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The Oil Search story

Key facts

- Listed on **ASX** (share code: OSH), **POMSox** (OSH) and **US ADR** (OISHY).
- Market capitalisation of approximately **A\$11 billion**.
- Produced **30.24 million barrels** of oil equivalent (mmboe) in 2016.
- Paid **A\$452 million in royalties** and **A\$109 million in oil development levies** to the PNG Government from 1991 – 2016.
- Discovered **Muruk field, PNG** in late 2016.
- Acquired interests in **Alaska** in November 2017 - assets include **500 million barrel** undeveloped oil field
- Committed **US\$56 million** to the Oil Search Foundation in 2016 to be used over five years to deliver sustainable development for PNG communities.

Who we are

Oil Search was established in Papua New Guinea (PNG) in 1929, where it operates all of the country's producing oil fields, holds an extensive appraisal and exploration portfolio and has a 29% interest in the PNG LNG Project, operated by ExxonMobil PNG Limited. The Company also holds interests in a number of major undeveloped gas fields, including Elk-Antelope in PRL 15, operated by Total SA, and P'nyang in PRL 3, operated by ExxonMobil. These fields contain sufficient gas resource to underpin >8MTPA of new LNG train capacity. The Muruk gas discovery located on-trend with Hides and P'nyang provides longer term production optionality and the potential to underpin a third expansion train, depending on appraisal success. Recently Oil Search acquired world-class oil interests in the prolific Alaska North Slope, USA, which complement its PNG portfolio, which is primarily gas.

In 2016, Oil Search delivered strong performance, both operationally and financially. Total net production of 30.24 mmboe exceeded guidance and was 3% higher than 2015. The Company is on track to deliver 2017 production in the upper end of its 29.0 - 30.5 mmboe guidance range.

Oil Search's production assets have low operating costs and sustaining capital requirements and generate positive cash flows even at low oil prices. In addition, the Company has a strong balance sheet and sufficient liquidity to fund its globally-competitive growth projects in PNG and Alaska, which have the potential to deliver sector-leading returns to shareholders.



Oil Search's vision

Oil Search's vision is to generate top quartile returns for shareholders through excellence in socially responsible oil and gas exploration and production.

Oil Search believes that, given its growth opportunities, it can continue to deliver superior TSR performance over the next five to seven years.



PNG LNG Project

The world-class PNG LNG Project, in which Oil Search holds a 29% interest, came on-stream in 2014. It has transformed Oil Search into a regionally significant exporter of high quality LNG with a long-term predictable revenue stream.

Operated by ExxonMobil PNG Limited, the PNG LNG Project is a two train development with a nameplate capacity of 6.9 MTPA. Since coming onstream, the Project has consistently performed above expectations, with production in 2016 averaging 7.9 MTPA and 2017 third quarter production averaging 8.6 MTPA approximately 25% above nameplate capacity.

Currently 6.6 MTPA of the Project's output is sold under long-term offtake agreements with premium buyers from Japan, Taiwan and China. An additional 1.3 MTPA of short-medium term duration LNG volumes is being marketed by ExxonMobil on behalf of the PNG LNG Project participants.

Balance sheet strength

Oil Search continues to maintain a strong balance sheet.

At the end of the 2017 third quarter, the Company had total liquidity of US\$2 billion comprising cash of US\$1.2 billion and US\$850 million of undrawn corporate credit facilities.



Pursuing growth opportunities

Oil Search has a range of growth opportunities which have potential returns well in excess of its cost of capital and which could significantly increase the Company's production by early in the next decade.

Activities continue on the expansion of the PNG LNG Project and on the proposed Papua LNG Project development, both assessed to be in the lowest quartile of costs for proposed LNG developments in our region.

Oil Search believes that cooperation between these two potential developments is essential to maximise value and avoid high-cost infrastructure duplication in PNG. There are a wide range of development activities which, if pursued in a coordinated and cooperative manner, could generate material value, with benefits not just from lower capital and operating costs but also from ongoing operational synergies. ExxonMobil and Total, the Company's joint venture partners, have confirmed their intent to

pursue an integrated development and key issues, including project definition, financing and marketing arrangements, are being actively progressed.

PNG is a world-class gas province with an estimated 7 billion barrels of oil equivalent yet-to-find, of which 90% is gas. Oil Search has an active exploration programme planned focused in the Highlands, onshore and offshore Gulf and in the deepwater Gulf.

In November 2017, Oil Search announced the acquisition of oil interests in the Alaska North Slope in the United States. This new venture in the Alaska North Slope is part of Oil Search's strategic objective to develop options for material growth in a prolific, well established oil province. It complements our existing high quality gas assets in PNG and balances our gas dominated portfolio. These assets provide us with a unique opportunity to participate in a world class, high returning, proven oil province, acquired at a compelling price, that can add significant value to our Company.





Power of partnership

Oil Search is a key player in PNG's oil and gas industry.

Our joint venture partners are among the strongest and most successful oil and gas operators in the world. Combined with our in-country expertise and PNG's world class assets, we are well placed to continue to develop further LNG trains and grow PNG's presence in the global LNG market.

Our partnerships with communities and governments are vital to developing the resources of PNG in a responsible, equitable manner and in ensuring a stable operating environment.

More than 83% of our employees in PNG are Papua New Guineans.

Developing our local PNG talent and increasing the percentage of women in leadership roles are two of our key goals. We are committed to ensuring a safe and inclusive workplace and rewarding our employees as partners in our success.

Making PNG lives better - Oil Search Foundation



- As a key player in PNG's oil and gas industry, Oil Search believes that proactive participation in the development of the country by the corporate sector is not only needed, but an obligation. Being committed to sustainable development is an important part of maintaining our social license to operate.
- Oil Search Foundation is one of the more visible ways we are able to make this important contribution.
- The Foundation's operations are underpinned by strong governance, measurable performance, risk management and ongoing capacity development of our workforce.
- The Foundation delivers services for Project Impact Areas (PIAs) in Hela, Southern Highlands and Gulf Provinces in the areas of Health, Women's Protection and Empowerment, and Leadership and Education.
- The Foundation also works with other donors on innovative ways to deliver best practice grant management solutions to support other parts of PNG.
- The Foundation concentrates on building partner capacity to deliver services by supporting and engaging with stakeholders at all levels to build the systems that underpin effective service delivery.
- Oil Search's continued financial commitment confirms the importance of the Foundation's work to the sustainable development of PNG, and it highlights the success of its programmes in changing and improving the lives of Papua New Guineans.

- Oil Search is the founder and principal donor to Oil Search Foundation.
- The Foundation is a not-for-profit development partner dedicated to improving the lives of Papua New Guineans by working closely and in alignment with PNG's own development priorities.
- **In 2016 Oil Search committed US\$56 million to the Foundation to be used over five years.**
- The Foundation partners with the PNG Government and other donors.
- The Foundation supports the National Development agenda as an active and effective development partner, always working through PNG government systems.

For more information:

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