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Creating value for Stakeholders

Macquarie 12th Annual Australia Conference, May 2011

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OSH Strategies to Create Value

- **Optimise current oil and gas production:** Through improved efficiencies and pursuit of near field opportunities
- **Maximise value of PNG LNG Project (T1 & T2):** By utilising in-country knowledge to assist Operator
- **Develop LNG and other gas expansion opportunities:** Build gas resources for both PNG LNG expansion and standalone LNG project/s
- **Measured programme of other growth options:** Optimise exploration portfolio
- **Ensure Oil Search's Sustainability:** Operate business in transparent and sustainable manner to ensure long term operating stability and enhance 'social licence to operate'

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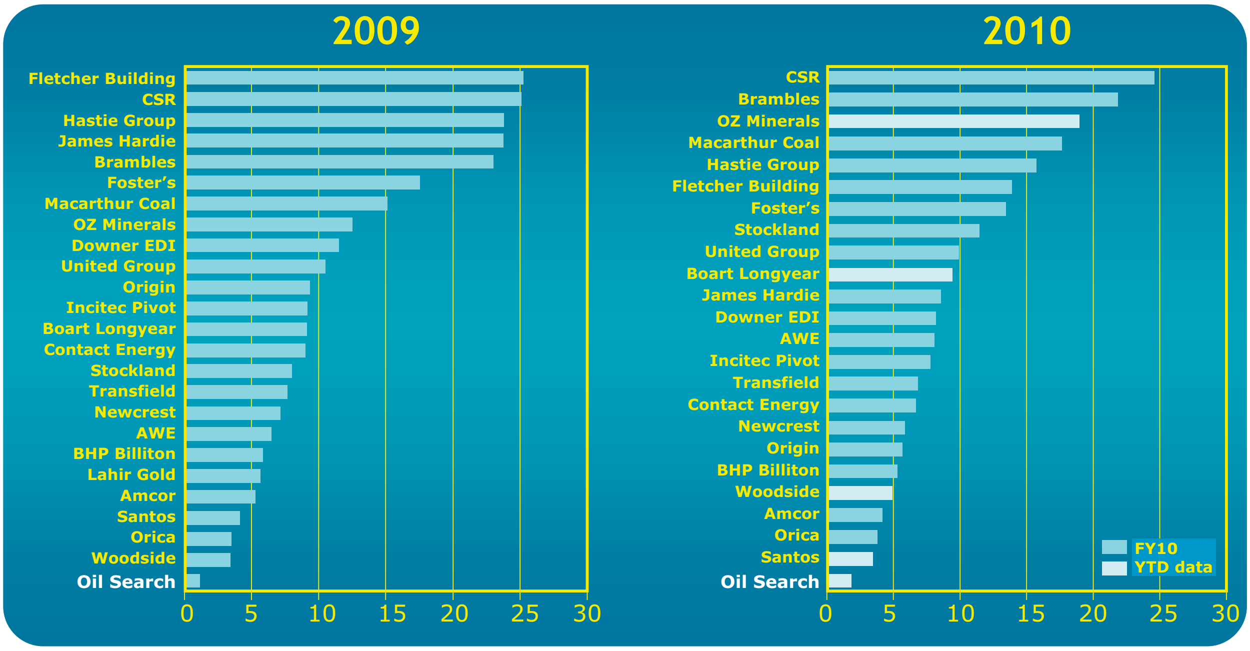
World Class Safety Performance

Total Recordable Injury Frequency Rate Data

(per Million Hours Worked (All Reported Data))



Source: Company data, Citi Investment Research and Analysis. Note: TRIFR - Total Recordable Injury Frequency Rate per 1 million hours worked; * Lihir Gold taken over by Newcrest. (September 2010); ** Citi estimate for Macarthur Coal's Group TRIFR based on operations' weighted average coal production.

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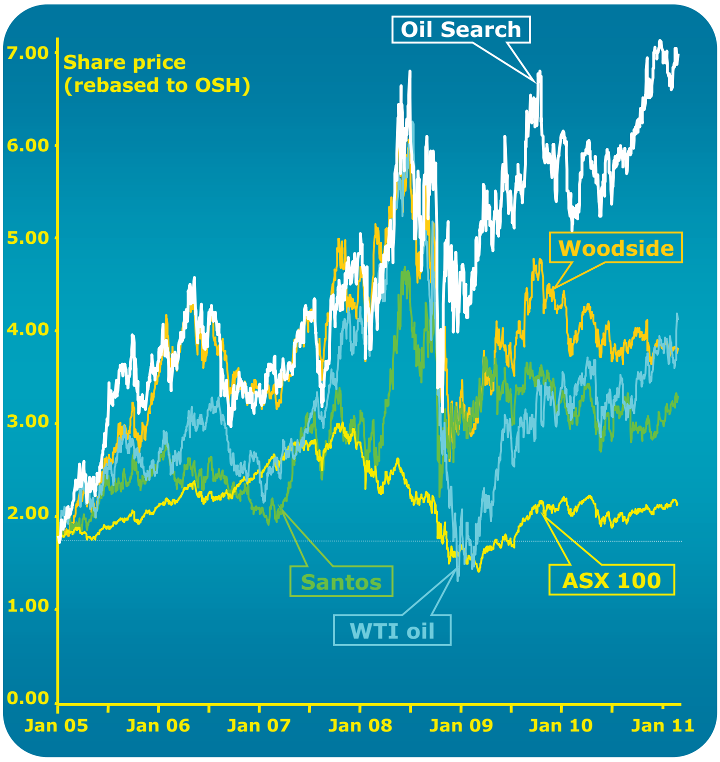
Sustained Top Quartile Performance



- OSH has delivered an annualised TSR of 15% over last five years
- Performance driven by delivery of FID on PNG LNG, strong underlying oil business, tight cost control and good oil prices
- Recent Strategic Review highlighted potential to continue to generate top quartile growth from existing asset base
- Over 40 initiatives now in place and being implemented over next three years

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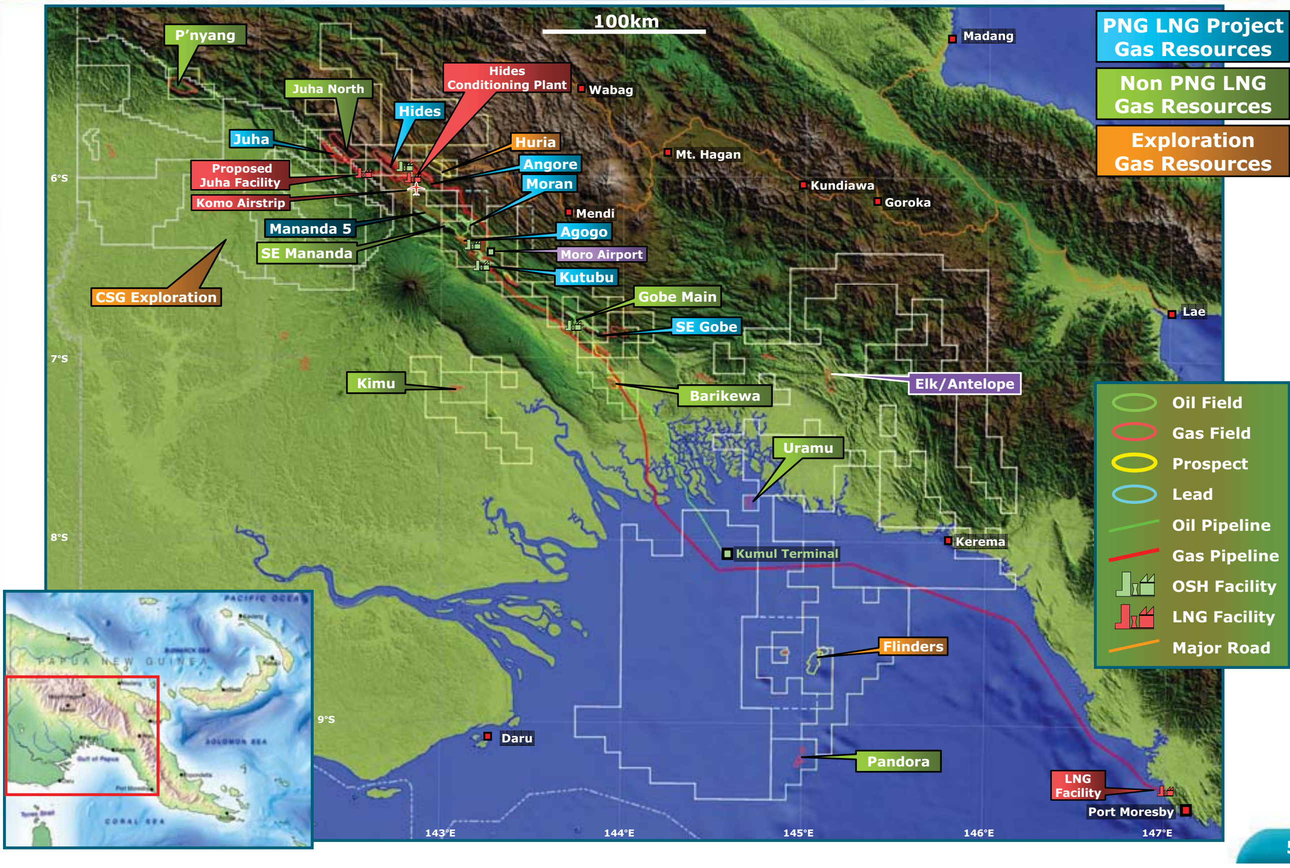
Key Oil and Gas Fields, PNG



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PNG LNG Project Update

PNG LNG

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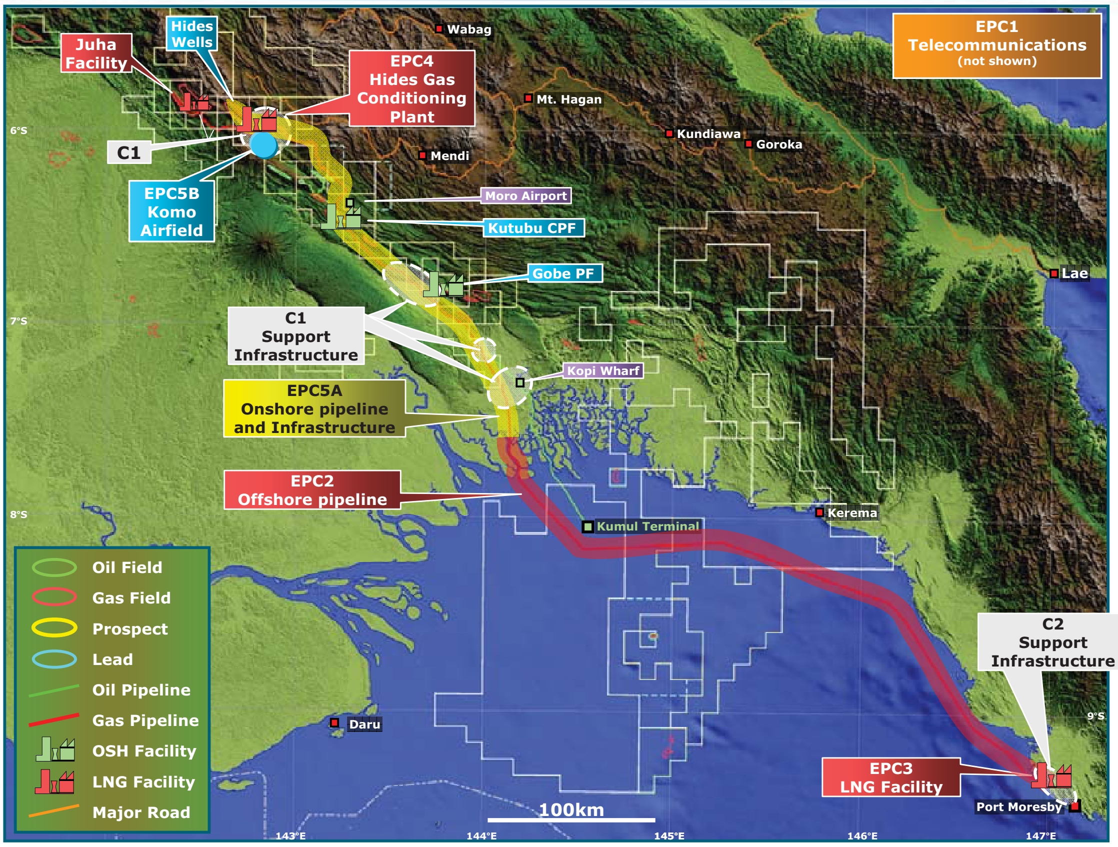
PNG LNG Project



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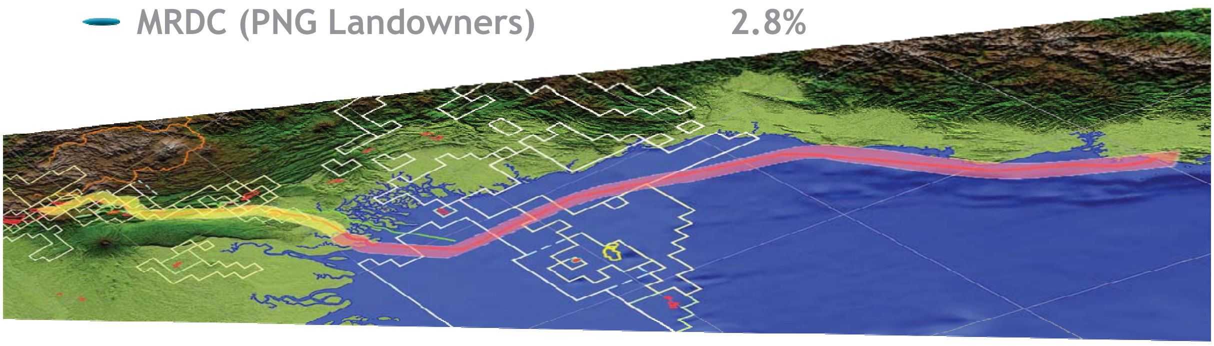
PNG LNG Project

- 6.6 MTPA, 2 train development, operated by ExxonMobil
- Over its 30-year life, PNG LNG expected to produce over 9 tcf of gas and 200+ million barrels of associated liquids
- Four-year construction period. First LNG sales in 2014, capital cost estimated at US$15 billion
- Initial Equities:
  - ExxonMobil 33.2%
  - Oil Search 29.0%
  - NPCP (PNG Government) 16.8%
  - Santos 13.5%
  - JX Nippon 4.7%
  - MRDC (PNG Landowners) 2.8%



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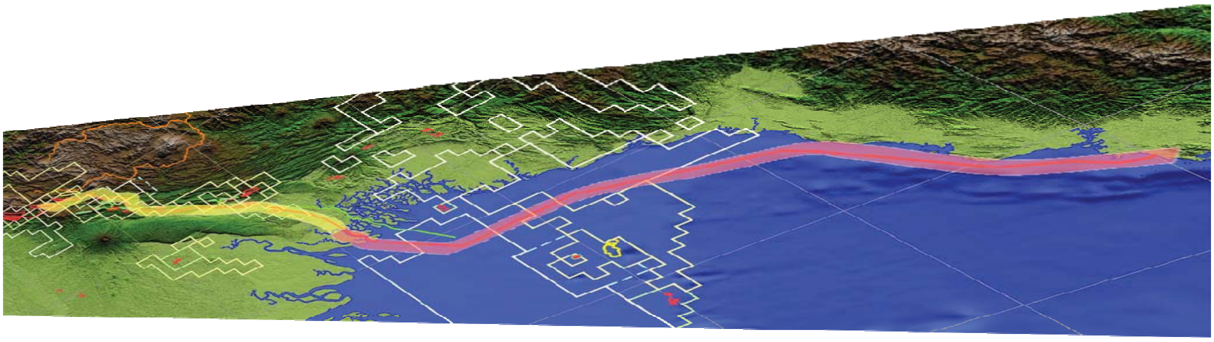
PNG LNG Project

- Fully contracted to Asian buyers, with continuing strong market interest
- Buyers:
  - Sinopec (China) 2.0 MTPA
  - TEPCO (Japan) 1.8 MTPA
  - Osaka Gas (Japan) 1.5 MTPA
  - CPC (Taiwan) 1.2 MTPA



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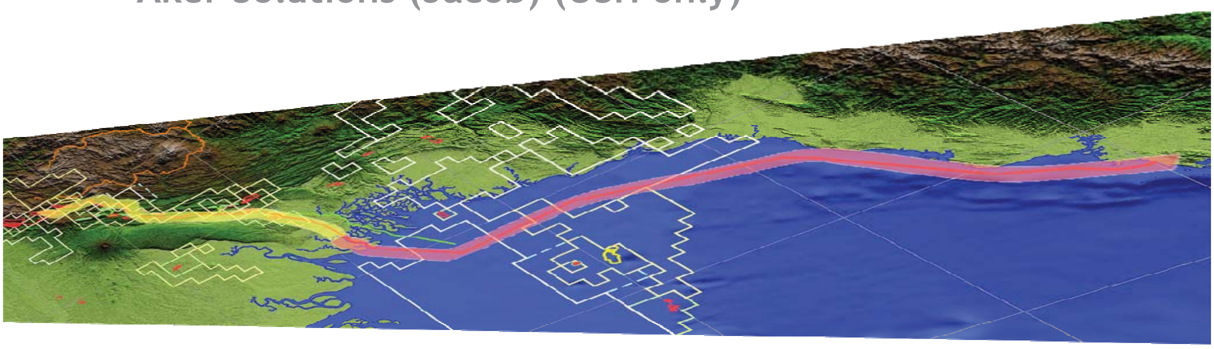
PNG LNG Project

- Main EPC contractors:
  - LNG Plant : Chiyoda/JGC
  - Offshore Pipeline : Saipem
  - Hides Gas Plant : CBI/Clough
  - Onshore Pipeline : Spiecapag
  - Infrastructure : McConnell Dowell/CCC
  - Early Works : Clough/Curtain
- Associated Gas contractor:
  - Aker Solutions (Jacob) (OSH only)



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PNG LNG Plant Site, Port Moresby

2010 Activities :

- Early construction activities including accommodation camp, road bypass

2011 Activities :

- Procurement, earthworks, foundations (first foundation poured end March)
- Commencement of structural steelwork, pipe racks
- Jetty works, tank foundations

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Kopi Shore Base and Onshore/Offshore Pipelines

2010 Activities:

- Construction of Kopi wharf
- Commencement of delivery of pipe to Kopi

2011 Activities :

- Continued procurement and mobilisation of onshore/offshore pipe
- Route clearance and commencement of onshore pipe lay
- Preparations for offshore pipe lay

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PNG LNG Upstream

2010 Activities:

- Opening supply routes
- Early construction activities in Highlands including clearing, road and bridge upgrades
- Earthworks at Hides plant site and Komo airfield

2011 Activities :

- HGCP and Komo Airfield
  - Earthworks, foundations and start of construction
- Mobilisation of drill rigs

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Associated Gas (AG) Project

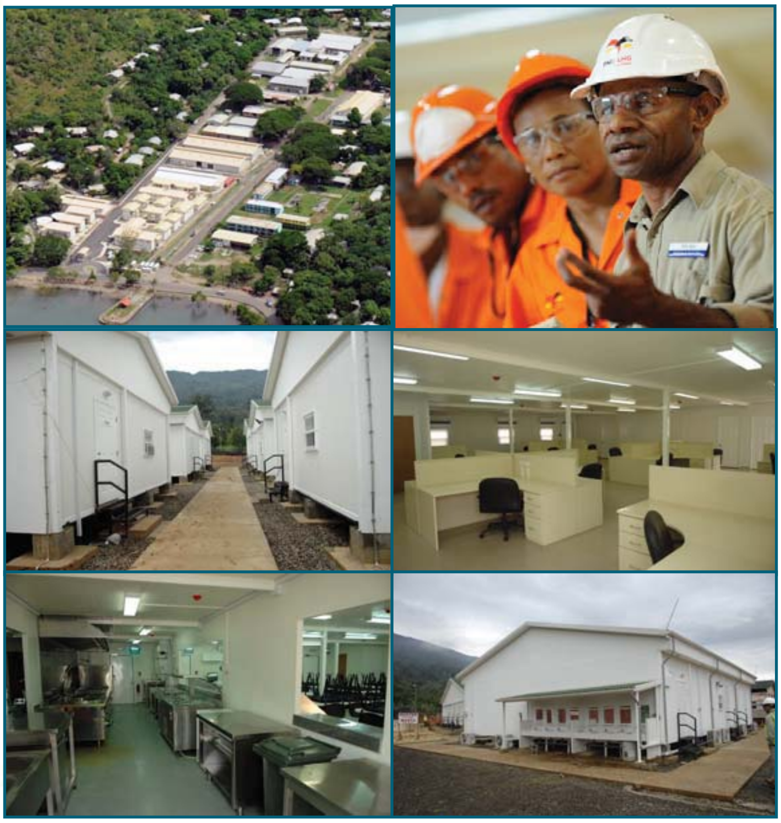
2010 Activities:

- Planning activities for AG work and PL Extension Project

2011 Activities :

- Commencement of construction

Training Facilities



2010 Activities:

- Construction of training facilities at POM Tech in Port Moresby (operational) and Juni

2011 Planned Activities :

- Complete Juni training facility

2011 PNG LNG Project Focus Areas

- Ramp up of logistics and resourcing
- Onshore pipeline installation - terrain, multiple work fronts
- Continued work with project area communities
- Efficient use of landowner companies to deliver maximum local content (over K1.5bn to date)
- Engagement with Government during National Election build up

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Timetable

2010
- Continued early works
- Detailed design
- Order long leads and place purchase orders
- Open supply routes
- Contractor mobilisation
- Commence AG construction

Financial Close

2011
- Ongoing procurement and mobilisation
- Airfield construction
- Drilling mobilisation
- Start offshore pipeline construction
- Onshore line clearing and laying
- Start LNG construction

2012
- Complete AG
- Continue onshore pipe lay
- Complete offshore pipe lay
- Start Hides plant installation

2013
- Complete pipe lay
- Ongoing drilling
- Complete Hides plant
- Commission LNG plant with Kutubu gas

2014

First Gas from Train 1, then Train 2

PNG LNG

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Gas Growth Opportunities

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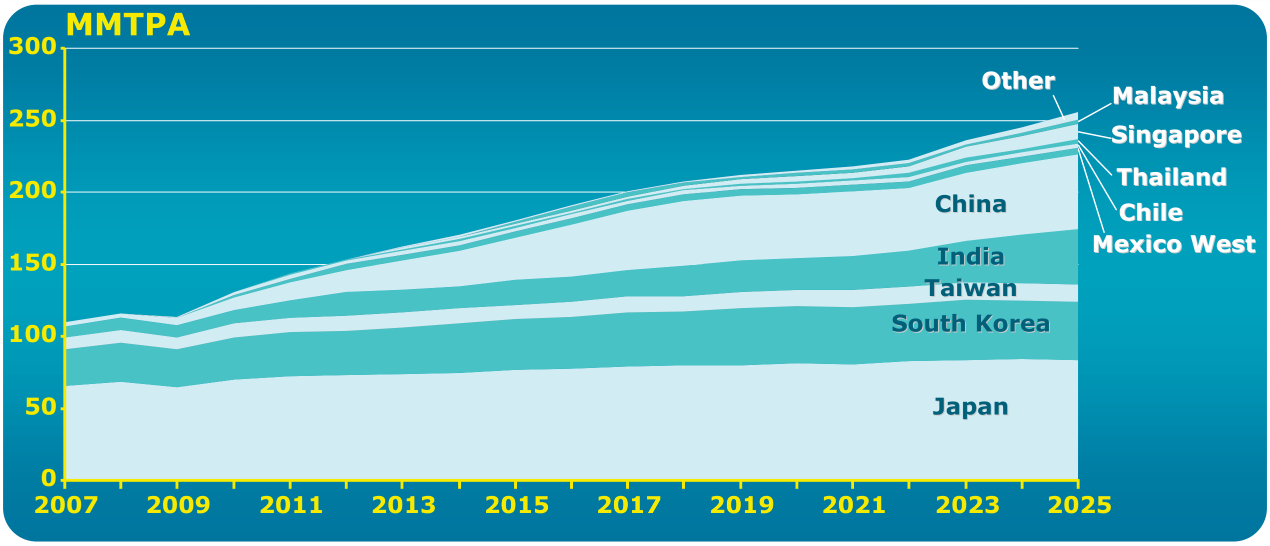
Strong Asian LNG Markets Outlook



Source: Wood Mackenzie and Deutsche Bank, February 2011

- Strong long term demand outlook for LNG, particularly post Japan earthquake
- Multiple potential suppliers of LNG post 2015
- Economically robust brownfield expansions with quality operators will have advantage when seeking offtake agreements

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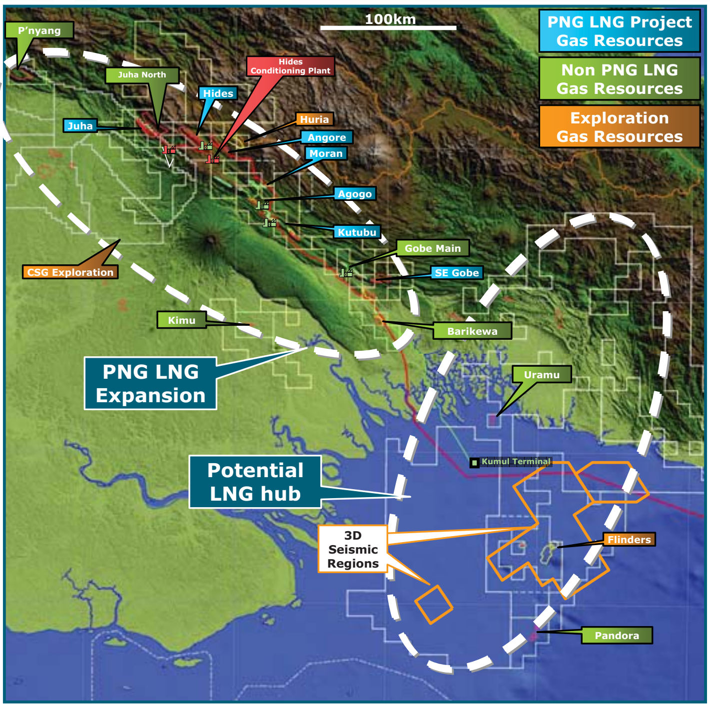
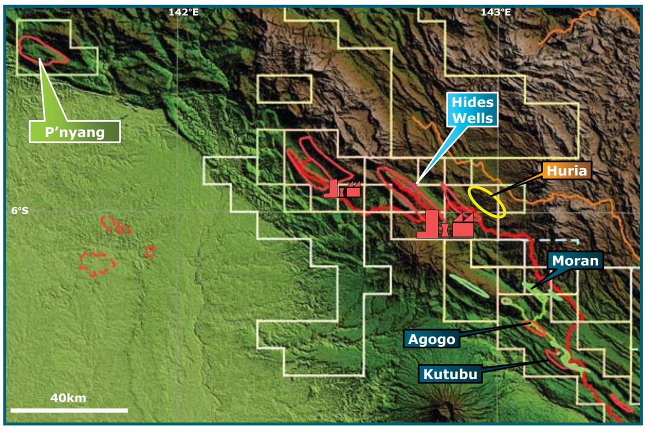
PNG Gas Growth Hubs



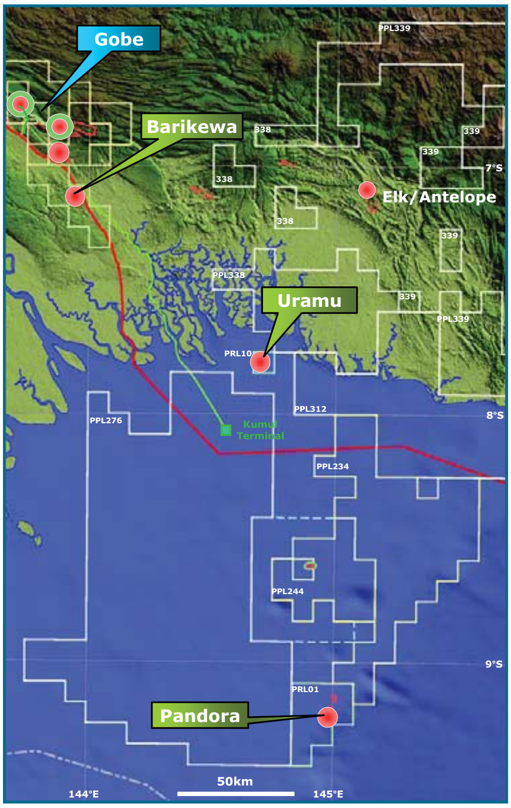
- Oil Search pursuing two-pronged LNG expansion strategy
  - Highlands based resources close to PNG LNG infrastructure
  - Gulf region gas, integrated with existing gas infrastructure or stand alone
- Core development infrastructure being built by PNG LNG
- Government pushing for further development
- LNG expansion highest returns but power opportunities also attractive

PNG LNG Expansion

- PNG LNG co-venturers working constructively to implement resource maturation programme in Highlands
- Integrated exploration and appraisal programme includes:
  - Hides appraisal
  - Evaluation of additional resource potential of Associated Gas fields
  - Appraisal of 1.5 tcf P'nyang gas field in PRL 3
    - Located 95km NW of Juha, high equity alignment
  - Exploration well on Huria



Other Resource Maturation Activities



- Reviewing existing discoveries in "catchment area"
  - Pandora (PRL 01):
    - Pandora JV progressing development studies and initial discussions with PNG LNG
  - Barikewa (PRL 09):
    - Oil Search has assumed Operatorship
    - Commencing development studies and initial discussions with PNG LNG
  - Uramu (PRL 10)
    - Commencing development studies and initial discussions with PNG LNG

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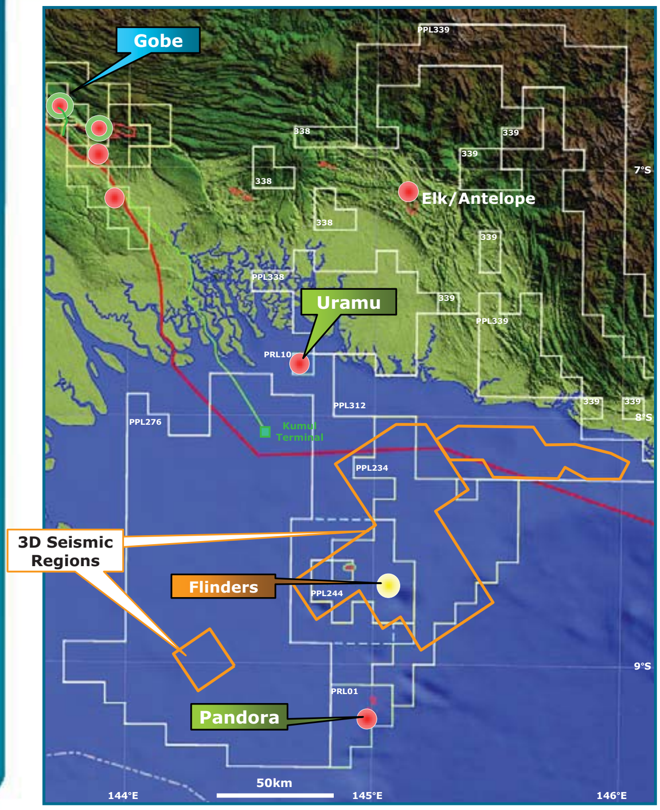
Gulf Area Gas Strategy



- Oil Search believes Gulf Area has best potential for finding significant new gas accumulations:
  - Proven hydrocarbon area
  - Multiple play types
  - Relatively untested
  - Well positioned for integrated or standalone developments
- Over past year, OSH has:
  - Secured broad licence position
    - Increased equity in Pandora (PRL 01) to 24%
    - Increased equity in PPL 244 through swap with Talisman for PPL 239
    - Completed farmins to four additional licences in Gulf Area
  - Completed major 3D seismic survey
- New expanded survey underway

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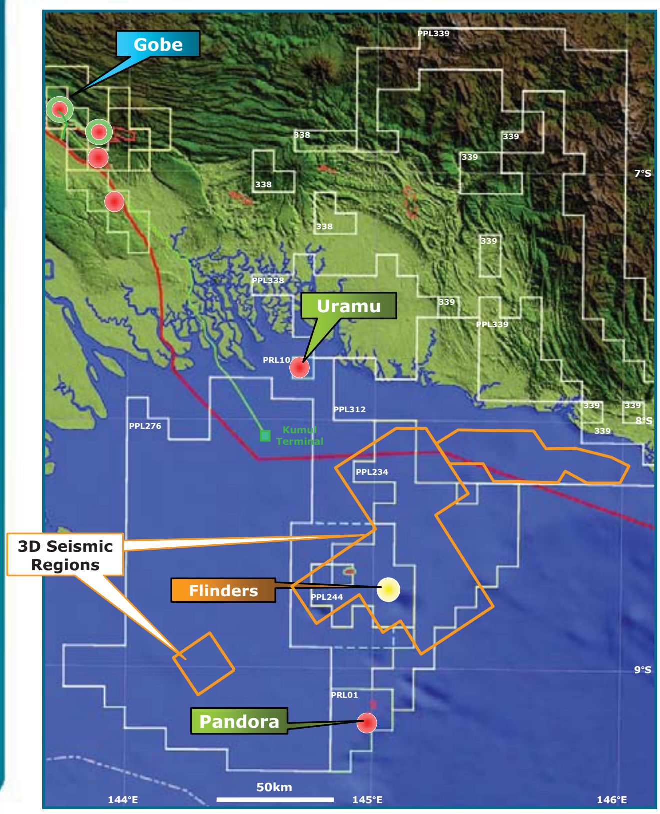
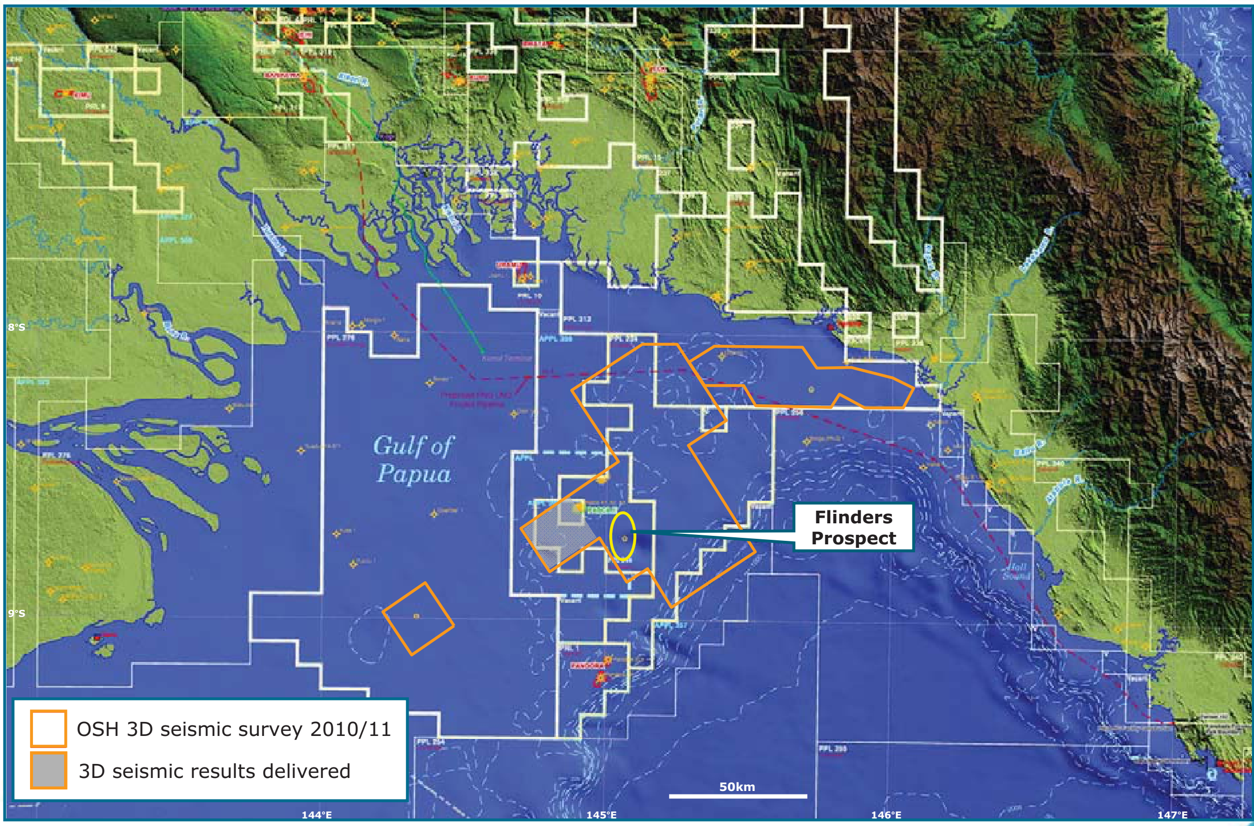
Gulf Area LNG

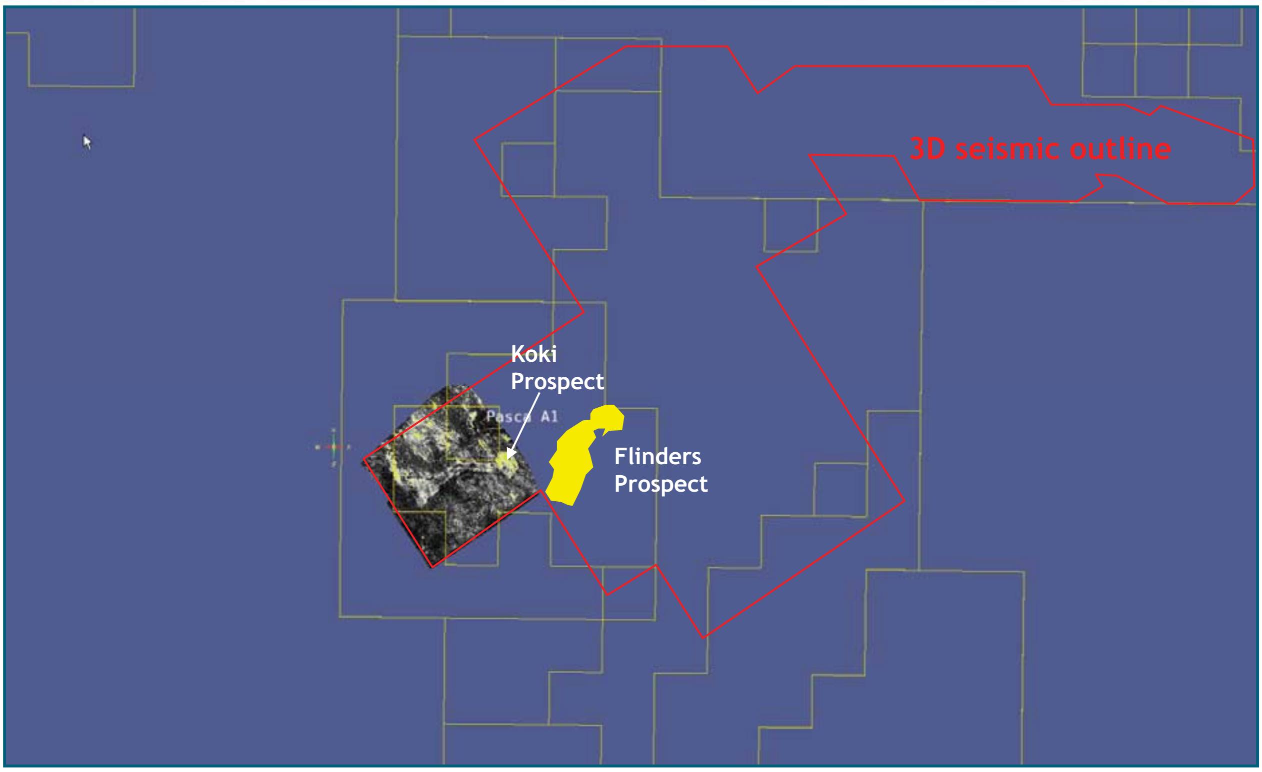


- Complete 3D seismic acquisition in offshore and 2D seismic onshore
- Interpretation underway, initial results encouraging
- Potential partner discussions underway
- Targeting equity of ~30-35%, subject to final interpretation
- Commence multi well drilling programme in 2011 through 2012

Gulf of Papua 3D seismic - First results



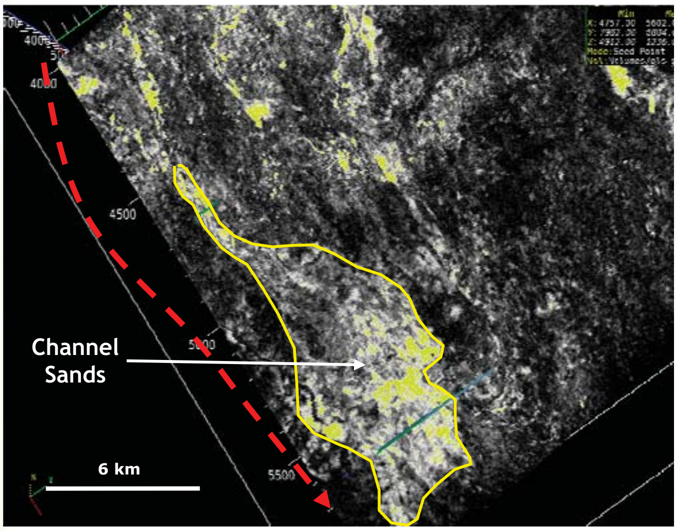
Seismic expression of Flinders Sand - Regional view



Map view of Flinders level horizon slice

Analogue Comparison

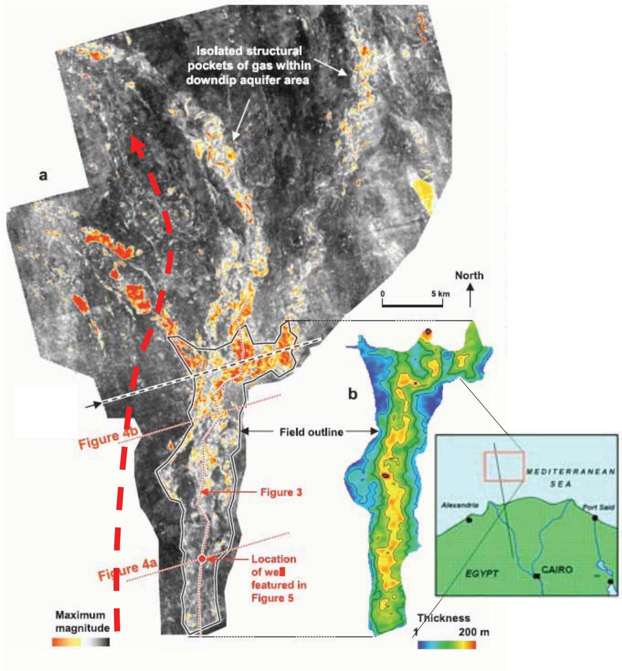
Kokomo Prospect - Gulf of Papua vs. Sequoia Field - Nile Delta



Kokomo Prospect
Gulf of Papua, PNG
Oil Search

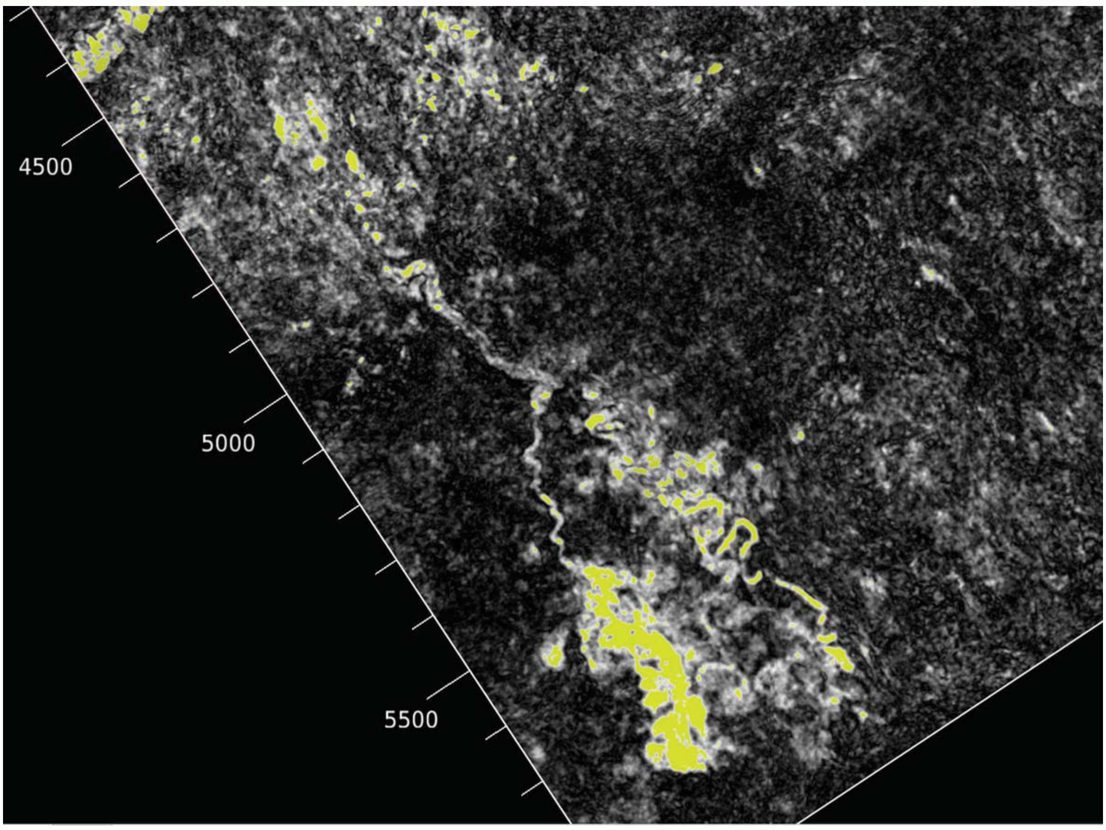
High Amplitude Anomalies

Sediment flow-direction



Sequoia Field
Nile Delta, Offshore Egypt
British Gas
9Tcf

Kokomo Prospect Reservoir Lower Channel



Map view of horizon slice

Kokomo Channel Complex

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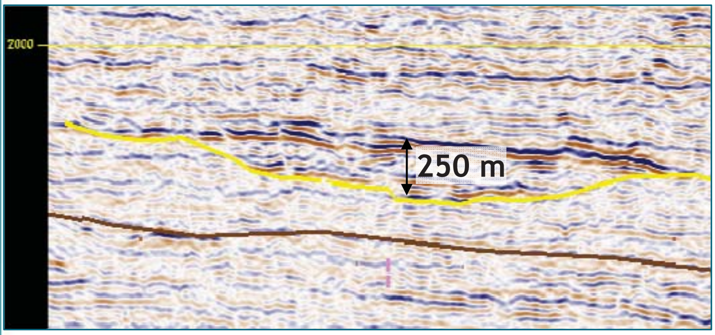
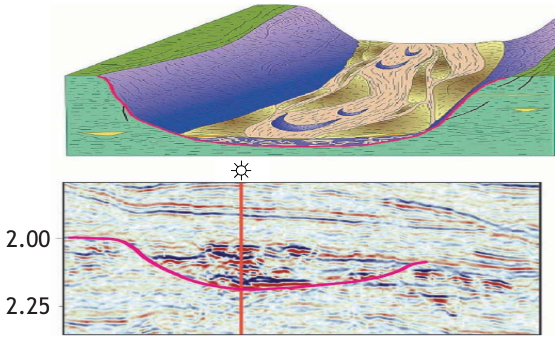
Kokomo Prospect
Gulf of Papua
Seismic Cross Section



Sequoia Field
Nile Delta Egypt
Geological Model &
Seismic Cross Section



Seismic Expression of Flinders Sand

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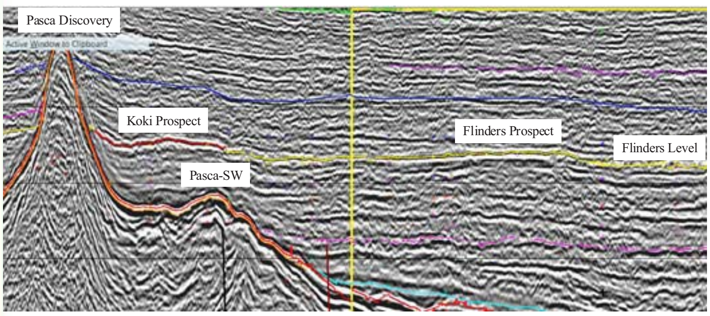
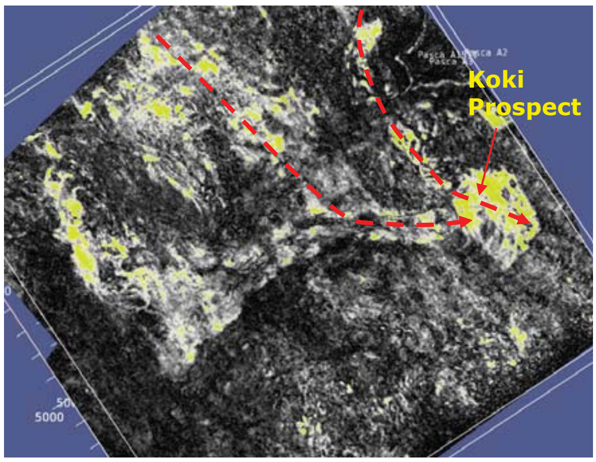
3D seismic available now

3D seismic available August



2D seismic line over Flinders and Koki Prospects



Map view of 3D seismic horizon slice of Flinders Sand level

High Amplitude Anomalies

Sediment flow-direction

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Production

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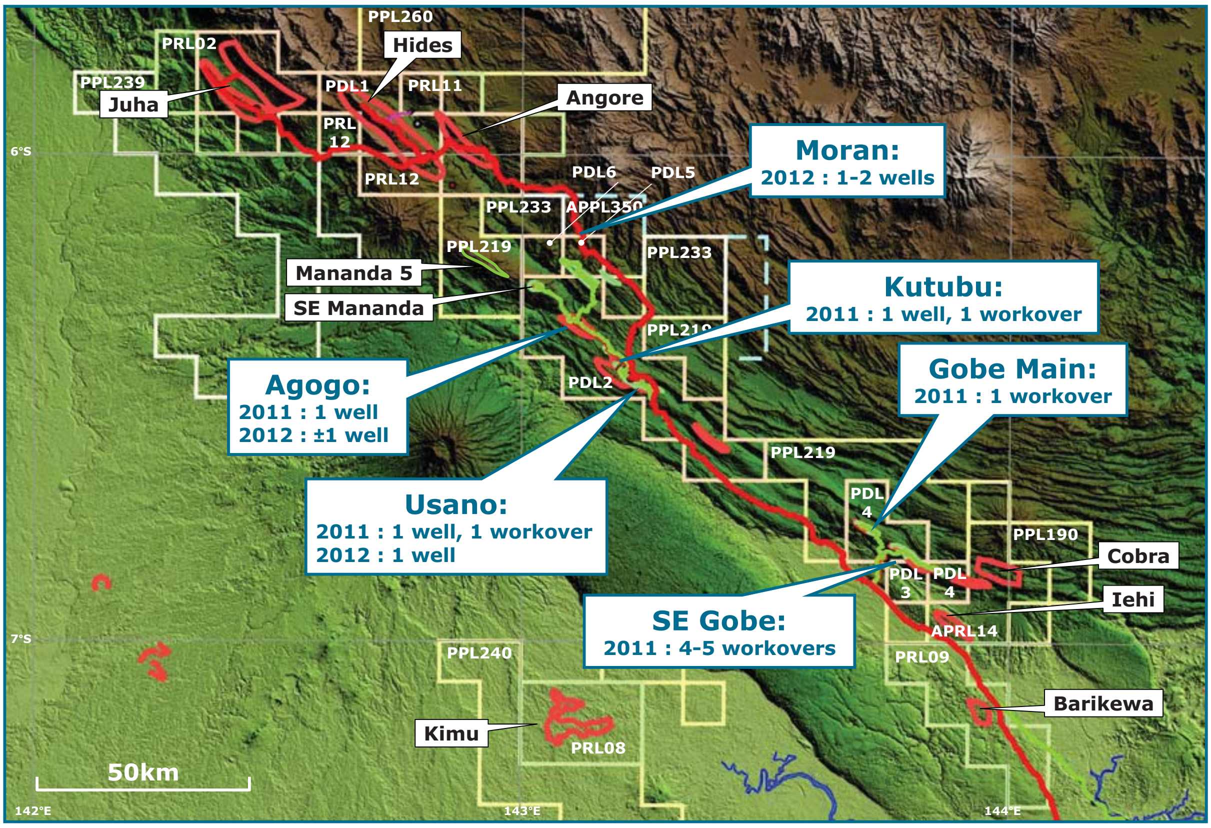
PNG Oil Production

- Despite maturity, PNG oil fields continue to be solid performers:
  - 2010 production of 7.66 mmboe, above guidance
  - ADT 2 ST3 discovered oil in Agogo forelimb in 2009, continues to contribute strongly
  - Moran 15 ST1, drilled in 2010, proved field extension to south east
- 2011 production will be impacted by:
  - Production from Moran 15 for full year
  - Natural decline, being addressed by development and workover programme
  - Two week shutdown for tie-in of Associated Gas facilities
- Production guidance for 2011 unchanged at 6.2 - 6.7 mmboe, with production out to first LNG broadly flat, subject to success of work programmes
- Focus is on capturing additional in-field and near field reserve opportunities, particularly forelimb opportunity opened up by ADT 2 ST, and potential Mananda 5 development
- Strong commitment to cost effectiveness

2011/12 Development / Appraisal Drilling Activity



Near Field Appraisal Exploration

- Major review undertaken as part of Strategic Review
- Very high historical success rate, with excellent returns achieved
- 26 near field appraisal and exploration prospects and leads identified
- Risked net recoverable potential resource estimated to be over 125 mmboe
- Major programme planned to further evaluate this potential over next three years

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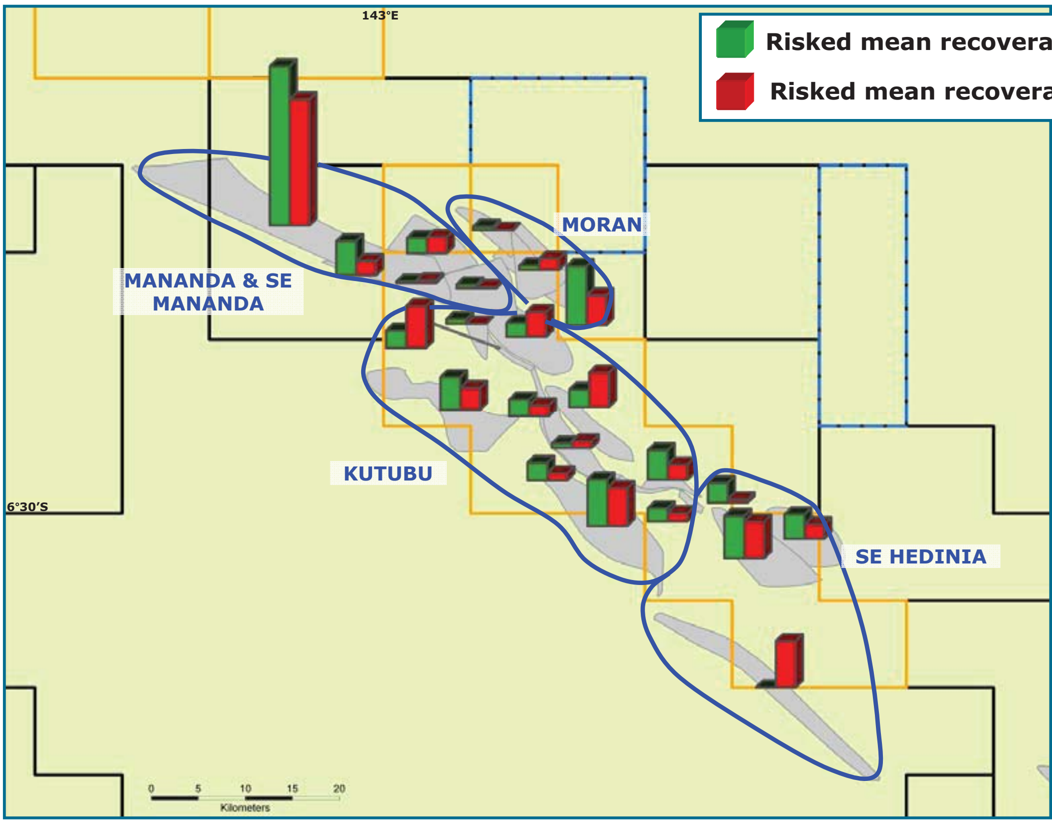
Near Field Exploration Prospects & Leads



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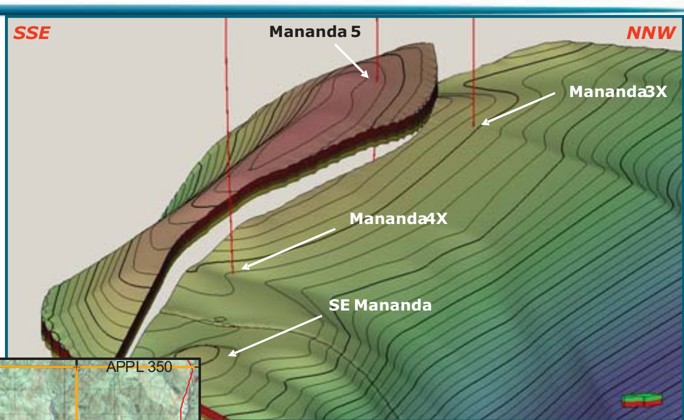
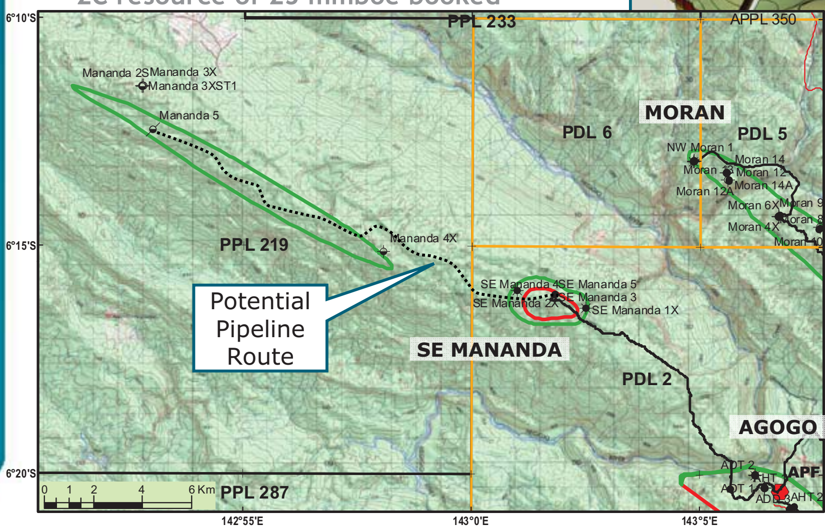
Manande 5 Discovery and Conceptual Development

- Oil and gas discovered at Mananda 5 in PPL 219 (OSH 71.25%, JX Nippon 28.75%)
- 4 zones flow-tested at stable rates of between 800-1200 bopd
- GOR's of 600-1200 scf/stb
- Test duration and rates limited due to capacity of surface facility equipment
- Mananda 5 well now suspended
- 2C resource of 25 mmboe booked



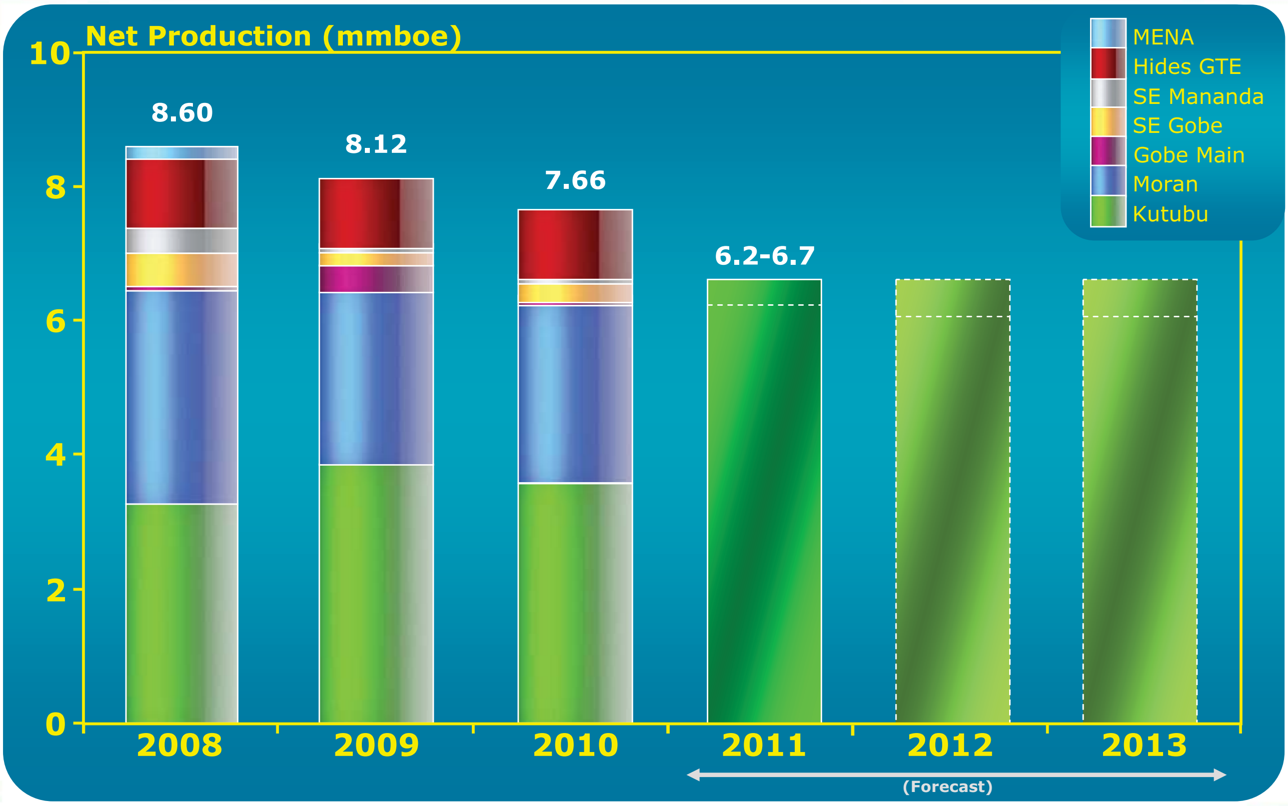


- Assessment of conceptual development options is underway
  - Flowline tie-back to SE Mananda
  - Further development drilling
- ~18km tie back to existing SE Mananda wells - 8" flowline, 4" gaslift
- Early social mapping and survey work in progress
- Targeting development decision in 4Q11

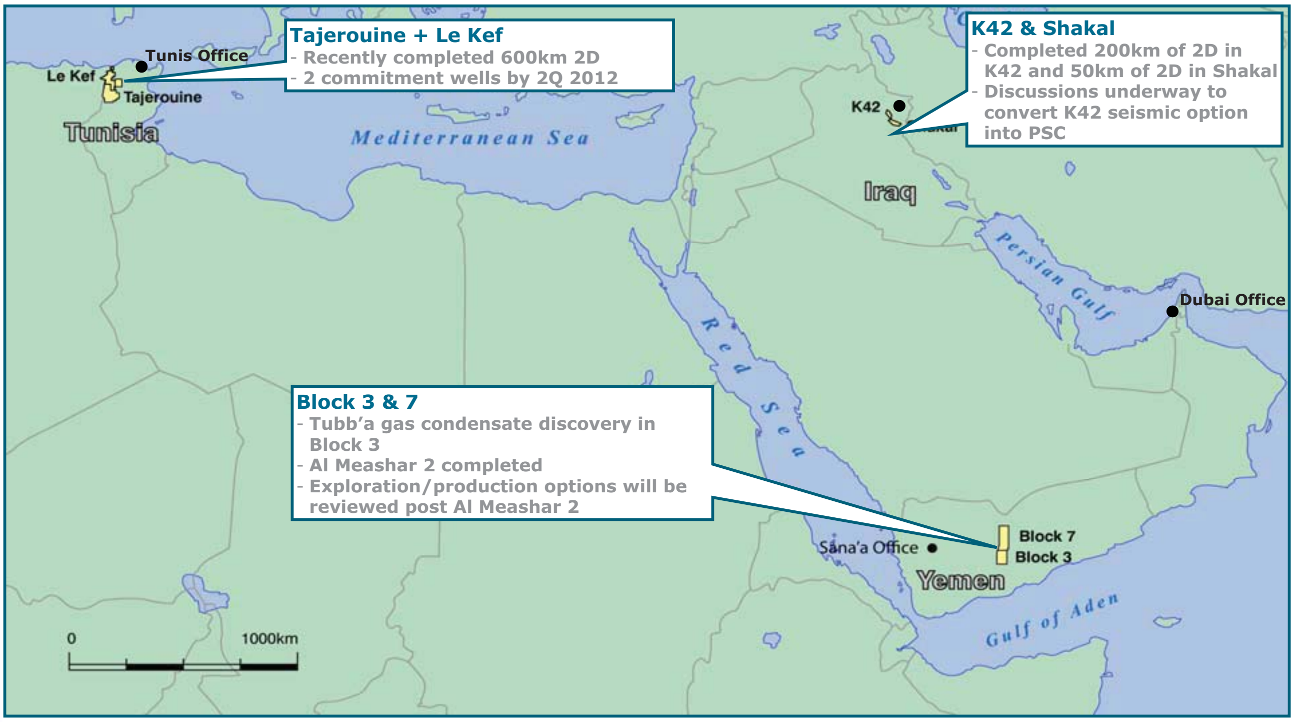
Mananda 5: Toro C Flare

Oil Search Production Outlook

(ex Mananda-5)



MENA Exploration



Focus on Sustainability

- In light of increasing value of PNG assets going forward, OSH seeking to further enhance its focus on managing PNG sustainability issues (traditionally an area of strength)
- New Sustainability Group has been formed:
  - Focus on communities, government/regulatory and in-country business relationships
- Specific initiatives involve:
  - Relationship building, Government, Landowners etc
  - Facilitating transparency and equity in benefits distribution
  - Enhancing capacity to capture growth opportunities
- New Health Foundation also being established
  - Expansion of existing health programmes (Malaria, HIV/AIDS etc)

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OSH involved in multiple activities to help create sustainable future

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2011 Outlook

- PNG LNG Project delivery underway:
  - Project ramp up continues at accelerating pace:
    - Commencing construction at PNG LNG plant site, HGCP and Komo
    - Associated gas and life extension projects
    - Focus on management of in country issues
- Further pursuit of gas expansion and resource underwriting
  - Hides evaluation
  - Huria and P'nyang exploration and appraisal
  - Gulf area seismic and prospect maturation
- Continued strong oil field production performance
  - Evaluation of Mananda 5 development
  - Infield and near field exploration/appraisal opportunities
- Optimise value of MENA assets

Summary

Company fully focused on delivery of Major Strategic Initiatives

- Optimisation of current oil and gas production
- Delivery of PNG LNG T1/T2
- LNG expansion and gas resource accumulation programmes
- Operate business in transparent and sustainable manner
- Activities all underwritten by strong balance sheet and ample liquidity to meet LNG obligations and expansion focused activities

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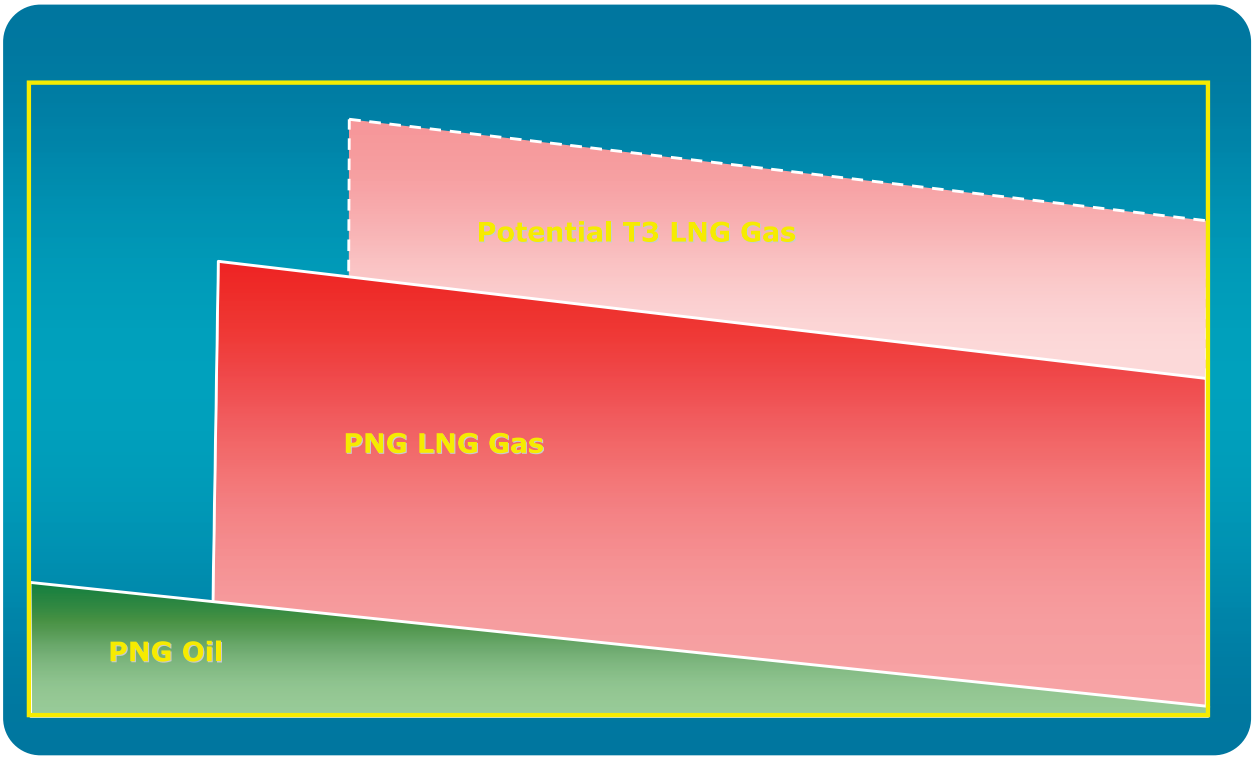

Appendix

2011 Guidance Summary

- Production outlook
  - Oil and gas production: 6.2 - 6.7 mmboe
  - Similar performance in 2012 and 2013
- Operating costs ex corporate costs
  - US$16-18/boe
  - Higher than 2010, due to lower production volumes, increased workover programme, PNG inflation, including currency impacts and AG activities
- Corporate Costs
  - ~US$3/boe from ~US$2.16/boe
    - Stronger A$ exchange rates
    - Focus on sustainability initiatives
- D,D & A
  - US$7-9/boe
- Capital Expenditure
  - Exploration including gas growth: US$180 - 200m
  - PNG LNG: US$1,150 - 1,400m
  - Production: US$110 - 130m
  - Corporate: US$10m

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