PNG LNG Project over 85% complete (end April), material 20+ year cash flow stream approaching

LNG expansion opportunities being matured, with new resources available

New gas play confirmed in Gulf of Papua, with gas discovery at Flinders and further wells to come

Oil discovery at Mananda 6, testing underway. Results to date encouraging for trend, detailed development optimisation studies taking place

Taza oil discovery in Kurdistan moving to appraisal phase, with extended well test being planned

Active drilling and development programme still to come through 2013 and 2014
Core Strategies Have Delivered Steady Share Price Appreciation – More to Come

- Merger of Oil Search & Orogen
- Acquisition of Chevron Texaco’s PNG assets Assume Operatorship
- Manage transition to PNG LNG Project
- PNG LNG FID

Share price (A$)

- Jan-03 to Jan-13

2 January 2003 – 10 June 2013

Operating Safely Is Our First Priority

Total Recordable Injury Frequency Rate Data for 2012 per Million Hours Worked (All Reported Data)

Source: Company data, Citi Investment Research and Analysis

Note: TRIFR - Total Recordable Injury Frequency Rate per million hours worked
PNG LNG Project Overview

- Over 85% complete
- Project remains on track for first LNG sales in 2014
- Have passed peak for logistics and workforce
- Revised budget of US$19.0 bn
Preparations underway for receipt of commissioning gas

Offshore pipeline completed and hydrotested

Onshore pipeline clearing, laying and welding underway between Kutubu and Hides
Associated Gas/PL 2 Life Extension

Associated Gas (oil fields) readying for supply of commissioning gas in 2013

TEG Dehydration Unit commissioning at CPF

New CALM Buoy at Kumul

Kumul Marine Terminal

PNG LNG Project - Upstream

Hides Gas Conditioning Plant (HGCP)

HGCP foundations completed and erection of structural steel substantially complete
Two new build rigs (Rigs 702 and 703) both operational
- Rig 702 at well pad B - development well B1 complete, B2 drilling ahead
- Rig 703 at well pad C - top hole section of both wells complete, drilling ahead on C1
- Access roads and wellpad construction complete

**PNG LNG Project Timetable Unchanged**

- **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**
  - Continue onshore pipe lay
  - Complete offshore pipe lay
  - Start Hides plant installation
  - Start Hides drilling
  - Complete key AG items

- **2012**
  - Complete pipe lay
  - Ongoing drilling
  - Construction of HGCP
  - Commission LNG plant with Kutubu gas

- **2013**
  - First Gas from Train 1, then Train 2
Gas Growth - PNG Highlands

- Comprehensive exploration and appraisal in PNG Highlands, to fully understand gas resource picture
- Significant progress in 2012 with discovery of gas at P’nyang South
- Drilling ongoing at Hides
- Seismic underway at P’nyang and Juha North

P’nyang Gas Field

- PRL 3 JV (OSH 38.5%, ExxonMobil 49.0%, JX Nippon 12.5%) concept selection studies expected to be finalised in 2013
- Oil Search estimates total 2C gas resources in P’nyang field of 2.5 - 3.0 tcf
- Additional seismic in PRL 3 underway, to support potential development
- To maintain PRL 3, production development licence application must be submitted to PNG Government in 2015
InterOil - ExxonMobil Proposed Development of PRL 15

- InterOil and JV partner, Pacific LNG Group, have entered exclusive negotiations with ExxonMobil on development of PRL 15
- PRL 15 comprises Elk and Antelope fields in PNG Gulf Province
- Any agreement is subject to Government approval
- Items under consideration include:
  - InterOil and Pacific LNG selling ExxonMobil interest in PRL 15 sufficient to supply gas to develop additional LNG train at Konebada (PNG LNG) site
  - ExxonMobil will fund drilling of additional delineation wells in Elk and Antelope fields, followed by recertification of resource

Gulf of Papua Flinders 1 gas discovery

- Gas discovered in Flinders 1 in PPL 244 (OSH 40%, Total 40%, Nippon 20%), first well in new OSH-operated offshore PNG Gulf programme
- 5-10 metre gas column at top of thick, high net:gross, Pliocene age turbidite sandstone package, with substantial updip potential
- Results de-risk key uncertainties of offshore Gulf play:
  - Good quality reservoir
  - Hydrocarbon charge present
Offshore Gulf Forward Programme

- Flinders result will be used to recalibrate seismic data and update Gulf prospect portfolio, with over 30 opportunities identified across multiple play types
- Second well, Hagana 1 in PPL 244, recently commenced drilling. Stacked objectives, mean prospective resource 1.1 tcf
- Possible third well, Kidukidu, in PPL 244/PPL 385. Mean prospective resource of 1.3 tcf

Onshore Gulf of Papua

- Seismic programme in PPL 338 underway as part of Oil Search farm-in option, covering potential extension of Triceratops discovery
- Follows acquisition of gravity gradiometry data
- Subject to results of seismic, OSH will decide whether to take up equity and drill well
Adding Value to PNG’s Oil Fields

Since Oil Search assumed operatorship of all PNG’s producing oil fields in 2003:
- Reserves increased by 100 million barrels to 550 million barrels (+22%)
- Kutubu previously expected to shut down by 2011-12. Life of oil fields extended by 30+ years

![Graph showing oil rate and production timeline]

Production Outlook (ex-PNG LNG)

- Active workover and development drilling programme planned for 2013 and 2014, designed to minimise production decline profile
- Expect 2013 production to be similar to 2012. Guidance range of 6.2 - 6.7 mmboe. Production out to first LNG in 2014 also expected to remain largely flat
- Focus on getting ready to deliver commissioning gas from Associated Gas fields into PNG LNG Project
- Delivery of commissioning gas will not impact production performance
Mananda 6 Oil Discovery
PPL 219, PNG

- Mananda 6 appraisal well, located ~10km from SE Mananda in PPL 219 (OSH 71.25%, JX Nippon 28.75%) discovered gross oil column of ~18 metres in Toro A and ~40 metres in Imburu A and Digimu sandstones
- Preliminary indications suggest series of compartments along Mananda Ridge, with potential for significant resources
- Test on Digimu underway to determine flow rates and possible presence of gas cap
- Subject to final testing and evaluation, aim to apply for development licence 2H13, FID 2014, with field to be tied-in to SE Mananda facilities. First oil targeted for 2015/16

MENA Exploration

- Existing Middle East/North Africa licences focused on exploration opportunities that have material oil potential
- Long term strategy is to leverage existing strong relationships and skills base to develop international portfolio. Pace dependent on availability of suitable value-add opportunities, PNG capital commitments
Taza 1 Oil Discovery, Taza PSC, Kurdistan

- Oil discovered in Taza 1 well (OSH 60%, Total 20%, KRG 20% back-in), with continuous shows over 250 metre section, covering three reservoir intervals - Jeribe, Dhiban and Euphrates
- Test of 150 metre open hole section below Jeribe underway. Flow rates of >4,000 bbls of fluid per day achieved, including 1,100 bbls per day of oil. Subsequent test flowed 800 bopd oil, 400 bpd water, trending to zero water
- Pre-drill estimate of potential resource unchanged at 250-500 mmbbls
- Follow-up drilling programme in 2H13, to further appraise Jeribe, Dhiban and Euphrates Formations and drill Cretaceous Shiranish and possible deeper targets

Open hole test of lower zone of Taza 1 well, Kurdistan

Strong Financial Position

- Strong balance sheet, able to fund remaining equity share of PNG LNG Project as well as active exploration and development programme
- US$3.06 billion drawn down under PNG LNG project finance facility
- PNG LNG 2012 cost increase:
  - To be funded 70:30, debt:equit. Discussions progressing well to secure US$1.5bn supplemental debt available under existing project finance agreement
- Large component of exploration spend is discretionary, ability to reduce if necessary
- Capacity to raise additional debt funding at corporate level, should need arise
Outlook

- Progressive delivery of PNG LNG, in line with schedule and revised budget. Value steadily increases as cashflows get nearer
- Progress on LNG expansion plans, underpinned by P’nyang resource, augmented by other Highlands gas
- Potential third party gas could result in further LNG expansion
- Ongoing drilling in Gulf of Papua to follow up Flinders discovery
- Test of Mananda oil discovery and possible FID in 2014
- Appraisal of Taza oil discovery
- 2013 & 14 oil production expected to be similar to 2012, with natural decline mitigated by active workover and drilling programme

Production Outlook (excl. possible LNG expansion, Mananda)
Appendix 1. Investment Outlook

2013 Guidance
US$1.93-2.0bn
US$20 – 30m
US$150 – 170m
US$1,500 – 1,600m
US$260 – 300m

Other PP&E
Production
PNG LNG
Exploration & Evaluation
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