



OIL SEARCH LIMITED

(Incorporated in Papua New Guinea)

ARBN – 055 079 868

9 November 2009

Mr Vincent Ivosa, Market Controller
PORT MORESBY STOCK EXCHANGE LIMITED
P.O. Box 1531
Level 4, Defence Haus
Port Moresby, National Capital District
PAPUA NEW GUINEA

Dear Mr Ivosa,

Oil Search Limited – Share Purchase Plan

Attached please find a copy of the Oil Search Limited Share Purchase Plan booklet for the offer that was issued today to eligible shareholders.

Please release to the market.

Upon release of this information, please advise Lydia Isaac on email Lydia.Isaac@oilsearch.com.

Yours sincerely
OIL SEARCH LIMITED

STEPHEN GARDINER
Group Secretary

Encl.

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OIL SEARCH LIMITED

SHARE PURCHASE PLAN

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PNG LNG

THIS IS AN IMPORTANT DOCUMENT. The Oil Search Limited Share Purchase Plan does not take into account your individual investment objectives, financial situation or particular needs. If you are in any doubt about the action you should take, please consult your financial, taxation or other adviser accordingly.

These materials do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to, or for the account of, any U.S. person (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the Securities Act)) (U.S. Person). Oil Search Limited shares have not been and will not be registered under the Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account of, U.S. Persons absent registration or in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable state securities laws.

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS

LETTER FROM THE CHAIRMAN

9 November 2009

Dear Shareholder,

Oil Search Limited Share Purchase Plan

On behalf of the Directors of Oil Search Limited (**Oil Search**), I am pleased to offer you the opportunity to participate in the Oil Search Limited Share Purchase Plan (**SPP**), allowing you to subscribe for additional ordinary shares in Oil Search (**New Shares**) without incurring brokerage or other transaction costs.

Oil Search recently raised A\$895 million through a placement of shares to institutional investors (**Placement**). Those investors paid A\$5.90 per share and under the SPP, all our eligible shareholders will have the opportunity to purchase New Shares at the same, or possibly a lower, price.

By participating in the SPP, you may subscribe for up to A\$15,000 worth of New Shares.

Participation in the SPP is optional and is open to shareholders who, at **7.00pm (AEDST) on Wednesday, 21 October 2009**, were holders of fully paid ordinary shares in Oil Search and whose registered address is in Australia, New Zealand¹ or Papua New Guinea (**Eligible Shareholders**). If you are an Eligible Shareholder, you may apply to purchase a parcel of A\$500, A\$1,000, A\$5,000, A\$10,000 or A\$15,000 of New Shares.

Full details of the SPP are set out in the enclosed Terms and Conditions.

Purpose of the SPP

Oil Search intends to use the proceeds from the capital raising to:

- provide certainty of Oil Search's equity funding for the PNG LNG Project;
- support a range of growth initiatives concentrating on gas expansion and other commercialisation opportunities; and
- provide enhanced financial flexibility.

Offer price

Under the SPP, Eligible Shareholders will have an opportunity to subscribe a minimum amount of A\$500 and up to a maximum amount of A\$15,000 worth of New Shares at an offer price being the lesser of:

- A\$5.90 per New Share (the offer price under Oil Search's recent placement to institutional investors); and
- Oil Search's volume weighted average price over the last five trading days before and including the day on which the SPP closes, Friday, 27 November 2009.

When to apply

The SPP will open on Monday, 9 November 2009 and will remain open until 5.00pm (AEDST) Friday, 27 November 2009. As soon as practicable after the close of the SPP, Oil Search will make an ASX Announcement and Port Moresby Stock Exchange (POMSoX) Announcement as to the outcome of the SPP and the number of New Shares to be issued.

¹ In accordance with relevant New Zealand securities law, a person who, on the Record Date was registered as a holder of Oil Search shares with a New Zealand address but who, as at the time of this offer (Monday, 9 November 2009) no longer holds Oil Search shares, is not eligible to participate in the SPP.

PARTICIPATION IS OPTIONAL

Participation in the SPP is entirely optional (subject to the eligibility criteria set out above). The offer to acquire New Shares is not a recommendation. If you are in any doubt about this offer, whether you should participate in the SPP or how such participation will affect you (particularly given the current volatility in financial markets), you should consider seeking independent financial and taxation advice before making a decision as to whether or not to accept this offer.

Oil Search also recommends that you monitor the Oil Search share price, which can be found on Oil Search's website at www.oilsearch.com or in the financial pages of major Australian metropolitan newspapers, or on the ASX website at www.asx.com.au (ASX code: OSH) or Port Moresby Stock Exchange (POMSoX) website at www.pomsox.com.pg (Code: OSH).

APPLICATIONS MAY BE SCALED BACK

Oil Search reserves an absolute discretion regarding the amount raised under the SPP, including the right to scale back applications.

If there is a scale back, you may not receive the full parcel of New Shares for which you have applied. If a scale back produces a fractional number when applied to your parcel, the number of New Shares you will be allotted will be rounded down to the nearest whole number of New Shares.

In the event of a scale back, the difference between the value of the New Shares allotted (calculated at the issue price) and the application money received will be refunded to you by Oil Search, without interest, following allotment. Amounts will be refunded by direct credit to your nominated account for the payment of Oil Search's dividends or by cheque mailed to your address as shown on Oil Search's register within ten business days of the allotment of the New Shares.

OFFER PRICE

Under the SPP, Eligible Shareholders have an opportunity to subscribe for up to A\$15,000 for Oil Search's shares at an offer price being the lesser of:

- A\$5.90 per New Share (the offer price under Oil Search's recent placement to institutional investors); and
- Oil Search's volume weighted average price over the last five trading days before and including the day on which the SPP closes, Friday, 27 November 2009.

Therefore, the maximum price that Eligible Shareholders will pay is A\$5.90 per New Share.

You should note that Oil Search's share price may rise or fall between the date of this offer and the date when New Shares are allotted and issued to you under the SPP. This means that the price you pay per New Share pursuant to this offer may be either higher or lower than Oil Search's share price at the time of the offer or at the time the New Shares are issued and allotted to you under the SPP. Please refer to the information under "Participation is Optional" about how to monitor current trading prices of Oil Search's shares.

HOW MUCH CAN YOU INVEST?

The offer under the SPP needs to comply with the conditions of ASIC Class Order [CO 09/425]. Under the class order, eligible shareholders may only acquire a maximum of A\$15,000 worth of Oil Search shares under a share purchase plan in any 12-month period.

Under the SPP, you may subscribe for A\$500, A\$1,000, A\$5,000, A\$10,000 or A\$15,000 of New Shares. This limitation applies even if you receive more than one Application Form or if you hold shares in Oil Search in more than one capacity; eg if you are both a sole and joint holder of shares in Oil Search. Please refer to the information under "Eligibility to Participate in the SPP" above.

CERTIFICATION BY ELIGIBLE SHAREHOLDERS

By completing and submitting the Application Form (together with a cheque, bank draft or money order) or making a BPAY® payment, **you certify** that the aggregate of the application price paid by you for:

- the New Shares the subject of such Application Form or BPAY® payment; and
- any other New Shares applied for by you under the SPP or any similar arrangement operated by Oil Search in the 12 months prior to the date of submission of the Application Form or BPAY® payment; and
- any other New Shares which you have instructed a Custodian to acquire on your behalf under the SPP; and
- any other Oil Search shares issued to a Custodian in the 12 months before the application as a result of an instruction given by you to the Custodian to apply for shares on your behalf under an arrangement similar to the SPP,

does not exceed A\$15,000.

The A\$15,000 limit applies irrespective of the number of Oil Search shares you hold on the Record Date. Oil Search reserves the right, and in certain circumstances may be required by ASIC Class Order [CO 09/425] or other conditions, to reject any application for New Shares under the SPP to the extent it considers, or is reasonably satisfied, that the application (whether alone or in conjunction with other applications) does not comply with these requirements.

CALCULATION OF THE NUMBER OF NEW SHARES TO BE ISSUED TO YOU

In the absence of a scale back, the number of New Shares to be issued to you will be calculated by dividing the amount you subscribe for New Shares by the offer price, then rounding down to the nearest whole number of New Shares.

In the event of a scale back, the amount of your application as scaled back may not be equal to a whole number of New Shares. In that event, the number of New Shares allotted to you will be rounded down to the nearest whole number of New Shares.

Oil Search will retain any excess and pay such amount as a donation to the Cheshire Home charity in Hohola, Papua New Guinea. You will not receive a refund for this amount, which will always be less than the offer price for one New Share under the SPP.

For example, in the absence of a scale back, if you subscribe A\$15,000 for New Shares and the offer price is A\$5.90 per New Share, you will be allotted 2,542 New Shares. Any fraction of a New Share will be rounded down to the nearest whole number of New Shares.

NON-RENOUCEABLE OFFER

The offer to subscribe for New Shares under the SPP is non-renounceable. This means that you cannot transfer your right to subscribe for New Shares under the offer to anyone else.

NO OTHER PARTICIPATION COSTS

No brokerage, commission or other participation costs are payable by you in respect of the acquisition of New Shares under the SPP.

RANKING OF NEW SHARES

All New Shares issued under the SPP will rank equally with existing Oil Search ordinary shares from the date of issue, and therefore will carry the same voting rights, dividend rights and other entitlements as existing Oil Search ordinary shares.

CLASS ORDER [CO 09/425] COMPLIANCE

This offer of New Shares under the SPP is made in accordance with the requirements of ASIC Class Order [CO 09/425], as varied by an instrument of relief granted to Oil Search. That Class Order grants relief from the requirement to prepare a prospectus for the offer of shares under the SPP. The instrument grants relief from the requirement in paragraph 8 of the class order which would otherwise require eligible shareholders to provide Oil Search with a certificate where the eligible shareholder makes a payment using BPAY®. The instrument further grants relief to Oil Search to allow clients of "second-level" or subsequent level custodians to participate in the SPP.

BINDING TERMS

By accepting the offer to purchase New Shares under the SPP, you agree to be bound by these terms and conditions and Oil Search's constitution.

HOW TO APPLY

The SPP opens on Monday, 9 November 2009 and under the offer, you may apply for a parcel of New Shares for A\$500, A\$1,000, A\$5,000, A\$10,000 or A\$15,000.

APPLYING IN FOREIGN CURRENCY AMOUNTS

You may apply in Australian dollars or in New Zealand dollars if you live in New Zealand or in Kina if you live in Papua New Guinea, in the following foreign currency amounts:

Country	Currency	A\$500	A\$1,000	A\$5,000	A\$10,000	A\$15,000
New Zealand	NZ Dollar	625	1,251	6,255	12,510	18,765
Papua New Guinea	Kina	1,200	2,401	12,005	24,010	36,014

If you would like to apply for New Shares under the SPP, you can either:

- complete the enclosed Application Form and return it together with your cheque, bank draft or money order made payable to "Oil Search Share Purchase Plan" drawn on an Australian bank and in Australian dollars for the correct amount, in the enclosed reply-paid envelope;
- if you live in New Zealand and choose to pay in New Zealand Dollars then complete the enclosed Application Form and return it together with your cheque, bank draft or money order made payable to "Oil Search Share Purchase Plan" drawn on a New Zealand bank and in New Zealand dollars for the correct amount (as above), in the enclosed reply-paid envelope;
- if you live in Papua New Guinea and choose to pay in Kina then complete the enclosed Application Form and return it together with your bank cheque or money order made payable to "Oil Search Share Purchase Plan" drawn on a New Guinean bank and in Kina for the correct amount (as above), in the enclosed reply-paid envelope;
- make a BPAY[®] payment by using the personalised reference number shown on your Application Form which is required to identify your holding. If you make your payment using BPAY[®] you do not need to return your Application Form. (Note: BPAY[®] payments can only be made through an Australian financial institution).

If you pay in New Zealand Dollars or Kina that amount will be converted into Australian currency at an exchange rate selected by Oil Search Limited on the date of allotment of the New Shares under the SPP (the **Conversion Amount**). The number of New Shares to be issued to you will be calculated by dividing the Conversion Amount or, if the Conversion Amount exceeds A\$15,000, A\$15,000 by the offer price under the SPP then rounding down to the nearest whole number of New Shares. Where the Conversion Amount exceeds A\$15,000 by A\$10 or more, such amount will be refunded to you in the currency of your application. Where the Conversion Amount exceeds A\$15,000 by less than A\$10, Oil Search will retain and pay such amount as a donation to the Cheshire Home charity in Hohola, Papua New Guinea and you will not receive a refund.

Do not forward cash. Receipts for payment will not be issued.

Applications may only be made for parcels of New Shares in the amounts designated on the application. If the amount of the payment tendered with your Application Form or your BPAY[®] payment is:

- less than A\$500 – Oil Search will not allot any New Shares to you and will refund your application money to you;
- greater than A\$15,000 – subject to scale back, Oil Search will allot the maximum number of New Shares to you and will refund the excess application money; or
- for an amount between A\$500 and A\$15,000 that is not one of the designated amounts – subject to scale back, Oil Search will allot to you the number of New Shares that would have been allotted had you applied for the highest designated amount that is less than the amount of your cheque or BPAY[®] payment, and will refund the excess application money to you.

Application Forms and cheque, bank draft or money order must be received by **5.00pm (AEDST) on Friday, 27 November 2009**. Applications received after that time will not be accepted.

Applications made under the SPP may not be withdrawn once they have been received by Oil Search. No interest will be payable on application money held by Oil Search.

Please read the enclosed Application Form for further details of how to apply for New Shares under the SPP.

HOW TO LODGE YOUR APPLICATION

If you are not using BPAY® your completed Application Form and cheque, bank draft or money order should be forwarded in the envelope provided to the relevant address set out below and must reach that address by **5.00pm (AEDST) on Friday, 27 November 2009**.

Post to:

Computershare Investor Services Pty Limited
GPO Box 505
Melbourne, VIC 3001

Computershare Investor Services Limited
Private Bag 92119
Auckland 1142

Kina Securities Limited
PO Box 1141, Port Moresby 121 NCD
Papua New Guinea

YOUR APPLICATION FORM MUST BE RECEIVED BY 5.00PM (AEDST) ON FRIDAY, 27 NOVEMBER 2009

Neither Oil Search nor Computershare Investor Services Pty Limited accept any responsibility if you lodge your application in a method other than those proscribed in this Offer Document.

If you apply to participate in the SPP by submitting a BPAY® payment or completing or returning an Application Form, you will be deemed to have represented on behalf of each person on whose account you are acting that:

- (a) you are an eligible shareholder;
- (b) you acknowledge that the New Shares have not, and will not be, registered under the Securities Act or the securities laws of any state or other jurisdiction in the United States, or in any other jurisdiction outside Australia, New Zealand or Papua New Guinea and accordingly, New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws; and
- (c) you have not and will not send any materials relating to the SPP to any person in the United States or that is, or is acting for the account of, a "U.S. Person".

ALLOTMENT AND QUOTATION DATES

New Shares are expected to be allotted under the SPP on Friday, 11 December 2009 and Oil Search will apply for those New Shares to be listed for quotation on ASX and POMSoX.

Oil Search expects to dispatch a holding statement or confirmation advice in respect of the New Shares allotted to you under the SPP on Wednesday, 16 December 2009. You should confirm your holding before trading in any New Shares you believe have been allotted to you under the SPP.

WITHDRAWAL, SUSPENSION, TERMINATION, ANOMALIES AND DISPUTES

Oil Search reserves the right to waive strict compliance with any provision of these Terms and Conditions, to amend or vary these Terms and Conditions and to suspend or terminate the SPP at any time. Any such amendment, variation, suspension or termination will be binding on all Eligible Shareholders even where Oil Search does not notify you of that event. Oil Search may make determinations in any manner it thinks fit, including in relation to any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP, whether generally or in relation to any participant or application. Any determinations by Oil Search will be conclusive and binding on all Eligible Shareholders and other persons to whom the determination relates. Oil Search's rights may be exercised by the Board or any delegate of the Board.

If you have any questions in respect of the SPP, please call the Oil Search Shareholder Information Line on 1300 503 192 (within Australia) or +61 3 9415 4090 (outside Australia) between 8.30am and 5.00pm (AEDST) Monday to Friday during the SPP offer period.

GOVERNING LAW

This offer is governed by the law in force in New South Wales. By accepting this offer, you submit to the non-exclusive jurisdiction of the courts of New South Wales.

UNDERWRITING

The SPP will not be underwritten.