



UK Road show



October 2011

1



Oil Search Profile

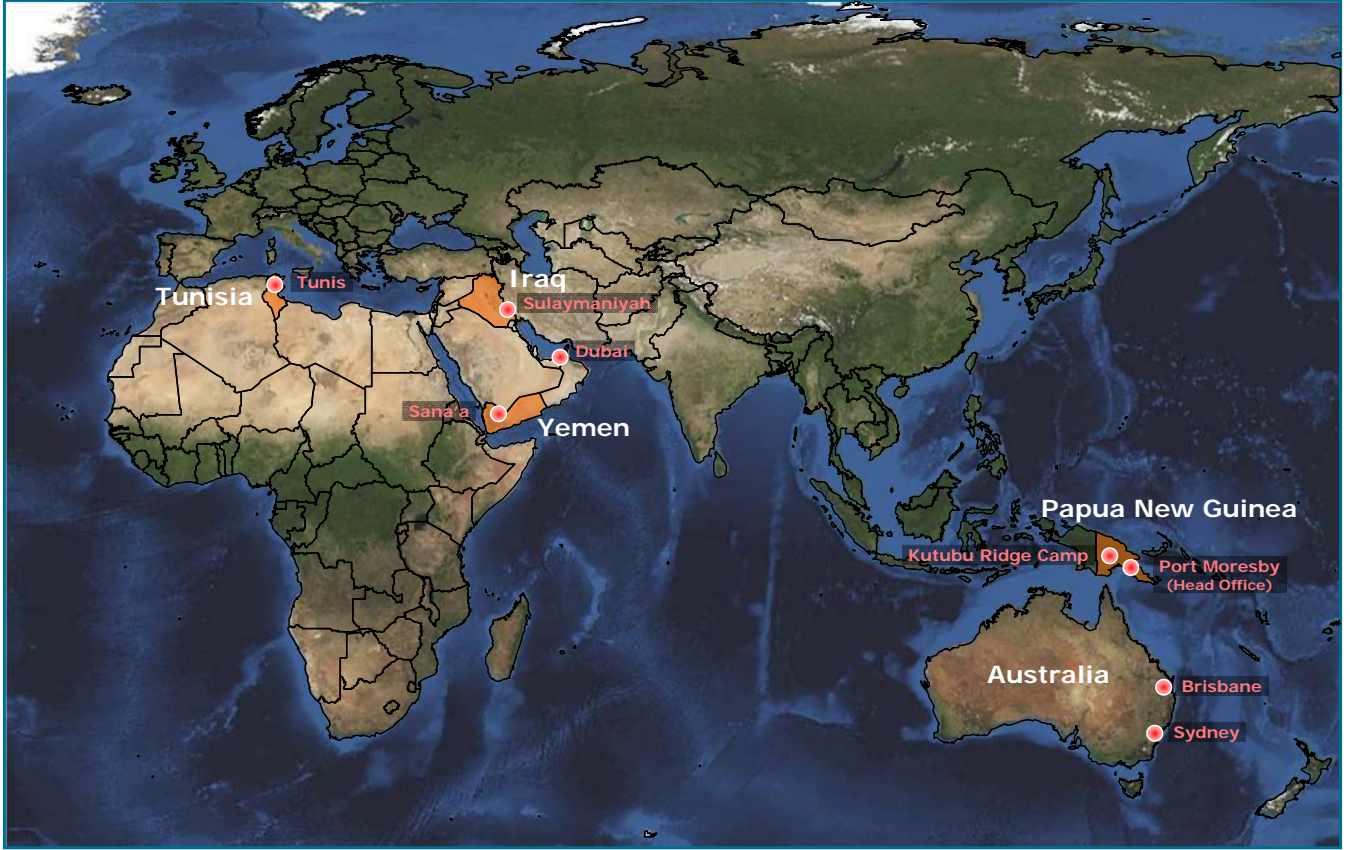
- Established in Papua New Guinea (PNG) in 1929
- Operates all of PNG's producing oil and gas fields. Current gross production ~33,500 boepd, net share ~18,500 boepd
- At December 2010, proven reserves were 337 mmboe, proven and probable 559 mmboe plus 318 mmboe 2C resources, taking 2P reserves and 2C resources to 877 mmboe
- PNG Government is largest shareholder with 15%. In early 2009, Govt issued exchangeable bond 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\$8 billion. Listed on ASX (Share Code OSH) and POMSOX, plus ADR programme (Share Code OISHY)

2



Oil Search Locations

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Key Oil and Gas Fields, PNG

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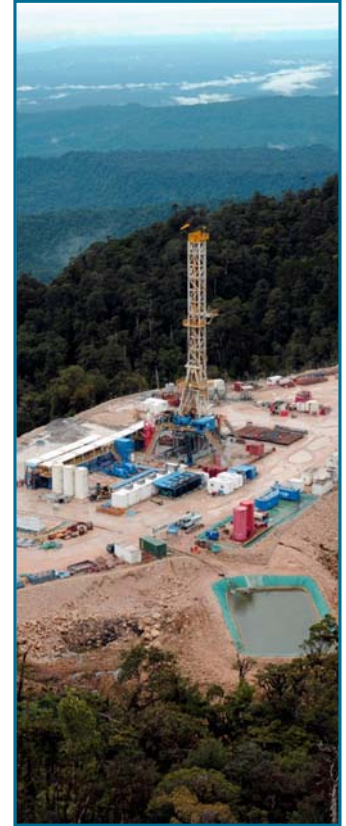




OSH Strategies to Create Value

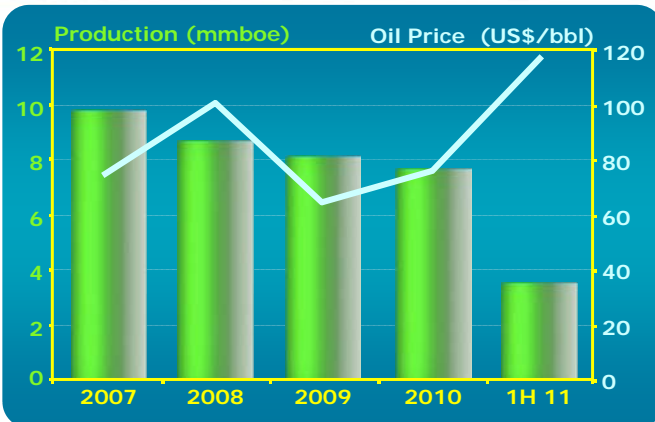
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- Optimise current oil and gas production: Through improved efficiencies and pursuit of near field opportunities
- Maximise value of PNG LNG Project (T1 & T2): By utilising in-country knowledge to assist Operator
- Develop LNG and other gas expansion 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'



Strong Performance in 1H11

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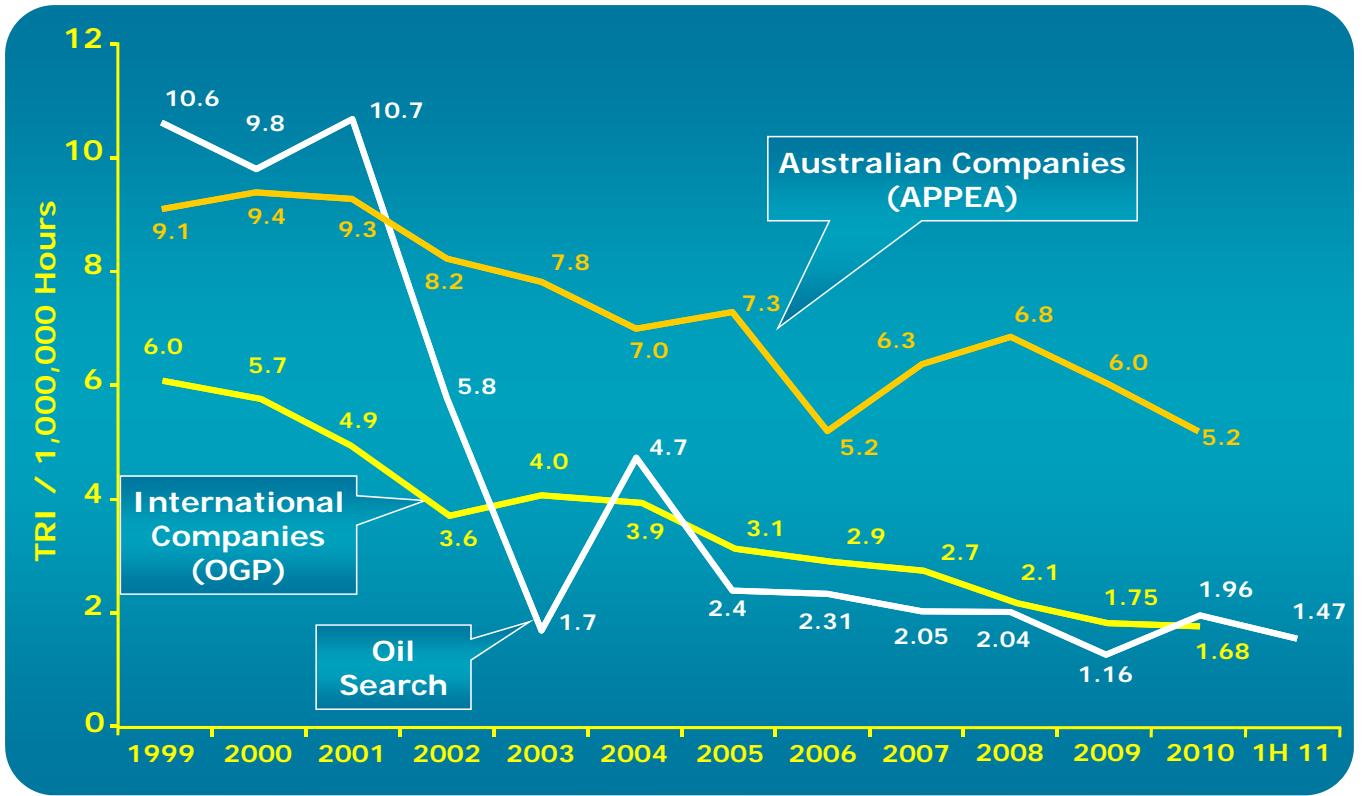
- 1H 2011 NPAT increased by 117% to US\$114.5 million
- Result driven by 53% increase in realised average oil price of US\$116.89 per barrel, more than offset 10% lower production of 3.56mmboe
- Cash operating margin stable against back drop of inflationary pressure in PNG coupled with adverse currency movements and declining volumes



World Class Safety Performance

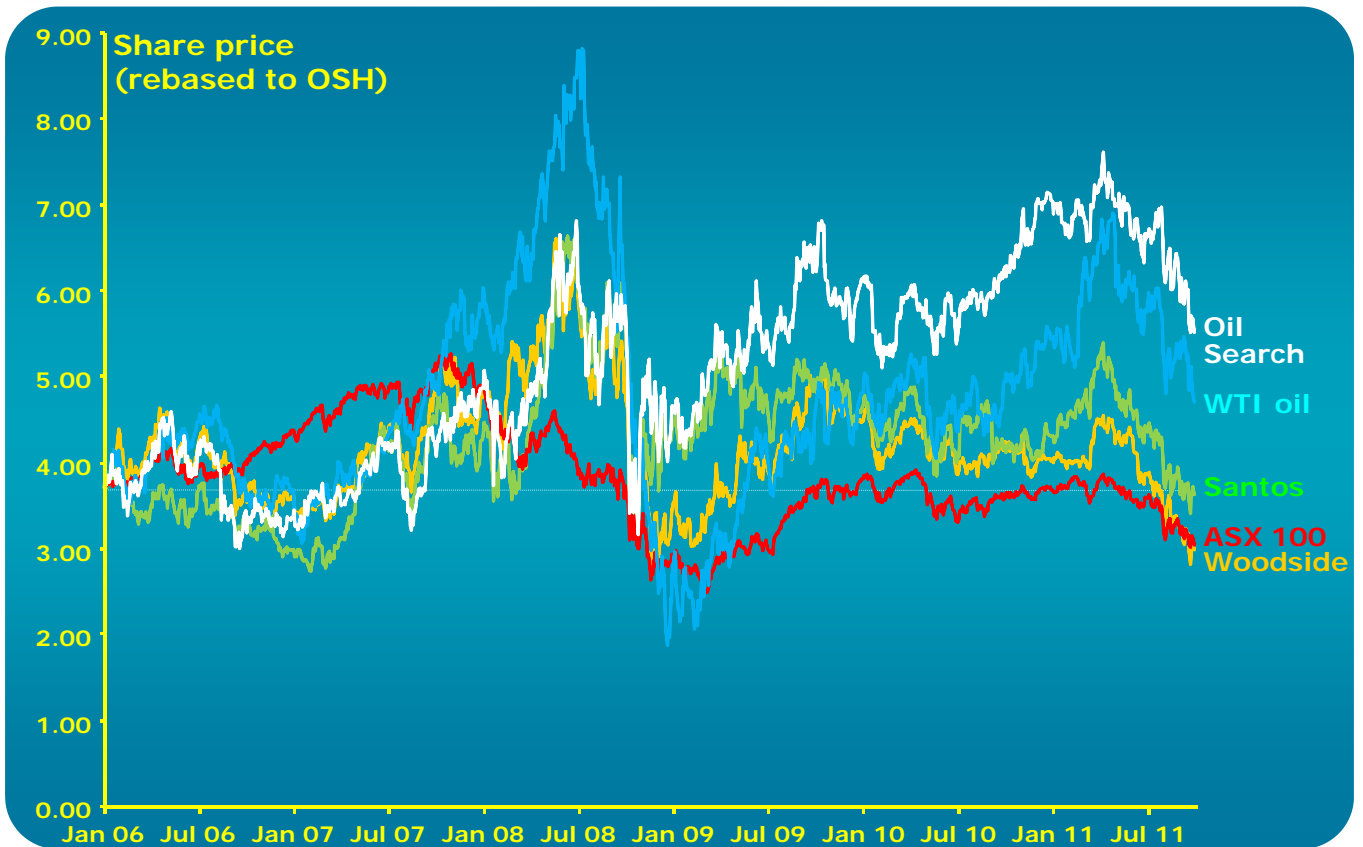
Total Recordable Injury Frequency Rate of 1.47 in 1H11

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Share Price Performance

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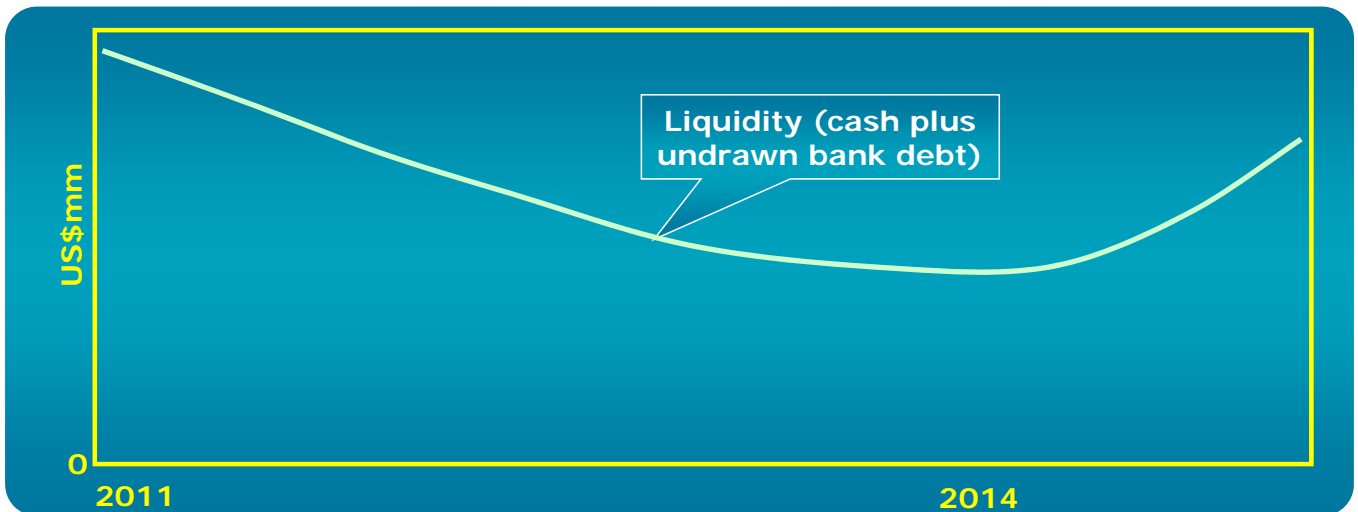


Treasury Update - 30 June 2011

- US\$1.23 billion in cash at end June
- Cash invested and actively managed with highly rated bank counterparties
- US\$275.5 million available from term revolving facility, nil drawn down. Facility doesn't expire until 2013, will refinance prior to expiry
- No oil hedging undertaken during 1H11 or currently in place - realised earnings uplift from 2011 oil price recovery
- US\$1.32 billion has been drawn down under the PNG LNG project finance facility
- 2011 interim dividend of two US cents per share to be fully underwritten via DRP



Liquidity



- Outlook updated for first half cash generation, investment spend and forward prices
- Liquidity (including escrowed cash) at the end of 1H 2011 ~ \$1.5 billion
- Company is well placed to meet existing commitments / base business plan with sufficient liquidity to deliver on strategic plan initiatives

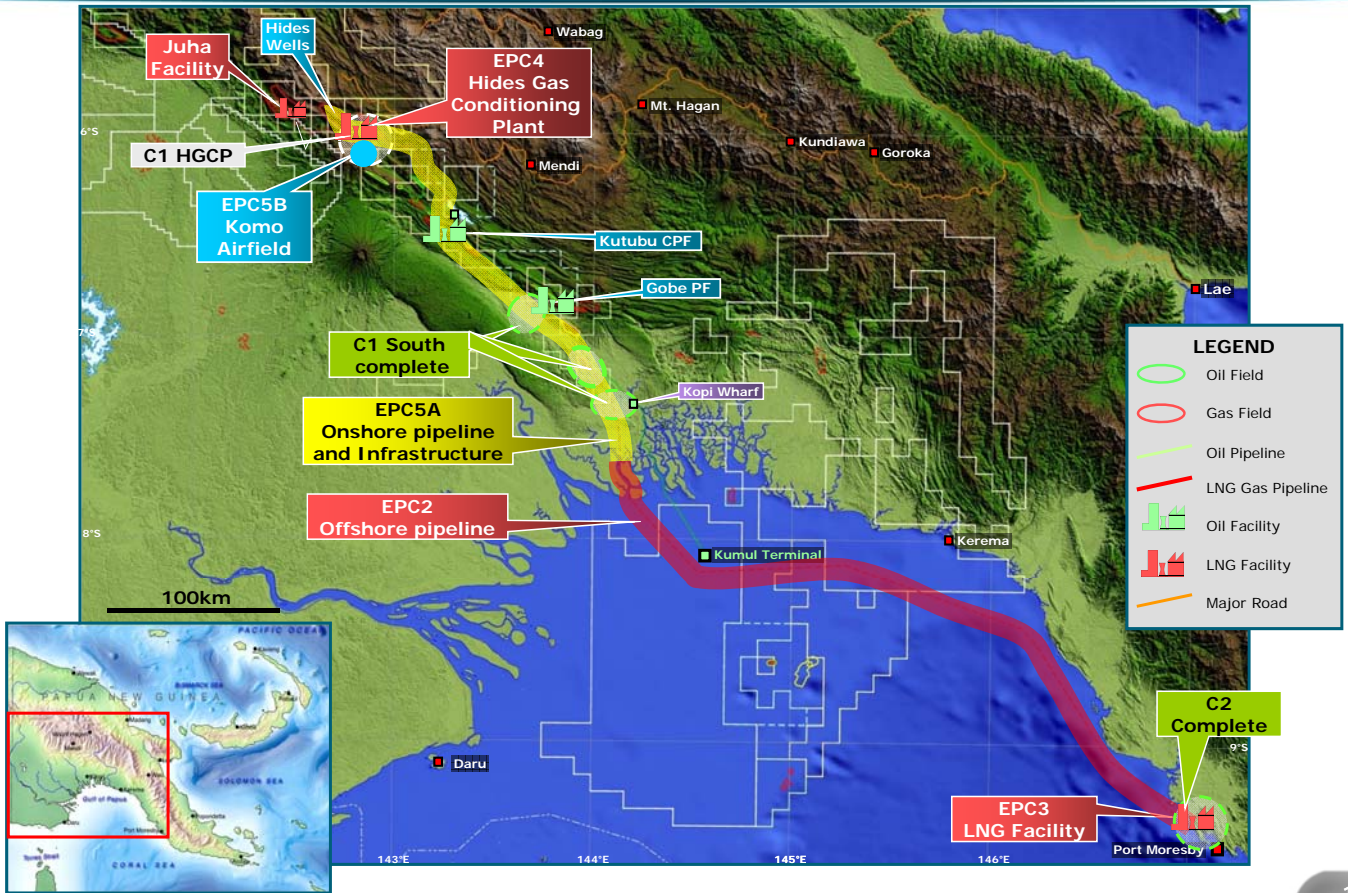
Key Assumptions:

1. Brent Forward curve pricing as at 1 July 2011
2. PNG LNG Project on schedule and budget
3. Includes T3 pre FEED costs
4. Production, operating costs and investment spend based on strategic review business plan
5. Existing oil facility refinanced



PNG LNG Project Overview

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PNG LNG Project Overview

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- 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%
 - Kroton2 (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





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) | Aker Solutions |

— Different labour environment to Australian LNG projects

— Four-year construction period. First LNG sales expected 2014, capital cost US\$15 billion



Milestones achieved in 1H 2011

- Ground-breaking and pouring of first foundations at the LNG plant site
- Commencement of welding and burial of onshore pipeline, continued clearing and stringing of pipe along the route
- Construction of Caution Bay offshore pipeline support site
- Completion of training facilities at Juni in Highlands
- Continued early construction activities both in Highlands (incl. earthworks at Hides plant site and Komo airfield, road and bridge upgrades) and at PNG plant site near Port Moresby
- Ramp-up in PNG workforce and use of PNG suppliers. Total workforce at end June of 9,300, of which 6,600 were PNG nationals (71%)



Focus items for 2H 2011

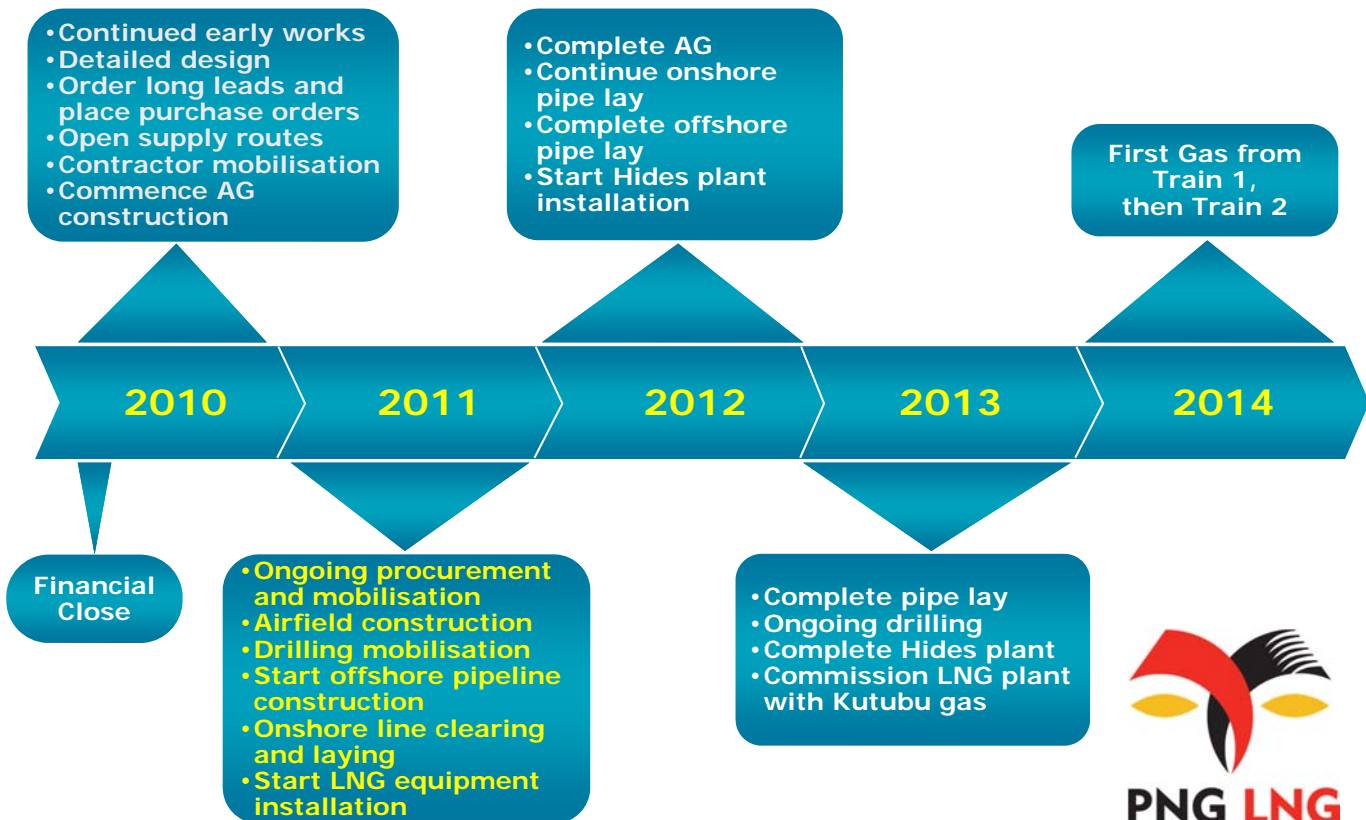
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- Community engagement and downtime management
- Working with new Government to ensure continued alignment and delivery of obligations
- Wellpad and Hides spine road development
- First stage of Associated Gas project at CPF (successfully completed)
- Commencement of work on Kumul rejuvenation following completion of fabrication of new Single Point Mooring (SPM) for Kumul loading terminal
- Onshore pipeline installation
- Commencement of offshore pipelay
- Continued progress at LNG Plant site
- Rig mobilisation and arrival and site preparations
- Strong A\$



Timetable

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PNG LNG Project - Onshore Pipeline Construction

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Pipeline stringing, onshore pipeline

Kopi Scrapper Station



Completed Mubi River crossing



PNG LNG Project - Onshore Pipeline Construction

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Pipe Welding

First weld



Pipe Lowering-in



PNG LNG Project

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Drilling Rig 702 -
Ribbon cutting ceremony, Houston Texas

Hides Conditioning Plant -
Pioneer camp construction



PNG LNG Plant Site

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February 2011

July 2011





PNG LNG Plant Construction

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Marine jetty piling

Process pipe rack construction



21



Gas Growth and Exploration

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- Key strategic priority for Oil Search is to grow gas business in PNG
 - Pursuing two pronged strategy:
 - PNG LNG Expansion
 - Gulf Area LNG
- PNG near field oil exploration
- High graded exploration outside PNG

22



Drilling Programme

- Embarking on one of the largest drilling programmes ever undertaken, starting 4Q11 continuing through 2012, into 2013
- Multi-TCF risked potential for gas and several hundred millions of barrels of oil potential
- Appraisal and development drilling
 - Hides
 - P'nyang
 - Kutubu, Moran and likely Mananda
- Exploration
 - Trapia (PRL 11)
 - Near field oil exploration
 - Gulf Area drilling, subject to final seismic results
 - Taza, Kurdistan
- Potential to underwrite continued gas commercialisation and short-medium term oil production



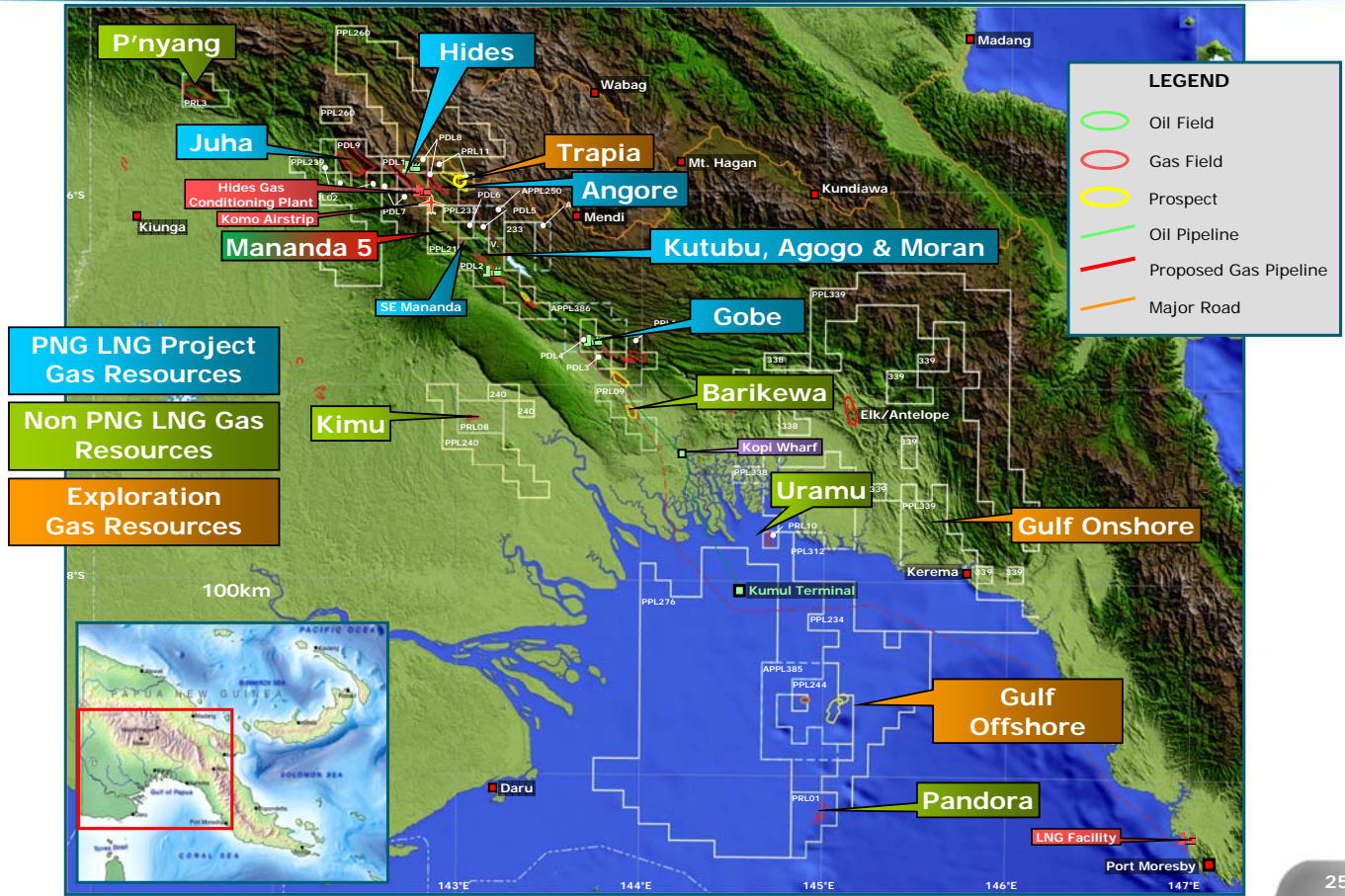
PNG LNG Expansion

- Integrated exploration and appraisal drilling programme in the Highlands
- Results by mid/late 2012
- Upside in Associated Gas fields:
 - Detailed evaluation ongoing by Oil Search
 - Targeting alignment with PNG LNG Co-Venturers in 2012
- Hides Gas Water Contact Well:
 - Hides development drilling scheduled to commence in late 2011, Gas:Water Contact well planned early in drilling sequence
 - Optimisation with logistics and construction (Komo and HGCP)
- P'nyang and Trapia (formerly Huria) wells targeted for 4Q11 and 1Q12 spud respectively



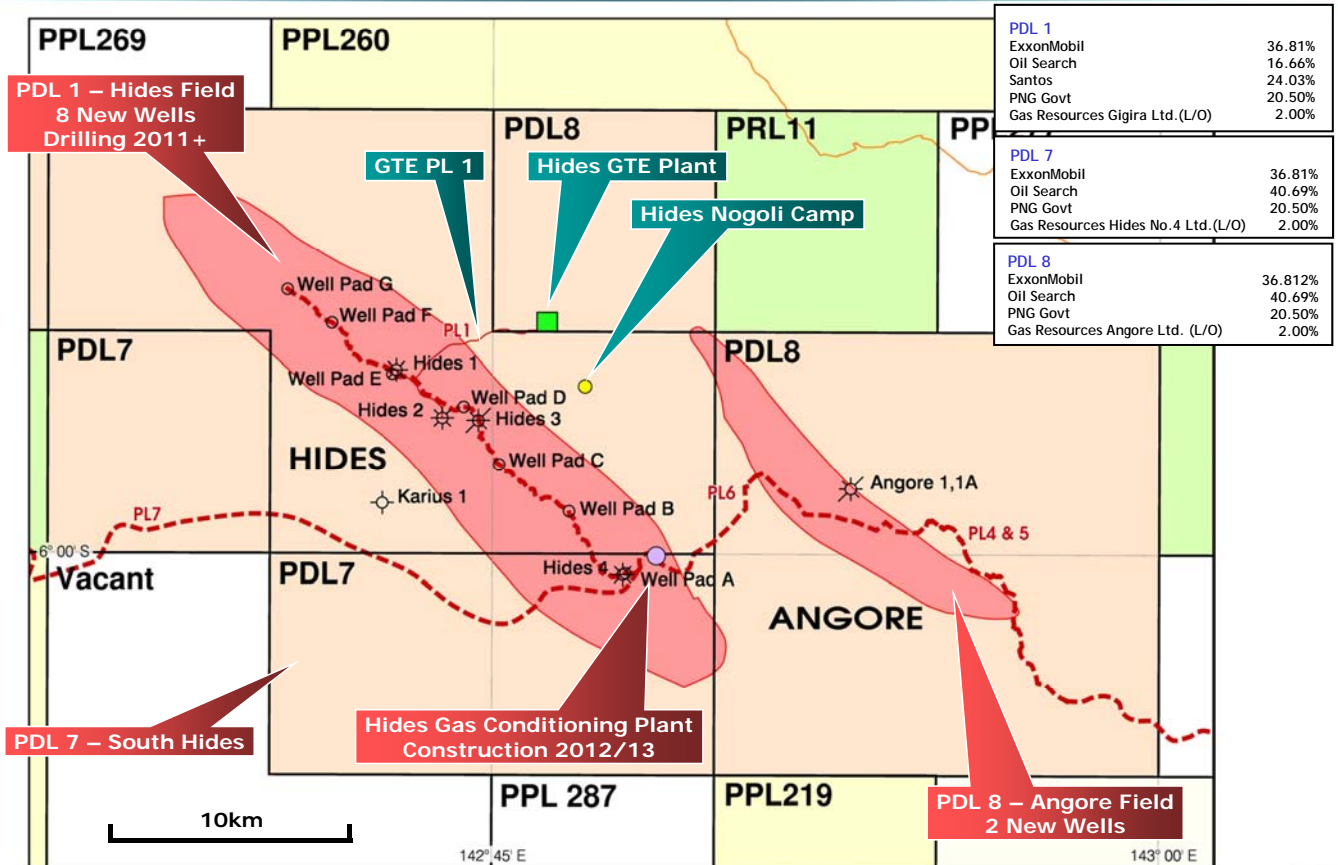
PNG LNG Expansion

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PDL 1, PDL 7 and PDL 8 Hides & Angore

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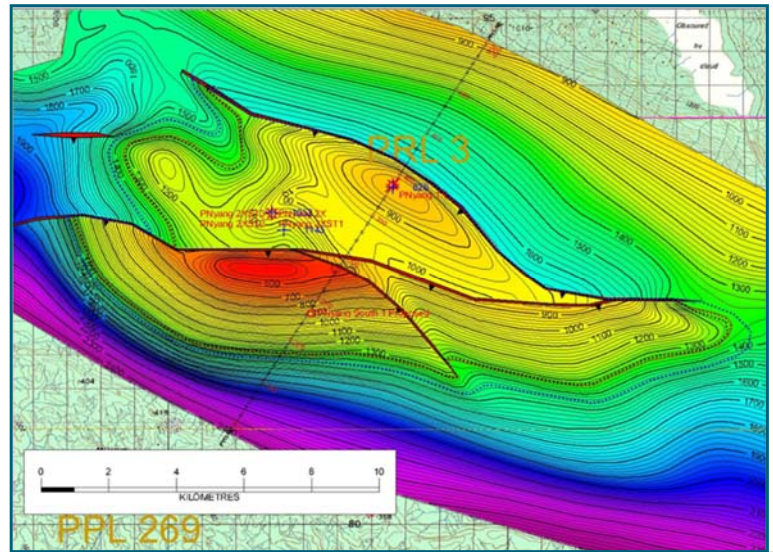
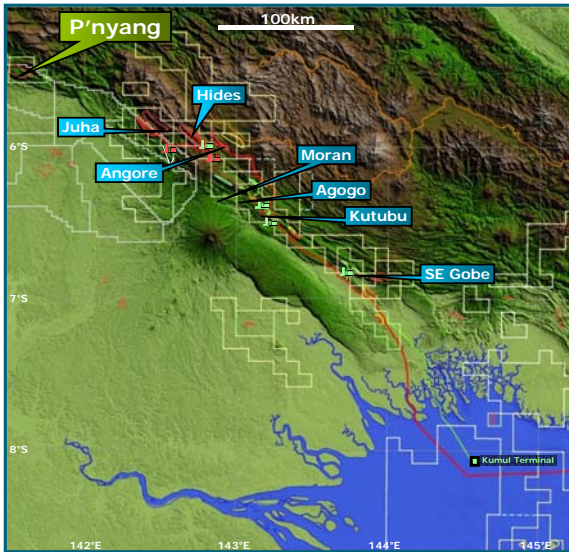




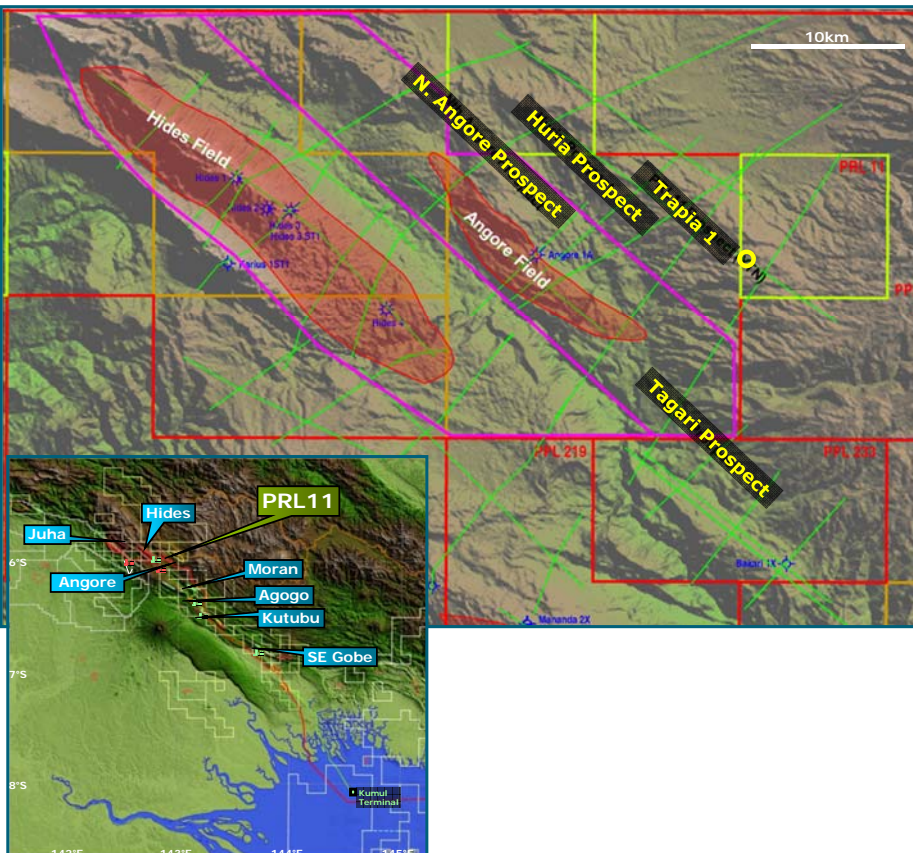
PNG LNG Expansion

P'nyang (PRL 3)

- ExxonMobil 49%, Oil Search 38.5%, JX Holdings 12.5%
- Appraisal well scheduled for 4Q11
- Targeting southern fault block
- Aim is to move 3C to 2C and increase 1C resource
- Potential 2C of ~2 tcf



PNG LNG Expansion



Trapia 1 (PRL 11)

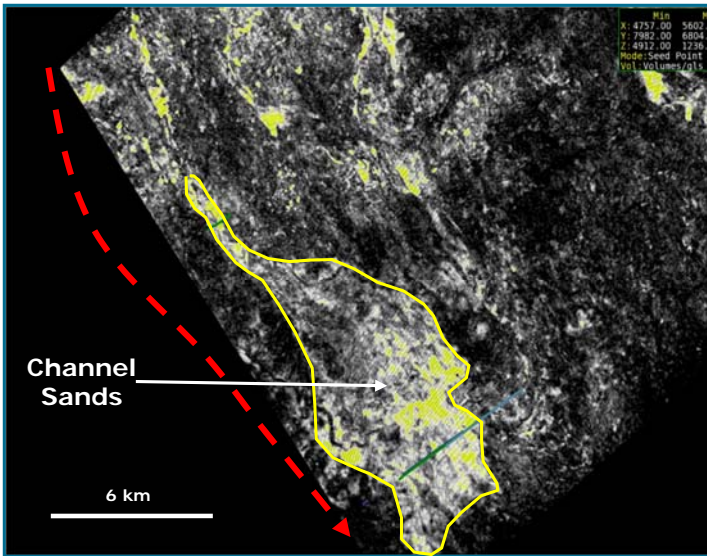
- Oil Search 52.5%, ExxonMobil affiliates 47.5%
- Exploration well scheduled for 1Q12
- Series of prospects in area:
 - Reasonable seismic but structural uncertainty remains
 - Multi-tcf potential in area
 - Partial dependency. Exploration potential remains in event of success or failure at Trapia



Analogue Comparison

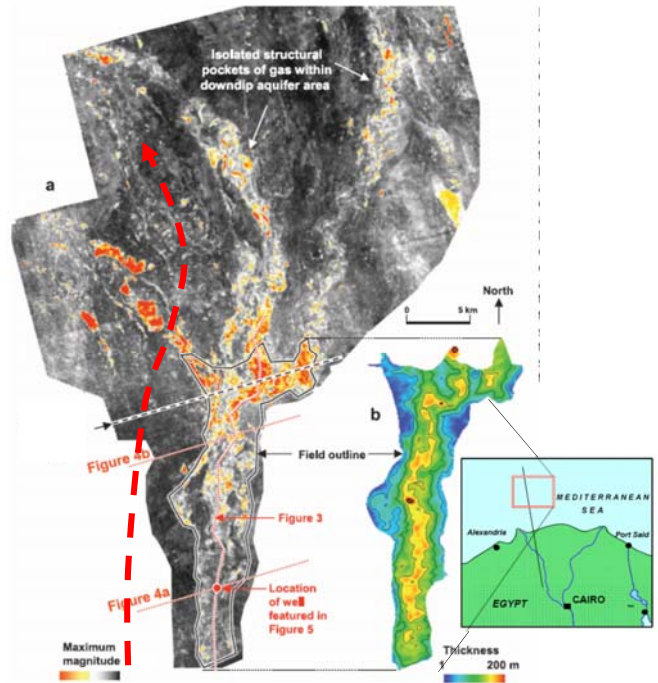
Kokomo Prospect - Gulf of Papua vs. Sequoia Field - Nile Delta

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Kokomo Prospect
Gulf of Papua, PNG
Oil Search

- High Amplitude Anomalies
- Sediment flow-direction



Sequoia Field
Nile Delta, Offshore Egypt
British Gas
9Tcf

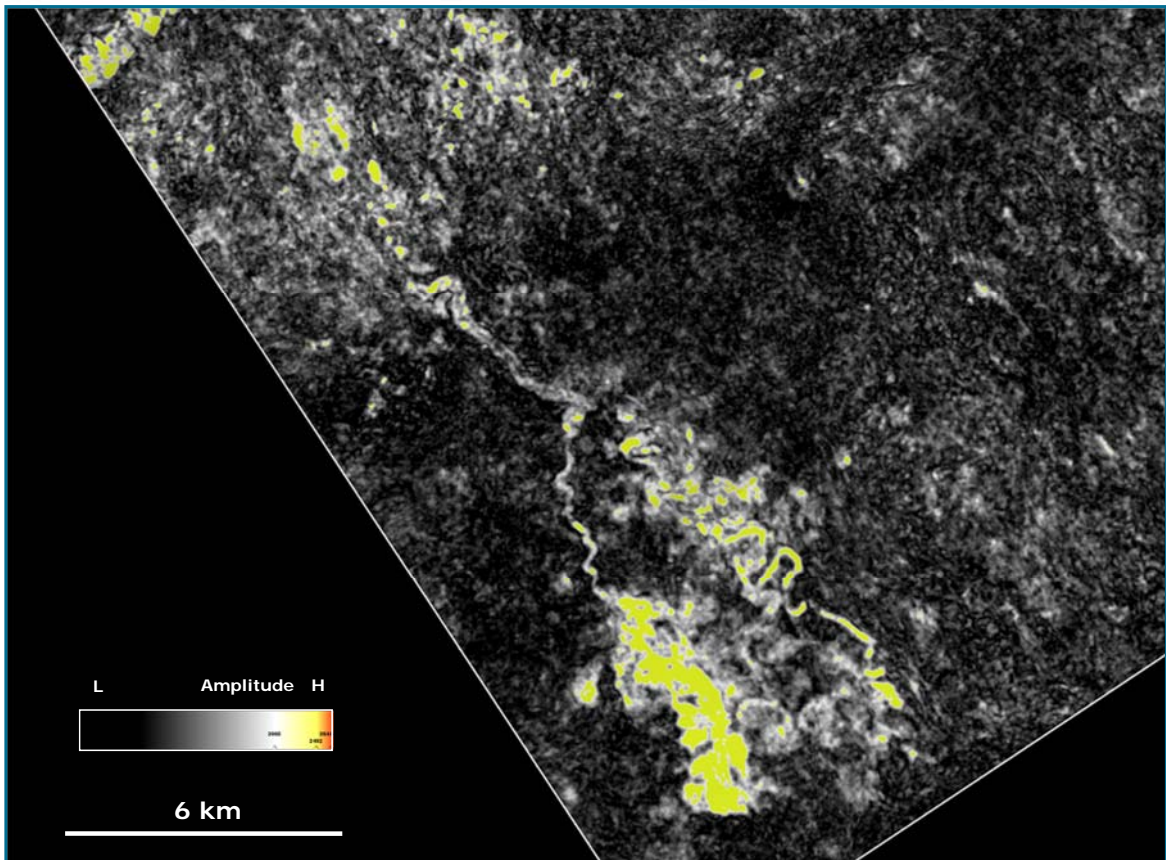
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Kokomo Prospect

Reservoir Lower Channel

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Map view of horizon slice

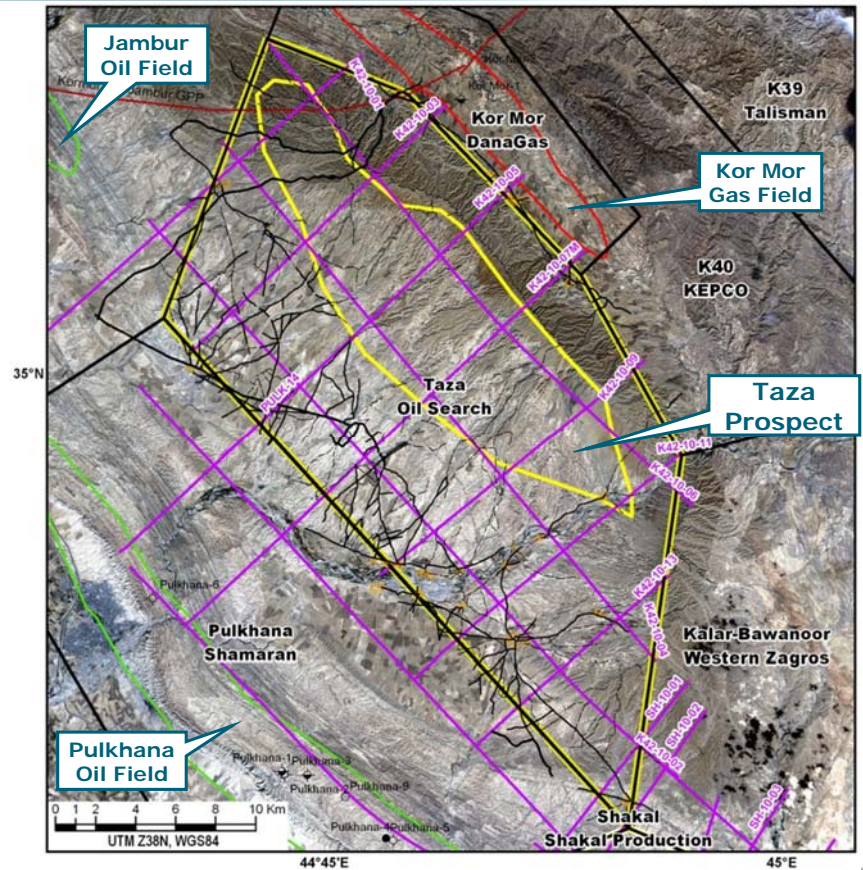
32



Kurdistan - Taza PSC

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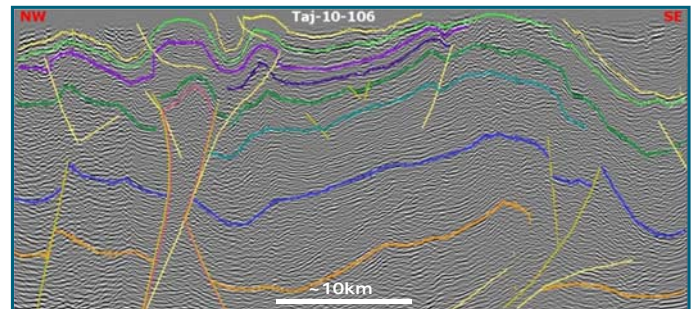
- PSC signed after exercising Option Agreement
- Oil Search entry as Operator in extremely active Kurdistan Region of Iraq
- Very prospective location adjacent to three fields
- Large, simple 4-way dip closure identified from 2010 seismic
- Well scheduled to spud in 1H12



Tunisia

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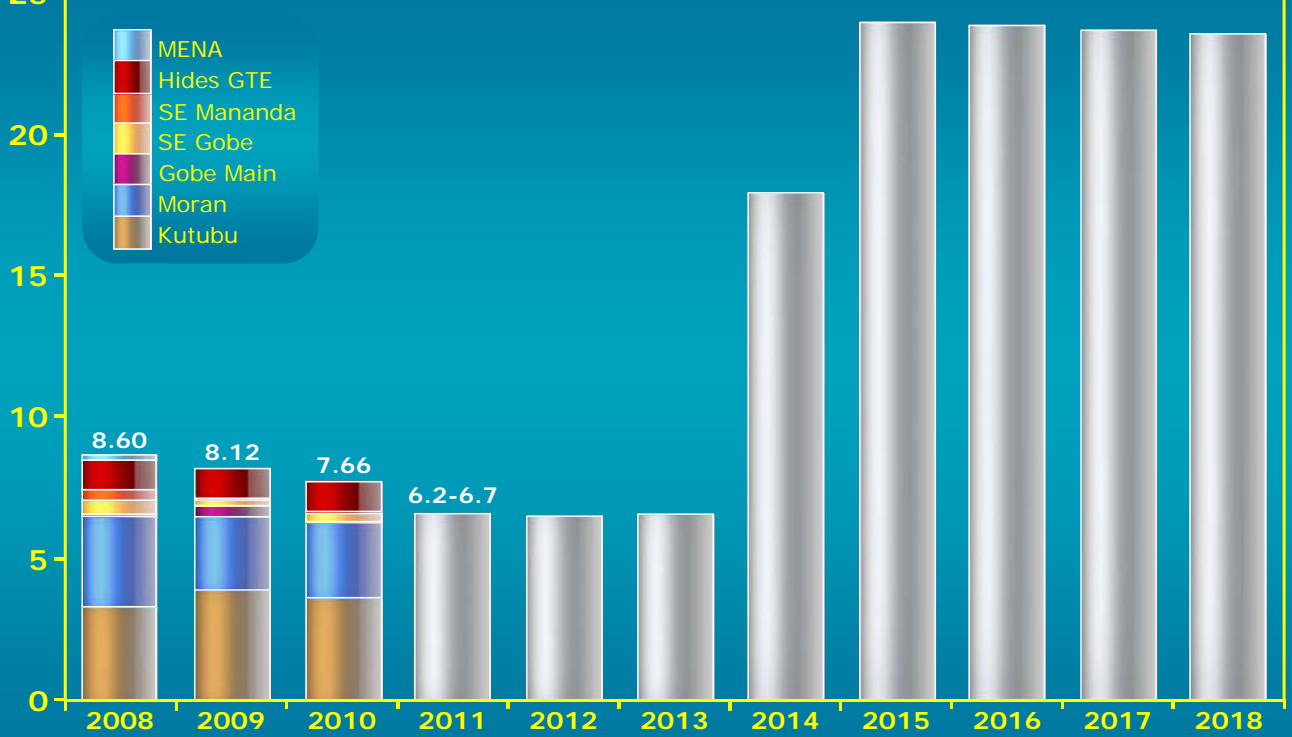
- 2010 seismic evaluation complete
- Large structures mapped
- Proven plays present and new deep gas play developed
- Prime prospect in Tajerouine permit has potential for >100 mmstb oil and >400 bcf gas
- Fiscal regime favourable
 - Prospect sizes commercially attractive
- Exploration well in Tajerouine to be drilled in late 2012





Oil Search Production

Net Production (mmboe)



2011 Production Outlook

- Production in 1H of 3.56 mmboe, solid performance with underlying production from oil fields generally consistent with expectations
- Gas injection well at Usano, UDT 13, drilled successfully. Providing support to key production well in Usano East
- IDT 25 development well successfully drilled in Kutubu Main Block Toro:
 - Good indications of hydrocarbons in Toro reservoir
 - Well deepened to exploration target in Koi lange horizon, with hydrocarbon indications - will be flow tested in 4Q11
- 2H11 production will be impacted by:
 - Two week shutdown for tie-in of Associated Gas facilities (successfully completed)
 - Natural decline
 - Repairs to HP compressor at APF
- Workover programme using the Hydraulic Workover Unit (HWU) underway at Gobe
- Full year estimate remains consistent with guidance (6.2 - 6.7 mmboe)
- Production out to first LNG broadly flat, subject to success of work programmes

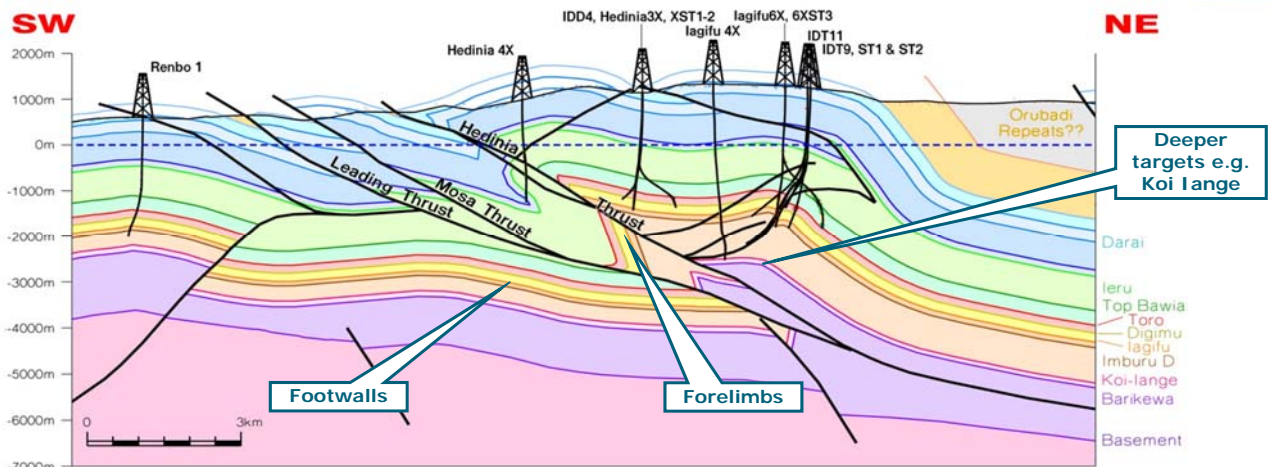


Near Field Exploration

- Detailed review of "near field" exploration potential in and around existing producing fields as part of 2010 strategic review
- More than 25 opportunities currently identified
- Potential:
 - 125 mboe net (approximately half oil, half gas)
- Higher risk than historical development drilling:
 - Difficulty imaging
 - Untested reservoir properties
 - Complex geology
- Risk management:
 - Integrating with existing pads and wells to reduce cost
 - Fall back of safer, conventional proven targets
 - Step wise approach, building out from known positions



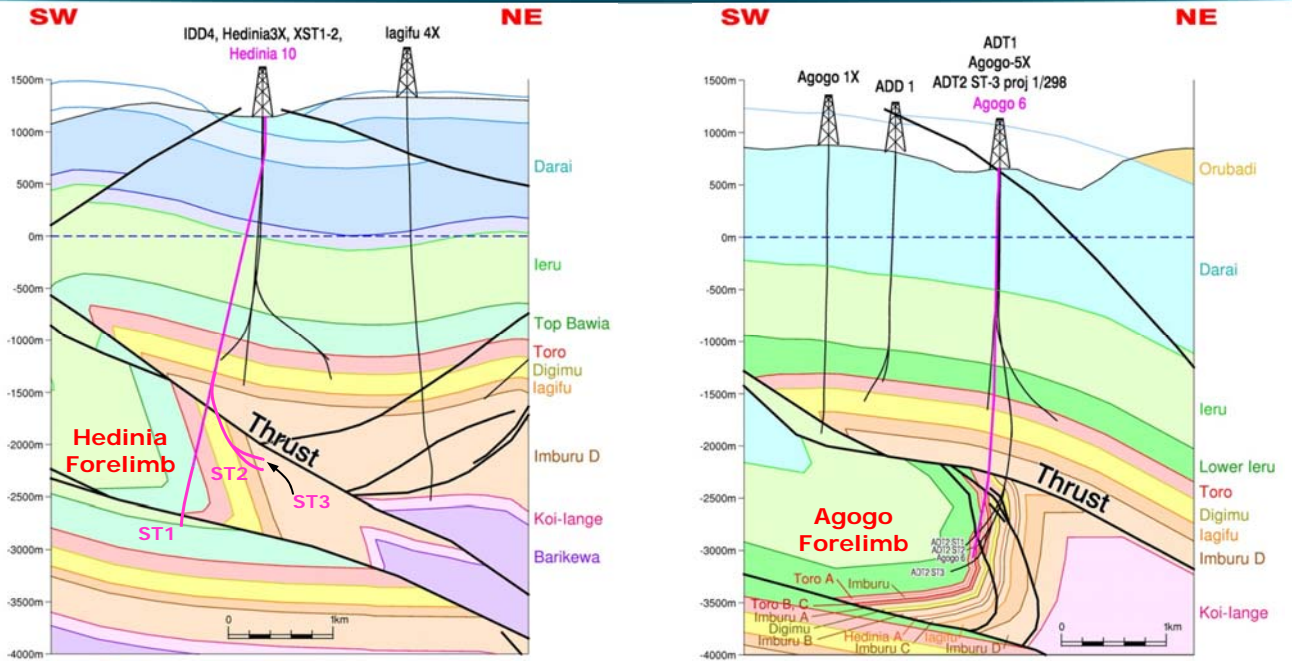
Near Field Exploration



- Focused on:
 - Deeper Koi-lange play:
 - Potentially underlies all producing reservoirs
 - Penetrated by IDT 25, due to be tested in 4Q 2011
 - Forelimb play:
 - ADT 2 look alike
 - Currently drilling Hedinia 10 forelimb
 - Agogo 6 well in 4Q
- Play extensions:
 - Based on detailed remapping and 2011 seismic
 - Potentially SE Mananda and Kube Kabe (north of Kutubu)
- Footwall targets:
 - Hedinia, Moran, Mananda



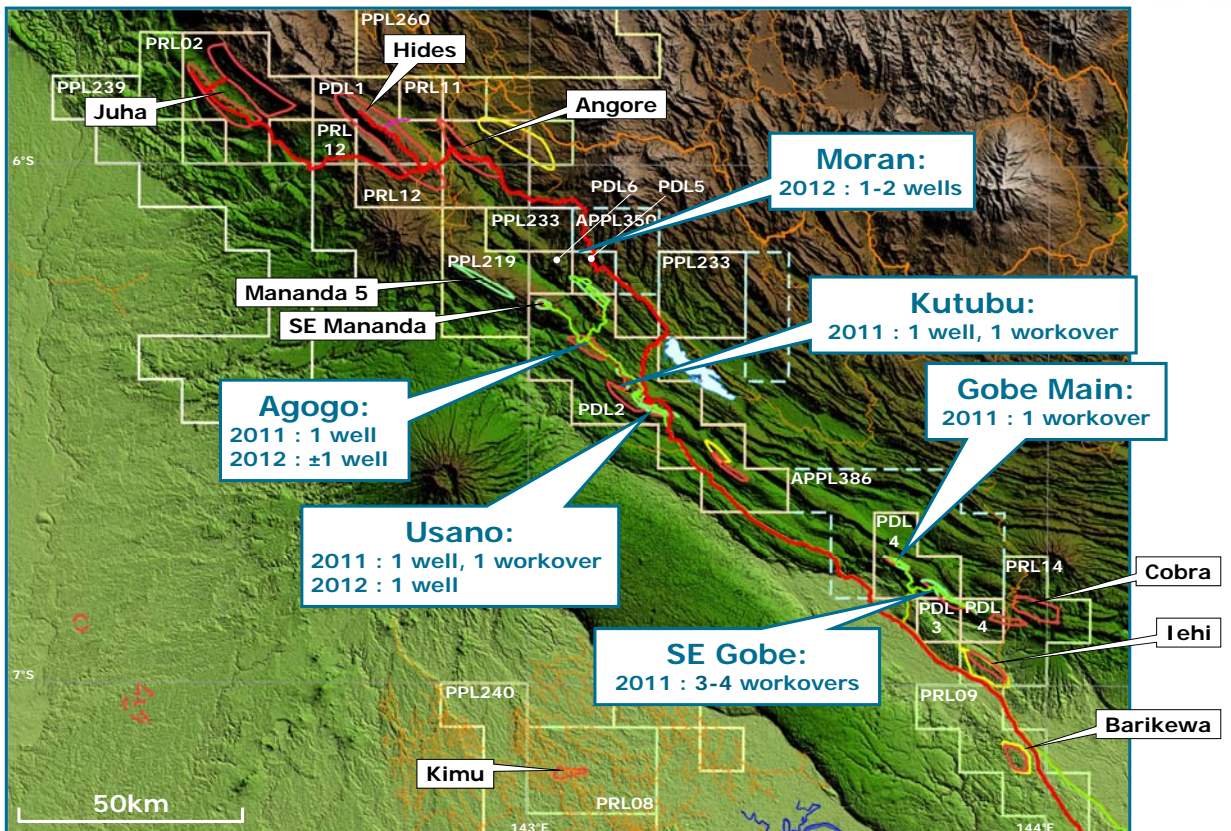
2H11 Drilling Activity



- Hedinia 10 targeted ADT2 lookalike forelimb structure under producing Hedinia field within Kutubu. Well found thin oil column in Toro reservoir, successfully proving structural model. Well now being sidetracked updip to appraise size of discovery
- Agogo 6 is follow-up to ADT2 targeting Agogo Toro forelimb and extent of Digimu forelimb



2011/12 Development & Near-Field Appraisal Drilling Activity





2H11 Focus Areas

- Maintain OSH's industry-leading safety performance in high activity environment
- Strong commitment to cost effectiveness
- PNG LNG Project commitments driving operational developments:
 - Deliver the Associated Gas Project as planned
 - Improved reliability and long term integrity
 - Life extension programmes for facilities
 - Upgrade of key systems and processes
 - Enhanced development of personnel
- Continued focus on capturing additional in-field and near field reserve opportunities

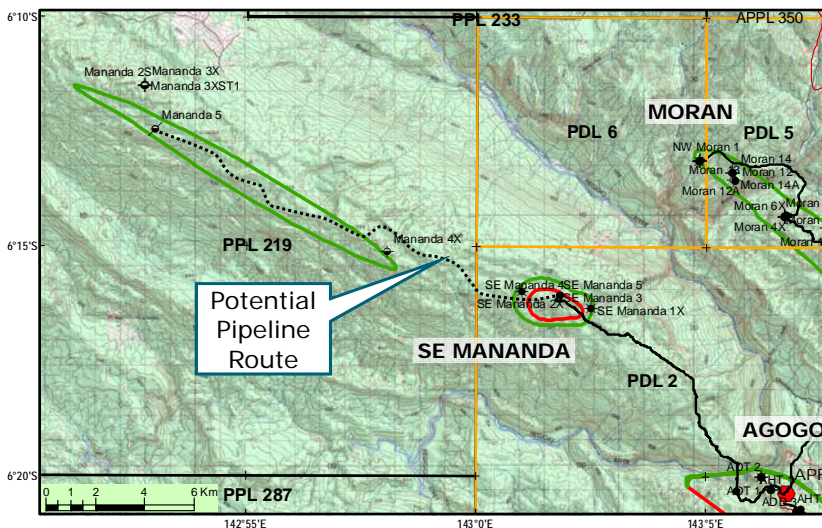


Mananda 5 Discovery

- 25 mmboe discovery, ~50:50 oil:gas
- Confirmed oil in Toro A, B & C
- Ambiguous in Imburu & Digimu
- Location application lodged with DPE



- Subsurface, engineering and in-country issues evaluation ongoing
- Decision on development or further appraisal by end 2011





PNG Operating Environment

- PNG has built enviable investment record of fiscal stability in resources sector over past 15 years
- Unprecedented investment now taking place in oil, gas and mining, encouraged by attractive fiscal policy and stability
- History of constructive dialogue between industry and Government to manage issues and expectations
- Anticipate that this will continue with new Government, led by Prime Minister Peter O'Neill



PNG Operating Environment

- Rapidly changing economic and social landscape
 - Changes in traditional tribal culture
 - Increased expectations and opportunities
 - Education and communications
- Focus on improving benefits distribution system, transparency and service delivery
- Strong support from landowner leaders and key institutions



Managing Operating Risk

- Oil Search has increased its focus on managing in-country issues
 - Seen as key way to mitigate operating risk
- Expanded Sustainability Group is focusing on:
 - Government/regulatory
 - Promoting transparency
 - Sovereign wealth funds
 - Supporting benefits distribution process
 - Providing support to PNG Government bodies, when appropriate
 - Relationship building between Government, Landowners and other businesses
- Oil Search Health Foundation:
 - Expanding the successful OSH model for health programmes to other areas of PNG
 - Nominated as Principal Recipient for grants from The Global Fund to deliver HIV and malaria programmes



Summary

- Delivery of PNG LNG underway:
 - Robust project
 - Outside crowded Australian LNG space, conventional onshore gas, limited technical risks
 - High quality Operator, making good progress towards first sales in 2014
- Largest ever drilling programme
- Oil fields generating strong cash flows. Production impacted by associated gas construction in 2H, but expect production to remain flat in 2012/13 despite field maturity
- PNG challenging environment, increased focus on managing risk
- Balance sheet remains strong, ample liquidity to meet LNG obligations and to mature expansion activities



2011 Full Year Guidance Summary

- Production:
 - 6.2 - 6.7 mmboe
 - Similar performance in 2012 and 2013, subject to success in planned work programmes
- Operating costs
 - US\$19 - 21/boe (incl corporate costs)
 - Impacted by:
 - Lower production volumes
 - 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



2011 Capital Outlook Update

US\$'m

Investing :

| | 1H 11 | 2H 11 | 2011 |
|----------------------------|-------|---------|-------------|
| Exploration inc gas growth | 54 | 110-130 | 160-180 |
| PNG LNG | 595 | 600-800 | 1,200-1,400 |
| Production | 57 | 70-90 | 130-150 |
| Corporate (inc rigs) | 3 | 7 | 10 |

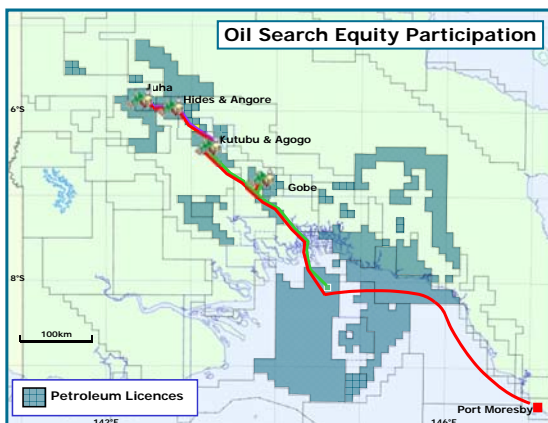
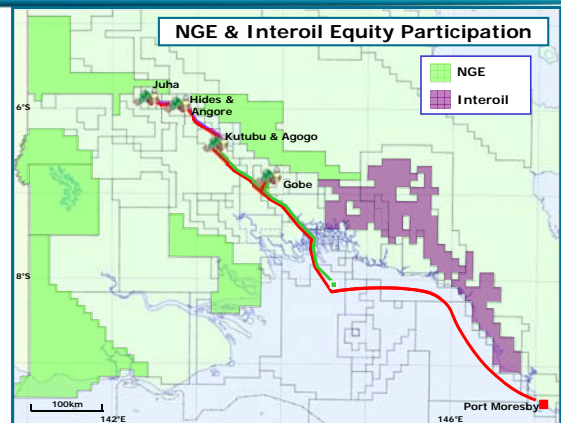
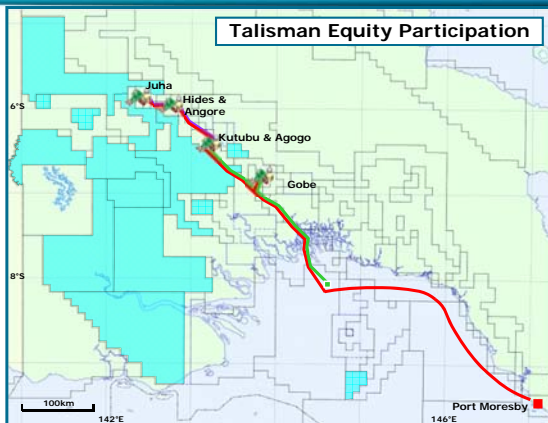
Financing :

| | | | |
|-----------|----|----|----|
| Dividends | 0* | 0* | 0* |
|-----------|----|----|----|

* Dividend fully underwritten



Other Key Players in PNG



- Talisman and Sasol 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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