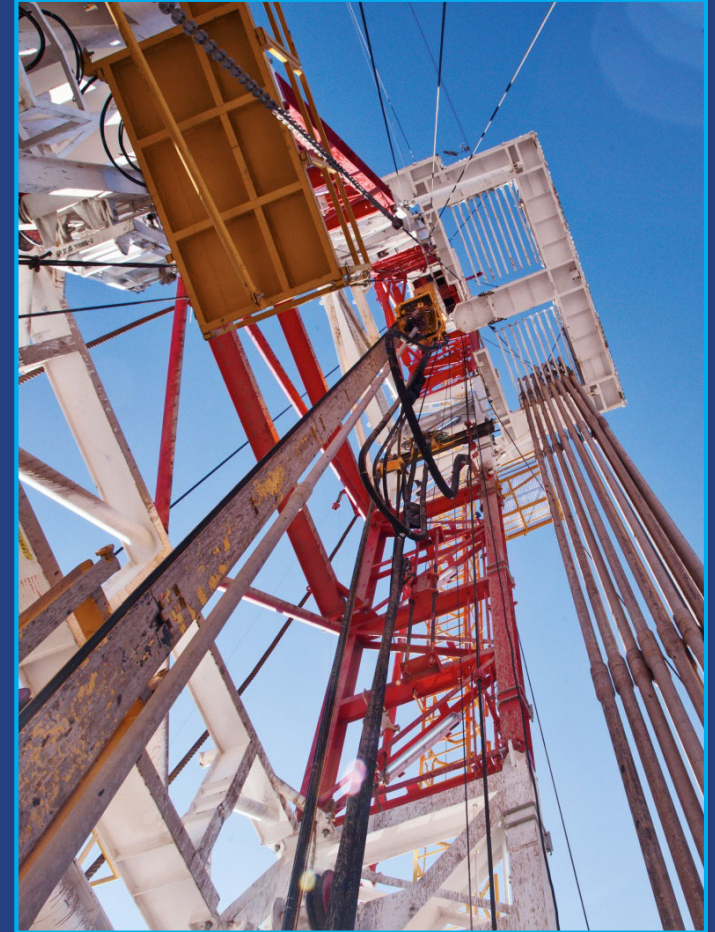


Macquarie US Roadshow

September 2015



Oil Search



Oil Search Limited
ARBN 055 079 868

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

www.oilsearch.com

Oil Search Profile



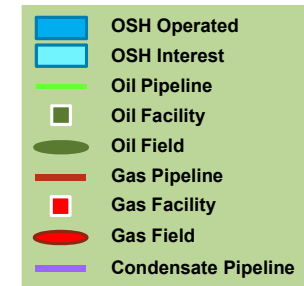
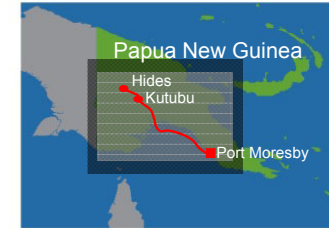
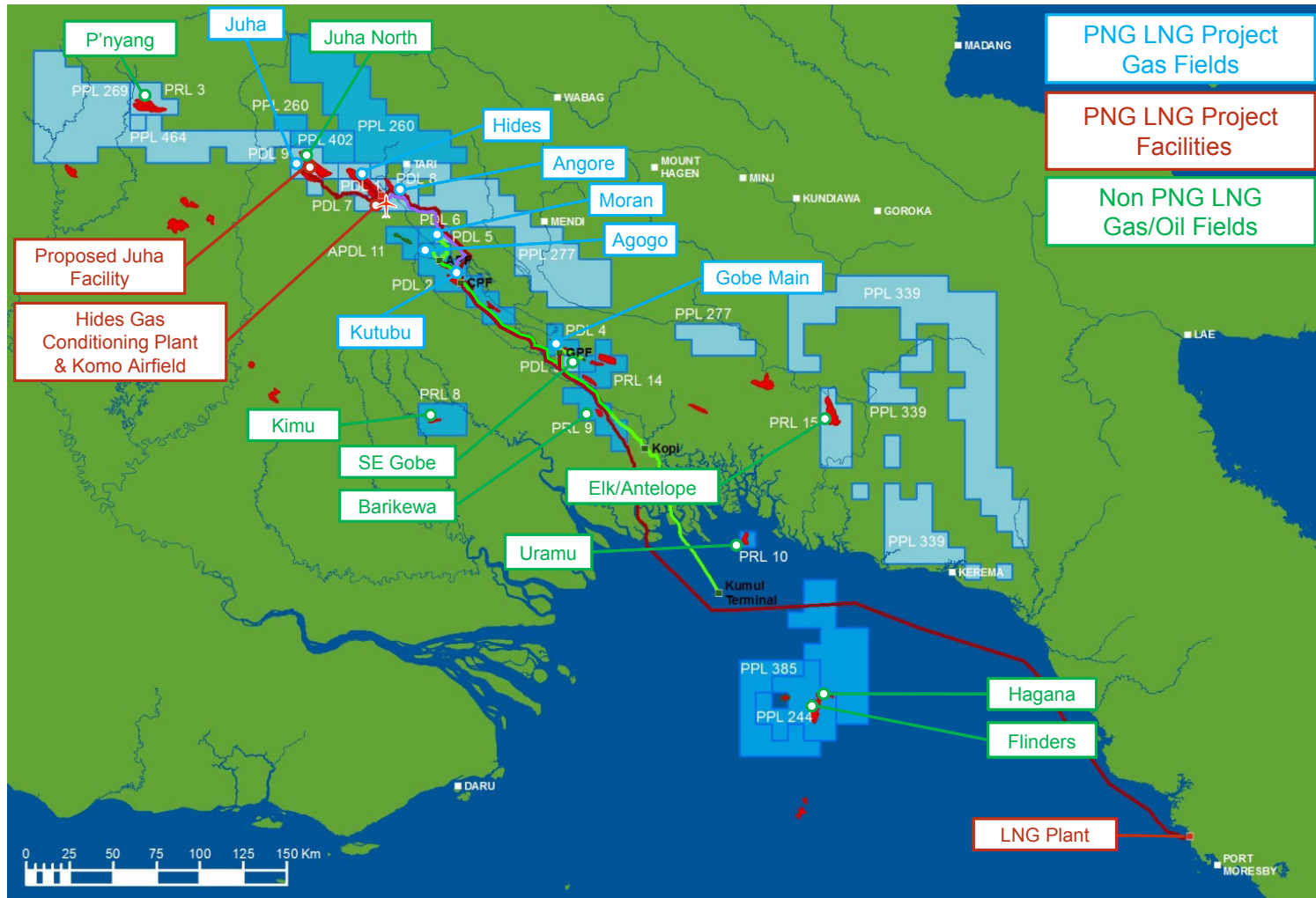
Oil Search



- » Established in Papua New Guinea (PNG) in 1929
- » 29% interest in world class PNG LNG Project, operated by ExxonMobil, and ~60% interest in all PNG's producing oil fields, operated by OSH
- » Pursuing two major LNG growth opportunities – potential PNG LNG expansion and Papua LNG Project. Both among most competitive LNG projects globally
- » Material gas exploration upside in PNG
- » Oil exploration interests in Middle East/North Africa
- » Market capitalisation ~A\$10bn (~US\$7bn)
- » Listed on ASX (Share Code: OSH) and POMSOX, plus US ADR programme (Share Code: OISHY)



Oil Search licence interests, PNG



2015 Half Year Highlights

	1H15	1H14	
Production (mmboe)	14.3	5.4	↑
Net profit after tax (US\$m)	227.5	152.5	↑
Operating cash flow (US\$m)	516.8	255.4	↑
Earnings per share (US cents)	14.9	10.6	↑
Interim dividend (US cents)	6.0	2.0	↓
Net debt (US\$m)	3,443	3,766	↑
Liquidity (US\$m)	1,593	1,068	

- » Net profit up 49% to US\$227.5 million, driven by near tripling of production
- » Operating cash flow more than double 1H14
- » Interim ordinary dividend tripled, from 2 US cents to 6 US cents, 40% payout ratio on 1H15 core profit
- » Strong balance sheet and liquidity position
- » Good progress on gas commercialisation activities in PNG, with potential PNG LNG expansion and Papua LNG Project among most competitive new LNG projects globally
- » Business Optimisation Programme in progress:
 - OSH well placed, given strong cash flows from quality assets, cash operating margin of 75%, balance sheet strength but BOP an opportunity to recalibrate cost structure, drive further efficiencies, 'right size' organisation and improve production

PNG LNG Project – producing consistently above nameplate capacity



- » 52 LNG cargoes exported in 1H15, >120 cargoes loaded to date since Project start-up in 2014
- » Annualised production in 1H15 of ~7.1 MTPA, compared to nameplate capacity of 6.9 MTPA:
 - Supported by strong upstream deliverability (including OSH-operated gas supply) and LNG plant reliability
- » Project has established excellent reputation as a reliable gas supplier
- » Current focus is on production optimisation / debottlenecking:
 - Already delivering substantial incremental value, with further upside potential
- » Final components of foundation development (Angore drilling, tie-in of Hides F1) expected to be completed in 2015



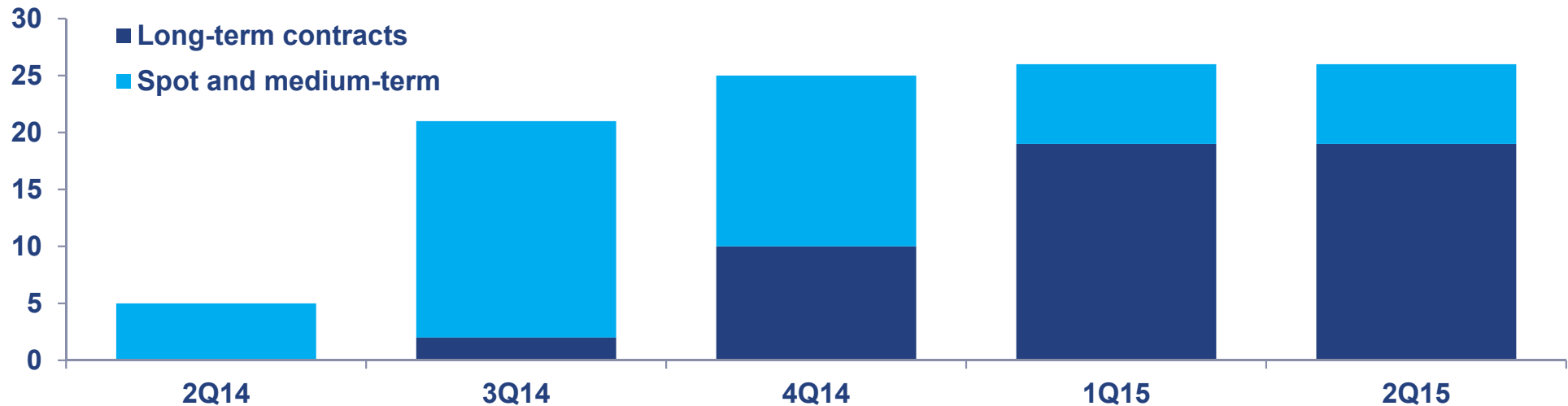
Solid demand for PNG LNG spot cargoes



Oil Search

- » Full contractual volumes being taken, with ramp-up underway to plateau of 6.6 MTPA in 2Q16
- » Good demand for spot volumes, >85% of spot cargoes have been sold to contract customers
- » PNG LNG product well received by market, reflecting:
 - High heating value gas – well suited to Asian reticulation network
 - Proximity to Asian LNG markets
 - Diversification source

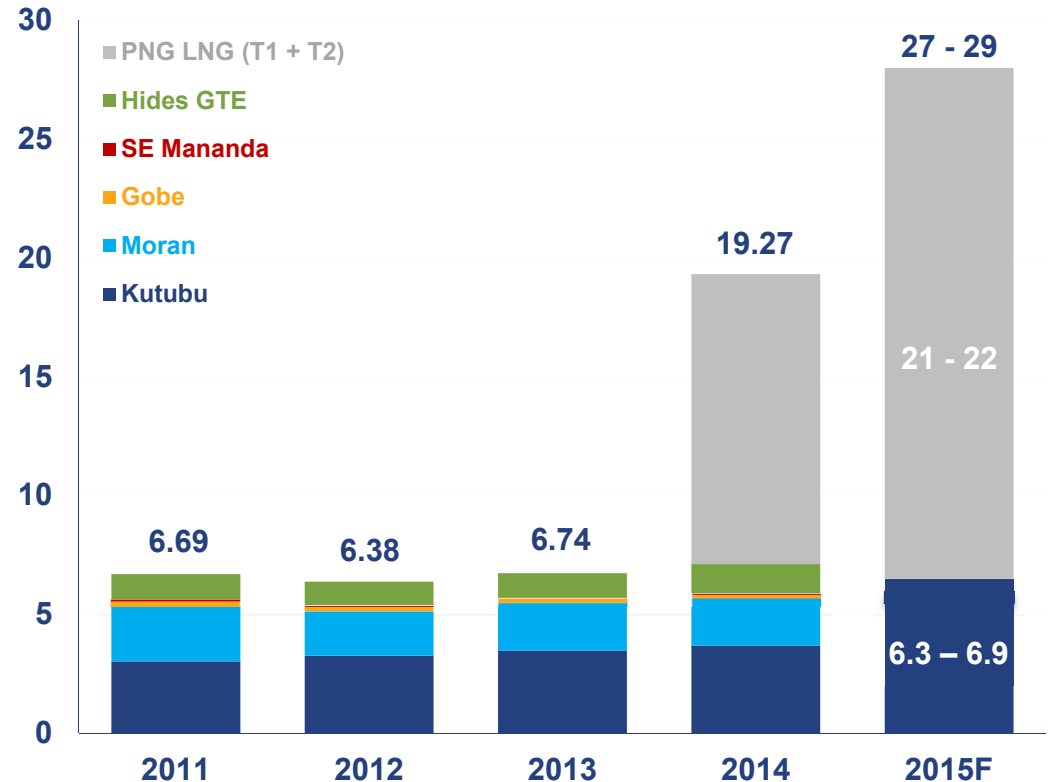
LNG cargoes sold since PNG LNG start-up



2015 Production Outlook

- » 2015 production guidance increased to 27 – 29 mmboe, comprising:
 - 6.3 – 6.9 mmboe from operated oil fields and Hides GTE*
 - 21 – 22 mmboe from PNG LNG Project
- » 2H15 focus items :
 - Ongoing oil production optimisation initiatives, with focus on process safety, reliability and well integrity
 - Continued delivery of Kutubu, Gobe Main and SE Gobe (third-party) gas to PNG LNG Project, operation of liquids export system via Kumul Marine Terminal
 - Support operator in maximising PNG LNG production opportunities through optimisation / debottlenecking

Net Production (mmboe)



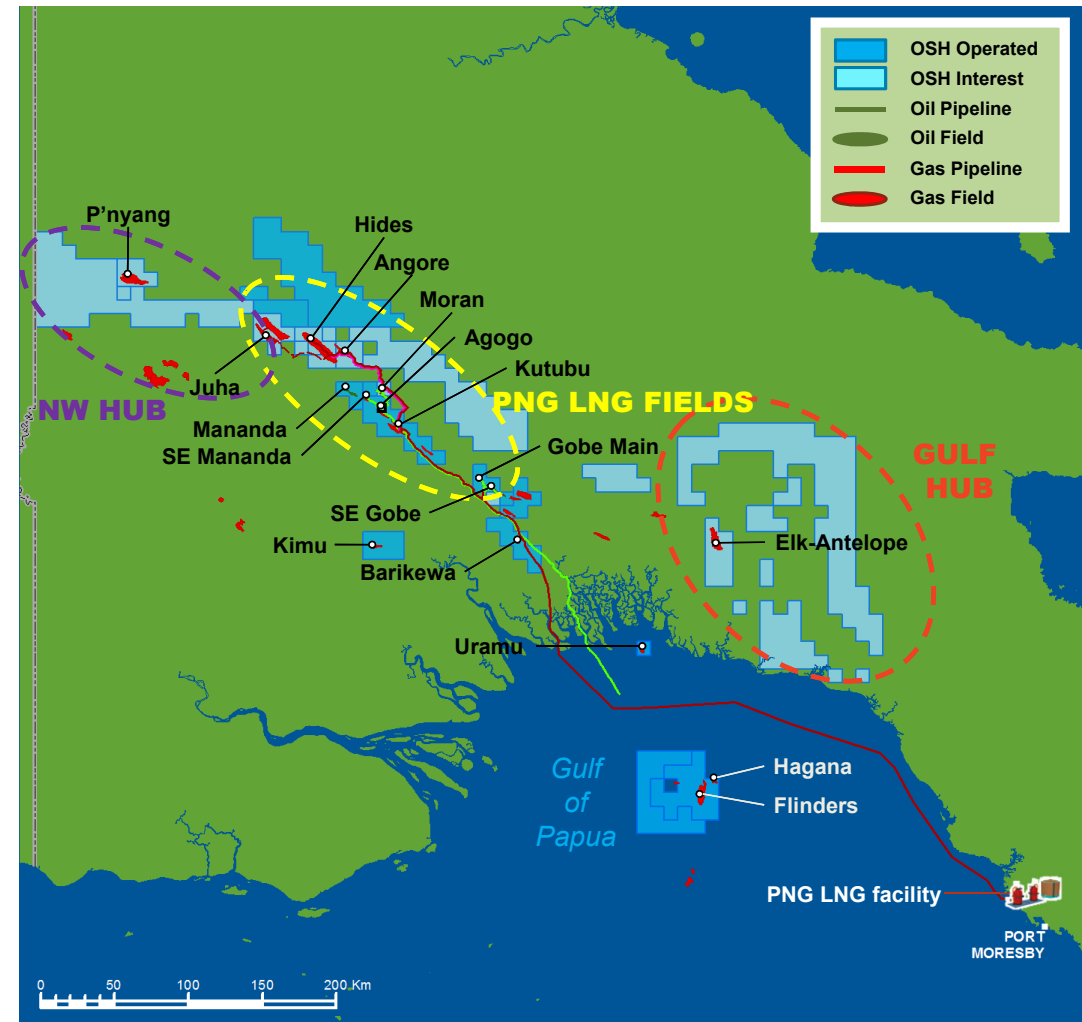
1 LNG sales products at outlet of plant, post fuel, flare and shrinkage
 2 Oil forecast assumes successful development drilling in 2015
 3 Gas:oil conversion rate used in 2014 & 2015: 5,100 scf = 1 barrel of oil equivalent (prior years 6,000 scf/boe)

* Includes SE Gobe gas sales



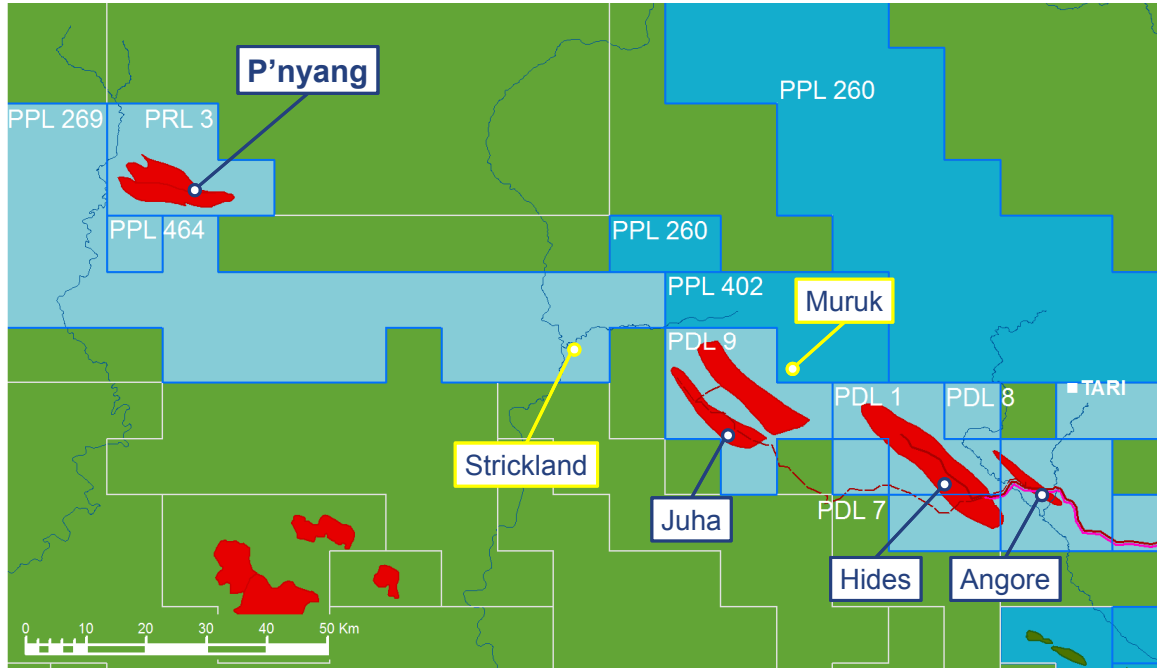
Next phase of LNG development in PNG

- » OSH holds material positions in NW Hub (P'nyang field) and Gulf Hub (Elk-Antelope field), likely sources of gas for next phase of development
- » Both PNG LNG expansion and Papua LNG Project in lowest quartile for costs globally and remain economically attractive
- » Delivery of near term trains is common objective for industry, Government and communities
- » OSH well positioned to play key role to ensure optimum development
- » Multiple exploration opportunities remain to supply further gas





NW Hub: PNG LNG expansion and domestic power

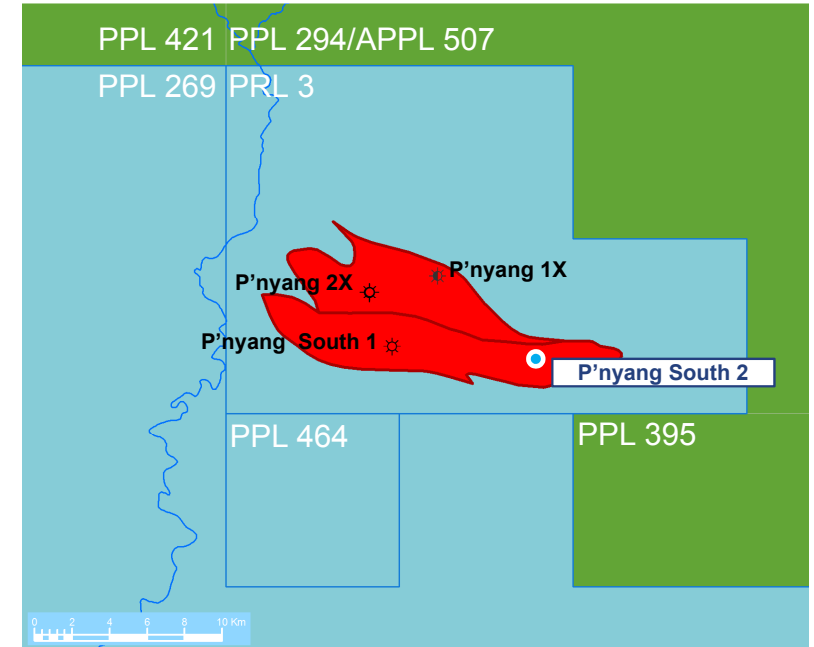
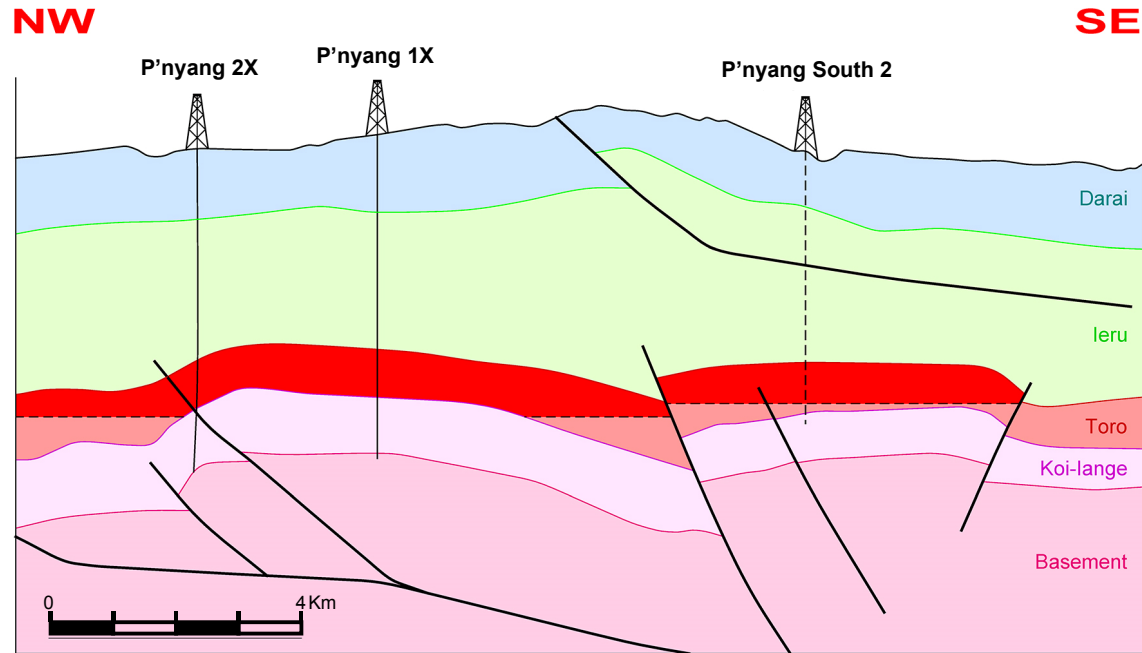


PRL 3	WI %
ExxonMobil affiliates (operator Esso PNG P'nyang Ltd)	49.0
Oil Search	38.5
JX Nippon	12.5

- » MoU signed by ExxonMobil PNG Limited (as operator of PNG LNG and PRL 3) and PNG Government in January 2015
- » MoU sets schedule to develop P'nyang gas field, to underpin:
 - PNG LNG Project expansion (high value debottlenecking and potential third LNG train)
 - Delivery of domestic power to PNG
- » PDL application under review from Government
- » Commencement of delivery of up to 25MW of interruptible electricity from PNG LNG plant to PNG Power in Port Moresby in July supported Pacific Games and satisfied key commitment of MoU
- » PNG LNG expansion identified by ExxonMobil as “very well positioned to compete” globally*
 - Supported by successful delivery and performance of foundation Project, competitive cost structure, stable and transparent fiscal terms

* ExxonMobil 2Q 2015 earnings conference call

P'nyang South 2 appraisal well to further constrain 1C and 2C resource



» Preparatory work underway for P'nyang South 2 appraisal well:

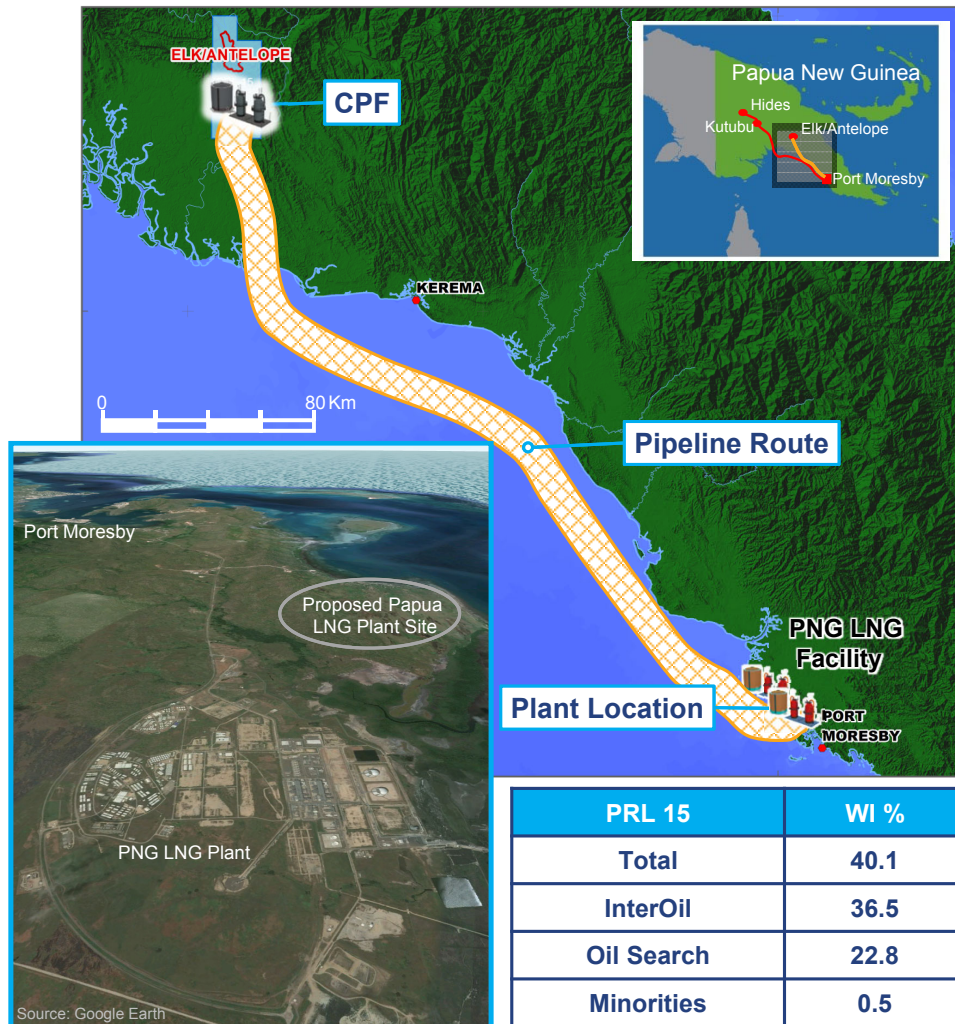
- Location in SE of structure agreed by PRL 3 JV
- Assuming successful appraisal, OSH expects material increase in current OSH 1C and 2C resources
- To be drilled 1H 2016, using OSH's Rig 103 (following completion of PRL 15 appraisal programme)

» Once PDL awarded, P'nyang will be integrated into PNG LNG Foundation Project and included in subsequent redetermination process

Gulf Hub: Papua LNG Project facilities site locations agreed, operator transition to Total SA completed

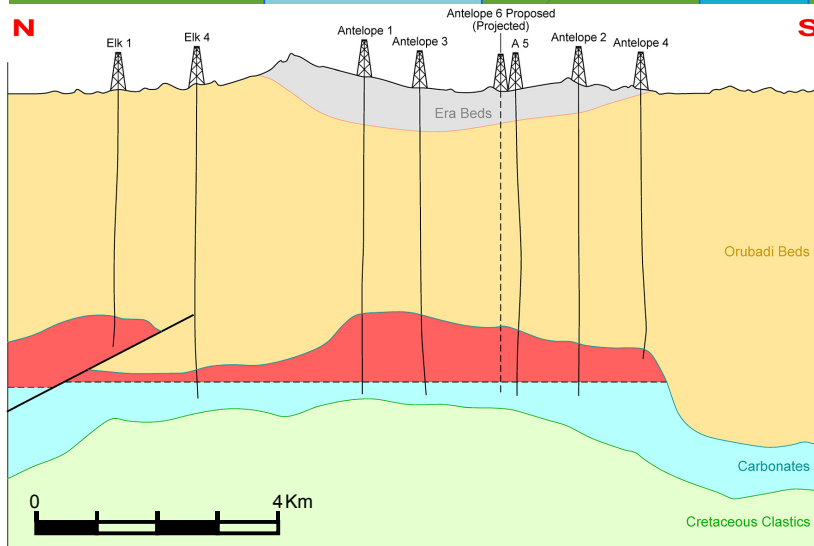
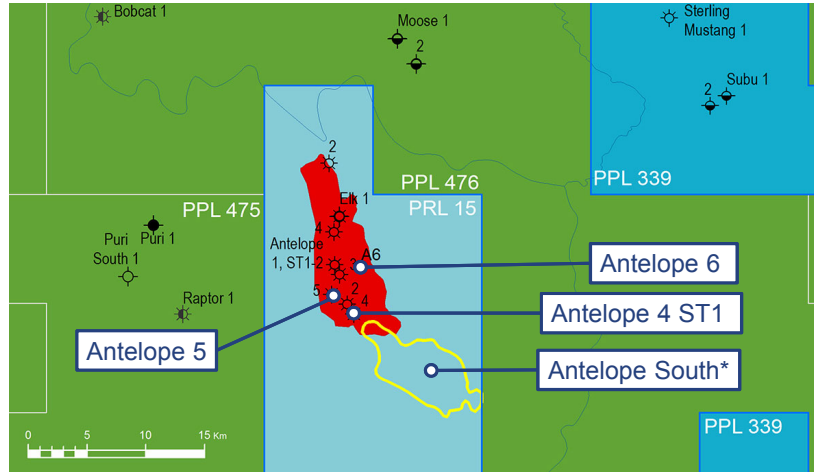


Oil Search



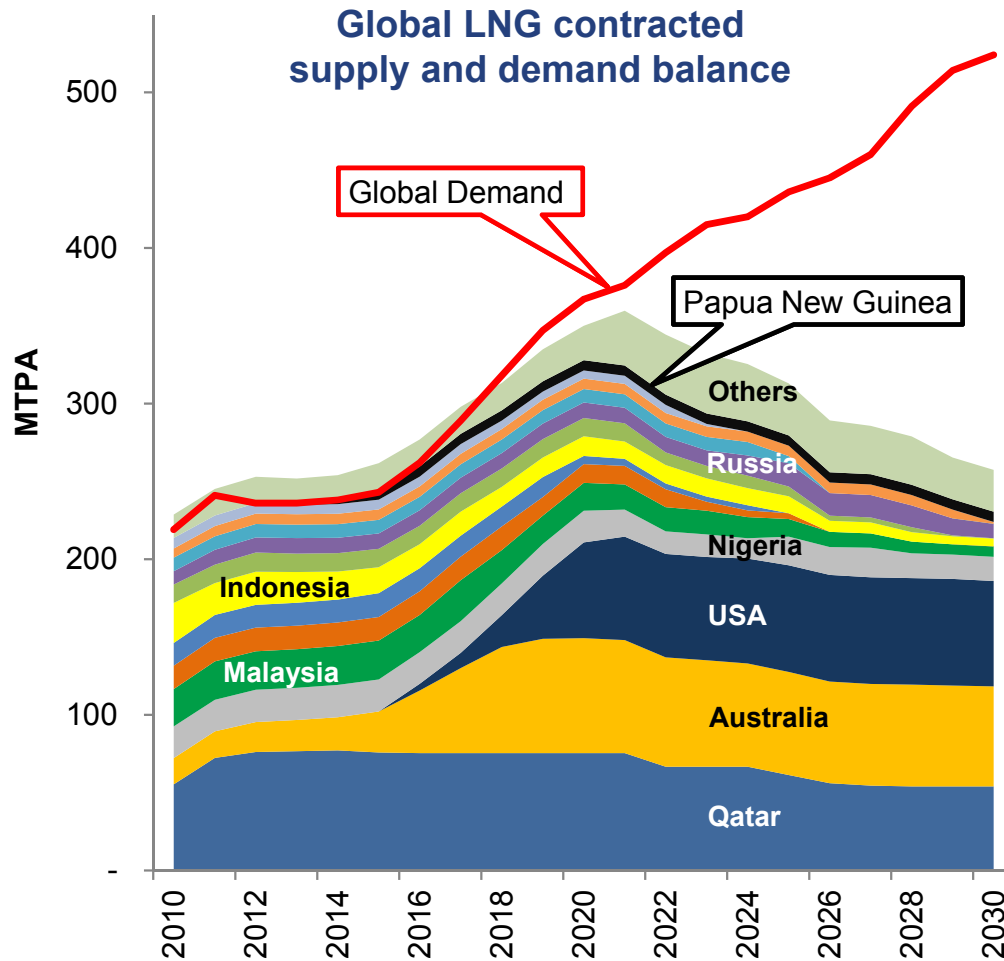
- » Potential second world-scale LNG development in PNG
- » Significant progress achieved in 1H15:
 - Locations of key infrastructure sites agreed by PRL 15 JV and supported by Government
 - Commencement of financing – financial, tax and legal advisors appointed
 - Transfer of operatorship to Total SA effective 1 August 2015. Total personnel progressively being mobilised to Port Moresby
- » Selection of final development concept after completion of appraisal programme and resource evaluation:
 - LNG plant location provides opportunity for capital savings
- » Entry to Basis of Design, including decision on one or two trains, in 1H16 followed by FEED in 2H16:
 - Potential for early works in 2017
- » Development can provide material benefits for Gulf communities

Elk-Antelope appraisal programme to be completed 2H15, certification 2Q16

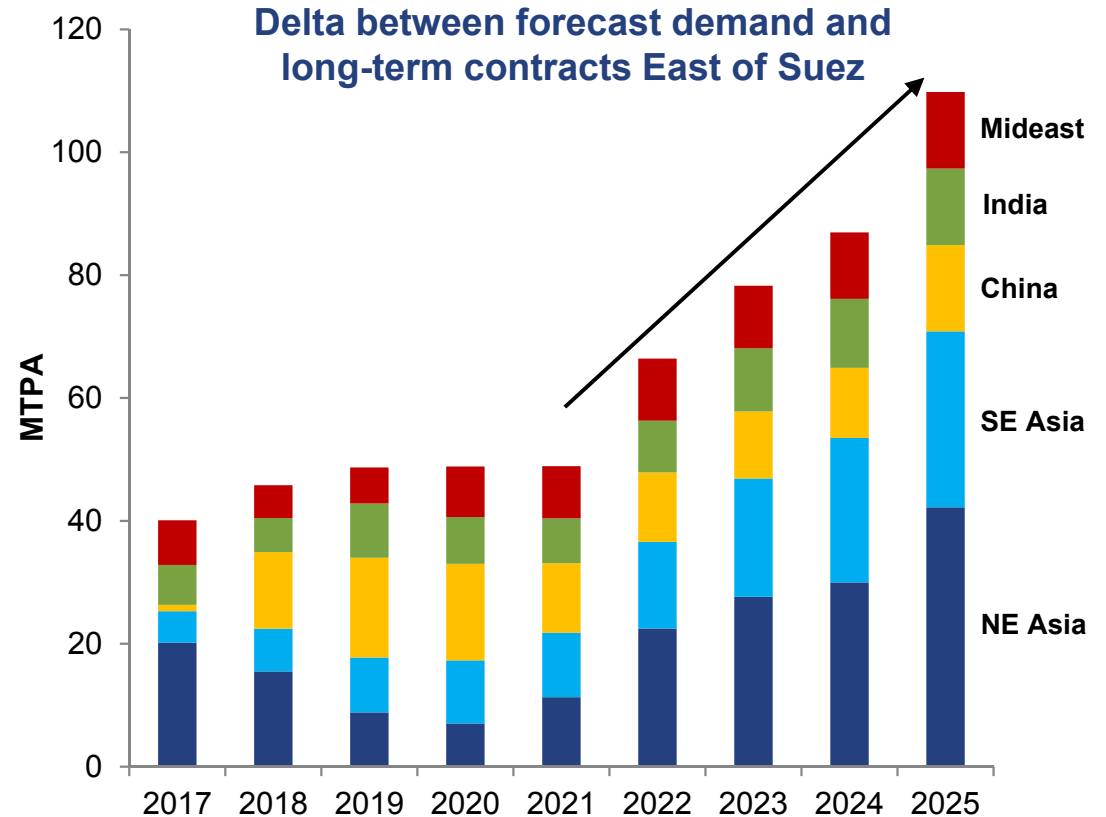


- » Results of appraisal programme to date have been at upper end of OSH's expectations:
 - Antelope 4 extended good quality reservoir to south
 - Antelope 5 testing confirmed substantial resource base, excellent reservoir quality and deliverability and pressure communication between A5 and A1
- » 2H15 appraisal programme:
 - Antelope 4 ST1 sidetrack recently spudded using OSH Rig 103
 - Antelope 6 site preparation on eastern flank well advanced, expected to spud 4Q15, complete by December 2015
 - Interference testing planned once Antelope 4 ST1 drilled
- » Elk-Antelope field has sufficient resources to underpin one 5 MTPA LNG train (basis for entry into PRL 15) with ~5 tcf 2P, or depending on outcome of appraisal, potentially two PNG LNG-sized trains requiring >7 tcf 2P
- » Resource base >7 tcf would deliver higher returning LNG project (PNG LNG “look-alike”) and trigger certification payments (US\$0.775/mcf for volumes >7 tcf based on average of two certifiers – Gaffney Cline and NSAI)
 - OSH certification process due for completion mid 2Q16

Window for uncontracted LNG demand expected to re-emerge early next decade



Source: Wood Mackenzie, Q2 2015



Source: Wood Mackenzie, Q2 2015

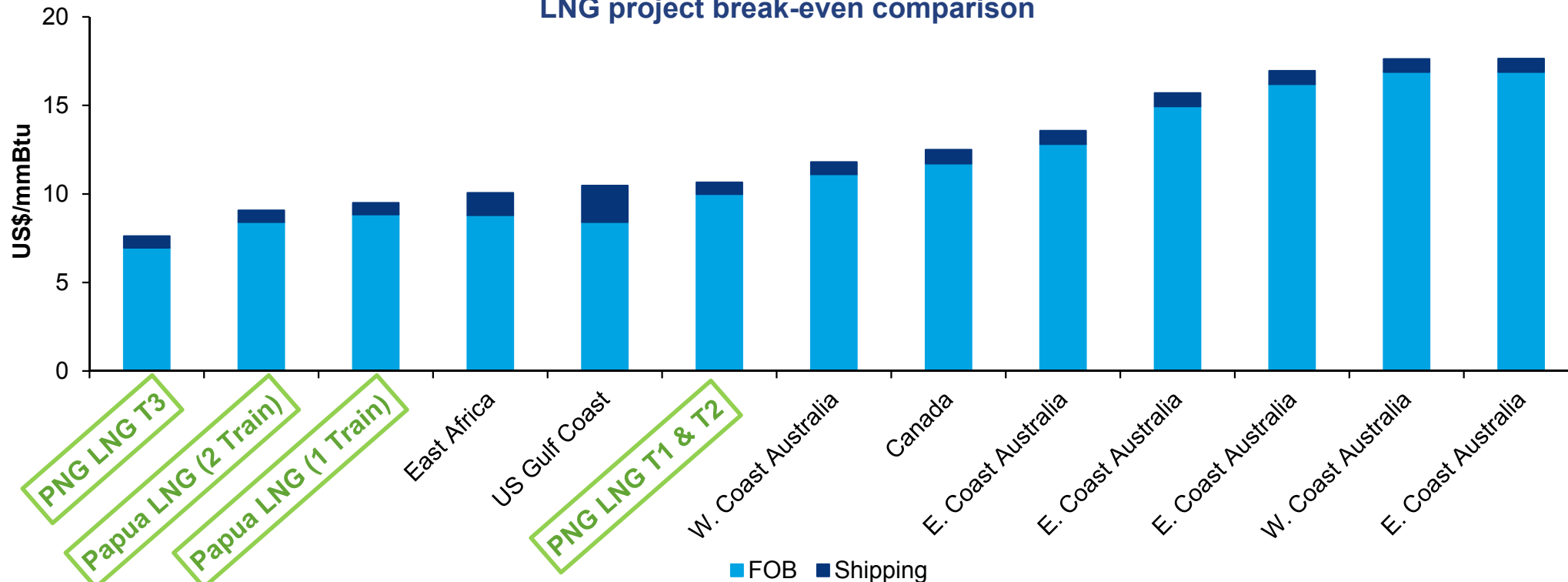
- » Window opening aligns with timeframes for potential PNG LNG T3 and Papua LNG
- » Both projects aimed at high quality Asian customers

LNG projects from PNG competitive versus Australian and global alternatives (WoodMac)



Oil Search

LNG project break-even comparison



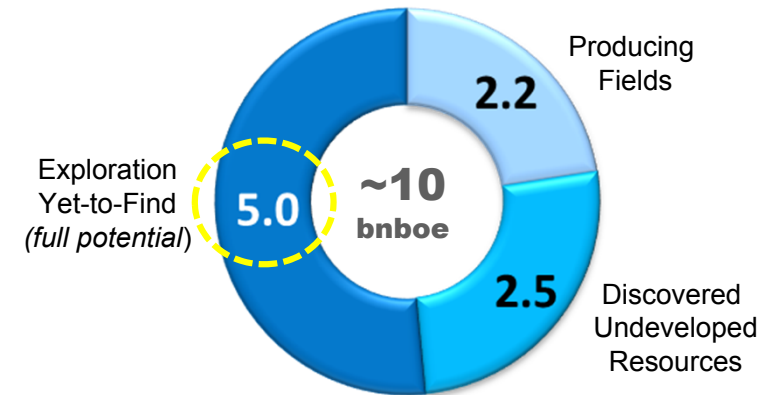
Source: Wood Mackenzie, full-life breakeven, 12% discount rate, Shipping costs are to Japan

- » PNG LNG well placed compared to recently commissioned Australian projects
- » Debottlenecking at PNG LNG offers opportunity to further improve economics
- » Potential Train 3 at PNG LNG and Papua LNG 1 or 2 train options highly competitive with global LNG project alternatives

Oil Search exploration: Revitalising acreage and drilling programmes

- » OSH estimates Yet-to-Find potential of >5 bnboe in PNG
- » Focus on building PNG acreage to support:
 - LNG expansion and potential additional trains
 - High-graded conventional oil
 - Potential new ‘game changer’ plays
- » Systematic appraisal and exploration planned, subject to oil price/available cash flow:
 - OSH’s 2H15-16 programme targeting ~6 - 7 tcf^{1,2} gas (mean prospective volumes*)
 - ~4 - 5 tcf³ in NW Foldbelt
 - ~2 tcf⁴ in Gulf/Aure Foldbelt
 - Appraisal of existing discoveries and exploration in Forelands/Gulf
- » Programme focused on wells with clear commercialisation options
- » Review of costs and technology to drive costs down:
 - Fit for purpose rigs and well-defined scopes
 - Reduced 3rd party contractor costs and services

Potential PNG resource base*



YTF = USGS P50 & IHS Estimates
YTF includes all prospective resource estimates in all PNG sedimentary basins

The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

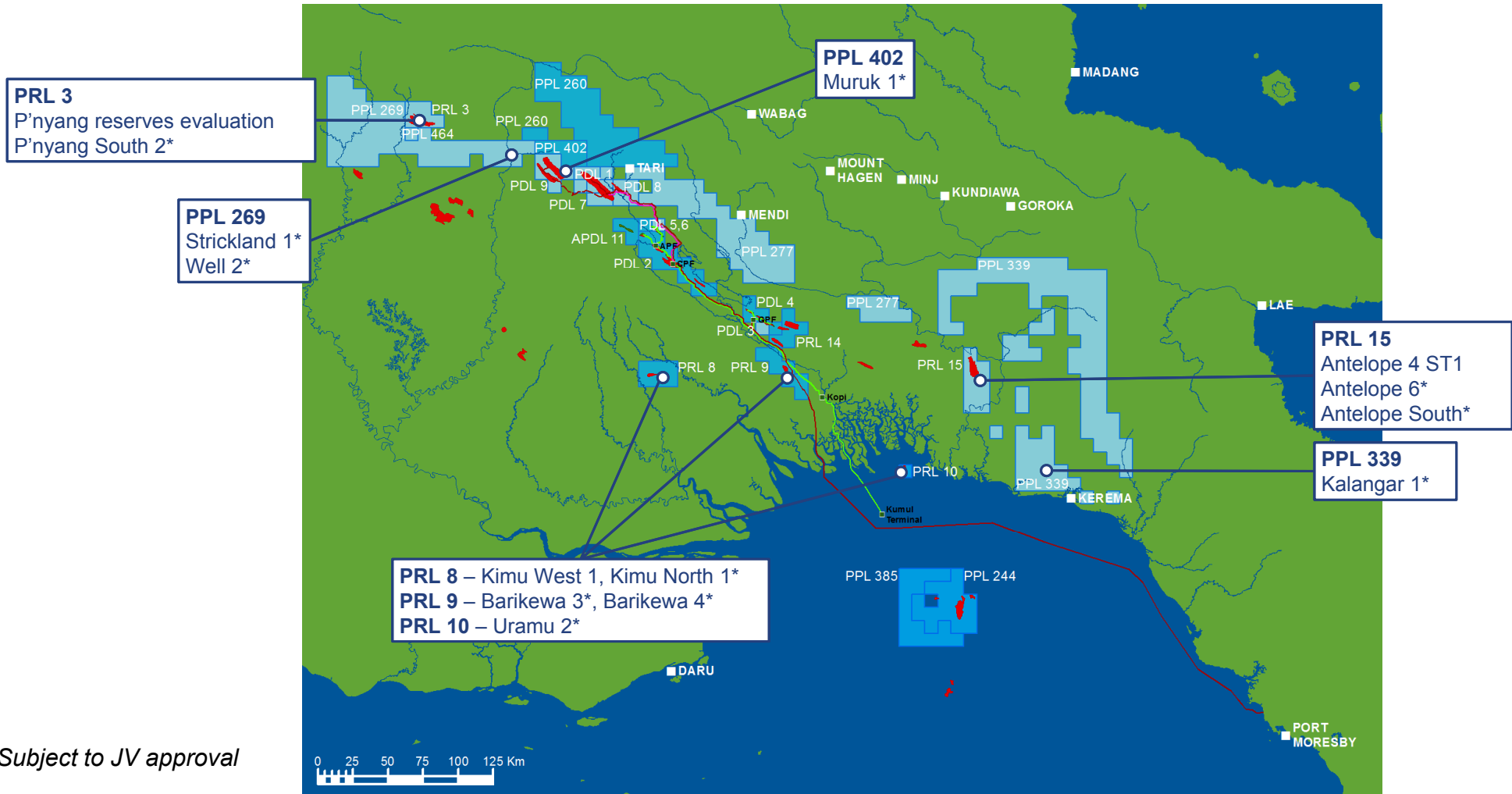
* Mean gross prospective volumes. OSH 2015 internal analysis.

1. P50/best estimate equivalent is ~4 - 4.5 tcf. All estimates are unrisksed.
2. Excludes P'nyang and Elk-Antelope appraisal
3. P50/best estimate equivalent is ~3.2 - 3.7 tcf. All estimates are unrisksed.
4. P50/best estimate equivalent is ~1 tcf. All estimates are unrisksed.

Active 2H15/16 PNG exploration/appraisal programme proposed



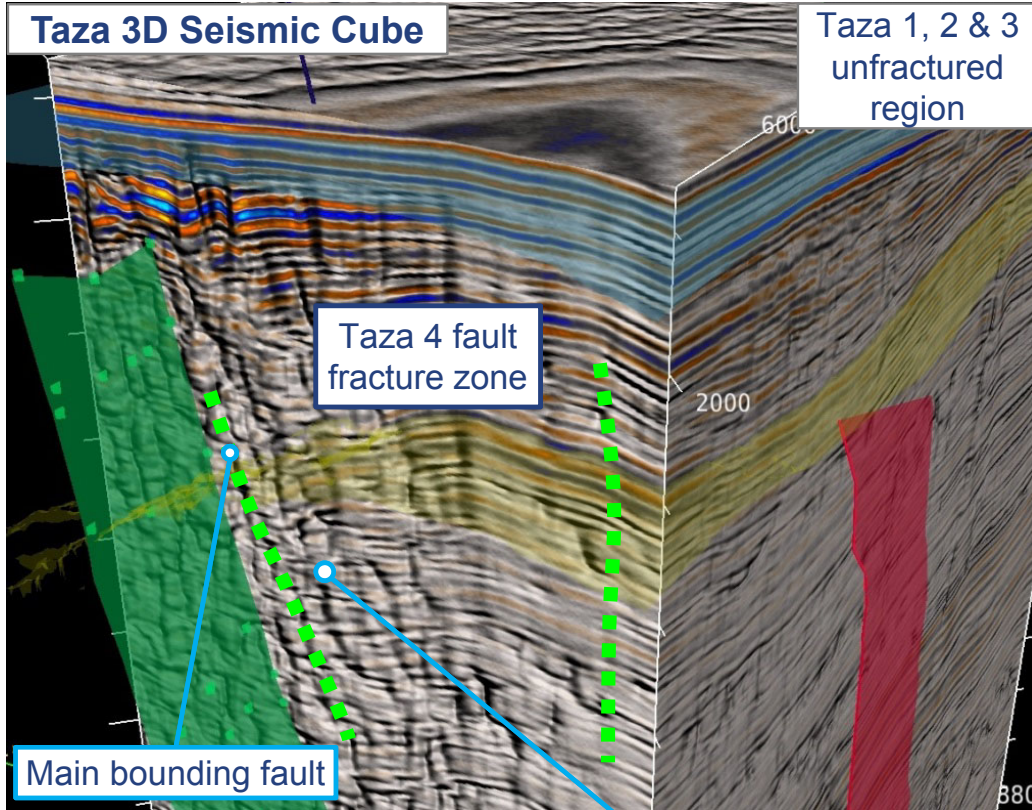
Oil Search



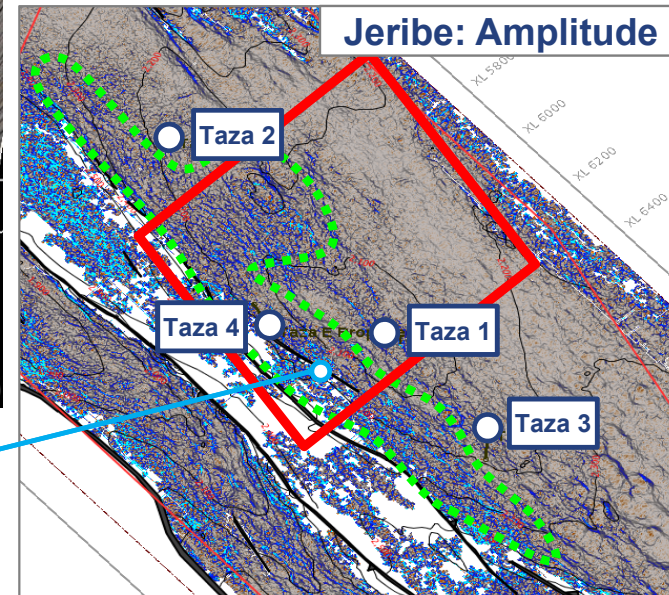
* Subject to JV approval



Measured appraisal of Taza in Kurdistan



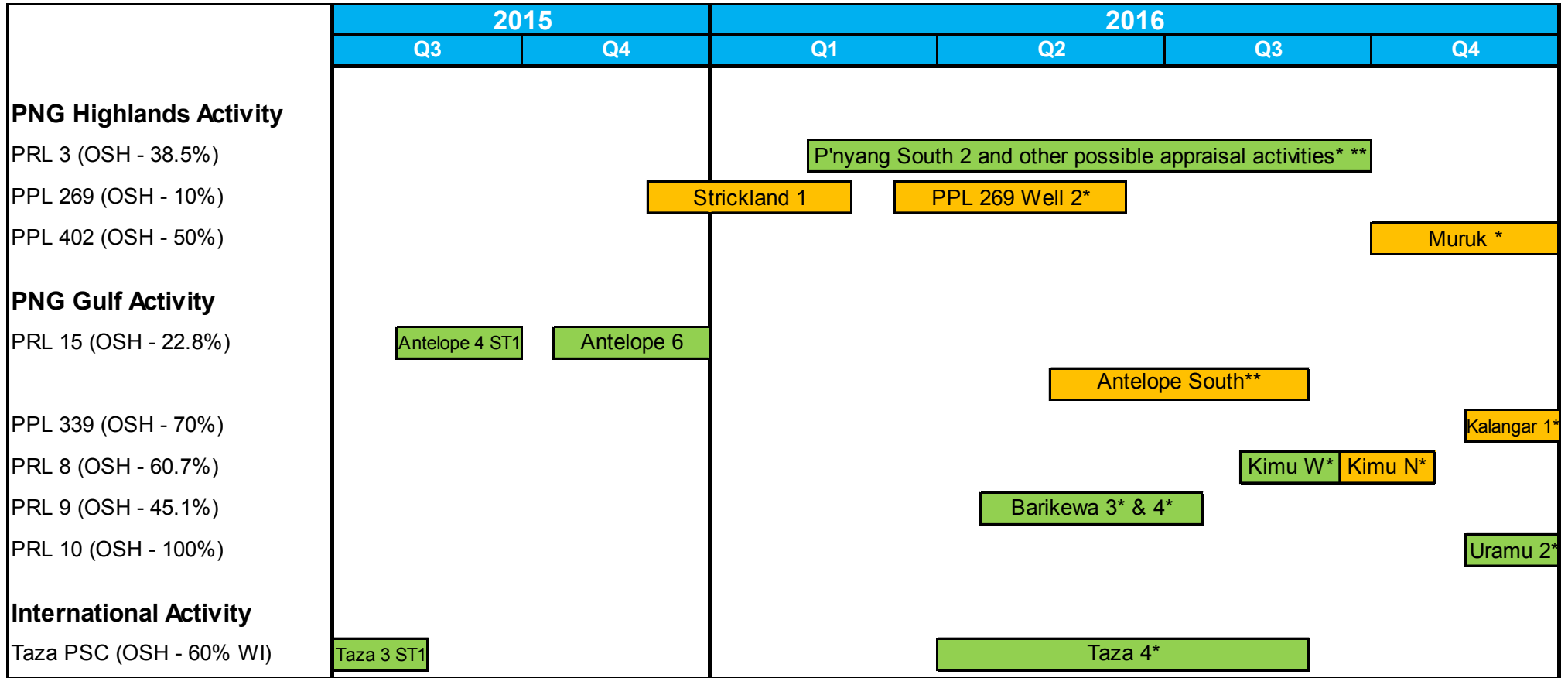
- » Three wells and 680km² 3D seismic survey completed
- » Currently evaluating field size and economics based on well and seismic results
 - Taza 2 – recovered low flow rates on testing
 - Taza 3 – recovered low flow rates on testing
 - 3D data indicates Taza 4 location in major fracture zone
- » Taza 4 timing likely 2016



2H15/16 Exploration and Appraisal Programme



Oil Search



Appraisal/development

Exploration

* Subject to JV and/or government approvals

** Timing dependent on rig availability

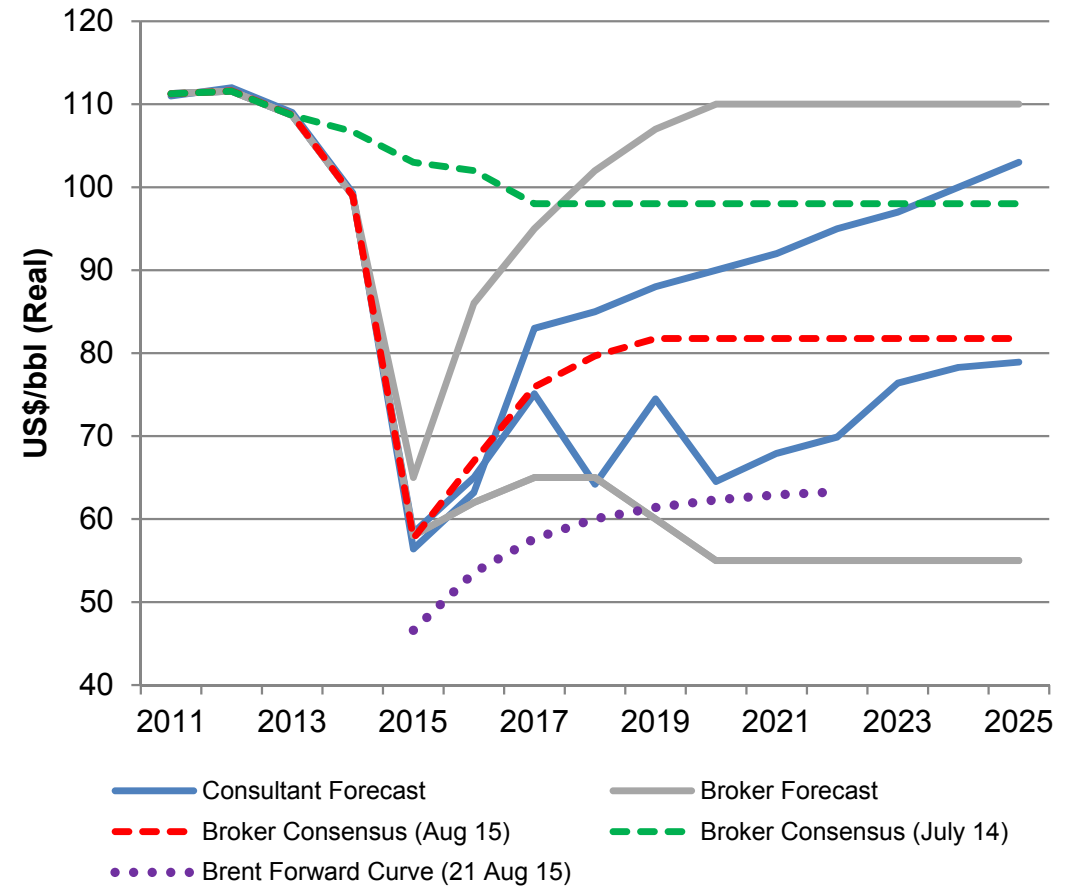
Schedule subject to change



Business environment outlook

- » Oil market appears oversupplied into 2016, inventories remain at record levels
- » Falling oil prices impacting LNG prices and markets
- » 'Lower for longer' pervasive in management thinking
- » Global industry reaction:
 - Reviewing project economics, marginal projects stalled
 - Reviewing investment spend, discretionary spend reduced
 - Contractors asked to share the pain
 - Equity funding hard to obtain, high level of uncertainty about when oil/gas pricing will settle
- » **OSH remains well positioned**
 - Strong production, with PNG LNG outperforming and further potential upside from our top quartile, high margin fields
 - Solid balance sheet and liquidity
 - Strong cash flow generation
 - Significantly reduced capital expenditure obligations
 - Two globally competitive LNG growth projects in lowest quartile for costs
 - Business Optimisation underway

Brent Oil Price Forecasts to 2025



Source: FACTS Global Energy, Wood Mackenzie, Various Brokers, OSH analysis



Business Optimisation – Key focus areas

- » Refocus organisation on core strategic priorities and value creation
- » Ensure we make best use of resources, including our people, to deliver priority projects
- » Take advantage of current business climate to reset cost base and negotiate lower supplier costs
- » Improve production and operational efficiencies
- » Identify where processes can be improved/streamlined, operating costs reduced and efficiency improved, without compromising safety performance
- » Progress OSH's localisation and diversity targets, including increased commitment to staff skills development
- » Position OSH for growth, including review of potential asset acquisitions where they fit strategic objectives and can be acquired at the right price





Summary of expected outcomes

OSH-controlled spend reduced

- » Targeting US\$17 - 23m net reduction in annual operating costs from 2016 onwards*. Equivalent to US\$2.50-3.50/boe on operated costs (US\$16/boe in 1H15) or ~US\$0.70-0.80/boe incl LNG
- » Unit rate reduction of 10 – 25% already achieved from major suppliers, further opportunities being pursued

Production enhancements

- » Improved planning and reduced unplanned downtime
- » Targeting to add 5% to current forecasts for high value operated production, from 2016/17 onwards

Growth focus retained

- » Capital management priorities reaffirmed
- » Capital being managed to ensure sufficient funding available for LNG growth
- » Focus on exploration in PNG to drive long term growth

One-off P&L restructuring costs

- » Approximately US\$10m in 2015
- » Included in existing cost guidance

- » Initiatives will ensure that OSH has the right people in the right places and appropriate cost structure in lower oil and gas price environment
- » Will allow OSH to continue to deliver superior returns to shareholders, in a socially responsible way

**Based on OSH-controllable costs only and excludes any cost reduction initiatives delivered by PNG LNG Project operator*

Key milestones*

2015

PNG LNG Project/Expansion

- » Continued operation above nameplate capacity of 6.9 MTPA
- » Award of PDL for P'nyang field and integration into PNG LNG Foundation Project

Papua LNG Project

- » Complete drilling of Antelope 4 ST1 and Antelope 6 appraisal wells

Exploration and Appraisal

- » Spud Strickland 1 (PPL 269)
- » Complete testing of Taza 3 ST1

2016

PNG LNG Project/Expansion

- » Drill P'nyang South 2
- » Target FEED entry for T3

Papua LNG Project

- » Resource certification of Elk-Antelope field
- » Selection of final development concept
- » Enter Basis of Design
- » Target FEED entry

Exploration and Appraisal

- » Drill Antelope South (PRL 15) and spud Kalangar (PPL 339)
- » Drill second PPL 269 well and Muruk well in PPL 402 in NW Highlands
- » Commence Forelands exploration/appraisal drilling
- » Drill Taza 4

2017

PNG LNG Project/Expansion

- » Resource certification of P'nyang and Hides
- » Redetermination of PNG LNG equities
- » Target FID for expansion train by year end

Papua LNG Project

- » Ongoing FEED activities
- » Possible early works

Exploration and Appraisal

- » Programme being defined

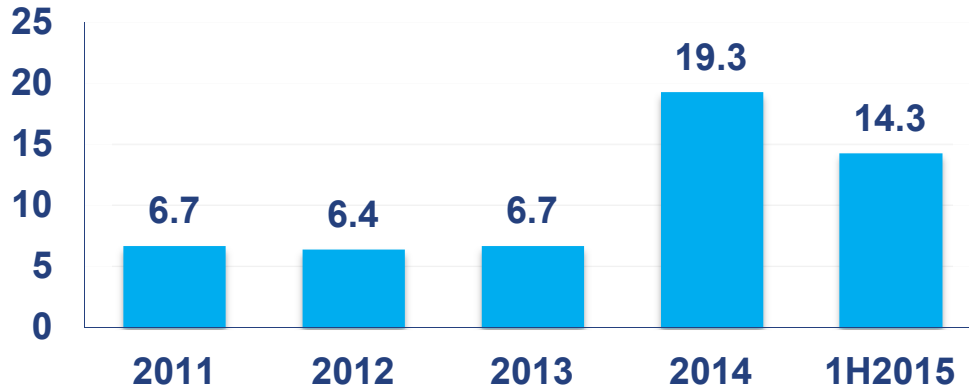
* Timing contingent on Government and Joint Venture approvals and subject to change

- » Strong production, with excellent performance from PNG LNG Project and steady output from operated PNG fields:
 - PNG LNG performing above nameplate capacity with further upside – potential to create material additional value
 - High margin barrels with strong cash flow
- » Business Optimisation Programme in progress:
 - Slimmer, fit for purpose organisation with recalibrated cost base
 - Enhanced production
 - Retain focus on attractive LNG growth projects with measured spend on other activities
 - Safety, nationalisation and PNG country stability initiatives remain a priority, including improving skills and focus
- » Results already being delivered:
 - Unit production costs reduced by 43% in 1H15, more to come
- » Steady progress on PNG LNG Project expansion and Papua LNG Project. Both globally competitive and remain commercially sound even in lower oil price environment
- » Revitalised exploration programme planned over next 18+ months, targeting material gas resources
- » Sound balance sheet, with liquidity being actively managed to fund growth

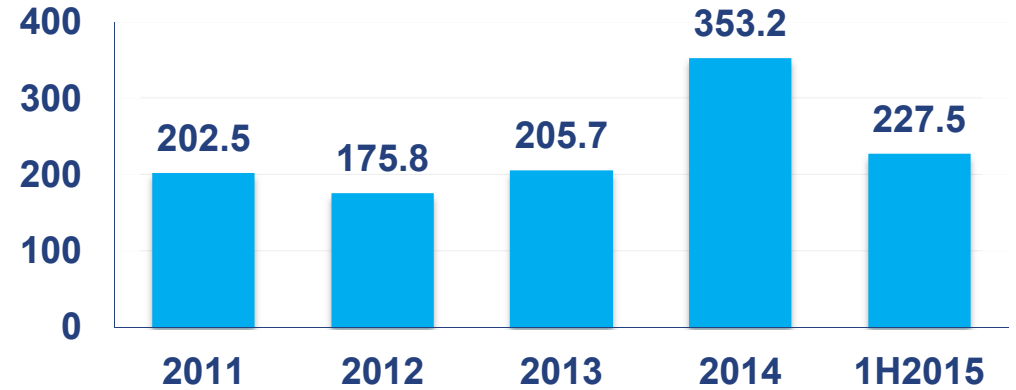


Appendix 1: Key metrics

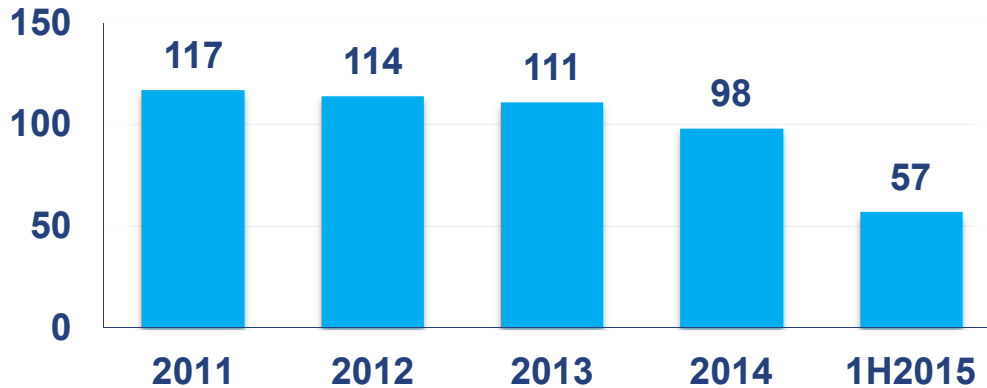
Production (mmboe)



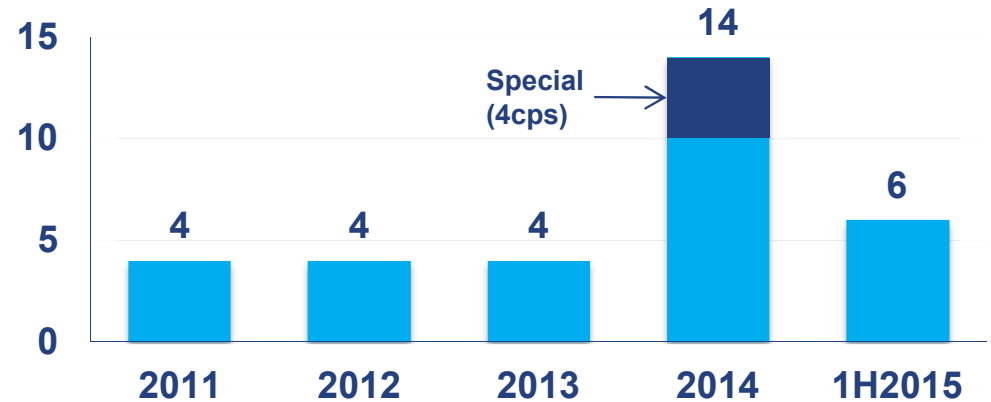
Net Profit After Tax (US\$m)



Oil Price (US\$/bbl)



DPS (US cents)

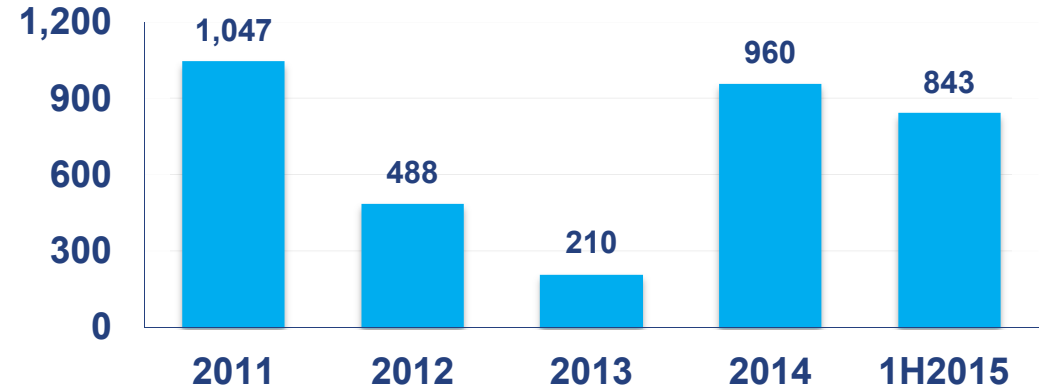




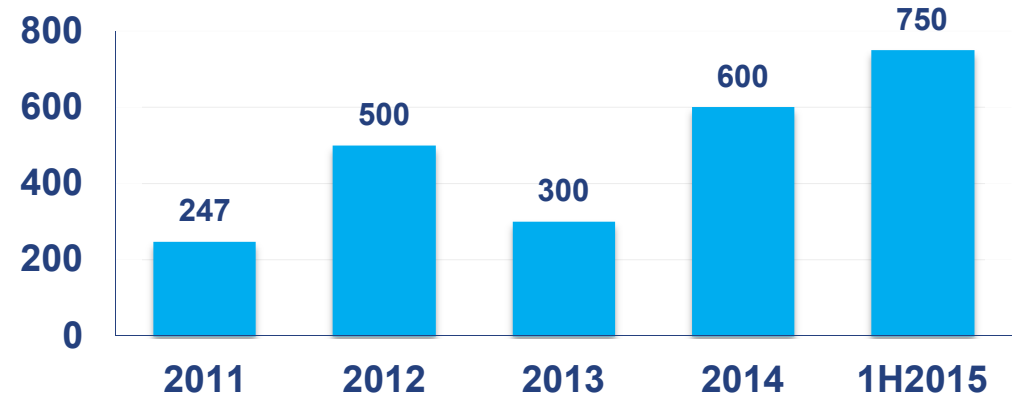
Appendix 2: Treasury Update (as at 30 June 2015)

- » Strong liquidity position of US\$1.59 bn:
 - US\$843m of cash (incl. US\$182m of PNG LNG escrowed cash)
 - US\$750m of undrawn revolving facilities
- » Total debt of US\$4.29bn, all related to OSH’s share of debt drawn under PNG LNG Project finance facility:
 - OSH guarantee to LNG lenders terminated at Financial Completion, debt now non-recourse
 - First principal repayment in June (US\$45.7m, net to OSH). Interest and principal to be paid semi-annually over next 11 years (mortgage-style repayment profile)
- » 2015 interim unfranked dividend of 6 US cents per share (unfranked). DRP remains suspended

Cash (US\$m)

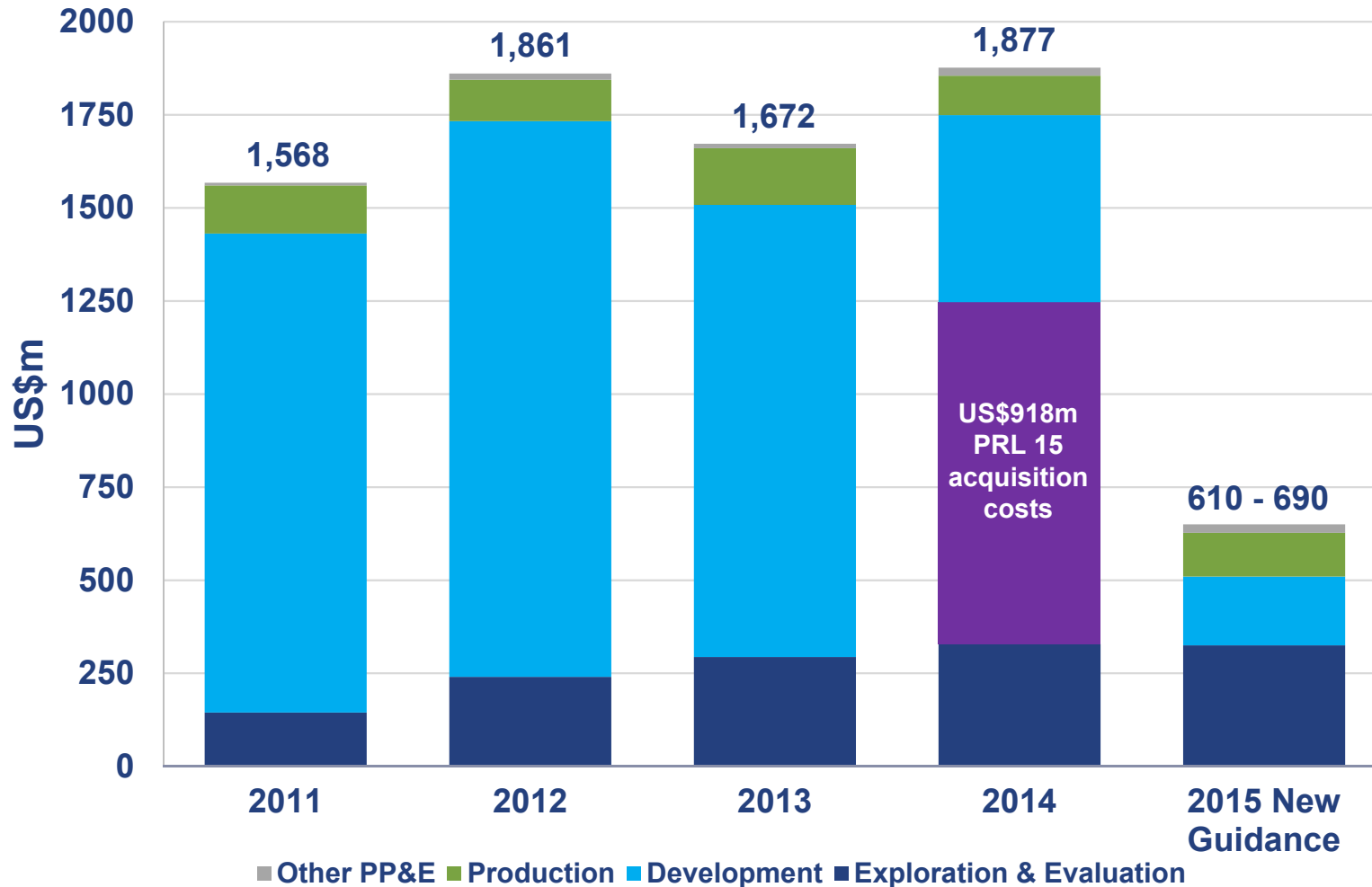


Corporate Facilities Available (US\$m)





Appendix 3: 2015 Investment Outlook



2015 Capital Cost Guidance (US\$610 – 690m)

- » Exploration & Evaluation: US\$310 – 340m
- » Development: US\$170 – 200m
- » Production: US\$110 – 125m
- » Other PP&E: US\$20 – 25m



Appendix 4: 2015 Guidance Summary

Production	2015 Guidance
Oil Search operated (PNG Oil and Gas)	6.3 – 6.9 mmboe
PNG LNG Project	
LNG	92 – 97 bcf
Liquids	3.0 – 3.2 mmbbl
Total PNG LNG Project ¹	21 – 22 mmboe
Total Production¹	27 – 29 mmboe
Operating Costs	
Production costs	US\$9 – 11 / boe
Other operating costs ²	US\$145 – 165 million
Depreciation and amortisation	US\$13 – 14 / boe

» One-off costs of Business Optimisation Programme included within guidance. Positive earnings impacts to be realised in 2016

¹ Gas volumes have been converted to barrels of oil equivalent using an Oil Search specific conversion factor of 5,100 scf per 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 Hides GTE gas purchase costs, royalties and levies, selling and distribution costs, rig operating costs, corporate administration costs (including business development) and inventory movements.



Appendix 5: Cash Flow Priorities

Available Cashflows

After scheduled debt servicing, sustaining capital expenditure and commitments

Dividends

Payment in accordance with dividend policy (35-50% of NPAT)

Growth Capital Investment I

LNG expansion

Growth Capital Investment II

Exploration, New Ventures, M&A

Surplus Capital

Return to Shareholders:

- Share Buy-Backs, Special Dividends

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