



OIL SEARCH LIMITED

**CODE OF CONDUCT
OIL SEARCH LIMITED AND ITS
SUBSIDIARIES**

22 OCTOBER 2008

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1 INTRODUCTION

1.1 Core Philosophy

All directors employees, contractors, consultants, agents, advisors and representatives (“Employees”) engaged by Oil Search Limited, its subsidiaries and associated companies (“Oil Search”) must conduct the business of Oil Search in accordance with this Code.

1.2 Underlying values

Employees must perform their duties:

- ethically, honestly, responsibly and diligently;
- in full compliance with the letter and spirit of the law and this Code; and
- in the best interest of Oil Search.

1.3 Objectives

Employees are expected to comply, at all times, with all laws governing Oil Search’s Papua New Guinean, Australian and international operations.

Employees are also expected to conduct Oil Search’s operations in keeping with the highest legal, moral and ethical standards.

1.4 Scope and application

This Code applies to all Oil Search’s operations and activities and to all Employees.

Any Employee who deals with agents, contractors or consultants who represent Oil Search should make them aware of this Code and that Oil Search expects them to conduct their business in accordance with this Code.

1.5 Policy date

1 December 2004

2 CODE RULES

2.1 Supporting statement from the board

The Board is committed to ensuring Oil Search complies with all applicable laws and standards. The Board will promote a culture of fair and ethical behaviour and encourages the reporting of corrupt practices, breaches of the law and matters potentially detrimental to the entity or its reputation.

The Board has direct responsibility for the Code of Conduct. The Code will be reviewed and updated annually by the Board.

The Board will issue an Annual Statement of Compliance with the Code of Conduct to senior management who will be required to sign a Certification of Compliance with the code through to the date of signature.

The Board may include reference to this Code in Oil Search Limited's Annual Report to Shareholders.

2.2 Aspirational values

The benefits and importance to Oil Search of having a culture that strives for the highest ethical, social and moral values means Oil Search will be recognised as a "good corporate citizen" at all times.

2.3 Conflict of interest

Employees must not use their position for personal gain or to benefit any other business or person.

Except as provided below, no Employee, or any family member or companion over whom the Employee has influence, may directly or indirectly have an equity interest in, or have a significant beneficial connection with, any business or individual which competes with or is a supplier to Oil Search without the prior written consent of the Managing Director. (The above prohibition will normally be waived in relation to employment of a family member or companion by a competitor under normal commercial terms in non-commercially sensitive positions).

Employees must not engage directly or indirectly in any outside business activity involving commercial contact with, or work for, the benefit of Oil Search's commercial customers, suppliers or competitors without the prior written consent of the Managing Director. (Any existing business activity which is in breach of this clause must be reported to the Group Secretary).

Ownership of shares by an Employee in a public company which deals with or competes with Oil Search is not a violation of this Code provided the Employee does not directly or indirectly own more than 1% of the shares in the public company.

Directors must notify the Chairman of the Board and the Group Secretary if they believe that they are presently or might in the foreseeable future be affected by a conflict of interest in discharging their duties to Oil Search. A director who is affected by a conflict of interest must excuse

himself or herself from that part of any meeting which discusses the matter or thing in relation to which there is or may be a conflict of interest and must not read or otherwise access that part of any Board paper or other Board or management communications that deal with that matter or thing. The Group Secretary will implement procedures to prevent a director who has given notice of an existing or potential conflict of interest receiving or otherwise accessing Board papers and other Board or management communications concerning the matter or thing in relation to which there is or may be a conflict of interest.

2.4 Responsibilities for dealing with stakeholders

Employees must fully co-operate with Oil Search's internal and external auditors.

Employees must not make a false or misleading statement to the internal or external auditors of Oil Search and must not conceal any relevant information from the internal or external auditors of Oil Search.

Employees must not, without authority, directly or indirectly state that they are representing Oil Search or its public position in respect of any matter.

Employees must not directly or indirectly engage in any activity which could by association cause Oil Search public embarrassment.

2.5 Improper use of Oil Search information

Employees must not disclose confidential Oil Search information to any third party without the prior consent of the Managing Director and without the third party agreeing in writing to suitable confidentiality restrictions in respect of such information.

Employees must not use Oil Search information for the purpose of directly or indirectly obtaining personal gain.

2.6 Share trading

Oil Search has a "no insider trading" policy. In short, this policy is that:

- (a) The confidentiality of all information relating to Oil Search, its business or assets must be strictly maintained within Oil Search by all persons who have access to that information, regardless of title or position. No Employee may disclose such information, except on a need-to-know basis, inside or outside of Oil Search.
- (b) Employees must not at any time purchase or sell Oil Search securities while in possession of Inside Information.
- (c) Employees in possession of Inside Information must not at any time cause or procure a third party to deal in Oil Search securities.
- (d) Employees may only deal in Oil Search securities during designated securities trading windows being the period of 4 weeks immediately following release of Oil Search's half yearly and yearly reports and

the period of 4 weeks immediately following Oil Search's annual meeting and only if the Board declares the window to be open.

Further information can be found in Oil Search's Securities Dealing Policy.

Employees are encouraged to acquire Oil Search shares through the Employee Share Option Plan and the Performance Rights Plan. Special rules apply to Directors and Senior Managers because they are routinely in possession of Inside Information (being information that is not generally available, but if the information was generally available a reasonable person would expect that information to have a material effect on the price and value of Oil Search securities).

Short term trading in Oil Search shares by Employees is not appropriate and is discouraged.

Directors, Senior Managers and other prescribed employees (or any person over whom they have influence) are prohibited from dealing in Oil Search securities:

- (a) in the case of Directors (or any or person over whom they have influence), without the prior approval of the Chairman of the Board of Directors or, in the case of the Chairman, without the prior approval of the Chairman of the Audit Committee; and
- (b) in the case of Senior Managers and other prescribed employees (or any person over whom they have influence) without the prior approval of the Managing Director.

In seeking such approval, the Director, Senior Manager or other prescribed employee concerned must state that they do not believe that they are in possession of any Inside Information.

Generally, the Chairman will only approve Directors, the Chairman of the Audit Committee will only approve the Chairman of the Board and the Managing Director will only approve Senior Managers buying or selling Oil Search securities during a designated securities trading window.

Further details of the processes pursuant to which Oil Search employees may buy or sell Oil Search securities are contained in Oil Search's Securities Dealing Policy. All employees are encouraged to read that Policy carefully.

2.7 Outside employment

Employees must not pursue any forms of employment or outside interest where a conflict of interest may arise. Managers must approve any such arrangements irrespective of whether any form of financial benefit or gratuity is provided. Further information can be found within the HR policy.

2.8 Gifts and entertainment

Employees must not give, seek or accept in connection with the operation of Oil Search any gift, entertainment or other personal favour or assistance which goes beyond common courtesies associated with general commercial practice.

The purpose of this policy is to ensure that the offer or acceptance of a gift cannot create an obligation or be construed or used by others to allege favouritism, discrimination, collusion or similarly unacceptable practices by Oil Search.

For avoidance of doubt, any gift received by an Employee (or series of gifts from the one party) which might, as a matter of judgement, fall outside the above policy must be reported to the Group Secretary with full details of the background of the gift.

2.9 Financial inducements/Unacceptable Payments

Bribes, kickbacks, inducements or other illegal payments of any kind must not be made to or for the benefit of any government official (of any country), customer, supplier or any other party in connection with obtaining orders of favourable treatment or for any other purpose.

This prohibition extends not only to direct payments but also to indirect payments made in any form through distributors, representatives, consultants, agents or other third parties.

2.10 The use of and accounting for Oil Search resources

Employees must ensure that all Oil Search accounting records accurately and fairly reflect, in reasonable detail, the underlying transactions and all Oil Search's assets and liabilities.

Accounting records must be maintained in accordance with generally accepted accounting principles and the financial and accounting policies issued by Oil Search.

Employees are responsible for taking all prudent steps to ensure the protection of Oil Search assets and resources. In particular, Employees should take care to minimise the possibility of theft of Oil Search property by any person

2.11 Political contributions, sponsorships and activities

It is Oil Search's policy not to make political contributions to any government official, political party, political party official, election committee or political candidate.

All sponsorships of a non-political nature (for example, sponsorship of sporting teams) and related activities involving Oil Search must be approved in advance by the Managing Director.

2.12 Alcohol, drugs and gambling

The misuse of legitimate drugs, or the use, possession, distribution or sale of illicit or unprescribed drugs or other controlled substances or betel nut (buai), on Oil Search business or premises is strictly prohibited and will give rise to disciplinary action up to and including termination. Further information can be found within the HR policy.

The misuse of alcohol and gambling during working hours or using Oil Search equipment is prohibited. Further information can be found within the HR policy.

2.13 Non-discriminatory practices and equal employment opportunities

Oil Search will ensure that all activities are conducted in a manner that provides fair and equal treatment and access for all people. Oil Search is committed to the principle of equal opportunity in employment for all people. Further information can be found within the HR policy.

2.14 Confidentiality and Privacy

It is the legal and ethical responsibility of all Oil Search employees and contractors to use personal and confidential information in accordance with the law and Oil Search policy, and to preserve and protect the privacy rights of the subject of the information as they perform their duties

Employees will, on occasion, have access to private, confidential, or sensitive information including, but not limited to business affairs, transactions, accounts, operations, work, investigations, discoveries, reserves, products, designs, processes, financing, management, trade secrets, technical system design, research data, private communications, medical records, financial information, payroll and personnel information.

Accessing, using, and/or disclosing such information for any reason other than the legitimate pursuit of employment duties constitutes misuse. Any misuse or unauthorised release of such information, either during your employment or subsequent to the conclusion of employment at Oil Search, may be grounds for discipline and/or the initiation of legal actions against you.

2.15 Compliance with laws

Oil Search's business must at all times be conducted in compliance with all laws and regulations applicable in the jurisdiction in which the business is being conducted.

Compliance with the law means observing the letter and spirit of the law as well as managing Oil Search's business so that Oil Search and its Employees are recognised as "good corporate citizens" at all times.

In some cases, there may be uncertainty about which laws and regulations are applicable and there may be difficulties in interpretation. In those

circumstances, Employees should refer the matter to the Group Secretary who will seek such advice as is necessary to ensure compliance.

2.16 Treatment of colleagues

Oil Search expects all Employees to be courteous, fair and honest in their dealings with all other Employees and with people outside Oil Search. Oil Search will not tolerate any Employee harassing, bullying or disparaging any other Employee or behaving unfairly towards any other Employee.

Oil Search is an “equal opportunity” employer and expects each Employee to judge other Employees solely on their merit.

Further details of Oil Search’s work place relations requirements can be found in the HR Policy.

2.17 Environmental

Oil Search is committed to conducting all of its activities in an environmentally sustainable way. All activities will be planned and managed to ensure minimum environmental impact and in a manner sensitive to the culture and requirements of the people they may affect.

2.18 Conducting business overseas

Oil Search is committed to conducting all of its activities in compliance with all applicable laws and regulations.

All business conducted overseas must be undertaken in accordance with applicable local laws whilst maintaining the highest ethical, social and moral values. Where ambiguity or conflicts occur between the laws of Papua New Guinea or Australia and local laws and regulations Oil Search will adopt the higher standard.

The bribing or corrupting of foreign government officials is a crime under Australian law. Oil Search will refer any such matters that it becomes aware of to the relevant police for investigation.

2.19 Consequences of non-compliance

Any breach of applicable laws, prevailing business ethics or other aspects of this Code must be reported and may result in disciplinary action. Such disciplinary action may include (depending on the severity of the breach) reprimand, formal warning, demotion or termination of employment. Breach of applicable laws may also result in prosecution by the appropriate authorities.

Similar disciplinary action will be taken against any supervisor or manager who directly approves of such action or has knowledge of the action and does not immediately take appropriate remedial action.

3 ADMINISTRATION

3.1 Role of Ethics Committee

An Ethics Committee (comprising the Managing Director, Group Secretary, Assurance and Compliance Manager, General Manager Human Resources and an outside ethics advisor) will oversee the development, promotion and maintenance of the Code. This governing body will also monitor and report to the Board of Directors on breaches of the Code and corrective action taken.

3.2 Mandatory attendance at Code of Conduct training session

Employees are expected to understand and be familiar with the Code of Conduct.

All new Employees (including new directors, contractors, consultants, agents, advisors and representatives) must be formally inducted into the Company and are required to acknowledge awareness of their obligations regarding the Code. Ongoing awareness and training sessions in relation to the Code will be conducted each year for all Employees (including directors, contractors, consultants, agents, advisors and representatives).

3.3 Reporting of non-compliance

All Employees are requested to report immediately any circumstances which may involve deviation from the Code to the Group Secretary.

Oil Search's internal auditors are responsible for reviewing Oil Search's operations and the external auditors are responsible for preparing the annual accounts. Part of this review will be to report to the Board of Directors any breaches of the Code which they detect.

4 QUESTIONS

Any questions relating to the interpretation or enforcement of the Code should be forwarded to the Group Secretary.