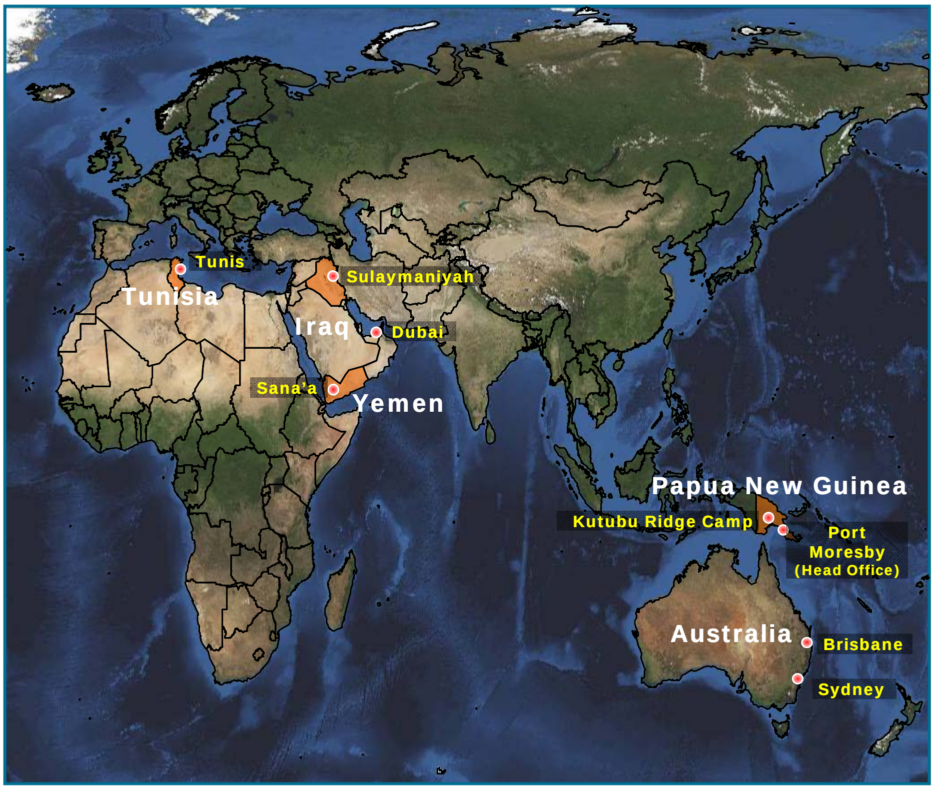
Citi's 4th Australian Investment Conference

24 October 2012

Oil Search Profile



- Established in Papua New Guinea (PNG) in 1929
- Market capitalisation ~US$10 billion
  - Listed on ASX (Share Code OSH) and POMSOX, plus ADR programme (Share Code OISHY)
- Operates all PNG's currently producing oil and gas fields
- PNG Government is largest shareholder with 15%. Exchangeable bond over shares issued to IPIC of Abu Dhabi
- 29% interest in PNG LNG Project, world scale LNG project operated by ExxonMobil
- Exploration interests in PNG, Middle East/North Africa

Key Oil and Gas Fields, PNG

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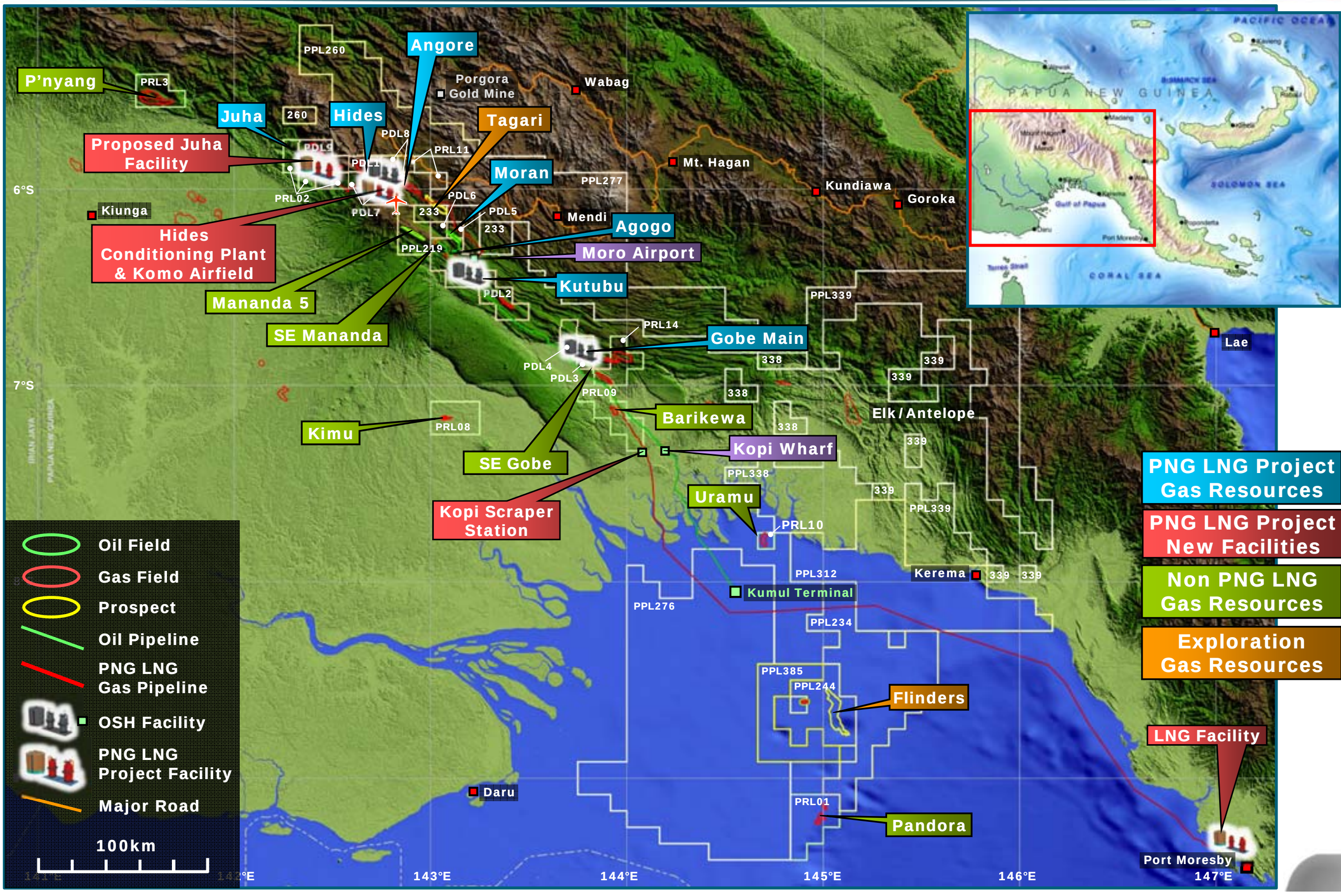

OSH in Significant Growth Phase

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- Top quartile performer for past six years
- Significant growth opportunities identified, capable of driving future value
- Largest ever development, appraisal and exploration programme now underway
- Series of catalysts over next 18 months, with drilling results progressively delivered
- Activities supported by steady production, strong cash flows and healthy balance sheet

Strategy Delivery Underway

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- Delivery of initiatives from 2010/11 Strategic Review on track:
  - PNG LNG Project in full construction, on track for 2014 LNG sales
  - Resource definition for LNG growth making good progress:
    - P'nyang South discovery
    - Hides drilling commenced
    - Highlands exploration ongoing
    - PNG Gulf drilling to commence early 2013
  - Oil upside in PNG and overseas being tested:
    - Increased rig capacity in PNG, Mananda 6 to be drilled in 1Q13
    - Taza exploration well in Kurdistan underway, Semda in Tunisia to follow
  - Active programmes to address operating risks
  - Balance sheet strength, with optimisation of debt structure
- Success in initiatives should enable continued top quartile TSR performance

Strong Share Price Performance

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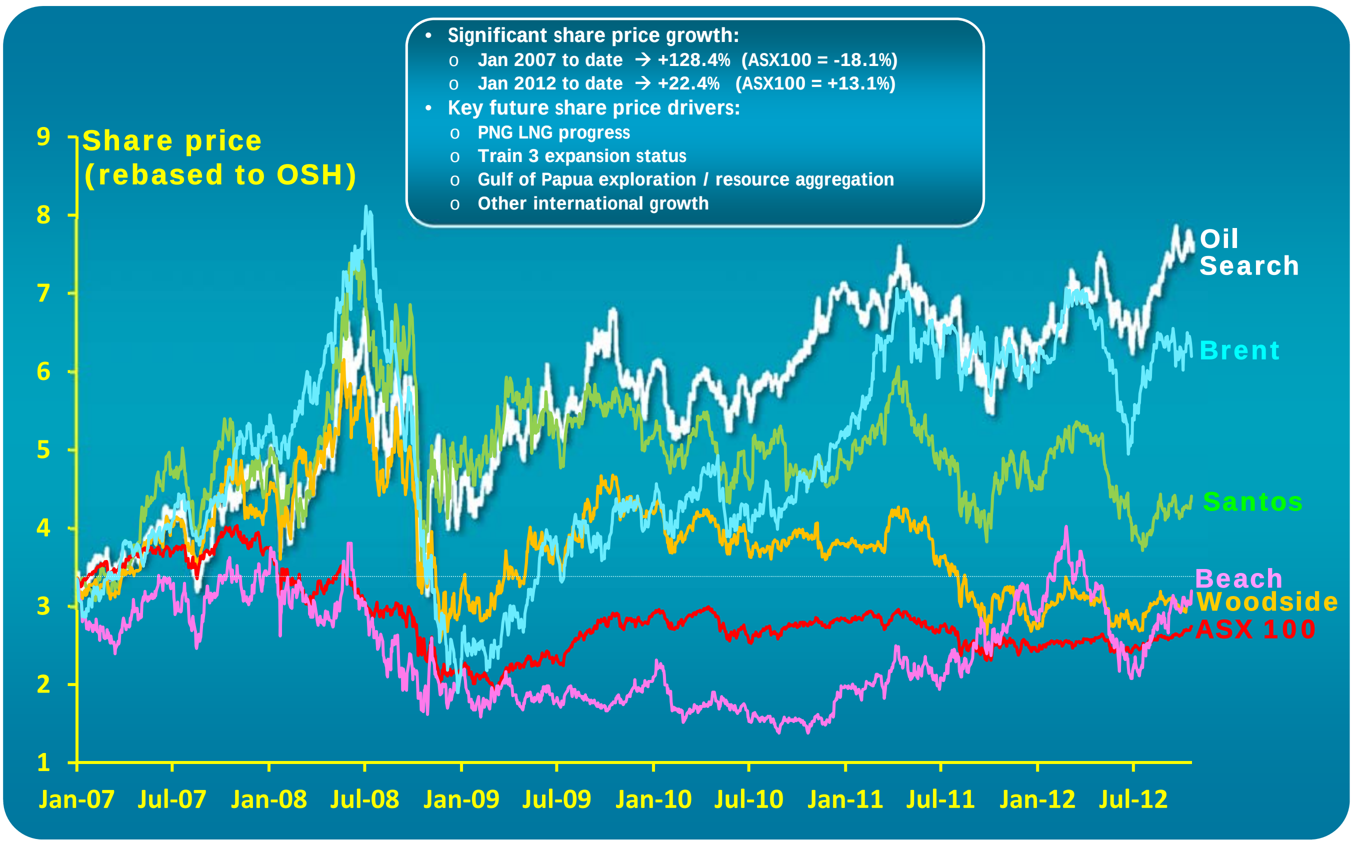
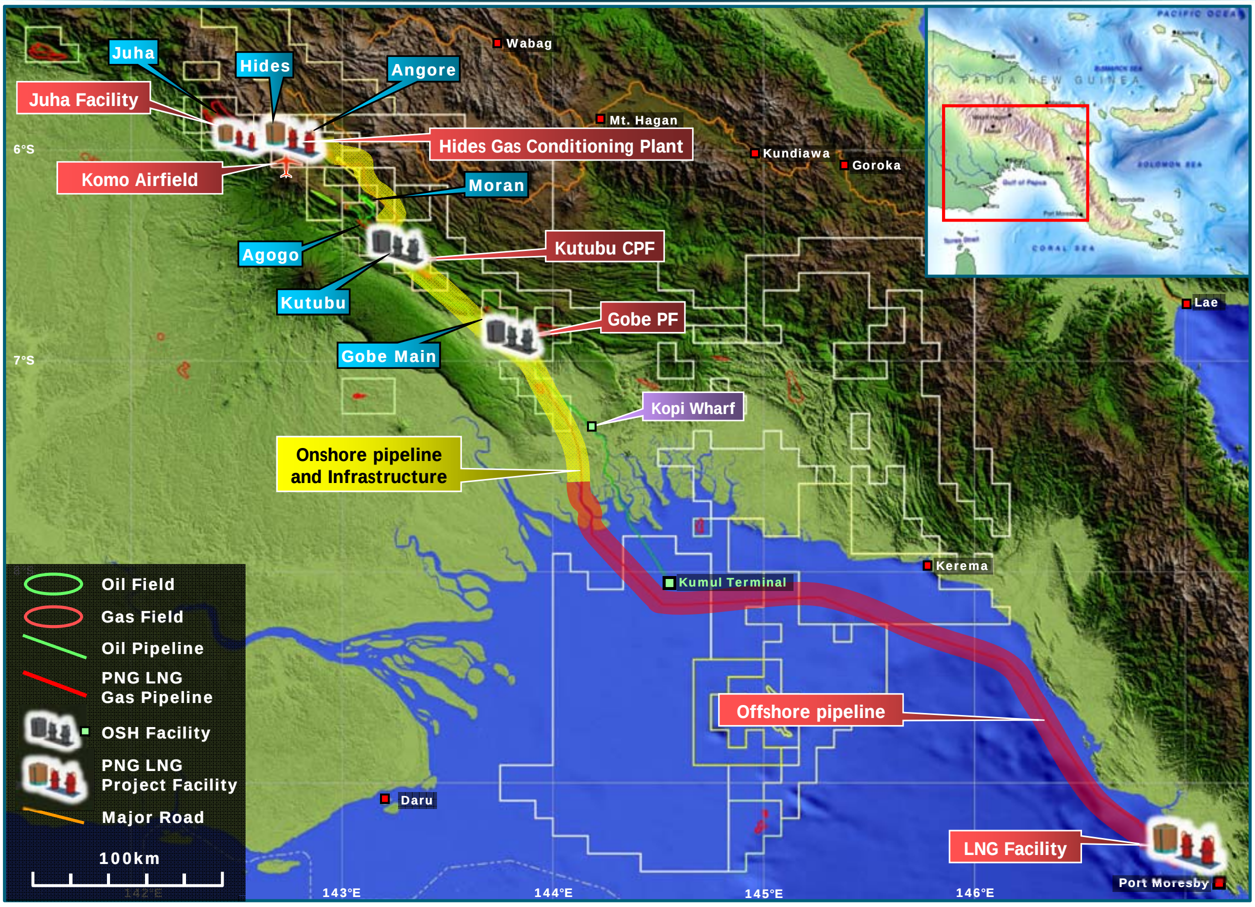


PNG LNG Project Overview



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PNG LNG Project Overview

PNG LNG

- 6.6 MTPA, 2 train development, operated by ExxonMobil
- Over its 30-year life, PNG LNG expected to produce more than 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 Govt) 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

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PNG LNG Project Overview

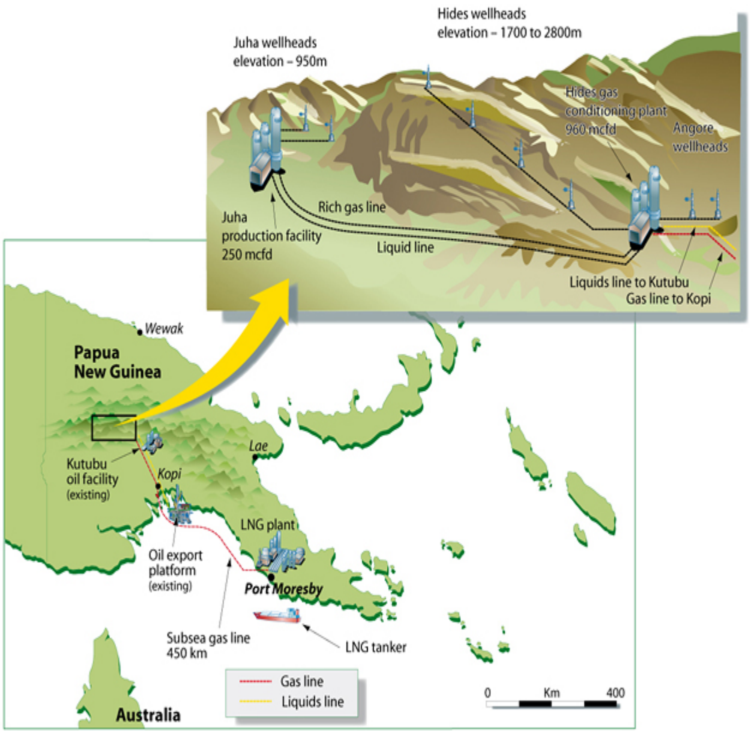
- Main EPC contractors:

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

- Different labour environment to Australian LNG projects. Workforce of ~17,600 including 8,500 PNG nationals, plus many other different nationalities
- First LNG sales on track for 2014, capital cost US$15.7 billion

Milestones achieved in 2012

- Completed 407 kilometre offshore pipelay
- Commenced installation of pipe racks and vessels on both LNG process trains. Completed LNG tank shells and roofs and jetty trestle
- Onshore pipeline completed to Kutubu
- Good progress on Komo airfield, Antonov contract awarded
- HGCP process area handed over to construction contractor
- Hides development drilling commenced
- Completed first phase of PL 2 Life Extension Project
- Associated Gas (AG) Project: First gas drying unit (TEG) operational, performance testing of commissioning gas unit (CGU)
- Good progress towards Operator's planned start-up window in 2014



Focus Areas for 2012/13

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- Komo and HGCP work-front productivity post recent bad weather/flooding
- Continued progress on onshore pipeline through challenging terrain and social environment
- Development drilling at Hides
- AG: Complete commissioning gas availability from Kutubu, finalise Gobe construction and Kumul works
- Following uneventful election process, engage with new Government on benefits delivery structures
- Progress towards Operator's planned start-up window in 2014

Hides Development and Appraisal Drilling

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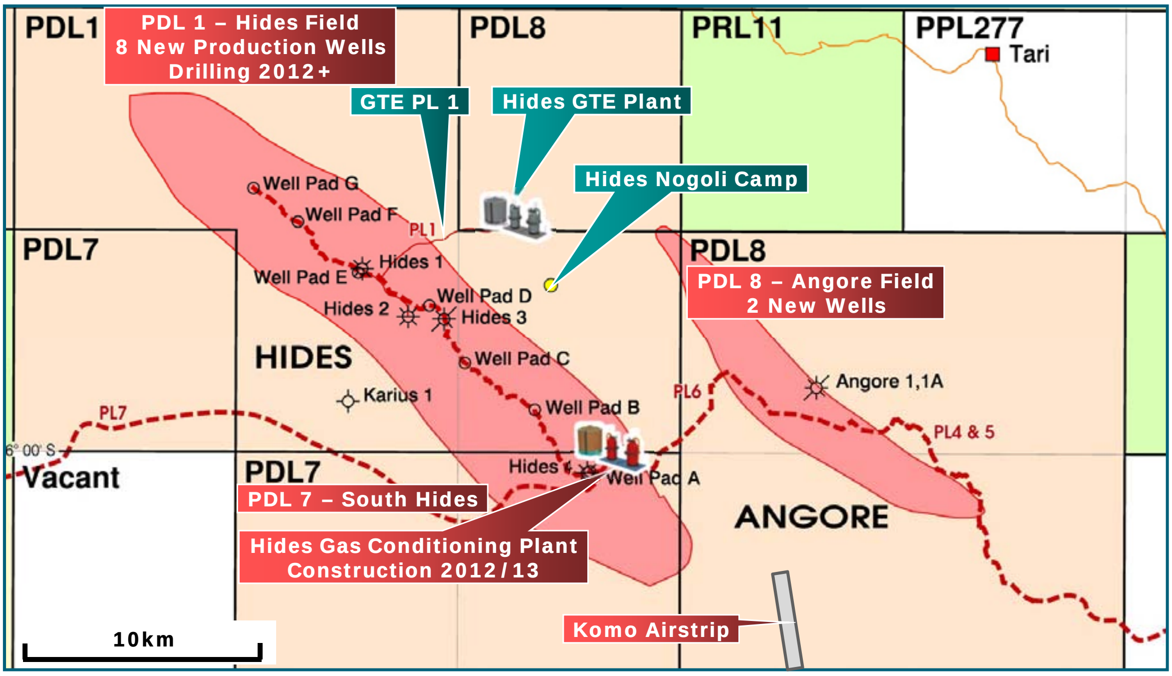

- PNG LNG development drilling programme commenced in July with Rig 702
- Second rig, Rig 703, on site and expected to start drilling shortly
- Produced Water Disposal (PWD) well to be drilled in 2013. Will target water leg and provide important data on gas water contact and potential gas resource upside

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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 equipment installation

2012

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

2013

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

2014

First Gas from Train 1, then Train 2

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PNG LNG - Trains 1 & 2, Storage Tanks

PNG LNG – Installation of Amine Absorber, T2

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PNG LNG – Export Jetty

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PNG LNG – Offshore and Onshore Pipelines

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Offshore pipeline (completed)


Onshore pipeline welding


Onshore pipeline

PNG LNG - AG Projects

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Upgrade of Kumul Marine Terminal


New CALM Buoy at Kumul


TEG Dehydration Unit installation

PNG LNG – Hides Gas Conditioning Plant

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PNG LNG – Rig 702

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PNG LNG - Komo Airfield

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Growing PNG Gas Business: Key Strategic Priority

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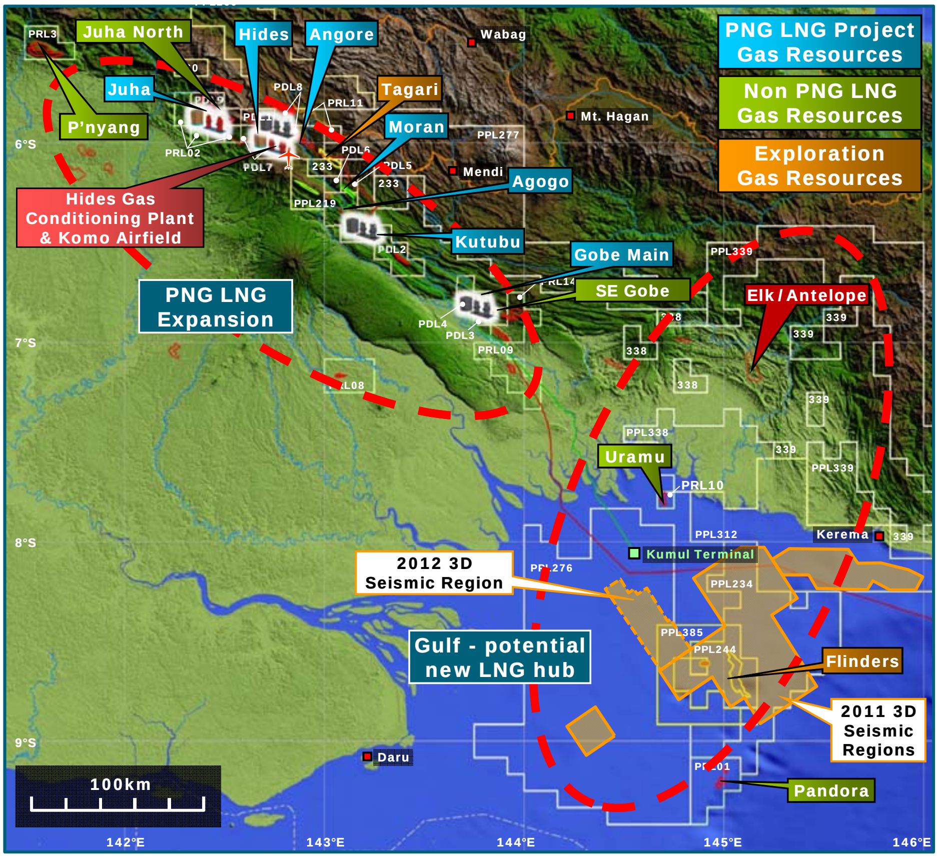

- Pursuing two-pronged LNG expansion strategy for PNG gas growth:
  - Potential PNG LNG Expansion: Highlands /onshore resources close to PNG LNG infrastructure
  - PNG Gulf of Papua LNG: Explore for gas to support new LNG hub. Other options include floating LNG or integration with existing infrastructure

P'nyang South

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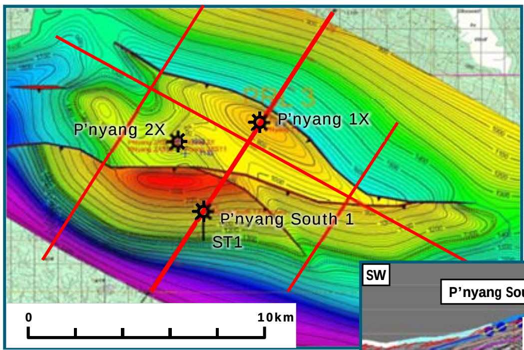
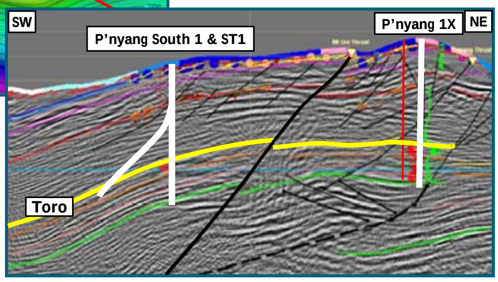
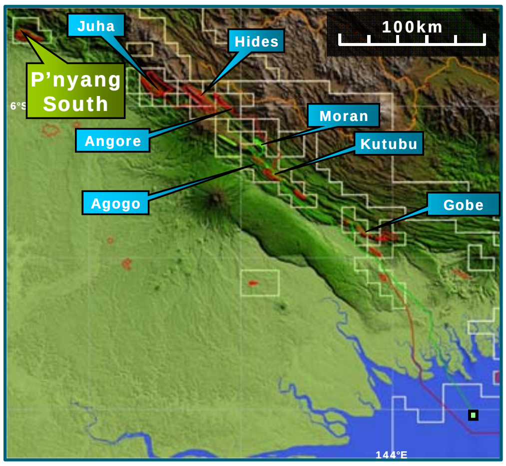
- P'nyang South 1 and ST1 discovered ~380 metre gas zone in southern fault block in PRL 3, with additional up-dip potential to >650 metres
- Result materially increases total estimated 2C gas resources in P'nyang field
- Potential key underpinning volume for LNG expansion, particularly together with gas reserves upside in AG fields
- Now in pre-FEED concept selection stage, preliminary studies on potential design concepts and costs underway
- PRL 3: ExxonMobil 49%, Oil Search 38.5%, JX Holdings 12.5%







Highlands Drilling

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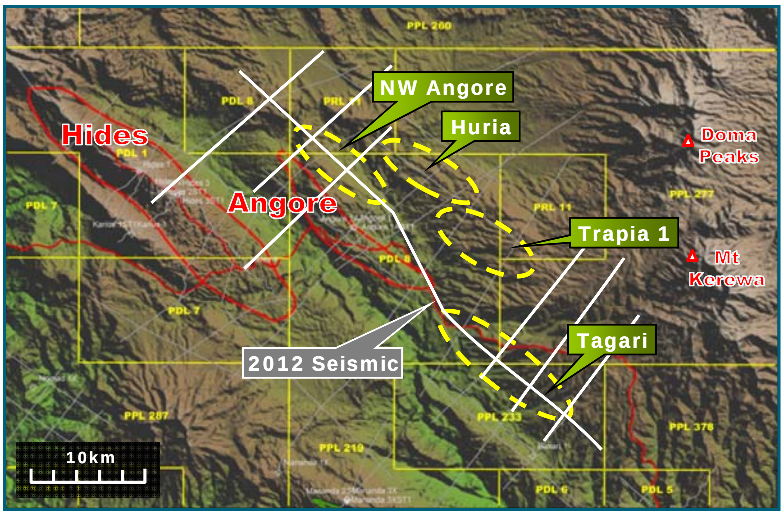
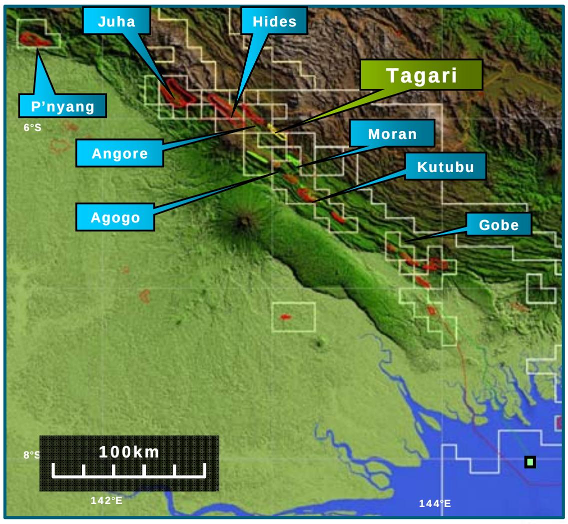
- First exploration well in programme, Trapia 1, unsuccessful, but other prospects and leads, on trend with Angore, remain prospective
- 2D seismic programme being undertaken to further mature Tagari and NW Angore leads:
  - Phase 1 – 30 km completed 2Q12
  - Phase 2 – 120 km recently commenced
- Acquiring interest in adjacent licence, PPL 277, 50:50 with ExxonMobil (subject to Ministerial approval)





Gulf of Papua Expansion Opportunity

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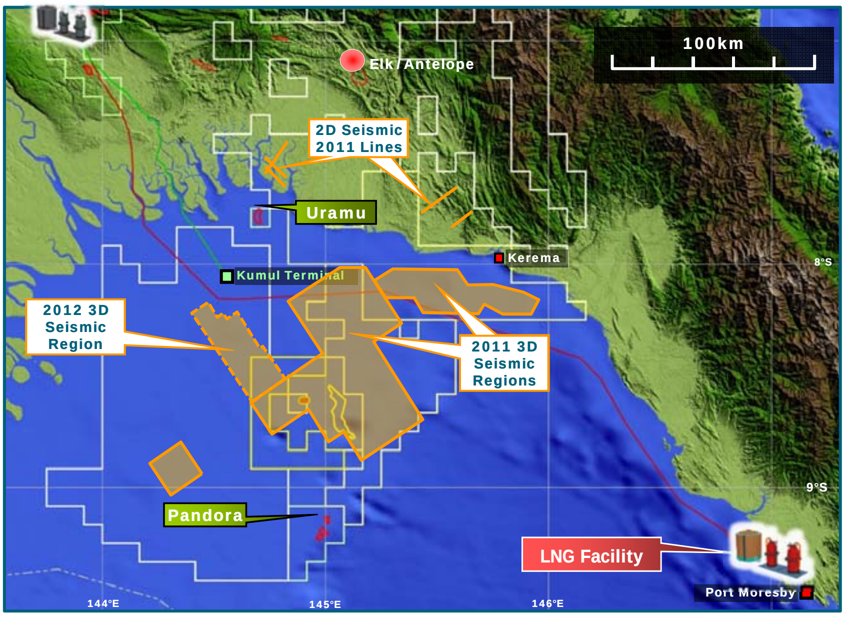
- OSH holds equity positions in nine licences (recent offer of PPL 385) in PNG Gulf area
- Significant resource potential identified in proven hydrocarbon (gas & condensate) province:
  - Major offshore 3D seismic survey acquired in 2011 & additional 3D in 2012
  - Over 30 opportunities across multiple play types
  - Range in size from 0.5 - 1.5 tcf
- Unexplored potential in large onshore licence areas adjoining InterOil exploration acreage
- Stena Clyde semi sub due on-site early 2013 to drill up to 4 offshore wells



- Recently announced farm-down to TOTAL:
  - Will hold equal interests in five licences – PPLs 234, 244, 338 & 339 and PRL 10
  - Transaction terms include firm and contingent components
  - Have also formed strategic partnership to look at other licences in PNG
  - Culmination of competitively bid selection process

Offshore Leads and Prospects

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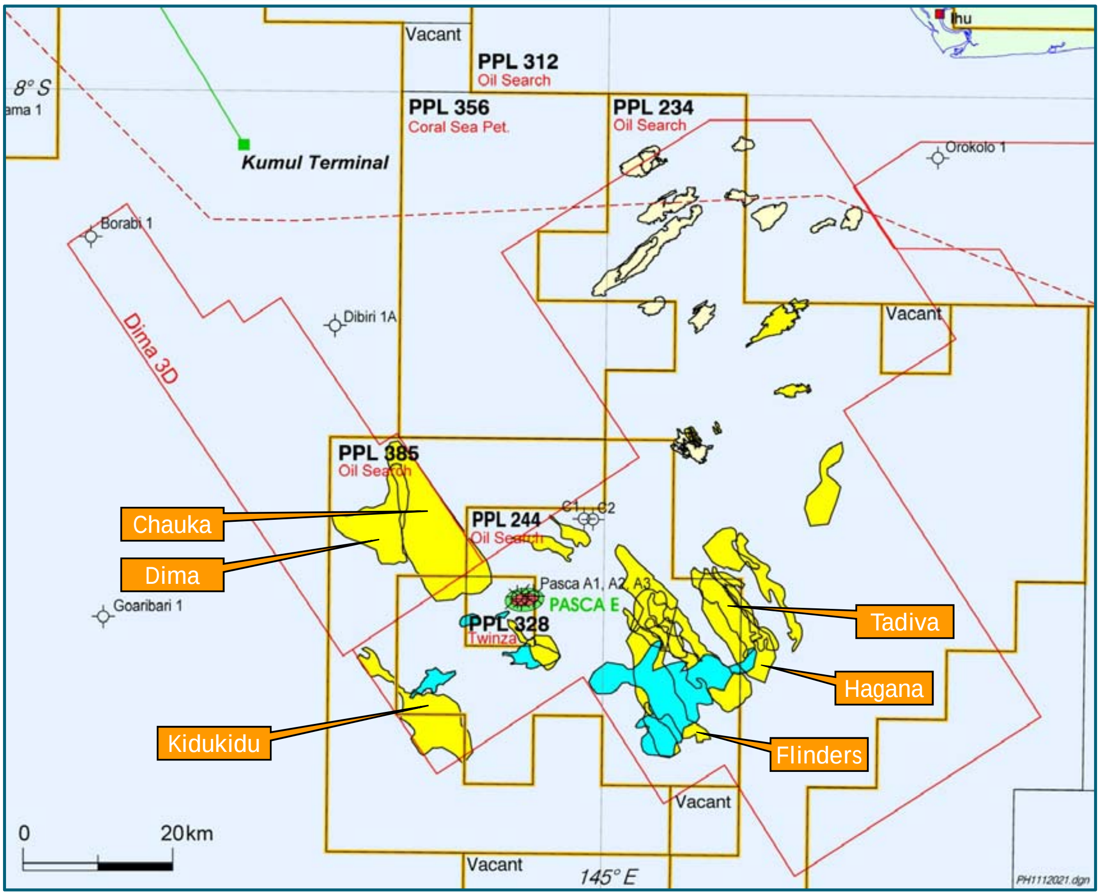
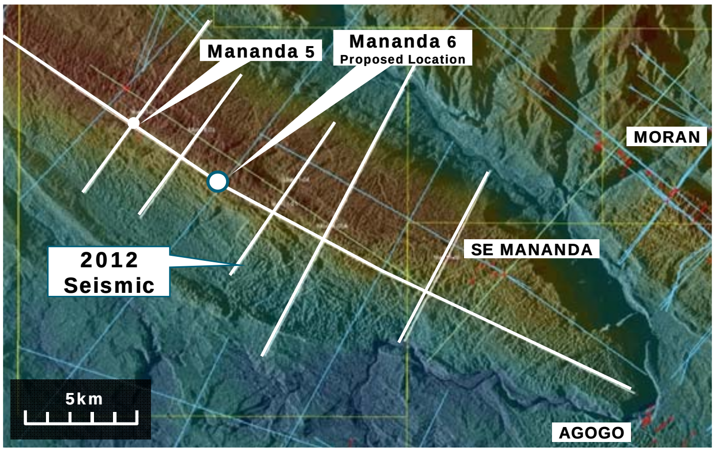


Oil Appraisal - Mananda 6

- 90 km 2D seismic programme over Mananda 5 discovery completed in 2Q12
- Interpretation of seismic has confirmed structure
- Appraisal well, Mananda 6, planned for 1Q13
- PPL 219: Oil Search 71.25%, JX Holdings 28.75%

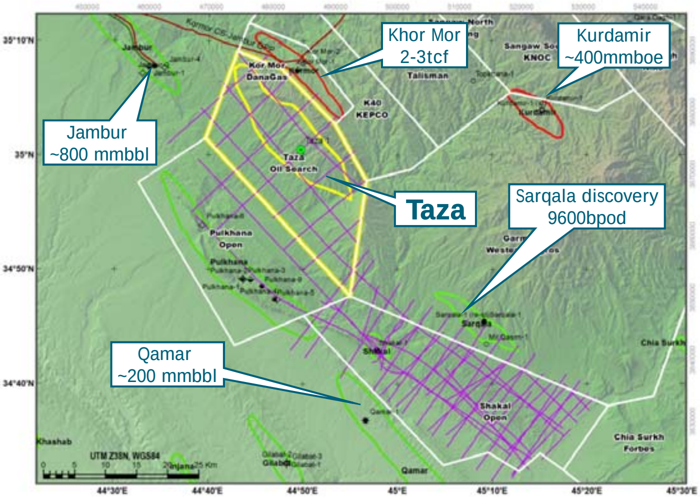



Testing Mananda 5 – 1Q11

MENA Exploration

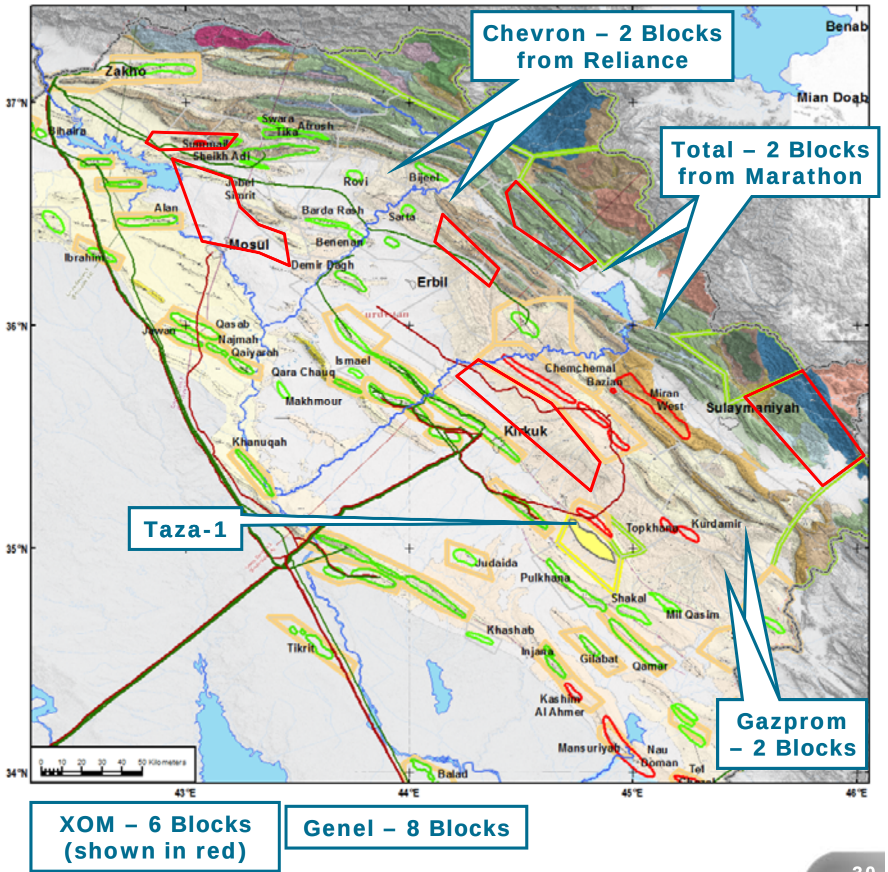
Kurdistan: Taza-1

- Taza-1 well spudded early July
- Oil and gas shows encountered, expected to drill into primary objective and reach its target depth by end October
- Large structure, simple 4-way dip closure, with potential for 250-500 mmbbls
- Target structure sits in very prospective location on-trend and adjacent to existing fields
- Taza PSC: Oil Search 60%, Total 20% (following ShaMaran sale), KRG 20% back-in



Kurdistan Operating Environment

- Kurdistan attracting significant global attention:
  - Recent entrants include Chevron, Total, ExxonMobil, Gazprom, Genel
- KRG building closer ties to Turkey, providing long term alternative export route
- Current production is 150,000 bopd (100,000 export), expected to rise to 300,000 bopd in 2013:
  - Export oil either trucked or transported through Kirkuk - Ceyhan Pipeline
  - Strong local market, priced at discount
- If successful, Taza development options are initial 5 - 15,000 bopd Extended Well Test within 12 months of discovery, upsizing to 40-60,000 bopd 2-3 years later



Tunisia: Tajerouine Permit

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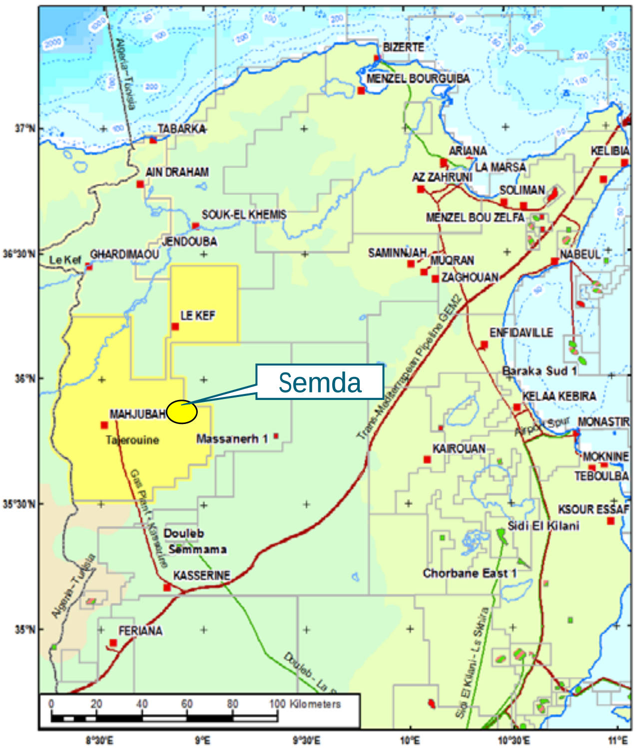

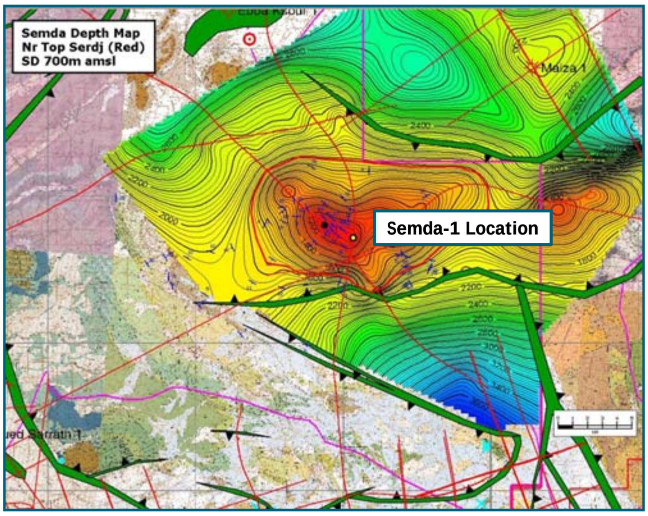

- Semda-1 exploration well to spud late 2012
- Targeting proven oil plays and new deep gas play
- Potential for >150 mmbbls oil and >400 bcf gas
- Excellent PSC terms
- Additional follow-on potential if Semda successful
- Tajerouine: Oil Search 100%

Activities Underpinned by Profitable Oil Production

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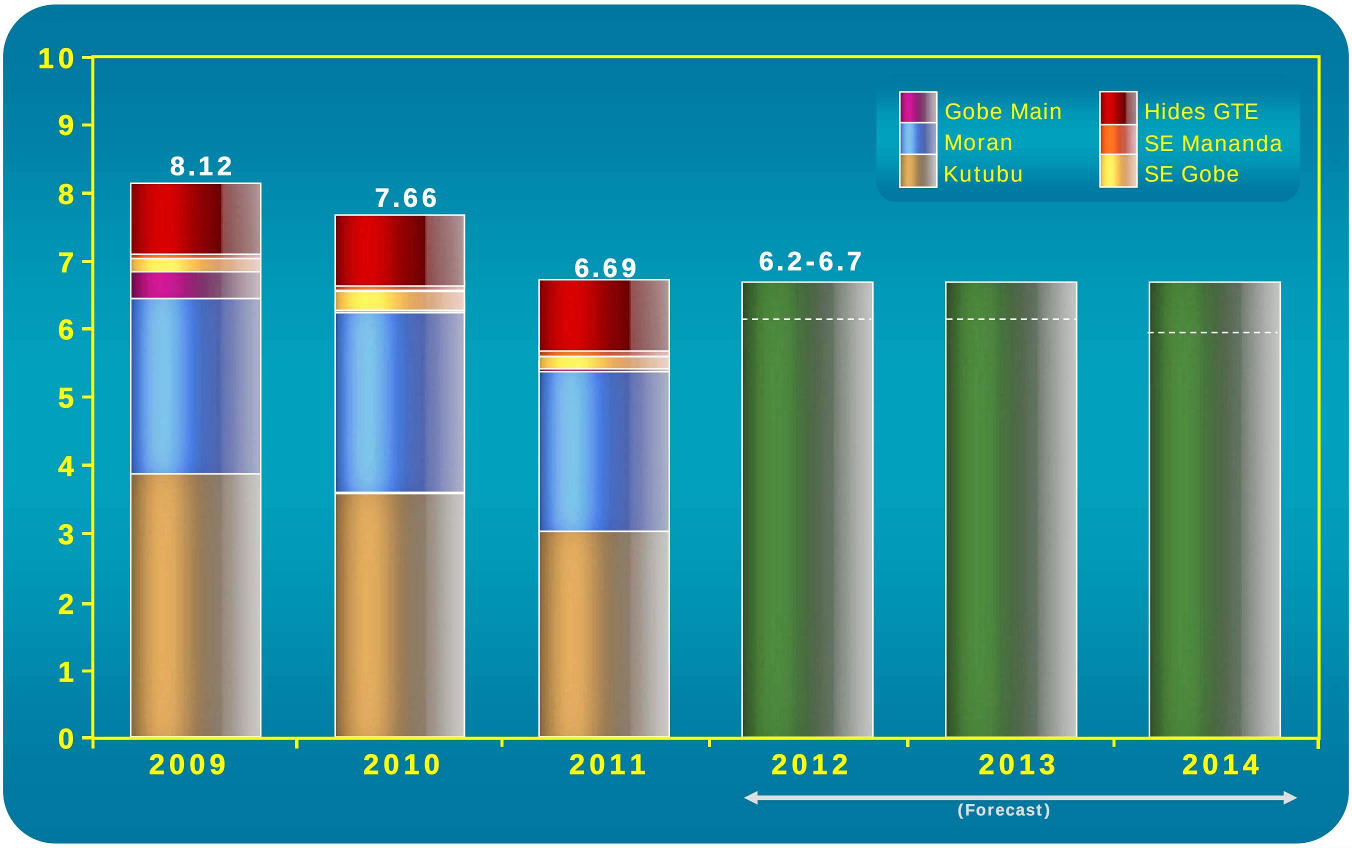

2012/13 Development & Near-Field Appraisal Drilling Activity

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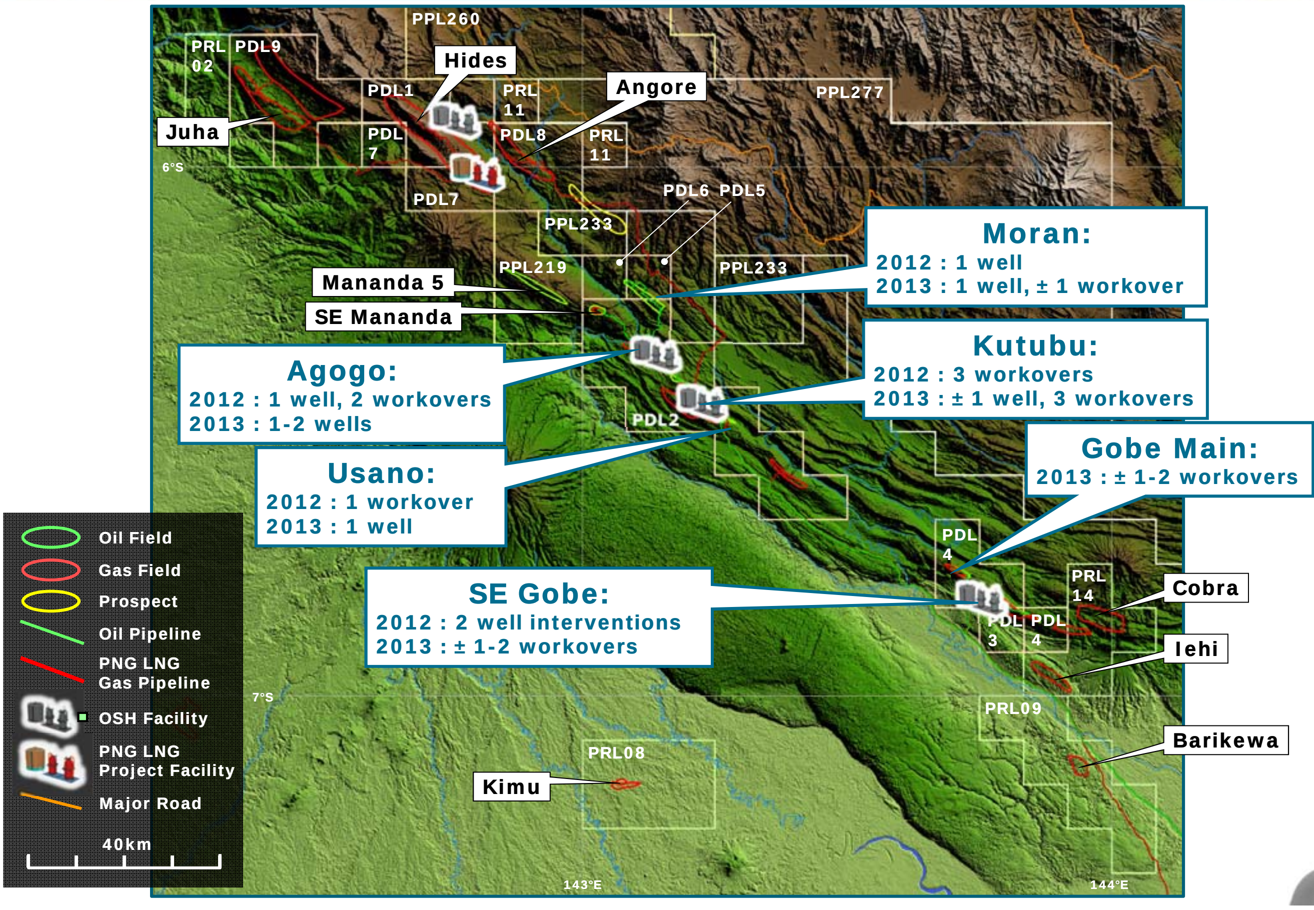

2012 Production Outlook

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- Production to end September of 4.6 mmboe
- Production for 2012 full year expected to be within previous guidance of 6.2 - 6.7 mmboe. Significant contributions from successful 2011 and 2012 wells and workovers, offset by:
  - Precautionary shutdown of Kumul loading operations in July/August. Impact ~0.4 mmbbls, including delay in reinstating full production
  - Major flooding - impact on logistical and operational activities
  - Natural decline
  - Two week Gobe shutdown for tie-in of PNG LNG Associated Gas facilities in October
- Two development wells being spudded in 4Q12, will help maintain production out to first LNG broadly flat
- Continued focus on maturing near-field portfolio and appraising new pools identified following recent success
- Rig 103 being mobilised back to Kutubu/Moran to provide optionality to pursue exploration and appraisal opportunities without potential adverse impact on development programme

Treasury Update

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- US$573 million in cash at end September. Cash invested and actively managed with highly rated bank counterparties
- Refinancing of existing corporate facility concluded with bank syndicate, awaiting Bank of PNG approvals. US$500m five year, non amortising revolving facility
- Issue was oversubscribed with strong support from banks. New facility secures funding to past first cash flows from PNG LNG
- No oil hedging undertaken during YTD12 or currently in place
- US$2.63 billion drawn down under PNG LNG project finance facility at end September

PNG Operating Environment

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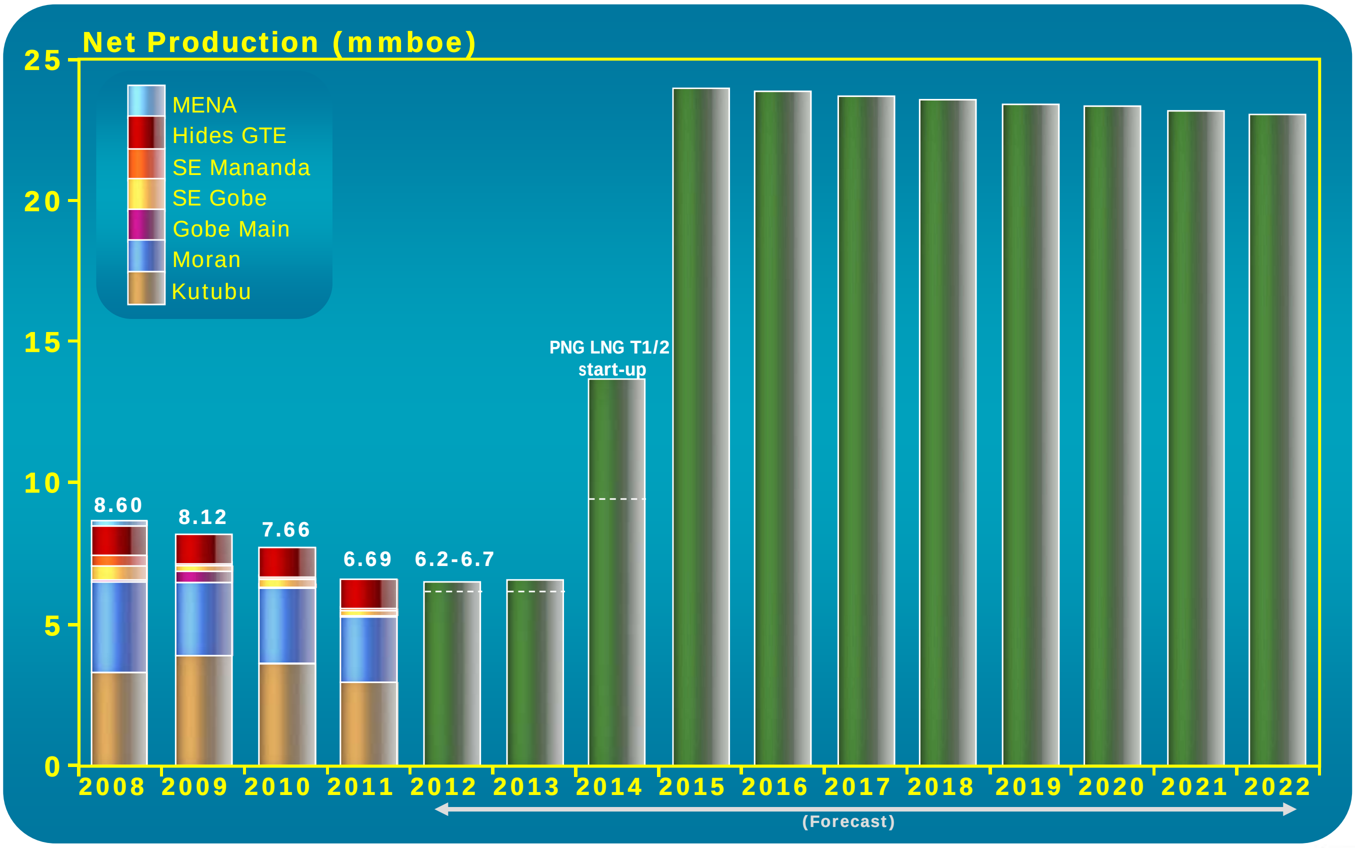
- PNG general election went smoothly
- Expect period of stability under newly elected Government led by Prime Minister Peter O'Neill
- History of constructive dialogue between industry and Government to manage issues and expectations expected to continue
- Key areas of focus remain:
  - Improving benefits distribution system, transparency and service delivery
  - Providing support to PNG Government bodies, where appropriate
- Continue working with Government and community to manage and mitigate operating and investment risks:
  - Oil Search Health Foundation fully operational
  - Ongoing community programmes

PNG LNG Transforms Production Outlook



Conclusion

- Oil Search very well placed to generate ongoing value growth
- First PNG LNG Project sales on schedule for 2014
- Increasing probability of LNG expansion following gas drilling success
- Ongoing programme to further expand gas resources
- High potential oil drilling underway
- Activities underwritten by strong cash flows, solid balance sheet and new funding facility

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