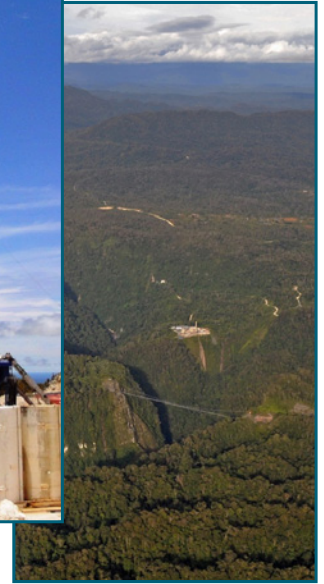




Building our future

Macquarie 13th Annual
Australia Conference
May 2012

1



Oil Search Profile

- Established in Papua New Guinea (PNG) in 1929
- Operates all of PNG's producing oil and gas fields. Current gross production ~33,500 boepd, net share ~18,500 boepd
- At December 2011, proven reserves were 330 mmboe, proven and probable 553 mmboe plus 318 mmboe 2C resources, taking 2P reserves and 2C resources to 870 mmboe
- PNG Government is largest shareholder with 15%. In early 2009, Govt issued exchangeable bonds over shares to IPIC of Abu Dhabi
- 29% interest in PNG LNG Project, world scale LNG project operated by ExxonMobil. Project in construction, first LNG sales expected 2014
- Exploration interests in PNG and Middle East/North Africa
- Market capitalisation ~US\$9.5 billion. Listed on ASX (Share Code OSH) and POMSOX, plus ADR programme (Share Code OISHY)

2



Key Oil and Gas Fields, PNG

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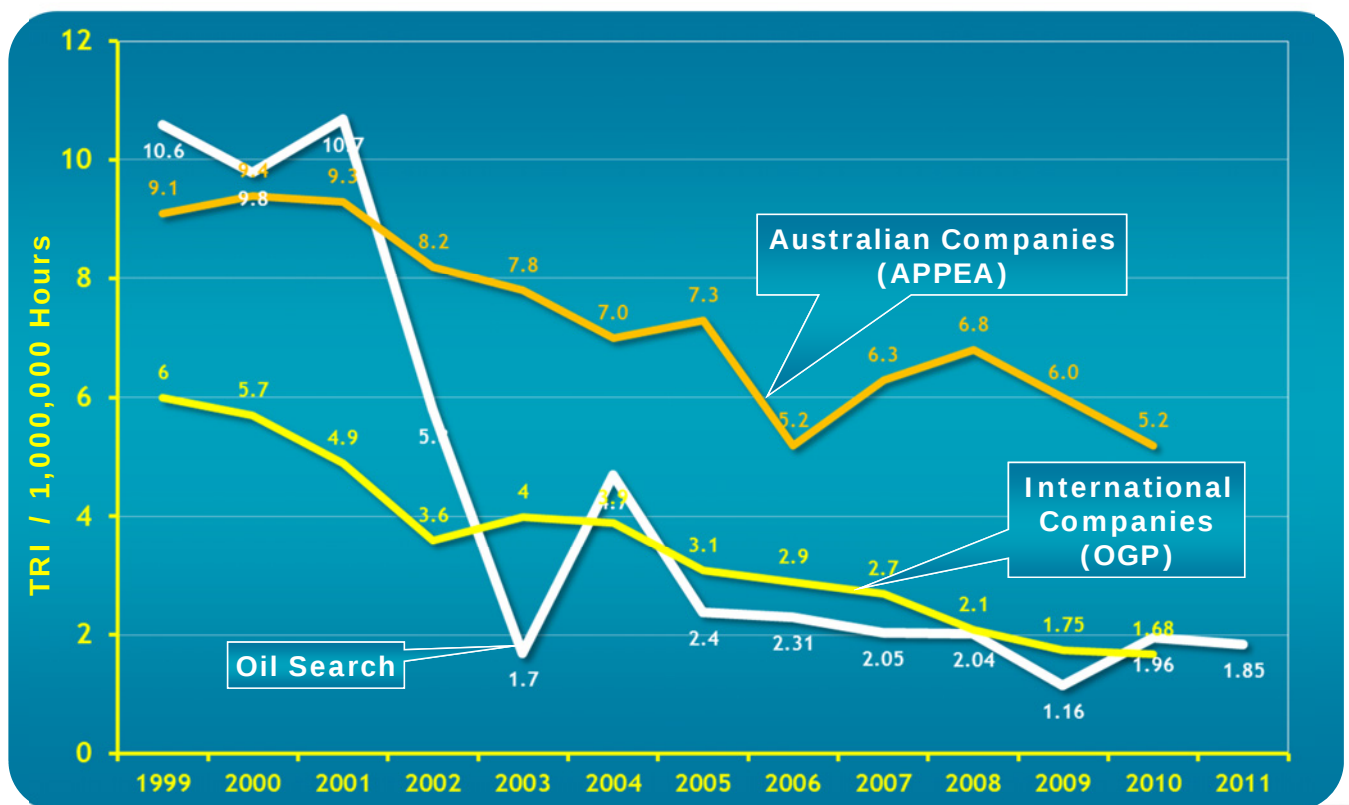
3



World Class Safety Performance

Total Recordable Injury Frequency Rate of 1.85 in 2011

OIL
SEARCH
LIMITED



4



Delivering Value

OIL
SEARCH
LIMITED

- Oil Search has been top quartile performer over past six years
- Significant growth opportunities have been identified, capable of driving future value
- Largest ever development, appraisal and exploration programme has commenced, to deliver this growth:
 - PNG LNG T1 & 2 construction well underway
 - PNG Highlands resource base being evaluated
 - Gulf area potential to be assessed through drilling programme
 - Major oil prospects in Middle East to be drilled
- Results progressively delivered over next 18 months. Material impact on value
- Built off steady production, strong cash flows and healthy balance sheet



5



PNG LNG Project Progress

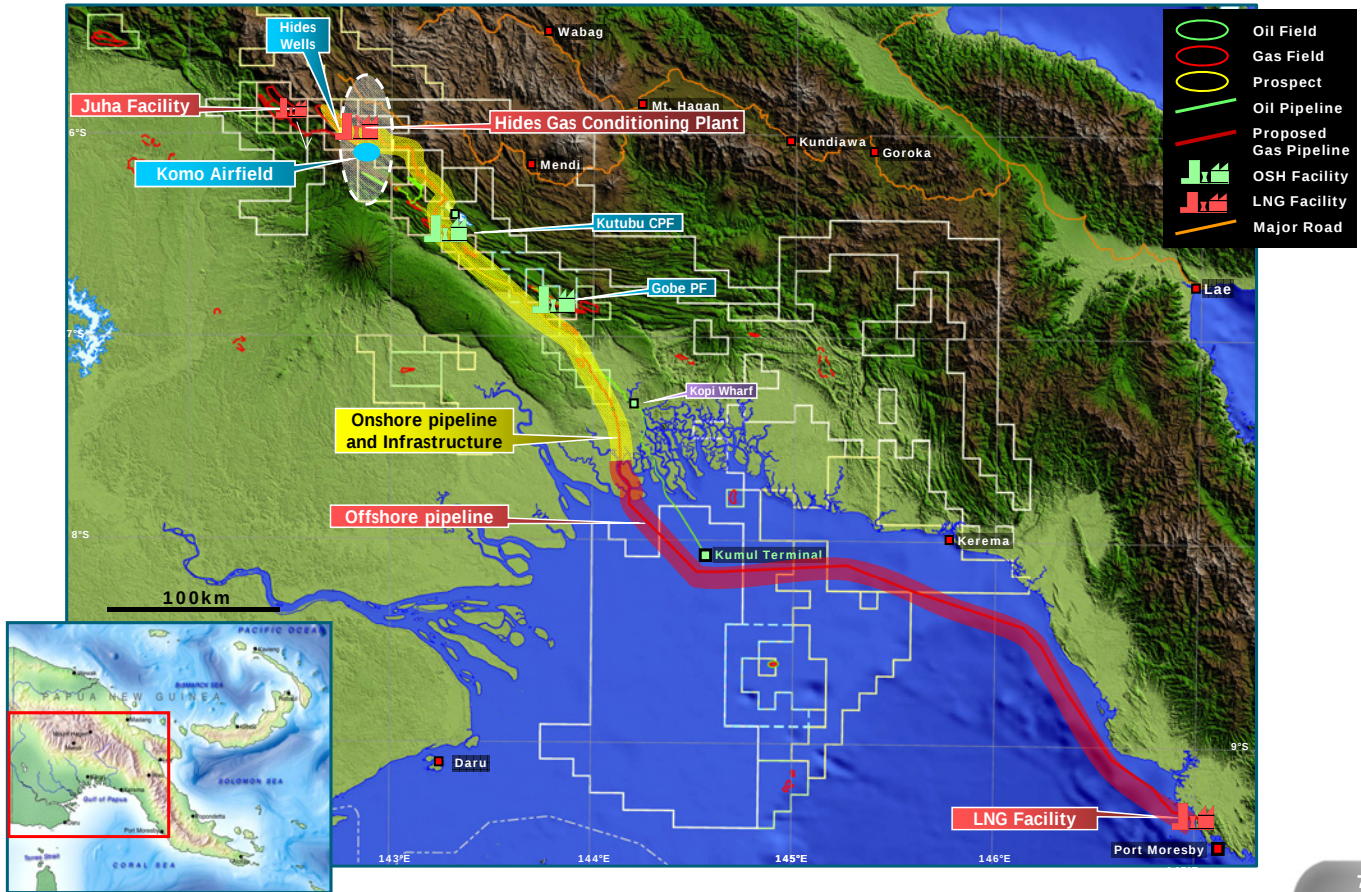
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PNG LNG plant site



6



- 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
- Initial Equities:
 - ExxonMobil 33.2%
 - Oil Search 29.0%
 - National Petroleum Company of PNG (PNG Government) 16.8%
 - Santos 13.5%
 - Nippon Oil 4.7%
 - MRDC (PNG Landowners) 2.8%
- Fully contracted to Asian buyers, with continuing strong market interest
 - Sinopec (China) ~2.0 MTPA
 - TEPCO (Japan) ~1.8 MTPA
 - Osaka Gas (Japan) ~1.5 MTPA
 - CPC (Taiwan) ~1.2 MTPA

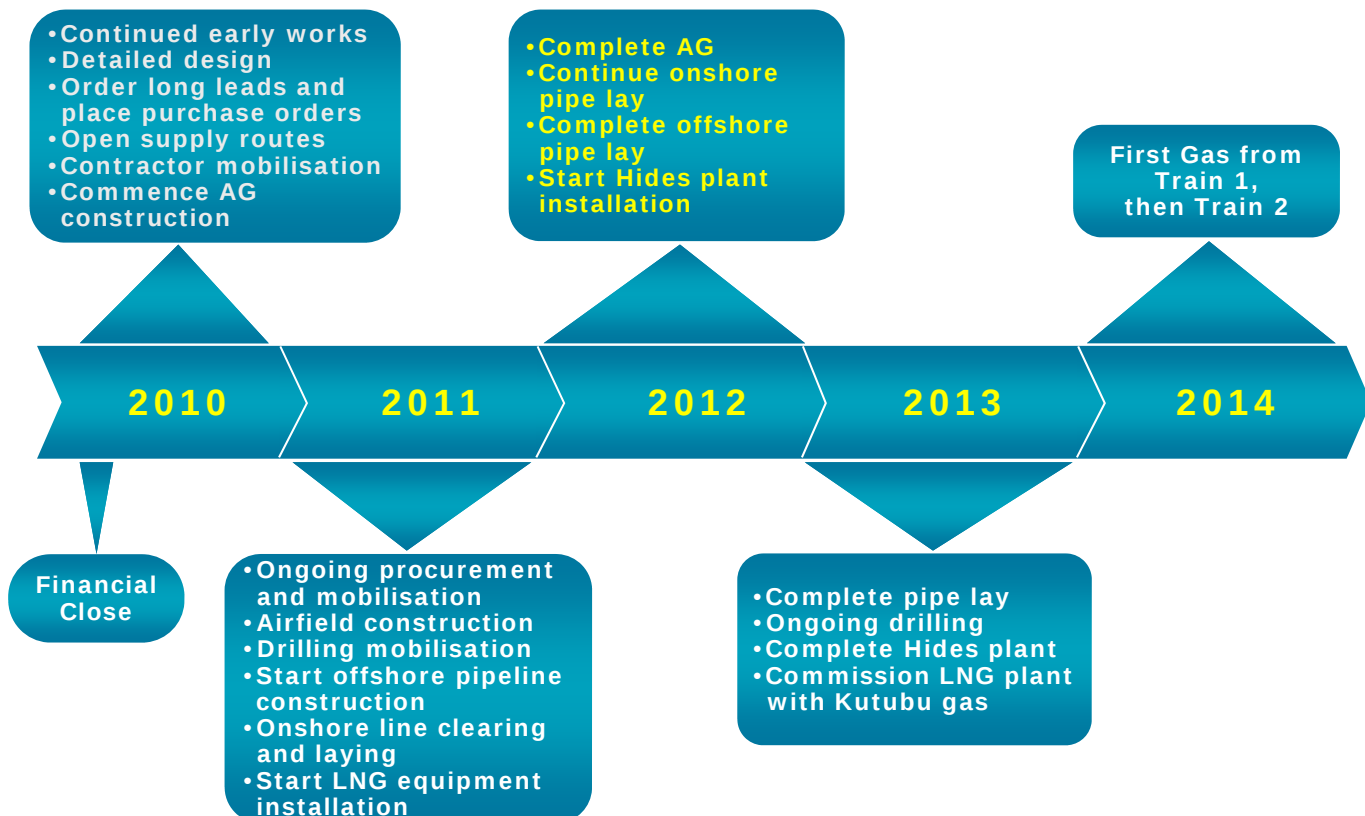
— Main EPC contractors:

— LNG Plant:	Chiyoda/JGC
— Offshore Pipeline	Saipem
— Hides Gas Plant	CBI/Clough JV
— Onshore Pipeline	Spiecapag
— Infrastructure	McConnell Dowell/CCC JV
— Early Works	Clough/Curtain JV
— Associated Gas (OSH only)	Jacobs (formerly Aker Solutions)

— Different labour environment to Australian LNG projects

— Two years into four-year construction period. First LNG sales expected 2014, capital cost US\$15.7 billion

Timetable



- Completion of Komo Airfield construction
- Structural steel erection, mechanical construction of major equipment at HGCP
- Continued construction at LNG Plant site including commencement of topside jetty works and tank hydrostatic testing
- Mechanical completion of offshore pipeline and Kopi / Kutubu sections of onshore pipeline
- Completion of AG CPF and Gobe plant modifications and PL2 Kumul refurbishment projects, including ready-to-supply commissioning gas status
- Commencement of development drilling
- Continued focus on working with government and local communities, maximising opportunities for local content



(Feb 2012)



SEMAC I – Offshore pipelay vessel

PNG LNG Onshore Pipeline

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Pipeline route clearing



Pipe stringing



Pipe welding team



Pipe burial

15

AG and PL 2 Life Extension Projects

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New Control Room at CPF - commenced operations in January 2012



TEG Dehydration Unit installation



New CALM Buoy being lowered into position – first offtake March 2012

16



(Feb 2012)

Hides Gas Conditioning Plant
and Hides well pad access road



Komo Airfield



LNG and Other Gas Expansion Opportunities



P'nyang South 1, Western Province



Gas Maturation Activities, PNG Highlands



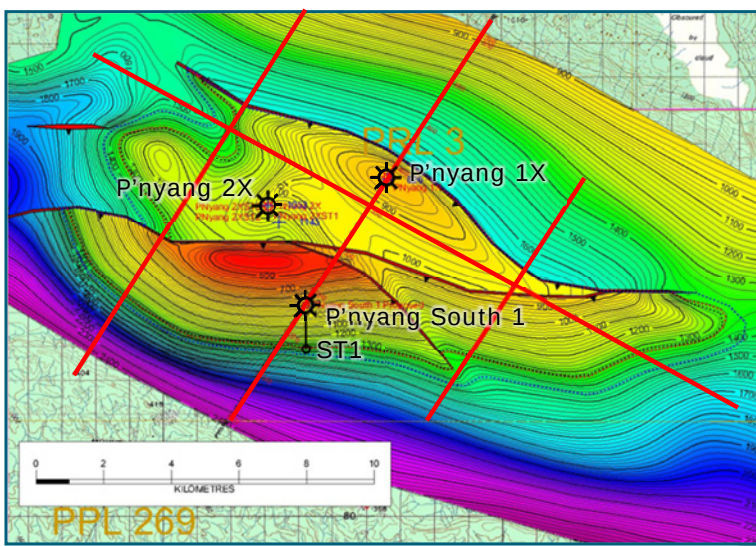
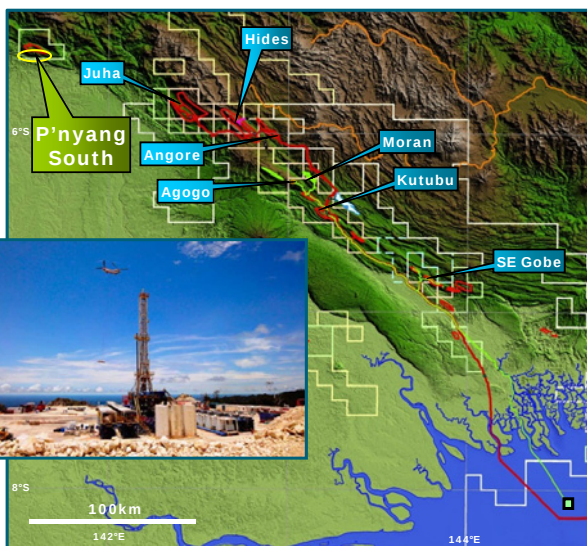
Angore anticline, PNG Highlands

- Four facets to Highlands gas growth strategy, focused on converting proven and probable to proven contractable reserves plus new exploration :
 - P'nyang South - recent success, has materially increased gas resource
 - Trapia exploration well
 - Hides development and appraisal drilling
 - Associated Gas reserves expansion and certification
- Additional seismic to be acquired over Angore and adjacent areas



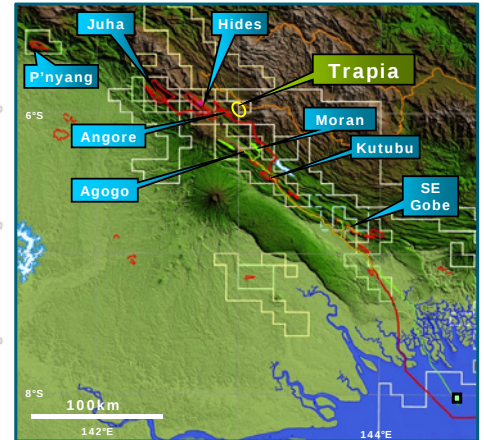
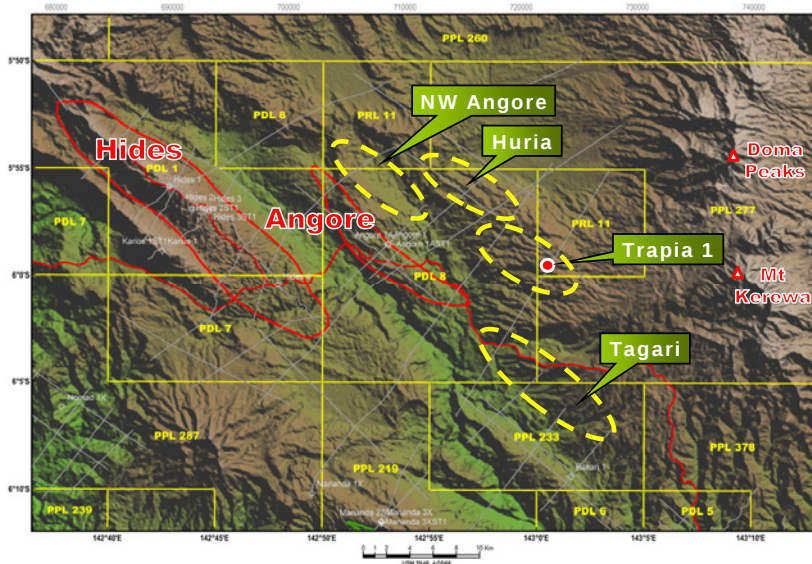
P'nyang South

- P'nyang South 1 discovered 184 metre gas zone in southern fault block
- Sidetrack, P'nyang South 1 ST1, drilled to define gas:water contact. Intersected contact ~200 metres below lowest gas in P'nyang South, extending known gas column to ~380 metres
- Seismic and structural data suggests additional potential up-dip, taking total gas column to >650 metres
- Result materially increases total estimated 2C gas resources in P'nyang field, potential key underpinning volume for LNG expansion
- PRL 3: ExxonMobil 49%, Oil Search 38.5%, JX Holdings 12.5%





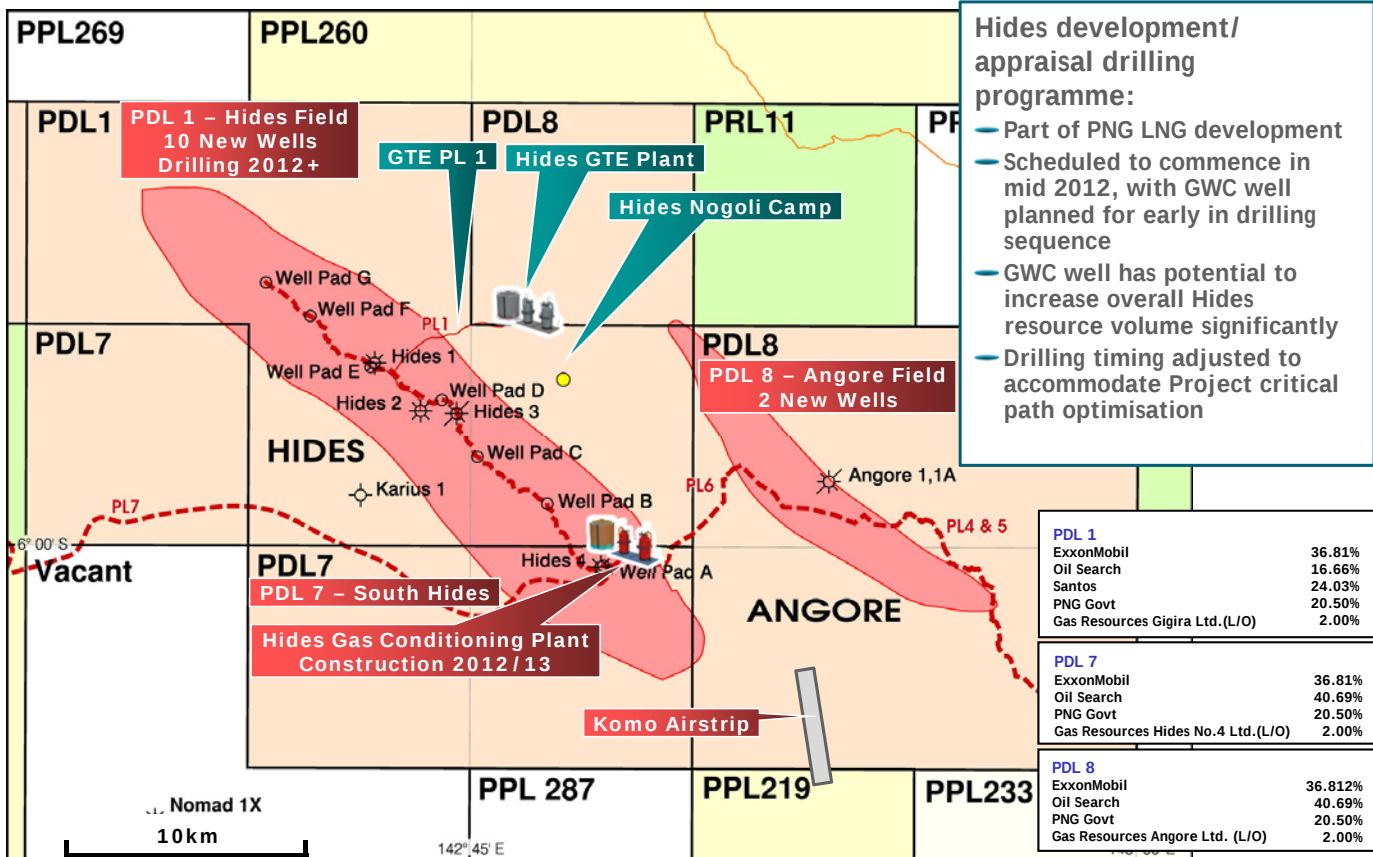
Trapia 1

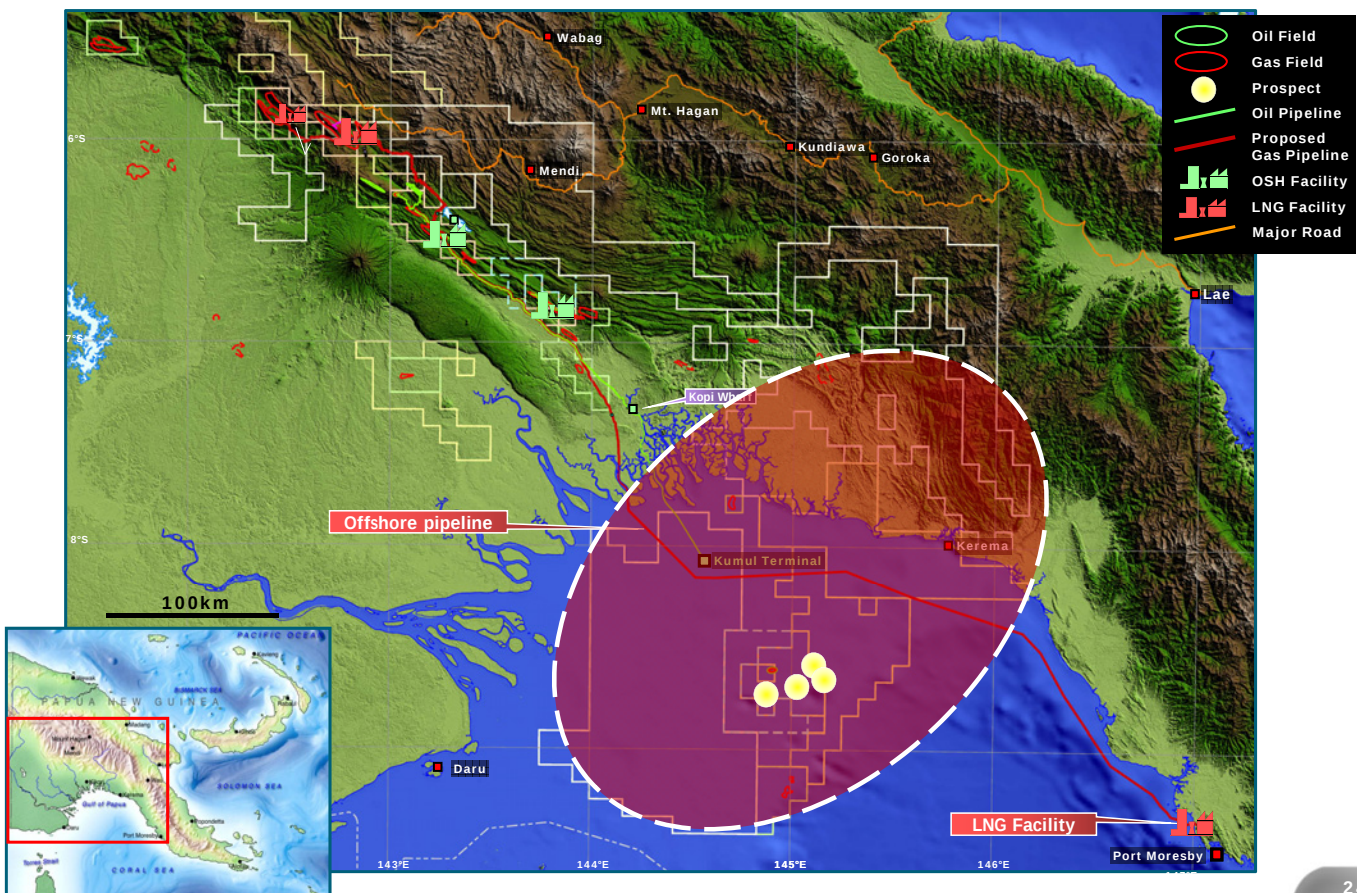
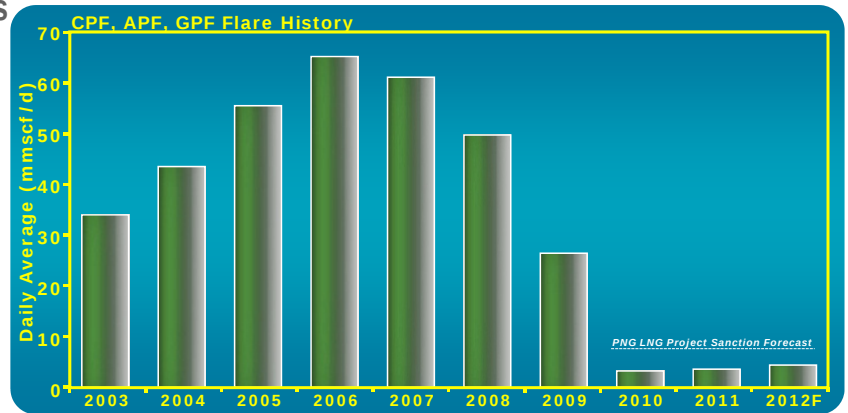


- Trapia exploration well scheduled to spud in May
- PRL 11: Oil Search 52.5%, ExxonMobil 47.5%
- Series of prospects in area with multi-tcf potential
- 2D seismic programme in 2012/13 to further mature prospects
- Recent acquisition of adjacent licence, PPL 277, 50:50 with ExxonMobil



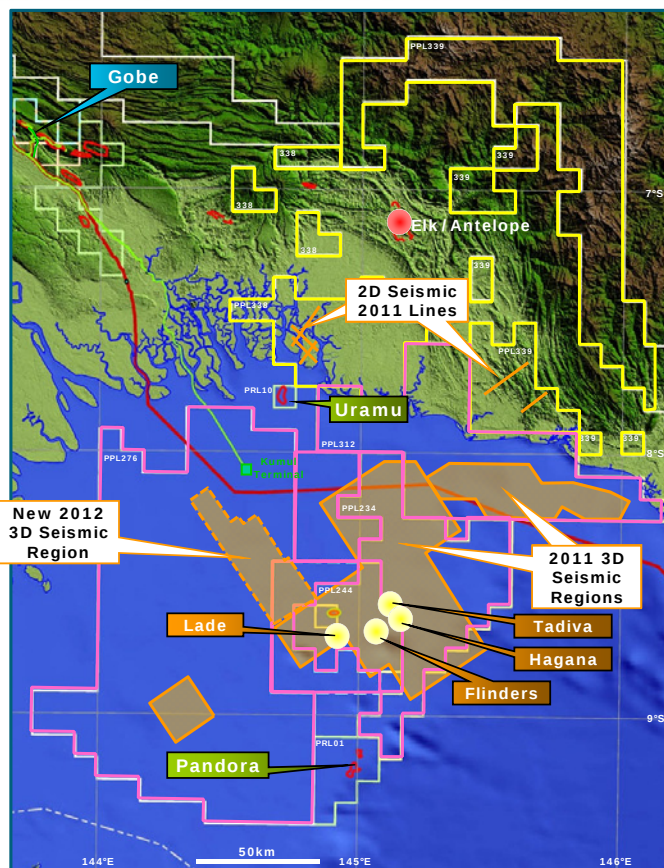
PDL 1, PDL 7 and PDL 8 Hides and Angore Fields







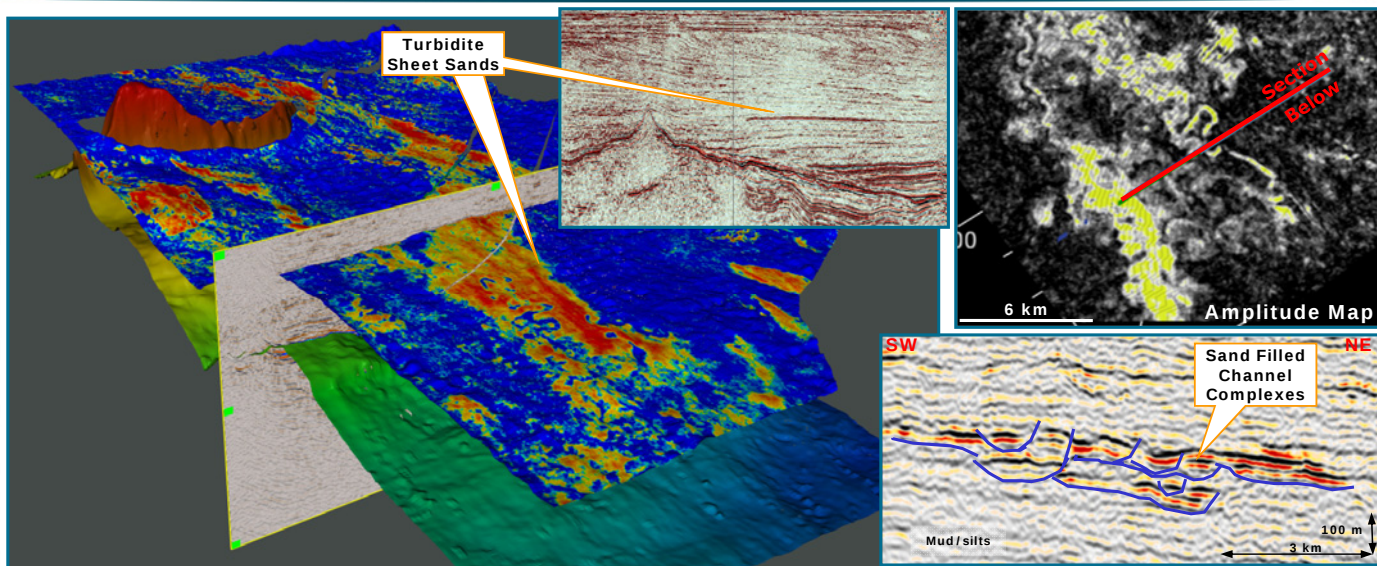
Gulf Area LNG



- Multi-licence, multi play type, multi well opportunity with material equity
- Large, initial seismic programme completed in 2011:
 - ~6,300 km² 3D offshore and 95 km 2D onshore
- Significant resource potential identified in proven hydrocarbon (gas & condensate) province
 - Over 30 opportunities identified across multiple play types
 - Potential to support two LNG trains
- Additional 3D seismic acquisition underway over neighbouring area
- Semi-sub recently contracted to drill 2 firm wells + 2 options, commencing 4Q12
- Bids from potential partners to farm-in under review, farm-down likely mid-year



Gulf Area LNG Opportunities

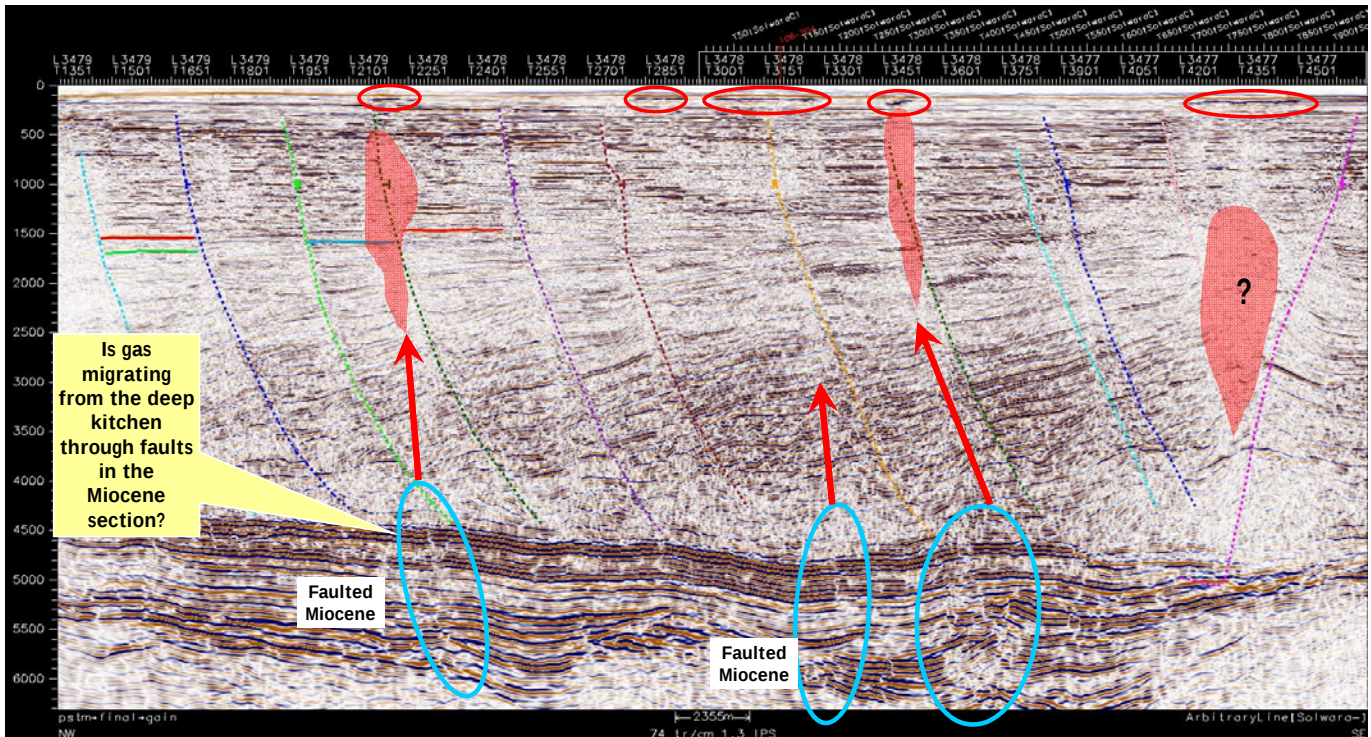


- High quality 3D dataset assembled
- 6 independent play types identified to date, each analogous to proven play types elsewhere:
 - Submarine fan & channel play types - as yet untested in PNG
 - Carbonate plays - proven in PNG
- Several drill-ready prospects, with many follow-up opportunities, if successful



Example of Offshore 3D Seismic PPL 234

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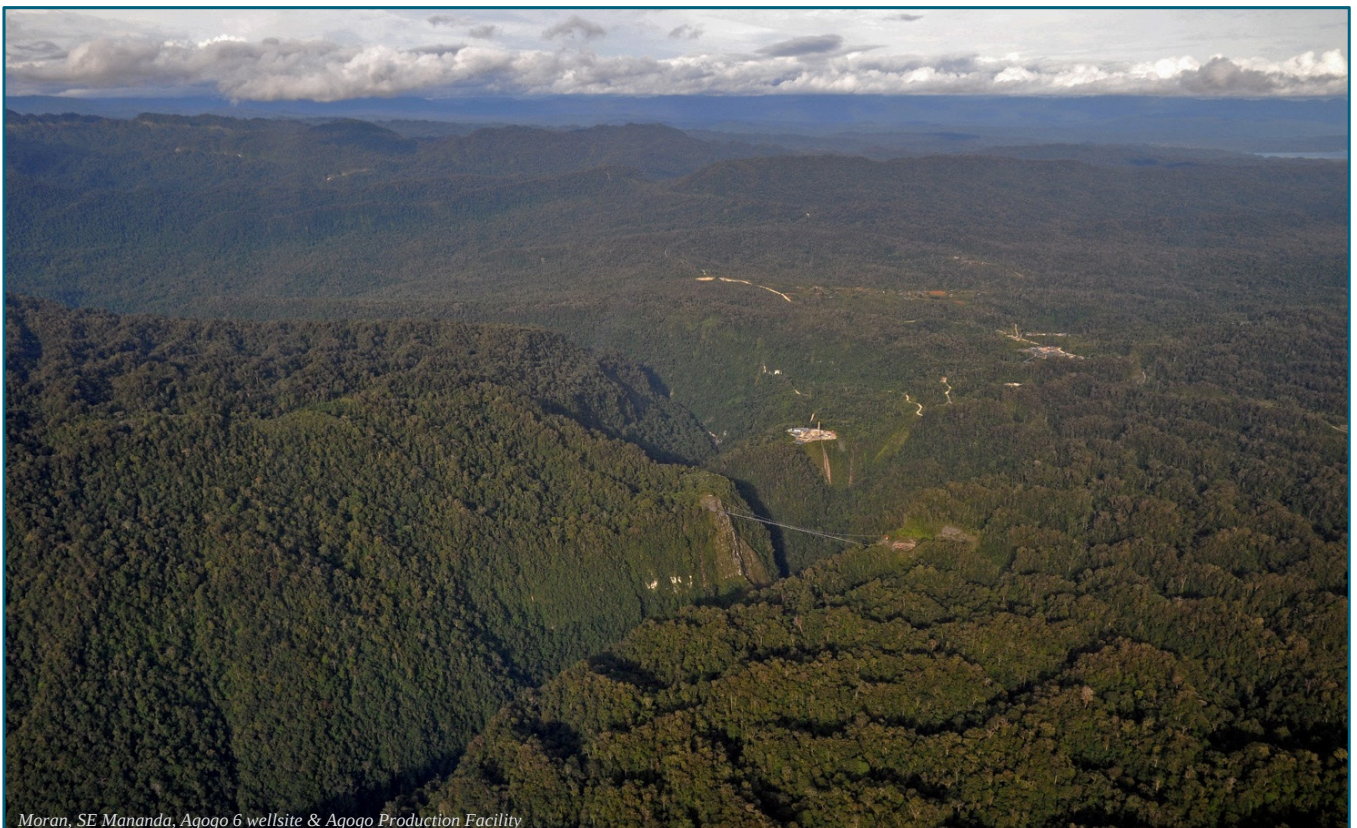


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Production and Near Field Opportunities

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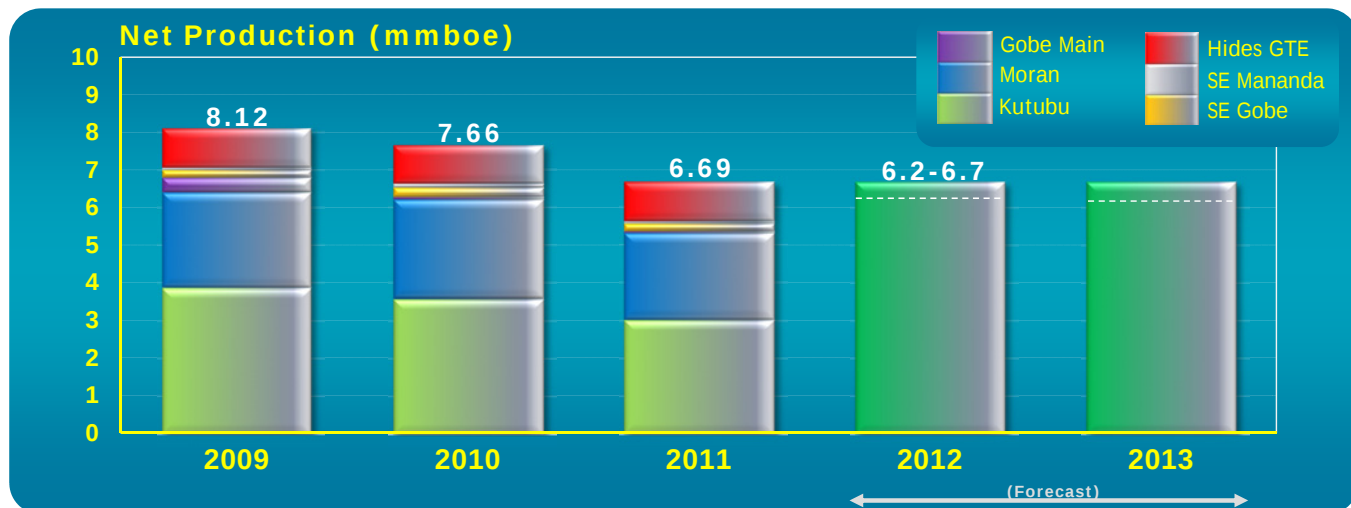


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Oil Search Production Outlook - Existing Fields

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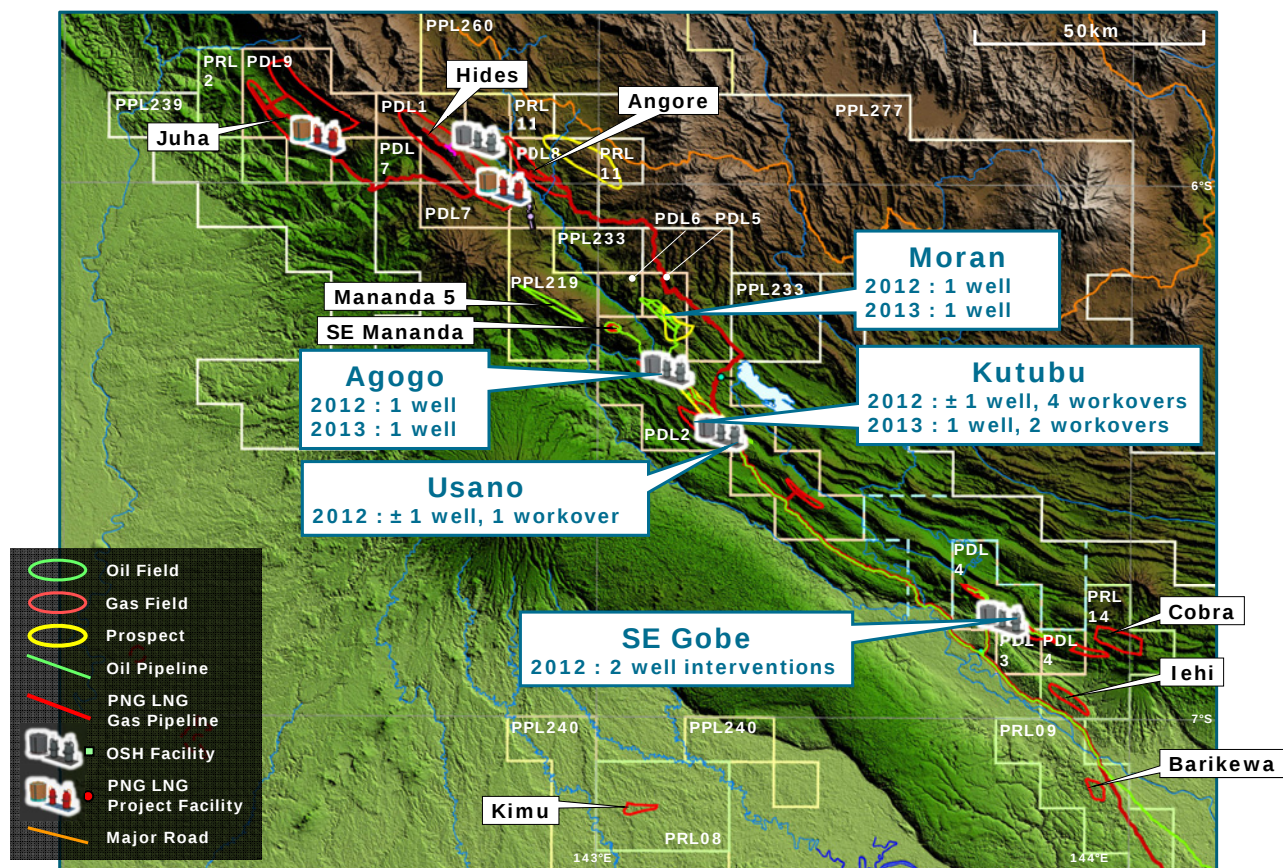
- Production guidance range for 2012 of 6.2 - 6.7 mmboe, unchanged from 2011. Oil field output impacted by:
 - Significant contributions from successful 2011 wells (Hedinia 10 and Agogo 6) and workovers
 - Natural decline
 - 16 day CPF/APF shutdown for tie-in of Associated Gas facilities (completed)
- Production in 2013 expected to be broadly flat, subject to success of work programmes
- Rig strategy:
 - Following P'nyang drilling, Rig 103 to be mobilised back to PDL 2
 - Will provide optionality to pursue exploration and appraisal opportunities without potential adverse impact on development programme

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2012/13 Development & Near-Field Appraisal Drilling Activity

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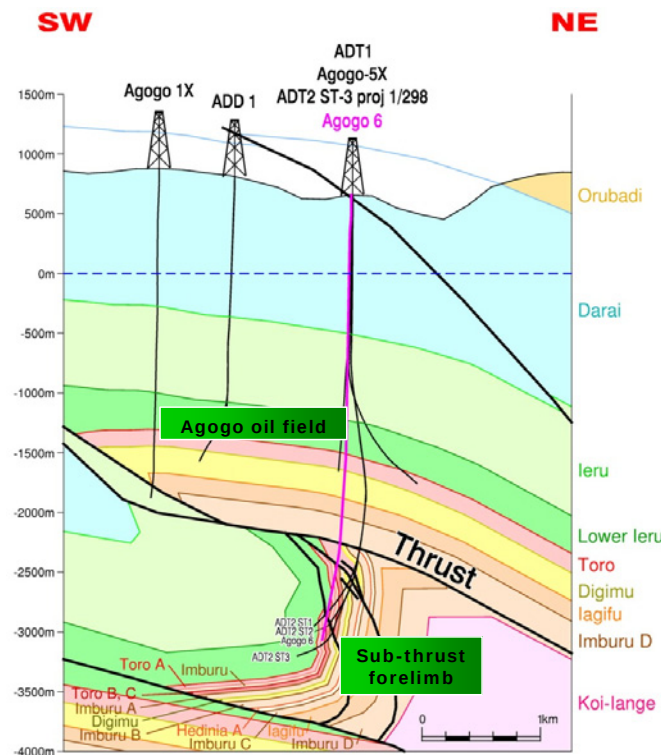
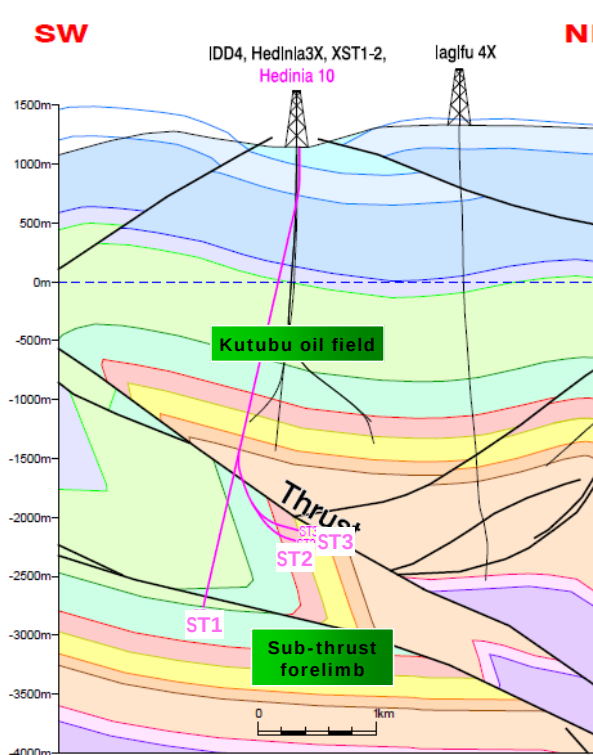


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Hedinia 10 and Agogo 6

- Hedinia 10 and Agogo 6: near-field exploration wells drilled in 2011. Prospects complex and invisible, but both successfully discovered oil and now in production



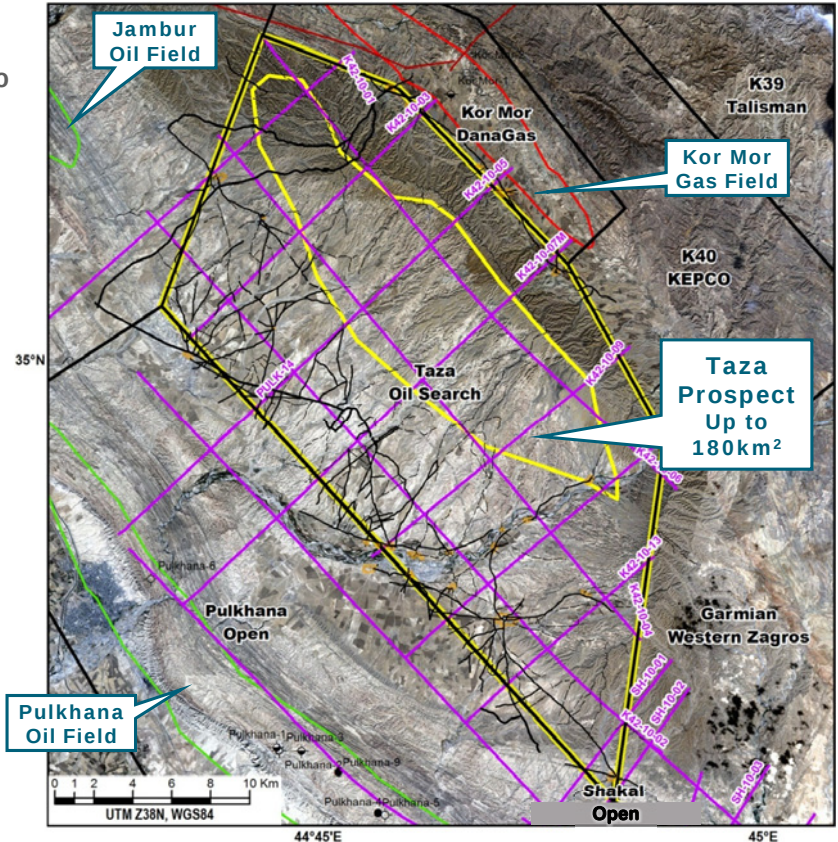
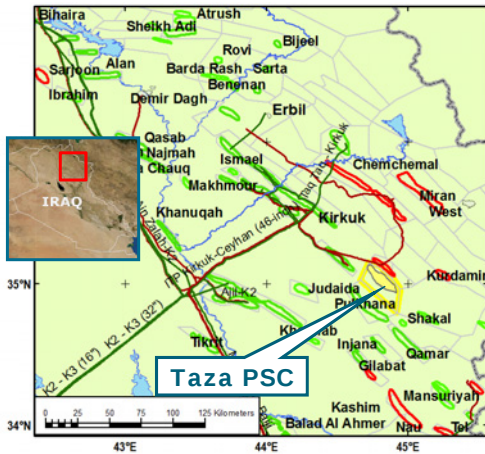
Other Material Exploration Opportunities



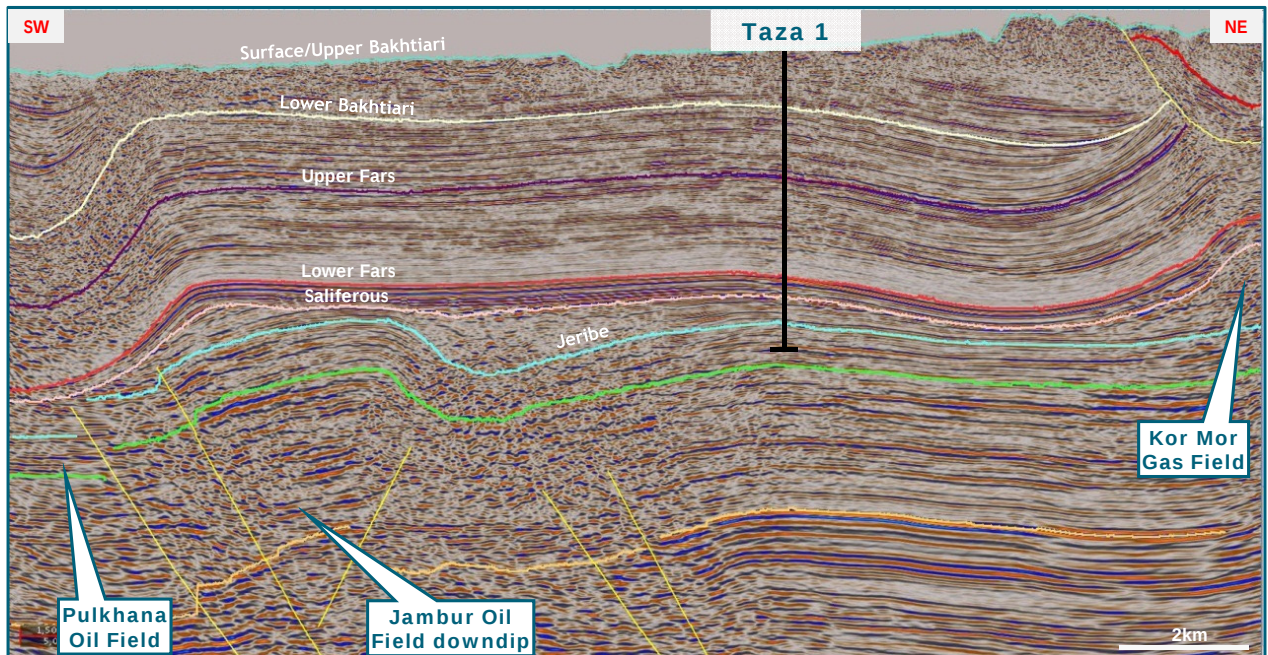


Kurdistan Region of Iraq - Taza PSC

- Taza PSC: Oil Search 60% (operator), ShaMaran 20%, KRG 20%
- Very prospective location adjacent to four fields
- Large, simple 4-way dip closure identified from 2010 seismic
- Well planning underway for mid-2012 spud
- Recoverable resources in success case: 200 - 400 mmbbl (mean estimate), dependent on recovery factors and phases present



Taza Seismic

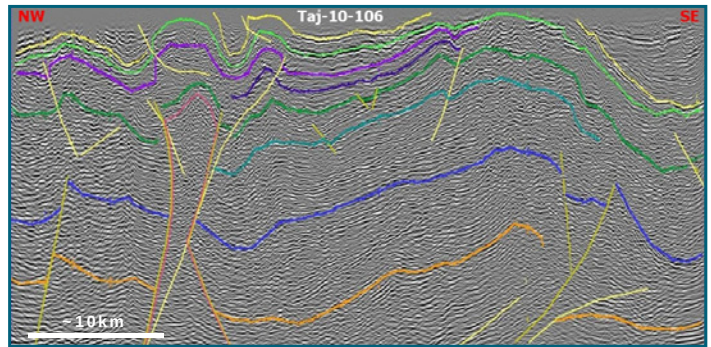


- Four regional reservoir targets:
 - Jeribe - Euphrates/Serikagni - Kirkuk Group - Jaddala



Tunisia - Tajerouine PSC

- Tajerouine PSC: Oil Search 100%
- Seismic acquired in 2010, with additional infill seismic shot in late 2011
- Proven oil plays present and new deeper gas play developed
- Fiscal regime favourable - discovery would be material
- Semda-1 planned for 4Q12, after Taza. Has potential for >100 mmboe



PNG Issues

- Unprecedented political uncertainty in PNG over past 6 months:
 - No impact to operations with continued progress on all projects
 - Security and safety of staff paramount
- Election in June/July 2012 with new government formed in August/September:
 - Anticipate no change to operating status but cautious and watchful
 - Continue push for transparency and governance regarding benefits
 - Enhance community engagement, including Health Foundation
- Reaching peak of in-country activities, with continued but manageable stress on government systems, personnel and services availability
- OSH likely to be PNG's largest single investor in 2012, with over US\$2bn to be spent on development, appraisal, exploration and operations:
 - Significant vote of confidence in quality of assets and ability of Company to work with Government, bureaucrats and community and manage operating and investment risks

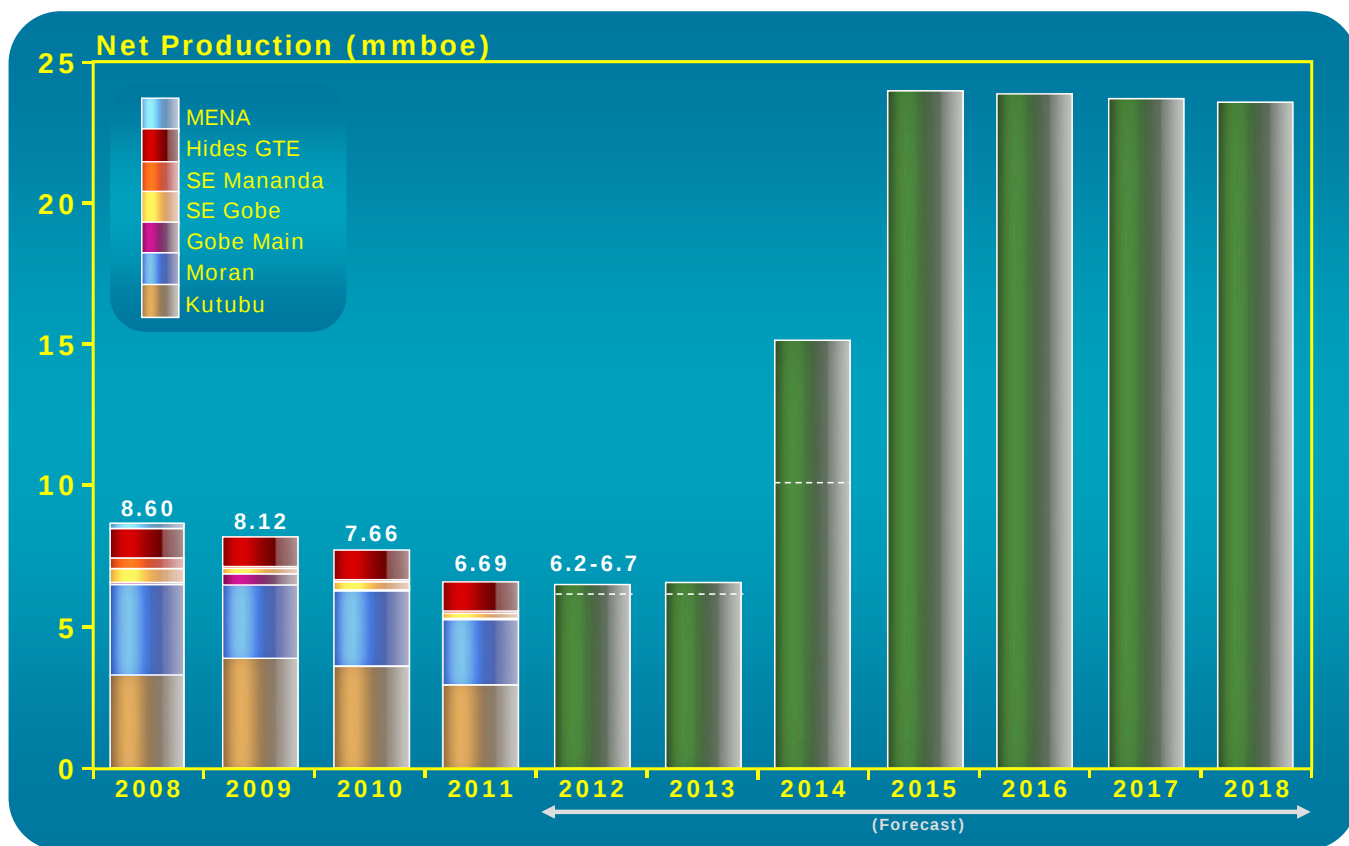


Summary

- Peak activity year for PNG LNG Project delivery in 2012:
 - Construction at PNG LNG plant site, HGCP and Komo
 - Completion of Associated Gas and life extension projects
 - Focus on management of in-country issues
- Largest drilling programme ever undertaken has commenced, continuing through 2012 into 2013. Potentially transformational for Oil Search and provides unprecedented opportunity to underscore long term value growth from OSH's portfolio of assets:
 - Multi-tcf risked potential for gas and several hundred millions of barrels of oil potential
 - PNG Highlands: First well in programme a success (P'nyang South). Trapia to spud shortly followed by start of Hides drilling programme mid year and AG resource definition 2H12
 - Gulf area: Drilling to commence 4Q12
 - Kurdistan to spud mid year, Tunisia 4Q12
- Continued strong oil field production performance and active pursuit of near field opportunities
- Remain confident that country risks and challenges can be managed through 2012



Oil Search Production Outlook, including PNG LNG T1/2





Appendix 1: 2012 Guidance

- **Production:**
 - 6.2 - 6.7 mmboe
- **Operating costs**
 - US\$21 - 24/boe (incl. corporate costs)
 - Impacted by:
 - Major workover programme to maximise oil recoveries before gas production
 - FOREX
 - PNG inflation
 - Associated Gas activities
 - Sustainability initiatives
- **Depreciation, depletion and amortisation:**
 - US\$7 - 9/boe
 - Future DD&A profile impacted by life extension activities and development drilling opportunities



Appendix 2: 2012 Investment Outlook

US\$'m	2011 (A)	2012 (F)
Investing :		
Exploration inc gas growth	145	240 – 280 [#]
PNG LNG	1,287	1,650 – 1,750 ^{##}
Production	129	130 – 150
Corporate (inc rigs)	7	10
Business Development**	10	7
Financing :		
Dividends	0*	0*

* Dividend fully underwritten

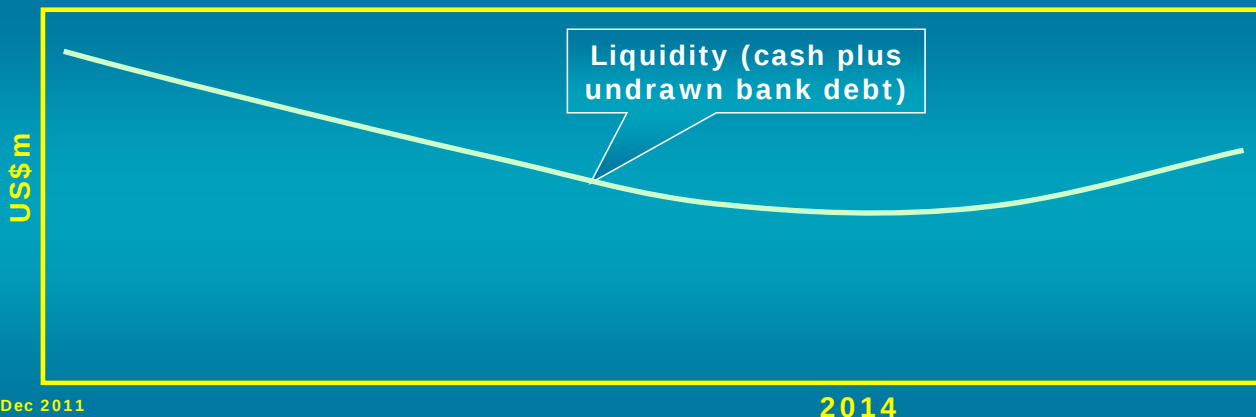
** Previously included in Exploration

20-25 % of spend in MENA

Includes capitalised interest and fees



Appendix 3: Liquidity Outlook



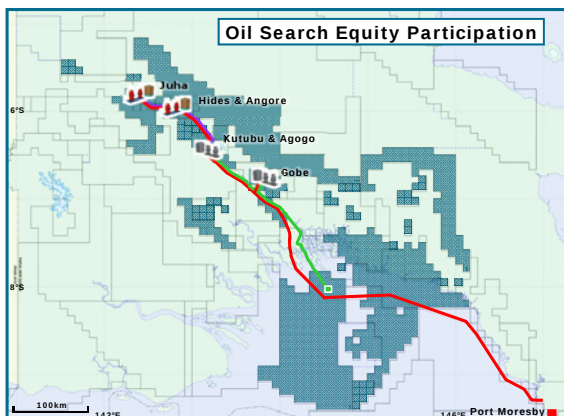
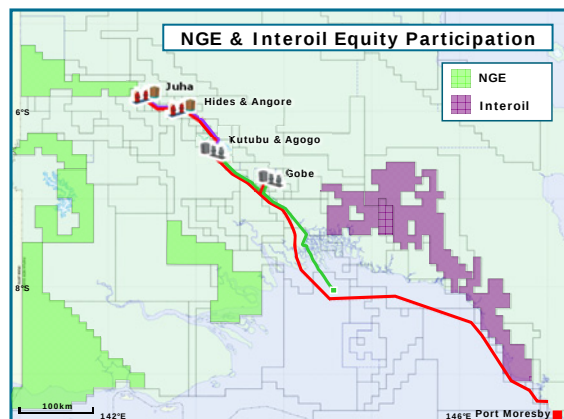
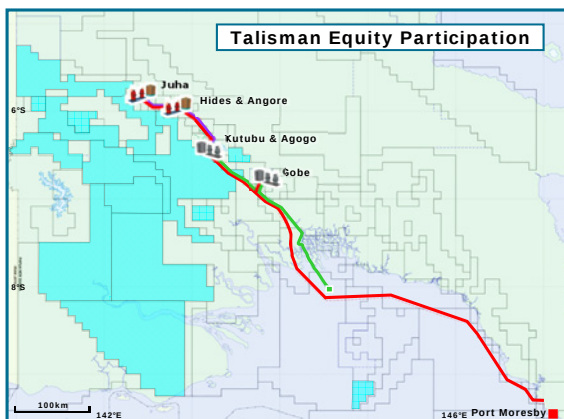
- Strong balance sheet, augmented by continued strength in oil production and high oil price
- Outlook updated for 2011 financial results, forward prices and December 2011 revised PNG LNG Project cost
- Liquidity at 31 March 2012 ~US\$1.1 billion (US\$0.9bn cash plus corporate facility of US\$232m)
- At end March 2012, US\$2.01 billion drawn down under PNG LNG project finance facility
- Company remains well placed to meet existing commitments, with sufficient liquidity to deliver on strategic plan initiatives

Key Assumptions:

1. Brent Forward curve pricing as at 17 February 2012
2. PNG LNG Project on schedule and revised budget
3. Train 3 FEED costs included, Train 3 construction costs excluded
4. Production profiles, other Capex / Exploration based on OSL business plan
5. Existing oil facility refinanced



Appendix 4: Other Key PNG Players



- Talisman/Mitsubishi have significant acreage in Western Forelands. InterOil has strong position in Eastern Forelands
- OSH strategy focused on core PNG LNG Foldbelt acreage and Gulf - viewed as offering greatest potential for large gas discoveries



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