



2017 ANNUAL MEETING

The power of partnership

9.30am, Friday 19 May, 2017 | Crowne Plaza Hotel, Port Moresby, PNG

OIL SEARCH LIMITED | ARBN 055 079 868 | ASX: OSH | POMS0X: OSH | US ADR: OISHY

www.oilsearch.com

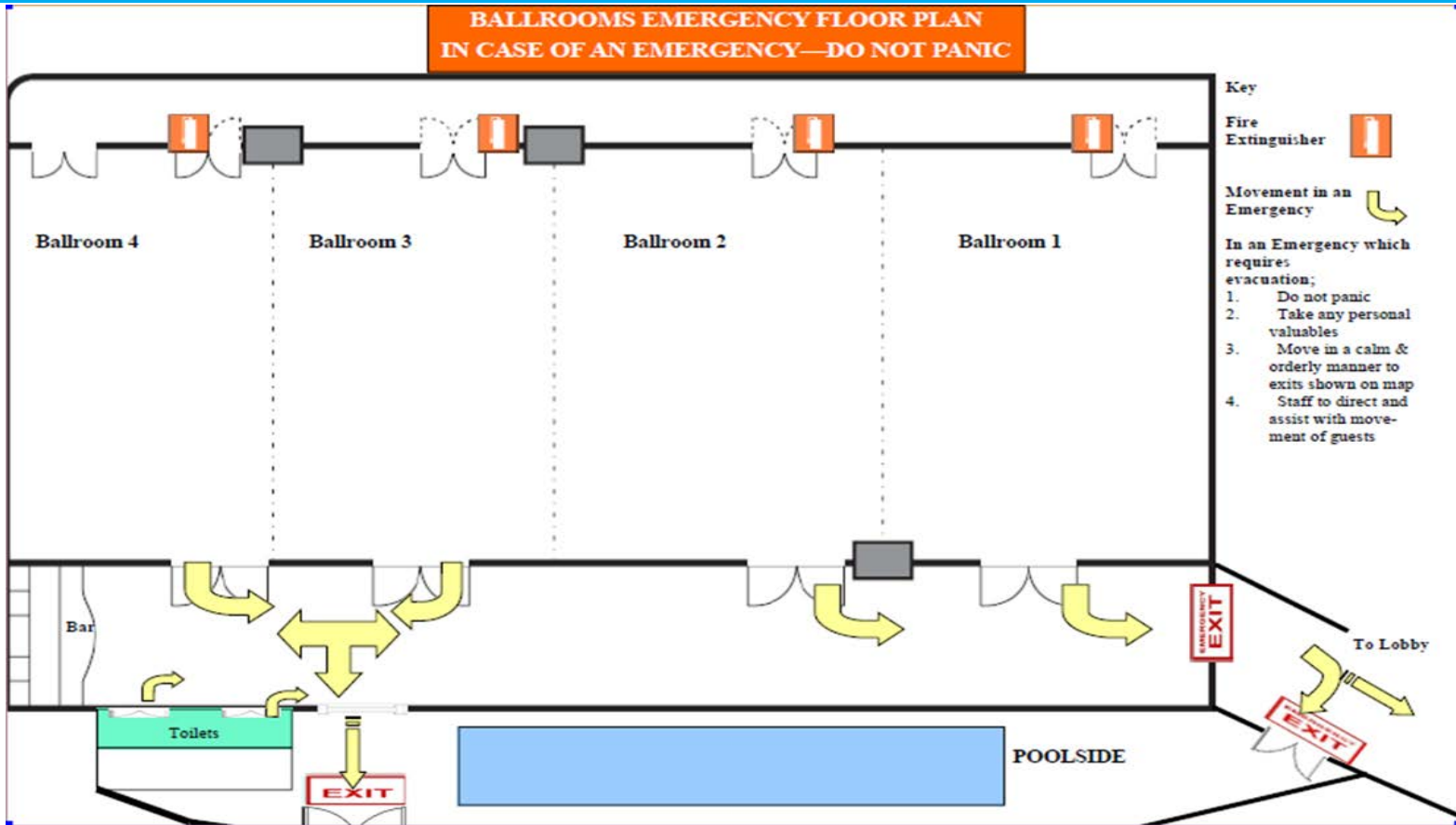


Oil Search

Emergency Evacuation



Oil Search





Oil Search

Presentation by Managing Director

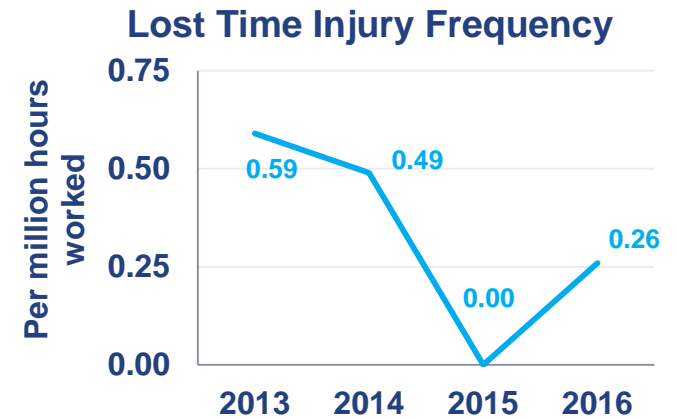
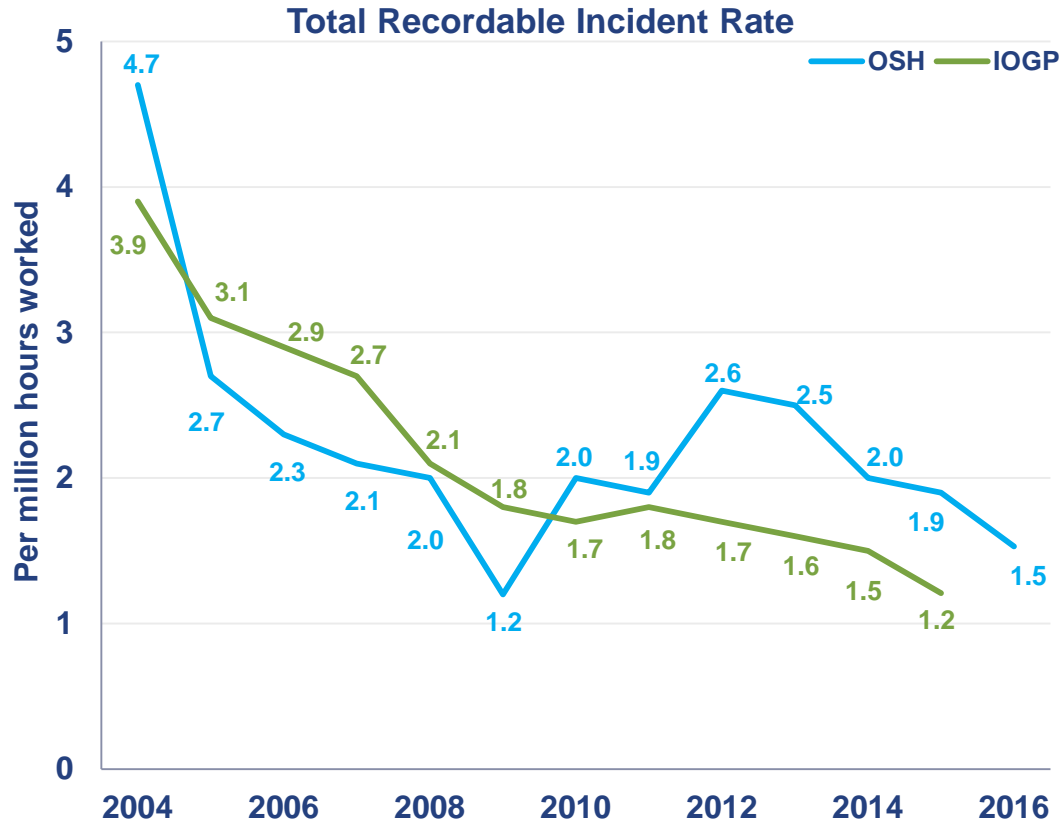
Peter Botten



Safety: a core priority for Oil Search

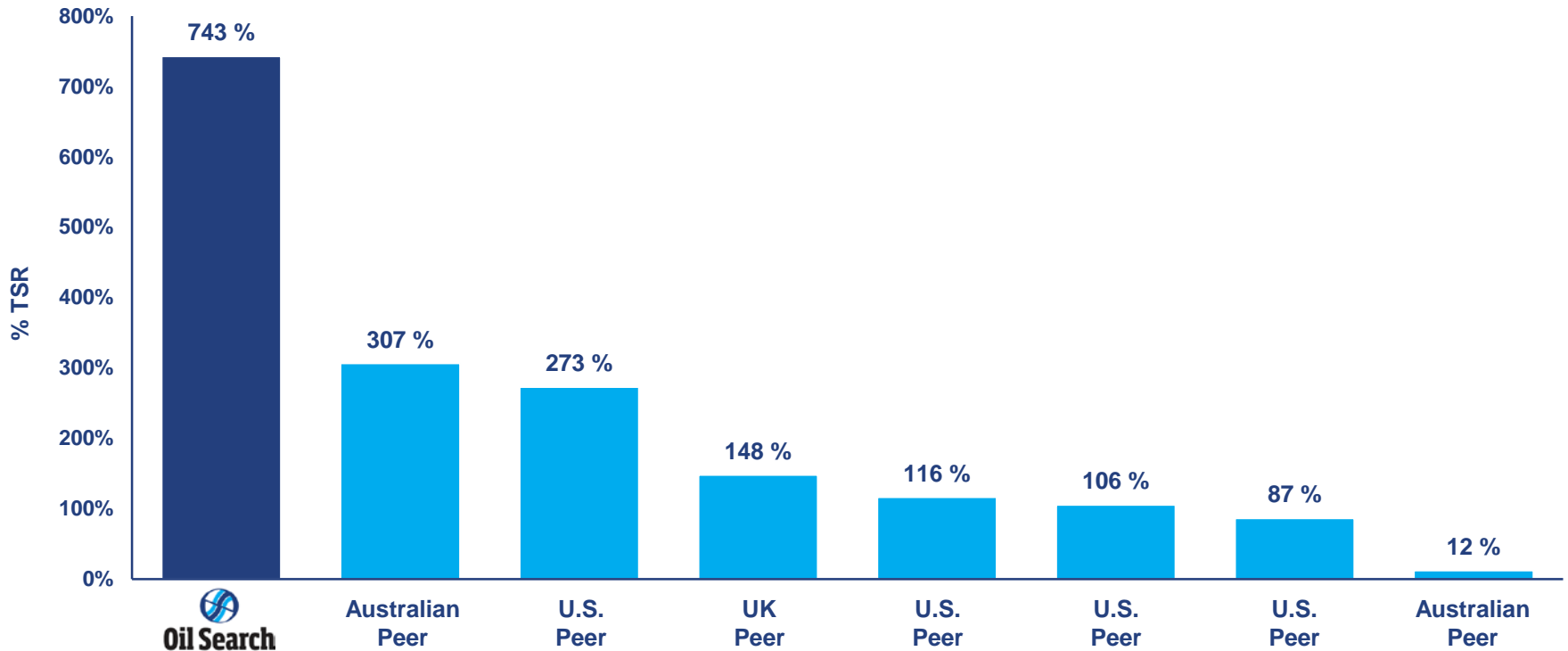


Oil Search



Leading track record of long-term shareholder value creation

15 year Total Shareholder Returns to 17 May 2017



Source: Capital IQ



Significant milestones achieved in 2016

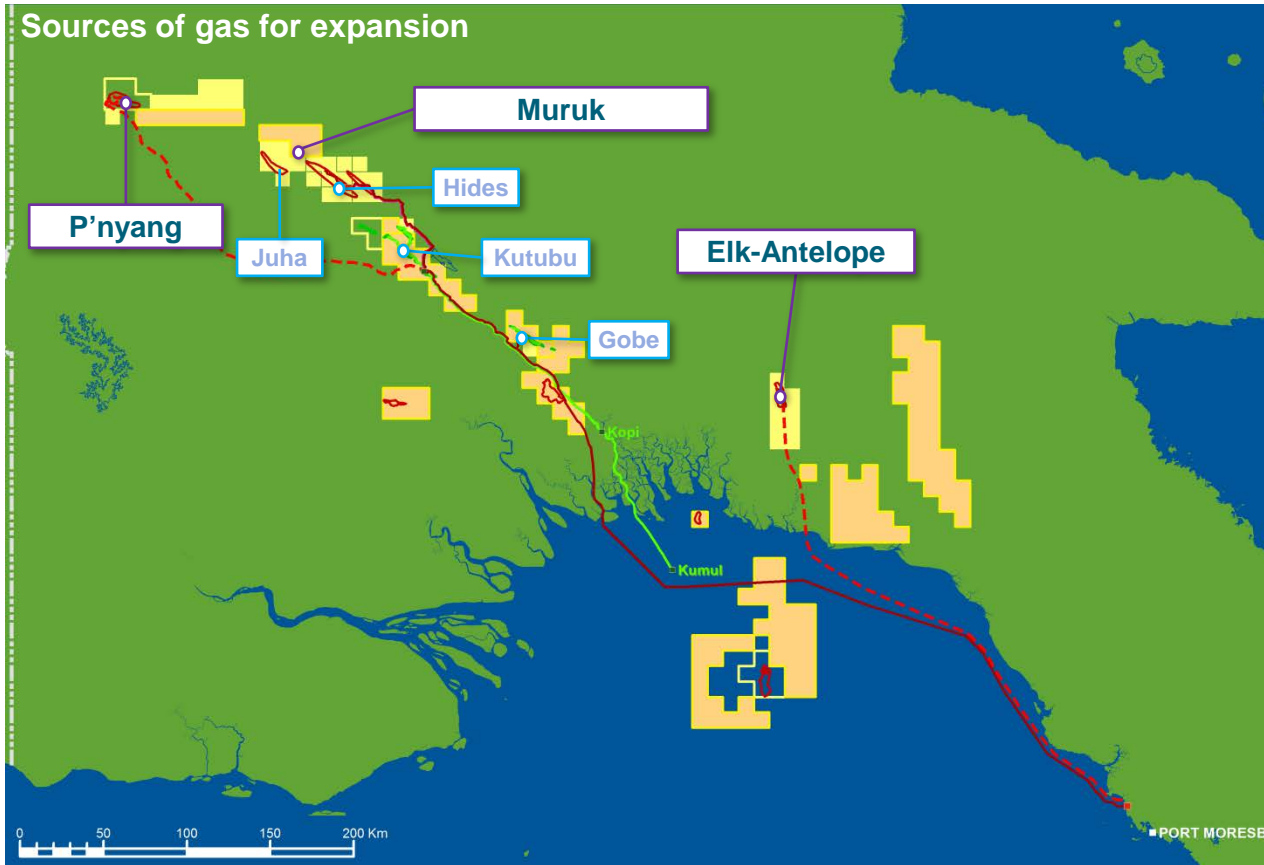
- » PNG LNG production of 7.9 MTPA (8.3 MTPA in 1Q17, 20% above nameplate)
- » Major increase in OSH's PNG LNG Project reserves (1P up 50%, 2P up 12%) following independent certification:
 - » Supports increased production rates and leaves discovered undeveloped resources at P'nyang and Elk-Antelope to support expansion
 - ExxonMobil commenced marketing up to 1.3 MTPA of additional PNG LNG volumes
- » Increase in Elk-Antelope resource and completion of ExxonMobil acquisition of InterOil (Feb 2017):
 - 2C gas up 21%, to ~6.5 tcf
 - ExxonMobil's entry into PRL 15, very strong JV (OSH, Total, ExxonMobil)
 - JV discussions underway on optimal development plan
- » Discovery of gas at Muruk. Potentially significant new gas field, reduces uncertainty of several leads and prospects on-trend



LNG expansion – focus for 2017 and beyond



Oil Search



» ~10 tcf of discovered undeveloped gas in Elk-Antelope and P'nyang:

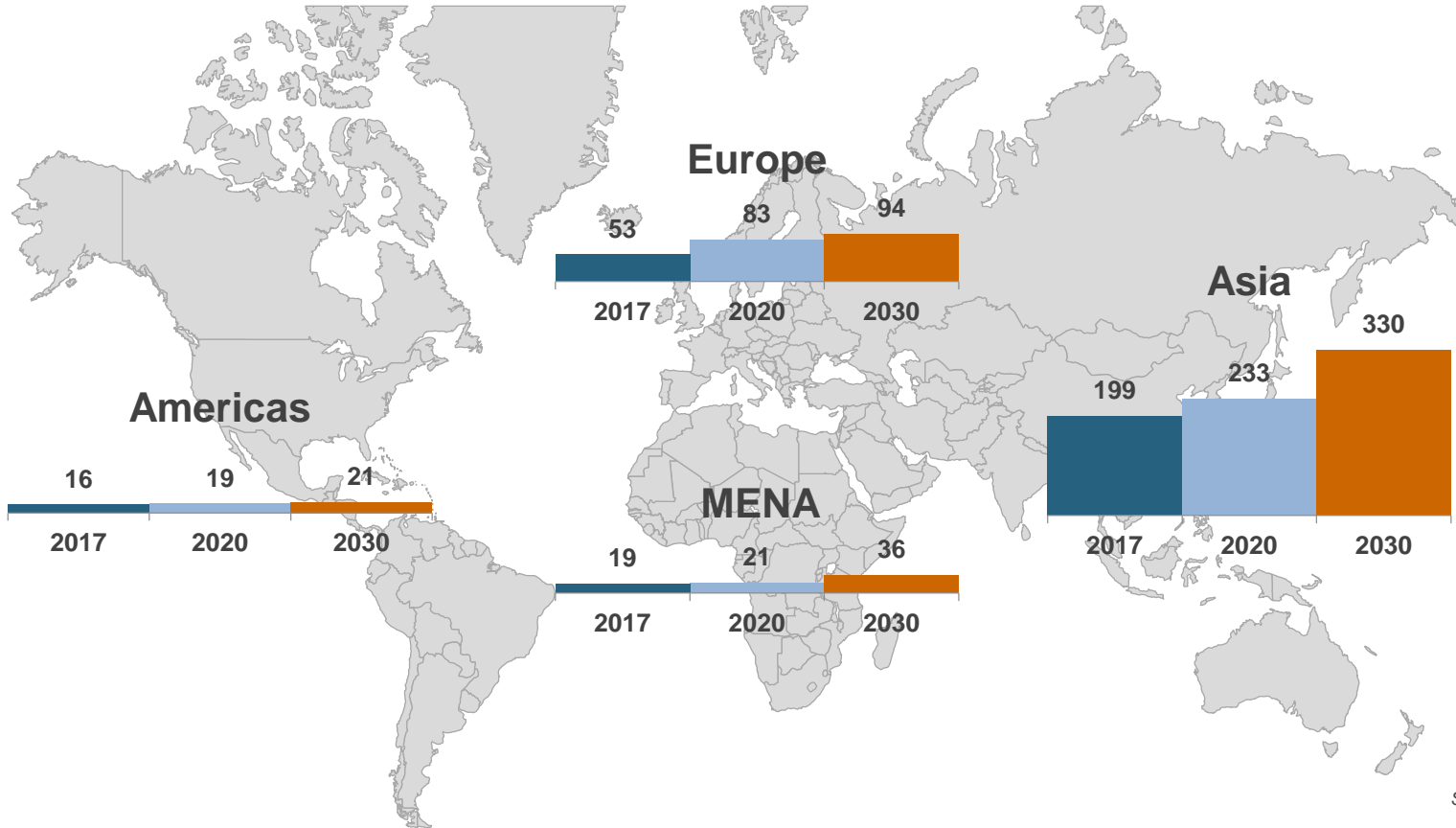
~ tcf	1C	2C
Elk-Antelope	5.2	6.5
P'nyang	1.1	3.5
Total	6.3	10.0

- » Sufficient to support two additional PNG LNG-sized LNG trains
- » Subject to further appraisal, Muruk discovery could add to resource and increase future options

Continued Asian LNG demand growth in medium – long term



Oil Search



» Move to zero emissions environment driving greater use of gas as alternate fuel source

» Asia remains fastest growing region – key source of demand

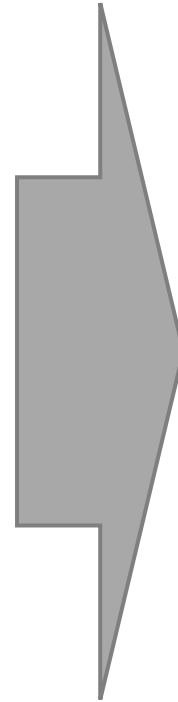
Source: FGE Online Data System
Units are MTPA of LNG



PNG well placed to capture market opportunities

Long-term LNG market fundamentals are strong:

- ✓ Number of LNG importing countries / LNG buyers growing:
 - Traditional exporters in market as buyers for domestic requirements
 - New buyers: Thailand, Singapore, Bangladesh, Vietnam, Pakistan, Philippines, Egypt, Jordan
- ✓ Additional supply required to replace expiring contracts with Asian buyers (>45 MTPA from Japan, >20 MTPA from Korea between 2017-2026)
- ✓ LNG usage expanding (eg in merchant shipping)
- ✓ New technology incl FSRUs supporting demand growth, enabling faster delivery to markets

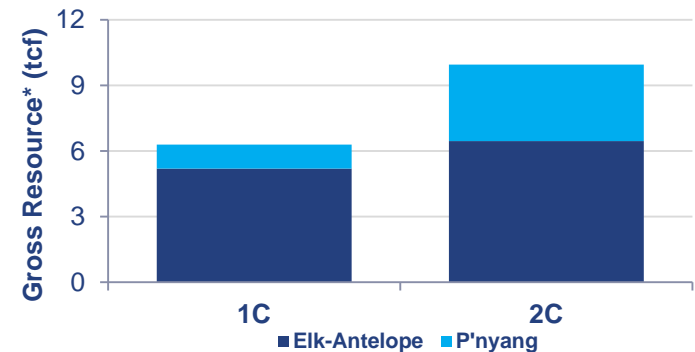


LNG from PNG well positioned to capture market opportunities:

- ✓ Continued exceptional performance from PNG LNG Project
- ✓ Additional PNG LNG volumes being marketed following recertification
- ✓ 10+ tcf undeveloped resources with overlapping ownership interests
- ✓ Co-operation between PNG LNG, P'nyang and Elk-Antelope will result in competitive brownfield integrated development

>10 tcf undeveloped gas resources at P'nyang and Elk-Antelope

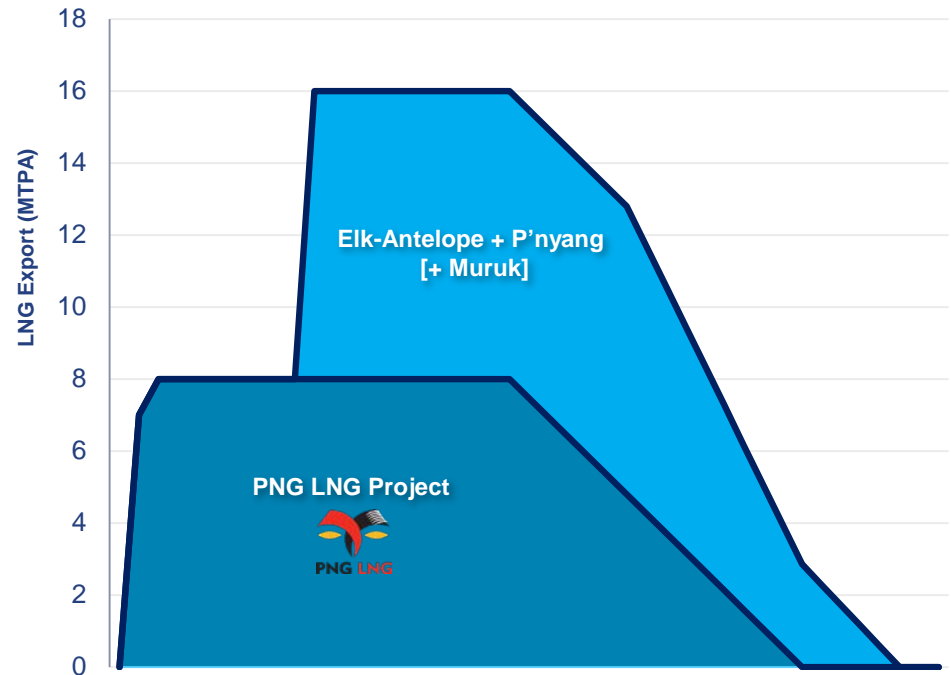
- » Following 2016 appraisal programme, gross 2C contingent resource at Elk-Antelope increased to ~6.5 tcf (up from 5.3 tcf previously booked), with 1C of >5 tcf
- » Final appraisal well, Antelope 7/7ST1 completed in Feb '17. No change to resource numbers
- » Five-year extension of PRL 15 licence granted in Dec'16:
 - Terms of licence extension stipulate completion of pre-FEED and FEED by end 2018
- » P'nyang South 2 well scheduled to be drilled in 2H17, contracting for well pad construction underway:
 - Aim to move 2C contingent resource into 1C category (currently ~1.1 tcf), with potential to add to existing 2C of 3.5 tcf
 - Resource certification to follow well completion
- Sufficient resources to underpin two PNG LNG-sized trains



* Upstream dry gas

Major cost savings from cooperative LNG expansion

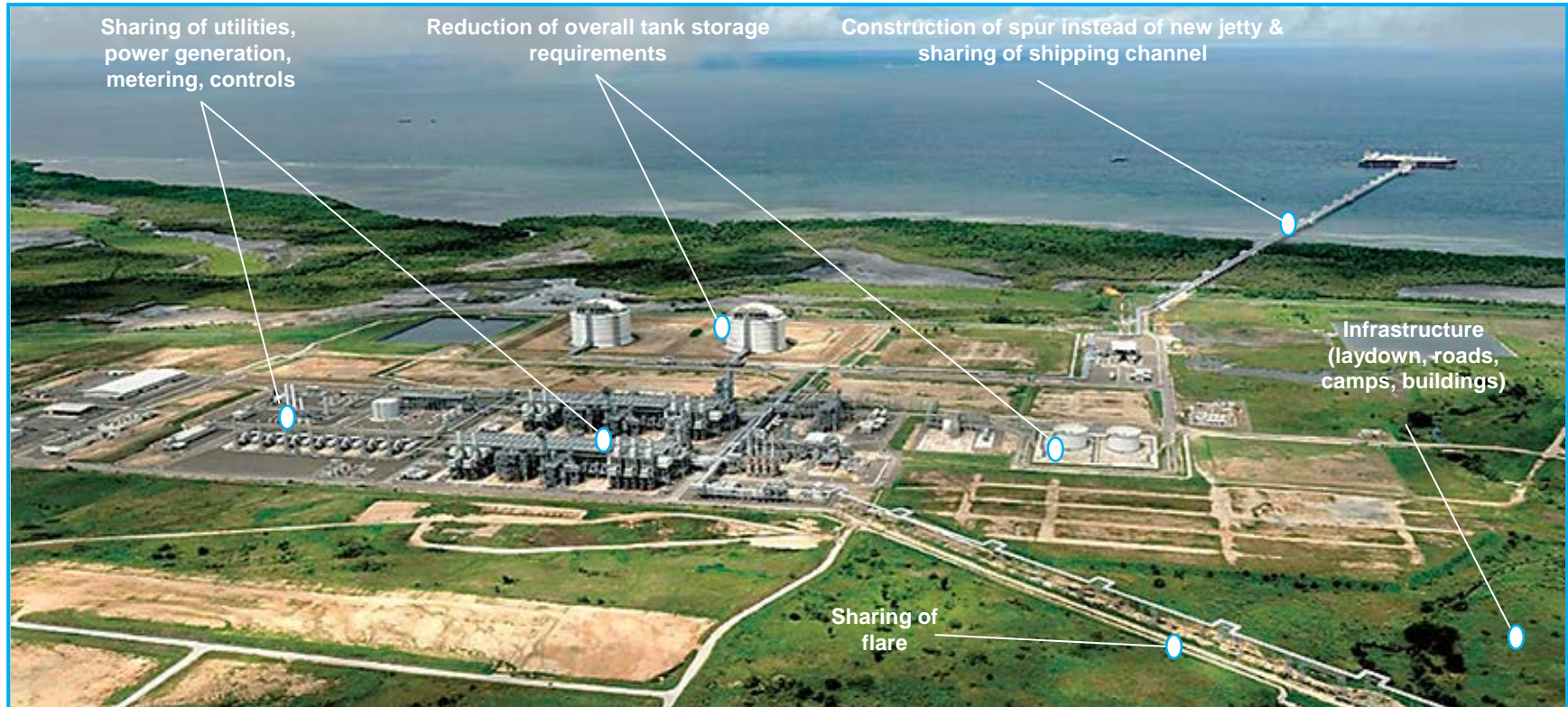
- » Discussions on LNG expansion underway between ExxonMobil, Total and Oil Search
- » Oil Search, partners and Government have confirmed intent to pursue coordinated development
- » Targeting alignment on commercial model in 2H17, when Oil Search and partners intend to present development concept to newly elected government
- » Significant cost benefits of LNG expansion integration:
 - » Potential downstream capex savings of US\$2-3bn and opex savings of US\$125m pa
- » Maintains two major operators in PNG



Opportunities for sharing at PNG LNG plant site



Oil Search



Gas commercialisation activities in 2017



Oil Search

2017 work streams to progress timely co-operative development

Elk-Antelope

Completion of Antelope 7ST1
(done)

ExxonMobil entry into PRL 15
(done)

P'nyang

P'nyang South 2 pad construction
commenced April 2017

Target P'nyang South 2 in 2H17
(after wet season) and recertification

Integration technical study and commercial discussions between JVs and PNG LNG to deliver binding agreements

Concept Select and commencement of upstream and downstream pre-FEED before YE 2017

Gas Agreement discussions to commence before YE 2017

FEED 2018



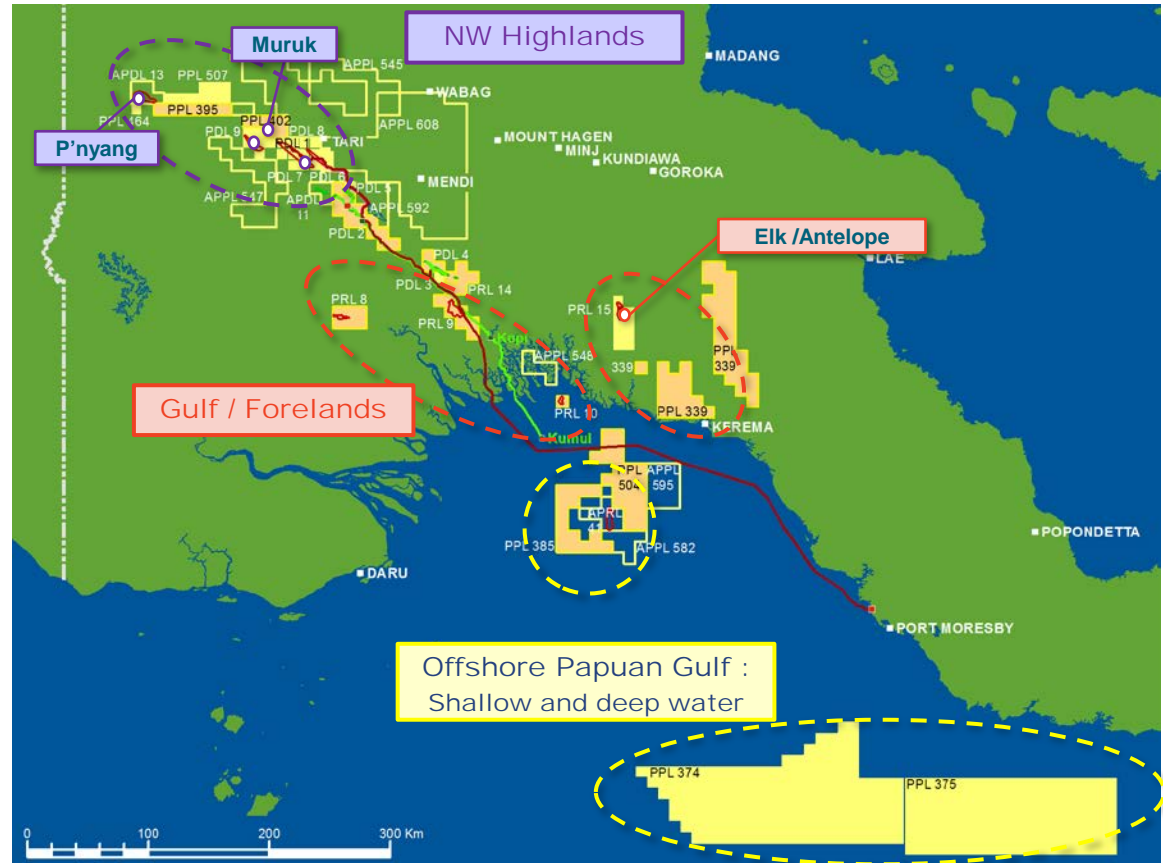
Significant remaining exploration upside in PNG

» PNG-wide prospectivity review completed in 2016:

- Estimate that >7bn boe is yet to be found, with >90% gas

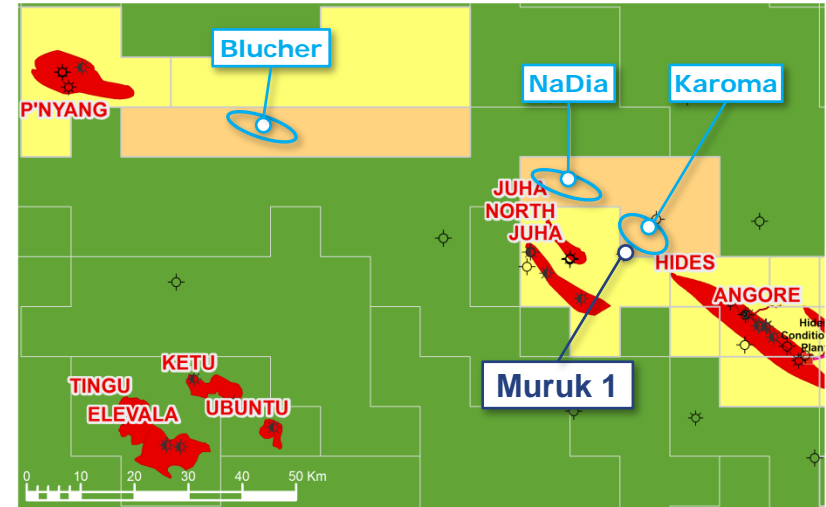
» Materially expanding PNG acreage:

- Three key areas – NW Highlands, Gulf/Forelands, offshore Gulf
- Focus on gas expansion and delineating remaining oil
- Strong portfolio, including several game changers



Material gas potential at Muruk and along Hides-P'nyang trend

- » Gas discovered at OSH-operated Muruk well in Dec '16
- » Muruk 1ST3 well successfully drilled through Toro reservoir in May '17:
 - Entire Toro gas saturated, reservoir similar to Hides
 - No gas:water contact penetrated
 - Production tests will assess deliverability and flow rates
 - Evaluation of data from Muruk drilling programme will assist in designing potential appraisal programme in 2018
- » Favourably located (~21km NW of Hides)
- » De-risks exploration leads and prospects along trend between Hides and P'nyang:
 - Combined unrisks potential mean resources of 4-6 tcf
 - Targets to be confirmed by seismic in 2017 for drilling in 2018+



Muruk and other prospects offer potential upside to 2C resource in Elk-Antelope and P'nyang



Small scale LNG (ssLNG)

- » Opportunity exists to commercialise smaller undeveloped gas resources from Gulf, Western and Highlands Provinces through smaller scale LNG development (0.5 – 1.5 MTPA)
- » Likely to require combination of in-country and regional end users:
 - Potential for supply to capture fuel requirements for mines and east coast of PNG
 - Regional LNG supply prospects for power generation
- » Oil Search to appraise Barikewa and Kimu fields in 2017 and Uramu in 2018, to confirm resource base for potential ssLNG:
 - Partnering strategy to facilitate development

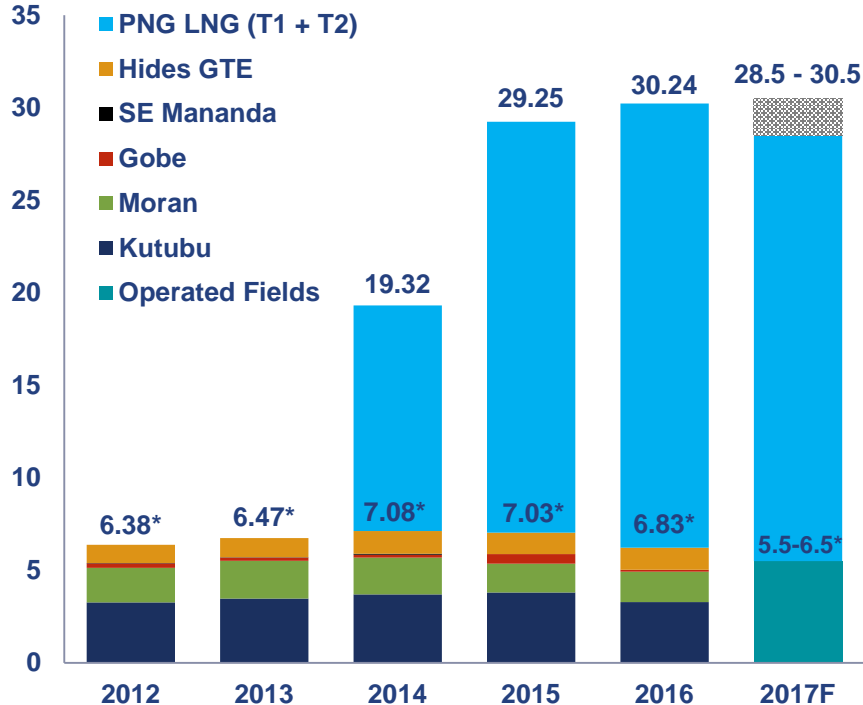




2017 production forecast at 28.5 – 30.5 mmboe

Oil Search

OSH Net Production (mmboe)^{1,2}



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

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

* Oil Search operated production, including SE Gobe gas sales to PNG LNG Project

» 2017 production forecast similar to 2016:

- Further improvements from PNG LNG will offset decline from mature oil fields
- Forecasts include PNG LNG routine compressor maintenance planned for May'17 and Sep'17 and two week shut-down of oil fields for maintenance in May

» Beyond 2017:

- Planning for Angore tie-in and HGCP modifications in 2018:
 - Production optimisation benefits in 2019 (~8.5 MTPA)
- Two new LNG expansion trains would result in >50% increase in OSH production



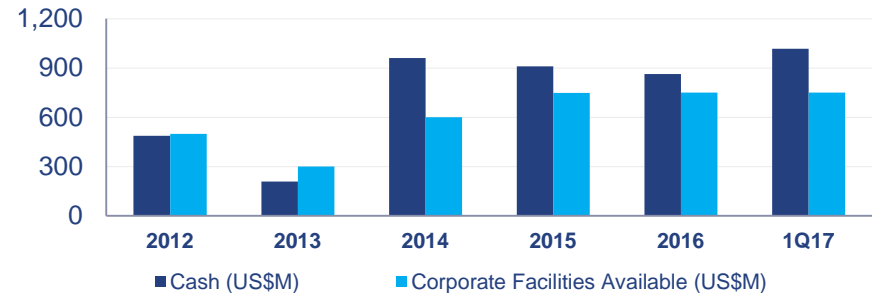
Robust financial metrics

- » 2016 operating cash flow of >US\$550m or US\$18.15/boe
- » Solid balance sheet. Cash of >US\$ 1 billion, available credit facilities of US\$750 million, liquidity of US\$1.77bn at end 1Q17
- » Total debt of US\$3.94 billion, all relating to PNG LNG project finance facility:
 - » Mortgage-style repayment profile to 2026
- » Refinancing of US\$500 million corporate facility nearly complete:
 - » Strong interest from bank market, facility to be expanded to US\$600 million.
 - » Improved terms

2016 Cash flows



Cash and Corporate Facilities available





Social Responsibility

- » Operating and political stability essential for long-term sustainability
- » Comprehensive strategy to manage current and emerging ESG risks
- » OSH recognised globally for its in-country sustainable development outcomes and managing local/community issues:
 - Provision of health services, women’s empowerment and education, directly and through Oil Search Foundation
 - Partnerships on key infrastructure development on behalf of PNG Government, funded by Infrastructure Tax Credit Schemes
 - Capacity development of State enterprises and landowner companies
- » Provision of reliable, competitively priced power that can improve PNG’s development and contribute to PNG emissions reduction targets, by reducing reliance on heavy fuel oil/diesel:
 - Markham Valley Biomass Project in FEED
 - Tari power grid
 - Small-scale LNG under consideration





Summary – unprecedented platform for growth

- » 2016 Strategy Refresh highlighted potential to deliver top quartile returns for next 5 – 7 years
- » Delivery of LNG expansion, underpinned by development of Elk-Antelope and P'nyang gas fields, key to OSH's ongoing high-returning growth
- » Recent milestones establish strong platform to deliver:
 - Upgrade in PNG LNG Project reserves supports expanded capacity, additional marketing to 7.9 MTPA underway. World class project and infrastructure
 - Strong resource base with 10 tcf+ in P'nyang and Elk-Antelope available for expansion
 - Entry of ExxonMobil into PRL 15 has triggered cooperation discussions, strong support from all stakeholders
- » Building excellent exploration portfolio, complementary to gas commercialisation
- » ssLNG provides potential to commercialise smaller gas fields
- » Comprehensive in-country community-based programmes, underwriting stable operations
- » Further organisational optimisation with succession planning
- » Underpinned by solid financials

Disclaimer

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

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



Thank you

2017 ANNUAL MEETING | *The power of partnership*

OIL SEARCH LIMITED | ARBN 055 079 868 | ASX: OSH | POMSxX: OSH | US ADR: OISHY

www.oilsearch.com



Oil Search