Oil Search to farm-in to acreage in onshore Papuan Gulf Basin, PNG

29 May 2017

Oil Search Limited (ASX Code: OSH, POMSoX: OSH, ADR: OISHY) announces that its subsidiary, Oil Search (PNG) Limited, has entered into arrangements regarding the acquisition of a 30% interest in each of PPLs 474, 475, 476, 477 and PRL 39 from ExxonMobil affiliates (ExxonMobil). ExxonMobil acquired interests in these licences when it completed its purchase of InterOil Corporation, as announced in early 2017.

The licences, which are located in the Eastern Foldbelt in the onshore Papuan Gulf Basin, adjacent to the Elk-Antelope fields in PRL 15 (see map), contain the Triceratops, Bobcat and Raptor discoveries.

As part of the proposed farm-in arrangements, Oil Search will undertake a seismic acquisition programme over the licences over the remainder of 2017 and into early 2018, on behalf of the operator, ExxonMobil.

Commenting on the arrangements, Oil Search's Managing Director, Peter Botten, said:

"Prior to our proposed bid for InterOil in 2016, Oil Search identified the onshore Papuan Gulf Basin as an area with not only discovered gas resources, but also significant further gas potential. The proposed farm-in to these licences materially enhances Oil Search's exploration portfolio in this highly prospective area. Combined with our existing acreage position, Oil Search has a world class exploration portfolio in PNG, with multiple high potential play types close to infrastructure.

The onshore Gulf licences are in close proximity to the world class Elk-Antelope fields in PRL 15, which are expected to underpin the Papua LNG development, providing a potential route for future commercialisation. In addition to the existing gas discoveries, we have identified a number of additional leads and prospects on the acreage.

We are delighted to be partnering with ExxonMobil in this exciting play fairway, building on our existing relationship within the PNG LNG and Papua LNG projects, and look forward to commencing an active exploration programme.

Entering these licences is consistent with the Company's strategy to focus on areas that have the potential to support the continued expansion of our LNG portfolio in PNG."

Oil Search's acquisition of the licence interests is subject to due diligence, execution of binding agreements, conditions precedent and regulatory approvals. The terms of the agreement are confidential.

REVISED CAPITAL EXPENDITURE FORECASTS

As a result of this farm-in and associated seismic programmes within the onshore Papuan Gulf Basin licences, additional drilling and testing of the Muruk well, partially offset by re-phasing of other exploration activities, the Company's 2017 exploration and appraisal budget has been revised from US$250 - 300 million, to US$270 – 320 million.

PETER BOTTEN, CBE

Managing Director

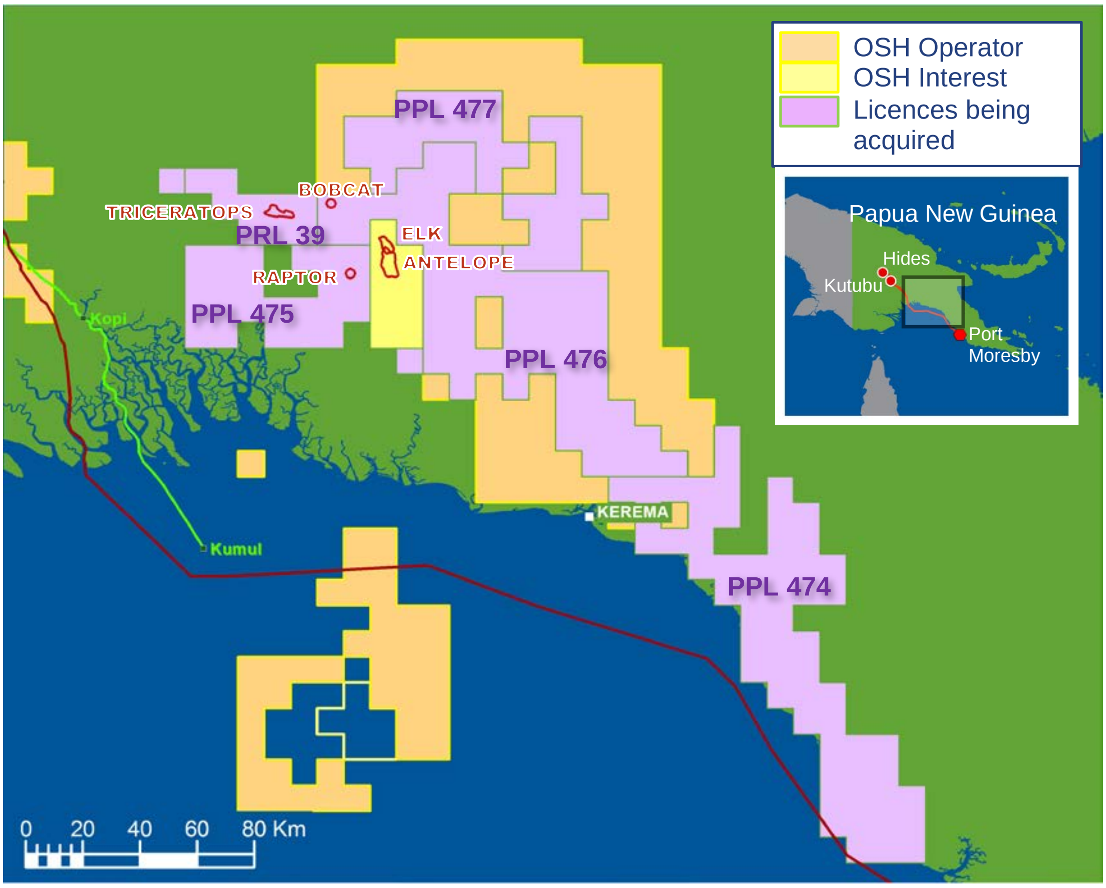
29 May 2017

Appendix 1: Licence interest table

Licence	Discoveries	OSH interest *	Operator
PPL 474	-	30%	ExxonMobil
PPL 475	Raptor	30%	ExxonMobil
PPL 476	Bobcat	30%	ExxonMobil
PPL 477	-	30%	ExxonMobil
PRL 39	Triceratops	30%	ExxonMobil

* Pre-Government back-in

Appendix 2: Licence interest map



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