OIL SEARCH LIMITED

2012 Full Year Results Agenda

2012 Highlights	Peter Botten
Financial Overview	Stephen Gardiner
PNG LNG Project & Gas Expansion	Peter Botten
Exploration & Business Development	Julian Fowles
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2012 Operational Highlights

- 2012 production within guidance, at 6.38 mmboe, despite unplanned KMT shut-down
- NPAT of US$175.8 million, underpinned by stable oil prices
- Operating cash flow of US$196.2 million. Significant investment in active exploration and development programme as well as PNG LNG Project. PNG LNG funded from cash and project finance facility drawdowns
- Financial position solid, can comfortably fund unexpected PNG LNG cost increase. Cash balance of US$488.3 million and new, undrawn US$500 million corporate facility provides strong liquidity
- 2012 final dividend of US 2 cents/share, taking 2012 payments to US 4 cents/share
- 2012 production fully replaced on a 2P basis and 2C contingent resources increased 24%, to almost 400 mmboe – strong platform for further growth

Progress on all Strategic Initiatives in 2012

- Continued to support Esso Highlands in delivering PNG LNG Project
- Major success in resource build strategy, with P'nyang South discovery:
  - Increasing probability P'nyang will help underpin expansion
  - Other resource opportunities at Hides and oil fields
- PNG Gulf gas strategy:
  - Introduced strategic partner with farm-down to major LNG operator, Total SA, subject to Government approvals
  - Drilling of material prospects commences 1Q/2Q13


PNG LNG Construction


Gulf Drilling Rig

Progress on all Strategic Initiatives in 2012 cont.

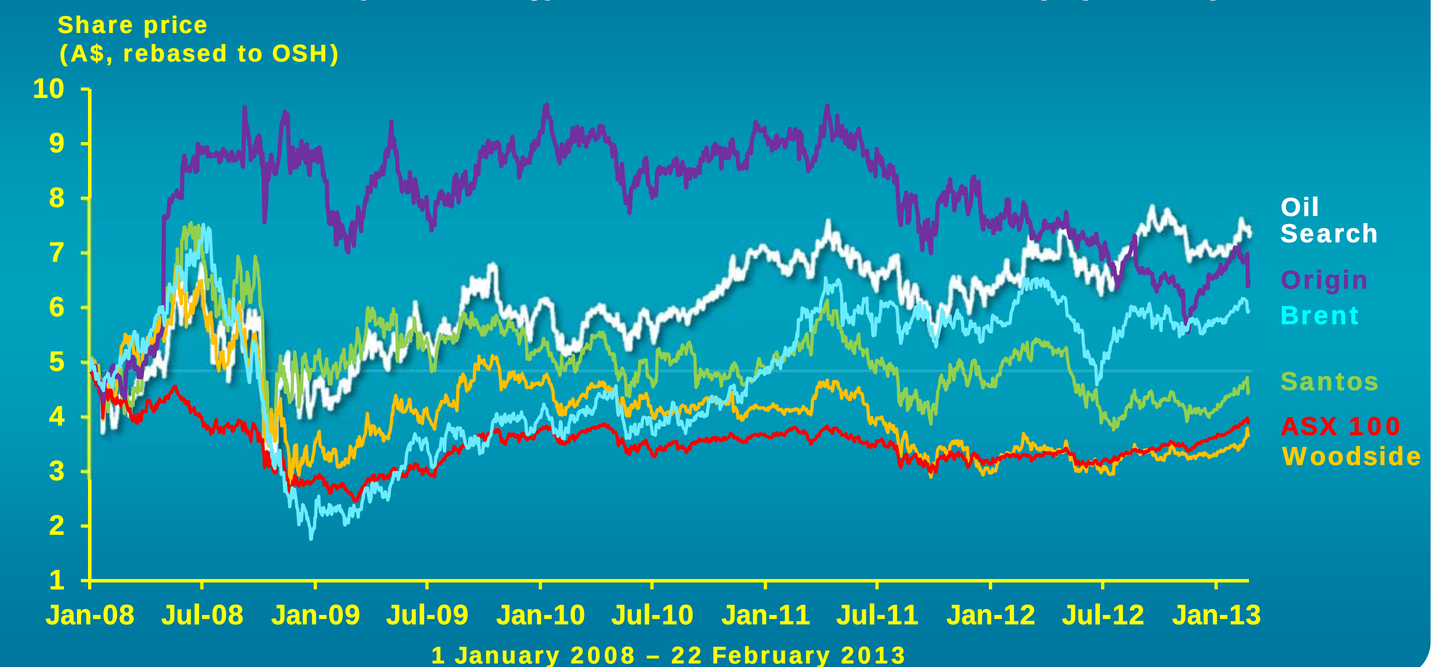
- Oil production optimisation:
  - Production decline largely mitigated in 2012, similar results expected in 2013
  - Replaced reserves on 2P basis, 24% increase in 2C contingent resources
- Oil upside being tested:
  - In PNG, Mananda 6 appraisal 1Q13 and ongoing near field appraisal drilling
  - In MENA, Taza and Semda wells underway
- Balance sheet enhanced:
  - Non-amortising revolving facility for US$500m concluded - strong bank support
  - Funding available from existing cash, operating cash flows and facility to fund recent LNG cost increase


Central Processing Facility


Kurdistan: Taza 1

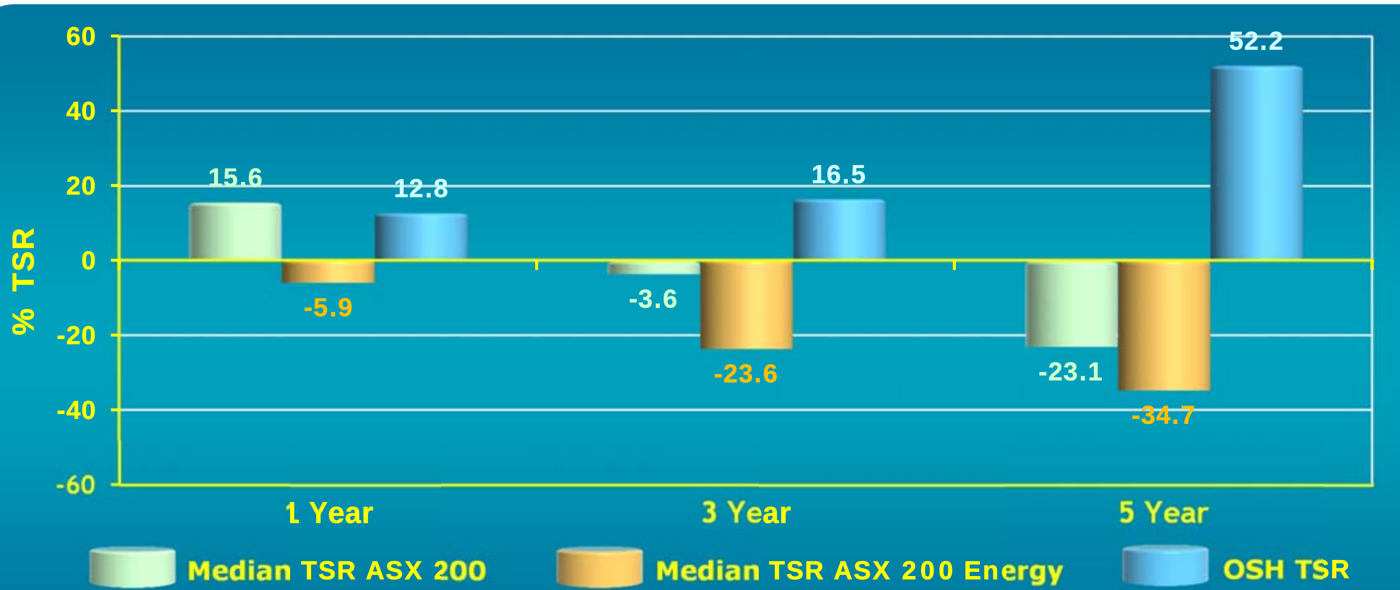
Steady Share Price Growth

- Have achieved steady share price appreciation over past five years
- Continued delivery of strategy should result in continued top quartile performance



TSR performance

Oil Search ranked 14th in S&P/ASX 200 for TSR over five years to 31 December 2012



Source: Orientcap

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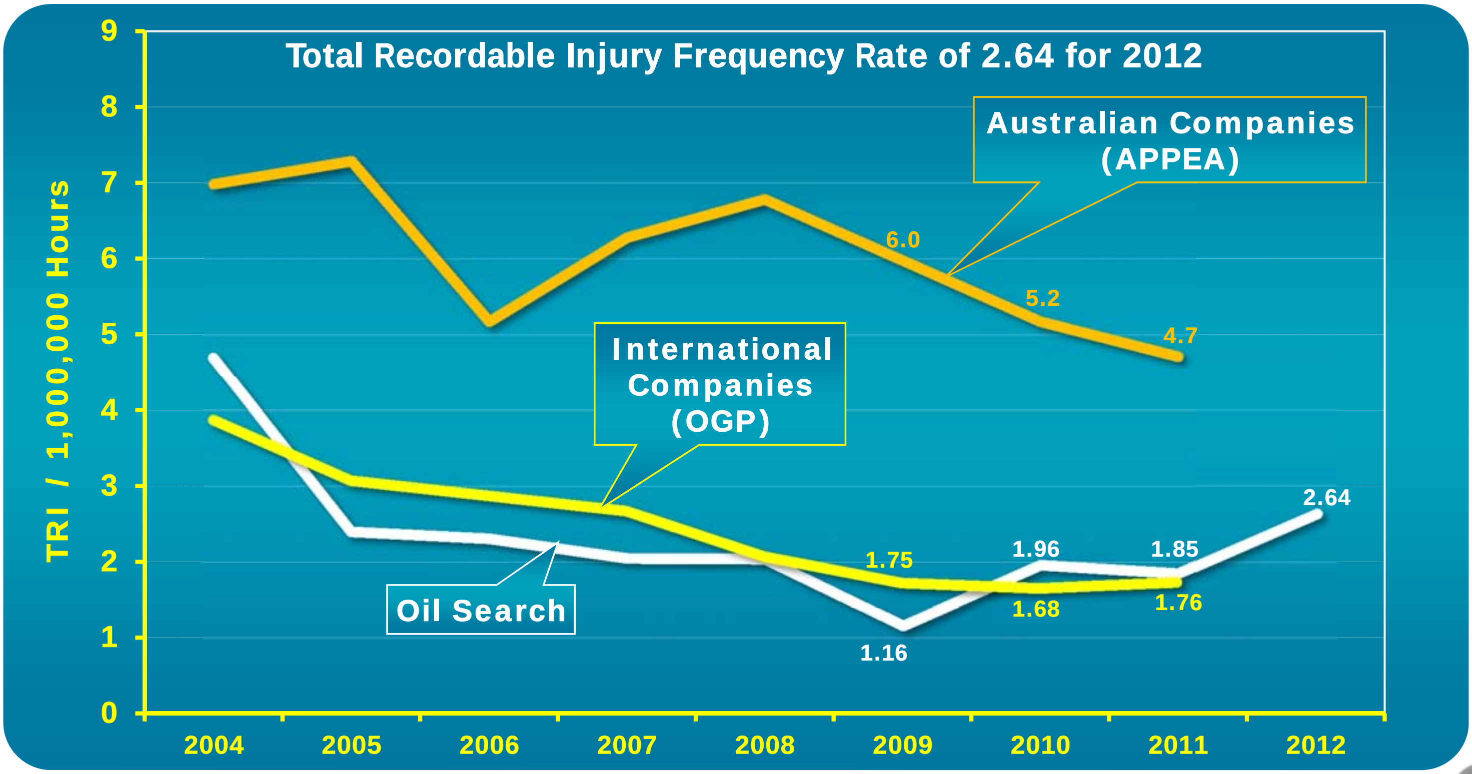
Safety Performance



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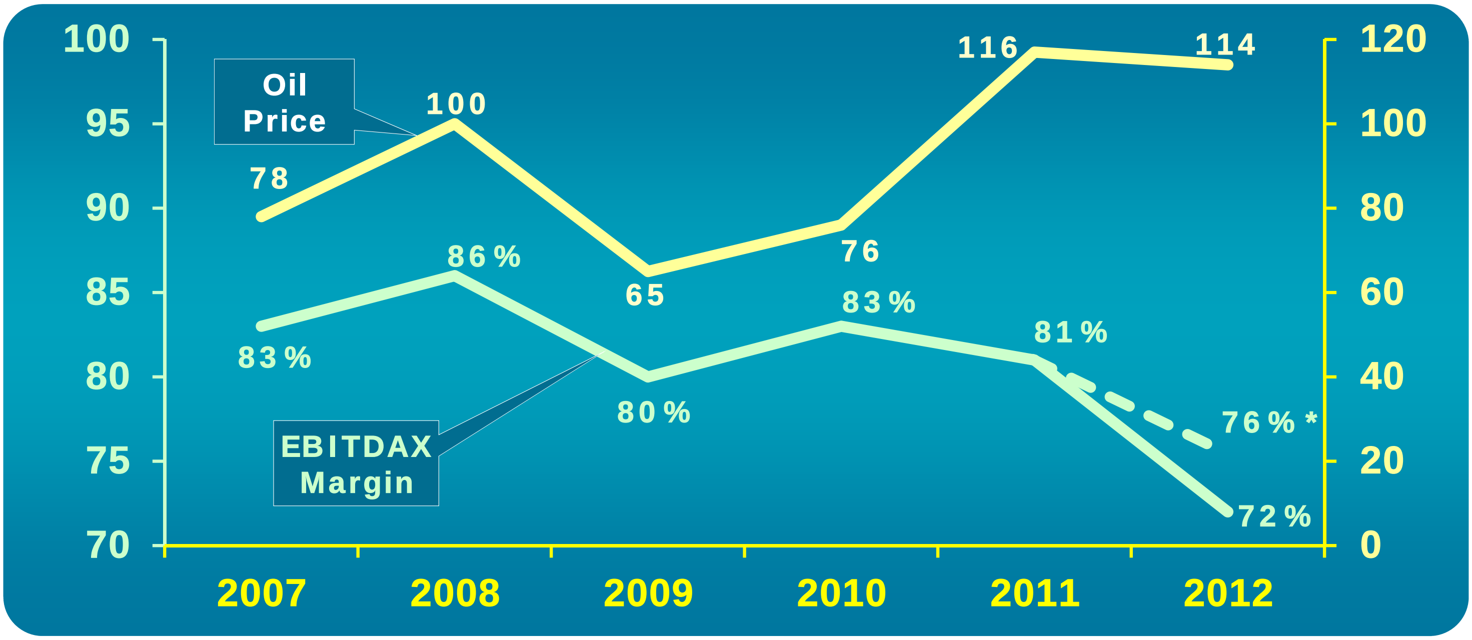
2012 Financial Performance

(US$'m)	2011	2012
Revenue	732.9	724.6
Cash expenses/BD	(147.3)	(200.3)
EBITDAX	585.6	524.3
D, D & A	(51.3)	(49.5)
Significant items	(33.1)	21.3
Exploration expense	(60.6)	(144.0)
Interest income/(expense)	(0.7)	(4.6)
Pre-tax profit	439.9	347.6
Tax	(237.4)	(171.8)
NPAT	202.5	175.8
Core profit*	235.6	153.0

- Full year revenue flat due to lower sales volumes and oil prices, offset by higher gas prices
- Higher cash expenses reflects gas purchase costs, adverse FX movements and one-off items
- D,D & A marginally lower than 2011 reflecting lower sales
- Higher exploration expense reflects high exploration and evaluation activity levels. Includes PNG seismic, write-off of Trapia and IDT 25 Koi Iange test
- Significant items comprise Pandora impairment expense, more than offset by profit from sale of Block 3, 10% of PPL 260 and Gulf farm-down

* 2012 Core Profit excludes profit from sale of Block 3, Gulf farm-out, 10% sale of PPL 260 and PRL1 impairment expense (see Appendix 1)

Cash Earnings Performance



- Cash margins reflect lower margins on new Hides GTE contract and cost pressures due to adverse foreign exchange and PNG inflation plus one-off costs associated with unplanned shut-down and repairs from weather damage

* EBITDAX margin assuming pre-2012 Hides GTE contract still in place

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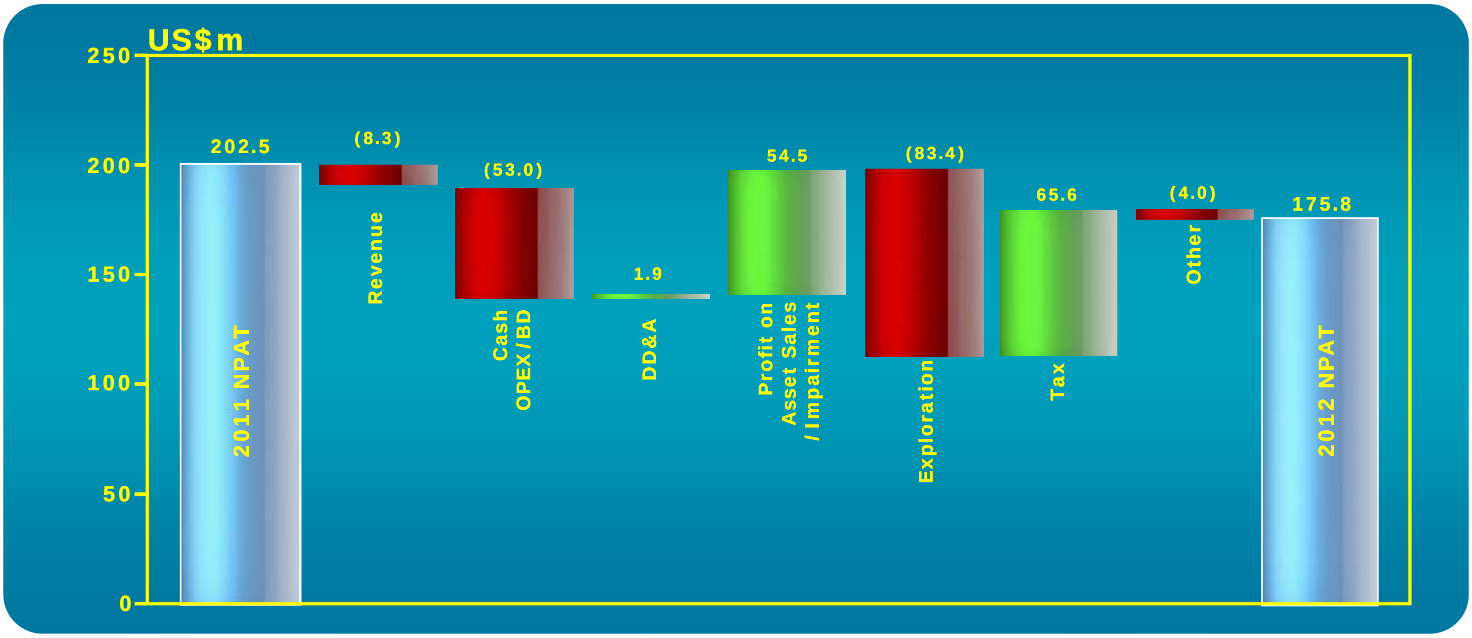
2012 NPAT Drivers



- Higher exploration expenses driven by write-off of drilling costs of Trapia (US$70.0m) and IDT-25 Koi-Iange test (US$20.5m) and higher geological & geophysical, general & admin costs
- Pre-tax profit from sale of assets relating to Block 3 (US$32.4m), Gulf farm-out (US$9.3m) and sale of 10% in PPL 260 (US$3.4m)
- Lower impairment expense in 2012 (US$23.8m relating to PRL 1 – Pandora, 2011 US$33.2m relating to Shakal)

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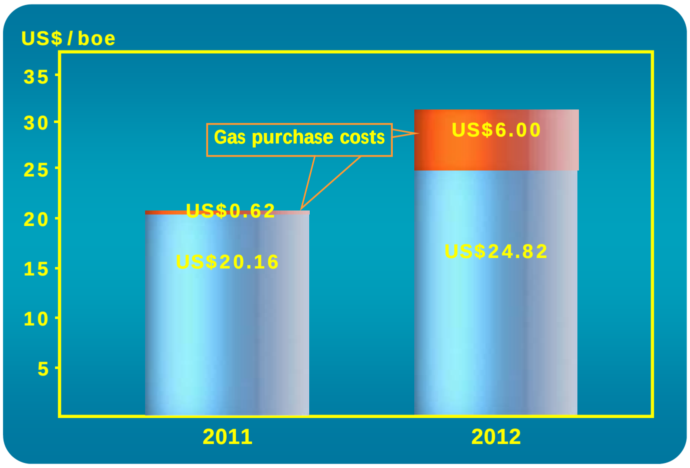
Cost Management

	2011 US$'m	2012 US$'m
Field Costs		
- Oil: PNG	85.9	98.5
- Hides	6.5	11.5
	92.4	110.0
Other Prod'n Opex		
- Oil	16.8	17.6
- Hides	0.7	1.6
	17.5	19.2
Total Production Costs	109.9	129.2
Gas Purchase Costs	4.1	36.6
Net Corp Costs	21.8	20.8
FX Losses/(gains)	1.2	1.4
Total*	137.0	188.0

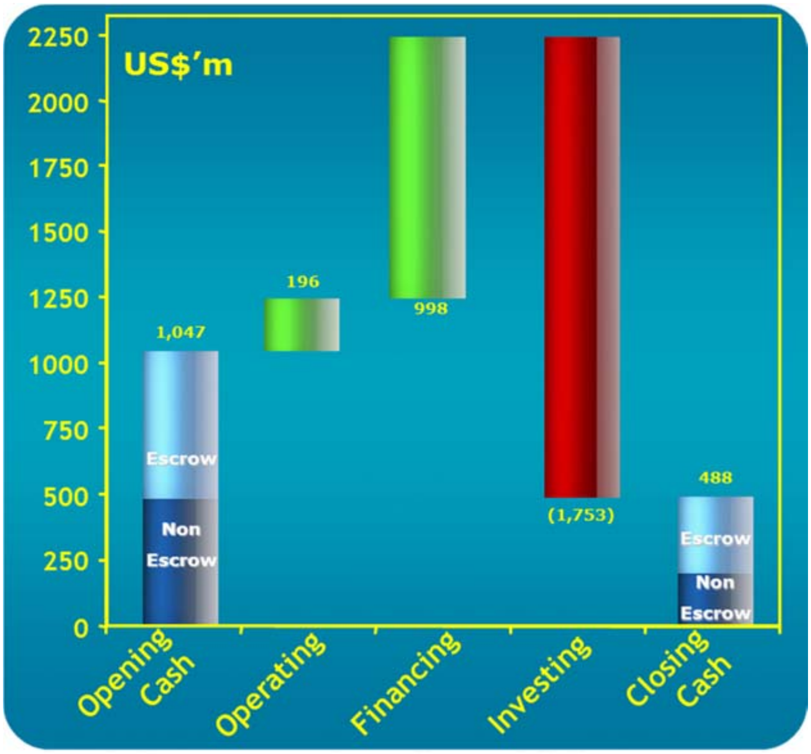
*Excludes Business Development costs of US$12.3m (2011 US$10.3m)

- Costs associated with Kumul Marine Terminal oil sheen incident, flood damage, foreign exchange and higher inflation added ~US$3/boe
- Higher gas purchase costs reflect new Hides GTE contract, more than offset by higher gas revenue



Operating Cash Flows

- Investment spending at highest level in Company's history, reflecting pursuit of growth initiatives. Investing cash outflows dominated by PNG LNG spend
- Funded by cash and PNG LNG Project finance facility draw downs
- Operating cash flows remained strong but impacted by timing of sales and higher tax payments on finalisation of 2006-2011 tax liabilities
- Financing included US$1,002 million drawn under PNG LNG Project finance facility, with dividend funded with proceeds from underwritten DRP

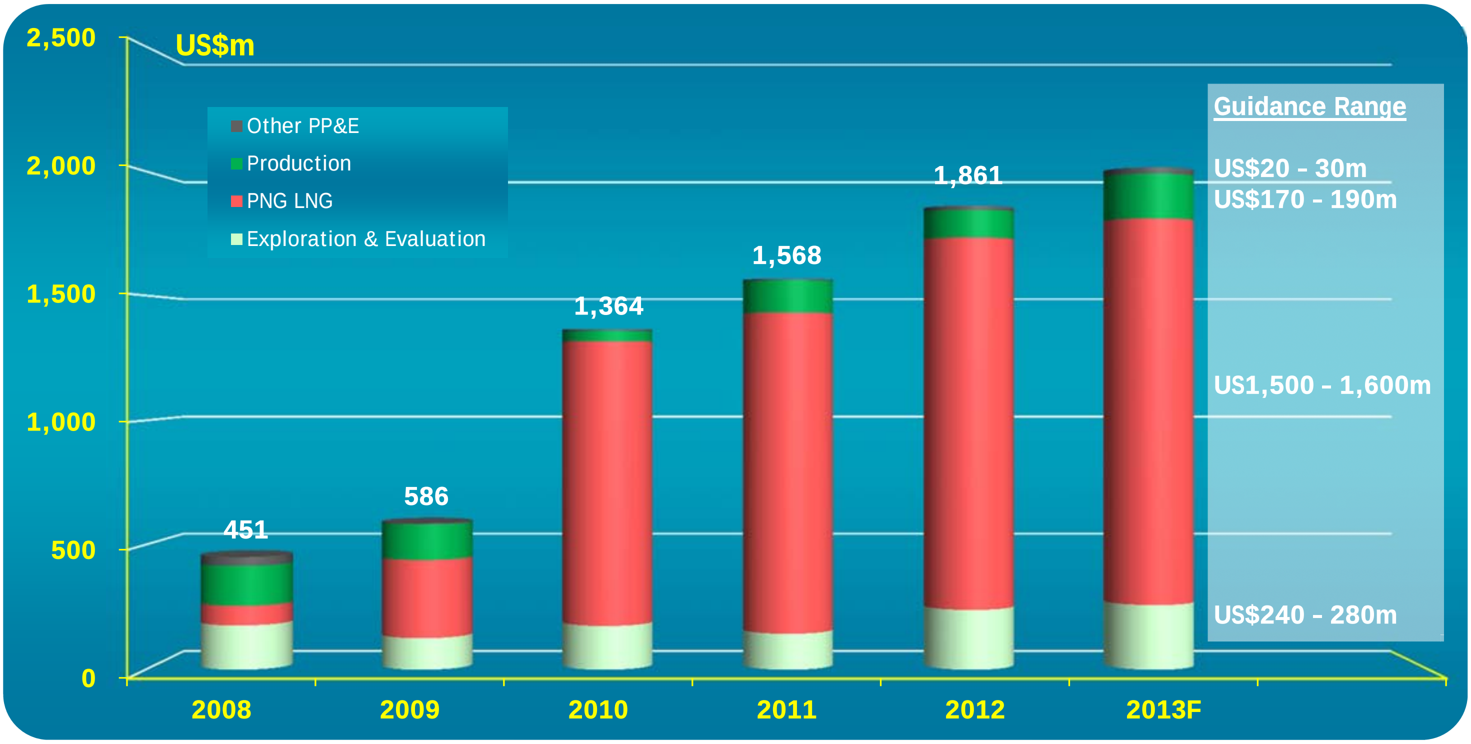


* Includes Company share of JV cash balances

Treasury Update

- US$488.3 million in cash at end December. Cash invested and actively managed with highly rated bank counterparties
- Successful refinancing of existing corporate facility, with new US$500 million non-amortising revolving facility completed
- No oil hedging undertaken during 2012
- US$2.87 billion drawn down under PNG LNG project finance facility
- PNG LNG overrun expected to be funded on 70% debt:30% equity basis. Project participants will collectively source supplementary PNG LNG project debt of US$1.5 billion
- 2012 final dividend of two US cents per share, to be fully funded via underwritten DRP

Investment Outlook



2013 Guidance Summary

- **Production:**
  - 2013 expected to be similar to 2012, within 6.2 – 6.7 mmboe range
- **Cash costs:**
  - Normalised opex ~ US$24 - 26/boe (incl corporate costs)
  - Additional gas purchase costs ~US$40 million assuming oil prices consistent with 2012
  - Business Development (expensed) ~US$11 – 14 million
- **Depreciation, amortisation and site restoration:**
  - ~US$8 - 10/boe

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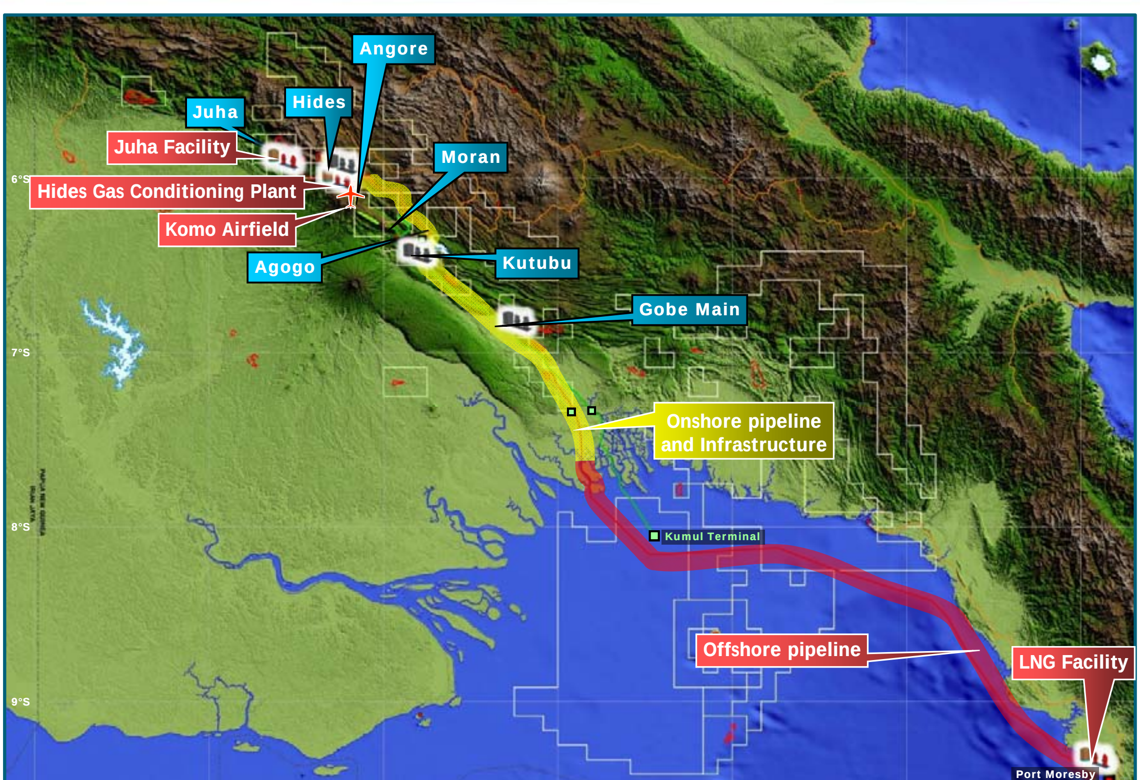
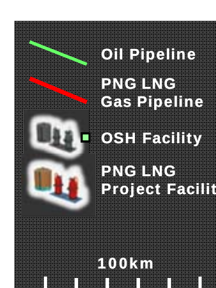
PNG LNG Project





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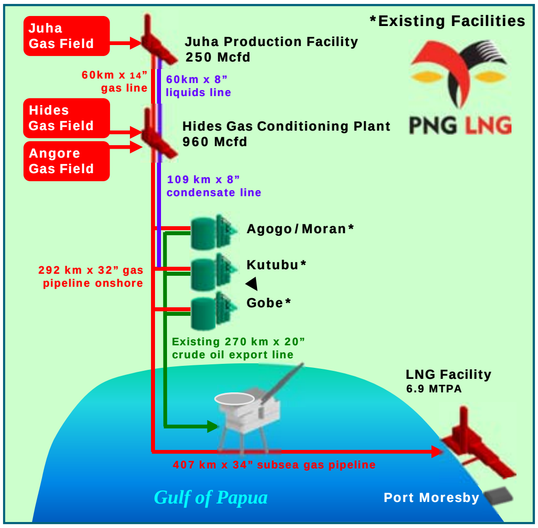
Milestones achieved in 2012

- PNG LNG Project 75% complete at year end
- Completed construction of LNG tanks, jetty trestle and pipe racks, flare, main steelwork and lifting of associated process equipment
- Completed offshore pipeline
- Welded over 215 km of onshore pipeline, with 176 km of pipeline hydrotested
- Associated Gas (oil fields) well advanced and readying for supply of commissioning gas
- Completed Phase 1 of PL 2 Liquids Export Life Extension Project
- First layer of asphalt laid on 1.6 km of runway at Komo, first aircraft movements expected in April '13
- Completed HGCP foundations and commenced installation of structural steel
- Drilling on first two development wells at Hides field underway
- Workforce at year end of 21,220, nearly 40% nationals



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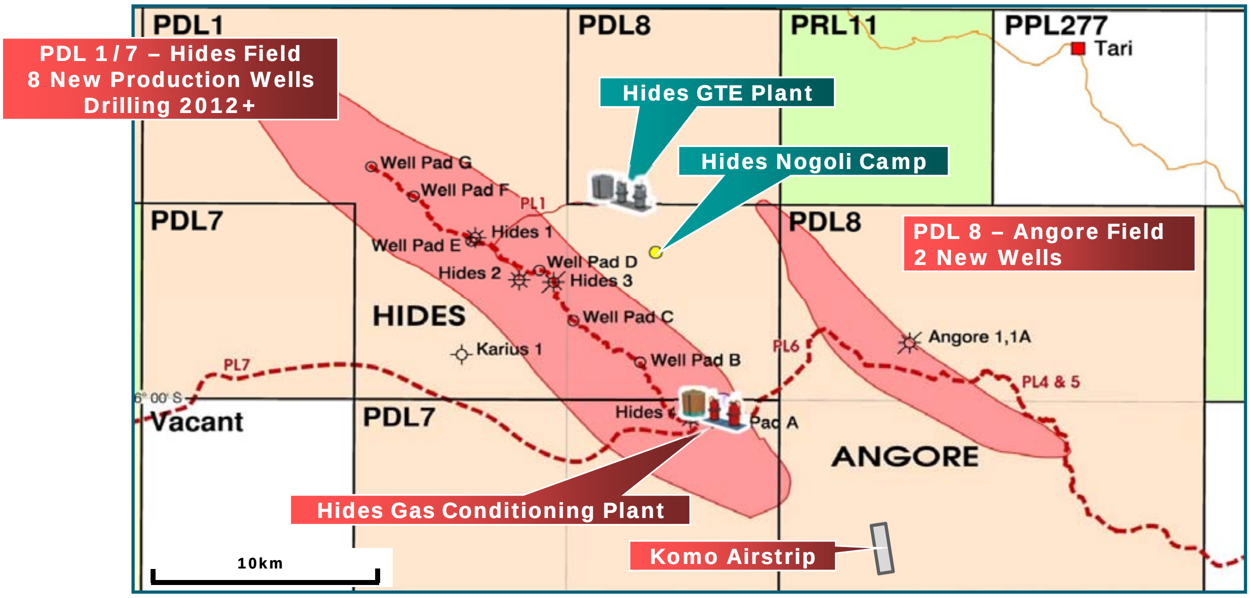
Cost and Schedule Review

- Operator completed cost and schedule review in November 2012
- Confirmed Project remains on track for first LNG sales in 2014
- Capital cost estimate increased from US$15.7 billion to US$19.0 billion, due to:
  - Foreign exchange
  - Work stoppages and land access issues
  - Adverse logistics and weather conditions
- Cost increase to be funded 70:30, debt:equity. Discussions underway to secure US$1.5bn supplemental debt available under existing project finance agreement
- OSH has ample capacity to fund its equity share of additional costs (US$300m)
- Capacity of LNG Plant increased to 6.9 MTPA
- Despite cost increase, Project remains economically robust

Hides Development and Appraisal Drilling



- PNG LNG development drilling programme commenced in July 2012 with Rig 702
- Access roads and wellpad construction near complete
- Second rig, Rig 703, mobilised and expected to start drilling in early 2013

2013 Focus Items

- Accelerate development drilling with second rig operations
- Progress onshore pipeline, HGCP and LNG plant towards mechanical completion
- Tie in Kutubu to pipeline and start supply of commissioning gas
- Finalise finance arrangements to accommodate revised cost outlook
- Finalise benefits delivery processes

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
- Construction of HGCP
- Commission LNG plant with Kutubu gas

2014

First Gas from Train 1, then Train 2

PNG LNG Plant Site

PNG LNG Plant Site

Export Jetty

PNG LNG Plant Site

Storage tanks

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PNG LNG Pipeline


Highlands section pipeline


Burying pipelines


Highlands section pipeline

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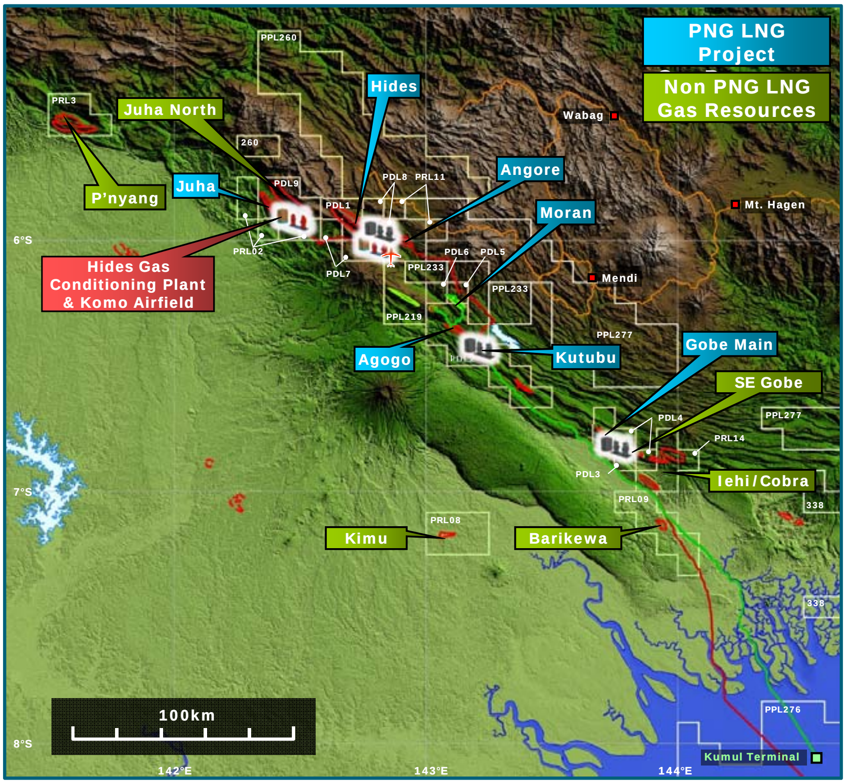
PNG LNG Project - Upstream


Hides Gas Conditioning Plant

PNG LNG Project - Upstream

PNG LNG Project - Upstream

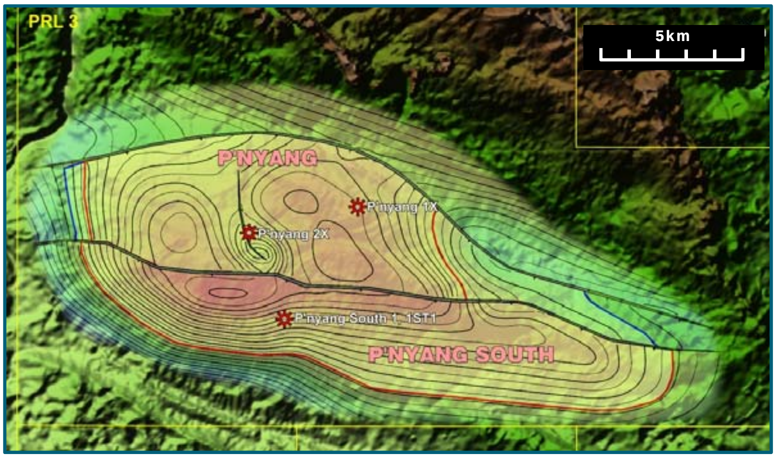
Gas Growth - PNG Highlands

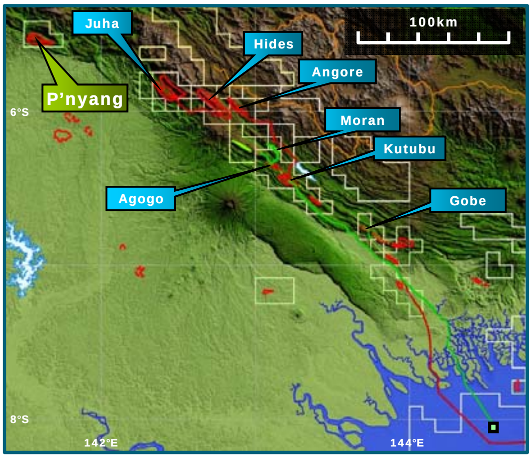


- Key strategic objective is to capitalise on asset base being constructed by PNG LNG:
  - Expansion of PNG LNG is highest value opportunity in OSH's portfolio
- Significant progress in 2012 with discovery of gas at P'nyang South
- Expanded acreage portfolio with farm-in to PPL 277
- Trapia 1 exploration well unsuccessful, but broader play potential not impacted
- Second phase of 2D seismic programme being undertaken, aimed at maturing prospects for possible drilling in late 2013/2014

P'nyang Gas Field

- PRL 3 JV (OSH 38.5%, ExxonMobil 49.0%, JX Nippon 12.5%) well advanced with concept selection studies, optimal development concept expected to be finalised in 2013
- Oil Search estimates total 2C gas resources in P'nyang field of 2.5 – 3.0 tcf, sufficient to underpin potential LNG expansion. OSH believes further upside potential exists in PRL 3, but requires appraisal
- Additional seismic in PRL 3 planned for 1Q13 to support potential development





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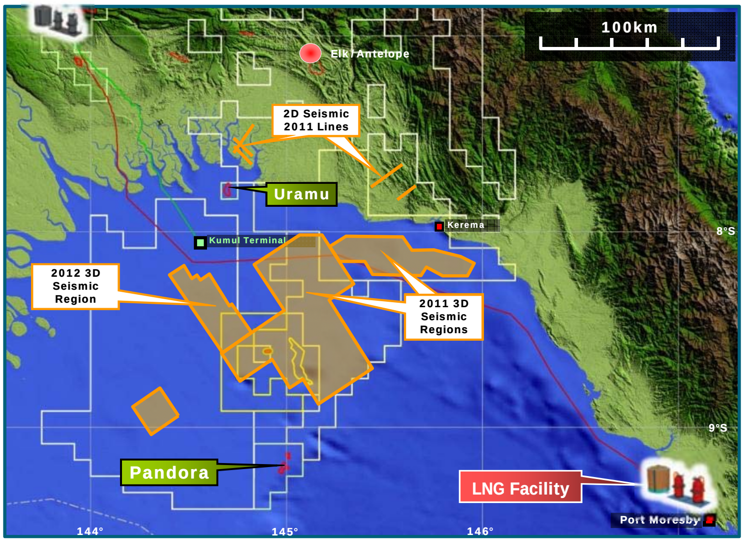
Gas Growth - Gulf of Papua

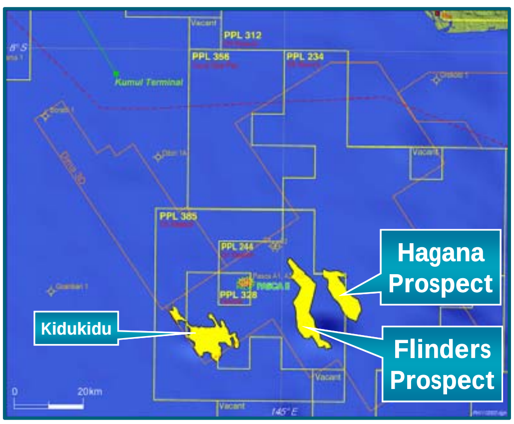
- Gulf area has significant resource potential:
  - Proven hydrocarbon province, with over 30 opportunities identified across multiple play types
  - Supported by over 7,000 sq km of high quality offshore 3D seismic & 2 electro magnetic surveys
  - Also unexplored potential in large onshore licence areas adjoining InterOil exploration acreage
- Aim is to explore for gas to support new LNG hub:
  - Options include standalone LNG, floating LNG or integration with existing infrastructure
- In 2012, introduced Total SA as our strategic partner:
  - Share costs and risks
  - Experienced LNG operator

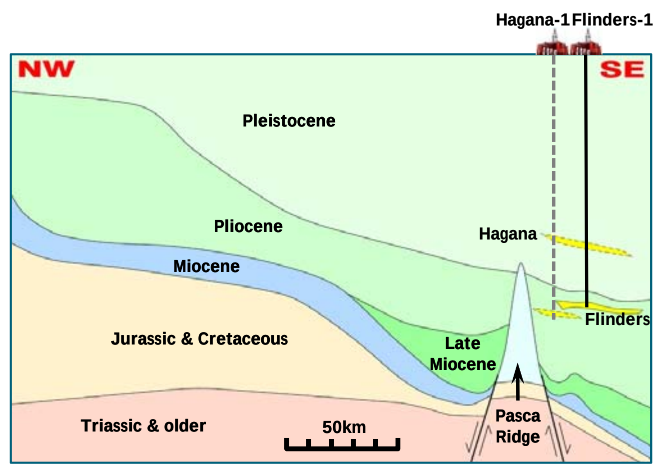


2013 Gulf of Papua Programme

- During 2013, planning to drill two firm offshore wells, with two options, to commence in March when Stena Clyde semi sub drilling rig arrives on-site – first real test of the acreage
- Also will acquire gravity and seismic data in onshore licences and decide whether to take up equity
- Flinders 1 in PPL 244 (Oil Search 40%, Total 40%*, Nippon 20%) expected to be first well drilled:
  - Targeting gas in Plio-Pleistocene-age, submarine fan sands. Mean resource of 1 – 1.5 tcf
- To be followed by Hagana 1, also in PPL 244:
  - Also targeting gas in Plio-Pleistocene-age, submarine fan sands. Stacked objectives, mean resource 1.1 tcf

*Subject to Government approval

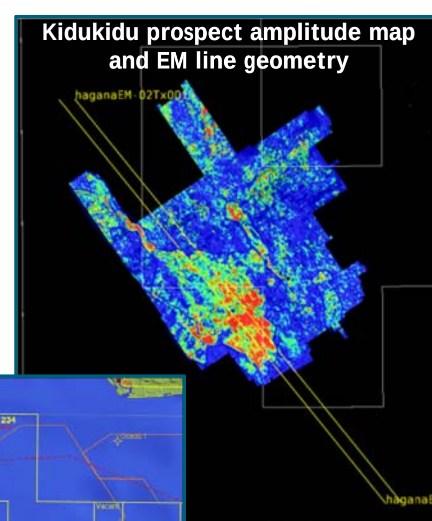


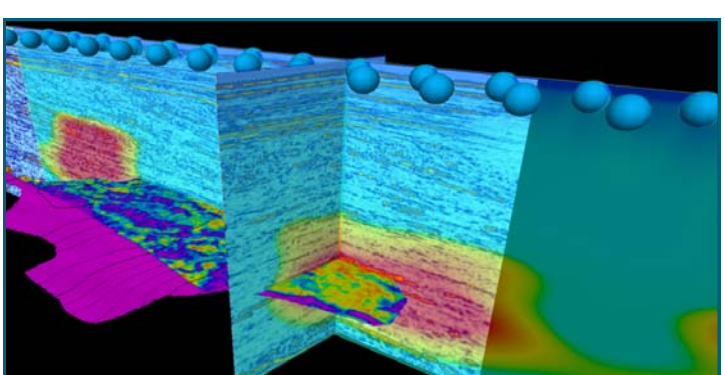


Kidukidu, Gulf of Papua

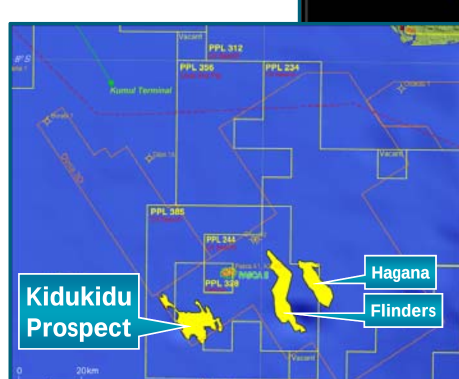
- Kidukidu prospect in PPL 244 (OSH 40%, TOTAL 40%*, Nippon Oil 20%) and PPL 385 (OSH 100%) could be third well drilled
- Targeting gas in Plio-Pleistocene-age, submarine fan sands. Mean resource of 1.3 tcf
- Highly prospective due to seismic *and* CSEM anomalies

*Subject to Government approval





Electro-Magnetic Anomaly at Kidukidu reservoir level

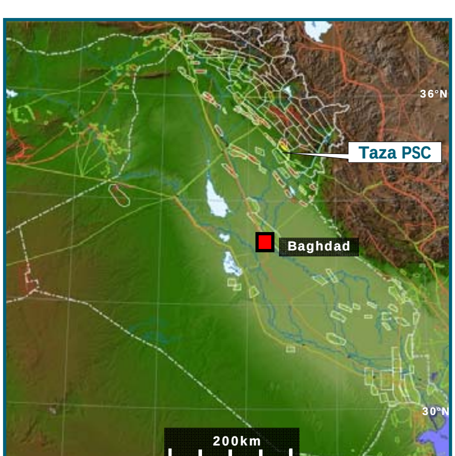


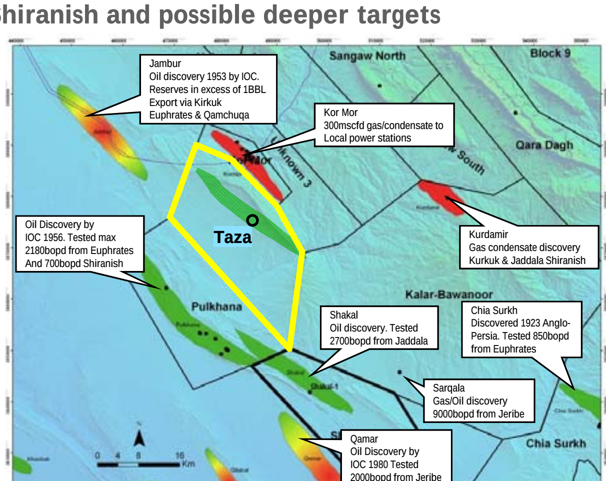
MENA Exploration

- Middle East/North Africa strategy focused on oil opportunities that have material potential
- Two wells currently drilling, Taza and Semda. Both could have significant value impact on Oil Search
- Long term strategy is to leverage existing strong relationships and skill base to develop international portfolio. Pace dependent on availability of suitable value-add opportunities, PNG capital commitments

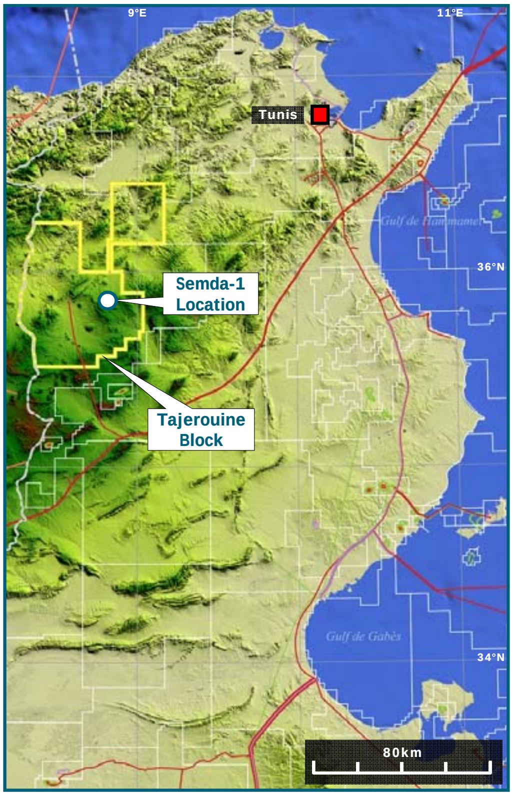
Taza-1
Taza PSC, Kurdistan

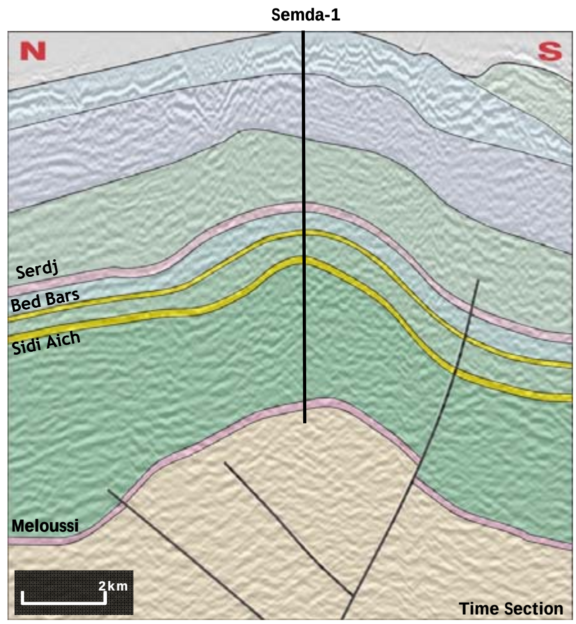
- Taza-1 in Taza PSC (OSH 60%, Total 20%, KRG 20% back-in) currently drilling ahead
- Flowed oil from Jeribe Formation, first primary objective. Flow rates low but encouraging results given poor test conditions
- Pre-drill estimate of potential resource unchanged at 250-500 mmbbls
- Forward plan:
  - Drill to Euphrates Formation (second primary objective) and test, as necessary
  - Follow-up drilling programme in 2H13, subject to rig availability, to further appraise Jeribe and Euphrates Formations and drill Cretaceous Shiranish and possible deeper targets





Semda-1
Tajerouine PSC, Tunisia





- Semda-1 well in Tajerouine PSC spudded January (OSH 100%)
- Targeting oil in the Cretaceous Serdj Dolomites and deeper sandstones (Bed Bars and Sidi Aich) as well as gas in deeper objectives
- Semda-1 targeting potential resource of 50-100mmbbl
- Number of additional follow-up structures identified
- Favourable fiscal terms for oil and gas, with major domestic gas market and Europe to north

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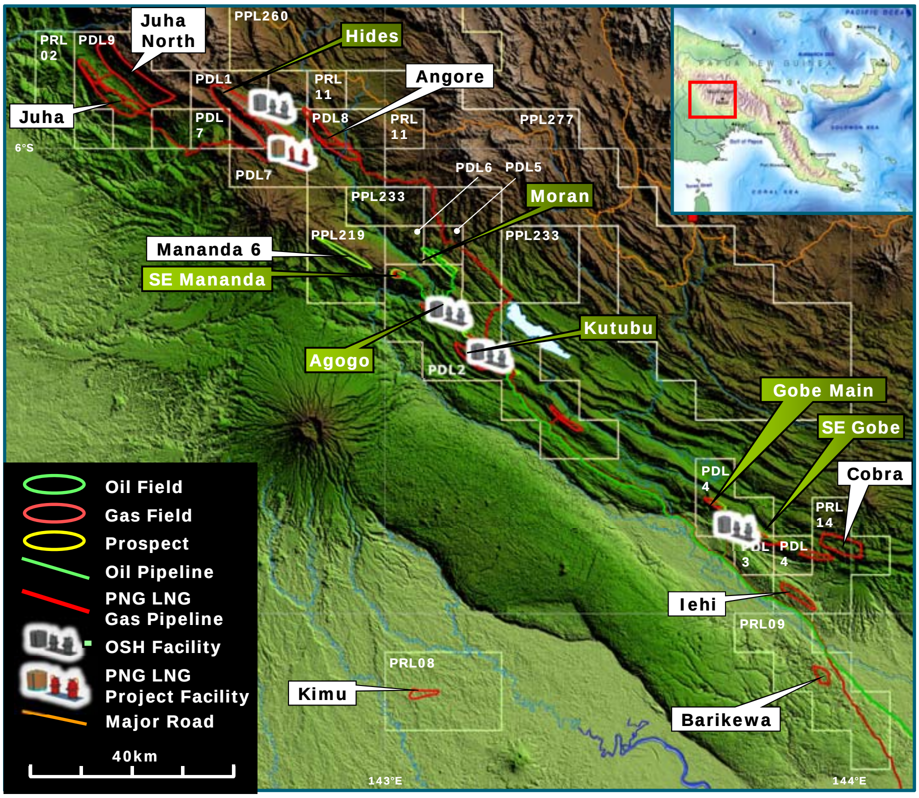
PNG Production



- PNG producing fields are highly profitable and generate strong cash flows
- Key objective is to minimise production decline prior to start of PNG LNG
- Well work programme within fields has yielded high-value incremental barrels, with more opportunities identified
- Also believe there is substantial remaining high value oil close to existing infrastructure eg Mananda. Potential to have significant impact on medium term oil production profile
- Major focus on getting ready to deliver Associated Gas into PNG LNG Project. Key priorities include ensuring system reliability and integrity as well as exploring operational synergies

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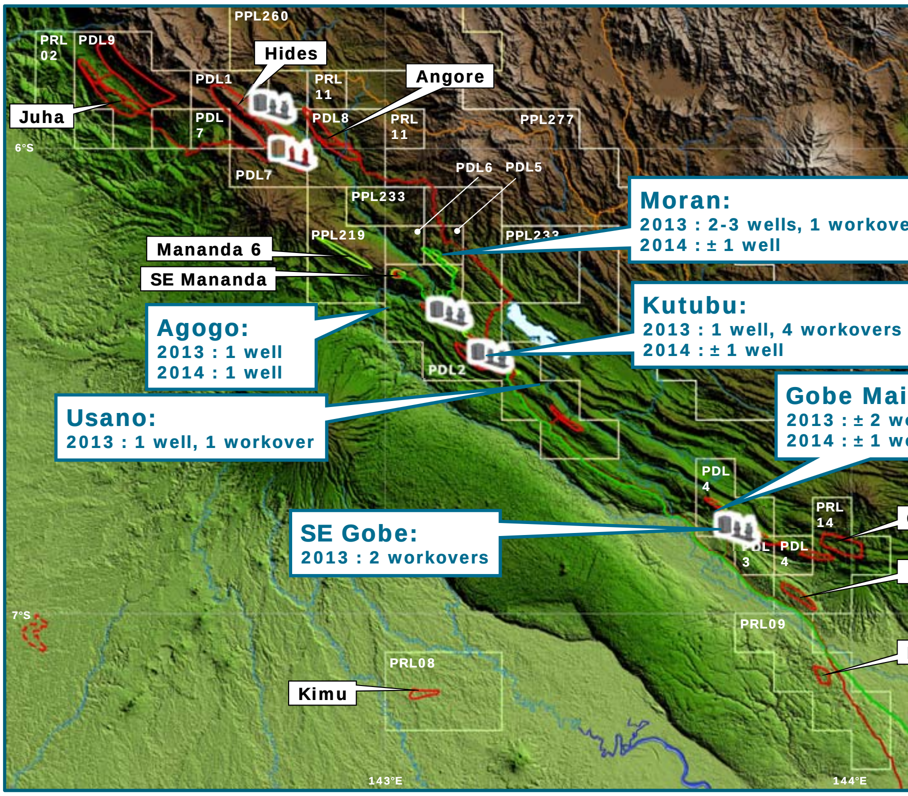
2012 Performance

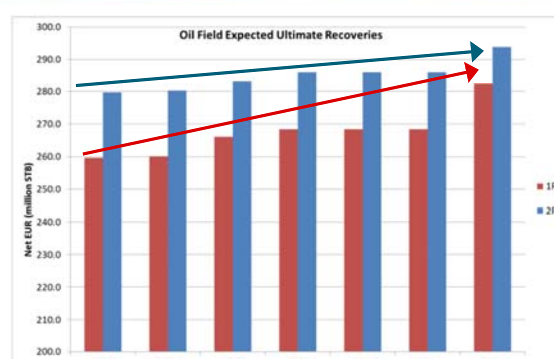
- Solid safety performance despite very challenging environment. Improvements achieved over the year
- Production of 6.38 mmboe, within guidance of 6.2 - 6.7 mmboe despite major unplanned (precautionary) shutdown in 3Q12 - pleasing result
- Scheduled PNG LNG-related shutdowns at all facilities successfully completed within planned timeframes
- Two new wells brought online in 1H12, with a further well about to come into production and two more being drilled. Will help mitigate natural decline in 2013 onwards
- Two-rig development well drilling programme commenced in 2H12 - lowers drilling costs and accelerates production

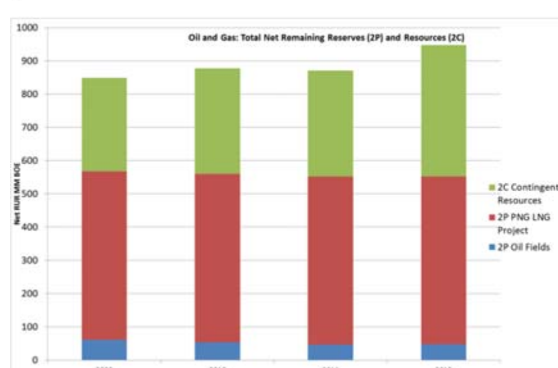
2013/14 Development & Near-Field Appraisal Drilling Activity



Reserves and Resources at 31 December 2012

- External reserves audit of liquids in all PNG oil fields completed in 2012
- On 2P basis, fully replaced 2012 production of 6.4 mmboe and added net 7.6 mmboe to 1P:
  - Proven (1P) net remaining oil and gas reserves increased from 330.1 mmboe to 337.7 mmboe
  - Proven and Probable (2P) net remaining oil and gas reserves remained unchanged at 552.4 mmboe
- 2C contingent resources, comprising oil, gas and associated liquids, increased 24%, from 317.7 mmboe to 395.1 mmboe due to:
  - Successful drilling at P'nyang
  - Acquisition of additional equity in PRL 10 (Uramu)
- Total 2P and 2C reserves and resources increased 9%, from 870 mmboe to 947 mmboe





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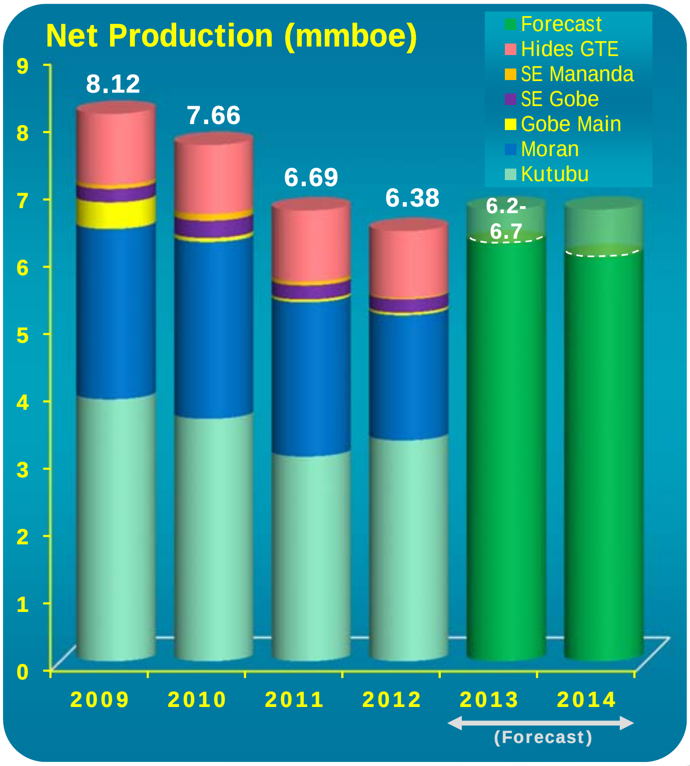
Production Outlook

- Underlying production from oil fields expected to remain strong in 2013:
  - Significant contributions from 2011/12 development drilling and workover programme
  - Only minor plant shutdowns required during 2013
- Production guidance for 2013 of 6.2 - 6.7 mmboe, consistent with recent years. Production out to first LNG in 2014 also expected to remain largely flat
- Robust workover and development drilling programme will continue through 2013
- Currently re-appraising near-field opportunities, with 2-3 wells in 2013/14 expected from this portfolio
- Delivery of commissioning gas to PNG LNG will not impact production performance



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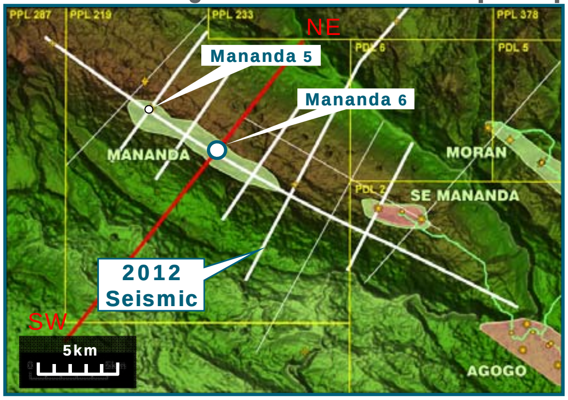
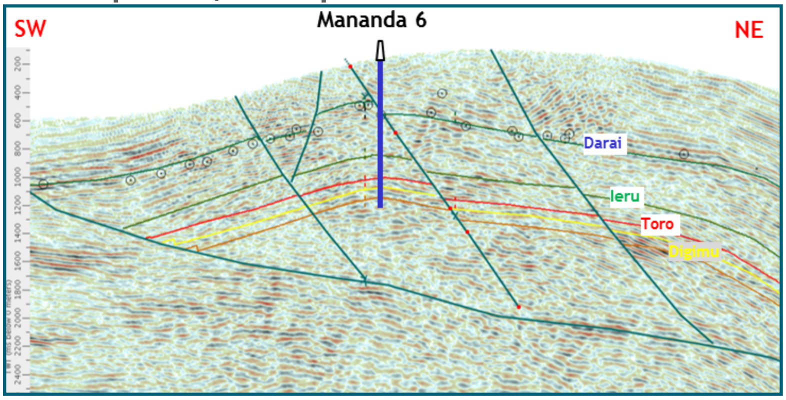
Key 2013 Focus Areas

- As always, OSH's industry-leading safety performance remains top priority
- Continue transformation of business towards reliable gas delivery:
  - Complete Associated Gas and Life Extension works – scheduled for mid-year
  - Deliver commissioning gas to PNG LNG 2Q13
  - Align organisation & processes with gas supply needs
- Complete appraisal of Mananda 5 discovery with objective to proceed with development
- Support PNG LNG Project, particularly in implementation of key benefits management programmes

Mananda Appraisal & Development

- Mananda 6 appraisal well planned to spud 1Q13
- More crestal location, ~5km south east and ~140m up-dip from Mananda 5 discovery
- Following recent seismic, estimated recoverable oil resource has increased from 12.5 mmbbl (25 mmboe, 50:50 oil:gas) to 30 mmbbl oil, with significant upside
- If resource is confirmed, PDL application will be submitted ~Dec 2013
- Development would involve tie-in through SE Mananda facilities, prolonging economic life of SE Mananda
- First oil targeted for 2015 with peak production up to 15,000 bopd





2012 Full Year Results Agenda

2012 Highlights	Peter Botten
Financial Overview	Stephen Gardiner
PNG LNG Project & Gas Expansion	Peter Botten
Exploration & Business Development	Julian Fowles
Operations Review	Richard Robinson
Summary	**Peter Botten**

Positioning for Growth

- Oil Search entering a phase of unprecedented growth and substantial change:
  - First LNG sales will transform production and cash flows
  - Supply of gas to PNG LNG brings new set of obligations
  - Several potential growth projects – could dramatically change business
  - Increasing size and complexity
- Focus areas for 2013 include:
  - Review of Company structure, cost base and operating model
  - Developing our people capability, including augmenting skills in key areas: right skills – right place

Milestones in 2013

- Progressive delivery of PNG LNG, in line with schedule and revised budget. Value steadily increases as cashflows get nearer
- Progress on LNG expansion plans, underpinned by P'nyang resource, augmented by other Highlands drilling
- Mananda appraisal well and possible FID by year end
  - Further potential delineated by seismic
- Gulf of Papua drilling, to start March
- High potential MENA drilling, including Taza well in Kurdistan and Semda in Tunisia
- Production expected to be flat in 2013, with active programmes to mitigate natural decline

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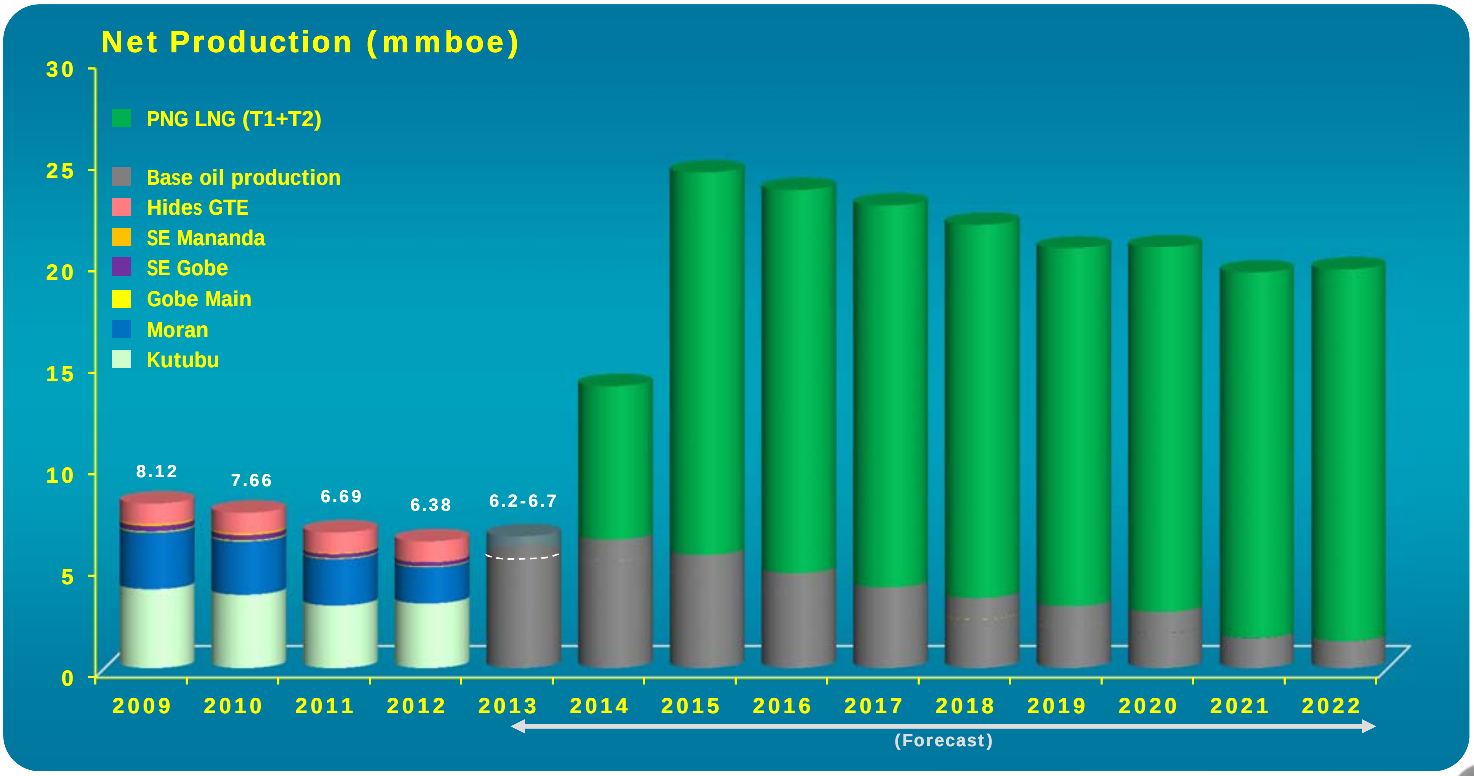
Oil Search Production Forecast



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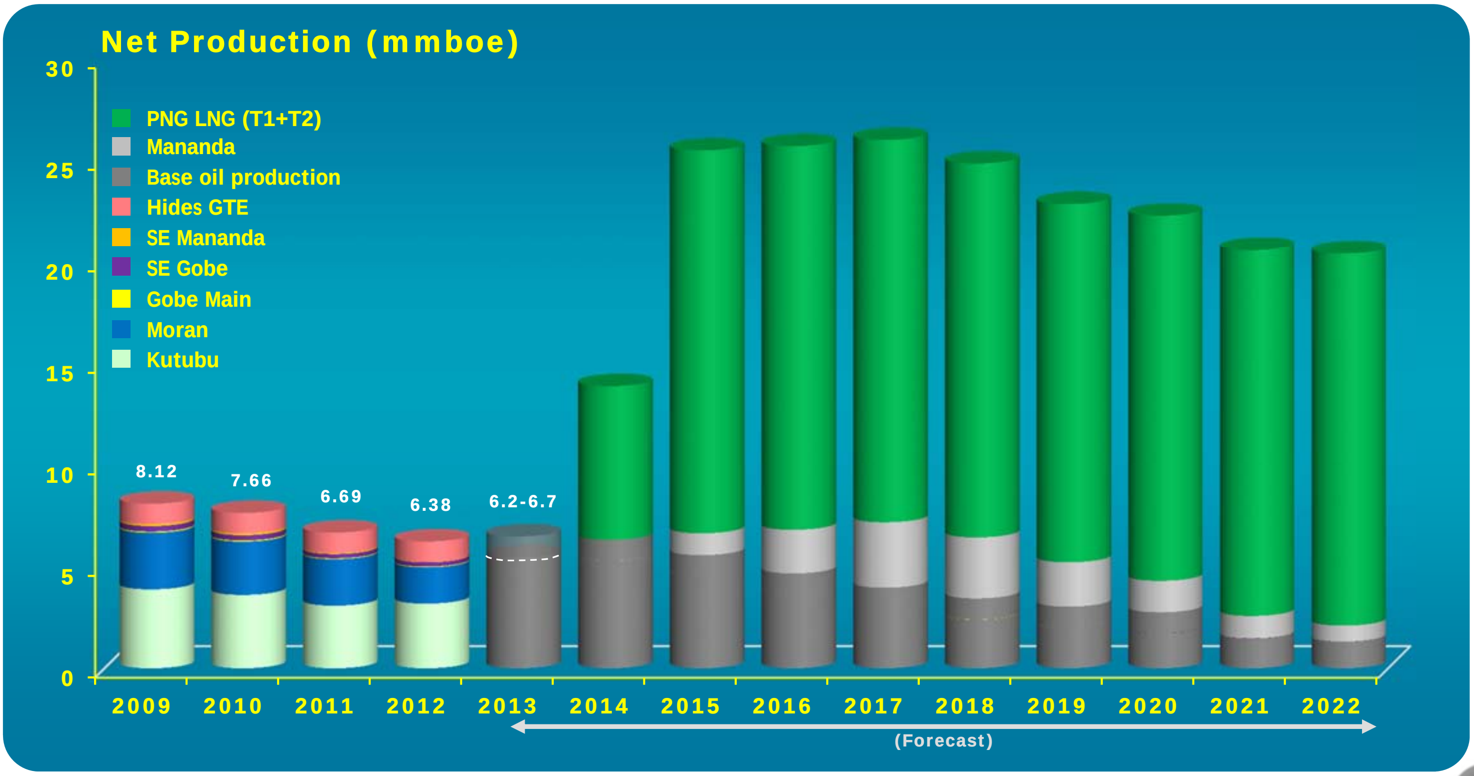
Oil Search Production – including possible Mananda development



Appendix 1: Reconciliation of NPAT to Core Profit

(US$'m)	2011	2012
Reported NPAT	**202.5**	**175.8**
Less Profit:		
Block 3 sale	-	(29.3)
Gulf farm out	-	(9.3)
PPL 260 Farm out	-	(3.4)
Add back Loss:		
PRL1 Impairment	-	19.2
Shakal Impairment	33.1	-
Core Profit	**235.6**	**153.0**

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