ASX Announcement

Activities for the Quarter ended 31 March 2016

(ASX: OSH | ADR: OISHY | POMSoX: OSH)

19 April 2016

Highlights

	1Q 2016	4Q 2015	% change
Total production (mmboe)	**7.72**	7.51	***+3%***
Total sales (mmboe)	**7.97**	7.08	***+13%***
Total revenue (US$m)	**313.1**	342.9	***-9%***

- **Total production in the first quarter of 2016 was 7.72 million barrels of oil equivalent (mmboe), 3% higher than in the previous quarter. This represented the fourth successive period of production growth and a new record quarterly production for Oil Search. The Company remains on track to deliver 2016 production within the 27.5 – 29.5 mmboe guidance range.**

- **Production net to Oil Search from the PNG LNG Project was 5.94 mmboe (25.8 bcf of LNG and 0.88 mmbbl of liquids). The PNG LNG Project operated at an annualised rate of approximately 8.0 MTPA, which is the highest quarterly rate since the Project came onstream in 2014, reflecting very high levels of facilities uptime.**

- **Total revenue for the quarter was US$313.1 million, 9% lower than in the fourth quarter of 2015. An 18% increase in LNG and gas sales and a 2% increase in liquids sales were offset by a 19% decline in both the average realised LNG and gas price and the average realised oil and condensate price, to US$6.84 per mmBtu and US$34.76 per barrel, respectively.**

- **Engagement between the PNG Government, the PRL 3 joint venture partners and local landowners regarding the award of a Petroleum Development Licence (PDL) over the P'nyang gas field continued during the quarter, with progress made towards closing out remaining issues.**

- **Testing of the Antelope 5 and Antelope 6 appraisal wells was completed, re-confirming excellent reservoir quality and connectivity in the main, crestal area and demonstrating connectivity down to the eastern flank of the Antelope field. An independent gas certification of the Elk-Antelope fields commenced in March, with results expected to be known by around mid-2016.**

- **Oil Search continues to maintain a strong balance sheet. At the end of March 2016, the Company had cash of US$914.0 million and debt of US$4,228.6 million. Including US$748 million of undrawn corporate credit facilities, total liquidity was US$1.66 billion, largely unchanged from the end of 2015.**

- **Despite the decline in realised oil and gas prices, the Company generated material positive operating cash flows over the quarter, which were used to fund the 2015 final dividend and to invest in its high-potential, growth activities.**

COMMENTING ON THE FIRST QUARTER OF 2016, OIL SEARCH MANAGING DIRECTOR, PETER BOTTEN, SAID:

"First quarter production of 7.72 mmboe was the highest in the Company's history, reflecting a continued outstanding performance by the PNG LNG Project and a stable contribution from the operated PNG oil fields. Total operating revenue for the quarter was US$313.1 million, with stronger sales volumes, particularly from LNG, offset by a 19% decline in average realised oil and gas prices.

The PNG LNG Project achieved its highest quarterly production since coming onstream, producing at an annualised rate of approximately 8.0 MTPA, up from 7.6 MTPA in the fourth quarter of 2015 and 16% above nameplate capacity. This excellent performance was the result of very high levels of facilities uptime, both at the Hides Gas Conditioning Plant (HGCP) and at the LNG trains, as well as continued strong productivity from the wells. It is notable that production above nameplate capacity has been achieved at almost no additional capital cost and reflects the success of the operator's facilities optimisation activities. Evaluation of opportunities for debottlenecking, to potentially enhance production further, continues.

A short partial shutdown of the LNG plant for routine maintenance occurred in April, which is expected to have a minor impact on production in the second quarter. This has already been captured in our production guidance for 2016, with our estimate of PNG LNG production rates unchanged at between 7.5 and 7.9 MTPA (gross).

Scoping studies on the potential opportunity to accelerate gas supply from the Oil Search-operated Associated Gas fields to the PNG LNG Project continued through the quarter. We believe that this project could add substantial value to all the Project participants and are targeting a possible FEED entry around the end of this year.

Activities continued during the quarter on the potential expansion of the PNG LNG Project and on the proposed Papua LNG Project development. Given the current environment of low oil and gas prices, Oil Search believes that cooperation between, and possibly an integration of, these two potential developments, is essential to maximise value and avoid high-cost infrastructure duplication in PNG. Based on our studies, there are a wide range of development activities which, if pursued in a coordinated and cooperative manner, could generate material value, with benefits not just from lower costs but also from ongoing operational synergies and potential schedule acceleration. The PNG Government, which will have equity in both PNG LNG expansion and Papua LNG, would also benefit significantly from generating maximum shared value during this next phase of LNG development in PNG. With an estimated gross undeveloped 2C contingent gas resource base of approximately 10 tcf (gross) across both projects, Oil Search believes there is already sufficient resource to deliver two 4 MTPA LNG trains, with the option of a third expansion train, subject to proving up additional proven resource.

In February, the PNG Government's loan, originally undertaken with UBS to fund its purchase of a 9.8% stake in Oil Search in 2014, was refinanced with UBS, with the support of JP Morgan. This confirms the Government's commitment to maintaining its long-term shareholding in Oil Search, which it has held since 2002, and its continued confidence in the Company's future growth potential."

PNG LNG Project expansion activities

"Following a break over Christmas/New Year, high-level discussions re-commenced between the PNG Government, the PRL 3 joint venture partners and other key stakeholders. These talks are focused on finalising outstanding issues and preparing for landowner development forums which are required prior to the award of the PDL. After the PDL is awarded, the intention is to integrate P’nyang into the PNG LNG Project, to support potential expansion of the PNG LNG Project.

Preparations for further drilling on the P’nyang field also continued, with the P’nyang South 2 well targeted to spud towards the end of 2016. This well is aimed at allowing the reclassification of some of the field’s 2C contingent gas resource into the 1C category, to support marketing and financing activities. Preparatory work also commenced on a planned independent re-certification of gas reserves in the Hides, Angore and Associated Gas fields, which is expected to take place in the second half of 2016, to provide greater certainty regarding the volume of 1P gas available to support high-value PNG LNG expansion.”

Papua LNG (Elk-Antelope) development activities

“Appraisal of the Elk-Antelope fields continued during the quarter, which again yielded encouraging results. The second extended well test on Antelope 5 on the western flank was completed in February, with preliminary analysis confirming the excellent reservoir quality and connectivity seen in the initial production test undertaken in 2015. The Antelope 6 well, on the eastern margin of the field, was also flow tested, confirming connectivity with both Antelope 1 and Antelope 5 and indicating good deliverability from the field. Preliminary log interpretations from Antelope 6 have delineated the presence of three dolomite intervals with good reservoir quality, which has positive implications for the future efficient drainage of the field. A decision on whether to drill a further appraisal well, Antelope 7, west of Antelope 5, will be made by the joint venture around mid-year, for drilling in the second half of 2016.

In mid-March, the independent gas certification of the Elk-Antelope fields commenced, as required under the sales and purchase agreement between Oil Search and Pac LNG Group of Companies. The results of the certification, expected to be known around mid-year, will provide the first independent assessment of resource size following the extensive appraisal activity undertaken on the field over the past 18 months.

The development of the Papua LNG Project, which is assessed to be in the lowest quartile of costs for proposed LNG developments in our region, in the most timely and capital efficient manner, remains a high priority for the PRL 15 Joint Venture and the PNG Government.”

Strong balance sheet being used to fund sector-leading growth opportunities

"Oil Search's gearing at the end of the quarter was 42%, derived fully from non-recourse PNG LNG project finance debt. The Company’s cash flow break-even for 2016, including cash operating costs and interest payments, is expected to be approximately US$19 per barrel. At current oil price levels, Oil Search will generate sufficient cash flow to not only cover operating costs, all debt servicing (comprising scheduled semi-annual payments of principal and interest under the PNG LNG project financing facility) and sustaining capital expenditure but also surplus cash for reinvestment and/or return to shareholders. Unlike many of our peers, the Company has a range of growth opportunities which have potential returns well in excess of our cost of capital and which could double Oil Search's production by early in the next decade. Therefore, we are making a conscious decision to continue to invest in these high potential projects during this period of low oil prices.

We believe that, should the potential expansion of the PNG LNG Project and the proposed Papua LNG Project proceed, the majority of the development costs of each project will be funded utilising project finance. Based on soundings with financial institutions and our recent experience in refinancing our corporate facilities, significant debt funding appears to be available for good quality projects such as these potential developments, despite the weaker oil price environment. Under this scenario, Oil Search's gearing could increase slightly from current levels during the construction period, but the material cash flows generated from the projects once in production would see gearing reduce rapidly, albeit the key focus of lenders is not on gearing but on cash flow coverage. In the absence of any material acquisitions, Oil Search should have sufficient funds from current liquidity and future surplus cash flow to finance the expected equity component of these projects."

2016 FIRST QUARTER PERFORMANCE SUMMARY[1]

Production[1]

	Quarter End			Full Year
	Mar 2016	**Dec 2015**	**Mar 2015**	**Dec 2015**
Production data				
PNG LNG Project[2]				
LNG (mmscf)	25,819	24,805	23,059	96,646
Condensate ('000 bbls)	814	798	710	3,066
Naphtha ('000 bbls)	65	63	42	208
PNG crude oil production ('000 bbls)				
Kutubu	857	956	922	3,797
Moran	473	405	407	1,560
SE Mananda	-	-	-	-
Gobe Main	6	7	7	30
SE Gobe	22	23	25	117
Total oil production ('000 bbls)	1,358	1,391	1,362	5,505
SE Gobe gas to PNG LNG (mmscf)[3]	688	699	-	1,886
Hides GTE Refinery Products[4]				
Sales gas (mmscf)	1,340	1,193	1,263	5,312
Liquids ('000 bbls)	28	25	27	112
Total barrels of oil equivalent ('000 boe)[5]	7,724	7,512	6,909	29,251

1. Numbers may not add due to rounding.
2. Production net of fuel, flare, shrinkage and SE Gobe wet gas.
3. SE Gobe wet gas reported at inlet to plant, inclusive of fuel, flare and naphtha.
4. Hides GTE production is reported on a 100% basis for gas and associated liquids purchased by the Hides (GTE) Project Participant (Oil Search 100%) for processing and sale to the Porgera power station. Sales gas volumes are inclusive of approximately 2% unrecovered process gas.
5. Gas and LNG 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. Minor variations to the conversion factors may occur over time.

Sales[1]

	Quarter End			Full Year
	Mar 2016	Dec 2015	Mar 2015	Dec 2015
Sales data				
PNG LNG Project				
LNG (Billion Btu)	31,245	26,554	27,394	109,570
Condensate (‘000 bbls)	818	812	683	3,038
Naphtha (‘000 bbls)	88	61	61	237
PNG oil (‘000 bbls)	1,339	1,329	1,262	5,298
Hides GTE				
Gas (Billion Btu)[2]	1,438	1,270	1,355	5,700
Condensate and refined products (‘000 bbls)[3]	29	28	24	106
Total barrels of oil equivalent (‘000 boe)[4]	7,970	7,084	7,039	28,758
Financial data (US$ million)				
LNG and gas sales	223.7	234.0	355.7	1,088.3
Oil and condensate sales	75.2	92.3	99.8	429.5
Other revenue[5]	14.2	16.6	16.8	67.9
Total operating revenue	313.1	342.9	472.3	1,585.7
Average realised oil and condensate price (US$ per bbl)[6]	34.76	42.90	51.29	51.36
Average realised LNG and gas price (US$ per mmBtu)	6.84	8.41	12.37	9.44
Cash (US$m)	914.0	910.5	1,067.2	910.5
Debt (US$m)				
PNG LNG financing	4,228.6	4,228.6	4331.7	4,228.6
Corporate revolving facilities[7]	-	-	-	-
Net debt (US$m)	3,314.6	3,318.2	3,264.5	3,318.2

1. Numbers may not add due to rounding.
2. Relates to gas delivered under the Hides GTE Gas Sales Agreement.
3. Relates to refined products delivered under the Hides GTE Gas Sales Agreement or sold in the domestic market and condensate.
4. Gas and LNG 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. Minor variations to the conversion factors may occur over time.
5. Other revenue consists largely of rig lease income, infrastructure tariffs and refinery and naphtha sales.
6. Average realised price for Kutubu Blend including PNG LNG condensate.
7. At the end of March 2016, the Company’s US$500 million corporate revolving facility was undrawn. US$2 million of the US$250 million of bilateral revolving facilities had been utilised.

PRODUCTION PERFORMANCE

Total first quarter production net to Oil Search was 7.72 million barrels of oil equivalent (mmboe), comprising the following:

- LNG produced at the PNG LNG plant, net of fuel, flare and shrinkage, of 25,819 mmscf.
- PNG LNG liquids production of 0.88 mmbbl, comprising condensate produced during gas processing at the Hides Gas Conditioning Plant (HGCP) and naphtha at the LNG plant.
- PNG oil fields production and gas and liquids production from the Hides GTE Project of 1.78 mmboe, produced at an average rate (gross) of 37,333 barrels of oil equivalent per day. This included 688 mmscf of gas exported to the PNG LNG Project from the SE Gobe field.

PNG LNG Project (29.0%)

First quarter production from the PNG LNG Project net to Oil Search was 5.94 mmboe, comprising 25.8 bcf of LNG and 0.88 mmbbl of liquids. LNG production was 4% higher than in the previous quarter.

During the quarter, an average of 136 mmscf/day of gas was supplied to the PNG LNG Project by Oil Search from the Associated Gas (Kutubu and Gobe Main) and SE Gobe fields, representing approximately 13% of the total gas delivered to the LNG plant.

Kutubu (PDL 2 – 60.0%, operator)

First quarter oil production net to Oil Search was 0.86 million barrels (mmbbl), 10% lower than in the fourth quarter of 2015. Gross production rates averaged 15,687 bopd during the period, compared to 17,304 bopd in the previous quarter.

Planned and unplanned downtime at the Agogo Processing Facility and planned flowline repairs at Kutubu in March were partially offset by higher than expected production from the Kutubu field, driven by successful well interventions in a number of the Hedinia Digimu wells.

Moran Unit (49.5%, based on PDL 2 – 60.0%, PDL 5 – 40.7% and PDL 6 – 71.1%, operator)

Oil Search's share of Moran 2016 first quarter oil production was 0.47 mmbbl, 17% higher than in the previous quarter. The field produced at a gross average rate of 10,504 bopd, up from the previous quarter of 8,883 bopd.

NW Moran 1ST7 and Moran 2XST3, which were brought back on-stream in late 2015, continued to produce strongly. Production also commenced from the Digimu B block at Moran 1XST4 at approximately 1,800 bopd, following a prolonged period of reservoir re-pressurisation. In addition, a successful zone change to the Toro in Moran 15ST1 resulted in initial production rates of approximately 2,400 bopd, significantly enhancing production compared to the prior quarter.

Gobe (PDL 3 - 36.4% and PDL 4 - 10%, operator)

Oil Search's share of oil production from the Gobe fields in the first quarter of 2016 was 0.03 mmbbl, down 13% on the previous quarter.

The gross average production rate for Gobe Main was 16% lower than in the fourth quarter, at 618 bopd, while the gross average production rate at SE Gobe was 1% higher than in the previous quarter, at 1,013 bopd.

Lower oil rates were largely due to well intervention activities and high ambient temperatures limiting compressor capacity. At Gobe Main, oil production was impacted by a 12 day shut-in of the Gobe Main 2ST1 well for planned well intervention work using the coiled tubing unit. The intervention has resulted in the successful reinstatement of production from the Lower Iagifu reservoir and commissioning is underway.

During the quarter, Oil Search's share of SE Gobe gas exported to the PNG LNG project was 0.69 bcf.

On 1 February 2016, Oil Search's economic share of the SE Gobe gas unit reduced from 25.55% to 22.34%, in line with previously agreed amendments to the relevant field unitisation and operating agreement. Oil Search's registered interests in PDL 3 and PDL 4 remain unchanged.

Hides Gas-to-Electricity Project (PDL 1 - 100%)

Gas production for the Hides Gas-to-Electricity Project in the first quarter of 2016 was 1.34 bcf, produced at an average rate of 14.7 mmscf per day. 28,084 barrels of condensate were produced for use within the Hides facility or transported by truck to the Central Processing Facility at Kutubu for export. In addition, trucking of condensate to the PNG LNG HGCP facility commenced in late March.

EXPLORATION AND APPRAISAL ACTIVITY

Gas

North-West Highlands

In the North-West Highlands, preparations continued to drill the P'nyang South 2 well, located in the south-east of the P'nyang field in PRL 3 (Oil Search – 38.51%). This well is the first of a potentially two well campaign on the P'nyang field and is expected to spud towards the end of 2016. A 72 kilometre 2D seismic survey over the Greater P'nyang area, including PRL 3 and adjacent licences PPL 464 and PPL 395, progressed well and is expected to be completed in the second quarter of 2016.

Site preparation at the Muruk 1 well pad, located in PPL 402 (Oil Search – 50%, operator), was impacted during the quarter by challenging weather conditions, which, together with high altitude, remoteness and difficult terrain, significantly limited access to the site. An approximately three month delay to well pad delivery has resulted in the scheduled rig mobilisation now coinciding with the commencement of the higher rainfall season. Consequently, to ensure that the well can be drilled safely and cost efficiently, the Joint Venture has decided to delay the spud date of Muruk to the dry season in the second half of 2016. This multi-tcf exploration prospect, located close to the existing PNG LNG fields, could provide a new source of gas for potential PNG LNG Project expansion, should it be successful.

Preparations to drill the Strickland exploration wells in PPL 269 (Oil Search – 10%) remained ongoing. The first of the two wells, Strickland 2, is expected to spud in the second quarter of 2016, targeting gas in the Darai limestone. Strickland 1, designed to test the deeper Toro Formation sandstone reservoir, will follow.

Gulf and Forelands

In the Gulf Province in PRL 15 (Oil Search – 22.835%), the second extended well test on Antelope 5, located 1.7 kilometres west of Antelope 2, was completed. The well flowed at approximately 53 mmscf/day for 14 days before being shut-in for 14 days to record the subsequent pressure build-up. Preliminary analysis of downhole pressure gauges retrieved from Antelope 5 and Antelope 1 (observation well) has confirmed the excellent reservoir quality and connectivity seen in the initial production test conducted in mid-2015.

The Antelope 6 well, located two kilometres east-southeast of Antelope 3, was also completed, with rig demobilisation activities currently underway. During the quarter, a drill stem test over the upper 66 metres of the reservoir flowed at approximately 13 mmscf/day over a 24 hour period, with a pressure pulse recorded at Antelope 1 and Antelope 5, indicating direct connectivity in the field. The well was then drilled to a total depth of 2,650 metres, followed by wireline logging and an injectivity test below the gas-water contact. Preliminary log interpretation has indicated the presence of three dolomite intervals, totalling 42 metres, with good reservoir quality. Further analysis of well results remains ongoing.

Preparatory work continued for appraisal of the existing gas discoveries in PRL 8 (Kimu, Oil Search – 60.7%, operator), PRL 9 (Barikewa, Oil Search – 45.1%, operator) and PRL10 (Uramu, Oil Search – 100%, operator) in the Gulf and Forelands regions. During the quarter, significant progress was made constructing a new access road to the Barikewa 3 well site, with the well, expected to be the first in the Company's "Smaller Rig" campaign, targeted to spud in early 2017. In PRL 10, a shallow-water well site survey commenced in preparation to drill the Uramu 2 well in the first half of 2017. In PRL 8, a 53 kilometre 2D seismic programme over Kimu and potential nearfield exploration prospects commenced shortly after the end of the quarter. This road-supported seismic survey is utilising the existing network of roads in the area, reducing the need for aviation support.

In PPL 339 (Oil Search – 70%[1]), preparations continued for drilling of the Kalangar 1 well during the dry weather window in early 2017. Wellpad scouting was underway at the end of the quarter. The Kalangar prospect, which is on-trend with the Antelope field, has the potential to open up an important and new prospective trend in the Gulf Province.

Oil

Middle East/North Africa

In the Kurdistan Region of Iraq, further processing of the 3D seismic data acquired over the Taza PSC (Oil Search – 60%, operator) continued during the quarter. Site remediation of the Taza well sites was completed and all Taza field-based activities have now been terminated.

Oil Search continues to work with Petsec and the Yemeni government to complete the transaction that will see Oil Search fully exit Yemen (Oil Search – 34%, operator). The Block remains in a state of force majeure due to the security situation in-country.

[1] In December 2015, Oil Search farmed down a 35% interest in PPL 339 to Total, subject to regulatory and other relevant approvals.

DRILLING CALENDAR

Subject to joint venture and government approvals, the 2016-2017 exploration and appraisal programme is as follows:

Well	Well type	Licence	OSH interest	Timing
FIRM				
PNG				
Strickland 2	Exploration	PPL 269	10.0%	2Q 2016
Strickland 1	Exploration	PPL 269	10.0%	3Q 2016
P'nyang South 2	Appraisal	PRL 3	38.5%	4Q 2016
Muruk 1	Exploration	PPL 402	50.0%	4Q 2016
Kalangar 1	Exploration	PPL 339	70.0%	1Q 2017
CONTINGENT				
Antelope 7	Appraisal	PRL 15	22.8%	2H 2016
Kimu West	Appraisal	PRL 8	60.7%	1H 2017
Barikewa 3	Appraisal	PRL 9	45.1%	1H 2017
Uramu 2	Appraisal	PRL 10	100%	1H 2017

Note: Wells, location and timing subject to change.

FINANCIAL PERFORMANCE

Sales revenue

During the quarter, 31,245 billion Btu of LNG was sold, 18% higher than sales volumes in the fourth quarter of 2015. 28 LNG cargoes were sold during the period, compared to 24 cargoes in the fourth quarter, of which 24 were sold under long-term contract and four on the spot market, with two cargoes on the water at the end of the quarter. Oil, condensate and naphtha sales volumes for the period totalled 2.27 mmbbl, a 2% increase compared to liquid sales in the previous quarter. Eight cargoes of Kutubu Blend and three naphtha cargoes were sold in the quarter.

The average oil and condensate price realised during the quarter was US$34.76 per barrel, 19% lower than in the fourth quarter, reflecting further weakness in global oil prices, particularly in January, when Brent dipped below US$30 per barrel for the first time in 12 years. The average price realised for LNG and gas sales also declined 19%, to US$6.84 per mmBtu. This reflected weak spot oil prices in the fourth quarter of 2015, which impacted 2016 first quarter LNG contract prices due to an approximately three month lag in contract pricing terms, as well as a greater volume of uncontracted LNG sales exposed to the weak global LNG spot market. The Company did not undertake any hedging transactions during the period and remains unhedged.

Total sales revenue from LNG, gas, oil and condensate for the quarter was US$298.9 million, 8% lower than in the fourth quarter of 2015, with higher sales volumes offset by lower realised pricing. Other revenue, comprising rig lease income, infrastructure tariffs, electricity, refinery and naphtha sales, was US$14.2 million.

Capital management

As at 31 March 2016, Oil Search had cash of US$914.0 million, compared to US$910.5 million at the end of 2015. The Company's share of debt drawn down under the PNG LNG project finance facility was US$4,228.6 million (unchanged from the end of 2015, when the last semi-annual principal repayment was made, with no interest or principal payments due during the quarter).

The Company had total corporate facilities of US$750 million, comprising two US$125 million bilateral revolving credit facilities (due to expire in December 2018) and a US$500 million non-amortising revolving credit facility (due to expire in October 2017), with only US$2 million utilised at the end of the period. At the end of March 2016, the Company had total liquidity of US$1.66 billion.

Capital expenditure

During the quarter, US$76.7 million was spent on exploration, development and production investment activities. Exploration and evaluation expenditure totalled US$57.9 million, with US$55.2 million attributed to activities in PNG, including PRL 15 (US$23.5 million), preparations to drill the Muruk well in PPL 402 (US$13.9 million) and PRL 3 (US$2.3 million). US$16.2 million of exploration costs were expensed, primarily related to seismic, geological, geophysical and general and administration expenses in PNG.

Oil Search's share of PNG LNG Project development costs in the first quarter of 2016 was US$11.2 million, largely attributed to demobilisation costs at Angore. Expenditure on producing assets was US$7.6 million.

Summary of investment expenditure and exploration and evaluation expensed[1]

(US$ million)	Quarter End			Full Year
	Mar 2016	Dec 2015	Mar 2015	Dec 2015
Investment Expenditure				
Exploration & Evaluation				
PNG	55.2	54.8	41.0	156.7
MENA	2.7	12.9	50.7	118.9
Total exploration & evaluation	57.9	67.7	91.7	275.6
Development	11.2	36.8	41.2	135.2
Production	7.6	34.3	30.1	111.8
PP&E	1.0	5.4	1.9	16.5
Total	**77.7**	**144.2**	**164.8**	**539.2**
Exploration & evaluation expenditure expensed[2,3]				
PNG	13.4	6.5	14.3	35.2
MENA	2.7	8.6	1.6	13.8
Total current year expenditures expensed	16.2	15.1	15.8	48.9
Prior year expenditures expensed	-	-	6.2	2.0
Total	**16.2**	**15.1**	**22.0**	**50.9**

1. Numbers may not add up due to rounding.
2. Exploration expensed includes costs of unsuccessful wells except where costs continue to be capitalised, certain administration costs and geological and geophysical costs. Costs relating to permit acquisitions, expenditure associated with the drilling of wells that result in a successful discovery of potentially economically recoverable hydrocarbons and expenditures on exploration and appraisal wells pending economic evaluation of recoverable reserves are capitalised.
3. Numbers do not include expensed business development costs of US$1.9 million in the first quarter of 2016 (US$0.7 million in the fourth quarter of 2015).

Gas/LNG Glossary and Conversion Factors Used

Mmscf	Million (10^6) standard cubic feet
mmBtu	Million (10^6) British thermal units
Billion Btu	Billion (10^9) British thermal units
MTPA (LNG)	Million tonnes per annum
Boe	Barrel of oil equivalent
1 mmscf	Approximately 1.10 – 1.14 billion Btu*
1 tonne LNG	52 mmBtu*
1 boe	5,100 standard cubic feet

Note: Minor variations in conversion factors may occur over time, due to changes in gas composition.

*** Conversion factors used for forecasting purposes only.**

PETER BOTTEN, CBE

Managing Director

19 April 2016

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