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Creating value for Stakeholders

UBS Resources and Energy Conference
16 June 2011

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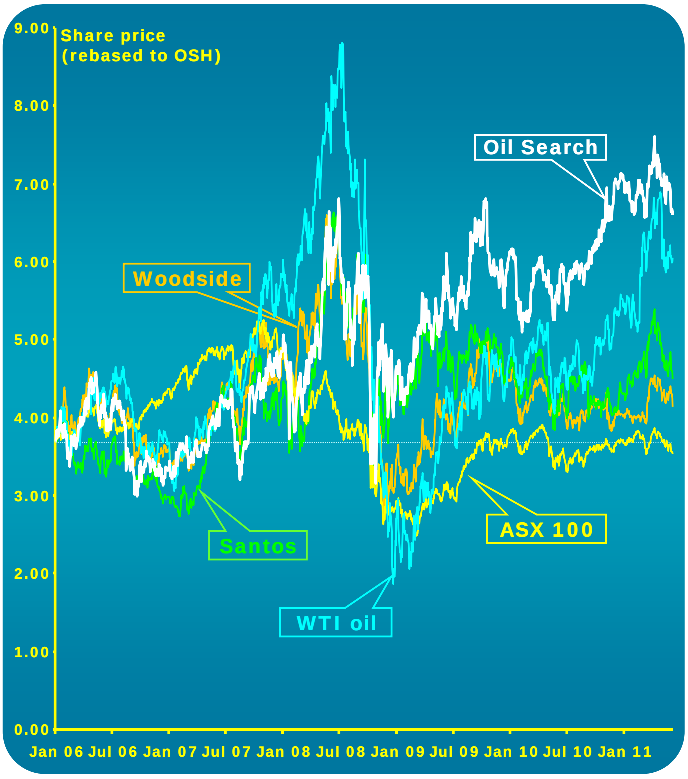
Sustained Top Quartile Performance



- 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
- 2010/11 Strategic Review highlighted potential to continue to generate top quartile growth from existing asset base
- Over 40 initiatives in place and being implemented over next three years

OSH Strategies to Create Value

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- **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'

PNG LNG Project Update

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PNG LNG

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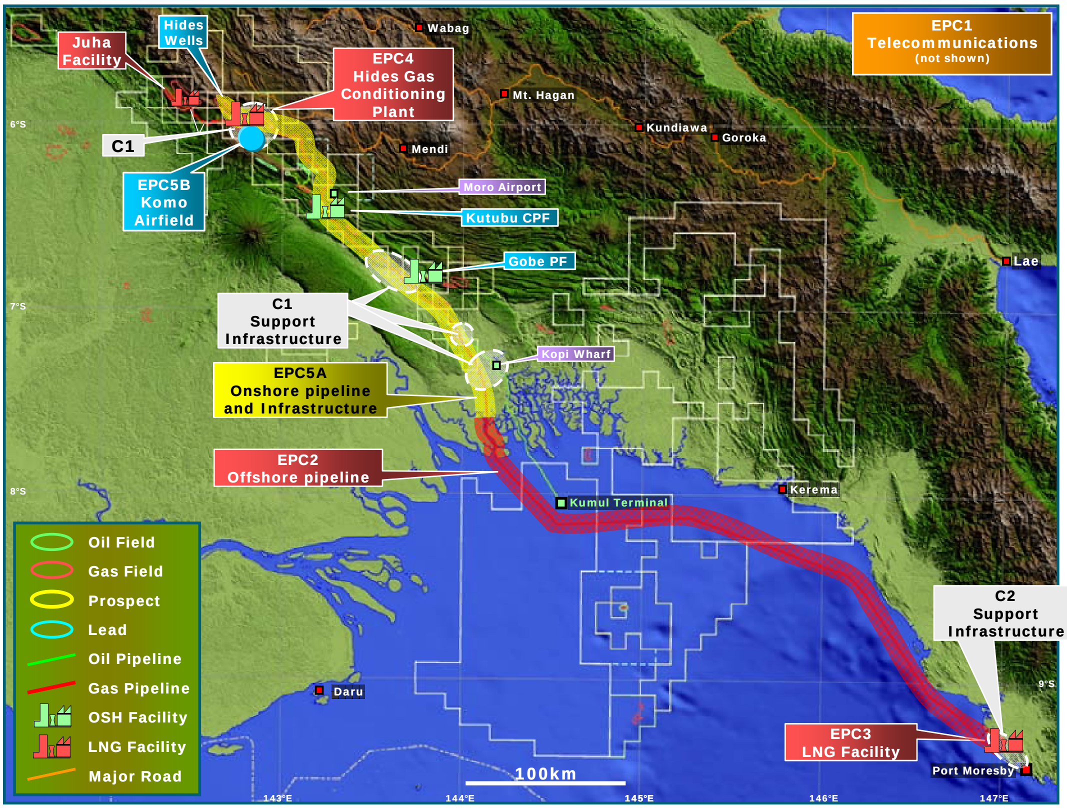
PNG LNG Project



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PNG LNG Plant Site, Port Moresby

- Two key milestones reached in 1Q11 with ground-breaking ceremony for construction of the process trains and first concrete foundation poured for LNG Plant
- Current activities focused on:
  - Procurement
  - Earthworks
  - Foundations
  - Structural steelwork
  - Pipe racks
  - Jetty works
  - Tank foundations

Onshore/Offshore Pipelines

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- Construction of Kopi wharf, key onshore supply base, complete
- Current activities include:
  - Ongoing procurement, mobilisation and delivery of onshore/offshore pipe
  - Route clearance
  - Onshore pipe lay
  - Commencement of welding
  - Preparations for offshore pipe lay

First weld

PNG LNG Upstream

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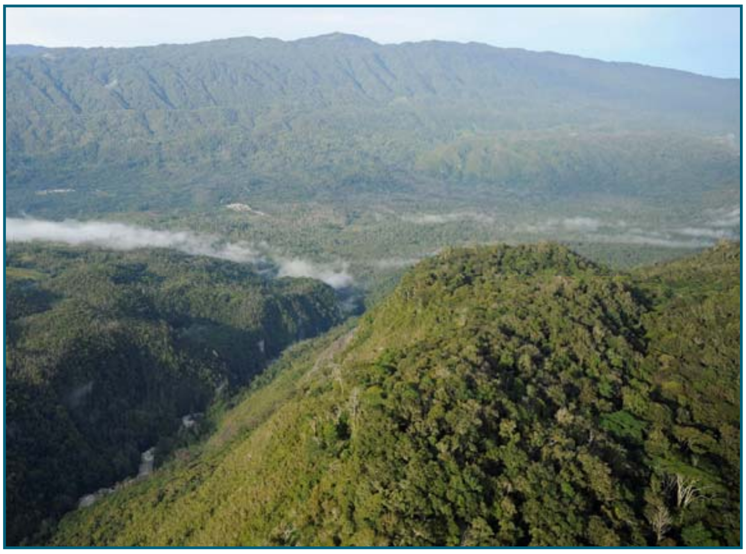

- Upstream Infrastructure contractor achieved key safety milestone with five million hours worked without a Lost Time Incident
- Factory acceptance testing of mainline gas compression packages and gas turbine power generation packages completed
- Current activities at HGCP and Komo Airfield include earthworks, foundations and start of construction
- Mobilisation of drill rigs underway

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Associated Gas (AG) Project

- Commencement of construction
- Fabrication of replacement offloading buoy underway
- Labour and construction management contract awarded for the refurbishment of the Kumul Marine Terminal

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National Content

- Project aim is to build capacity and capabilities of local employees, companies and communities
- Three focus areas:
  - Workforce Development
  - Supplier Development
  - Strategic Community Investments
- K2 billion invested in PNG contracts to date
- Project workforce now 7,000, of which 75% PNG nationals
- PomTech open
- Construction continues on Juni training facility

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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
- Engagement with Government during National Election build up

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Timetable

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

Financial Close

2010

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

2011

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

2012

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

2013

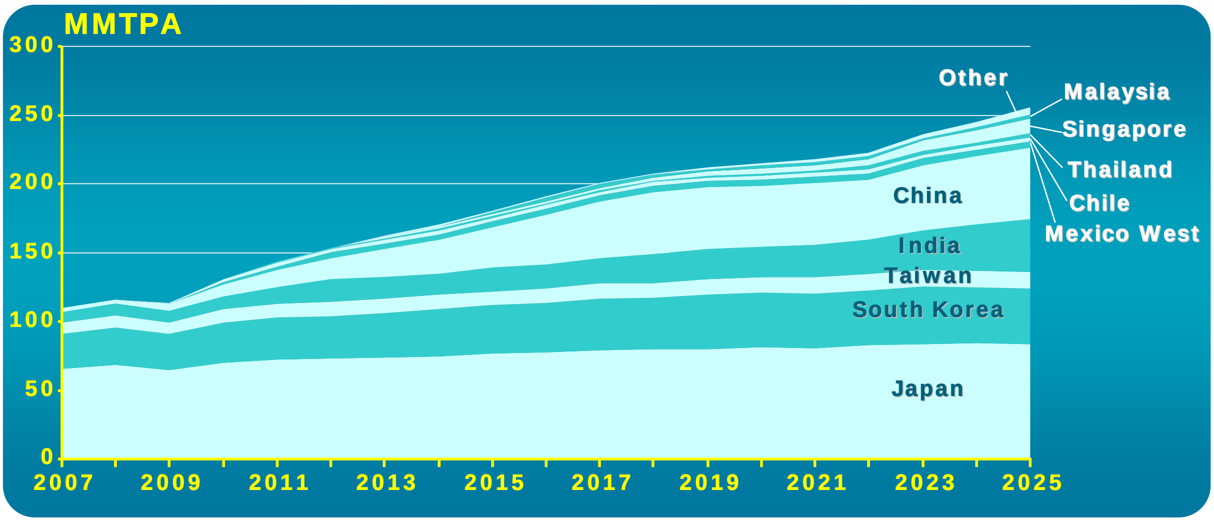
First Gas from Train 1, then Train 2

2014

PNG LNG

Expansion Activities

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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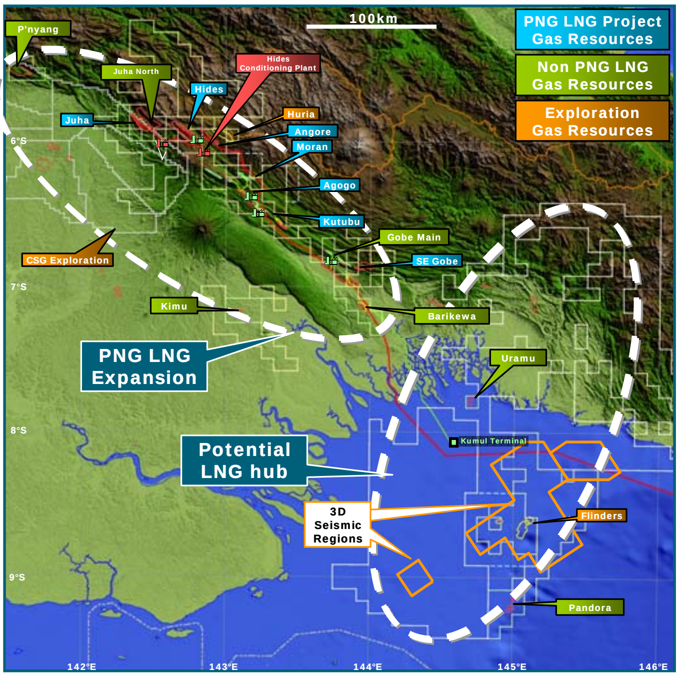
PNG Gas Growth Hubs



- 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

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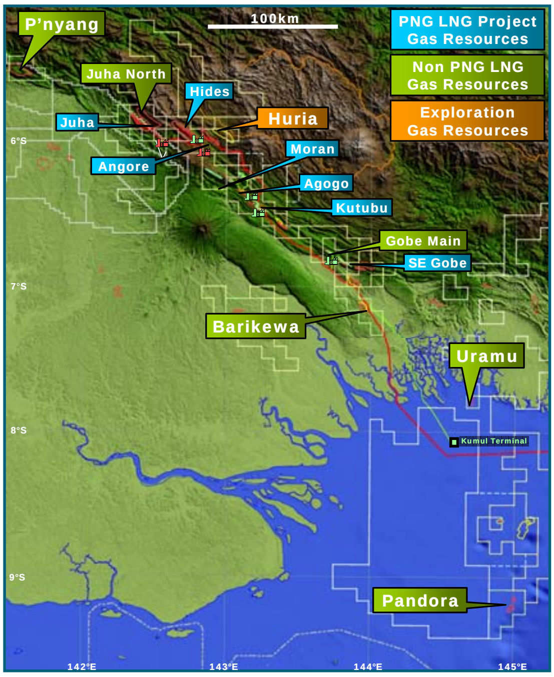
PNG LNG Expansion



- 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
  - Exploration well on Huria
- Reviewing existing discoveries in "catchment area" (Pandora in PRL 1, Barikewa in PRL 9 and Uramu in PRL 10)

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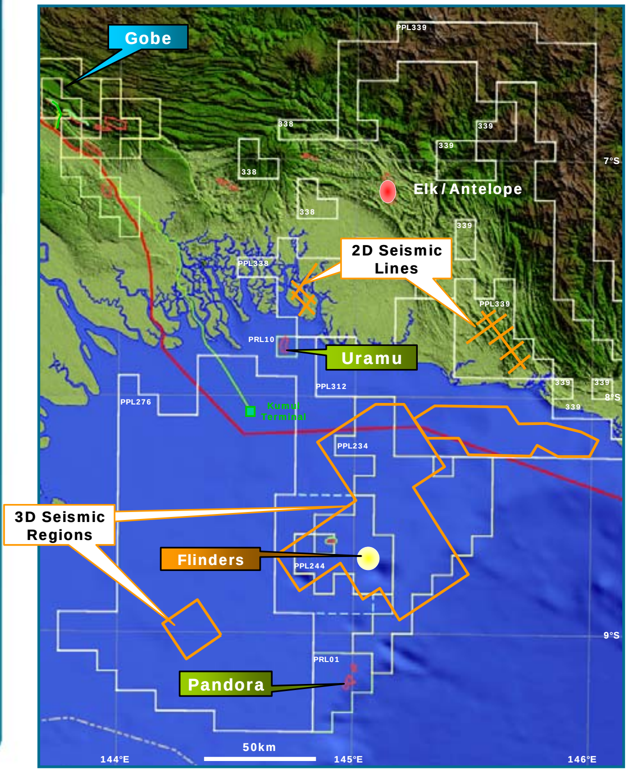
Gulf Area LNG



- Oil Search believes Gulf Area has best potential for finding significant new gas accumulations
- Over past year, OSH has:
  - Secured broad licence position
  - Completed major 3D seismic survey and commenced new 2D seismic onshore
- Interpretation of offshore 3D seismic underway, initial results encouraging with a number of leads and prospects identified
- Potential partner discussions underway
- Targeting equity of ~30-35%
- Commence multi well drilling programme in 2011 through 2012

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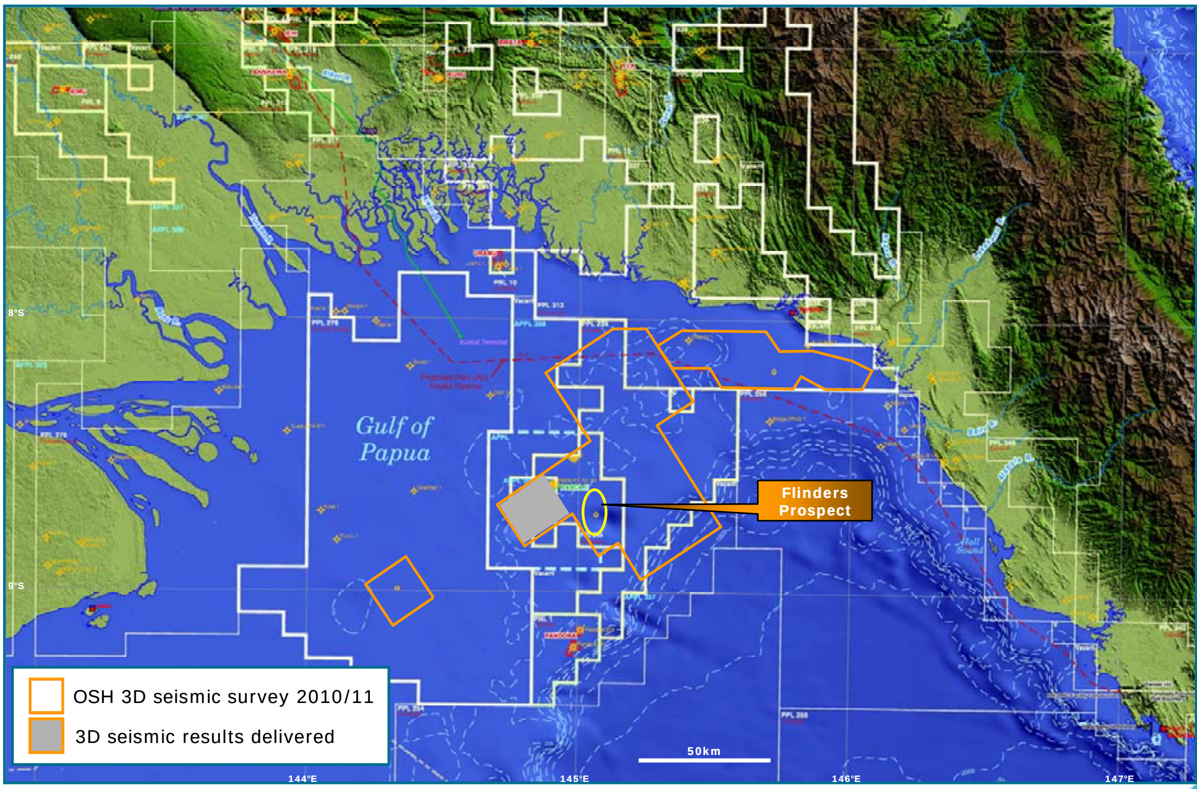
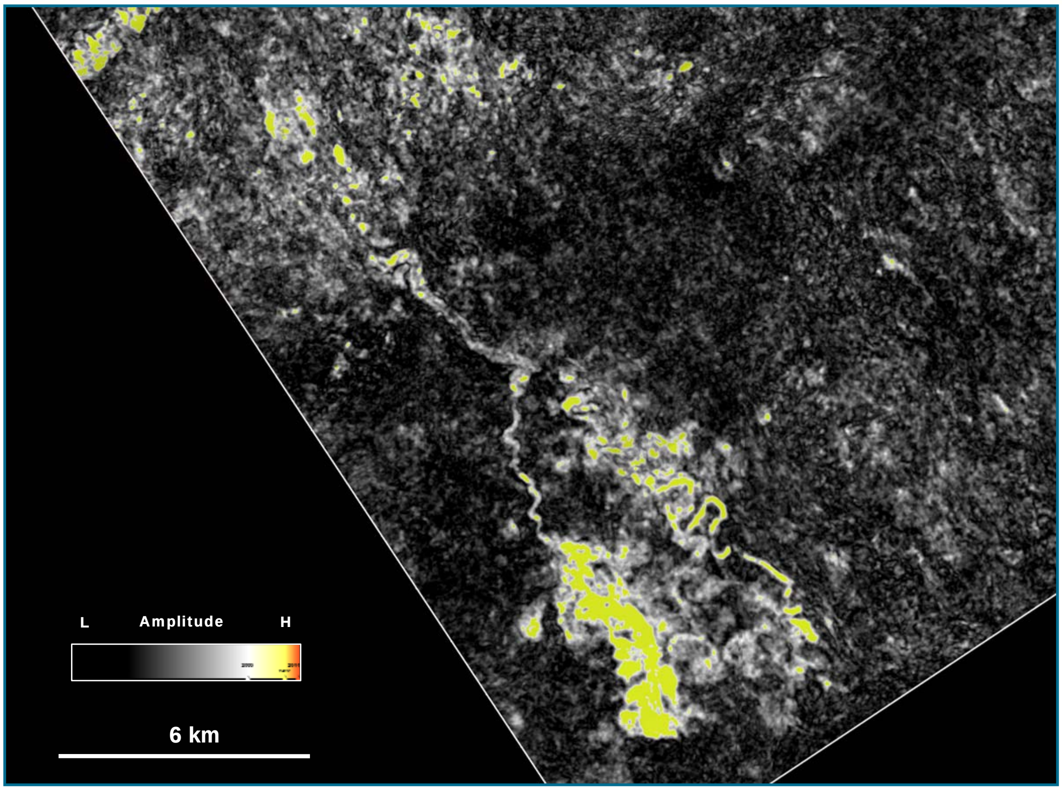
Gulf of Papua 3D Seismic - First results



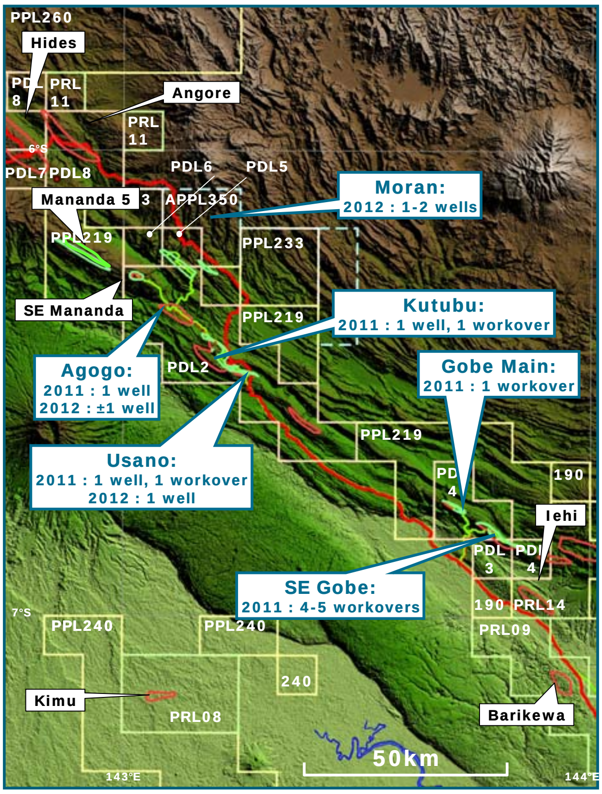
Kokomo Prospect
Reservoir Lower Channel



Map view of horizon slice

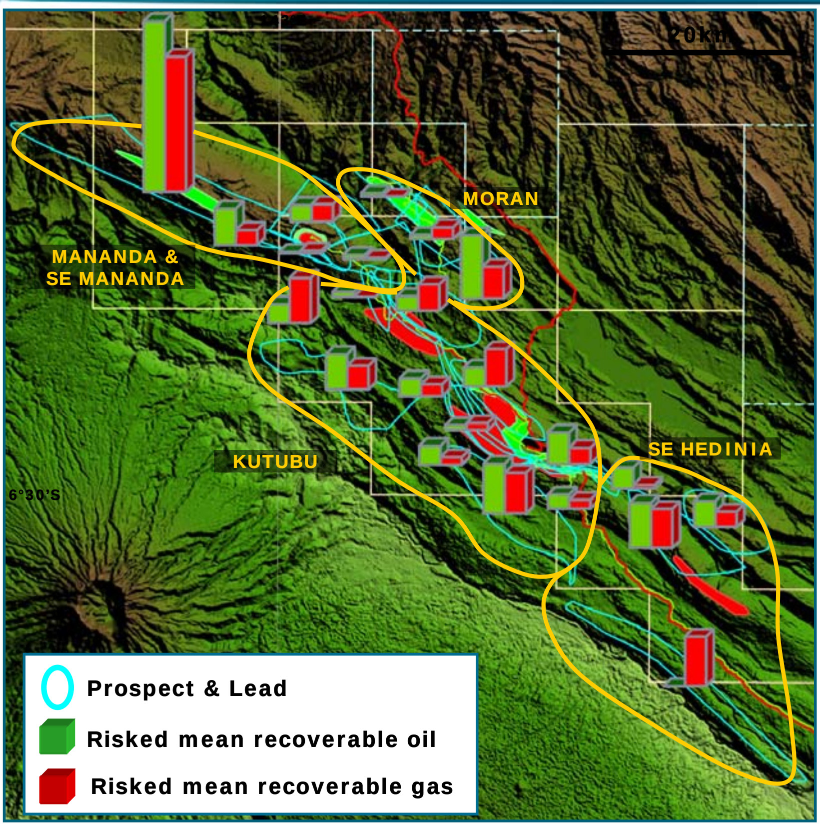
Operations Update

2011/12 Development / Appraisal Drilling Activity



- Solid production performance from PNG oil fields during 2011 to date
- 2011 production impacted by:
  - Natural decline, being addressed by development and workover programme
  - Two week shutdown for tie-in of Associated Gas facilities in 3Q11
- 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
- Strong commitment to cost effectiveness

Near Field Exploration and Appraisal



- 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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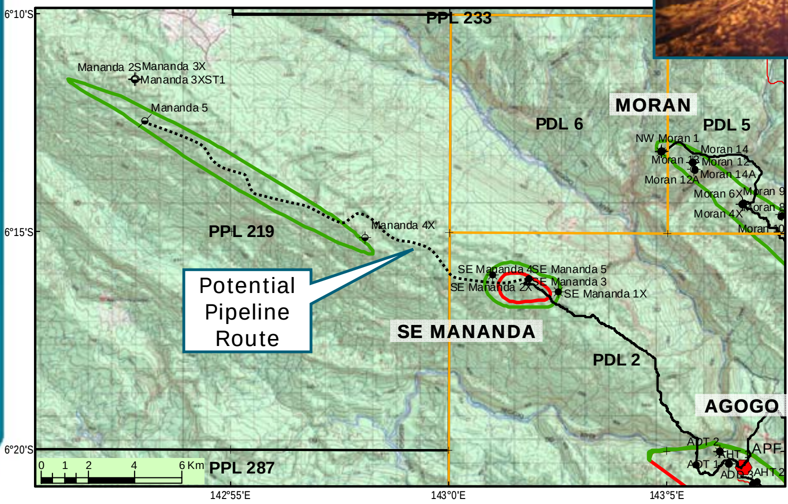
Mananda 5 Discovery and Conceptual Development

- Oil and gas discovered in four zones at Mananda 5 in PPL 219 (OSH 71.25%, JX Nippon 28.75%)
- Mananda 5 well now suspended and assessment of conceptual development options is underway
  - 18km flowline tie-back to SE Mananda
  - Further appraisal/development drilling



- Early social mapping and survey work in progress
- Targeting development decision in 4Q11

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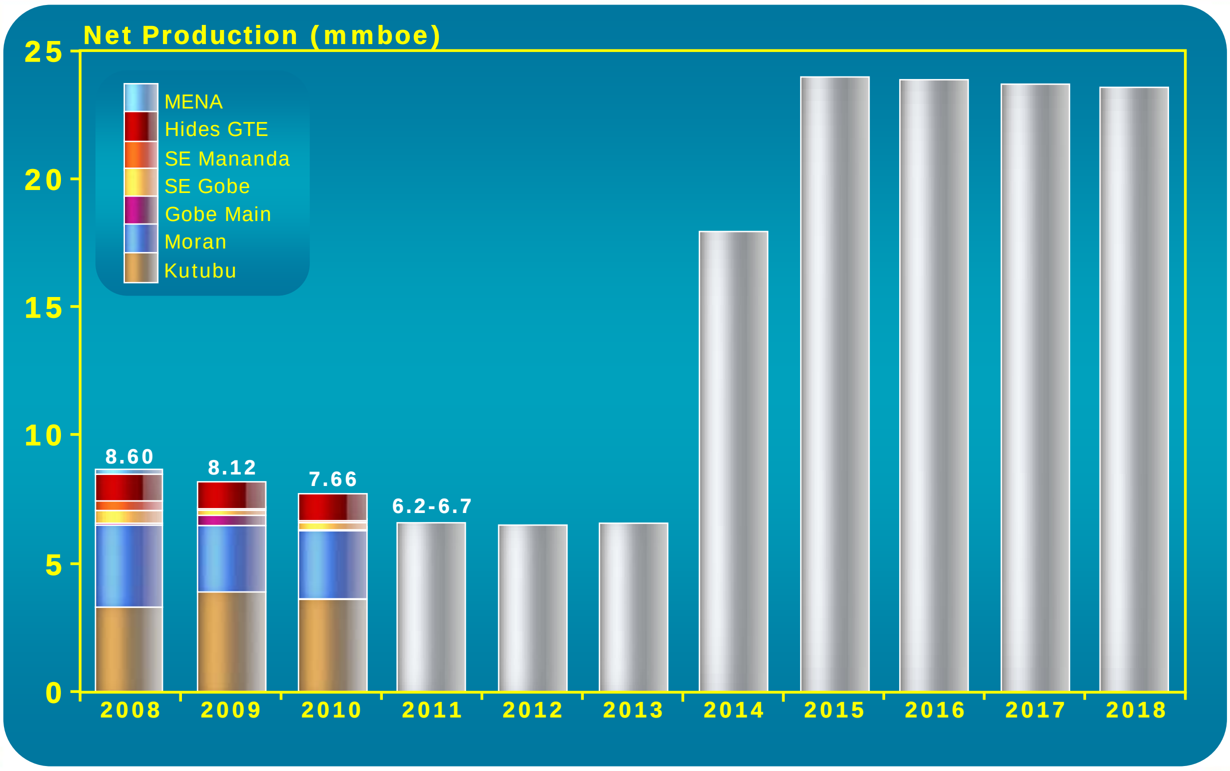
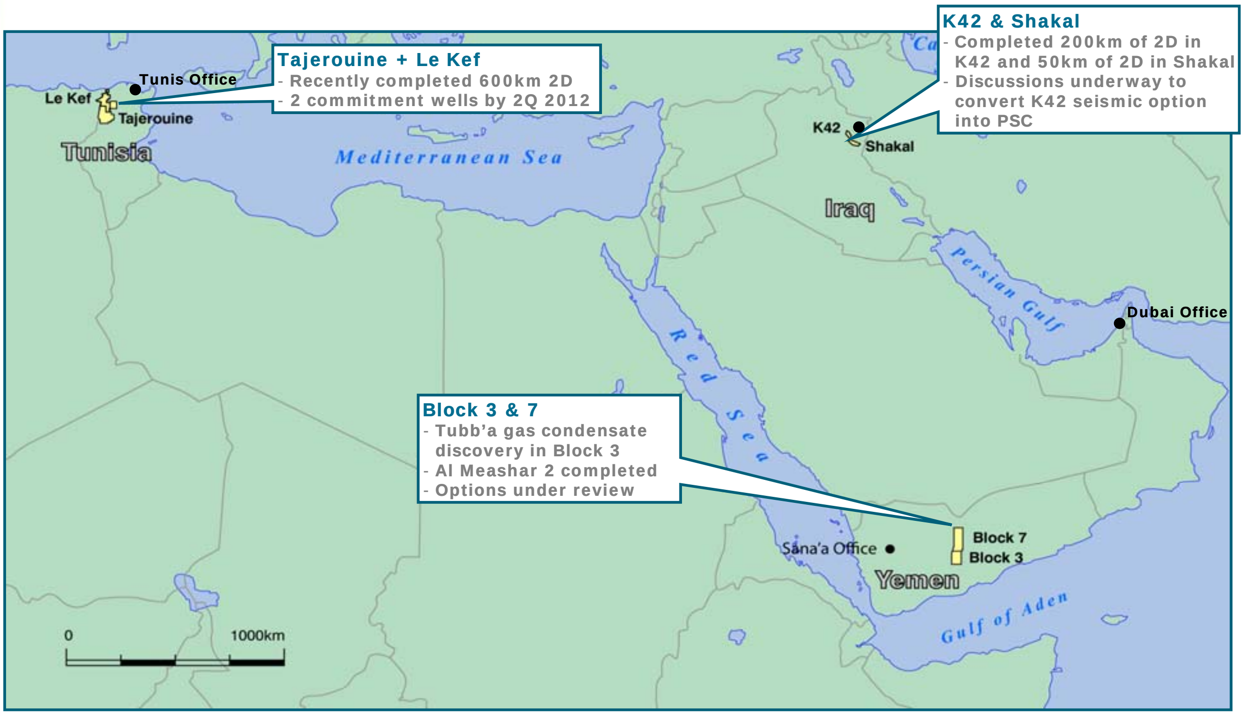
Oil Search Production Outlook



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)

Oil Search supports many social programmes…

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Summary

Fully focused on delivery of major Strategic Initiatives:

- PNG LNG Project delivery underway:
  - 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 gas resource accumulation:
  - Hides evaluation, P'nyang appraisal and Huria exploration
  - Gulf area seismic and prospect maturation
- Continued strong oil field production performance:
  - Optimisation of current oil and gas production
  - Evaluation of Mananda 5 development
  - Infield and near field exploration/appraisal opportunities
- Optimisation of value of MENA assets
  - Materiality
- Operate business in transparent and sustainable manner
  - Sustainability Group and Health Foundation
- Activities all underwritten by strong balance sheet and ample liquidity to meet LNG obligations and expansion focused activities

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