

A photograph of an oil rig at sunset. The rig is on the left side of the frame, silhouetted against a sky filled with orange and yellow clouds. The sun is low on the horizon, creating a bright glow. The rig has several levels and a tall derrick. In the foreground, there are some trees and a building with lights.

2017 FULL YEAR RESULTS

20 February 2018

OIL SEARCH LIMITED | ARBN 055 079 868 | ASX: OSH | POMS_oX: OSH | US ADR: OISHY
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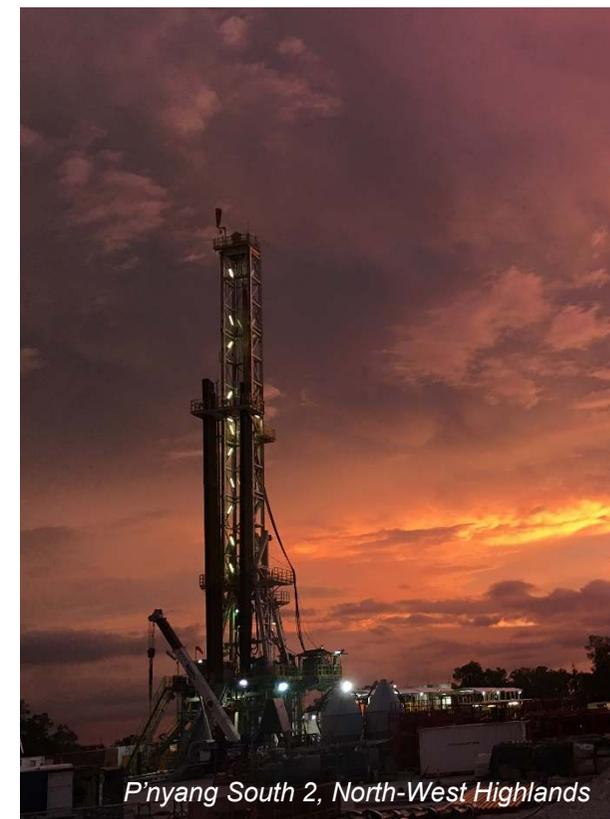
AGENDA

❖ PRESENTATION

- ❖ PETER BOTTEN – MANAGING DIRECTOR
- ❖ STEPHEN GARDINER – CHIEF FINANCIAL OFFICER

❖ JOINING FOR Q & A

- ❖ JULIAN FOWLES – EGM, PNG BUSINESS UNIT
- ❖ IAN MUNRO – EGM, GAS AND MARKETING
- ❖ BETH WHITE – EGM, GAS PROJECT DELIVERY
- ❖ KEIRAN WULFF – EGM, EXPLORATION AND NEW VENTURES



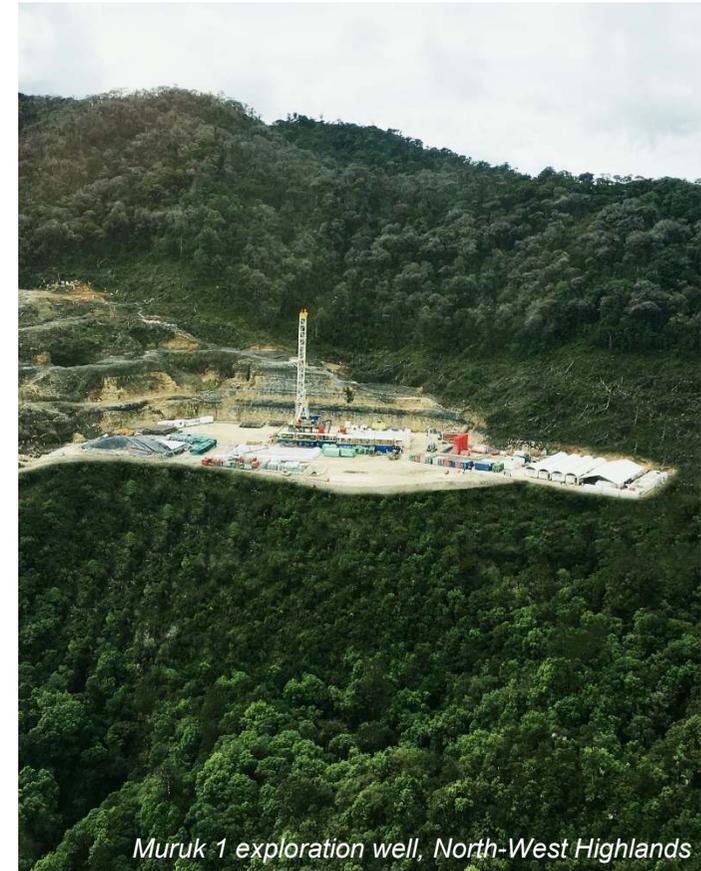
2017 FINANCIAL HIGHLIGHTS

| YEAR END DEC | 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 | ↑ |

- ◇ Net profit after tax of US\$302.1 million, more than three times 2016 NPAT
- ◇ Materially higher realised liquids and LNG/gas prices
- ◇ Stable unit production costs of US\$8.67/boe and competitive operating margin of 73%
- ◇ 52% increase in operating cash flows
- ◇ Stronger financial position at end '17, with lower net debt and higher liquidity to support growth options
- ◇ 2017 final dividend of 5.5 US cents, taking full year dividend to 9.5 US cents (48% pay-out ratio), with final to be paid with no deduction of PNG withholding tax

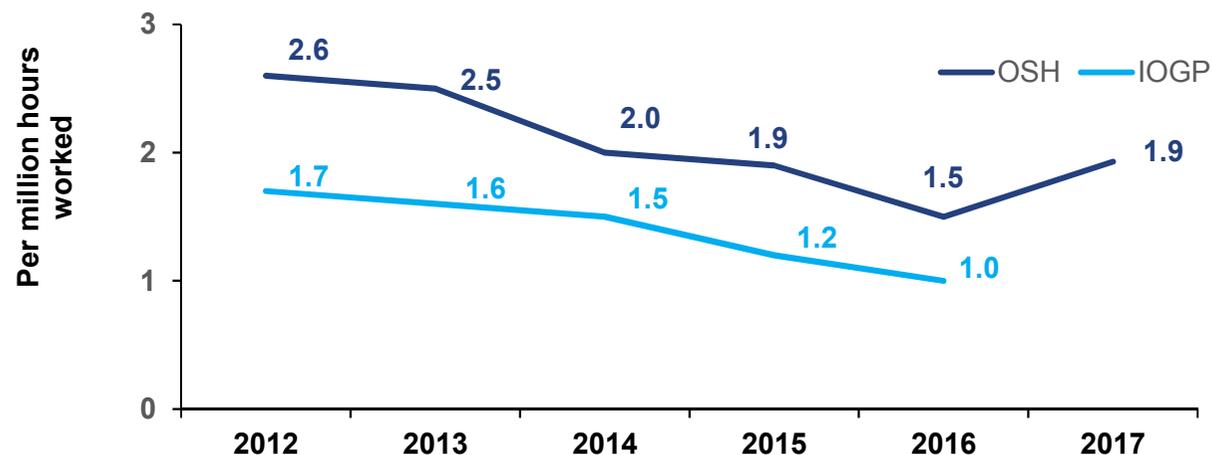
2017 OPERATIONAL HIGHLIGHTS

- ◆ Total production of 30.3 mmboe – highest in Oil Search’s history
- ◆ Encouraging exploration results at Muruk, with appraisal well scheduled to spud 2Q18
- ◆ Broad alignment reached on development concept for next phase of LNG expansion in PNG following recent meetings
- ◆ Appraisal success with P’nyang South 2 ST1 well, confirms south-eastern extension of field
- ◆ Increase in 2P and 2C Reserves and Resources for both oil and condensate (+1.5%) and gas (+3.4%), even after allowing for record production:
 - Alaska and P’nyang South 2 well expected to add material further oil and gas resources in 2018
- ◆ Announced acquisition of world class oil assets in Alaskan North Slope in November 2017:
 - Transaction completed 14 February 2018
 - OSH to assume operatorship in March 2018



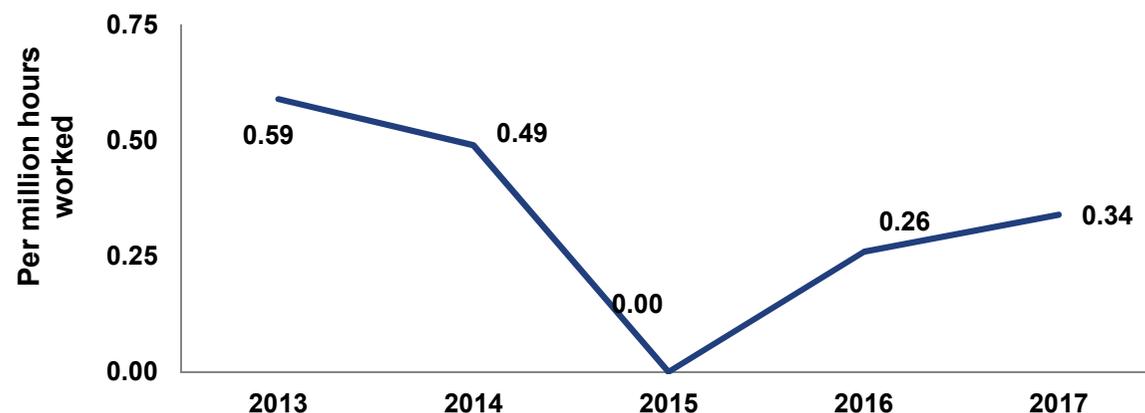
RE-FOCUS ON SAFETY BASICS

TOTAL RECORDABLE INCIDENT RATE



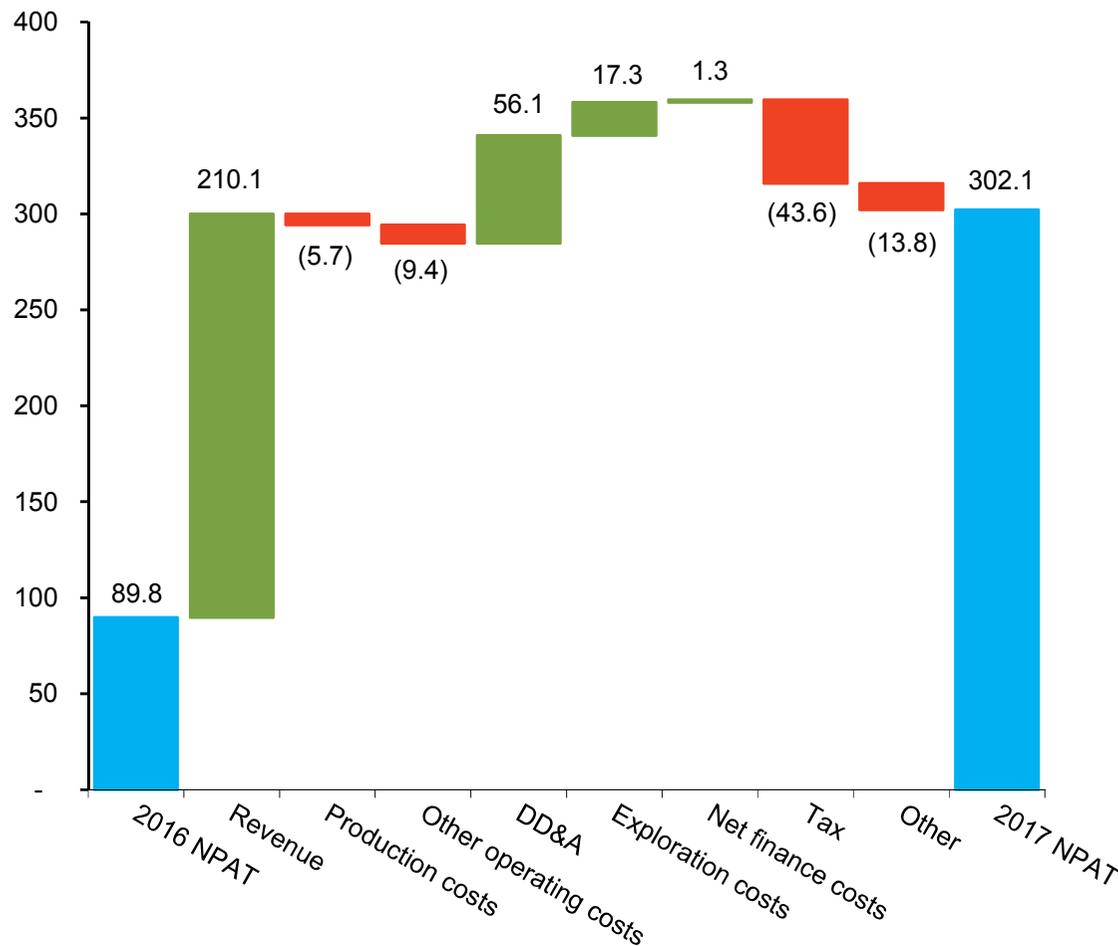
- ◆ TRIR increased to 1.93 per million hours worked – not satisfactory
- ◆ 2018 initiative - going back to basics:
 - Plan, Do, Check
- ◆ Process safety performance improved:
 - Systematic maintenance programmes
- ◆ No material environmental incidents
- ◆ Environmental Management System recertified against ISO14001:2015 standard

LOST TIME INJURY FREQUENCY



2017 FINANCIAL PERFORMANCE

NET PROFIT AFTER TAX (US\$M)

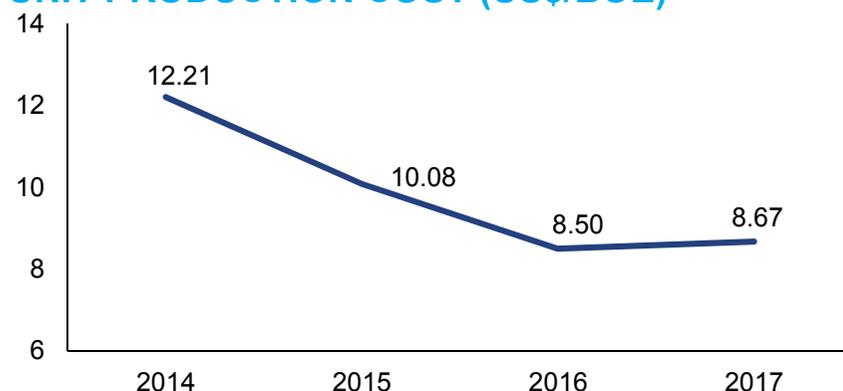


- ◇ Revenue up 17%:
 - Reflects higher realised oil and gas prices
- ◇ Production costs steady, other operating costs up 7%:
 - Higher royalties and levies, selling and distribution costs and inventory obsolescence provision
- ◇ Depreciation and amortisation down 13%:
 - Impact of higher PNG LNG 2P reserves following 2016 recertification
- ◇ Effective tax rate of 31.5% compared to 51.5% for 2016:
 - Due to deferred tax adjustments in 2016 and oil fields taxed at 30% from 1 Jan 2017

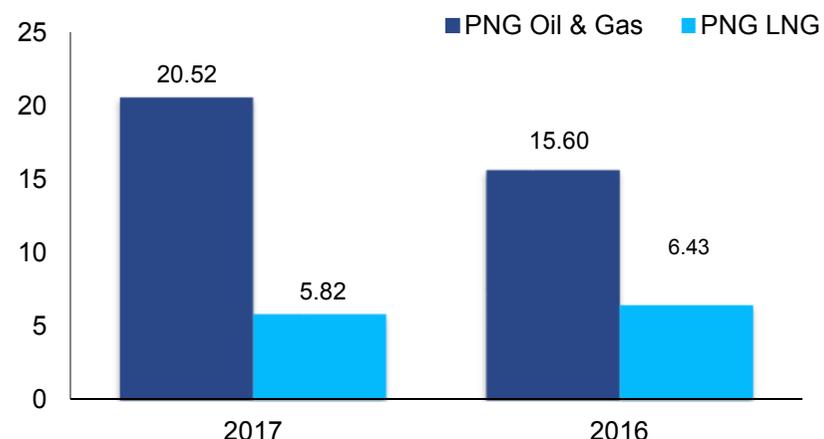


STABLE UNIT PRODUCTION COST OF US\$8.67/BOE

UNIT PRODUCTION COST (US\$/BOE)



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

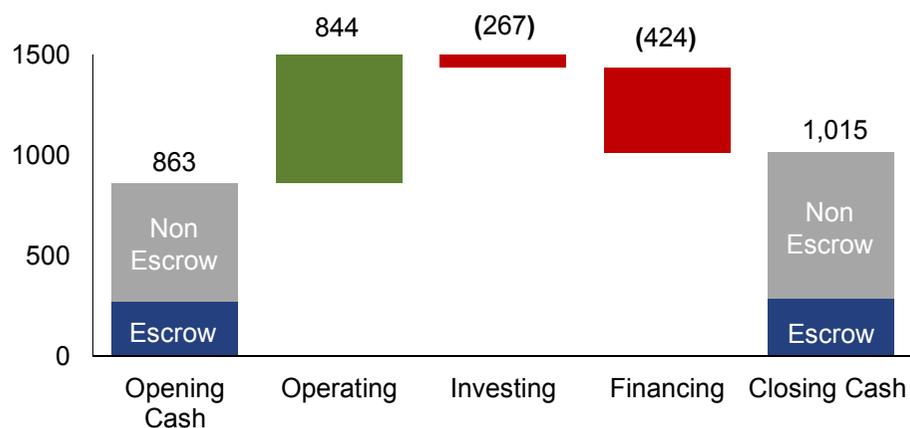


| US\$M | 2017 | 2016 |
|--------------------------|--------------|-------|
| Production costs: | | |
| PNG LNG | 142.2 | 150.6 |
| PNG Oil and Gas | 120.6 | 106.5 |
| | 262.8 | 257.1 |
| Royalties and levies | 10.5 | 5.4 |
| Gas purchases | 18.1 | 14.7 |
| Inventory movements | 2.9 | 18.9 |
| Total cost of production | 294.4 | 296.0 |

- ◆ PNG LNG unit production unit costs down 9.5%, due to higher LNG production and realised cost savings
- ◆ PNG oil and gas production unit costs up 32%, reflecting lower oil production impacted by natural field decline, planned oil field maintenance and commencement of Moran 4 workover
- ◆ Royalties and levies up due to higher realised prices

ROBUST BALANCE SHEET

CASH FLOW WATERFALL (US\$M)



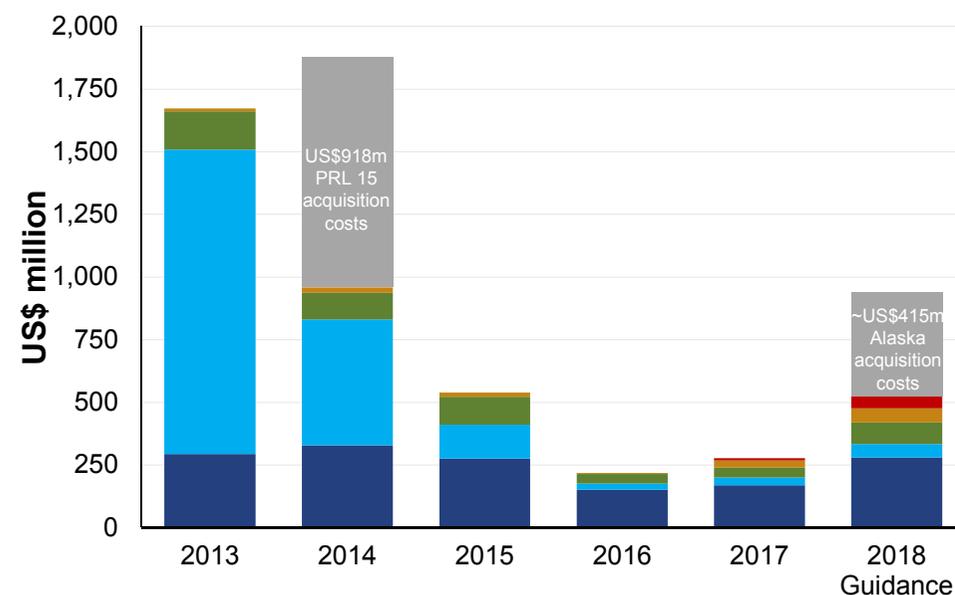
- ◆ Operating cash flow of US\$844 million, 52% higher than 2016
- ◆ Competitive cash flow breakeven of US\$29.40/boe
- ◆ Liquidity of US\$1.9 billion at end 2017:
 - US\$1.6 billion post Feb 18 completion of Alaska North Slope acquisition
- ◆ US\$314 million of PNG LNG project finance debt repaid, net debt reduced by US\$466 million
- ◆ PNG LNG project finance debt to be fully repaid by 2026

LIQUIDITY (US\$M)



2018 FULL YEAR GUIDANCE

| Capital costs | 2018 Guidance ¹ |
|--------------------------|----------------------------|
| Exploration & Evaluation | US\$250 – 310m |
| Development | US\$50 – 65m |
| Production | US\$80 – 85m |
| Other PP&E | US\$45 – 50m |
| Power | US\$50 – 65m |
| Total | US\$475 – 575m |



| Production | 2018 Guidance ² |
|-------------------------|--------------------------------|
| Oil Search operated | 4.5 – 5.5 mmboe ³ |
| PNG LNG Project | 24.0 – 25.0 mmboe ³ |
| Total Production | 28.5 – 30.5 mmboe |

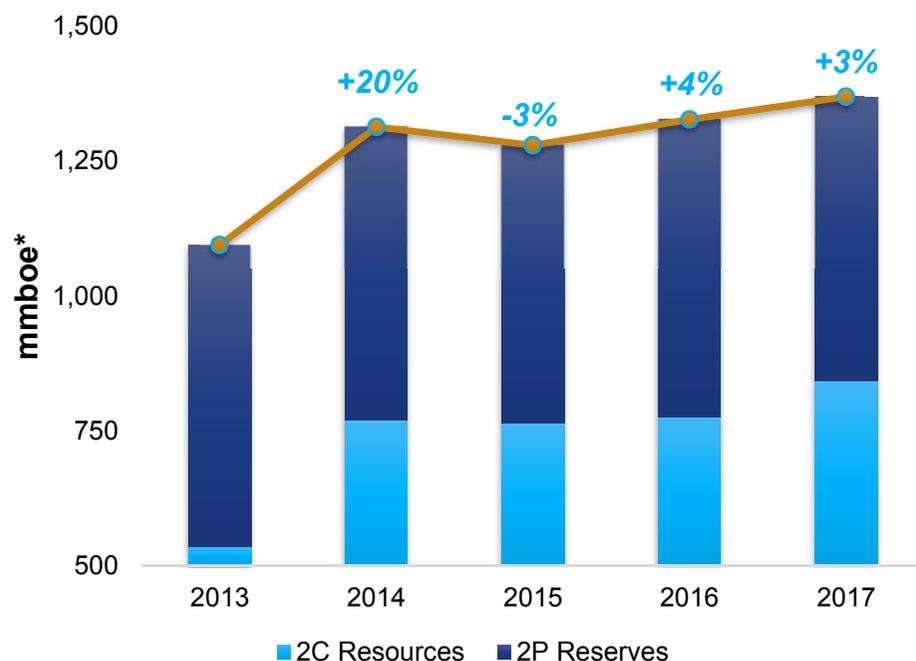
| Operating Costs | |
|------------------------------------|-------------------------|
| Production costs | US\$8.50 – 9.50 / boe |
| Other operating costs ⁴ | US\$145 – 155 million |
| Depreciation and amortisation | US\$11.50 – 12.50 / boe |

1. Excludes Alaska acquisition costs
2. Numbers may not add due to rounding.
3. 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.
4. Includes Hides GTE gas purchase costs, royalties and levies, selling and distribution costs, rig operating costs, power expense and corporate administration costs (including business development) and other expenses



STEADY GROWTH IN 2P AND 2C RESERVES AND RESOURCES

OIL SEARCH 2P + 2C GROWTH

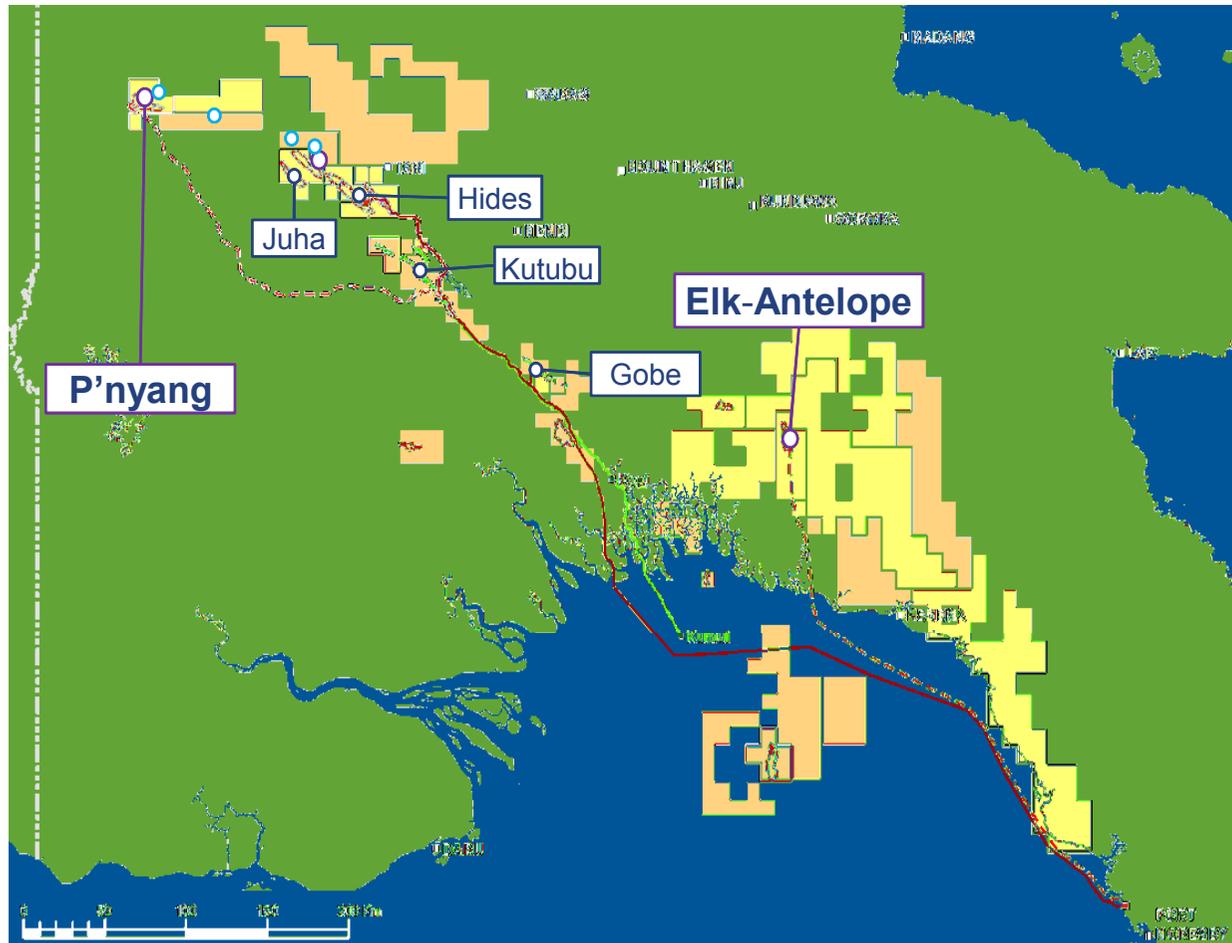


*Gas volumes converted to boe using Oil Search specific conversion factor of 5,100 scf = 1boe

| 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% |

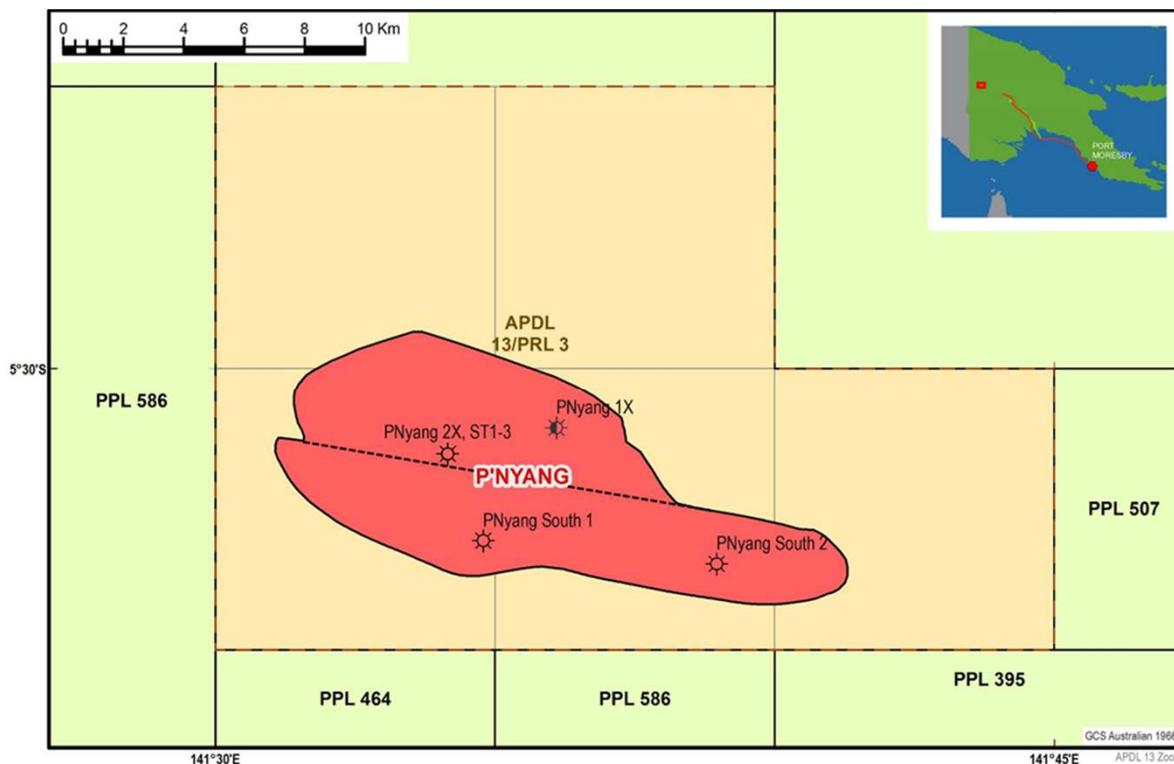
- ◇ On 2017 production of 30.31 mmboe:
 - 1P Reserves life: 15 years
 - 2P Reserves life: 17 years
 - 2P Reserves and 2C Resources life: 45 years
- ◇ Substantial 2C gas which is likely to be commercialised by LNG expansion
- ◇ Further Resource additions expected in 2018 from P'nyang South 2 and Alaska

PARTIES BROADLY ALIGNED ON LNG EXPANSION



- ◆ Broad alignment between key parties on preferred development concept, following engineering studies to evaluate downstream development options:
 - ~8 MTPA of new capacity
 - Likely three new trains, two supported by Papua LNG (Elk-Antelope), one by PNG LNG and P'nyang
 - To be presented to PNG Government and other partners for endorsement
- ◆ Expect negotiations to start shortly on cost sharing terms, conditions governing integration and PNG gas agreements
- ◆ OSH expects decision on FEED phase in 2H18, subject to partner, Government progress

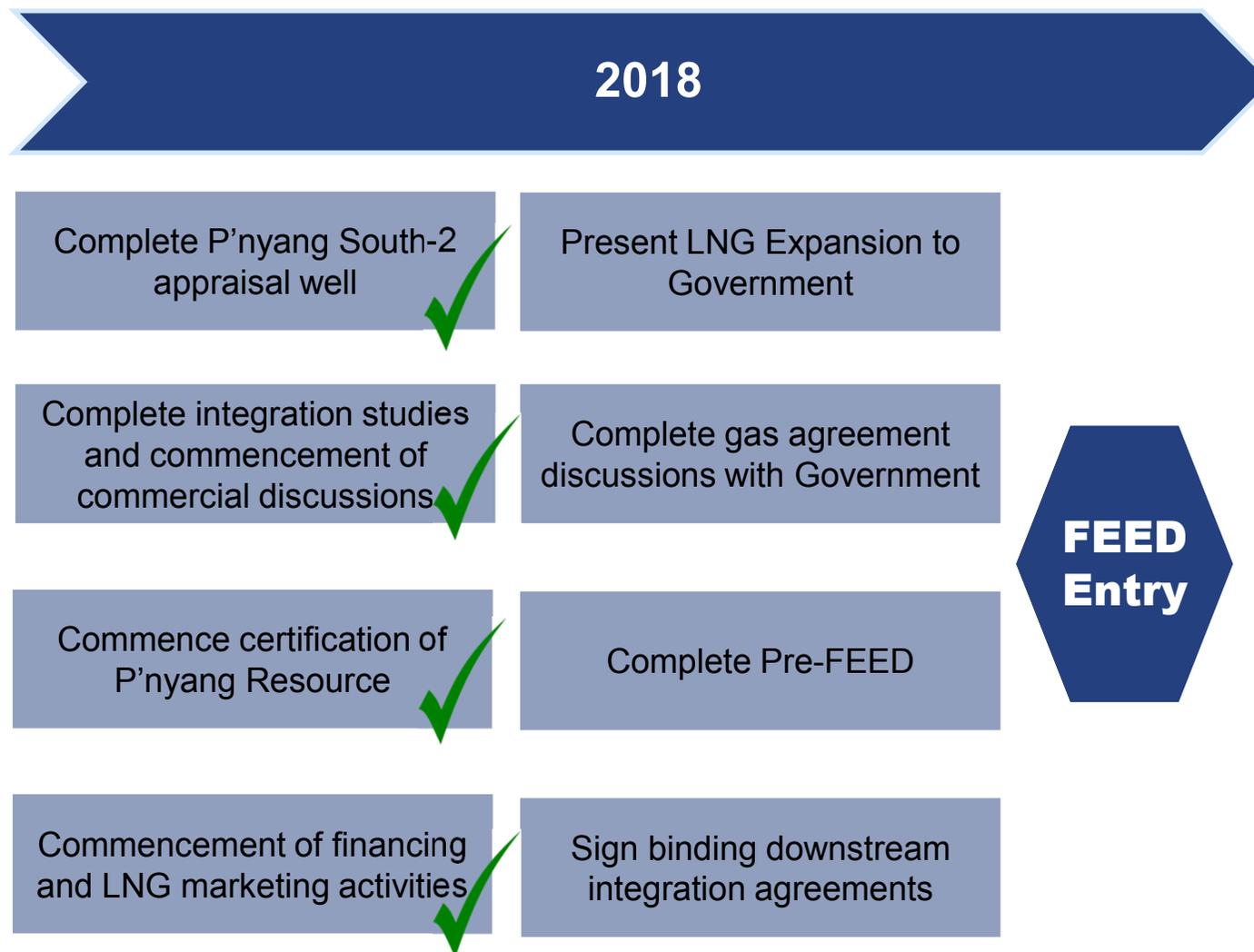
P'NYANG SOUTH 2 ST1 CONFIRMS EXTENSION OF FIELD TO SOUTH-EAST



- ◆ P'nyang South 2 ST1 appraisal reached total depth of 2,725 metres in early 2018
- ◆ Well encountered good-quality, gas-bearing Toro and Digimu sands:
 - Confirmed extension of P'nyang field to south-east
- ◆ Recertification underway, expected to complete 2Q18:
 - OSH expects an increase in 1C and 2C certified resource
 - Will support financing and marketing activities for LNG expansion



TARGETING LNG EXPANSION FEED ENTRY IN 2018



OIL SEARCH TO EQUITY MARKET LNG FROM EXPANSION TRAINS



EXPERIENCED OIL SEARCH MARKETING TEAM BEING FORMED

- ◆ Gas from Papua LNG likely to be equity marketed. In preparation, OSH recently established Japanese office, with North East Asia regional focus
- ◆ Japan office to be staffed by high calibre personnel with collectively over 70 years of LNG experience

ASIAN LNG DEMAND UNDERPINS GLOBAL GROWTH

- ◆ PNG ideally located for access to key LNG markets in North East and South East Asia
- ◆ OSH targeting key markets in the region
- ◆ Currently 37 buyers in North East Asia, 80% of supply volumes controlled by 11 sellers
- ◆ LNG Buyers seeking diversity of supply, both regionally and sellers
- ◆ OSH to leverage outstanding PNG LNG performance, operated by ExxonMobil
- ◆ Material expiring contracts in North East Asian markets

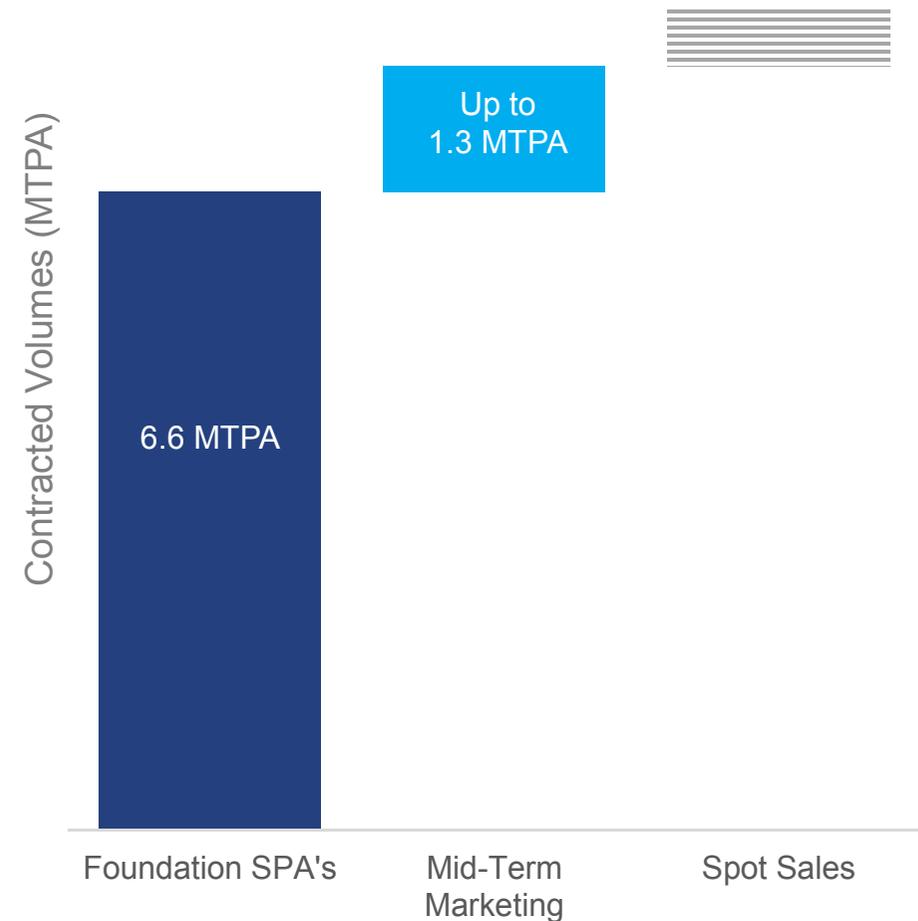


PNG LNG PROJECT MARKETING UPDATE



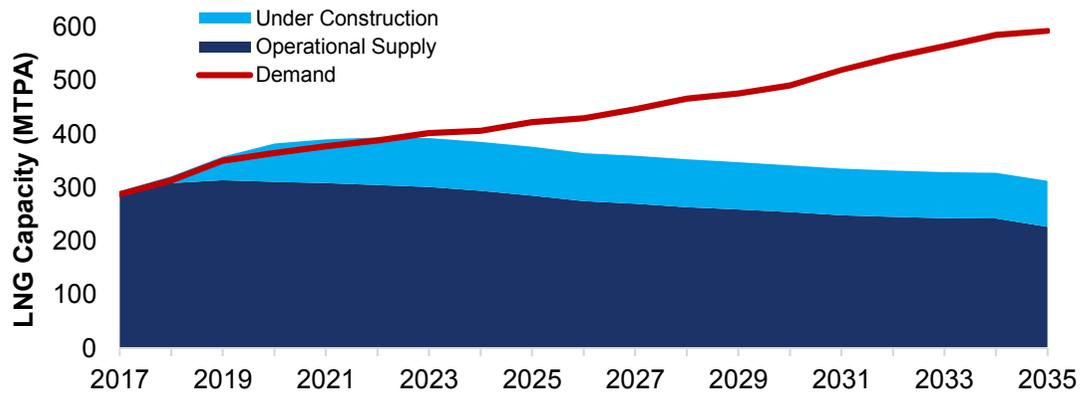
- ◆ Up to an additional 1.3 MTPA LNG volumes being marketed by PNG LNG Project
- ◆ Current market conditions have tightened for spot/strip sales, stronger terms available to sellers
- ◆ Strong interest from market - numerous top-tier buyers, including end users and LNG traders
- ◆ Parties shortlisted, negotiation of supply agreements underway
- ◆ 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



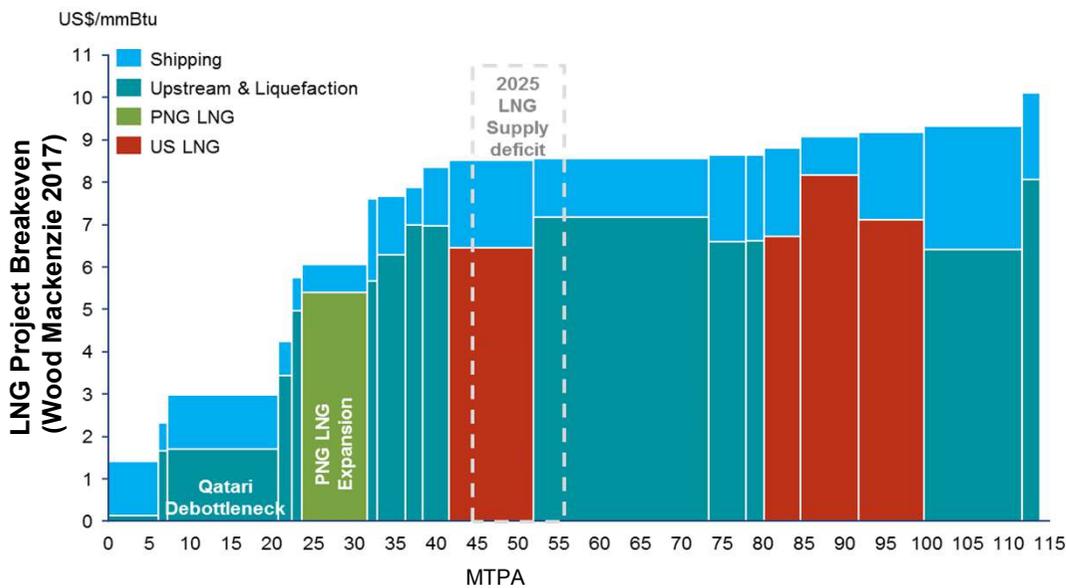
STRONG GLOBAL LNG DEMAND GROWTH EXPECTED TO CONTINUE

GLOBAL LNG SUPPLY DEMAND BALANCE

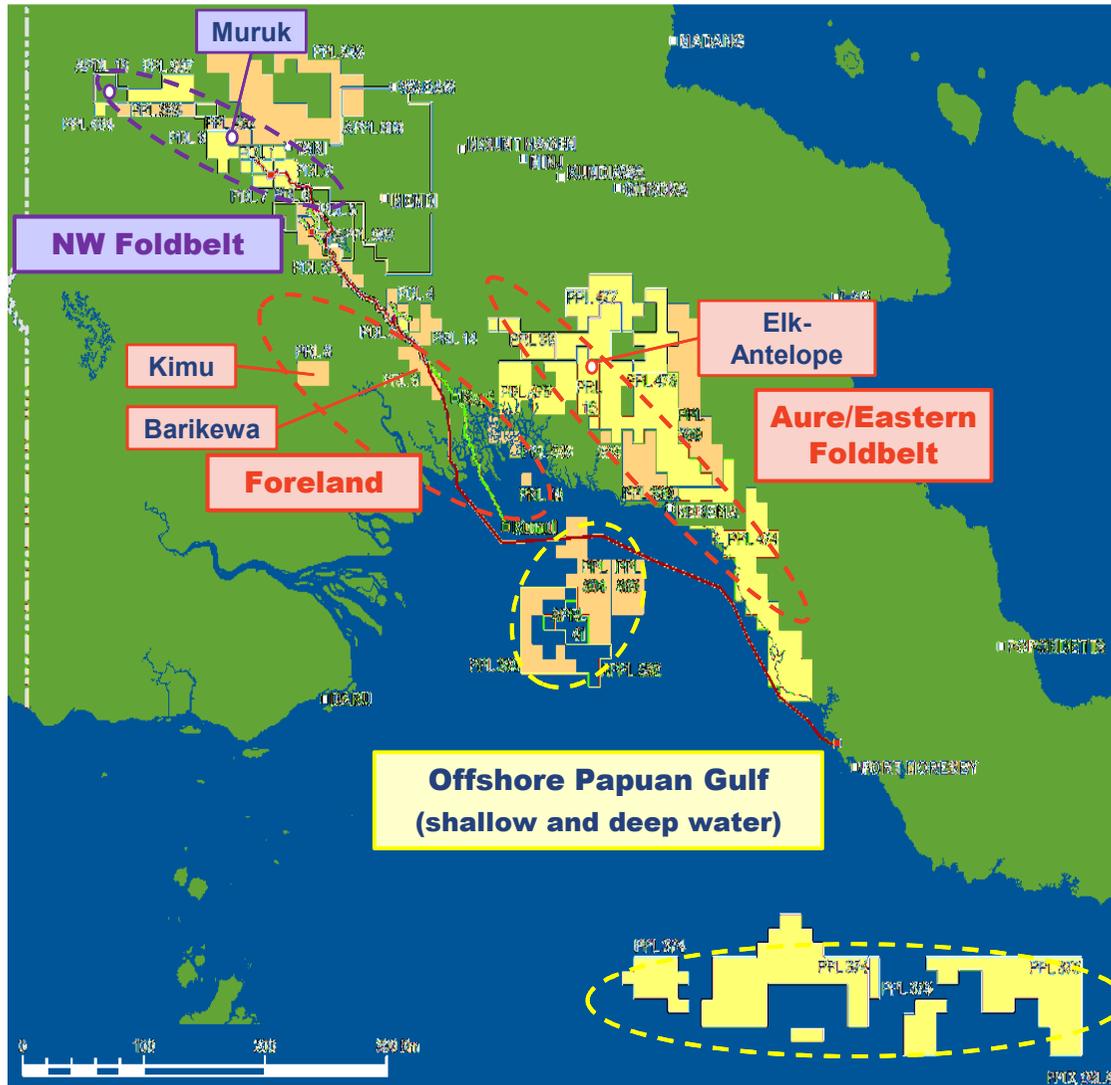


Source: Wood Mackenzie, 4Q 2017

- ◆ Global LNG demand grew 11% in 2017, expected to grow by more than 6% pa over next five years
- ◆ Long term demand forecast to continue growing by >4% pa, reaching ~490 MTPA by 2030
- ◆ >70 MTPA of Japanese, Korean and Chinese contracts expected to expire between 2018-2025
- ◆ LNG capacity currently exceeds demand but only 7.2 MTPA of new LNG capacity sanctioned in 2016 and 2017
- ◆ 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 NE Asian demand

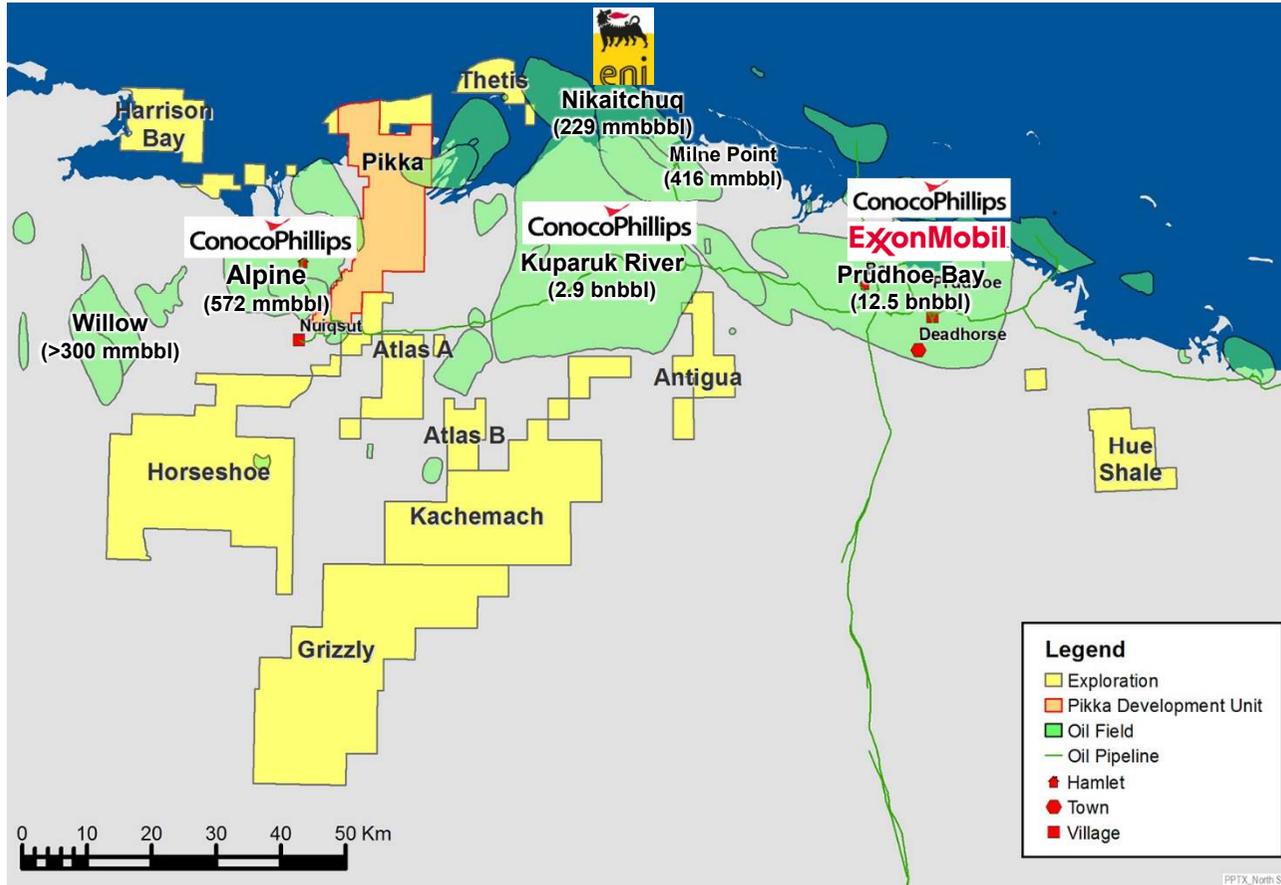


KEY PNG EXPLORATION ACTIVITIES IN 2018



- ◆ Multiple material exploration prospects in PNG to support ongoing LNG growth:
 - Major focus on commercialisation routes, optimising capital efficiency and value
- ◆ Muruk 2 appraisal:
 - Expected to spud 2Q18, results in 2H18
 - 11km step-out to test resource upside
 - Well will confirm scale of discovery
- ◆ Kimu and Barikewa Foreland Gas Fields:
 - 2Q/3Q appraisal drilling to test resource and firm up commercialisation plans
 - Combined potential > 1 tcf
- ◆ Major seismic acquisition underway to constrain multi-tcf prospects

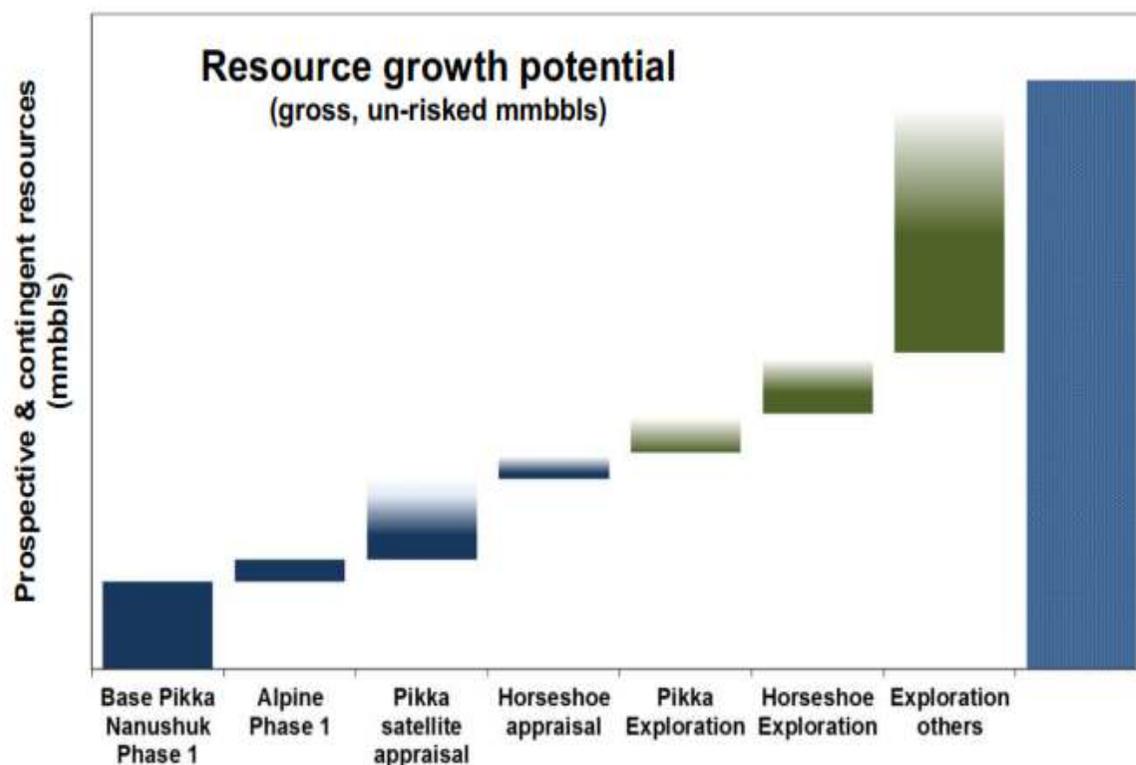
COMPLETION OF ACQUISITION OF WORLD CLASS ALASKAN ASSETS



- ◆ 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 in March 2018:
 - 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



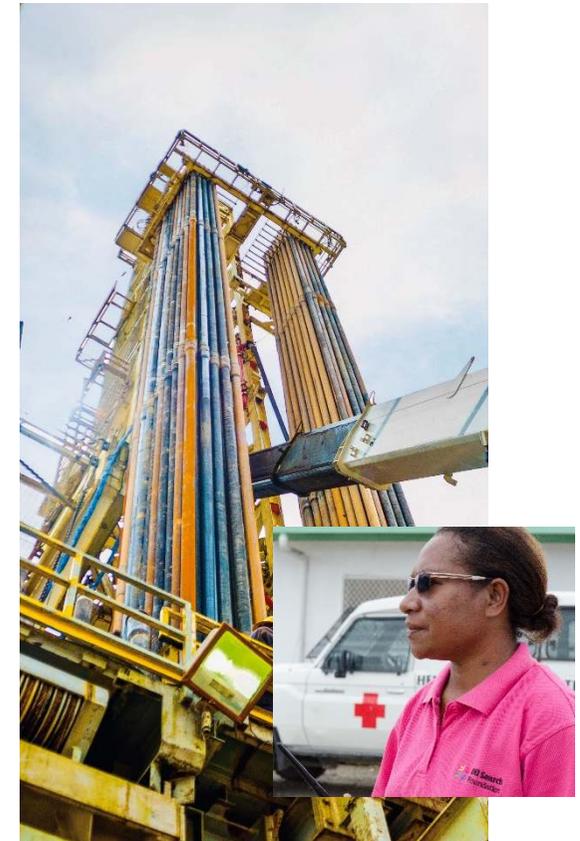
MULTIPLE OPPORTUNITIES TO ADD VALUE – DEVELOPMENT, APPRAISAL, EXPLORATION



- ◇ 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
- ◇ 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 unrisked prospective resource potential (>20 prospects on 3D)

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 and 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 has been submitted to VPI and will be on OSH website shortly
- ◆ 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

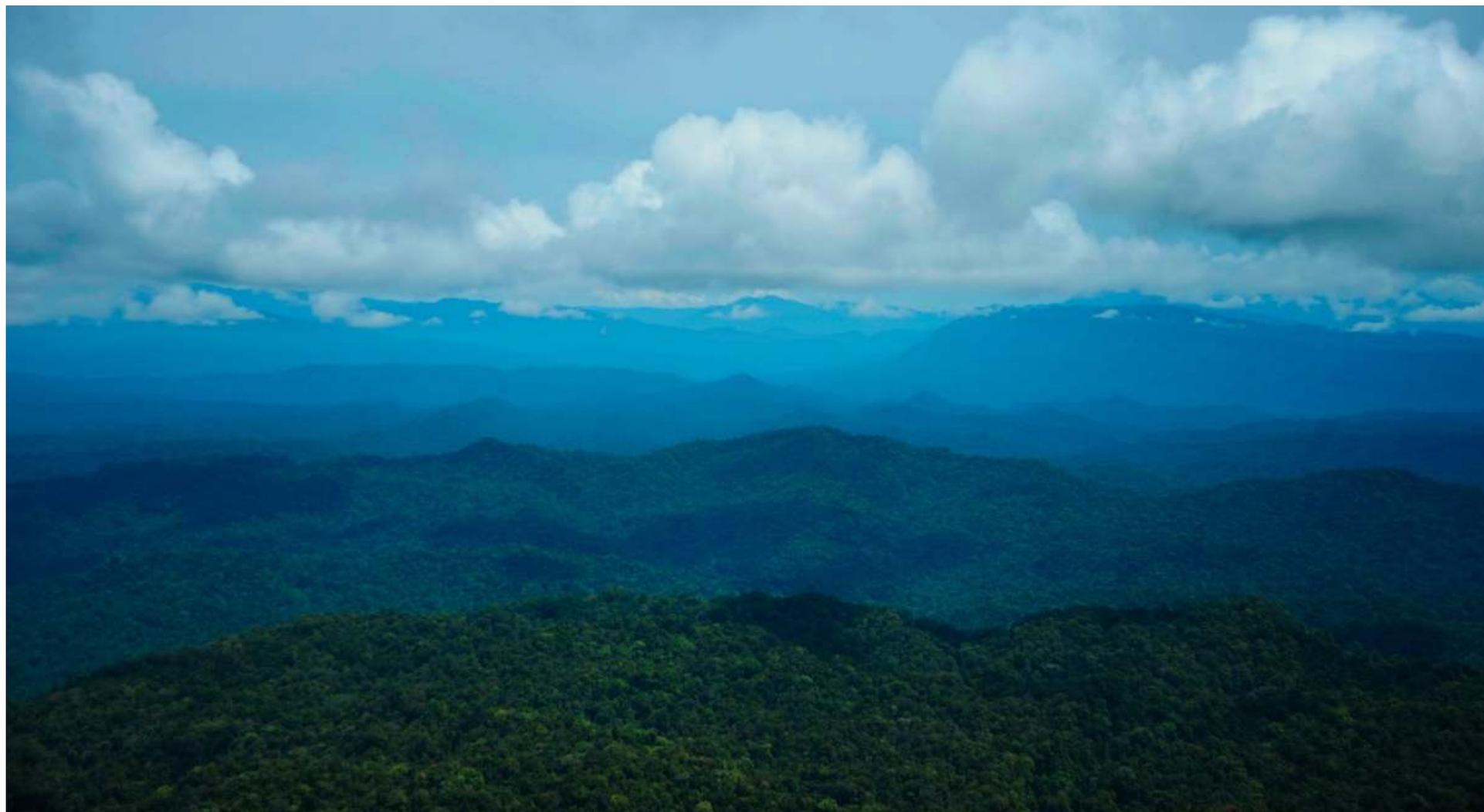
- ◆ Achieve critical milestones for PNG LNG expansion and Papua LNG:
 - Negotiate gas agreements with PNG Government
 - FEED decisions for both projects
 - Marketing of OSH Papua LNG equity volumes to support FEED
 - Commence discussions with prospective lenders on project financing
 - Progress AGX - optimisation of oil fields via associated gas integration
- ◆ Binding medium term agreements for sale of 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
- ◆ Approve Alaskan appraisal programme, leading to Nanushuk oil field FEED in 2019
- ◆ Create value from Alaskan Option





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APPENDICES



2017 FINANCIAL PERFORMANCE

| US\$m | 2017 | 2016 |
|--------------------------------|----------------|--------------|
| Sales volume (mmbobe) | 30.04 | 30.59 |
| Revenue | 1,446.0 | 1,235.9 |
| Production costs | (262.8) | (257.1) |
| Other operating costs | (141.1) | (131.7) |
| Other income | 10.0 | 5.1 |
| EBITDAX¹ | 1,052.1 | 852.2 |
| Depreciation and amortisation | (380.6) | (436.7) |
| Exploration costs expensed | (35.9) | (53.2) |
| InterOil break fee (net) | - | 18.7 |
| Net finance costs | (194.7) | (196.0) |
| Profit before tax | 440.9 | 185.0 |
| Tax | (138.8) | (95.2) |
| Net profit after tax | 302.1 | 89.8 |
| InterOil break fee – net | - | (18.7) |
| PNG tax law changes | - | 35.6 |
| Core Profit¹ | 302.1 | 106.7 |

¹ EBITDAX (earnings before interest, tax, depreciation/amortisation, non-core activities, impairment and exploration) and Core profit (net profit before after tax before significant items) are non-IFRS measures that are 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.

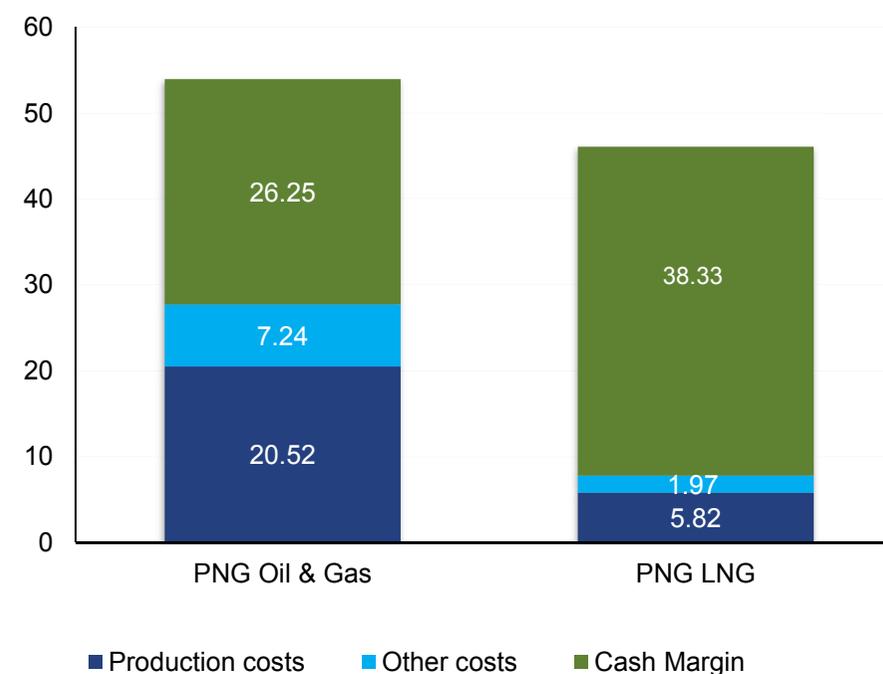


OPERATING MARGINS

EBITDAX MARGIN



CASH MARGIN BY ASSET (US\$/BOE)



◆ Improved EBITDAX margin, reflecting oil price recovery and higher proportion of PNG LNG production and sales contributions

◆ Healthy cash margins:

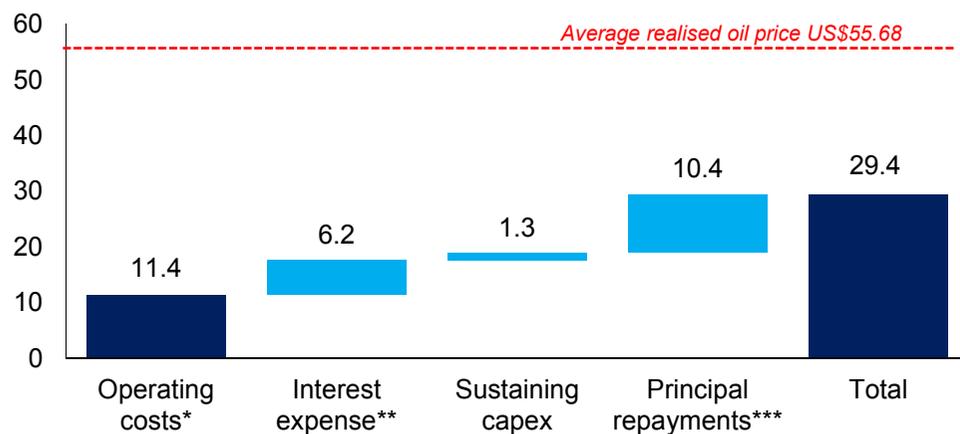
– PNG LNG ~US\$38/boe

– PNG Oil and Gas ~US\$26/boe

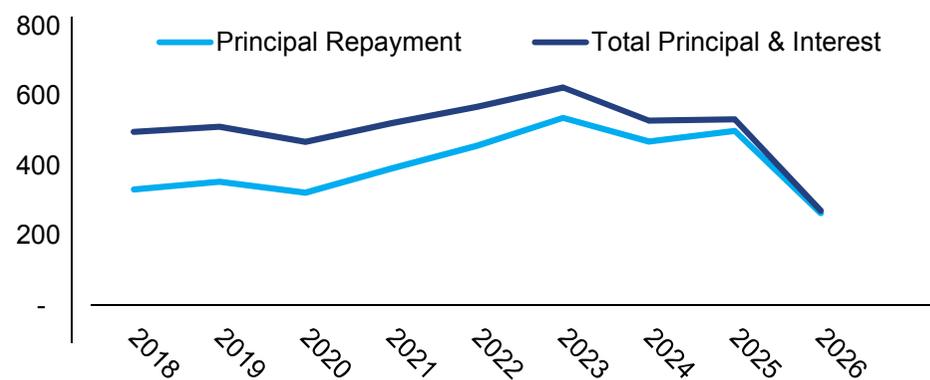


FINANCIAL METRICS REMAIN SOLID

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



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



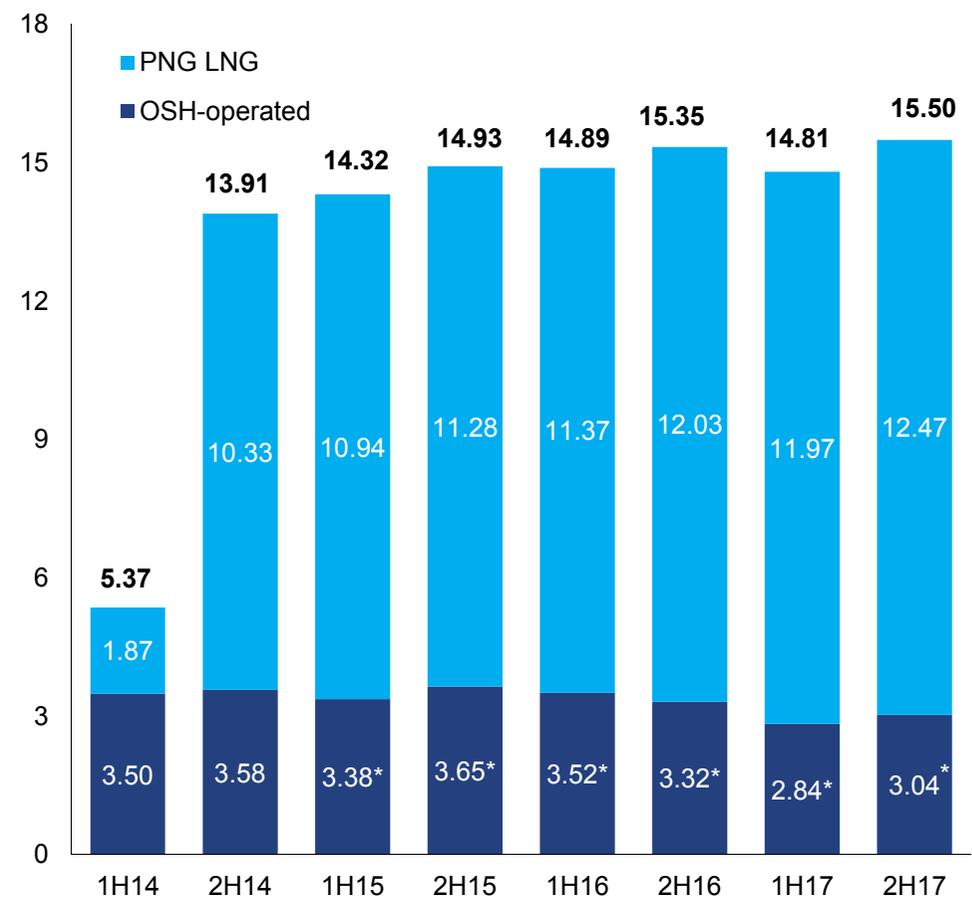
◆ PNG LNG project debt fully repaid by 2026

* 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

RECORD PRODUCTION IN 2017

- ◆ Total 2017 production of 30.31 mmboe
- ◆ PNG LNG Project contributed 24.44 mmboe (106.3 bcf LNG, 3.47 mmboe liquids), highest production since start-up and 20% above nameplate:
 - Annualised production rate of 8.3 MTPA, record rate >8.9 MTPA in October
- ◆ Operated oil fields, Hides GTE and SE Gobe third party gas sales to PNG LNG contributed 5.88 mmboe:
 - Decline in operated production due to 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

NET PRODUCTION (MMBOE)



* Includes SE Gobe gas sales

2018 PRODUCTION OUTLOOK

◇ 2018 FY production guidance¹:

| Production | 2018 Guidance |
|------------------------------|-------------------------------------|
| Oil Search operated | 4.5 – 5.5 mmbœ ^{2,3} |
| PNG LNG Project | |
| LNG | 105 – 109 bcf |
| Power | 0.6 – 0.7 bcf |
| Liquids | 3.3 – 3.5 mmbbl |
| <u>Total PNG LNG Project</u> | <u>24.0 – 25.0 mmbœ²</u> |
| Total Production | 28.5 – 30.5 mmbœ |

◇ PNG LNG:

- Assumes production of 8.2 – 8.5 MT (gross)
- Includes downtime for HGCP modifications and Angore tie-in work in 1H18
- Production optimisation benefits expected from 2H18

◇ Operated production:

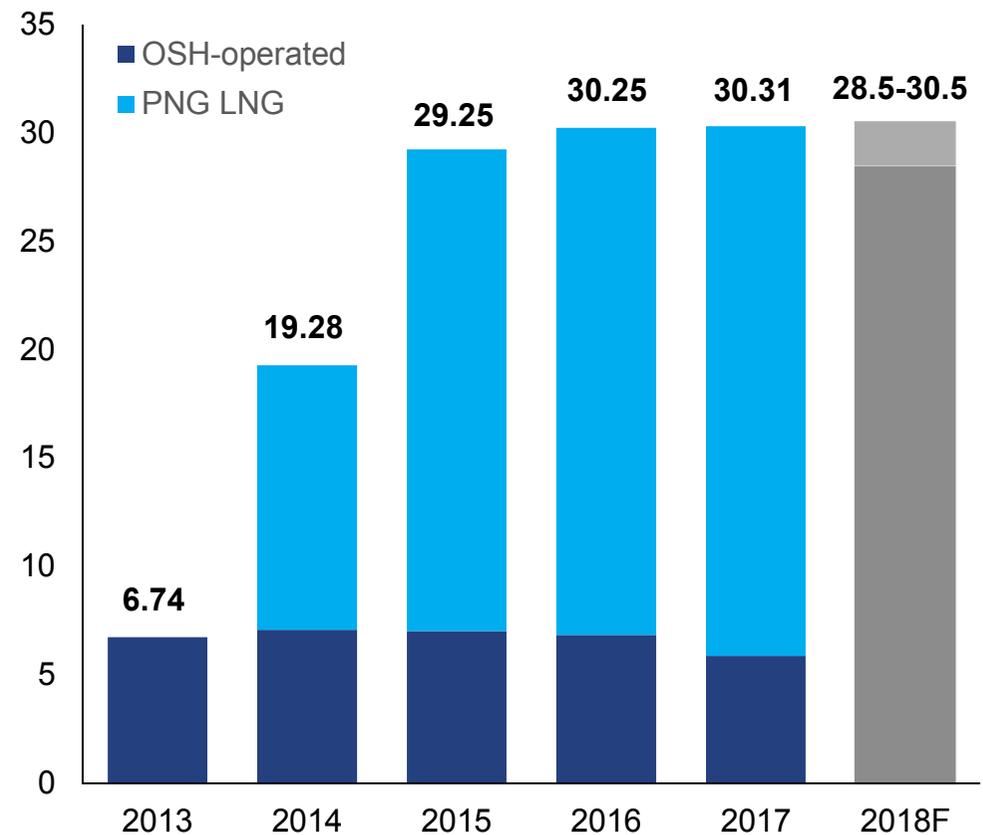
- Impacted by natural decline in oil fields

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 2.6 – 2.8 bcf (net) of SE Gobe gas sales exported to the PNG LNG Project (OSH – 22.34%).

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



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)

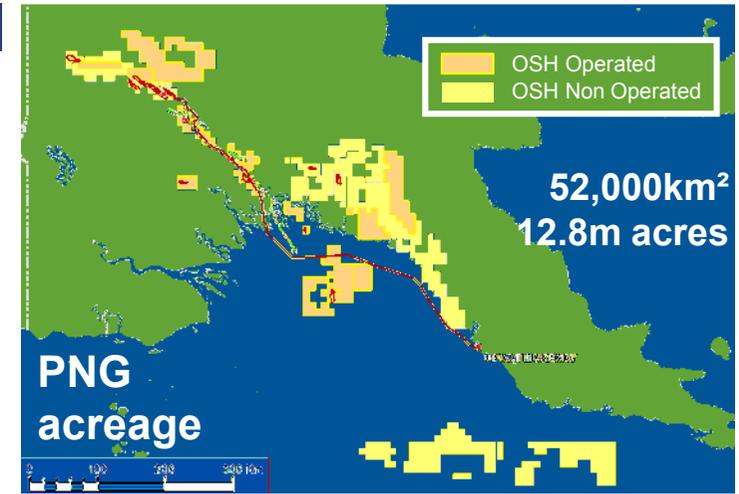
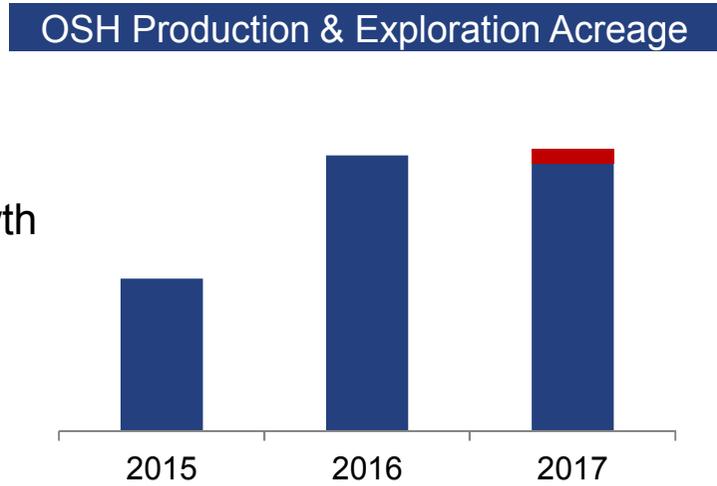
* Oil Search operated production, including SE Gobe gas sales to PNG LNG Project

PNG ACREAGE REBUILD PLUS ALASKA DELIVERS WORLD CLASS PORTFOLIO



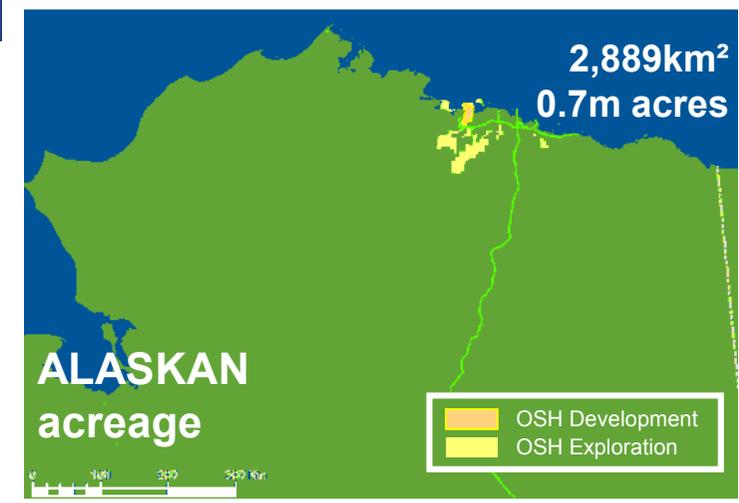
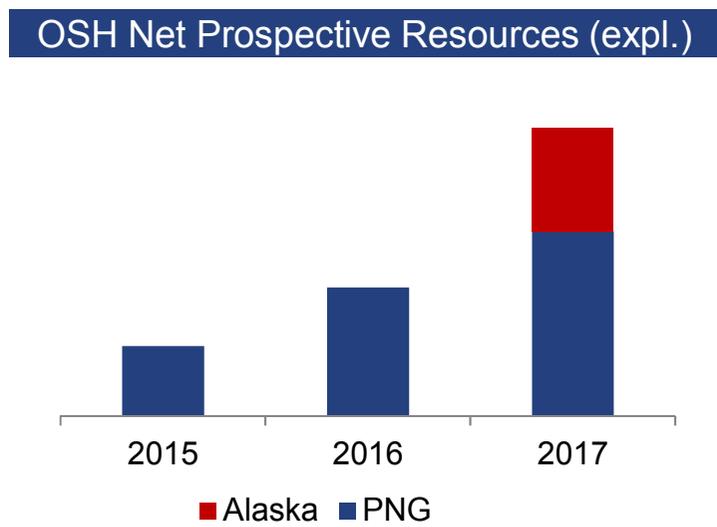
◆ PNG

- World class gas portfolio
- Acreage focused on LNG hubs
- Exploration supports LNG growth
- New oil plays identified
- Flexible drilling programme



◆ Alaska

- Concentrated footprint adjacent to infrastructure
- Faster oil commercialisation
- Operatorship & control
- Major long term growth



◆ Focused portfolio:

- World class tier 1 oil & gas assets
- LNG dominated with near-term oil commercialisation

ALASKA BRINGS SUSTAINED DEVELOPMENT, PREDICTABILITY AND CONTROL



- ◇ Underpinned by:
 - Quality Tier 1 oil resource with significant upside in development and exploration
 - Compelling entry price at right time in development and oil price cycle
 - Conservative resource and development assumptions following material due diligence
 - Deal structure provides significant optionality and risk mitigation. Option allows strategic partnering
 - Ability to drive early commercialisation
 - Enhances resource position
 - Enhances shareholder returns post 2023. No change to dividend policy
 - Supported by balance sheet strength and flexibility





2017 FULL YEAR RESULTS

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