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 billion. Listed on ASX (Share Code OSH) and POMSOX, plus ADR programme (Share Code OISHY)
OSH Strategies to Create Value

- **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’
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
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 (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

2010
- Financial Close

2011
- Continued early works
- Detailed design
- Order long leads and place purchase orders
- Open supply routes
- Contractor mobilisation
- Commence AG construction
- Ongoing procurement and mobilisation
- Airfield construction
- Drilling mobilisation
- Start offshore pipeline construction
- Onshore line clearing and laying
- Start LNG equipment installation
- Complete AG
- Continue onshore pipe lay
- Complete offshore pipe lay
- Start Hides plant installation

2012

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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Focus items for 2012

- 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

PNG LNG Project
Plant Site near Port Moresby
PNG LNG Plant Site

Facebook PNG LNG

PNG LNG Project - Offshore Pipeline

SEMAC I – Offshore pipelay vessel
PNG LNG Project
Onshore Pipeline

- Pipeline route clearing
- Pipe stringing
- Pipe welding team
- Pipe burial

PNG LNG Project - Upstream

- Hides Gas Conditioning Plant and Hides well pad access road
- Komo Airfield
AG and PL 2 Life Extension Projects

New Control Room at CPF - commenced operations in January 2012

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

TEG Dehydration Unit installation

Growth Activities

- OSH has embarked on largest drilling programme ever undertaken. Will continue through 2012 into 2013
- Multi-tcf risked potential for gas and several hundred millions of barrels of oil potential
- For gas, pursuing two pronged strategy, focused on converting proven and probable to proven contractable reserves, plus new exploration:
  - PNG LNG Expansion
  - Gulf Area LNG
- For oil and gas:
  - Continuing near-field exploration in PNG
  - Pursuing high-graded exploration outside PNG
- Programme has potential to underwrite continued gas commercialisation and ongoing oil production

Angore anticline, PNG Highlands
**P’nyang South 1**

- Appraisal well successfully discovered gas in southern fault block
- Sidetrack currently underway to establish gas:water contact and extent of discovery
- PRL 3: ExxonMobil 49%, Oil Search 38.5%, JX Holdings 12.5%

**Trapia 1**

- Trapia exploration well scheduled to follow P’nyang South
- 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**

Hides development drilling programme:
- Scheduled to commence in mid 2012, with GWC well planned for early in drilling sequence
- GWC well has potential to increase overall Hides resource volume significantly
- Drilling timing adjusted to accommodate Project critical path optimisation

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**Further Resources from Oil Fields**

- Reserves and deliverability review underway for oil and gas in existing oil fields
- Will provide optimal production management plan post commencement of gas production for PNG LNG
- Number of recent discoveries, identification of areas for potential new reserves and success in gas conservation ahead of original prognosis will provide further resources for PNG LNG
- Potential upside for both gas and ongoing oil production
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
- Initiating additional 3D seismic programme over most prospective neighbouring area

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

Is gas migrating from the deep kitchen through faults in the Miocene section?

Kurdistan Region of Iraq - Taza PSC

- Oil Search operator with WI of 60%, 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
Taza Seismic

- Four regional reservoir targets:
  - Jeribe
  - Euphrates/Serikagni
  - Kirkuk Group
  - Jaddala
- Recoverable resources in success case: 200 - 400 mmbbl (mean estimate), dependent on recovery factors and phases present

Tunisia - Tajerouine PSC

- 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 2H 2012, after Taza. Has potential for >100 mmboe
Production and Near Field Opportunities

World Class Safety Performance

Total Recordable Injury Frequency Rate of 1.85 in 2011

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Production Outlook, 2012 - 2013

2011 production of 6.69 mmboe, at upper end of 2011 guidance of 6.2 - 6.7 mmboe
- 35+ successful development and near field wells in recent years
- Workover programme has added more barrels
- Production guidance for 2012 of 6.2 - 6.7 mmboe, unchanged from 2011. Oil field output impacted by:
  - Significant contributions from successful 2011 wells and workovers
  - Natural decline
  - 16 day CPF/APF shutdown for tie-in of Associated Gas facilities (completed)
- Robust workover and development drilling programme in 2012, coupled with continued focus on maturing near-field portfolio and appraising new pools identified following recent near-field success
- 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
Hedinia 10 and Agogo 6

Highly successful near-field exploration to date. Prospects are complex and invisible.

Kutubu oil field
Sub-thrust forelimb

Agogo oil field
Sub-thrust forelimb

2012/13 Development & Near-Field Appraisal Drilling Activity

Moran: 2012: 1 well 2013: 1 well

Kutubu: 2012: ± 1 well, 4 workovers 2013: 1 well, 2 workovers

Agogo: 2012: 1 well 2013: 1 well

Usano: 2012: ± 1 well, 1 workover

SE Gobe: 2012: 2 well interventions
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
- Major drilling programme focused on gas expansion and resource underwriting. Potentially transformational for Oil Search:
  - P’nyang and Trapia wells
  - Hides and Associated Gas field evaluation
  - Gulf area drilling
- Active oil exploration programme:
  - Near field opportunities
  - Kurdistan, Tunisia
- Continued strong oil field production performance
- Unprecedented opportunity to underscore long term value growth from OSH’s portfolio of assets
- Remain confident that country risks and challenges can be managed through 2012
Appendix 1: 2012 Guidance

- **Production:**
  - 6.2 - 6.7 mmboe

- **Operating costs**
  - US$21 - 24/boe (incl. corporate costs)
  - Impact 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

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<tr>
<td>Business Development**</td>
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**Financing:**

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<tr>
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* 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 revised PNG LNG Project cost
- Liquidity at 31 December 2011 ~US$1.3 billion (US$1.05bn cash plus corporate facility of US$246.5m)
- At end December 2011, US$1.75 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

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**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 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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