



OIL SEARCH LIMITED

(Incorporated in Papua New Guinea)
ARBN – 055 079 868

25 August 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 Awarded Mineral Exploration Licences in PNG

Attached please find announcement regarding Oil Search Limited being awarded mineral exploration licences in PNG, released to the Australian Securities Exchange (ASX) today.

Please release to the market.

Yours sincerely
OIL SEARCH LIMITED

STEPHEN GARDINER
Group Secretary

Encl.

A U S T R A L I A N R E G I S T E R E D O F F I C E

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OIL SEARCH AWARDED MINERAL EXPLORATION LICENCES IN PNG 25 August 2009

Oil Search Limited is pleased to announce that it has been awarded seven mineral exploration licences, covering approximately 17,500 square kilometres in the Strickland Basin, PNG Foreland, by the PNG Government.

The purpose of these licences is to investigate the potential for Coal Seam Gas (CSG) production from coaliferous lithologies present within the Pliocene/Pleistocene Era Formation.

Under the terms of the award, Oil Search has committed to spend approximately US\$5 million over two years on the evaluation of existing data within the seven licences and the drilling and sampling of three shallow wells. The Company then has the option to extend the licences for an additional two years, subject to relinquishments and an additional committed work programme. Oil Search holds 100% equity in all seven licences.

The licences are located in the PNG Foreland, which is characterised by lowland forests and swamps, has few roads and a very sparse population. Existing well data in the area is limited, but suggests the presence of thick coal layers and a large coal basin in this area. The rank, gas content and producibility of the coals will be constrained by the proposed drilling programme. The wells required to drill these sequences are relatively shallow, with a total depth of less than 900 metres. Drilling activities will utilise mobile mineral-type drilling rigs and are therefore significantly cheaper than those targeting deeper petroleum systems.

Exploration and production of CSG in Papua New Guinea is governed by the PNG Mining Act hence the licences are administered by the Mineral Resources Authority.

Oil Search's Managing Director, Peter Botten, commented:

"CSG exploration and production has increased markedly in recent years in countries such as Australia, USA and Indonesia and CSG technology is developing rapidly. While substantial coal seams have been penetrated by previous petroleum wells in the Foreland area of PNG and estimated net coal thickness compares favourably to existing CSG projects globally, the potential for CSG in PNG has yet to be fully investigated. Based on our extensive in-country operational experience, augmented by specialist CSG expertise, Oil Search is in an excellent position to undertake this work. While at a very early grass-roots stage, we believe there is good potential for the presence of CSG in PNG which, over time, could represent another significant source of gas. Any successful discovery of CSG resources in PNG could be integrated with supply from nearby conventional gas fields, thereby reducing the risks for any development.

AUSTRALIAN REGISTERED OFFICE

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I would like to convey special thanks to the Mineral Resources Authority and Deputy Prime Minister and Minister for Mining, Lands & Physical Planning, Sir Dr. Puka Temu, for their support in this new and exciting venture, which emphasises our ongoing commitment to the development of PNG, its resources and its people."

Peter Botten, CBE
Managing Director
OIL SEARCH LIMITED

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LOCATION MAP OF PNG MINERALS LICENCES, ELA1720 – ELA1726

