

INVESTOR FIELD TRIP

March 2018

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AGENDA



- ❖ WELCOME
- ❖ PNG PRODUCTION
- ❖ GAS DEVELOPMENT
- ❖ EXPLORATION
- ❖ FINANCIAL OVERVIEW
- ❖ SOCIAL RESPONSIBILITY
- ❖ SUMMARY



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FIELD TRIP PROGRAMME





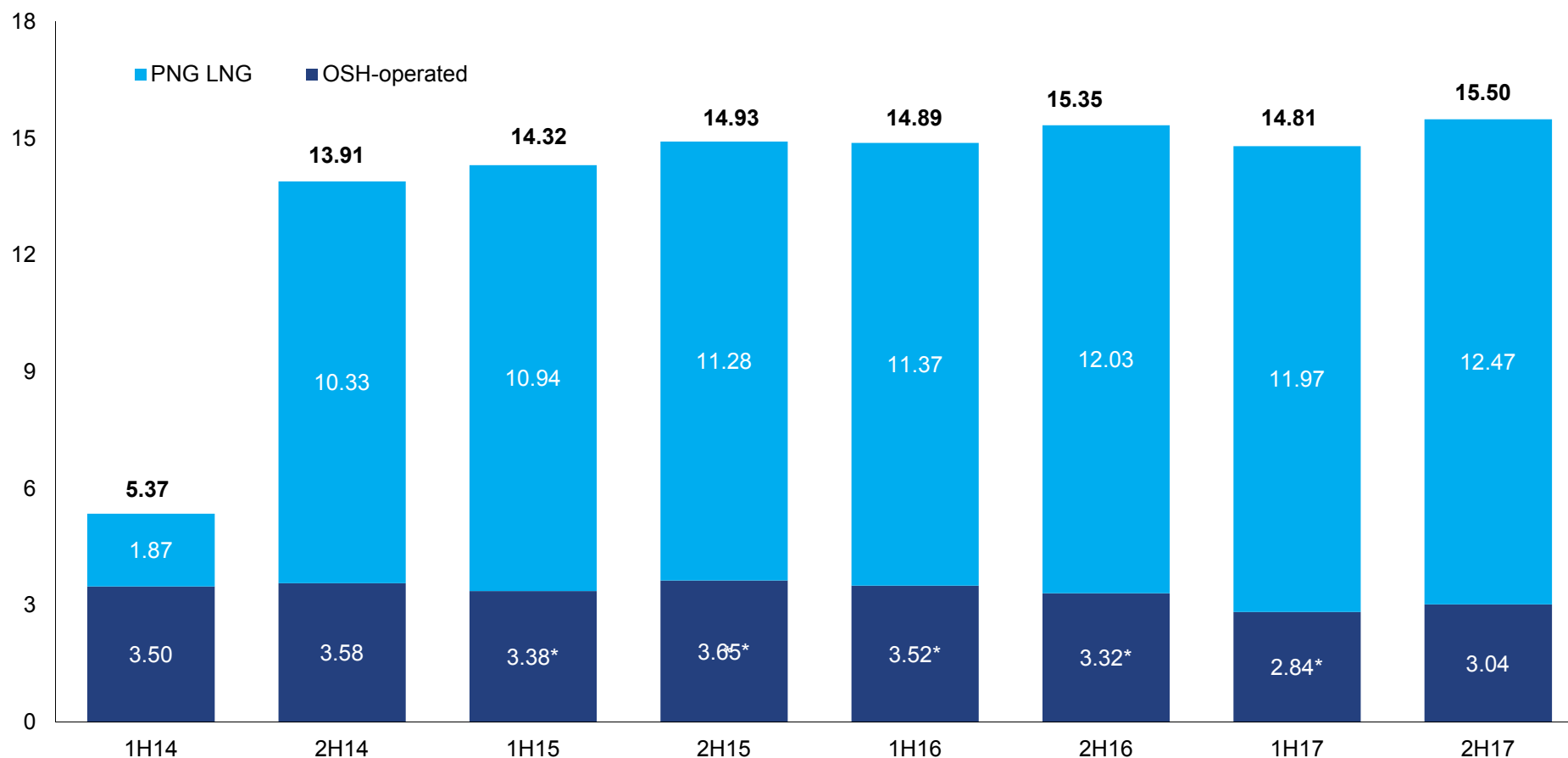
PNG OPERATIONS – KEY OIL AND GAS FIELDS





PRODUCTION HISTORY

HALF YEARLY PRODUCTION (MMBOE)



* Includes SE Gobe gas sales

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)

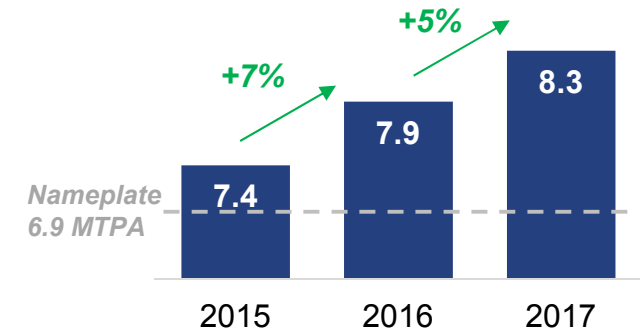
* Oil Search operated production, including SE Gobe gas sales to PNG LNG Project

PNG LNG PROJECT - STRONG PERFORMANCE IN 2017

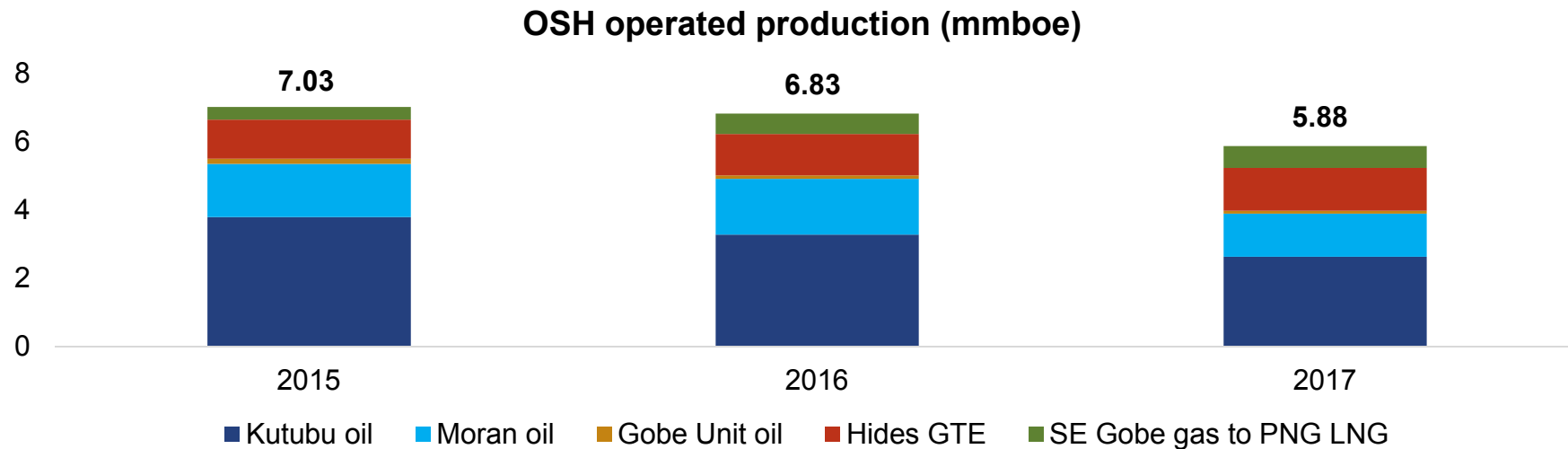


- ◆ Produced 8.3 MT (gross) of LNG in 2017:
 - 5% higher than 2016, >20% above nameplate
 - Record rate of >8.9 MTPA in October
 - Reflected strong deliverability both upstream and downstream
 - Achieved despite 2 phases of compressor upgrades at LNG plant (May and October)
- ◆ OSH-operated PNG LNG activities:
 - Associated Gas and SE Gobe fields delivered gas at 147 mmscf/d, contributing ~13% of total gas delivered to LNG plant
 - Kumul Marine Terminal handled almost 30,000 bbl/d of condensate
- ◆ Project sales:
 - 110 LNG cargoes
 - Almost 80% under long-term contract, remainder on spot market to North-East Asia customers (> half to Japan)
 - 28 Kutubu Blend cargoes (comprising condensate and oil from OSH-operated oil fields)
 - 11 naphtha cargoes

PNG LNG gross production (MT)



OPERATED PRODUCTION



- ◆ In 2017, operated oil fields, Hides GTE and SE Gobe third party gas sales to PNG LNG contributed 5.88 mmboe:
 - 14% lower than 2016, reflecting field maturity and reduction in in-field activity in 2016/17
 - Included 17 day shutdown at CPF and APF in 1H17, to ensure safe and reliable operations

HIGHLANDS EARTHQUAKE

- ◆ Magnitude 7.5 earthquake struck the PNG Highlands on 26 February at 03:44 (PNG local time) with numerous aftershocks
- ◆ No fatalities or serious injuries to OSH staff or contractors. However, injuries and deaths in surrounding communities
- ◆ OSH-operated production in PNG Highlands and ExxonMobil operated PNG LNG Project facilities (HGCP, Hides wellpads, trains) shut in as precautionary measure and to assess damage
- ◆ >600 non-essential personnel demobilised from OSH's >20 operational sites
- ◆ OSH engineering team formed to review OSH-operated wells, gathering systems, production facilities and other infrastructure. Focused on assessing damage and remedial work required to ensure integrity and safety of assets
- ◆ XOM also assembled team of technical experts to conduct damage evaluations and restore production to PNG LNG
- ◆ Major relief efforts within community underway (see later)



HIGHLANDS EARTHQUAKE – IMPACT ON PNG LNG

- ◆ Hides Gas Conditioning Plant – major processing equipment not significantly impacted, though some damage to foundation supports and various pieces of equipment
- ◆ Pipeline – undamaged
- ◆ Wells – safely shut-in
- ◆ Komo airfield – sustained damage, remains closed
- ◆ PNG LNG plant in Port Moresby – undamaged, scheduled maintenance brought forward

***Operator estimates ~8 weeks to repair
and restore production (early May)***



***Hides Gas Conditioning Plant
process area, 1 March 2018***

Photos courtesy of ExxonMobil

HIGHLANDS EARTHQUAKE – IMPACT ON OSH OPERATIONS



- ◆ Liquids export line and offshore facilities – undamaged
- ◆ Gobe Production Facility – minimal impact, expected to recommence production in mid March
- ◆ Rehabilitation work underway on Ridge and Moro camps and associated facilities to provide habitable accommodation for production workforce
- ◆ Central Processing Facility – limited damage, expected to be operational in late March, with production from Kutubu progressively restored
- ◆ Repairs required to Agogo Processing Facility prior to reinstating production from Moran (timeframe being reviewed)
- ◆ Damage to Moran 4,6,9 well pad being addressed
- ◆ Guidance on 2018 production to be provided in 1Q18 results



ASSOCIATED GAS EXPANSION (AGX) OPPORTUNITY



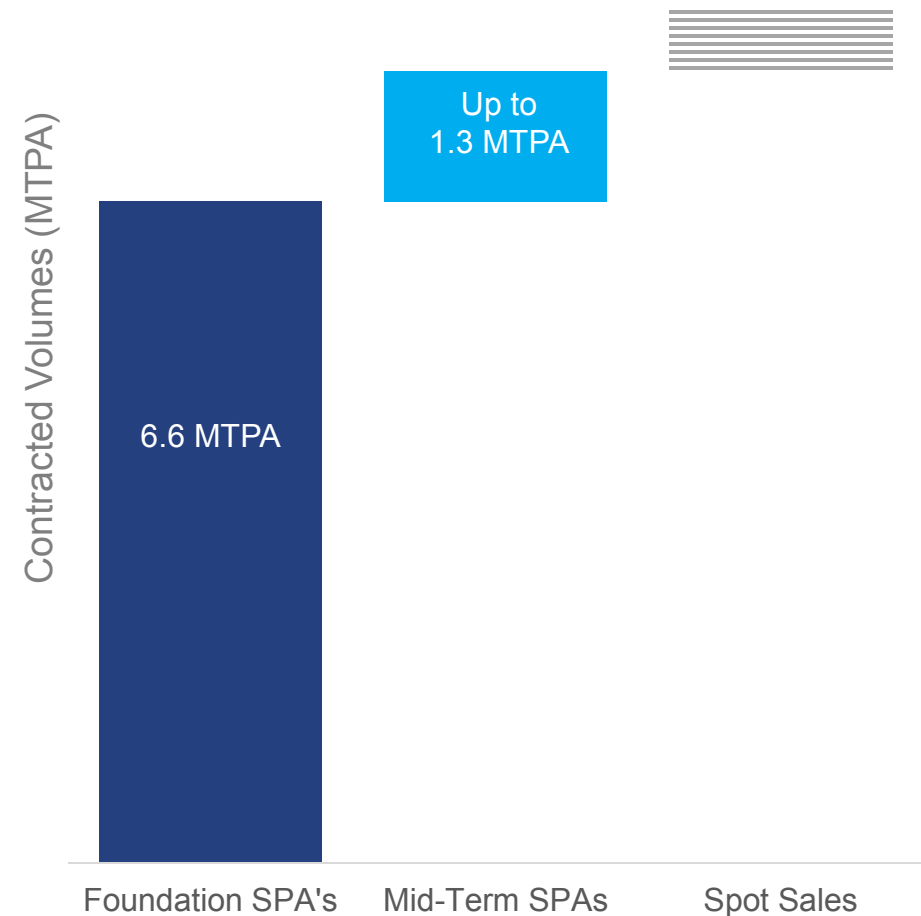
- ◆ Formerly known as Associated Gas Acceleration (AGA) project
- ◆ Original scope (2015/2016) – to accelerate volume of gas from Kutubu, Agogo and Moran fields to support higher PNG LNG production
- ◆ OSH re-examining opportunity (renamed AGX)
- ◆ Potential to materially increase daily production rate from Associated Gas fields at relatively low capital cost
- ◆ AGX is a source of low cost feed gas to front-end the PNG LNG (P'nyang) expansion train under three train concept

PNG LNG PROJECT – MARKETING UPDATE



- ◆ Up to an additional 1.3 MTPA LNG volumes being marketed by PNG LNG Project
- ◆ Towards end 2017/early 2018, market conditions tightened for spot/strip sales, stronger terms available to sellers
- ◆ Strong interest from market – numerous top-tier buyers, including end users and LNG traders
- ◆ Parties shortlisted, negotiation of supply agreements underway and expected to be finalised first half of this year
- ◆ Contract terms up to 5 years
- ◆ Adds to 6.6 MTPA under long term contracts with JERA, Osaka Gas, Sinopec and CPC

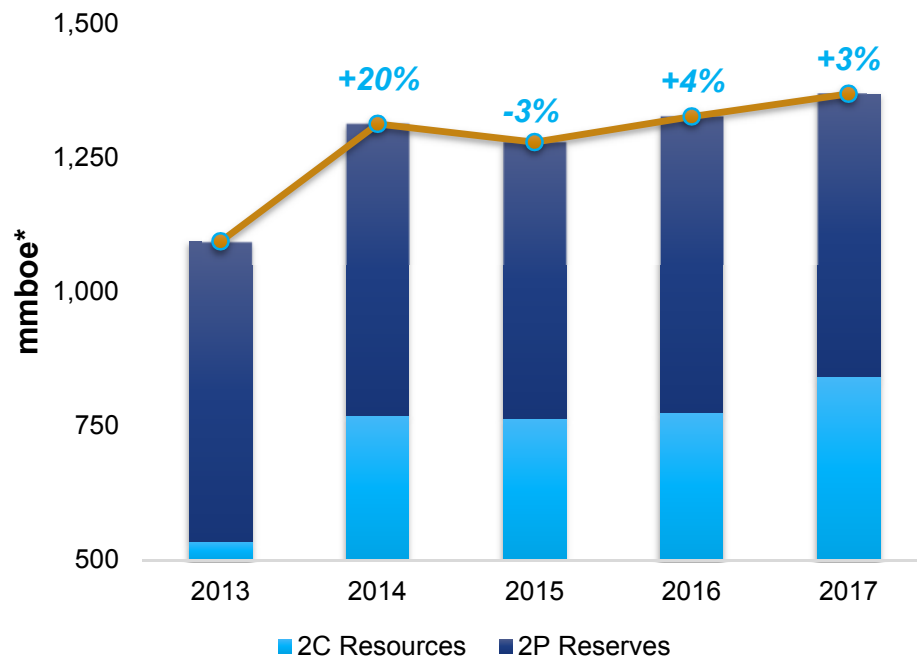
PNG LNG Contractual Commitments





STEADY GROWTH IN 2P AND 2C RESERVES AND RESOURCES

OIL SEARCH 2P + 2C GROWTH



*Gas volumes converted to boe using Oil Search specific conversion factor of 5,100 scf = 1boe

At end Dec 2017	Oil and condensate (mmbbl)	% Change	Gas (bscf)	% change
1P Reserves	59.1	↓ 5%	2,041	↓ 5%
2P Reserves	73.0	↓ 3%	2,314	↓ 5%
2C Resources	52.7	↑ 9%	4,027	↑ 9%
Total 2P & 2C	125.8	↑ 1%	6,341	↑ 3%

◇ On 2017 production of 30.31 mmboe:

- 1P Reserves life: 15 years
- 2P Reserves life: 17 years
- 2P Reserves and 2C Resources life: 45 years

◇ Substantial 2C gas which is likely to be commercialised by LNG expansion

◇ Further Resource additions expected in 2018 from P'nyang South 2 and Alaska



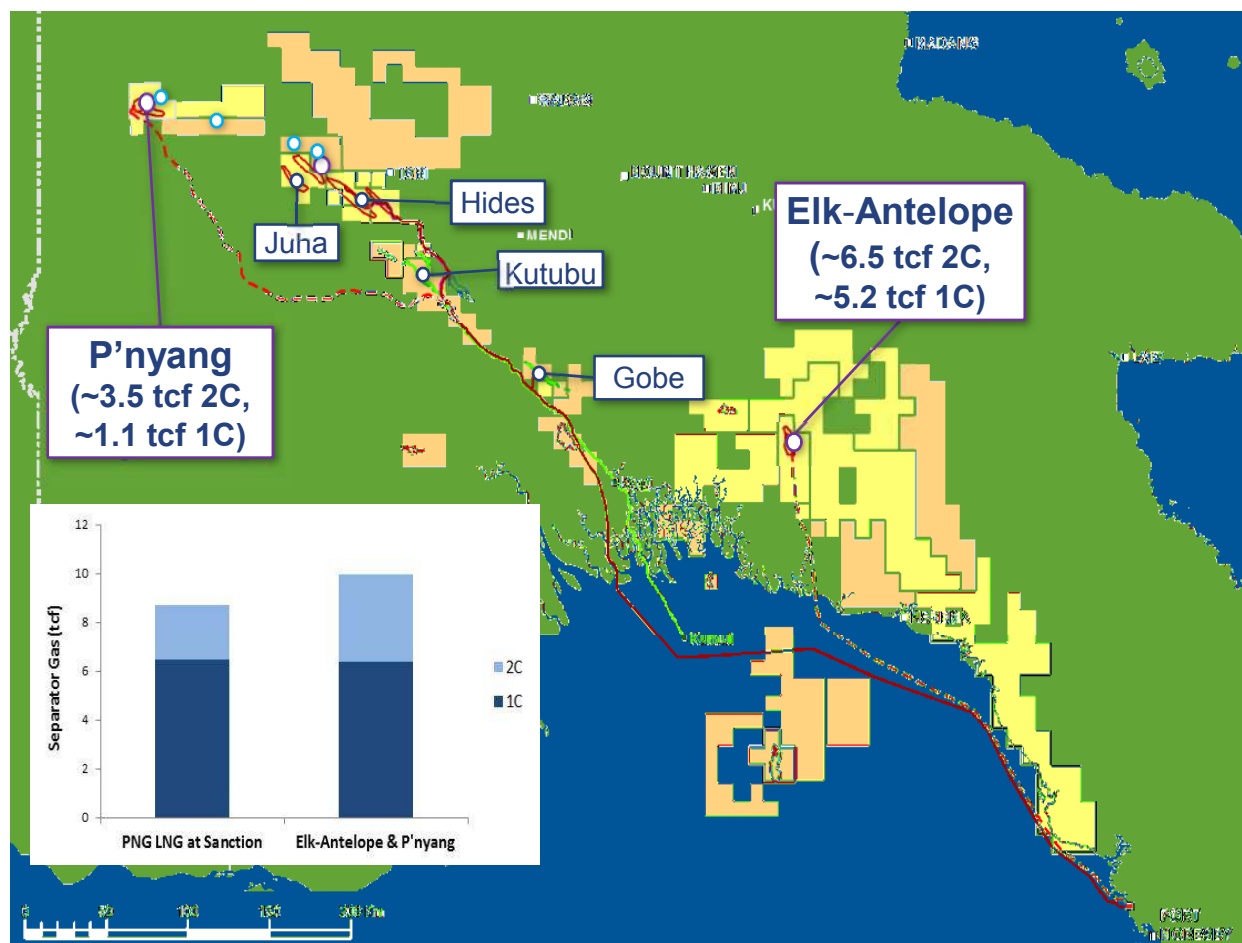
2018 PLANNED ACTIVITIES

- ◆ Safe resumption of production following earthquake
- ◆ Target improvements across all safety metrics
- ◆ PNG LNG:
 - Modification to Hides Gas Conditioning Plant and tie-in work for Angore A1 and A2 wells, subject to impacts of earthquake
- ◆ Undertake well work activities on OSH-operated oil fields, to help mitigate natural decline from mature fields, subject to impacts of earthquake
- ◆ Examine in-field and near-field oil exploration opportunities:
 - Use of innovative drilling technology to support incremental oil
- ◆ Evaluate potential for AGX gas to front-end LNG expansion



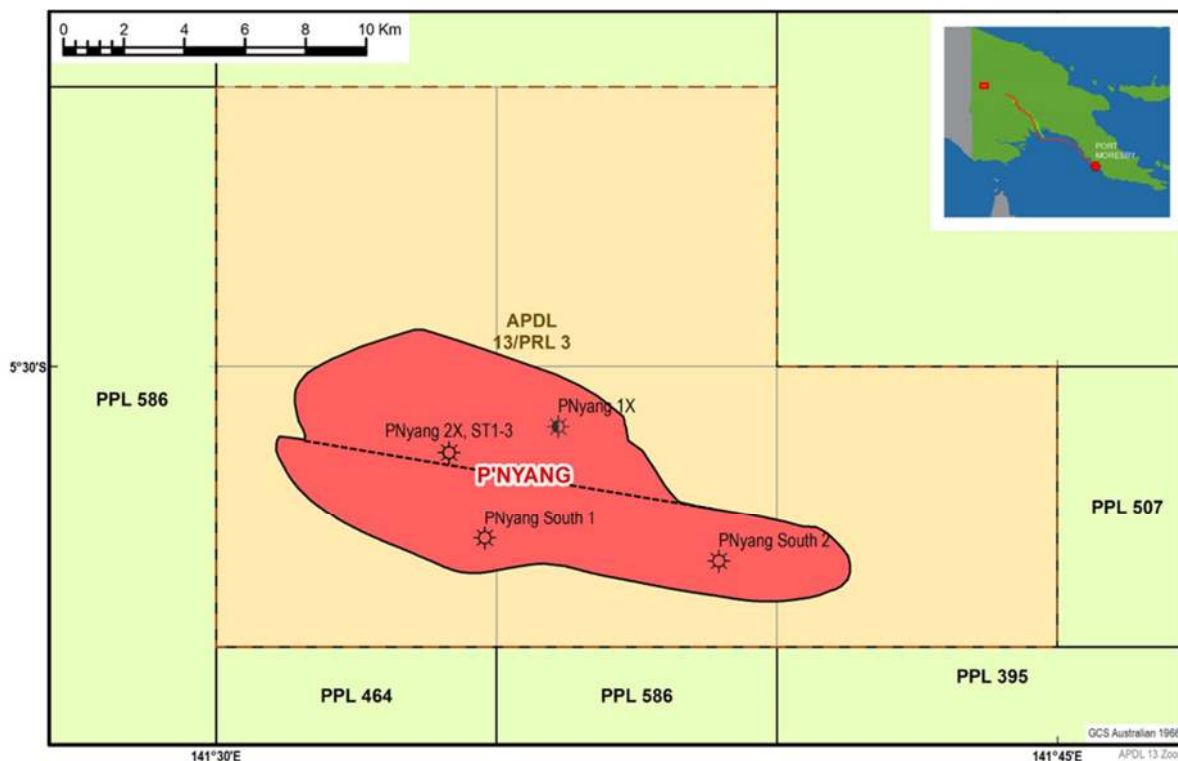
LNG EXPANSION – PREFERRED DEVELOPMENT CONCEPT AGREED

Sources of gas for LNG expansion



- ◇ Broad alignment between key parties on preferred downstream development concept:
 - ~8 MTPA of new capacity
 - Likely three new trains, two supported by Papua LNG (Elk-Antelope), one by PNG LNG and P'nyang
 - Presented to PNG LNG, PRL 15 and PRL 3 joint ventures for endorsement
 - Presentation to Government to follow
- ◇ Negotiations commenced on cost sharing terms, conditions governing integration, gas agreement discussions to start shortly

P'NYANG SOUTH 2 ST1 CONFIRMS EXTENSION OF FIELD TO SOUTH-EAST

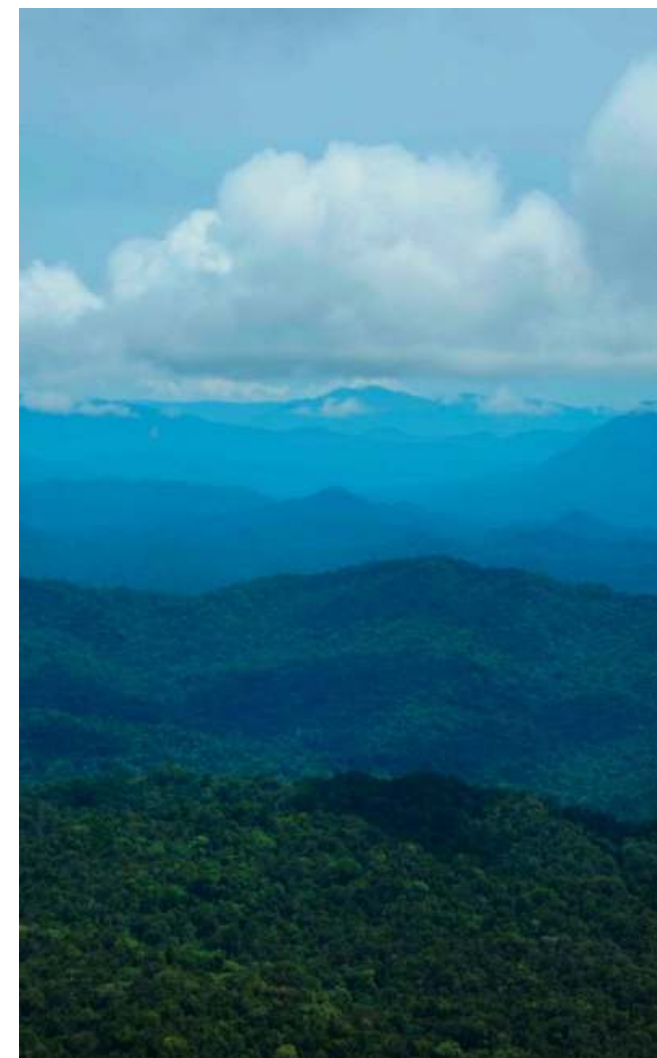


- ◆ P'nyang South 2 ST1 appraisal reached total depth of 2,725 metres in Jan-18
- ◆ Well encountered good-quality, gas-bearing Toro and Digimu sands:
 - Confirmed extension of P'nyang field to south-east
- ◆ Recertification underway with NSAI, expected to complete 2Q18:
 - OSH expects increase in 1C and 2C certified resource
 - Will support financing and marketing activities for LNG expansion



KEY WORK STREAMS IN 2018 PRIOR TO FEED ENTRY DECISION

- ◆ Commercial
 - PNG LNG access agreement
 - Upstream governance agreements
- ◆ Fiscal
 - Negotiate gas agreements with PNG Government
- ◆ Technical
 - Complete upstream and downstream pre-FEED studies
- ◆ Marketing
 - Gas from Papua LNG to be equity marketed
 - OSH recently established Japanese office, with North East Asia regional focus
- ◆ Finance
 - Anticipate Papua LNG to be funded through project financing
 - Finance sub-committee formed, meeting regularly





TARGETING LNG EXPANSION FEED ENTRY IN 2H18

2018

Complete P'nyang South-2 appraisal well



Present LNG expansion to Government

Complete integration studies and commencement of commercial discussions



Complete Gas Agreement discussions with Government

Commence certification of P'nyang resource



Complete Pre-FEED

Commencement of financing and LNG marketing activities



Sign binding downstream integration agreements

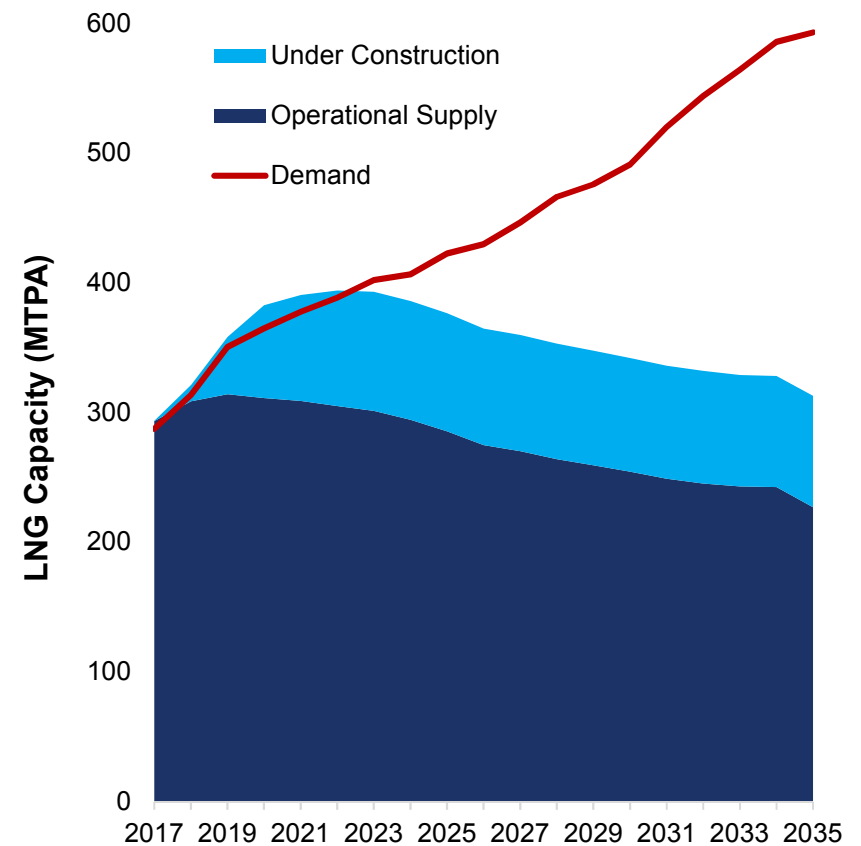
**FEED
Entry**

ASIAN LNG DEMAND UNDERPINS GLOBAL GROWTH, LNG EXPANSION FROM PNG WELL POSITIONED



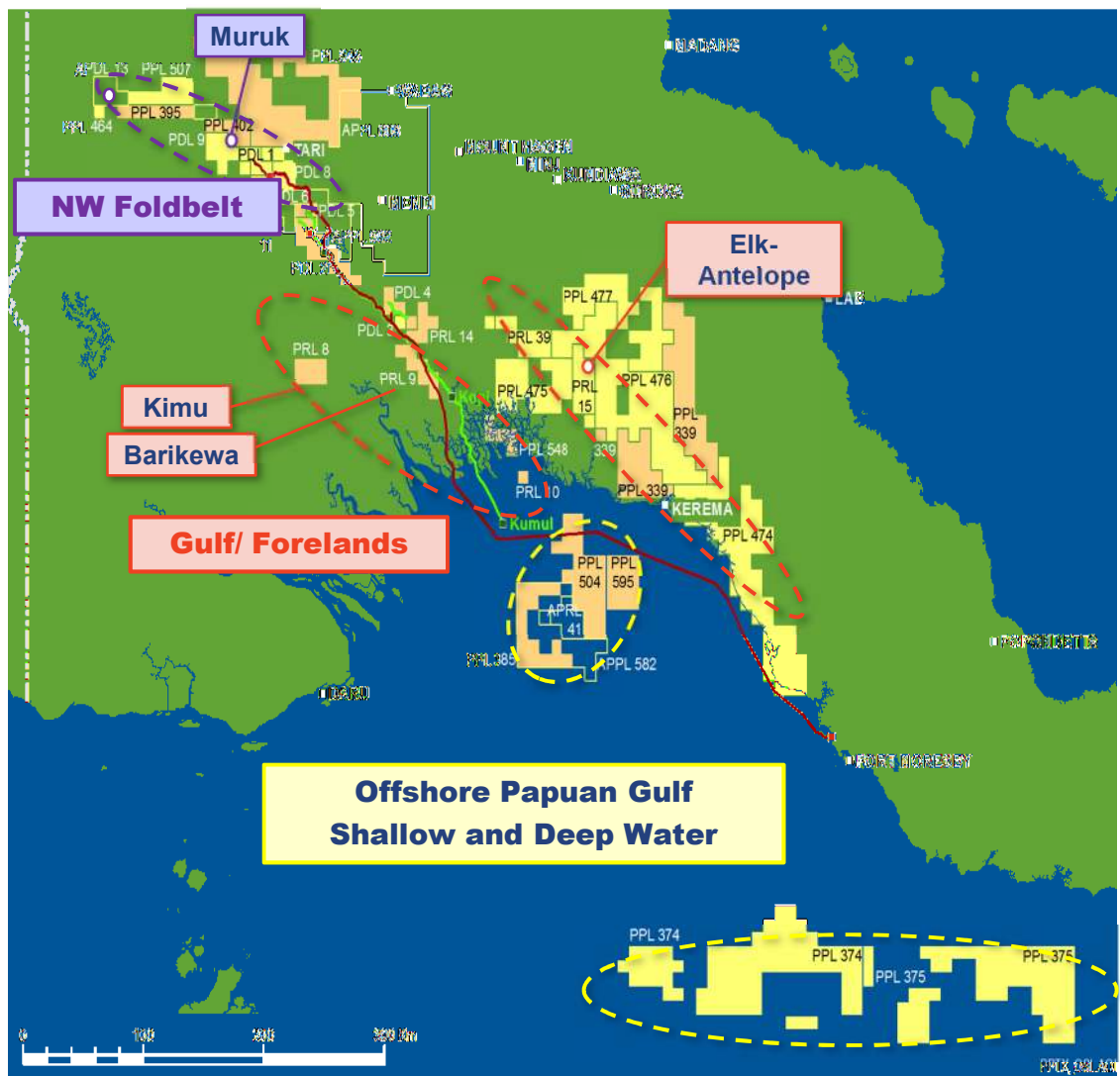
- ◆ Global LNG demand grew 11% in 2017; expected to grow by more than 6% pa over next five years
 - Chinese LNG imports up ~50%, reflecting Government mandated coal-to-gas switch to improve air quality
- ◆ China targeting increase in natural gas in energy mix from 6% currently to 10% (2020) and 15% (2030)
- ◆ Other NE Asia markets also prioritising gas over coal and nuclear
- ◆ Currently 37 buyers in NE Asia, 80% of supply volumes controlled by 11 sellers; LNG buyers seeking diversity of supply
- ◆ >70 MTPA of Japanese, Korean and Chinese contracts expected to expire between 2018-2025
- ◆ Only 7.2 MTPA of new LNG capacity sanctioned in 2016-17
- ◆ To fill forecast supply-demand gap in mid 2020s, 50 MTPA of projects will need to take FID by 2020
- ◆ **LNG expansion from PNG well placed, geographically and time-wise, to fill supply-demand gap, targeting NE Asian markets**

Global LNG supply demand balance



Source: Wood Mackenzie, 4Q 2017

PNG EXPLORATION – MULTIPLE PLAYS TO SUPPORT FURTHER LNG GROWTH

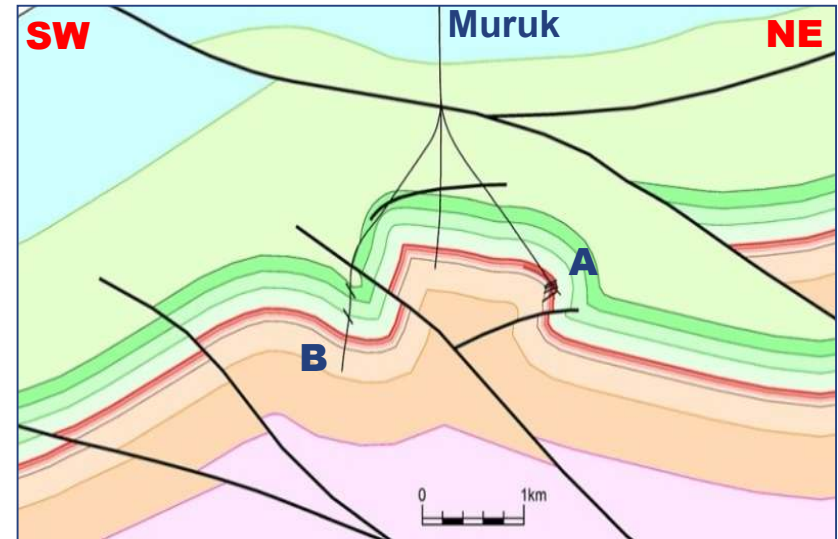


- ◆ PNG licence portfolio enhanced in 2017:
 - Five new licences granted, five farm-ins, four farm-downs
 - Focused on four potential LNG-scale hubs (NW Highlands, Gulf/Forelands, Shallow Offshore Gulf, Deepwater Gulf)
- ◆ Strategically aligned JVs with appropriate equity levels
- ◆ Operatorship of key licences
- ◆ Opportunity, not commitment, driven
- ◆ PNG’s yet-to-find potential estimated at 40 tcf gas, >550 mmbbl oil, with giant fields predicted
- ◆ Multiple material exploration prospects in PNG to support further LNG growth:
 - Major focus on commercialisation routes, optimising capital efficiency and value

KEY PNG EXPLORATION ACTIVITIES IN 2018



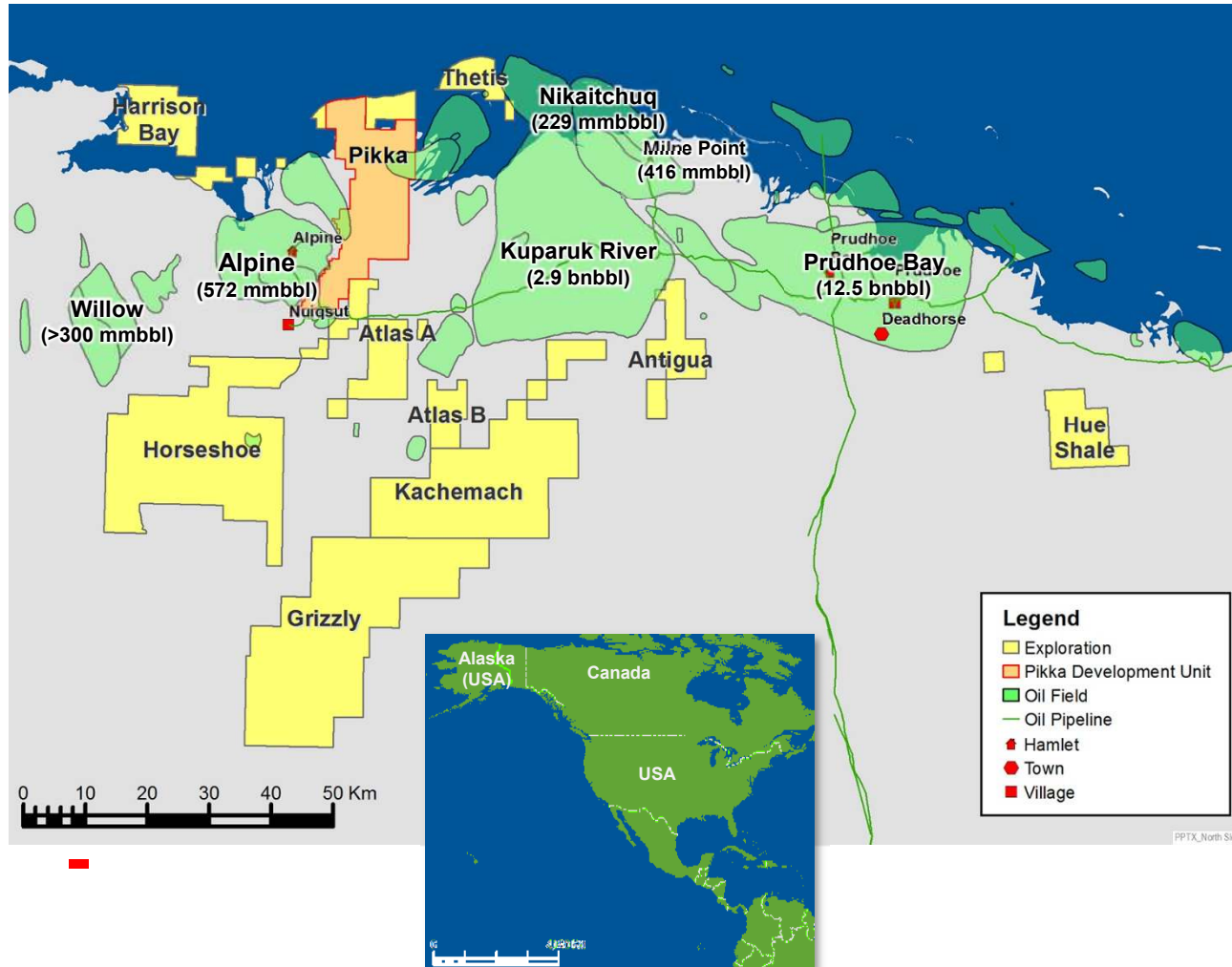
- ◆ Muruk 2 appraisal:
 - 11km step-out to test resource upside
 - Well will confirm scale of discovery
 - Timing subject to well pad completion post earthquake
- ◆ Kimu and Barikewa Foreland gas fields:
 - Will test resource and firm up commercialisation plans
 - Combined potential > 1 tcf
- ◆ Largest operated onshore seismic programme in OSH's history (almost 500 km):
 - To constrain multi-tcf prospects and mature prospects for potential drilling
 - Includes seismic over prospect adjacent to Muruk, seismic in and around PRL 15 on behalf of Total and ExxonMobil



*OSH expects prospects along Hides-P'nyang trend have 10tcf+ unrisks potential**

* Best estimate is ~4.9 tcf based on internal OSH analysis

ALASKA NORTH SLOPE – ACQUISITION COMPLETED

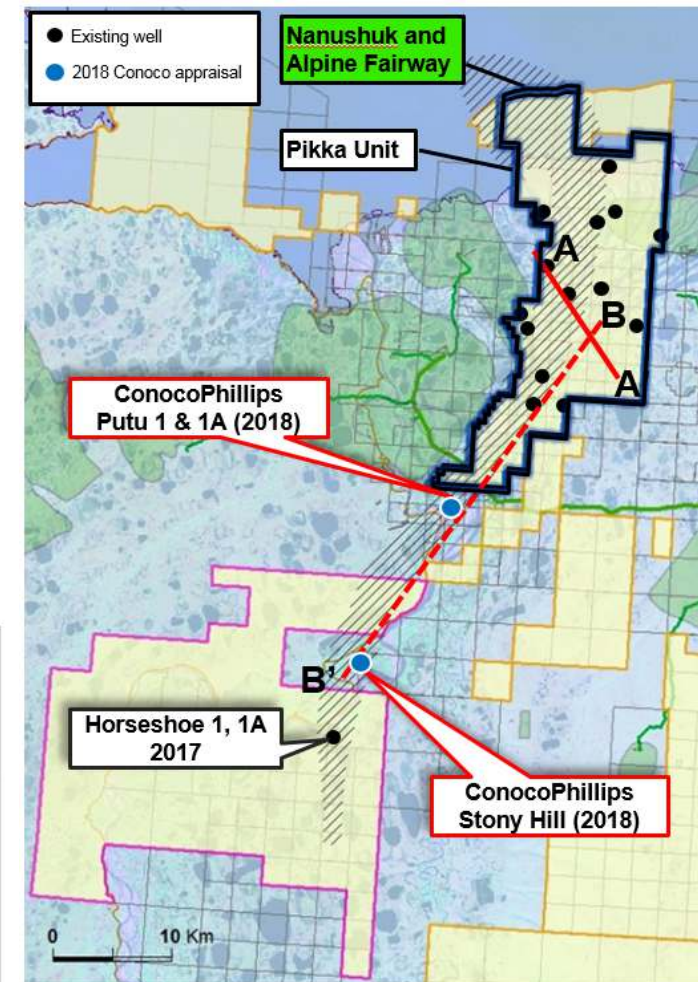
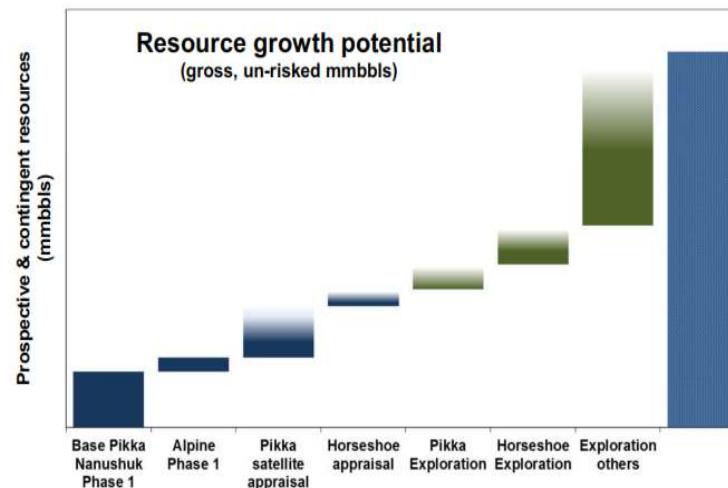


- ◇ US\$400m acquisition completed Feb 2018
- ◇ Option provides significant additional value opportunity:
 - Unsolicited expressions of interest received for participation from major companies
- ◇ OSH to assume operatorship shortly
 - Integrated Anchorage-based team in place by mid '18
 - Significant interest from high quality, very experienced personnel, with JV participation
- ◇ Encouraging meetings with partners, other operators, Government, local stakeholders

MULTIPLE OPPORTUNITIES TO ADD VALUE – DEVELOPMENT, APPRAISAL, EXPLORATION



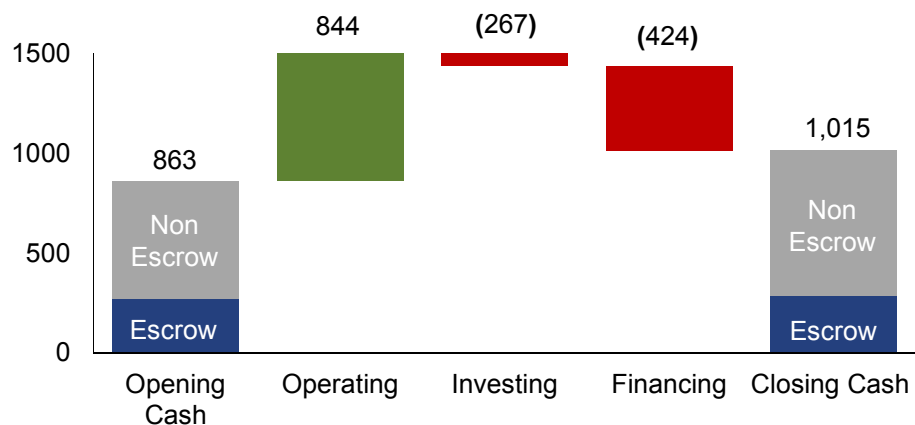
- ◇ Material oil upside potential:
 - Acquisition based on 500 mmbbl
 - JV partners suggest >1 bnbbbl
- ◇ ConocoPhillips drilling two wells on trend and adjacent to Nanushuk field:
 - Putu 1 results available in 2Q18 through data trade
 - Stony Hill 1 spudded Feb-18
- ◇ OSH 2018/19 programme to focus on:
 - Delineating 2C resource at Nanushuk oil field for 2019 FEED
 - Appraising discovered resources (Alpine C) that can be tied-in
 - Highest ranked exploration with potential for early commercialisation
- ◇ >1 bnbbbl unrisks prospective resource potential (>20 prospects on 3D)



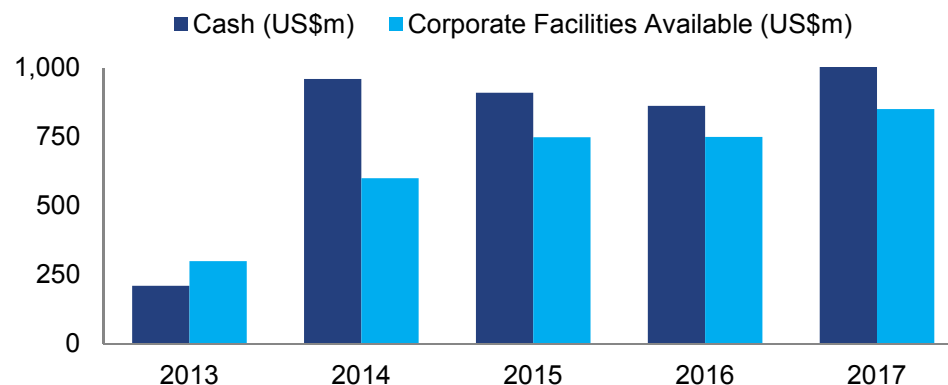


SOLID FINANCIAL METRICS

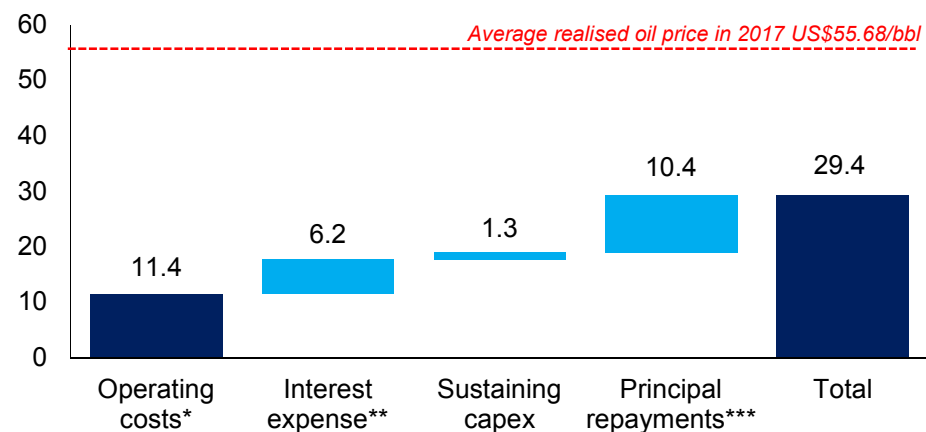
CASH FLOW WATERFALL (US\$M)



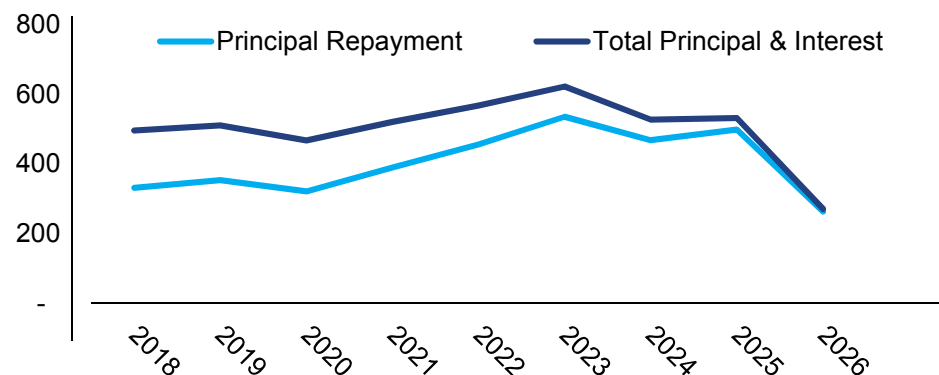
LIQUIDITY (US\$M)



CASH FLOW BREAK-EVEN ANALYSIS (US\$/BOE)



INDICATIVE PNG LNG REPAYMENT PROFILE (NET, US\$M)



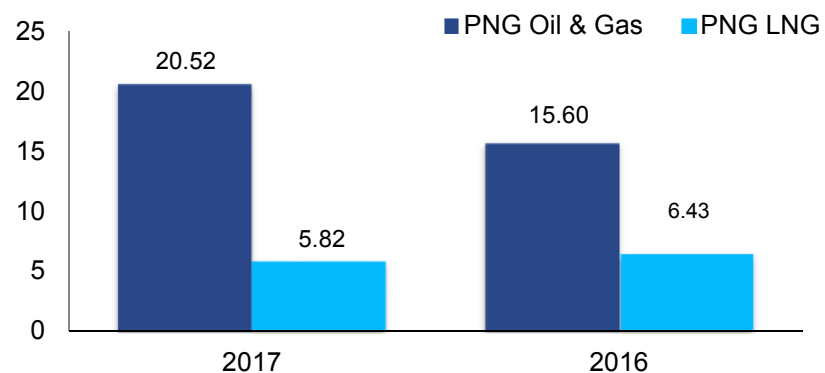
* Excludes inventory movements, donations, power expense, business development costs, other expenses and rig operating costs
 ** Includes interest from finance leases
 *** Includes payments for finance leases



2017 FINANCIAL OVERVIEW

YEAR END 31 DECEMBER	2017	2016	
Net profit after tax (US\$m)	302.1	89.8	↑
Operating cash flow (US\$m)	843.6	555.1	↑
Total dividend (US cents)	9.5	3.5	↑
Net debt (US\$m)	2,610.2	3,076.6	↓
Liquidity (US\$m)	1,865.2	1,612.7	↑

UNIT PRODUCTION COSTS BY PROJECT (US\$/BOE)



- ◆ Net profit of US\$302.1m, up 236% on 2016
- ◆ Stable unit production costs of US\$8.67/boe and competitive operating margin of 73%
- ◆ PNG LNG unit production unit costs of US\$5.82/boe, down 9.5% reflecting higher LNG production and realised cost savings
- ◆ Operating cash flow of US\$844m, 52% higher than 2016
- ◆ Competitive cash flow breakeven of US\$29.40/boe
- ◆ Liquidity of US\$1.9bn at end 2017 (US\$1.6bn post Feb 18 completion of Alaska North Slope acquisition)
- ◆ US\$314m of PNG LNG project finance debt repaid, net debt reduced by US\$466m
- ◆ PNG LNG project finance debt to be fully repaid by 2026

BALANCE SHEET CAN SUPPORT LNG EXPANSION AND ALASKA DEVELOPMENT



LNG EXPANSION DEBT ASSUMPTIONS

- ◇ OSH share of development costs for 2018–2023, before project debt funding, indicatively estimated to be US\$2.6 - 3.5 billion
- ◇ 60% debt/40% equity assumption
- ◇ Dedicated PF facility for Papua LNG. Expansion of existing PNG LNG PF facility to fund one expansion train
- ◇ OSH's equity contributions US\$1.1 - 1.4 billion, funded from PNG LNG free cash flows, surplus cash and undrawn bank lines. P'nyang upstream development to be funded from cashflow post 3 train start-up
- ◇ Expect strong support from government financiers – tied and untied ECA credits. PNG LNG repayments freeing up capacity for those lenders plus commercial banks
- ◇ Funding margins and upfronts expected to be similar to PNG LNG

ALASKA NORTH SLOPE DEBT ASSUMPTIONS

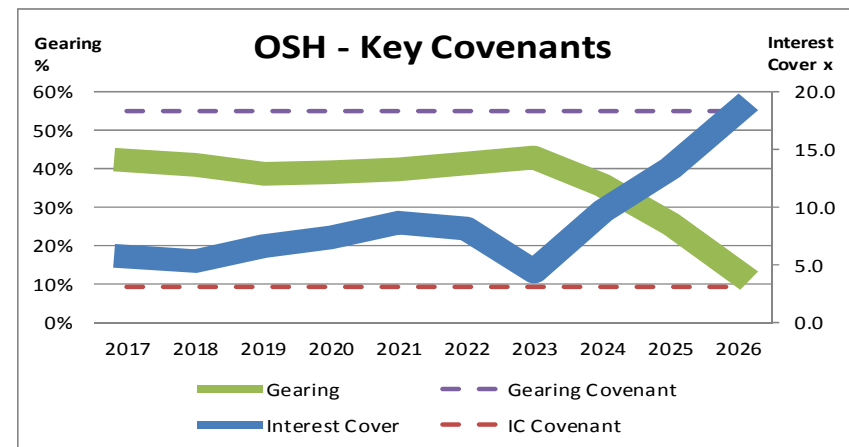
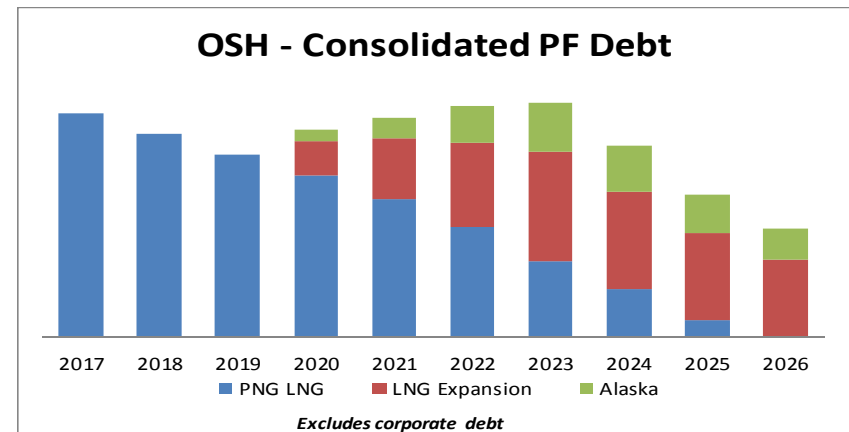
- ◇ OSH share of development costs (25.5% working interest in Pikka Unit) for 2018-2023, before project debt funding, estimated to be US\$0.8 -1.3 billion
- ◇ 60% debt/40% equity
- ◇ OSH's equity contributions US\$0.3 - 0.5 billion, funded from PNG LNG free cash flows, surplus cash and available corporate bank lines
- ◇ Debt markets offer range of financing options for conventional oil developments
- ◇ Funding costs expected to be more competitive than PNG LNG due to capacity and no developing country risk premium



CONSOLIDATED FINANCIAL POSITION

KEY FINANCIAL METRICS WITHIN LENDER COVENANTS

- ◆ Indicative consolidated project financed debt forecast to peak at US\$3.3 - 4.1 billion in c. 2023
- ◆ Assumes US\$850 million of corporate facilities will be maintained and drawn as necessary during construction
- ◆ Corporate debt levels managed to provide additional liquidity as required:
 - ◆ Drawdowns depend on oil price, project costs and gearing, discretionary spend
 - ◆ Discretionary spend, largely exploration, can be wound back if needed
- ◆ Key financial metrics forecast to remain comfortably within lender covenants:
 - ◆ Gearing in 40-45% range, similar to 42% peak gearing for PNG LNG in 2015
 - ◆ Interest Cover forecast > 3.5x





CASH FLOW PRIORITIES REMAIN UNCHANGED

DEVELOPMENT PHASE – UP TO 2023

- ◆ OSH share of equity contributions for both LNG expansion and Alaska development to be funded from PNG LNG free cash flow, cash and corporate facilities
- ◆ Surplus cash flows of US\$1.1 - 1.6 billion before dividends and other growth initiatives
- ◆ Exploration and other discretionary spend can be curtailed if needed

OPERATIONAL PHASE – FROM 2023

- ◆ PNG LNG, LNG expansion and Alaska will generate free cash flow in excess of US\$2 – 3 billion pa until 2026, when further uplift occurs with PNG LNG debt fully repaid
- ◆ Debt repayments for LNG expansion and Alaska expected to be ~ \$0.5 billion pa, similar to current PNG LNG annual repayments

Free cash flows

After scheduled debt servicing, sustaining capital expenditure and commitments

Dividends

In accordance with dividend policy to distribute 35-50% of core NPAT

Growth Capital Investments

LNG expansion in PNG & Alaska North Slope

Other Growth Initiatives

Exploration, New Ventures

Surplus Capital

Return to shareholders:

- Share buy-backs, special dividends



2018 FULL YEAR GUIDANCE

- ◆ Updated guidance to be provided once OSH has more clarity on the progress of repair works, both at the PNG LNG Project facilities and in its own operations
- ◆ Will include revised production guidance and likely impact on OSH's earnings and capital outlook for 2018



HIGHLANDS EARTHQUAKE – OSH RELIEF EFFORTS



- ◆ Communities significantly impacted:
 - Many deaths, destruction to homes, schools, roads, bridges, loss of basic necessities
- ◆ OSH relief efforts:
 - Working with Landowner Leaders, Government Agencies and Donor Groups to coordinate delivery of urgent relief (food, water, shelter, medical support)
 - Logistics support:
 - OSH’s Moro base – coordination point for delivery and distribution of aid
 - OSH helicopters and personnel – assisting with distribution of emergency aid, food and supplies
 - Engineering and construction teams redeployed to open the Koki to Kutubu road, an alternative to the Highlands Highway

OSH has committed to donate up to PGK 16 million (US\$5 million) in cash and kind to support disaster relief efforts in Hela and Southern Highlands Provinces

HIGHLANDS EARTHQUAKE – OSH RELIEF EFFORTS



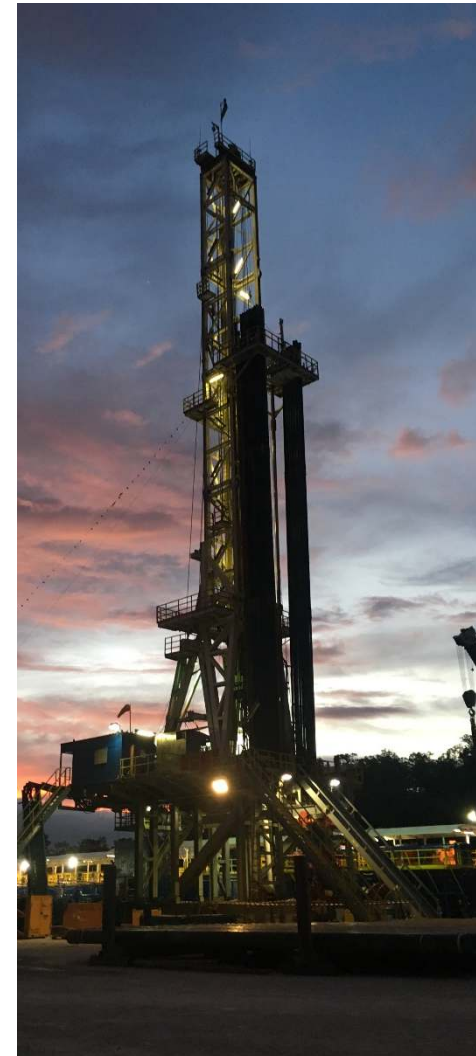
OTHER FOCUS AREAS

- ◆ Payments of royalties and equity entitlements to PNG LNG Project landowners:
 - Government has paid benefits to landowners around PNG LNG plant site and Hides
 - Still significant payments outstanding – matter of urgency for PNG Government
 - OSH facilitating communication between Government and landowner groups to help address issue
- ◆ Climate Policy approved, first Climate Change Resilience Report to be released in March 2018:
 - Robust assets, including under 2°C scenario, and continue to provide positive returns to shareholders
- ◆ First Voluntary Principles on Security and Human Rights report submitted to VPI and available on OSH website
- ◆ 2018 PNG programmes include construction of power station and APEC Haus in Port Moresby, FEED decision on Biomass project as well as ongoing social programmes directly and through OSH Foundation

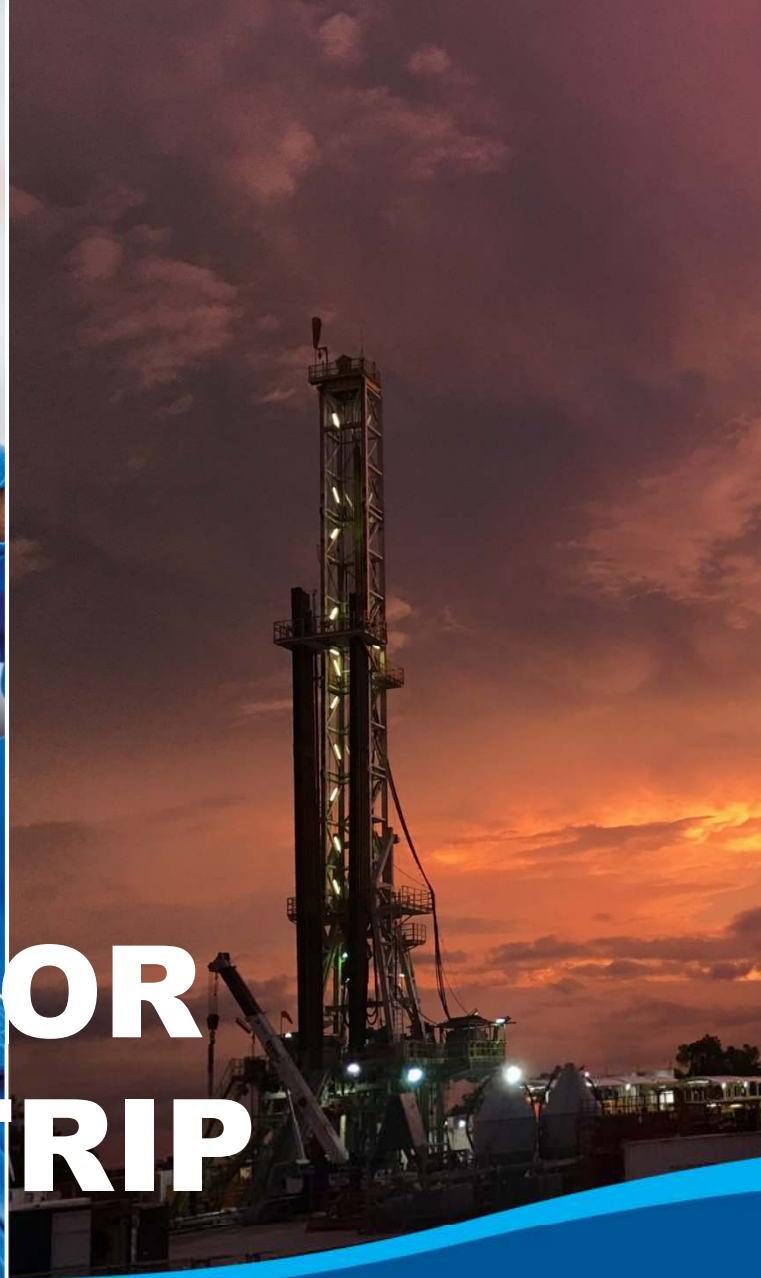


KEY PRIORITIES FOR 2018

- ◆ Resume production from OSH operations and PNG LNG Project safely following Highlands earthquake
- ◆ Achieve critical milestones for PNG LNG expansion and Papua LNG
 - FEED entry decision in 2H18
- ◆ Progress AGX – optimisation of oil fields via associated gas integration
- ◆ Binding medium term SPAs for 1.3 MTPA from PNG LNG
- ◆ Exploration and appraisal programme in PNG focused primarily on gas, to define future options and priorities for investment
- ◆ Integrated PNG initiatives to assist Government and ensure ongoing stable operating environment:
 - Relief work within communities following earthquake
- ◆ Approve Alaskan appraisal programme, leading to Nanushuk oil field FEED in 2019, and create value from Alaskan Option



Built on foundation of safe, reliable and sustainable operations



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