

PRL 3 (P'nyang) Letter of Intent Executed

(ASX: OSH | ADR: OISHY | POMSoX: OSH)

16 May 2019

The PRL 3 Joint Venture participants today signed a binding letter of intent (LOI) with Santos Limited, which sets out the terms by which Santos will purchase a 14.32% equity interest in PRL 3, containing the P'nyang gas field, from the existing participants. Under the LOI, Oil Search will sell 1.65% (pre-State back-in) for a total consideration of US\$21.6 million.

The signing of this LOI is an important step in creating alignment between the PNG LNG Project and the PRL 3 Joint Venture, ahead of FEED entry for the planned three train expansion at the PNG LNG plant site. Two of the proposed new trains will be underpinned by gas from the Elk-Antelope fields and one train by gas from the PNG LNG Project and the P'nyang field.

The negotiation of the LOI took into account both the value of the P'nyang field and the access arrangements by P'nyang to PNG LNG Project infrastructure.

Commenting on the transaction, Oil Search Managing Director, Peter Botten, said:

"We are pleased to have signed this agreement, which represents another milestone towards the development of additional LNG capacity in PNG. Ensuring that the PRL 3 and PNG LNG Project ownership structure is broadly similar will facilitate the development of the 4.4 tcf P'nyang gas resource. By using existing PNG LNG Project infrastructure and access to one of the proposed new LNG trains, capital investment for the P'nyang field will be minimised and operating costs reduced materially over its 30-plus year operating life, benefiting all stakeholders."

The Sales and Purchase agreement for the transaction is expected to be executed ahead of FEED entry for the three-train downstream development, targeted for later this year.

PRL 3 (P'nyang) Equity Interests

	Current interests	Post Santos acquisition
Oil Search	38.51%	36.86%
ExxonMobil	48.99%	36.86%
JX Nippon	12.50%	11.96%
Santos	-	14.32%
TOTAL	100.00%	100.00%

Note: Before Government and landowner back-in

PETER BOTTEN, AC, CBE

Managing Director, Oil Search Limited

For more information regarding this report, please contact:

Investors and Media:

Ann Diamant

General Manager, Investor Relations and Communications

Tel: +612 8207 8440

Mob: +61 407 483 128

Investors:

Stephanie Chu

Investor Relations Manager

Tel: +612 8207 8542

Mob: +61 481 038 179