ALASKA NORTH SLOPE:
A STRATEGIC EXPANSION OPPORTUNITY FOR OIL SEARCH

14 December 2017
PRESENTATION OUTLINE

- INTRODUCTION
  - Strategy & rationale
- ALASKA - AOG PERSPECTIVE
- ACQUISITION METRICS
- ASSET SUMMARY
  - Alaska North Slope - history and geological setting
  - Nanushuk field
  - Exploration upside
- TEA BREAK
- ASSET SUMMARY CONT.
  - Development plans
  - Stakeholder engagement
  - Programme schedule
- PNG LNG EXPANSION UPDATE
- FINANCIAL OVERVIEW
- Q & A
ALASKA NORTH SLOPE INTRODUCTION

PETER BOTTEN – MANAGING DIRECTOR
OSH STRATEGY AND RATIONALE

OSH HAS WORLD CLASS GAS PORTFOLIO IN PNG

- Strong resource base
- >10tcf resource now dedicated to LNG expansion and development
- Key elements of two train expansion being delivered
- Appraisal and exploration success delivering resource base for next generation of LNG growth

REALITY THAT LNG PROJECTS ARE COMPLICATED, REQUIRE PARTICIPANT ALIGNMENT, MARKET SUPPORT AND FINANCING

- Many areas not in OSH control
- Requires time to commercialise
OSH STRATEGY AND RATIONALE

STRATEGIC IMPERATIVE TO ALIGN INTERESTS FOR CONTINUED EXPANSION

- Resources in NW Highlands:
  - Hides-Muruk-P’nyang-Elk-Antelope
  - Onshore Gulf
  - Offshore Gulf
  - Deep water Gulf
- Multiple tcf potential but when and how much do we invest?
- Facilities and infrastructure optimisation
- Coordinated and timely investment in exploration appraisal and infrastructure
- Strategic focus for 2018 – growth after Train 3 and 4
- Disciplined capital prioritisation, based on this work
PNG: A WORLD CLASS GAS PROVINCE

~5bnboe discovered to date, YTF >7bnboe

Discoveries
- 12 Developed
- 30 Undeveloped
P50 discovered resource
- 24 tcf
- 958 mmbbl

Yet-to-Find potential
- 92% gas & 8% oil
- 40 tcf
- 550 mmbbl
- Giant fields predicted

YTF = OSH estimates benchmarked against USGS and others
DRIVEN 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

ALASKA BRINGS SUSTAINED DEVELOPMENT, PREDICTABILITY AND CONTROL

STRATEGIC RATIONALE – ALASKA ACQUISITION
PNG AND ALASKA

Creates a world class, focused oil and gas portfolio with material exploration upside

OSH Forecast Net Production

OSH Production & Exploration Acreage

OSH estimate net resources

OSH Net Prospective Resources (YTF)

* PNG LNG gas conversion using an OSH specific conversion factor 5,100 scf = 1 boe; ** Papua LNG gas conversion using 6,000 scf = 1 boe. LNG production is well head gas.
ACQUISITION IS IN LINE WITH STATED STRATEGY

2014 Annual Report

The large range of potentially high-returning, gas exploration opportunities in Oil Search’s existing portfolio in PNG mitigates the immediate need to expand internationally. However, given PNG is primarily a gas province and there are long lead times associated with LNG development, the Company is also seeking to build, in a measured way, a high-value, oil-focused exploration portfolio of material international opportunities, where Oil Search can leverage relationships developed over a decade operating in the Middle East and North African region. The pace of international exploration will depend on the timing and priority of capital commitments in PNG, particularly given the present lower oil price environment.

2015 Annual Report

» Continue to build new ventures capabilities and relationships and evaluate long-term opportunities.

November 2016 Investor Field Trip

» Disciplined approach to any new international exploration/appraisal, assessed against high-returning PNG growth assets

August 2017 Company Update

◇ Continue to build and high-grade exploration portfolio, with material exploration potential to drive further growth
ALASKA NORTH SLOPE

AOG PERSPECTIVE

BILL ARMSTRONG – PRESIDENT, ARMSTRONG OIL AND GAS
ALASKA NORTH SLOPE
Established oil province with mega discoveries

North Slope Oil Production (MBOPD)

- Prudhoe Bay peaks at 2,000 MBOPD
- Endicott peaks at 110 MBOPD
- Kuparuk River peaks at 320 MBOPD
- Pt McIntyre peaks at 170 MBOPD
- Alpine peaks at 130 MBOPD
- Pikka
- Willow
- Horseshoe
- Exploration Areas


Horseshoe OSH 37.5% W.I
Pikka Unit OSH 25.5% W.I
Alpine (572)
Willow (300)
Pikka Unit
Horseshoe Block
Existing fields (EUR MMbbls)

Armstrong acreage
Armstrong/Repsol wells
Pikka Unit
Horseshoe Block

North Star (196)
Point McIntyre (500)
Endicott (572)
Oooguruk (225)
Nikaitchuq (229)
Mile Point (416)
ConocoPhillips
ExxonMobil
ConocoPhillips
Kuparuk River (2,876)
Tarn (200)
Hue OSH 50% W.I

Oil Search Alaska Strategy Seminar - December 2017
PAGE 11
AOG founded by Bill Armstrong in 1985

Active in Alaska since 2001:
- Matured Oooguruk & Nikaitchuq prospects, then on-sold to ENI (2007)
- Developed the North Fork gas field on the Kenai Peninsula in 2007

AOG started assembling current leases in 2009:
- Introduced Repsol in 2011
- 19 exploration wells (12 vertical + 7 sidetracks)
- Acquired three 3-D seismic surveys
- JV currently holds ~715,000 gross acres

Oil Search enters joint venture effective January 2018:
- AOG to remain in exploration acreage with 3 year AMI
WHY OIL SEARCH?

Combination of relationship skills, approach and openness of sharing analysis

- Strong relationship developed between OSH & AOG
- AOG considered OSH’s community relations capability critical to success
- AOG recognised limitations to deliver project but wanted to stay involved
- Oil price downturn mid year and majors “slowness” created uncertainty
ALASKA NORTH SLOPE ACQUISITION METRICS

KEIRAN WULFF – EGM, EXPLORATION AND NEW VENTURES
HOW DID WE IDENTIFY ALASKA?

HOW DID WE IDENTIFY THE OPPORTUNITY?

- Screening of international opportunities against PNG portfolio:
  - >150 opportunities screened since 2012, provides excellent benchmarks for comparisons

- Oil Search introduced to AOG’s Alaska assets in early 2017:
  - Contacted AOG, established that all or part of its interests for sale
  - AOG running a “soft” process with majors & considering IPO

- Significant due diligence, working in cooperation with AOG:
  - Bottom up approach & independent experts involved
  - Full reservoir modelling, risk analysis and economic screening

SCREENING CRITERIA

- Material volumes with early production
- Liquids bias & complementary to PNG portfolio
- Operated position with existing relationships
- Political and fiscal stability
- Emerging play with upside
- Value creation
ACQUISITION OVERVIEW

1. Acquisition of half of AOG’s working interests in all North Slope blocks for US$400m

- Low risk Nanushuk development with material appraisal upside (OSH acquisition value based on Phase 1 Pikka only)
  - Base development OSH acquisition case 500 mmbbls
  - Armstrong 2C case >820 mmbbls
  - Appraisal drilling 2018/19 to target 2C case prior to FID
- Nanushuk development extends into Horseshoe (2017)
  - Combined Nanushuk EUR across Pikka and Horseshoe up to 1.2 bn bbls
- Material exploration upside to be tested during appraisal

2. Option to acquire remaining AOG interests in all blocks for US$450m, to double current working interest. Option expiry June 2019. Ability to transfer or on-sell option

3. OSH to take over operatorship (originally June 18, now early 2018)

(1) OSH estimate of gross resource for purposes of the acquisition; (2) AOG estimate 2017 (3) Repsol March 2017 (4) OSH estimate for acquisition purposes
## SUMMARY OF INTERESTS ACQUIRED

<table>
<thead>
<tr>
<th>Phase</th>
<th>Lease Category</th>
<th>Oil Search</th>
<th>Armstrong</th>
<th>GMT Exploration</th>
<th>Repsol</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pre-transaction</strong></td>
<td>Pikka Unit</td>
<td>-</td>
<td>38.25 %</td>
<td>12.75 %</td>
<td>49 %</td>
</tr>
<tr>
<td></td>
<td>Horseshoe</td>
<td>-</td>
<td>56.25 %</td>
<td>18.75 %</td>
<td>25 %</td>
</tr>
<tr>
<td></td>
<td>Exploration</td>
<td>-</td>
<td>56.25 %</td>
<td>18.75 %</td>
<td>25 %</td>
</tr>
<tr>
<td></td>
<td>Hue Shale</td>
<td>-</td>
<td>100 %</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Current transaction</strong></td>
<td>Pikka Unit</td>
<td>25.5 %</td>
<td>19.125 %</td>
<td>6.375 %</td>
<td>49 %</td>
</tr>
<tr>
<td></td>
<td>Horseshoe</td>
<td>37.5 %</td>
<td>28.125 %</td>
<td>9.375 %</td>
<td>25 %</td>
</tr>
<tr>
<td></td>
<td>Exploration</td>
<td>25.5 %</td>
<td>37.125 %</td>
<td>12.375 %</td>
<td>25 %</td>
</tr>
<tr>
<td></td>
<td>Hue Shale</td>
<td>37.5 %</td>
<td>62.5 %</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Post OSH’s option to acquire balance if exercised</strong></td>
<td>Pikka Unit</td>
<td>51 %</td>
<td>-</td>
<td>-</td>
<td>49 %</td>
</tr>
<tr>
<td></td>
<td>Horseshoe</td>
<td>75 %</td>
<td>-</td>
<td>-</td>
<td>25 %</td>
</tr>
<tr>
<td></td>
<td>Exploration</td>
<td>51 %</td>
<td>18 %</td>
<td>6 %</td>
<td>25 %</td>
</tr>
<tr>
<td></td>
<td>Hue Shale</td>
<td>75 %</td>
<td>25 %</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

(1) OSH able to transfer or on-sell additional interests
KEY ACQUISITION METRICS
Highly attractive and competitive entry price

POTENTIAL DISCOVERED RESOURCES

❖ Acquisition cost to OSH of ~US$3.1/bbl based on OSH’s estimate of discovered resource or ~US$1.3/bbl based on Repsol’s estimate
  – Gross OSH acquisition estimate 500 mmbbls (discovered resource)
  – Repsol believes there could be up to 1.2 bnbbls resource

FLEXIBILITY TO ACQUIRE REMAINING INTEREST

❖ Option allows OSH to acquire all of Armstrong and GMT’s remaining interests and on-sell if there is the potential to add further value
❖ Able to make the decision based on updated views of resources and development plan
❖ Disciplined approach to maximise shareholder value

✓ Near to market and low breakeven cost on a standalone basis (mid US$30s/bbl) acquired at an attractive point in the oil price cycle.
✓ Compares favourably to other pre-development global transactions averaging US$3.6/bbl of resource
✓ Potential to be lowest cost acquisition in current cycle, based on Repsol’s and operator’s ultimate resource estimate

(1) Repsol press release of 9 March 2017
(2) Comparable list of recent global oil transactions involving pre-development assets since 2015
**Papua New Guinea (Papuan Basin)**

- 5 billion boe discovered\(^1\)
- 7 billion boe\(^2\)
- Hides Gas Field 1987 (1 billion boe\(^3\))
- 89% discovered volume is gas
- Fold Belt & Foreland Basin
  - Activities largely restricted to dry season
  - Remote with seasonal influences
- Expensive remote logistics
- Highlands exploration well costs >US$120m/well
- 2D seismic > US$200,000/km
- Moderate development lead time for gas,
  - New discoveries require new infrastructure

**Alaska (North Slope)**

- 37 billion boe discovered\(^1\)
- 60 billion boe\(^2\)
- Prudhoe Bay Field 1968 (19 billion boe\(^3\))
- 78% discovered volume is oil
- Fold Belt & Foreland Basin
  - Operations are restricted to the winter season
  - Development all year round
  - Close proximity to infrastructure
  - Onshore exploration drilling <US$30m/well
  - 2D & 3D seismic available
- Ullage available via open access pipeline
  - Only in-field infrastructure required for export

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\(^1\) Source IHSMarkit 2017
\(^2\) Source USGS 2010/11
\(^3\) Source USGS 2010/11

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**OIL SEARCH ALASKA STRATEGY SEMINAR - DECEMBER 2017 | PAGE 19**
ALASKA NORTH SLOPE ASSET SUMMARY

KEIRAN WULFF – EGM, EXPLORATION AND NEW VENTURES
CHRONOLOGY – AOG A CATALYST FOR ACTIVITY

3D seismic combined with active exploration by Armstrong & Repsol drove delineation of Nanushuk reservoir
IT’S NOT ONLY IN THE NANUSHUK

Alpine and other proven oil accumulations – Pikka “Satellites” -being defined by 3D seismic & tied to well results

- Multiple proven reservoirs with oil recoveries
- Alpine C included in resource estimates – major increase in pay distribution estimates from recent seismic inversion
- Alpine C & Kup C reservoirs can be drilled from proposed Nanushuk well pads
- 3D seismic and detailed processing key to unlocking further opportunities
OVER 1 BILLION BBLs EXPLORATION UPSIDE

Targets mapped on 3D seismic covering area

- >20 prospects delineated by 3D seismic.
- >1 bn bbls unrisked prospective resource potential
- Near-term appraisal will also test exploration in Horseshoe
- Prioritised exploration to be evaluated in 2018
RESOURCE GROWTH POTENTIAL

Major oil field adjacent to infrastructure with potential to grow materially through targeted appraisal and exploration

- Oil Search acquisition volume assumed conservative base assumptions for reservoir and production characteristics
- 2018/19 appraisal activities to target increasing the base contingent resource for Phase 1 Pikka development
- Acreage footprint offers multiple exploration options
- Opportunity for collaboration and optimisation of field development with adjacent operators (not included in OSH’s valuation)
ACCESS TO EXISTING INFRASTRUCTURE

Extensive existing infrastructure with ullage and very supportive and stable State government

- Major supply base in Deadhorse
- TAPS has capacity of 2.1mbopd, current throughput of ~500,000 bopd
- Opportunity to work with existing infrastructure owners to minimise development costs and environmental footprint
DEVELOPMENT PLAN – ACQUISITION CASE

Phase 1 focused solely on the Pikka unit

❖ OSH acquisition case:
  – Utilised AOG/Repsol development plan
  – ~400 mmbbl Nanushuk & ~100 mmbbl Alpine C and other satellites
  – 80,000-120,000 barrels of oil per day by mid 2024

❖ AOG / Repsol development plan submitted for the EIS in 2016:
  – Phase 1 - single CPF with three drill pads (DS1, 2 & 3)
  – >750 mmbbl recoverable
  – 120 – 140,000 bopd 2022+

❖ Phase 1 development considers Nanushuk, Alpine C, Alpine A:
  – 65 oil producer/water injector pairs

❖ Significant optimisation opportunities:
  – Cooperation with adjacent operators may optimise infrastructure
  – Alpine field uses EOR to achieve recovery factors >50%
  – Studies with Halliburton (and facilities specialist) focused on drilling cost reductions, reservoir sweep efficiencies and minimising footprint

(1) OSH estimate of gross resources for the purpose of the acquisition.
DEVELOPMENT PLAN INFRASTRUCTURE – Phase 1

Plan advanced, EIS under review

- National Environmental Policy Act (NEPA) process has been initiated by the US Army Corps of Engineers (USACE):
  - Environmental impact statement (EIS) process is well underway and expected to be complete by end 3Q18

- OSH looking to review comments and identify optimisation opportunities:
  - Maximise cooperation with other operators, especially COP
  - Minimise footprint, capex and drilling costs in alliance/team approach with Halliburton and select contractors (already commenced)

- OSH planning to fully engage community and identify long term alignment projects:
  - Early engagement already commenced
PIKKA DEVELOPMENT
Well design – proven technology; room to optimise

- Well cost based on a 39 days duration:
  - Major opportunities to drive down the costs
- Longer wells are planned to step out ~26,000ft (7,800m) with horizontals 6,000ft (1,800m):
  - Multistage vertical fracturing operations through horizontal section
  - Enhance vertical communication & deliverability using latest technology (Halliburton expertise)
- Multi year programme and batch drilling from single location supports new fit for purpose drilling rigs:
  - Major economies of scale
  - Local business opportunities
  - Major opportunity to reduce well numbers
- Halliburton expertise will provide access to latest technologies
MATERIAL EXPANSION SCENARIOS ARE POSSIBLE
Driven by appraisal, cooperation & exploration

- Phase 1 acquisition case Pikka Unit only:
  - 500 mmbbl recoverable
  - Production ramps up to ~120,000 bopd by 2024.
- Phase 1 example upside case Pikka Unit only:
  - Example: 700 mmbbl recoverable based on enhanced recovery factor (35% vs 26% base case)

- Full potential of 1.2 bnbbls (Pikka + Horseshoe + Pikka Nth) based on Repsol estimates\(^1\)
- Higher resources to be confirmed by 2018/19 appraisal programme ahead of FID in 2019

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\(^1\) Repsol press release of 9 March 2017
NANUSHUK VOLUMETRICS
OSH acquisition case estimate ~60% of Armstrong and Repsol most likely recoverable resource

Key difference is contribution of C & D facies, $V_{\text{shale}}$ cut-off and porosity
OSH took very conservative approach to confirm minimum threshold volumes and programmes required to resolve risk
Appraisal programme will address these uncertainties through planned drilling, testing and coring programmes
Likely two well 2017/18 programme by COP to confirm field extent on its acreage
2018/19 programme to define Phase 1 development scale
## PIKKA PHASE 1 DEVELOPMENT OPTIMISATION

Substantial opportunities exist to enhance recovery, reduce costs and infrastructure footprint.

<table>
<thead>
<tr>
<th>Opportunity</th>
<th>Pikka Phase 1 acquisition case</th>
<th>Pikka Phase 1 increased recovery</th>
<th>Detail</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase throughput (bopd)</td>
<td>80,000-120,000</td>
<td>&gt;120,000</td>
<td>• Potential to expand with appraisal</td>
</tr>
<tr>
<td>Development Well cost ($US million)</td>
<td>$18m/well</td>
<td>&lt;$15m/well</td>
<td>• Drilling efficiencies will eventuate during the course of the campaign</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Expectation is that overall drilling budget may be cut by 30%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Likelihood of fit for purpose rig at each drill site</td>
</tr>
<tr>
<td>Wells (no.)</td>
<td>120</td>
<td>&lt;100</td>
<td>• Numbers based on 414 acre injector/producer well.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Better reservoir connectivity/continuity/quality could lead to a significant reduction in overall well numbers</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Use of longer lateral sections &amp; technology</td>
</tr>
<tr>
<td>Recovery (%)</td>
<td>26 (average)</td>
<td>&gt;35</td>
<td>• Initial development targets the good quality A and B facies. Significant oil-in-place exists in the C and D facies</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Multilaterals to better sweep the poorer facies</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Well placement and pattern optimisation may improve recovery</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Additional EOR techniques will be evaluated</td>
</tr>
<tr>
<td>Capex ($US million)</td>
<td>US$4.2bn</td>
<td>&lt;US$3bn</td>
<td>• Currently includes 30% contingency</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Optimisations on scale of footprint identified</td>
</tr>
<tr>
<td>Opex ($/bbl)</td>
<td>Fixed $109m/pa Variable $2.86/bbl Transportation $7.43/bbl</td>
<td>Fixed $109m/pa Variable $2.86/bbl Transportation $7.43/bbl</td>
<td>• Depends on level of cooperation</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• Roads on eastern side of Colville result in easier access</td>
</tr>
<tr>
<td>Breakeven Oil Price ($/bbl) 2017 Terms</td>
<td>~$37/bbl (500mmbbls)</td>
<td>~$30/bbl (500mmbbls)</td>
<td>• Assumes ~26% recovery factor &amp; lower capex</td>
</tr>
<tr>
<td></td>
<td></td>
<td>~$28/bbl (700mmbbls)</td>
<td>• Assumes ~35% recovery factor &amp; lower capex</td>
</tr>
</tbody>
</table>
PIKKA PHASE 1 DEVELOPMENT
BREAKEVEN PRICE
Compared to undeveloped Global Projects

Pikka Unit Phase 1 Development compared to new Global Projects
break even oil price Pre FID

Pikka Unit Phase 1 – ~US$30/bbl
Oil Search Increased Recovery

Pikka Unit Phase 1 - $42/bbl
Wood Mackenzie Estimate (Nov-17)

Source: Wood Mackenzie
Upstream Insights
Global upstream project tracker: Q317

Brent US$/bbl

0 10 20 30 40 50 60 70 80 90 100

0 10 20 30 40 50 60 70 80 90 100
**INDICATIVE TIMETABLE TO FIRST OIL**

Appraisal programme will define final configuration & timing of the Nanushuk development

<table>
<thead>
<tr>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Appraisal</strong></td>
<td><strong>FEED</strong></td>
<td><strong>Development</strong></td>
<td><strong>Production</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017/18: COP appraisal drilling</td>
<td>Dev plan final</td>
<td>Drilling ~50+ producers &amp; ~50+ injectors from 3 drill centres</td>
<td>~80,000-120,000 bbl/d plateau</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stakeholder engagement</td>
<td>Community plan</td>
<td>Construction of ~60 km pipelines</td>
<td>Target 500 - 700 mmbbls oil recoverable from Phase 1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018/19: 3-6 appraisal wells in Pikka and Horseshoe</td>
<td>Permitting &amp; approvals</td>
<td>Construction of ~42 km roads</td>
<td>Appraisal for Phases 2 &amp; 3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EIS - OSH looking to reduce environmental footprint &amp; optimise development</td>
<td>Contracting</td>
<td>1 central processing facility or cooperative development with adjacent operators</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FEED contractors selected</td>
<td>Option to acquire remaining % by mid-2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **Appraisal well pad**
- **Kuparuk In-field pipeline**
- **Development well pad**
- **Alpine Central Processing Facility (ConocoPhillips)**

**INDICATIVE TIMETABLE TO FIRST OIL**

A appraisal programme will define final configuration & timing of the Nanushuk development.
PIKKA DEVELOPMENT: KEY STAKEHOLDERS
Stakeholder engagement is a key focus and has already commenced

Kuukpik Corporation & the Village of Nuiqsut
- Surface land owner with strong ties to land & environment
- Community of <500 with diverse interests

Arctic Slope Regional Corporation (ASRC)
- Joint ownership of mineral resources
- Strong capability and holder of material investments
- Major partner for North slope activity

State of Alaska
- Majority stake in mineral resources
- Strongly supportive of developments
- Very active and informed regulator

OIL SEARCH ALASKA STRATEGY SEMINAR - DECEMBER 2017 | PAGE 34
COMMUNITY ALIGNMENT : IT’S PART OF OUR DNA
OSH uniquely positioned and committed

- Meetings with some key community organisations have already commenced
- Workshops reviewing issues, challenges and opportunities scheduled
- OSH reviewing comments from the community engagement process for the EIS review
- Plan for a thorough community engagement programme to ensure alignment through:
  - Maximising cooperation,
  - Minimising environmental footprint & interference
  - Defining sustainable and material business opportunities
  - Defining other community & joint initiatives
  - Defining and agreeing direct jobs, 3rd party services
  - Preserving and respecting culture
The average temperature on the North Slope is +15° Celsius during the summer to -40° Celsius in winter.

Permafrost extends down to a depth of ~600m.

Year round road access via Dalton Highway and ice / gravel road network.

Most exploration and appraisal operations are undertaken during the winter to mitigate damage to the Tundra.

Once development pads are installed, drilling can take place all year round.

In the event of a development, all weather gravel roads and drilling pads are constructed allowing operations to occur 12 months of the year.
ALASKAN TEAM TO BE AUTONOMOUS
No impact on PNG activities, no impact on management’s commitment to PNG

ANCHORAGE ALASKA

- Senior OSH management team initially focused on:
  - Transition to operator (likely to occur 1Q18)
  - Drive culture & build capability
  - Prepare for 2018/19 appraisal programme
  - Community relations, government affairs, operations, development planning, Halliburton Alliance, JV management

- Staffing:
  - Targeting initial in-country team of ~30, expected to grow during development phase (mix of full-time & alliance contractors)
  - Key Armstrong Anchorage-based personnel to transition across to OSH (Community Affairs, permitting, legal and HSE)
  - Focus on employing experienced North Slope experts (drilling, logistics, legal, operations)
  - Workshops underway to utilise and integrate expertise in Armstrong and Repsol
  - Halliburton Alliance workshops already commenced, focused on field development optimisation, technological implementation to optimise recoveries and reduce well count/costs
  - Also focus on utilising local community companies and Alaskan contractors

SYDNEY SUPPORT

- Dedicated subsurface and exploration teams
- Compliance oversight
**KEY EVENTS IN ALASKA – 2017/2018**

<table>
<thead>
<tr>
<th>4Q17</th>
<th>1Q18</th>
<th>2Q18</th>
<th>3Q18</th>
<th>4Q18</th>
<th>1Q19</th>
</tr>
</thead>
<tbody>
<tr>
<td>❖ 14 December – Alaskan Strategy Seminar, Sydney</td>
<td>❖ CFIUS approval early 1Q</td>
<td>❖ Contingent resource estimates for Nanushuk and satellite reservoirs</td>
<td>❖ Investor field trip</td>
<td>❖ Preparation for major Pikka appraisal well program based on optimisation studies ahead FID late 2019 - 2020</td>
<td></td>
</tr>
<tr>
<td>❖ OSH active engagement with Alaskan Govt and Community</td>
<td>❖ 2 ConocoPhillips appraisal wells with data sharing on Putu well</td>
<td>❖ Potential Pikka well</td>
<td>❖ Contracting award for 2018/19 program</td>
<td>❖ 4 + Pikka unit Nanushuk appraisal well program based on optimisation studies ahead FID late 2019 - 2020</td>
<td></td>
</tr>
<tr>
<td></td>
<td>❖ Potential option exercise</td>
<td>❖ EIS progressing</td>
<td></td>
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</tr>
</tbody>
</table>
PNG UPDATE

PETER BOTTEN – MANAGING DIRECTOR
Outstanding performance since coming onstream in mid-2014:

- Average production rate of 8.2 MTPA in 1H17, 8.6 MTPA in 3Q17 following compressor upgrades
- Sales supported by 50% and 12% increase in 1P and 2P gas reserves, respectively, following recertification by Netherland Sewell in early 2017

Further work on compressors completed – should enable current higher levels of production to be maintained / exceeded

Modifications to Hides Gas Conditioning Plant (HGCP) and work on tie-in of two Angore wells planned for 1H18, new wells expected onstream in mid ‘19. HGCP optimisation benefits expected from 2H18

Globally competitive production costs
MARKETING OF UP TO 1.3 MTPA – PROPOSALS UNDER EVALUATION

- Additional 1.3 MTPA of medium term duration LNG volumes being marketed by ExxonMobil on behalf of PNG LNG Project participants
- Current market conditions have tightened for spot/strip sales, stronger terms available to Sellers
- Heightened interest from market in sales process covering up to 5 year period:
  - Proposals received from top-tier LNG buyers, including end users and traders
  - Proposals being evaluated with recommendation expected from Operator before end December
  - Expected to result in binding contract(s) in 1Q18
Key issues being actively progressed

Final engineering report to be provided to co-venturers before Christmas:
- Detailed options for downstream configuration

P'nyang South 2 approaching target:
- Indications likely before year end

Project structures being defined

Progress achieved on core project financing and marketing arrangements:
- Details being worked

Key project definition expected in New Year
FINANCIAL OVERVIEW

CHELSEA MCGREGOR – GROUP TREASURER
STRONG FINANCIAL POSITION
LNG expansion and Alaska expected to be funded from existing balance sheet

ASSET BASE
- Strong free cash flow from PNG LNG and operated oil assets
- Capex programme for exploration and evaluation largely discretionary

BALANCE SHEET
- Current liquidity of ~US$2 billion
- Cash of US$1.2 billion
- US$850 million of committed undrawn bank lines

FUNDING & LIQUIDITY
- LNG expansion and Alaska capex requirements modest, with potential to be optimised
- Both developments likely to be project financed, reducing corporate level funding
- Oil price used for planning toward lower end of banking and industry peer range
- Net debt likely to peak in 2023, with PNG LNG project debt substantially repaid
- Dividend policy (35-50% payout) will be maintained
- Likely development scenarios do not require equity raising
PNG LNG PROJECT CASH FLOWS

- Healthy debt service cover ratio (DSCR) > 1.25x required under lender covenants for distributions
- US$1.7 billion of distributions received to end 2017
- Between 2018-2023, OSH forecast share of revenue ~US$9 billion and distributions ~US$3 billion
- Every US$5/bbl increase in realised oil prices would increase distributions by ~US$100 million

PNG LNG PROJECT DEBT

- 70% debt financed, with more than half of debt coming from ECAs
- Accelerating repayment profile, nearly 60% repaid by 2023, fully extinguished by end 2026

OPERATED OIL ASSETS

- Declining production profile, but still contributing valuable free cash flow over the development period for LNG Expansion and Alaska
LNG EXPANSION DEBT ASSUMPTIONS

- OSH share of development costs for 2018–2023, before project debt funding, estimated to be US$2.6 - 3.5 billion
- 60% debt/40% equity
- OSH’s equity contributions US$1.1 - 1.4 billion, funded from PNG LNG free cash flows, surplus cash and undrawn bank lines
- Expect strong support from government financiers – MLAs and ECAs; PNG LNG repayments freeing up capacity for those lenders
- Funding margins & upfronts expected to be similar to PNG LNG

ALASKA NORTH SLOPE DEBT ASSUMPTIONS

- OSH share of development costs (25.5% working interest in Pikku Unit) for 2018-2023, before project debt funding, estimated to be US$0.8 -1.3 billion
- 60% debt/40% equity
- OSH’s equity contributions US$0.3 - 0.5 billion, funded PNG LNG free cash flows, surplus cash and undrawn bank lines

US debt markets offer range of financing options for conventional oil developments
- Funding costs expected to be more competitive than PNG LNG due to capacity and no developing country risk premium
ALASKA

- Government take expected to be ~42%
- US tax reforms have potential NPV benefit of up to ~US$150 million on initial Alaska investment, doubling if option exercised, primarily due to decrease in federal tax rate from 35% to 20%

TAX ASSUMPTIONS FOR ALASKA
Globally competitive tax regime

### Alaska North Slope Illustrative US Cash Tax Calculation

<table>
<thead>
<tr>
<th>Description</th>
<th>Formula</th>
<th>Ref</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>(A)</td>
<td>A 100.0</td>
</tr>
<tr>
<td>State royalty</td>
<td>((A)x 16.7%)</td>
<td>B (16.7)</td>
</tr>
<tr>
<td>Private royalty</td>
<td>(licence by licence estimate based on (A) x %)</td>
<td>C (1.7)</td>
</tr>
<tr>
<td>Property tax</td>
<td>(estimated at 2% of Net Book Value)</td>
<td>D (0.3)</td>
</tr>
<tr>
<td>Production Tax:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Qualified Lease Expenditure (estimate)</td>
<td>E</td>
<td>(25.0)</td>
</tr>
<tr>
<td>Exempted - 30% of revenue less royalty</td>
<td>(A)-(B) x 30%</td>
<td>F</td>
</tr>
<tr>
<td>Production tax value</td>
<td>((A)-(B)-(C)-(D)-(E)-(F))</td>
<td>G</td>
</tr>
<tr>
<td>Production Tax at 35%</td>
<td>((G) x 35%)</td>
<td>H</td>
</tr>
<tr>
<td>Less: production tax carry forward loss credit</td>
<td></td>
<td>I</td>
</tr>
<tr>
<td>Less: per Barrel Credit - offset production tax</td>
<td></td>
<td>J</td>
</tr>
<tr>
<td>Production tax payable (after credit)</td>
<td>((H)-(I)-(J))</td>
<td>K</td>
</tr>
<tr>
<td>Conservation surcharge</td>
<td>(US$0.05/bbl)</td>
<td>L</td>
</tr>
<tr>
<td>State taxes</td>
<td>(9.4% of taxable income incl. deductions for depreciation &amp; taxes paid)</td>
<td>M</td>
</tr>
<tr>
<td>Federal taxes</td>
<td>(35% of taxable income incl. deduction for depreciation &amp; taxes paid)</td>
<td>N</td>
</tr>
<tr>
<td>Company take (incl. private royalty)</td>
<td>((A)-(B)-(D)-(K)-(L)-(M)-(N))/A</td>
<td>O</td>
</tr>
<tr>
<td>Government take (1-O)</td>
<td></td>
<td>P</td>
</tr>
</tbody>
</table>

### Alaska - Revenue allocation

- Company take: 58%
- State royalty: 17%
- State taxes: 7%
- Federal taxes: 18%
Consolidated project financed debt forecast to peak at US$3.3 - 4.1 billion in 2023

Assumes US$850 million of corporate facilities will be maintained and drawn as necessary during construction

Corporate debt levels managed to provide additional liquidity as required:
- Drawdowns depend on oil price, project costs & gearing, and discretionary spend
- Discretionary spend, largely exploration, can be curtailed if needed

Key financial metrics forecast to remain comfortably within lender covenants:
- Gearing in 40-45% range, similar to 42% peak gearing for PNG LNG in 2015
- Interest Cover forecast > 3.5x
CASH FLOW PRIORITIES HAVE NOT CHANGED
OSH focused on strict capital prioritisation

DEVELOPMENT PHASE – UP TO 2023

- OSH share of equity contributions for both LNG expansion and Alaska development to be funded from PNG LNG free cash flow, cash and corporate facilities
- Surplus cash flows of US$1.1 - 1.6 billion before dividends and other growth initiatives
- Exploration and other discretionary spend can be curtailed if needed

OPERATIONAL PHASE – FROM 2023

- PNG LNG, LNG expansion and Alaska will generate free cash flow in excess of US$2-3 billion pa until 2026, when further uplift occurs with PNG LNG debt fully repaid
- Debt repayments for LNG expansion and Alaska expected to be ~ $0.5 billion pa, similar to current PNG LNG annual repayments
SUMMARY

PETER BOTTEN – MANAGING DIRECTOR
**SUMMARY**

A measured & focused acquisition with material growth

- **Combined with world class PNG assets, Alaska provides OSH with unprecedented platform for growth:**
  - Highly complementary to OSH’s low-cost, Tier 1 PNG portfolio
  - Acquired at a highly competitive price
  - Low operating cost project with breakeven oil price ~US$37/bbl, pre-optimisation (OSH estimate)
  - Potential to add 125 - 175 mmbbls net to OSH booked resources (base case vs optimised Pikka Phase 1)

- **Able to control commercialisation pathway and leverage OSH’s exploration and development capabilities:**
  - OSH will operate appraisal and development (similar scale to OSH’s operations in PNG)
  - Halliburton to assist building long-term operating capability (analogous to PNG)

- **History of value-accretive M&A with long term strategic benefits:**
  - Very considered, focused and potentially material assets acquired at attractive point in oil price cycle
  - Fits with OSH’s strategy of increasing oil exposure and building best-in-class and focused portfolio
  - Acquisition, exploration, appraisal and development, as well as PNG expansion and exploration, can be funded from existing cash, cash flows and dedicated corporate facilities

- **No change to OSH’s ability or focus on delivering full value from PNG portfolio:**
  - Consistent with OSH’s focus on delivering top quartile total shareholder returns over next 5 – 7 years
  - No near-term requirement for any further new business. Focus on delivering full value from OSH’s world class portfolio
  - No change in dividend policy planned
Q & A