

PNG, a new entrant to LNG supply

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ASX: OSH | POMSx: OSH | US ADR: OISHY

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Introduction

- » PNG joined LNG exporting nations in May 2014
- » Successful delivery of PNG LNG is transformational for PNG and Oil Search
 - Demonstrates ability for PNG to successfully manage complex logistics, social and financial challenges
- » Significant potential for further LNG developments
- » Project fundamentals remain attractive in new oil and gas price paradigm



Oil Search Profile

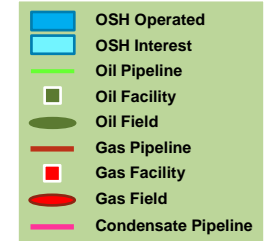
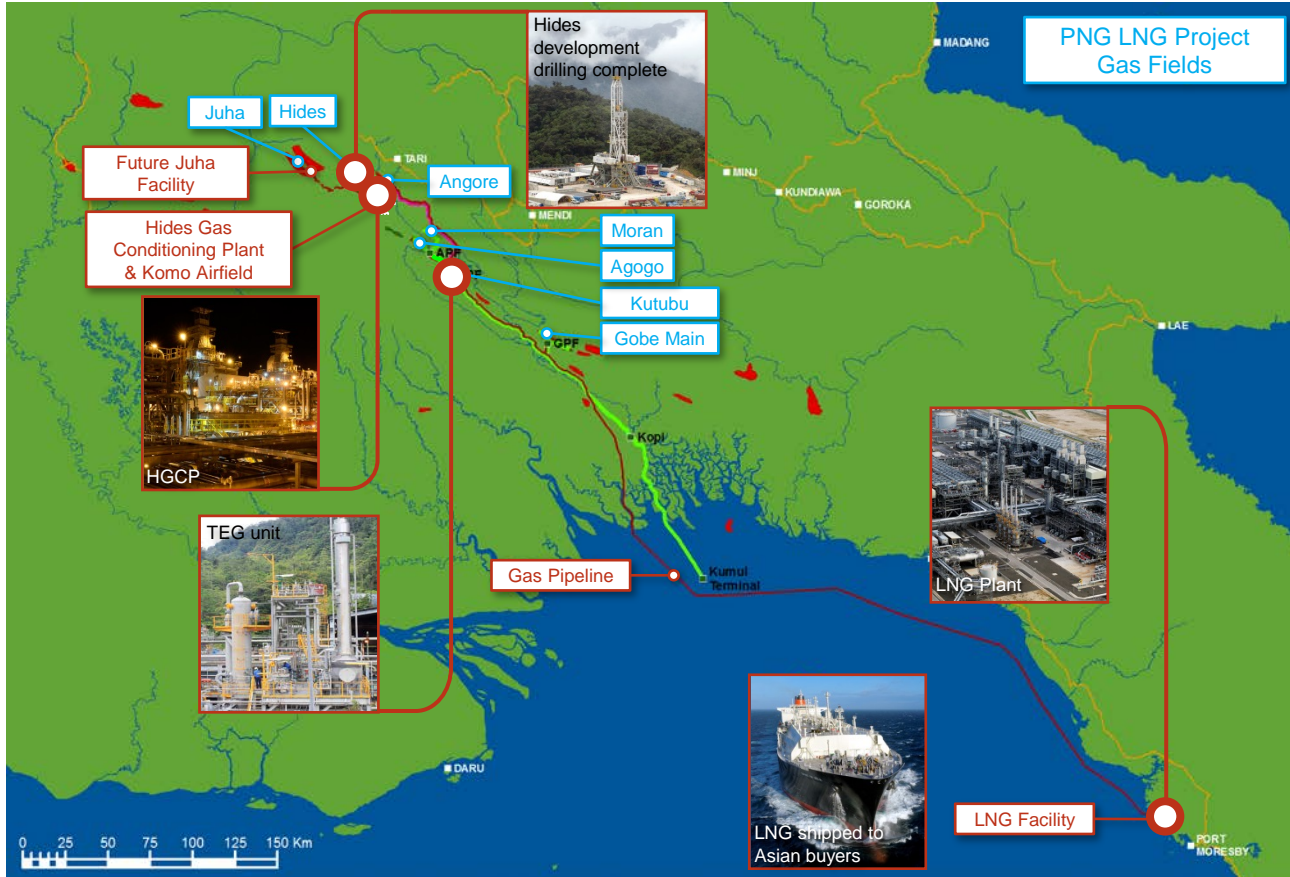
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- » Established in Papua New Guinea (PNG) in 1929
- » Market capitalisation ~A\$12.5bn (US\$10bn)
- » Listed on ASX (Share Code OSH) and POMSOX, plus ADR programme (Share Code OISHY)
- » Operates all PNG's currently producing oil fields. PNG's largest investor
- » 29% interest in 6.9Mtpa PNG LNG Project, world-scale LNG project operated by ExxonMobil. First LNG cargoes shipped in May 2014, has transformed OSH into a significant O&G producer
- » Exploration interests in PNG, Middle East/North Africa

PNG LNG Project

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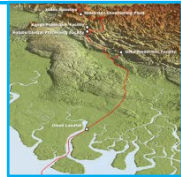
Project delivered on time and within revised budget



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2010



COMMENCEMENT

- » Continued early works
- » Detailed design
- » Order long leads and place purchase orders
- » Open supply routes
- » Contractor mobilisation
- » Commence AG construction

2012



INSTALLATION

- » Continue onshore pipe lay
- » Complete offshore pipe lay
- » Start Hides plant installation
- » Start Hides drilling
- » Complete key AG items

2014



COMPLETION

- » Complete construction and commissioning of HGCP and LNG Plant
- » Complete Hides production wells
- » 2Q14: First LNG sales, ahead of schedule

2011



MOBILISATION

- » Ongoing procurement and mobilisation
- » Airfield construction
- » Drilling mobilisation
- » Start onshore and offshore pipeline construction

2013



CONSTRUCTION

- » Complete pipe lay
- » Ongoing drilling
- » Construction of HGCP
- » Commission LNG plant with Kutubu gas

PNG LNG Project – delivered on time and within revised budget

- » PNG LNG Project condensate production commenced late March, with LNG production from Train 1 in April and Train 2 in May
- » Sales of new Kutubu Blend, comprising Hides liquids and oil field production, commenced in April
- » First LNG shipment in May:
 - Cargos sold initially on spot market, all long-term contract sales (6.6 MTPA) had commenced by end 2014
- » Both trains now operating at or above nameplate capacity of 6.9 MTPA
- » Total development cost of US\$18.8 billion
- » Operational and financial completion achieved in February 2015



PNG LNG facilities

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Source: ExxonMobil



First LNG cargo shipped in May

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Unloading of first PNG LNG cargo at TEPCO Futtsu-2 Terminal

Source: ExxonMobil

Reasons for success

- » Availability of commissioning gas from OSH-operated Kutubu field in Aug-13, prior to first deliveries from the Hides field in Apr-14, enabling early start-up and rapid production ramp-up at LNG plant
- » Stick built (vs modular built), enabling issues to be ironed out prior to production
- » Conventional LNG project, located onshore, with existing infrastructure base from OSH's oil operations
- » Productive wells with high flow rates – only 12 wells required to sustain production for 30 years, resulting in low ongoing capex
- » Substantial 1P certified reserves base with high heating value, attracting premium pricing and suitable for Asian reticulation network
- » High liquids, enhancing economics
- » Located close to growing Asian LNG markets
- » Stable fiscal regime with strong Government support
- » Aligned Joint Venture. Exxon highly respected as able to deliver and operate major LNG projects, augmented by OSH's 86 years of in-country experience
- » Provides attractive returns and is robust to product price movements



Image courtesy ExxonMobil

Commercialising PNG's undeveloped gas remains key focus for OSH

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- » PNG LNG Project has delivered strong platform for growth
 - » PNG can deliver at least two more LNG trains underpinned by existing undeveloped resources and third train with modest drilling success
 - » Two key resource hubs, in which OSH holds strong positions, will supply next phase of development:
 - North Western Hub (including the P'nyang field)
 - Gulf Hub (Elk/Antelope fields)
 - » Based on OSH's revised oil price expectations and cost assumptions, expansion and standalone opportunities both remain economically attractive
 - » Multiple exploration opportunities remain, to potentially provide backfill gas or additional trains
 - » Delivery of near term additional trains is common objective for industry, communities and Government
 - » OSH well positioned to play key role to ensure optimum development outcome for all stakeholders

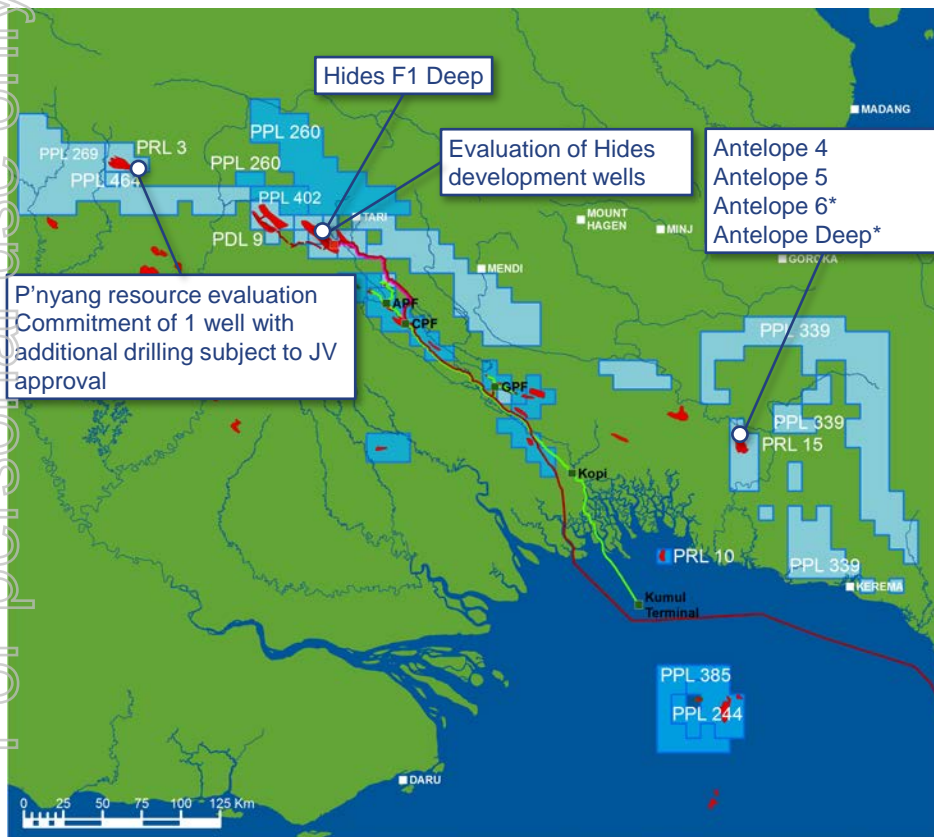


Images courtesy ExxonMobil

Gas resource evaluation ongoing in NW Highlands and Gulf



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» Key resource evaluation activities currently underway:

- Structural remapping and reservoir modelling based on information from Hides development wells commenced in 2014. Will help further constrain Hides resource
- Hides F1 well – material Koi lange exploration target underlying Hides field, currently drilling towards target
- P'nyang: initial preparations for further drilling to assess resource potential
- Antelope 4 and 5 appraisal wells: will likely establish whether resource can underpin one or two trains
- Antelope 6 (to assess resource upside) and Antelope Deep (exploration well) to be drilled in 2015, both wells subject to JV approval

» Resource clarity will determine progression through to Concept Select/pre-FEED/FEED



P'nyang licence agreement – a significant step

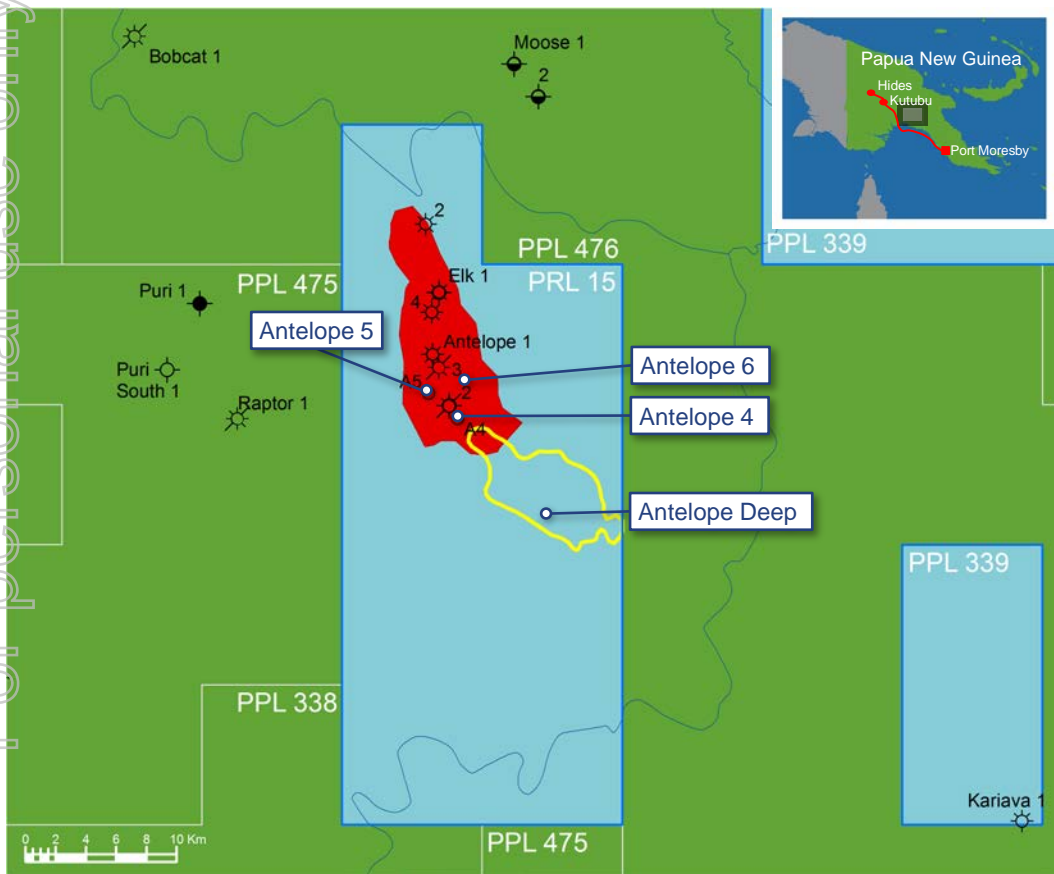
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- » ExxonMobil PNG Limited (as operator of PNG LNG and PRL 3) and PNG Government signed MoU in January 2015:
 - P'nyang to provide long-term gas resources to support domestic power and potential PNG LNG Project expansion
 - Commitment made for additional P'nyang appraisal drilling
 - Timetable set to reach FEED and FID milestones for expansion train
- » PDL application on P'nyang field submitted in February, award expected in early 2015
- » Preliminary interpretation of recently acquired seismic and core data has been positive. Subject to further appraisal drilling and technical studies, 2C contingent resource could increase.
- » Near term appraisal drilling will help further constrain 1C and 2C resource in P'nyang



PRL 15 appraisal and exploration



» Arbitration outcome:

- Complex, non-unanimous decision
- Finalising joint venture management issues
- Total appointed project operator

» Antelope 4 spudded in September:

- Located 1 km south of Antelope 2
- Testing southern part of structure
- Drilling delayed due to rig issues

» Antelope 5 spudded in December:

- Located 1.8km west of Antelope 2
- Testing western extent of structure
- Provisional top reservoir ~50m high to OSH prognosis

» Probable Antelope 6 well, located in eastern part of field, to be drilled following 4 and 5 (subject to JV approval)

» Preparations underway for exploration well on Antelope Deep prospect (subject to JV approval)

» 2015 focus complete resource evaluation, select development concept and move into pre-FEED



OSH role in future LNG developments

- » Unique opportunity over next 12 months to drive optimal development plan, through promoting cooperation agenda:
 - Extensive equity interests spanning sources of expansion gas
 - Alignment with PNG Government
- » Leverage OSH's local knowledge and PNG LNG experience through role in upstream development:
 - OSH operates Associated Gas Fields, which contribute ~20% of PNG LNG Project gas as well as liquids export system
 - Successfully delivered key components of PNG LNG infrastructure
 - Key role supporting PNG LNG operator in Government and landowner negotiations
- » Extensive exploration portfolio may supply additional trains or extend plateau



Image courtesy ExxonMobil

Contributing to long-term sustainability in PNG



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Government cash flows impacted by oil price fall

However, landowners and community expectations have not changed

Partnership between State and private sector vitally important, to ensure benefits are delivered

Focus areas:

- Provision of competitively priced, reliable power through recent MoU
 - Port Moresby
 - Highlands
 - Potential further power involvement by OSH:
 - Ramu Grid
 - Small scale LNG for resource projects and remote communities
 - Partnerships on infrastructure development (eg tax credit scheme)
 - Partnerships on health programmes (Health Foundation)
 - Capacity development
- » Operating and political stability essential for long-term sustainability





Summary

- » PNG well situated to significantly expand LNG industry over next 5-7 years
- » Successful delivery of PNG LNG demonstrates major capital projects can be completed in country
 - Excellent resource base
 - Well supported by customers and financiers
 - Strong Government and community support
- » Significant gas resource potential remains in PNG
 - Discovered resources likely sufficient for two further trains, three trains with appraisal success
 - Critical appraisal drilling underway
- » Potential to more than double production by 2021
- » Project coordination critical factor to enhance value delivery

