



OIL SEARCH COMPANY UPDATE

MACQUARIE AUSTRALIA CONFERENCE – APRIL 2019

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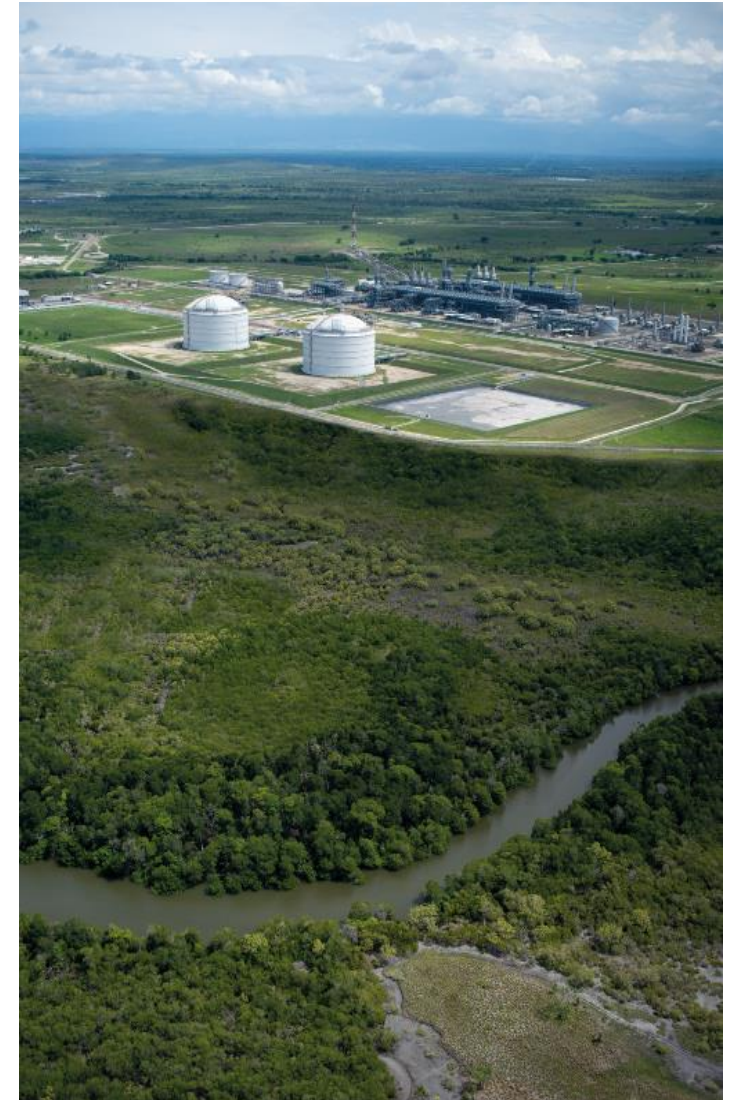
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SIGNIFICANT PROGRESS MADE IN 2018/19 ON VALUE-ADDING INITIATIVES



- ❖ Landmark Papua LNG Gas Agreement signed in April 2019:
 - Commercial agreements close to completion
 - P'nyang Gas Agreement expected to be finalised 2Q19, enabling downstream FEED to commence
- ❖ Inaugural drilling campaign in Alaska successfully completed:
 - Material upgrade in 2C oil resource expected
 - Expect to enter FEED for first phase Pikka Unit development in 2H19
 - Progressing opportunities to optimise development
 - Work ongoing to maximise value of Armstrong Option through exercising and partial divestment, at appropriate time
- ❖ Gas encountered at Muruk 2. Data indicates reservoir continuity from Muruk 1 ST3
- ❖ Strong liquidity position of US\$1.5bn at end March 2019 providing funds for growth project investment



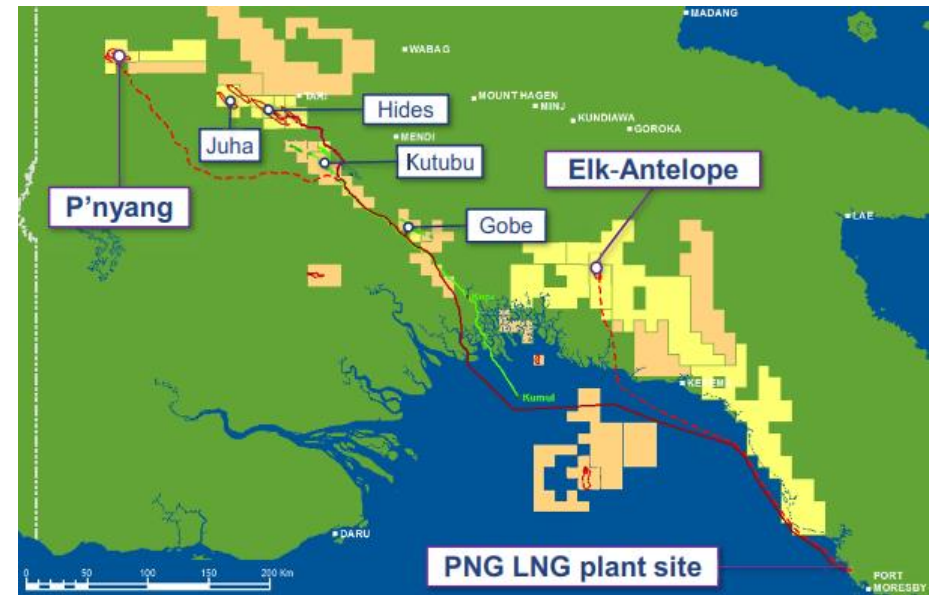
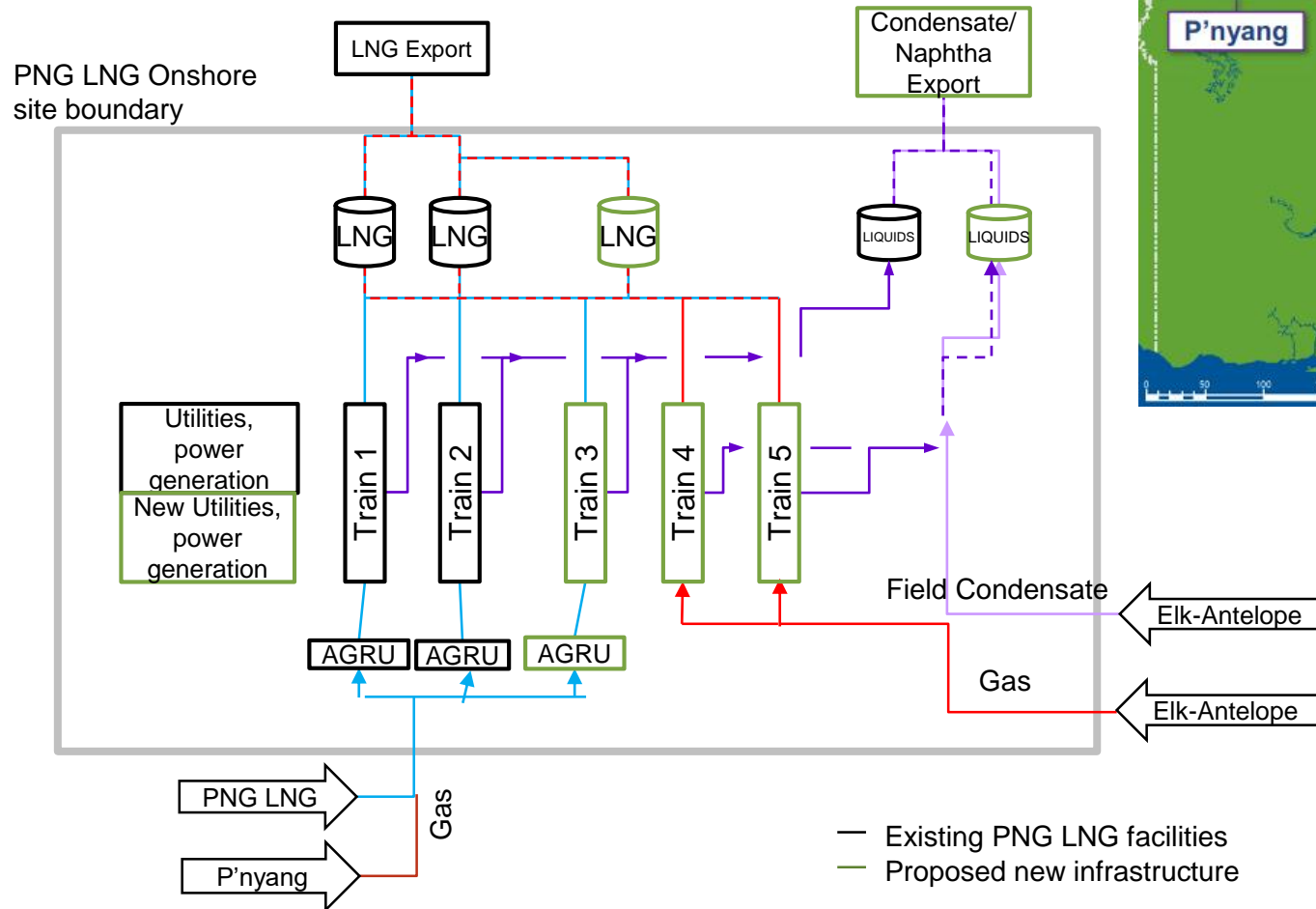


LANDMARK PAPUA LNG GAS AGREEMENT SIGNED IN APRIL 2019

- ❖ Significant step forward for Papua LNG Project, following Nov 2018 Memorandum of Understanding
- ❖ Fair split of expected Project returns between State, Project participants and other stakeholders:
 - 5% Domestic Market Obligation
 - New production levy
 - Deferred mechanism for State’s payment of past costs
 - National Content plan to support local workforce development
- ❖ Upstream FEED-related activities on Papua LNG have commenced
- ❖ Commercial agreements governing integration of Papua LNG and PNG LNG nearing completion
- ❖ P’nyang Gas Agreement expected to be finalised 2Q19, enabling downstream FEED entry in 2H19



PROPOSED CONFIGURATION AT PNG LNG PLANT SITE



New LNG capacity underpinned by gas resources from Elk/Antelope (PRL 15), PNG LNG Project and P'nyang (PRL 3) fields

Note: AGRU – Acid Gas Removal Unit

LNG DEVELOPMENT TIMELINE

2019 - 2024

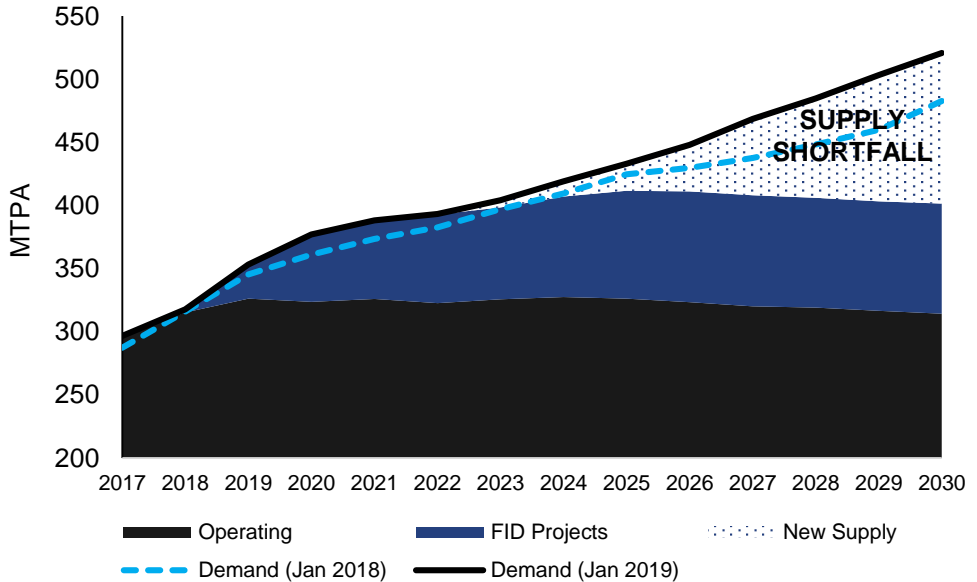
Gas Agreements	Commence FEED: Papua LNG Downstream (LNG trains) Supporting Projects	Licencing and Approvals	FIDs on: Papua LNG PNG LNG downstream AGX	<u>Construction:</u> - Complete infrastructure - Complete site clearing - Construction camps - Site civils - Plant and pipeline construction - Drilling new wells - Tie-ins and testing - Commissioning	First LNG shipments
PNG LNG Access Agreements		Early Works Tendering			
JV Operating & Integration Agreements		<u>Early Works:</u> - Clearing, early camps, roads			
Complete Pre-FEED		<u>Complete FEED:</u> - Final cost and schedule - Construction tendering		Ready for Start-up Introduction of hydrocarbons	
LNG Offtake negotiations		Project financing activities		P'nyang FID	
		LNG SPAs			



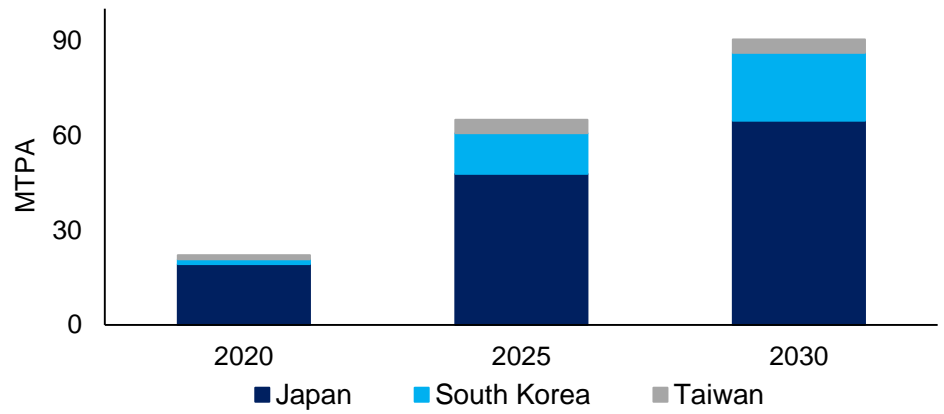
GROWTH IN GLOBAL LNG DEMAND FORECAST TO CONTINUE

- ❖ Global LNG demand grew 6% in 2018 to 320 MT, expected to grow at 4.5% pa to 2030:
 - Driven by government policies, with NE Asia markets increasingly prioritising gas over coal and nuclear
- ❖ ~ 90 MTPA of uncontracted demand expected in 2025 (includes demand growth and expiring contracts), with ~120 MTPA of new supply required by 2030
- ❖ Renewed global interest from buyers for long term supply contracts to fill supply-demand gap, starting from early to mid-2020s
- ❖ In response to market requirement, 2018 saw first large-scale capacity sanctions since 2015, with further FIDs expected in 2019
- ❖ Buyers seeking LNG source diversification from new supply sources and regions

GLOBAL SUPPLY AND DEMAND



TOTAL CONTRACT EXPIRATIONS (CUMULATIVE)



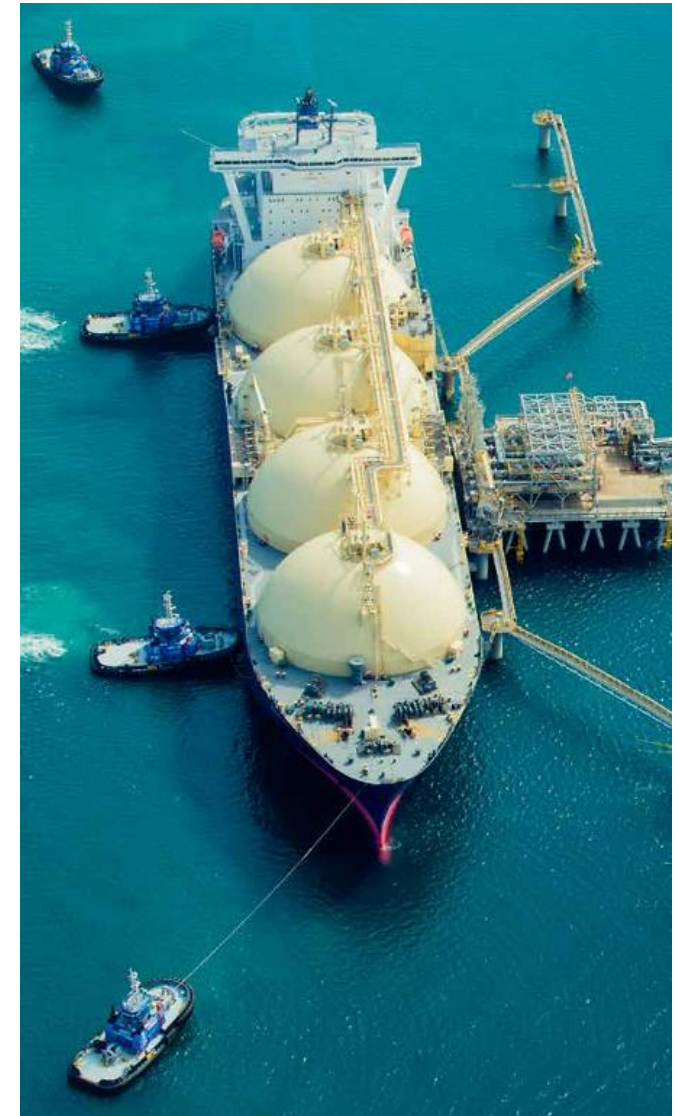
Data Interpreted from IHS Markit



COMPETITIVE ADVANTAGES OF LNG FROM PNG

PAPUA LNG DEVELOPMENT AND PNG LNG/P'NYANG EXPANSION

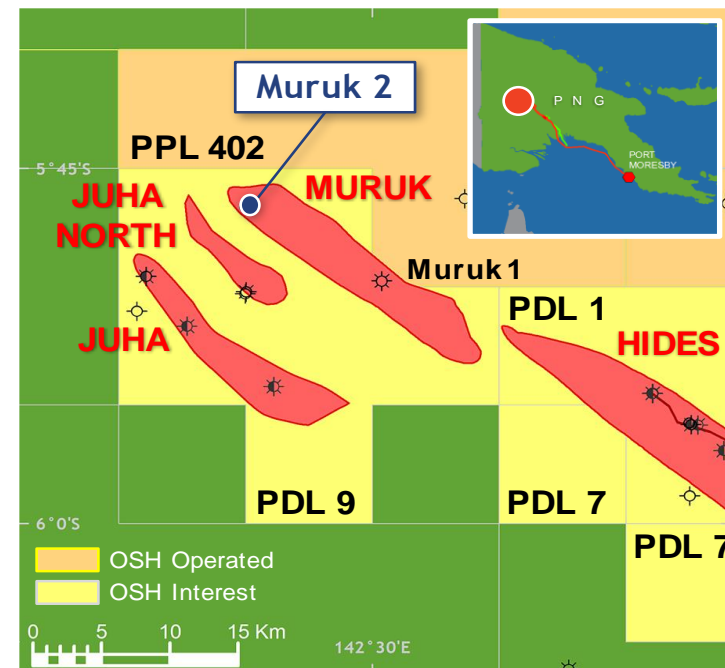
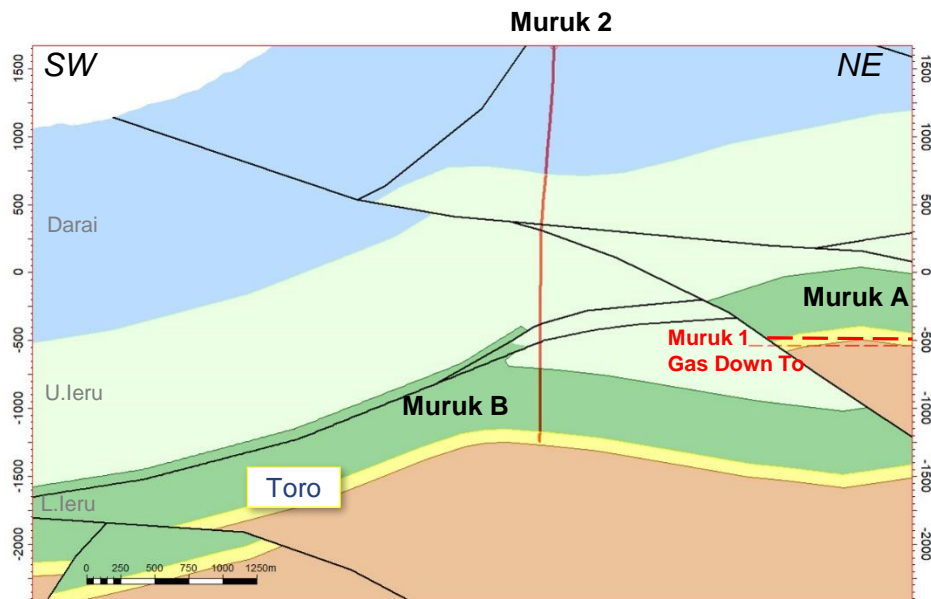
- ❖ Strong partners, with LNG a corporate focus
- ❖ Existing infrastructure minimises capital costs, with savings as expected
- ❖ Strong financing base, with two majors and sensible compromise for Government's past cost obligations
- ❖ Majors' portfolio approach to LNG marketing helps underwrite market position
- ❖ Strong commitment by all parties in progressing FEED and reaching FID



SIGNIFICANT GAS DISCOVERY AT MURUK 2

- ❖ Testing has confirmed gas in pressure communication with Muruk 1 ST3
- ❖ Indicates reservoir continuity
- ❖ Extended well shut-in and pressure build-up phase has commenced to help constrain potential resource volumes

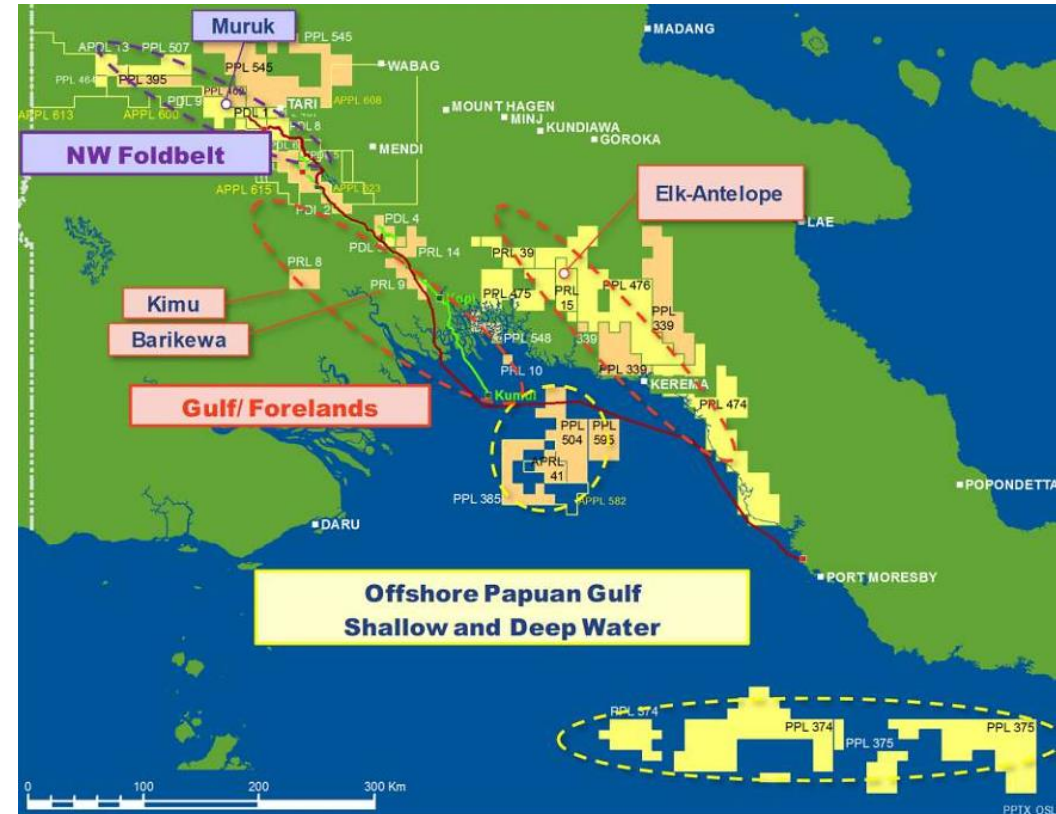
- ❖ Success at Muruk will provide field phasing optionality, given proximity to existing Hides infrastructure
- ❖ Further seismic acquisition planned over Karoma/adjacent acreage in 4Q19, to de-risk future drilling prospects along Hides-P'nyang trend



PNG EXPLORATION PORTFOLIO HAS MULTI-TCF GAS POTENTIAL



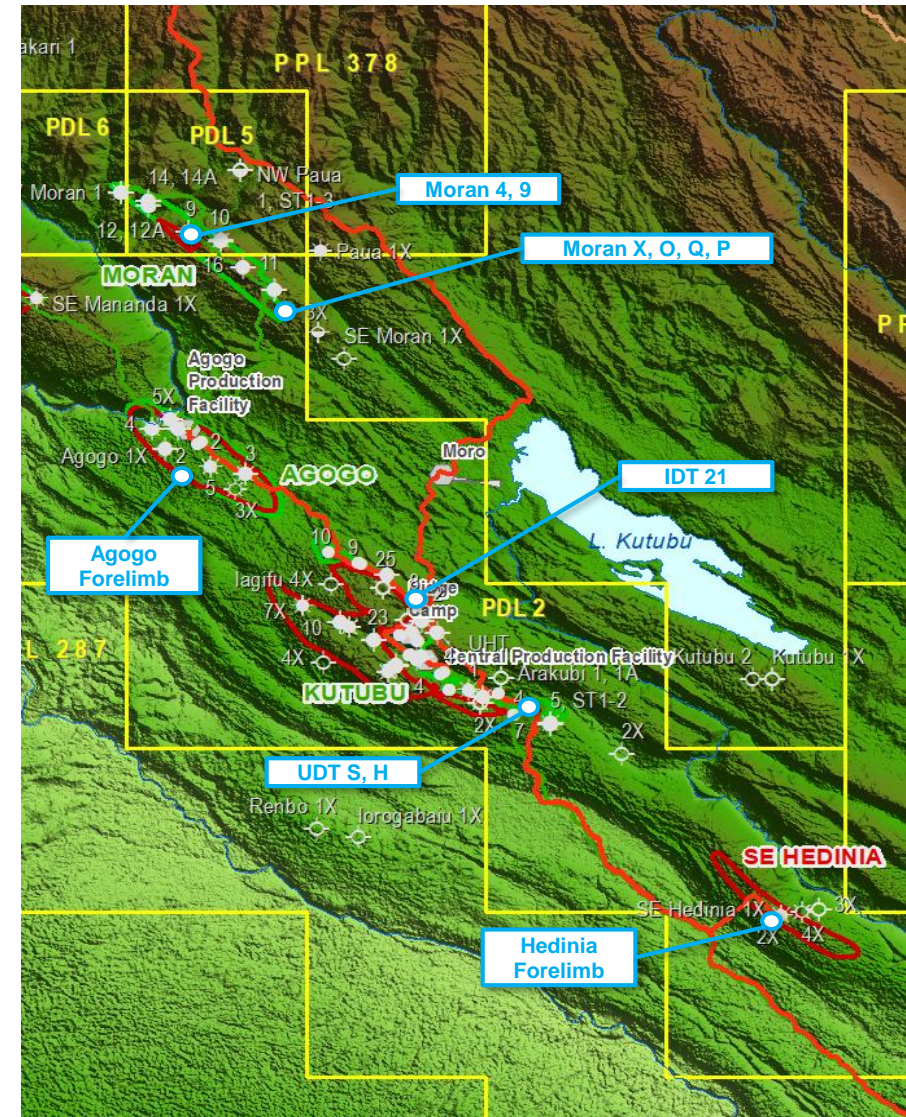
- ❖ Strategic studies completed on prioritising exploration/appraisal activities to ensure optimal use of capital
- ❖ Following successful Muruk appraisal, will continue to pursue opportunities for PNG LNG backfill and optimal gas field phasing in NW Foldbelt
- ❖ 2018 seismic identified multi-tcf leads and prospects in close proximity to planned Papua LNG infrastructure identified in onshore Gulf:
 - Follow up seismic to commence in 4Q19
- ❖ In Forelands, studies ongoing to establish optimal commercialisation route for Kimu and Barikewa following appraisal, and Uramu
- ❖ Seismic interpretation has highlighted multi-tcf potential in Offshore Gulf





PNG OIL FIELD OPPORTUNITIES

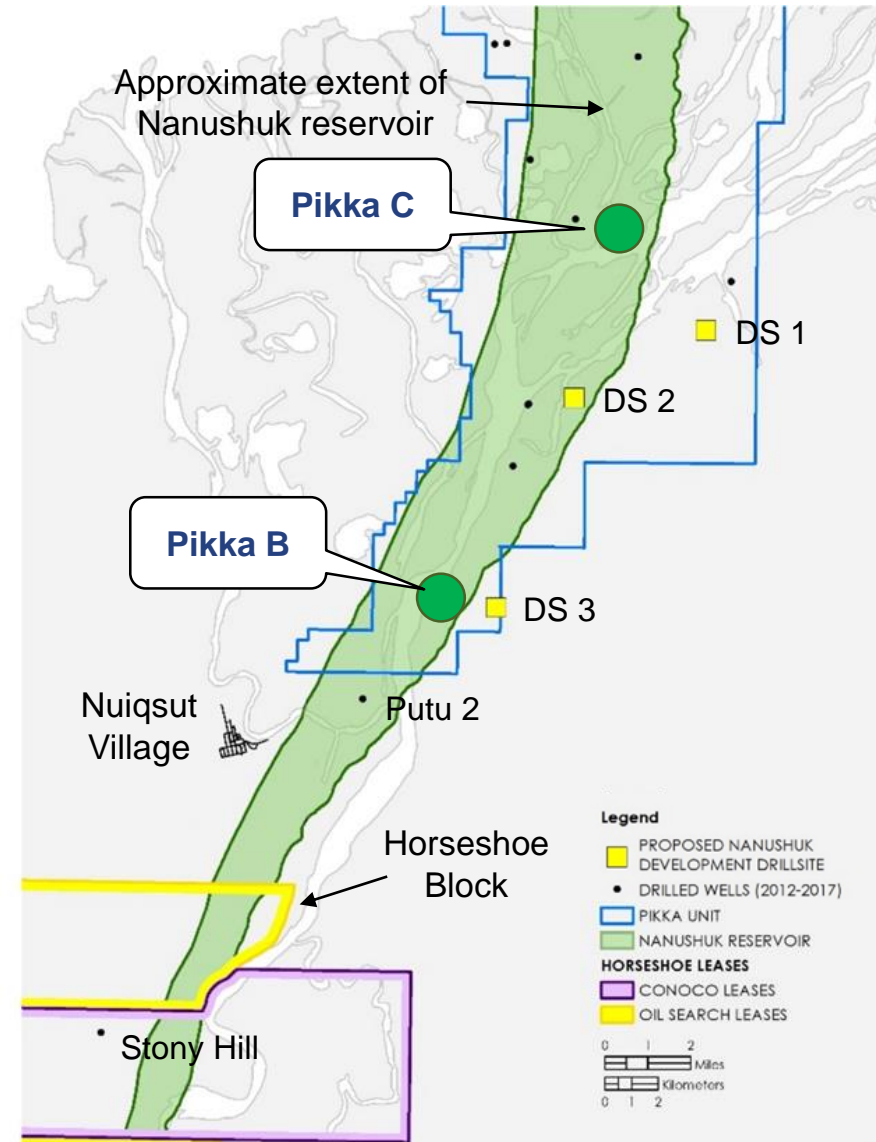
- ❖ Oil field optimisation programme commenced in Jan '19:
 - Workover of IDT 21 at Kutubu completed 1Q19, to be brought online 2Q19
 - At Moran, workover of M4 complete, M9 underway
 - Moran X and UDT S wells to spud in 2H19
- ❖ First phase of several low risk opportunities identified to extend plateau oil production until 2023-24
- ❖ Low cost, value accretive opportunities have potential to add ~30mmbbl (net) to reserves and mitigate oil field production decline
- ❖ Accelerated Gas Project Development critical for PNG LNG Expansion. Drives short-term oil production outlook.



ALASKA - SUCCESSFUL INAUGURAL DRILLING PROGRAMME



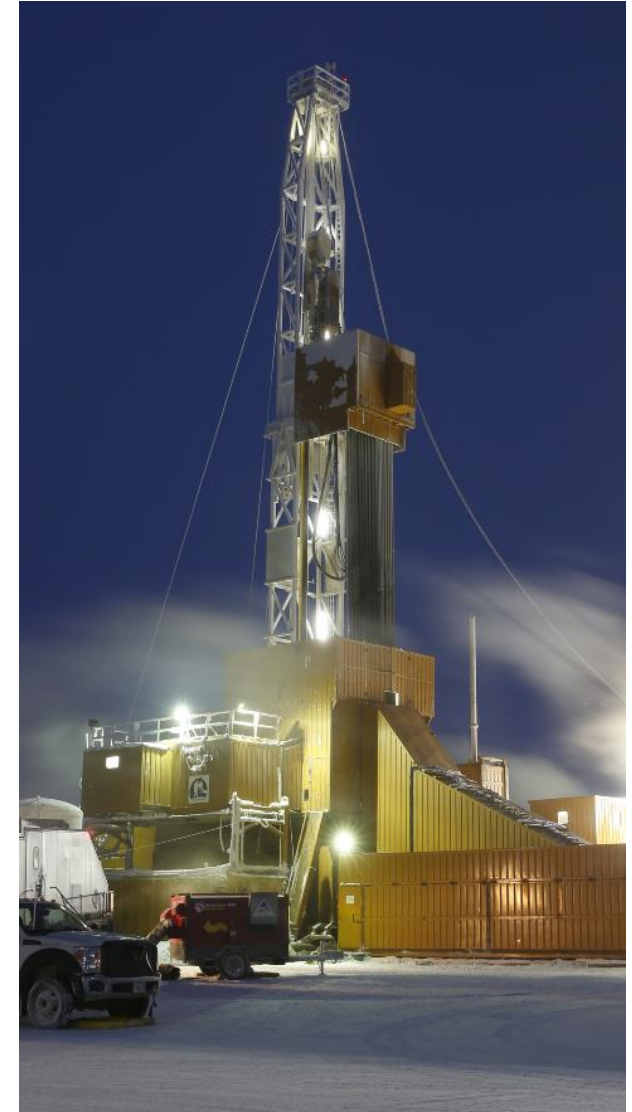
- ❖ Two-well appraisal programme met/exceeded OSH expectations
- ❖ Pikka B intersected thickest Nanushuk reservoir section to date
- ❖ Pikka B ST1: 71 deg angle hole, one stage stimulation, flowed at stabilised rate of 2,410 bopd (restricted by equipment), with potential flow rate of ~3,800 bopd:
 - Result has materially upgraded prospectivity in southern part of Pikka Unit and Horseshoe Block. Also enhanced by seismic data
- ❖ Pikka C ST1: horizontal sidetrack, six stage stimulation, flowed at stabilised rate of 860 bopd (restricted by mechanical issues / downhole blockages):
 - Modelling indicates potential for higher flow rates
 - Reservoir characteristics in line with expectations
- ❖ Material oil resource upgrade expected above current 500 mmbbl (gross) 2C estimate
- ❖ Sufficient data gathered on reservoir deliverability to support OSH plans to move into FEED in 2019



ALASKA – FORWARD PLAN



- ❖ Full integration of well and test results into development plan
- ❖ Record of Decision for Pikka Unit Development Statement (FEIS) expected shortly
- ❖ Evaluating opportunities to optimise development:
 - Sharing of production facilities, especially in the north
 - Early production opportunities being progressed
- ❖ Evaluation leading to decision on Armstrong Option and optimising value regarding equity sell down
- ❖ Planning underway for follow-up drilling in 2019/20 drill season, some road supported:
 - 2-3 exploration / appraisal wells will focus on southern field area
 - Further testing programme possible with other JVs
 - Commencement of early works, road construction etc



PIKKA UNIT BASE CASE TIMELINE, WITH OPPORTUNITIES TO OPTIMISE



- ❖ Two-rig appraisal programme – Pikka B & C
- ❖ Update reservoir model and full data base
- ❖ Stakeholder engagement and implementation plan
- ❖ Early works
- ❖ FEED commitment, subject to EIS Record Of Decision
- ❖ Contracting strategy
- ❖ Permitting & approvals

- ❖ ~15 producers/injector pairs drilled from two drill sites by production start up (50 well pairs in total over project life)
- ❖ Construction of ~60 km pipelines, ~42 km roads
- ❖ Construction of central processing facility or cooperative development with adjacent operators
- ❖ Community projects
- ❖ Appraisal of expansion opportunities & satellite fields

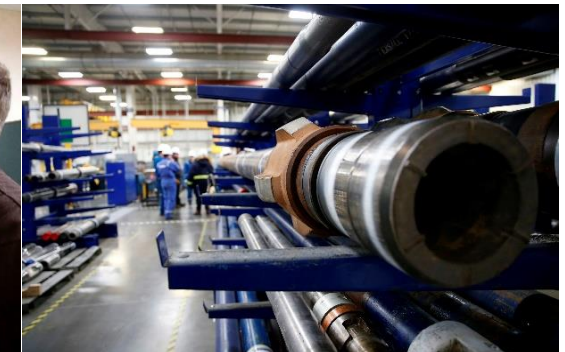
- ❖ ~120,000 bbl/d plateau
- ❖ Initial permitted development based on up to 750 mmbbls recoverable oil resource
- ❖ Appraisal drilling and permit applications for expansion

Ice road construction

Arctic Fox rig, Pikka B

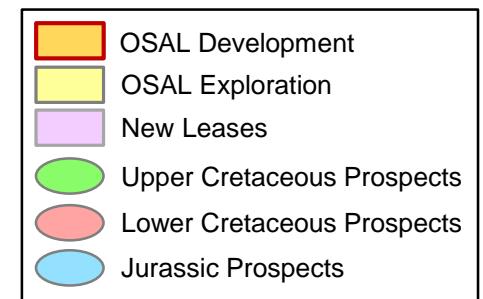
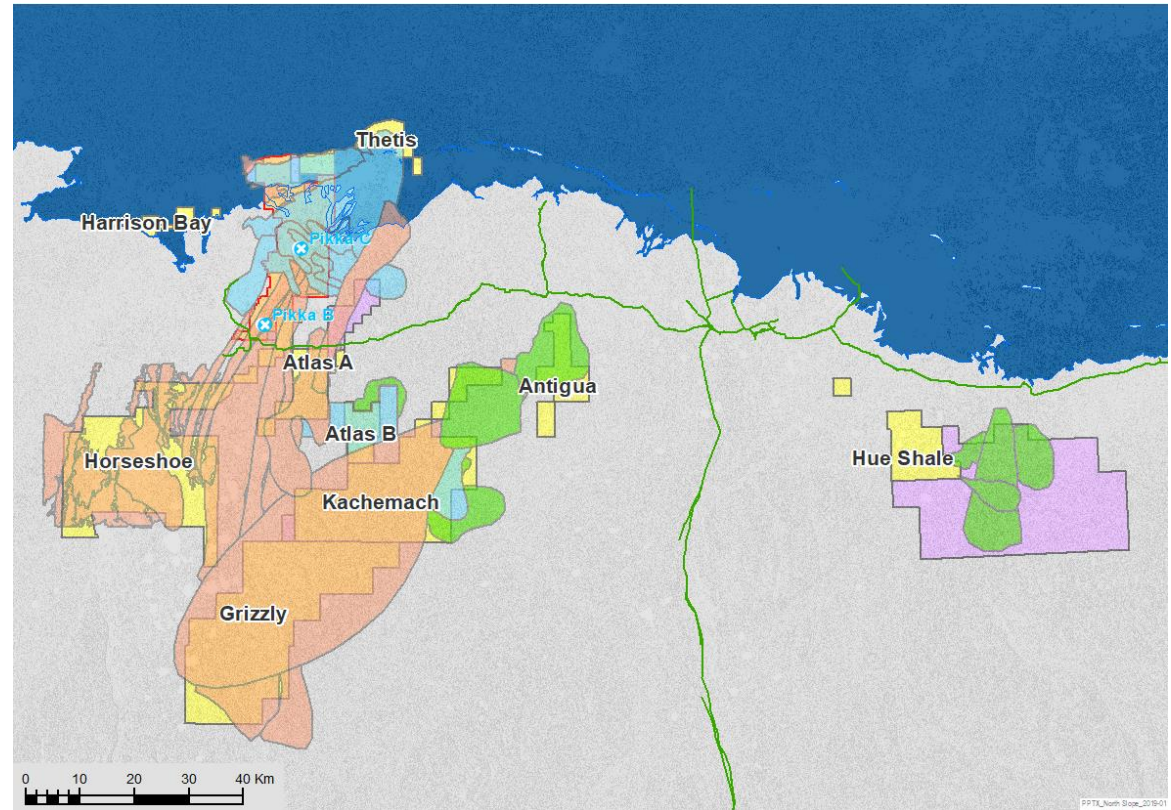
Development planning

Supply warehouse



EXPANDED LEASE POSITION UNDERWRITES LONG-TERM GROWTH

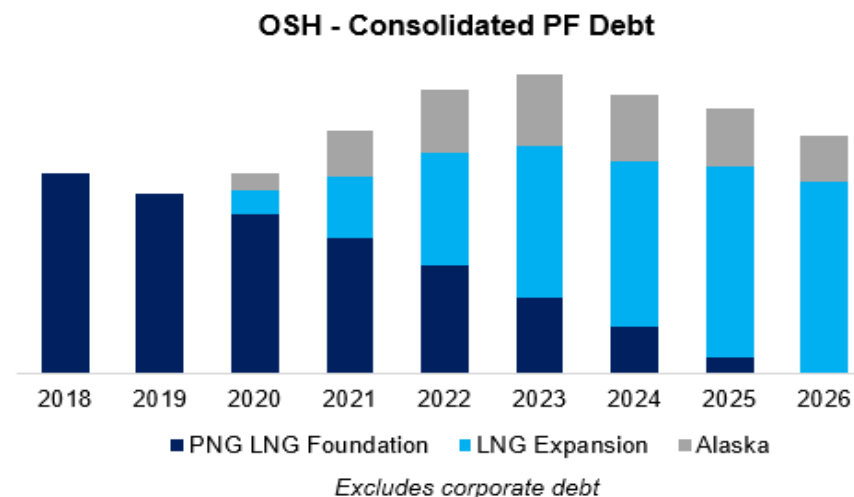
- ❖ Expanded portfolio position with acquisition of interests in leases covering >215,000 acres
- ❖ Work underway on Horseshoe area Nanushuk reservoir model finalisation and well location selections
- ❖ Reviewing Alpine reservoir targets in Pikka Unit to determine appraisal strategy
- ❖ Grizzly area prospect evaluation
- ❖ Seismic “mega-merge” reprocessing project underway
- ❖ New seismic acquisition planned for 2019/20 season





FUNDING FOR LNG AND ALASKAN DEVELOPMENTS

- ❖ Dependent on oil prices, expect to generate operating cash flow of ~US\$1bn p.a. over 2019–2024
- ❖ OSH total share of development costs from 2019 until first production (including capitalised interest and financing fees) estimated at ~US\$4.5bn (LNG expansion ~US\$3bn, Alaska ~US\$1.5bn, based on 30-35%), subject to FEED outcome
- ❖ OSH total equity contributions ~US\$1.5bn, funded from:
 - Existing cash balances and existing/new corporate facilities (current liquidity US\$1.5bn) plus operating cash flow less other capex (largely discretionary)
- ❖ Debt funding sourced through expansion of PNG LNG project finance facility plus new project finance facilities for Papua LNG and Alaska Pikka Unit development
- ❖ At current oil prices, key financial metrics forecast remain comfortably within corporate facility lender covenants
- ❖ When onstream, PNG LNG, LNG expansion and Alaska will generate free cash flow of US\$2–3bn pa, with large uplift from 2026 when PNG LNG foundation project debt is fully repaid
- ❖ Armstrong Option exercise being reviewed together with divestment value and timing
- ❖ Initial exercise easily funded from cash and cashflow



FACILITATING SOCIAL AND ECONOMIC DEVELOPMENT

KEY TO SUSTAINABLY OPERATING

- ❖ Ongoing social programmes, directly and through Oil Search Foundation, including:
 - Long-term earthquake recovery (public health, infrastructure)
 - Support of Hela Provincial Hospital and Health Authority
- ❖ Support for Government on PNG LNG benefits distribution:
 - Major progress made over past six months
- ❖ Delivery of critical infrastructure through Government's Infrastructure Tax Credit Scheme
- ❖ Construction of 58 MW power station in Port Moresby – now operational
- ❖ Partnerships focused on women's empowerment and gender based violence, youth engagement, education and training
- ❖ Climate Change Resilience report, prepared under TCFD guidelines, released in 2018, demonstrating LT resilience under range of scenarios, including 2°C pathway
- ❖ Transparency Report, VPSHR Report and Preliminary Modern Slavery Statement released in Apr '19



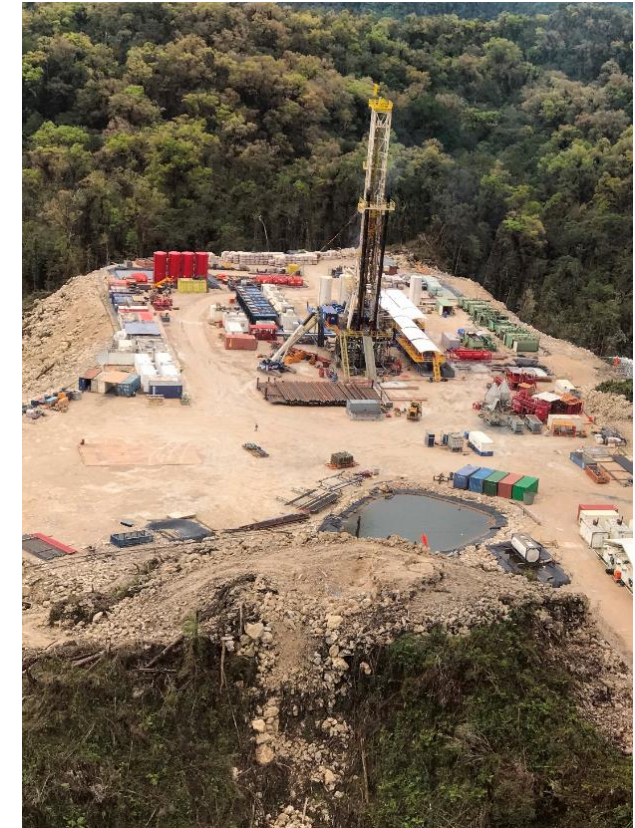
APEC Haus, Port Moresby



58MW gas fired power station, located adjacent to PNG LNG plant site.

SUMMARY

- ❖ Major milestone reached on LNG expansion in PNG:
 - P'nyang Gas Agreement targeted for 2Q19 – FEED entry for the downstream development expected to occur shortly after
 - FID targeted for 2020 and first gas in 2024
 - Market appetite remains strong for LNG from PNG
- ❖ Positive results from inaugural appraisal drilling campaign in Alaska:
 - Potential for material resource additions
 - Targeting FEED entry for Pikka Unit development in 2019
 - Substantial potential value from Armstrong Oil Option
- ❖ Oil field optimisation underway including FEED preparations for AGX
- ❖ Continued focus on sustainable social development with ongoing social programmes, robust assets in carbon constrained world
- ❖ Strong balance sheet and excellent cash generation from operations to support growth opportunities



Muruk 2, NW Highlands, PNG

APPENDIX 1: 2018 FINANCIAL PERFORMANCE



US\$m	2018	2017	% Change
Sales volume (mmbobe)	25.02	30.04	-17%
Revenue	1,535.8	1,446.0	+6%
Production costs	(290.0)	(262.8)	+10%
Other operating costs	(145.4)	(141.1)	+3%
Other income	9.6	10.0	-4%
EBITDAX ¹	1,110.0	1,052.1	+6%
Depreciation and amortisation	(326.1)	(380.6)	-14%
Exploration costs expensed	(66.7)	(35.9)	+86%
Net finance costs	(209.9)	(194.7)	+8%
Profit before tax	507.4	440.9	+15%
Tax	(166.2)	(138.8)	+20%
Net profit after tax	341.2	302.1	+13%

¹ EBITDAX (earnings before interest, tax, depreciation/amortisation, non-core activities, impairment and exploration) 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 review by the Group's auditor.



APPENDIX 2: 2019 PRODUCTION OUTLOOK

Production	2019 Guidance ¹
Oil Search-operated	4.0 – 5.5 mmboe ^{2,3}
PNG LNG Project	
LNG	106 – 113 bcf
Power	0.7 – 1.4 bcf
Liquids	3.1 – 3.6 mmbbl
Total PNG LNG Project	24.0 – 26.0 mmboe
Total production	28.0 – 31.5 mmboe

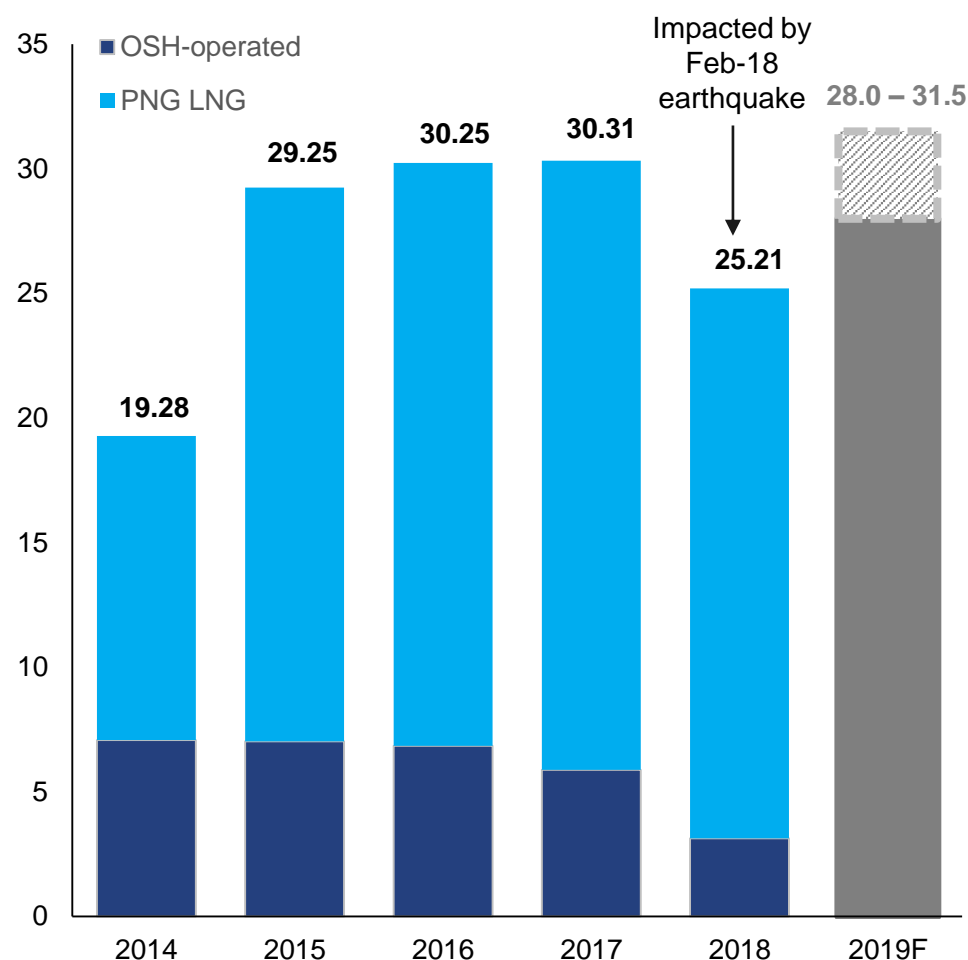
❖ PNG LNG:

- Sustainable rates of 8.5 – 9.0 MTPA achievable going forward, before normal levels of downtime
- 2019 forecast assumes production of 8.1 – 8.7 MT (gross), with approximately three weeks of reduced rates due to planned 2019 maintenance

❖ Operated Production:

- Impacted by natural decline in oil fields, EQ recovery, offset by oil optimisation activities

OIL SEARCH NET PRODUCTION (MMBOE)^{1,2}



¹ Numbers may not add due to rounding.

² Gas volumes have been converted to barrels of oil equivalent using an Oil Search specific conversion factor of 5,100 scf = 1 boe, which represents a weighted average, based on Oil Search's reserves portfolio, using the actual calorific value of each gas volume at its point of sale.

³ Includes 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

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

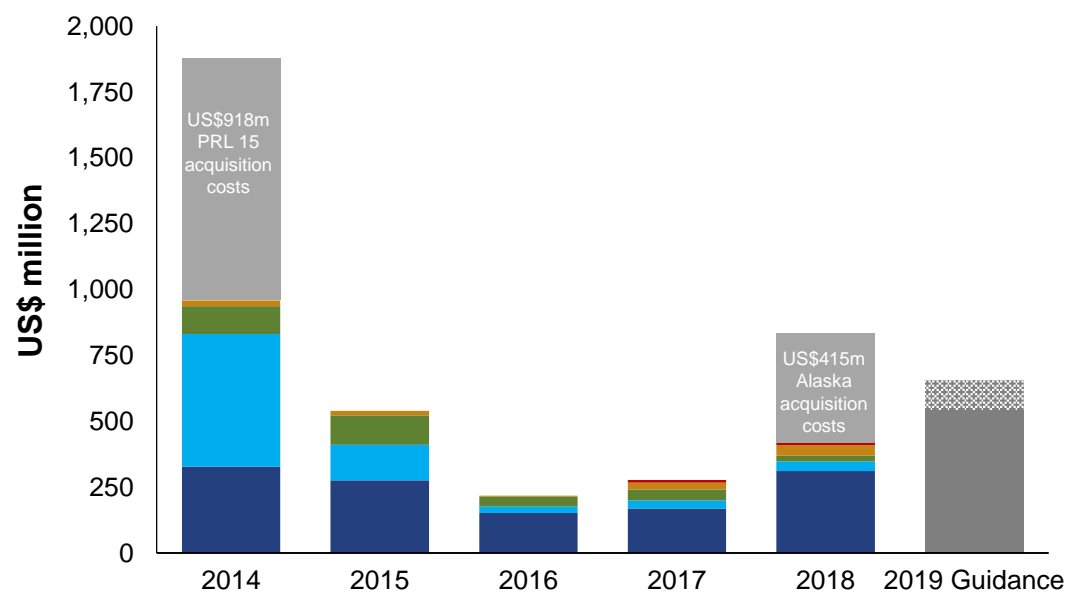
APPENDIX 3: 2019 FULL YEAR GUIDANCE



Capital costs	2019 Guidance
Exploration & Evaluation	US\$235 – 285m
Development	US\$145 – 170m
Production	US\$95 – 115m
Other PP&E	US\$55 – 65m
Power	US\$15 – 20m ⁴
Total	US\$545 – 655m

Production	2019 Guidance
Oil Search-operated	4.0 – 5.5 mmboe ^{1,2}
PNG LNG Project	24.0 – 26.0 mmboe ¹
Total Production	28.0 – 31.5 mmboe¹

Operating Costs	
Production costs	US\$9 – 10 / boe
Other operating costs ³	US\$150 – 160 million
Amortisation – oil and gas assets ⁵	US\$11.50 – 12.50 / boe



1. Gas volumes have been converted to barrels of oil equivalent using an Oil Search specific conversion factor of 5,100 scf = 1 boe, which represents a weighted average, based on Oil Search's reserves portfolio, using the actual calorific value of each gas volume at its point of sale.
2. Includes SE Gobe gas sales.
3. Includes gas purchase costs, royalties and levies, selling and distribution costs, rig operating costs, power expense and corporate administration costs (including business development), other expenses and inventory movements.
4. Excludes prior year POM Power station investment, which will be recognised in 2019 once ownership agreements are finalised.
5. Excludes depreciation of other plant and equipment.

APPENDIX 4: PNG LNG PROJECT CONTRACTS



- ❖ 7.9 MTPA of PNG LNG production contracted under long and mid-term agreements:
 - 6.6 MTPA under 20-year contracts with JERA, Osaka Gas, Sinopec and CPC
 - 3-year SPA with PetroChina for ~0.45 MTPA of LNG. Supply commenced Jul-18
 - SPA with BP for ~0.45 MTPA of LNG for 3 years, followed by ~0.9 MTPA for 2 years. Supply commenced Aug-18
 - SPA with Unipet for ~0.45 MTPA of LNG for 4 years. Supply commenced Apr-19
- ❖ Represents ~90% of 1Q19 annualised production, reducing exposure to weak current spot market
- ❖ Market exposure now spread over long-term, mid-term contracts and spot LNG market

PNG LNG CONTRACTUAL COMMITMENTS

