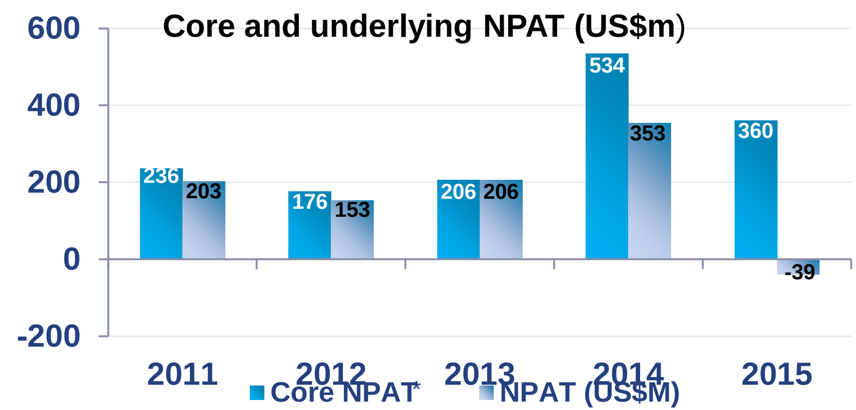
OSH's view on claims from Concerned InterOil Shareholders group (CIS)

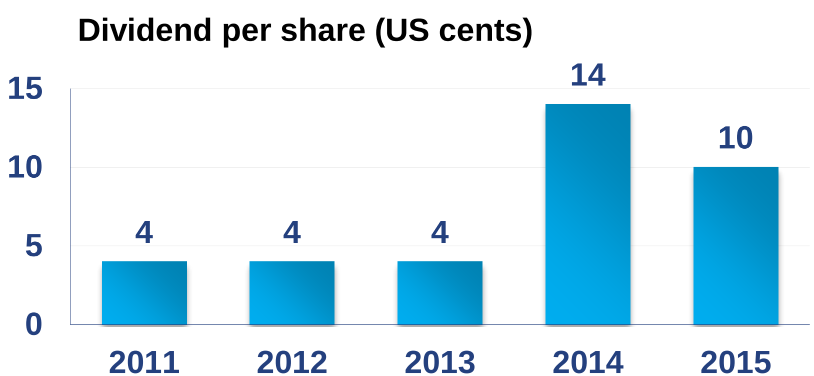
OSH believes CIS' claims are incorrect….

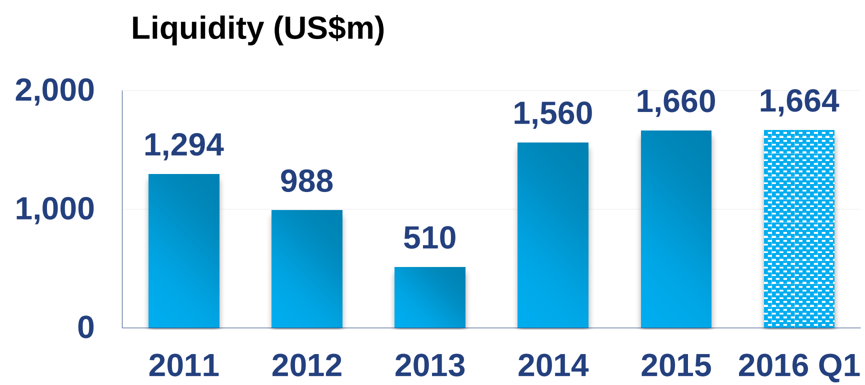
..unsubstantiated view of resource size	» CIS resource estimates significantly higher than all JV partners and independent experts/certifiers, who have most recent well and testing data
..incorrect assumptions	» US$401 million Completion Payment has already been paid to IOC » Ignores IOC's funding requirements for its 36.5% share of development: – Payments IOC received under TOT-IOC SPA unlikely to cover IOC's share of project equity – Required equity sell down/capital raisings will be dilutive » Unlikely to be material discrepancy between certification and post-production test 10+ years away » IOC ran extensive sale process – if CIS was correct, higher bidder should have emerged by now
…ignores benefits of CVR and TOT MoU and misinterprets terms	» **Uncapped** CVR rewards IOC shareholders if Elk/Antelope resource size is >6.2 tcfe » Cash proceeds from CVR, expected to be received in first half 2017, flow directly to IOC shareholders, not company » Downside protection against potential future repayment to TOT » Strong governance in certification process, with accuracy essential as certified resource will underpin multi-billion dollar development, project financing and marketing » NPV of payments by TOT equivalent to obligations for 6.5 tcfe resource under TOT-IOC SPA, including for FID and First Cargo

OSH key financial metrics





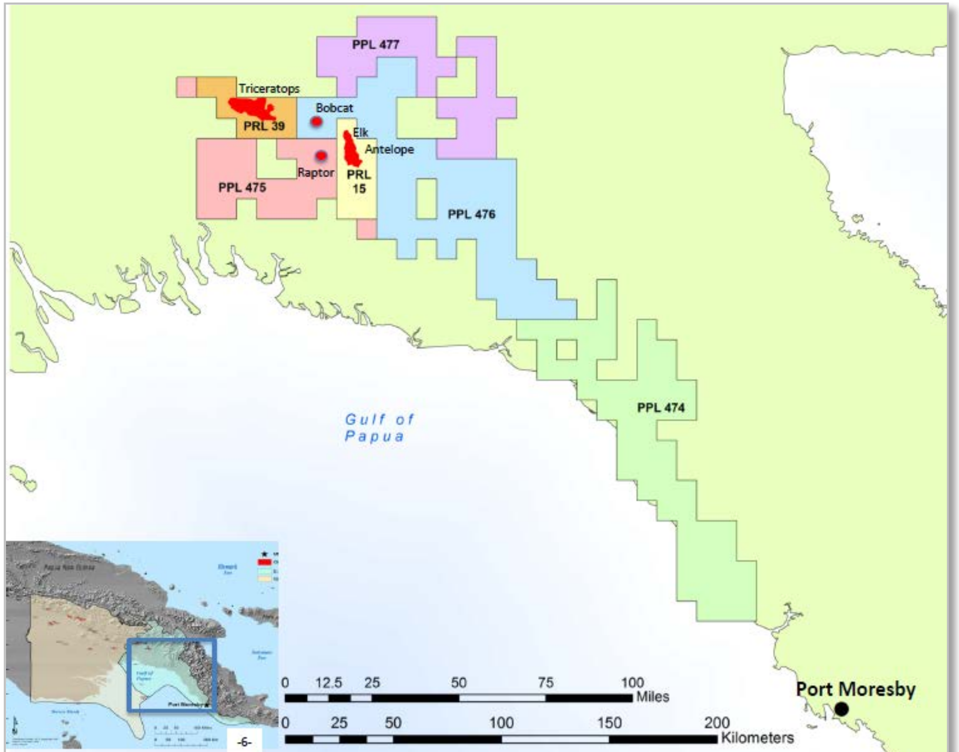




**Core profit (net profit after tax before significant items) is a non-IFRS measure that is presented to provide a more meaningful understanding of the performance of Oil Search's operations. The non-IFRS financial information is derived from the financial statements which have been subject to audit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

Overview of IOC

» **Key assets**[1]



Source: IOC 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. IOC 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. IOC diluted shares outstanding of 51.1m shares

IOC – Working interests*

Permit	PRL 15	
Discovery	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	PRL 39	
Discovery	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	PRL 39	
Discovery	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	PPL 475	
Discovery	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	PPL 475	
Discovery	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	PPL 476	
Discovery	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	PPL 476	
Discovery	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	PPL 477	
Discovery	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	PPL 474	
Discovery	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 IOC 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

Key transaction metrics

		6.2 tcfe	6.5 tcfe	7.0 tcfe	8.0 tcfe
Share exchange ratio	*x*	*8.05*	*8.05*	*8.05*	*8.05*
OSH shares issued[1]	*m*	*411*	*411*	*411*	*411*
OSH 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$m**	**2,057**	**2,150**	**2,304**	**2,613**
TOT base payments (at close of selldown)[3]	US$m	1,234	1,234	1,234	1,234
TOT base payments (as at 1 July 17)	US$m	142	142	142	142
TOT base payment (at FID)	US$m	230	230	230	230
TOT share of CVR payment	US$m	-	-	93	278
TOT consideration (total)	**US$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 OSH Cash Received	**US$m**	**836**	**743**	**681**	**558**
Pac LNG Certification Payments	*US$m*	*-*	*-*	*-*	*(177)*

1. Based on IOC diluted shares outstanding approx. 51.1m
2. Based on OSH'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 OSH pays for IOC and 60% sell down to TOT at acquisition cost. Note this does not account for any net debt and liability adjustments. CVR payment above 6.5 tcfe is funded 60% by TOT

PNG Government support

Oil Search

» **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 the of 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 tcfe above 6.2 tcfe 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 tcfe gross resource certification of the Elk-Antelope fields above 6.2 tcfe.
-

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 Pettroleum 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, Gerea 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

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.