Investor field trip
November 2013

Field Trip Route
# Presentation Agenda

- **Introduction**
  - Peter Botten

- **PNG LNG Project Update**
  - Phil Caldwell

- **PNG Gas Growth**
  - Julian Fowles

- **Exploration - MENA**
  - Julian Fowles

- **PNG Production**
  - Paul Cholakos

- **Mananda Development**
  - Beth White

- **PNG Community Issues**
  - Gerea Aopi

- **Finance/Wrap Up**
  - Stephen Gardiner/ Peter Botten

---

### PNG LNG Project

![PNG LNG Project Image]
PNG LNG Project Overview

- **6.9 MTPA, 2 train development**, operated by ExxonMobil
- **Expected to produce more than 9 tcf of gas and 200+ million barrels of associated liquids** over its 30 year life:
  - OSH share: 504 mmboe of 2P reserves booked
- **Contributing fields:**
  - Three ExxonMobil-operated gas fields (Juha, Angore, Hides)
  - Four OSH-operated oil fields (Kutubu, Moran, Agogo and Gobe Main). ‘Associated Gas Fields’ will supply ~20% of total Project gas
- **Equities:**
  - ExxonMobil (33.2%), Oil Search (29.0%), National Petroleum Company of PNG (PNG Govt) (16.8%), Santos (13.5%), Nippon Oil (4.7%), MRDC (PNG Landowners) (2.8%)
- **6.6 MTPA contracted to Asian buyers. Additional 0.3 MTPA to be sold under contract or spot:**
  - Sinopec (China) - 2.0 MTPA
  - TEPCO (Japan) - 1.8 MTPA
  - Osaka Gas (Japan) - 1.5 MTPA
  - CPC (Taiwan) - 1.2 MTPA

- More than 90% complete
- Commissioning activities underway at LNG plant
- First LNG sales window narrowed to second half of 2014
- Cost outlook of US$19bn confirmed by operator, Esso Highlands
- US$1.5bn (gross) supplemental project financing secured, all funding now in place to complete Project
- OSH forecast spend (net):
  - 2013: US$1.25 - 1.35 bn (incl financing), funded 70:30 debt:equity
  - 2014: US$700 - 850m
### PNG LNG - Project Status Summary

<table>
<thead>
<tr>
<th>Component</th>
<th>EPC Contractor</th>
<th>Milestones Achieved (2013 YTD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LNG Plant</td>
<td>Chiyoda/JGC JV</td>
<td>Commissioning activities underway on T1, common process and utilities areas, tanks and jetty</td>
</tr>
<tr>
<td>Offshore Pipeline</td>
<td>Saipem</td>
<td>Completed</td>
</tr>
<tr>
<td>Onshore Pipeline</td>
<td>Spiecapag/CC JV</td>
<td>Full route cleared, approx. 20km of mainline welding remaining</td>
</tr>
<tr>
<td>Komo Airfield</td>
<td>McConnell Dowell/CC JV</td>
<td>Commenced Antonov operations in May; completed in August</td>
</tr>
<tr>
<td>Hides Gas Conditioning Plant</td>
<td>CBI/Clough JV</td>
<td>All major equipment received and set onto foundations. Electrical and instrumentation installation, equipment tie-ins and interconnecting pipeline in support of final weld-out activities underway.</td>
</tr>
<tr>
<td>Drilling</td>
<td>Nabors</td>
<td>Drilling of five of eight Hides production wells completed/underway</td>
</tr>
<tr>
<td>Associated Gas (OSH only)</td>
<td>Jacobs</td>
<td>Commenced flow of commissioning gas</td>
</tr>
</tbody>
</table>

### PNG LNG Plant Site - Progress

- February 2011
- February 2012
- September 2012
PNG LNG Plant Site - Progress

PNG LNG Plant Site

- Located on State Portion 2487, ~20km north-west of Port Moresby
- 700 ha site
- 2 x 3.45 MTPA LNG trains using APCI technology
- 2 x 160,000m³ LNG storage tanks
- LNG loading jetty off coast for tanker ships to berth and load
- Flat site, protected harbour, close proximity to deep water
2.4km jetty

- Allows access for 125,000m³ - 220,000m³ LNG tankers, to transport LNG to international customers
- Four LNG ships leased from Mitsui O.S.K. Lines, Ltd. for portion of LNG sales sold on delivered basis (DES)

PNG LNG - Offshore & Onshore Pipelines

<table>
<thead>
<tr>
<th>Type</th>
<th>Distance</th>
<th>Size</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gas (offshore)</td>
<td>407km</td>
<td>34”</td>
<td>Coast of Gulf of Papua - LNG Plant</td>
</tr>
<tr>
<td>Gas (onshore)</td>
<td>292km</td>
<td>32”</td>
<td>HGCP - Coast of Gulf of Papua</td>
</tr>
<tr>
<td>Gas (onshore)</td>
<td>60km</td>
<td>14”</td>
<td>Juha Production Facility - HGCP</td>
</tr>
<tr>
<td>Liquid (onshore)</td>
<td>109km</td>
<td>8”</td>
<td>HGCP - Kutubu</td>
</tr>
<tr>
<td>Liquid (onshore)</td>
<td>60km</td>
<td>8”</td>
<td>Juha Production Facility - HGCP</td>
</tr>
</tbody>
</table>

- Offshore pipeline complete
- Onshore pipeline from coast to Kutubu operational, delivering commissioning gas from Kutubu field to LNG Plant
- Work continuing on mainline between Kutubu and Hides and spineline linking Hides well pads to HGCP
- Juha pipelines not part of initial phase development
PNG LNG -
Associated Gas Projects (OSH-operated)

- Major milestone achieved in Sept ‘13 when commissioning gas from Kutubu was introduced into LNG plant
- Gas being used to commission plant site utilities and process trains
- Achieved with minimal interruption to oil production operations
- Life extension refurbishment of the Kumul Marine Terminal and PL2 oil export system almost complete

PNG LNG - Komo Airfield

- 3.2km runway
- Located ~21 km from HGCP
- Commenced operations in May 2013 to bring in heavy and sensitive equipment required for HGCP construction
- All Antonov cargo aircraft operations completed in August 2013
PNG LNG - Hides Gas Conditioning Plant

- HGCP will collect and separate gas and associated liquids from Hides, Angore and Juha fields
- Capacity of 960mmcf/d
- All major equipment received and set onto foundations. Electrical and instrumentation installation, equipment tie-ins and interconnecting pipeline in support of final weld-out activities underway

PNG LNG - Drilling

- Hides Field: elongated ridge running NW-SE, rising to +2,800 metres above sea-level
- Three wells (B1, B2, C2) completed
- Nabors Rig 703 drilling bottom hole section of C1 at well pad C
- Nabors Rig 702 drilling at well pad D (D1 & D2)
- G1 and G2 at well pad G, Produced Water Disposal (PWD) well plus two wells on Angore to come
### PNG LNG Project Timetable

- **2010**
  - Financial Close
  - Ongoing procurement and mobilisation
  - Airfield construction
  - Drilling mobilisation
  - Start offshore pipeline construction
  - Onshore line clearing and laying
  - Start LNG equipment installation

- **2011**
  - Detailed design
  - Order long leads and place purchase orders
  - Open supply routes
  - Contractor mobilisation
  - Commence AG construction
  - Continue onshore pipe lay
  - Complete offshore pipe lay
  - Start Hides plant installation
  - Start Hides drilling
  - Complete key AG items

- **2012**
  - Ongoing drilling
  - Construction of HGCP
  - Commission LNG plant with Kutubu gas
  - Complete construction and commission HGCP
  - Complete Hides production wells
  - 2H14: First sales from Train 1 and Train 2

- **2013**
  - Complete construction and commission HGCP
  - Complete Hides production wells

- **2014**
  - Ongoing procurement and mobilisation
  - Airfield construction
  - Drilling mobilisation
  - Start offshore pipeline construction
  - Onshore line clearing and laying
  - Start LNG equipment installation

### Focus Areas for 2013/14

- Completion of HGCP construction
- Ongoing development drilling at Hides/Angore, including wells that will help delineate resource size
- Completion of onshore pipeline
- Commissioning of Train 1
- Complete construction and commence commissioning of Train 2
- Finalise landowner benefits sharing arrangements (PNG Govt responsibility)
- Building production organisation
- First LNG sales in 2H14
Workforce:
- At end 3Q 2013, Project workforce totalled ~18,500 (peak of 21,220 at end 2012), ~40% PNG citizens
- Workforce numbers continue to decline as construction nears completion. Project preparing PNG workforce for demobilisation across all worksites
- At end 2Q 2013, over 1.9m hours of construction training provided by operator and contractors. Training also provided across operations and maintenance
- Safety a priority. Celebrated graduation of 13,000th worker from Incident and Injury Free Programme, 1,300th worker from Project’s Safety Champions Initiative

Growing PNG Enterprise:
- At end of 3Q 2013, Project had spent 9.7bn Kina (~US$4bn) in-country
- Enterprise Centre has assisted +15,200 entrepreneurs and provided +8,300 training days and +1,200 advisory and mentoring days to PNG businesses
- 600+ kilometres fibre optic cable laid from LNG Plant to Kutubu

Conventional LNG project with no new technology utilised in development
- Substantial certified reserves base with high liquids content, enhancing economics
- Onshore location with existing infrastructure base from oil developments
- Excellent location relative to growing Asian LNG markets
- Stable fiscal regime with strong Government support
- Aligned Joint Venture. Operator ExxonMobil highly respected for its ability to delivery major projects, augmented by OSH’s local knowledge
Overview

- Sufficient discovered gas resources in PNG for further 2-3 LNG trains:
  - Next two years will further define development nature and timing
  - Focused exploration, appraisal and third party negotiations ongoing
- Oil Search well positioned to realise value from next and future phases of development through leveraging core capabilities:
  - Significant acreage/ resource/ infrastructure owner and proven delivery
  - Operator of ~ 1/5th of PNG LNG gas supply/ all condensate export
- PNG remains an attractive investment location:
  - Additional majors seeking country entry
  - Competitive fiscal terms anticipated for LNG expansion options
  - Continued strong regional demand for LNG supply from PNG
OSH PNG Portfolio of Opportunities

- Increase 1P reserves at Hides - to be evaluated by drilling in 2014
- Discovered undeveloped gas resources:
  - P’nyang (38.5% equity)
  - Juha North (24.4% Equity)
  - Uramu (100% Equity)
  - Barikewa (45.1% Equity)
  - Kimu (60.7% Equity)
  - Flinders (30% Equity)
  - Hagana (30% Equity)
- Exploration:
  - Success rate of 44% and two wells planned
  - Recent farm-ins adjacent to Hides and Juha - PPL 277 and PPL 402 (option)
  - Options on farm-ins adjacent to InterOil discoveries - PPL 338 and PPL 339
  - Acreage adjacent to PNG LNG fields and infrastructure
- Third Party gas:
  - InterOil seeking development partners for PRL 15 (Elk/Antelope)
  - Oil Search engaged with key stakeholders

Oil Search PNG Acreage
Oil Search Resources - P’nyang

- Key resource for underpinning potential T3:
  - Estimated total 2C recoverable gas resources in P’nyang field of 2.5 - 3.0 tcf
  - Proving additional upside may require an additional appraisal well
  - Acquisition of second phase of additional seismic in PRL 3 complete, with data processing underway
  - PNG LNG downstream has capacity to accommodate additional train
  - Concept selection work ongoing - engineering, environmental and social mapping
  - Development work to continue through to submission of PDL application in early 2015

---

Exploration - Hides Deep (Koi-lange) - PDL 1

- Simple well-constrained anticline - 30km x 5km
- >1,200m proven gas column in Toro
- Koi-lange mapped ~700m below Toro
- Site construction underway
- Drilling provisionally scheduled for 4Q14, subject to rig availability
Juha North – PDL 9

- Juha North segment not within PNG LNG Project
- Gas proven with significant potential upside, but appraisal necessary
- Seismic acquisition commenced 2Q13 and will continue into 2014

<table>
<thead>
<tr>
<th>PDL 9</th>
<th>WI %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exxon Mobil affiliates (operator Esso PNG Juha Ltd)</td>
<td>43.4</td>
</tr>
<tr>
<td>Oil Search</td>
<td>24.4</td>
</tr>
<tr>
<td>NPCP</td>
<td>20.5</td>
</tr>
<tr>
<td>JX Nippon</td>
<td>9.7</td>
</tr>
<tr>
<td>Gas Resources Juha</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Oil Search Resources - Offshore Discoveries

- Gas discovered at both Flinders and Hagana wells in PPL 244
- Drill results prove Plio-Pleistocene turbidite play fairway in Gulf of Papua
- Drilling data being used to calibrate seismic and geological models, allowing full evaluation of other prospective targets in Gulf
Third Party Resources

- PRL 15 - Elk / Antelope fields represent largest undeveloped resource in PNG:
  - Current resource estimates indicate PRL 15 can underpin at least one LNG train
- InterOil seeking development partners to develop resource:
  - Period of exclusivity expired with ExxonMobil in August
  - Media reports of significant super-major interest
  - InterOil committed to farmout by end 2013
- Oil Search closely monitoring process

OSH View on Potential Development Scenarios

- PNG LNG expansion (Train 3) through development of P’nyang and/or Hides upside and/or other Highland’s resources
- PRL 15 may offer opportunity for parallel development of further LNG train through some form of integration into PNG LNG Project
- Alternatively, PRL 15 resources may be developed independently of PNG LNG as separate project which may still utilise existing PNG LNG infrastructure
Summary

- Key strategic focus on ensuring highly value accretive LNG expansion opportunities are crystallised
- Ongoing exploration and appraisal activity in the Highlands to support PNG LNG expansion
- Outcome of PRL 15 of key importance, potential catalyst for development of a further LNG train
- Oil Search well positioned to realise value from future phases of development as foundation infrastructure owner and through leveraging core capabilities

PNG Production
2013 Production

- Production to end October of 5.6 mmboe
- Full year 2013 production expected to be toward higher end of guidance range (6.2 - 6.7 mmboe)
- Significant contributions from successful wells at Moran and Usano
- Period of major change successfully managed
  - AGRP brownfields construction at Kutubu & Gobe complete
  - Shutdown to test new safety systems successfully completed
  - Close out of Kumul construction early 2014
- Commissioning gas successfully delivered
  - No impact on oil production

---

2013/14 Development & Near-Field Appraisal Drilling Activity

- Moran: 2013 : 3 CT, 2 well 2014 : 1 well
- Kutubu: 2013 : 1 CT, 1 well 3 workovers
- Usano: 2013 : 1 CT, 1 well 2014 : 1 well
- Gobe Main: 2013 : 1 workover
- SE Gobe: 2013 : 2 workovers
- Mananda 5,6 & 7
- Agogo 2014 : 1 well
- SE Mananda
- Hides
- Angore
- Juha
- SE Gobe
- PNG LNG
- Gas Pipeline
- OSH Facility
- Project Facility
- Major Road
- CT : Coil Tubing
2013 success: UDT 14

- Successful pilot hole to appraise structure and OWC, followed by horizontal sidetrack to maximise recoveries
- Data acquired from well allowed update to geo- & simulation model and confidence to increase off-take in Usano East block
- UDT 14 & UDT 11 are now contributing ~7,000 bopd (Oct 13)
- Dedicated gas injection from UDT 13

Significant potential remains in oil fields

- Over 65 opportunities
- Added over 13 mmstb incremental reserves in last three years
- Usano forelimb
  - Near field opportunity
  - Analogue to Agogo and Hedinia forelimb discoveries which have produced > 1 mmstb
- Additional footwall potential
- Continuous maturation of opportunity hopper from structural mapping to well design optimisation
AFL A : Next Development Well in Agogo Forelimb

- Third well on Agogo forelimb
- Planned to spud in 2014
- Sophisticated 3D structural, geological and compositional simulation modelling being used to reduce uncertainties and optimise well locations in this complex setting
- Multiple compartments with different contacts already proven in ADT 2 and Agogo 6
- Pilot hole and sidetrack planned to optimise take-point and reduce uncertainty
- Success in AFL A will ensure further development of this multi-million bbl field

2014 Focus Items

- World class safety performance - always top of the list
- Delivering work programmes to keep production flat through to first LNG
- Aim to hold 2014 operated oil production within 6.2 - 6.7 mmboe range
- Continue testing & maturation of near field opportunities
- Successful operation of key elements of PNG LNG:
  - Commissioning gas production has started
  - Sales gas from CPF & GPF in 2014
  - Receipt of Hides condensate & export via Kumul marine terminal
Mananda Development, PNG Highlands

- Application for development licence submitted to PNG Government in August 2013
- Base development focused on the 2 well tie back of Mananda 5 and Mananda 6 to facilities at South-East Mananda and Agogo Processing Facilities
- Expansion of development beyond Phase I contingent on results of Mananda 7 appraisal well
- Development study work ongoing to optimise development across Mananda Ridge
Mananda 7 Appraisal Well

- Mananda 7 appraisal well scheduled to spud 4Q13
- Designed to target ‘backlimb’ of structure, to test for upside volumes and provide additional structural data for positioning of optimal production well
- A successful Mananda 7 test may lead to additional drilling of untested potential on Mananda Ridge
- In-place contingent resource of 50-130 mmbbl, with 10-30 mmbbl recoverable (based on 100 mmbbl mid-case & recovery factor of 10-30%) across Ridge

Upside on the Mananda Ridge

- Significant exploration upside in Mananda and SE Mananda areas

Schematic cross-section NW – SE along Mananda 5 and 6 discoveries and SEM field
Oil discovery at Taza 1, Kurdistan

- Taza PSC (OSH 60% Operator, Total 20%, KRG 20%)
- Light oil proven across Jeribe/Dhiban and Euphrates/Kirkuk intervals
- Testing of 150m interval across Euphrates / Kirkuk sections flowed up to 1,100 bopd (36° API)
- Taza 1 suspended for future re-entry
**Appraisal at Taza**

- Discovery report submitted to KRG in July 2013. Proposed appraisal programme submitted September 2013

- Appraisal programme includes:
  - Taza 2, to appraise upper intervals and explore deeper Tertiary and Cretaceous targets
  - Re-entry or re-drill of Taza 1
  - Drilling up to three additional wells
  - 3D seismic
  - Extended Well Test to provide longer term production data for future full field development planning

- Maturing lead (SE Jambur) in west of licence, in-place resource potential up to 300 mmbbl:
  - Down-dip from producing one billion barrel Jambur Field

**Potential 2C resources in Dhiban/Jeribe/Euphrates/Kirkuk intervals of 250 to 500 mmbbl. Including 3C and deeper prospective intervals, upside potential could be 750 mmbbl**

---

**Appraisal at Taza**

- Taza 2:
  - Expected to spud December 2013
  - 10km step-out from Taza 1
  - Crestal well which will drill to Cretaceous Shiranish Formation

- Extended Well Test:
  - Initially sized for up to 5,000 bopd with ability to increase to 20,000 bopd over next 2-3 years

- Follow-up wells will address field structural configuration, fluid contacts, reservoir quality and distribution, fracturing

NOTE: Proposed well locations subject to change
Kurdistan Operating Environment

- Resource estimate of 40 billion barrels oil and 60 tcf gas (USGS, 2010)
- KRG stated production target of 1 mmbopd by 2015, 2 mmbopd by 2020
- Region has attracted significant global attention in recent years with entry of Genel, Chevron, Total, ExxonMobil and Gazprom
- KRG building closer ties to Turkey, providing long term alternative export route (Turkey-Kurdistan Energy Accord signed March 2013)
- Production capacity currently ~400,000 bopd mostly from Taq Taq and Tawke fields
- KRG piped exports have ceased since late 2012 following failed negotiations with Baghdad
- Current production ~ 200,000 bopd sold into local market, with export by trucking to Turkey and other neighbouring countries
- Strong local market for oil

Kurdistan - Infrastructure Update

- Oil pipeline connecting Taq Taq field to Fishkabur recently completed:
  - Initial capacity of 300,000 bopd with potential to increase to 1 mmbopd
  - Tie-in to Kirkuk-Ceyhan (ITP) pipeline in Turkish territory
  - Significant step towards achieving sustainable exports from the region and unlocking value from oil fields
## Summary Fiscal Terms - Taza PSC

<table>
<thead>
<tr>
<th>Working Interest</th>
<th>Oil Search 60%, Total 20%, KRG 20% (fully carried)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paying Interest</td>
<td>Oil Search 75%, Total 25%</td>
</tr>
<tr>
<td>Royalty</td>
<td>10% of gross revenue</td>
</tr>
<tr>
<td>Cost Oil</td>
<td>• Up to 40% of net revenue (post royalty)</td>
</tr>
<tr>
<td></td>
<td>• Costs not recovered during the year can be recovered in future years</td>
</tr>
<tr>
<td>Profit Oil</td>
<td>• Net revenue remaining after the payment of Royalty and Cost Oil</td>
</tr>
<tr>
<td></td>
<td>• Profit Oil is split between contractors and KRG on a sliding scale basis dependent on “R-factor”</td>
</tr>
<tr>
<td></td>
<td>• R-factor = cumulative revenues / cumulative costs</td>
</tr>
<tr>
<td></td>
<td>- R-factor &lt; 1: Contractor 30%, KRG 70%</td>
</tr>
<tr>
<td></td>
<td>- 1 ≤ R-factor &lt; 2: Contractor’s share is calculated using the formula: 30% - (30-15)*(R-1) / (2-1)</td>
</tr>
<tr>
<td></td>
<td>- R-factor &gt; 2: Contractor 15%, KRG 85%</td>
</tr>
<tr>
<td>Capacity Building Payment</td>
<td>20% of Profit Oil paid to the KRG (R ≥ 1)</td>
</tr>
</tbody>
</table>

### Total Contractor Profit + Cost Share = 12 - 30% of revenue

## PNG Issues
Dynamic operating environment

- Population now +7 million people with 52% aged 19 or younger
- Still largely family and clan based society
- Significant investment in PNG LNG Trains 1 and 2 nearing completion with more developments to come
- Society undergoing significant change:
  - Better education
  - Greater access to wealth creating opportunities
  - Clan discipline and structure under challenge
  - Better communications
  - Social and economic impacts of major developments
- Increasing expectations, especially for service delivery
- Essential to understand this and have core strategies to manage operating risks

Social responsibility: the Oil Search approach

- Oil Search sees itself as key member of PNG society:
  - Endeavour to understand PNG culture and play a part in managing change
  - Fundamental to core strategy is enabling operating stability and continual value creation
  - See landowners as partners in social and community development activities
  - Well developed processes of community benefits, generating goodwill, ensuring stable workforce and maintaining business continuity
  - Build strong, open and mutually beneficial relationships with local communities. Activities within a framework of transparency and sustainability
  - Major benefits seen from this approach:
    - Improved communication with local communities
    - Sustainable livelihood development achieved
    - Capacity building of local government institutions and local organisations improving sustainability
    - Improved corporate reputation locally, with shareholders, peers, financiers etc.
  - Most important in present operating climate

RESULT: Negligible disruption to production from community unrest since 2003
Unparalleled Commitment to Maintaining Community Relationships

- Successful model based around:
  - Continual dialogue and reliable intelligence
  - Strong social investment and community development programmes
  - Local economic opportunities and employment opportunities
  - Good stewardship of the environment
  - Compassion and respect

71 community affairs employees + 26 village liaison officers

Total Sustainable Development Investment in 2012 (Total Investment = US$11 million)

New era of political stability in PNG

- O’Neill Government making inroads into issues of accountability and risk to foreign investment:
  - Sovereign Wealth Fund established
  - O’Neill Government commitment to combatting corruption:
    - Independent Commission against Corruption (ICAC) and taskforce
    - Commitment to participate in EITI
  - Transformation of industry regulator from a department to an authority
  - Establishment of National Petroleum Company of PNG (NPCP)
  - Kumul Petroleum Holdings
  - Conservation and Environment Protection Authority (CEPA) - replaces DEC
Strong relationships with Government

- OSH has close working relationship with Government agencies
- Facilitate interaction between State agencies and impacted communities across Project footprint. Examples:
  - Organisation of Benefits Sharing Agreements between national and sub-national government and impacted communities for PNG LNG Project
  - Field work associated with determination of PNG LNG Project impacted community beneficiaries
- Working with host provincial governments to build infrastructure planning and delivery capacity
- Delivery of Government infrastructure and management of infrastructure funds through the tax credit scheme

Government capacity building supported by partnerships

- Inherent weaknesses in existing institutional mechanisms. OSH pro-actively advocating for more effective outcomes
- Two new national infrastructure projects to support government’s ability to deliver services:
  - Marea Haus - Refurbishment of 12 storey building for Department of the Prime Minister and National Executive Committee (total investment PGK 100 million)
  - New 25,000 seat multi-purpose stadium - Lloyd Robson Oval Redevelopment (total investment PGK 155 million)
- Other Health Initiatives, Department of Health and Oil Search Health Foundation

2003-2012 OSH spent PGK196.4 million on 205 Tax Credit Scheme projects in health, education and public infrastructure projects in Southern Highlands & Gulf Provinces
Increasing transparency and accountability

- Long term track record in transparency
- Aim to lead by example:
  - Strong advocacy role in PNG EITI adoption
- Walking the talk
  - OSH Payments Report
  - Industry Payments Report
  - In-country bi-lingual Sustainability Report
- Expansion of Corruption Prevention Framework

Utilising Local Content to Manage Social Risk

- Commitment to employing and developing local people and businesses to encourage:
  - Skilled workforce
  - Reliable supply chain
  - Positive social and economic legacy for communities
  - Positive landowner and community relationships

PNG citizens made up 83% of OSH’s total workforce in PNG in 2012

US$746m in total payments made to PNG suppliers in 2012
(43% increase in PNG landowner company spend to US$81m)

Payments made to PNG Suppliers - OSH PNG, Gross (Operator)
Total = US$746m (2012)

<table>
<thead>
<tr>
<th>Suppliers</th>
<th>Payments (US$m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Owned Enterprises (Paid in Kina)</td>
<td>151</td>
</tr>
<tr>
<td>Landowner Companies (Paid in Kina)</td>
<td>498</td>
</tr>
<tr>
<td>Other suppliers &amp; contractors (Paid in Kina)</td>
<td>116</td>
</tr>
<tr>
<td>Suppliers and Contractors paid in other</td>
<td></td>
</tr>
<tr>
<td>currencies</td>
<td></td>
</tr>
</tbody>
</table>
Oil Search Health Foundation

- Established in 2011 as a not-for-profit charity which aims to improve long term health and wellbeing of people of PNG
- Draws on Public Private Partnership (PPP) model and uses fundamental business principles to drive sustainable positive social change
- In 2012, OSHF commenced administering malaria (Round 8) and HIV (Round 10) grants received from the Global Fund
- ~US$70m in grants to be used to scale-up national HIV and malaria response over next five years
- Operating in five provinces: Southern Highlands, Gulf, Hela, Morobe, Milne Bay

Improving Community Health

- HIV programme reach expanded:
  - Activities expanded to Hela and Morobe provinces
  - Staff recruitment, partnerships with local health and education authorities, new offices and staff accommodation set up
  - New teacher training and mentorship programme rolled out in Hela and Morobe
- Medicine Store Keeper Programme expanded:
  - Trains village-based malaria treatment providers to provide early diagnosis and treatment
  - Activities expanded to Morobe province
  - Programme package upgraded to allow stores to also sell non-prescription medicines and health and hygiene products
- Maternal and child health awareness and training:
  - 3-year PPP with PNG National Department of Health and AusAID to create a PNG Reproductive Health Training Unit
Sustainability strategy

- Primary objective: ensure appropriate platform to support needs of growing business and changing expectations of stakeholders
- Focus on: governance, systems and controls, broadening capability, communication, risk review
- Significant achievements include:
  - Board and management governance structure
  - Policies: Sustainability and Diversity
  - UN Global Compact and EITI
  - Establishment of emissions abatement target
  - Reporting suite
  - Internal engagement
  - Review of environmental management system and controls
- Current focus:
  - Corporate management system and controls
  - Human rights review
2013 Guidance Remains Largely Unchanged

- Production:
  - Towards upper end of 6.2 - 6.7 mmboe guidance

- Operating costs:
  - Normalised opex ~ US$24 - 26/boe (incl corporate costs)
  - Impacted by:
    - Major workover programme to maximise oil recoveries before gas production
    - PNG inflation
  - Hides GTE gas purchase costs ~US$40m

- Depreciation, amortisation and site restoration:
  - US$7.50 - 8.50/boe

- Capex of US$1.7 -1.9bn, includes lower than anticipated PNG LNG spend of US$1.25 - 1.35bn

2014 Guidance Summary

- 2014 production guidance: 10 - 13 mmboe
  - Current operations (oil & GTE): 6.2 - 6.7 mmboe
  - PNG LNG: 3.8 - 6.3 mmboe*
    - LNG: 17 - 29 bscf
    - Liquids: 0.9 - 1.4 mmbbl

- Operating and non-cash cost guidance under review. 2014 outcome will be impacted by LNG ramp-up activities

- Indicative 2014 capex: US$1.2bn - 1.5bn
  - PNG producing fields: US$130 - 170 million
  - PNG LNG Project: US$700 - 850 million
  - Exploration and appraisal (incl Mananda, Taza): US$360 - 440 million

* PNG LNG volumes measured at plant outlet after fuel and flare, converted to boe on basis of 6,000 cf = 1 boe
**Investment Outlook**

- **2013 Guidance:**
  - US$1.7 – 1.9bn
  - US$10 - 20m
  - US$150 - 170m
  - US$1,250 – 1,350m
  - US$320 – 340m

- **2014 Guidance:**
  - US$1.2 – 1.5bn
  - US$25 – 35m
  - US$130 – 170m
  - US$700 – 850m

---

**Financial Position**

- Strong balance sheet, able to fund remaining equity share of PNG LNG Project (US$360 million at end of 3Q13) and active exploration and development programme:
  - US$318 million in cash at end September
  - US$350 million of funding available under corporate facility, US$150 million drawn down
  - Ongoing cash flow from oil fields

- Number of levers to manage balance sheet:
  - Assessing shorter-term debt funding options, if required, to finance incremental development activities prior to receipt of PNG LNG cash distributions
  - US$1.5 billion supplemental debt tranche for PNG LNG Project secured, taking total project facility to US$15.5 billion
Capital Management Under Review

- PNG LNG revenues getting closer
- Board recognises need to share value created by PNG LNG with shareholders:
  - Seek to balance investment in quality high returning growth projects with dividend and other capital management
  - Disciplined and predictable approach
  - Will review in 2014, when growth projects are better understood, with capital management commencing in 2015, following PNG LNG financial completion

forecast production profile

Net Production (mmboe)

- Mananda High Case
- Mananda Base Case
- Taza EWT
- PNG LNG (T1+T2)
- Hides GTE
- SE Mananda
- Gobe
- Moran
- Kutubu

Notes
1. Unrisked resources are contingent on results of Mananda 7 appraisal well and further exploration success
2. LNG sales products at plant outlet, post fuel and flare
3. Oil forecast assumes reduced development activity beyond 2013
4. Gas:oil conversion rate used: 6,000 cubic feet of gas = 1 barrel of oil equivalent