
Suspension of trading on PNGX

3 June 2020

SYDNEY (ASX: OSH | ADR: OISHY | PNGX: OSH)

Oil Search sought and obtained valid approvals for its recent capital raise, completed on 28 May 2020, from the Executive Chairman of the Securities Commission of Papua New Guinea (see attached).

The Company advises that the Acting Chairman of the Securities Commission of Papua New Guinea has issued orders including that trading of Oil Search shares on PNGX, PNG's National Stock Exchange, be suspended from 2 June 2020. The order is based on allegations that Oil Search breached the PNG Capital Market Act by failing to obtain approval from the Securities Commission for the PNG Retail component of its recent capital raising.

Oil Search has at all times acted properly and complied with all its legal obligations. Oil Search disputes the validity of the orders issued by the Acting Chairman and will vigorously defend its position by challenging the lawfulness of the orders in the National Court of Papua New Guinea. Oil Search remains confident that the approvals that it received are valid.

Over the past 90 trading days, the average daily trading volume on the Australian Securities Exchange (ASX) was 22.3 million shares while the average daily volume traded on the PNGX was 148 shares.

Trading of Oil Search shares on ASX will continue as normal.

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This ASX announcement was authorised for release by Oil Search Managing Director, Keiran Wulff.

**Securities Commission Act 2015
Capital Market Act 2015**

Sec (SC Act) 39
Sec (CM Act) 116, 117(2)(3) & 118(1)(2)
Section (CM Act) 138

EXEMPTION: 001/2020

EXEMPTION NOTICE

Code Company: OIL SEARCH LIMITED

Grantee:

- A. ELIGIBLE INSTITUTIONAL SHAREHOLDERS
- B. ELIGIBLE AUSTRALIA AND NEW ZEALAND RETAIL SHAREHOLDERS
- C. ELIGIBLE PAPUA NEW GUINEA RETAIL SHAREHOLDERS
- D. ELIGIBLE PAPUA NEW GUINEA RESIDENT SHAREHOLDER

A. BACKGROUND

1. Oil Search Limited (OSH), a company incorporated in Papua New Guinea, and operating in the oil and gas sector with extensive appraisal and exploration portfolio is a publicly listed firm on both the PNG Stock Exchange (PNGX) and the Australian Stock Exchange (ASX).
2. OSH through its legal counsel Allens Linklaters (Allens) on 6 May 2019 applied to Securities Commission Papua New Guinea (SECOM) for:
 - (i) a share placement offer in the amount not exceeding US\$700 million; and
 - (ii) an exemption of document containing offer of securities for purchase deemed to be a prospectus pursuant to Section 138 *Capital Market Act 2015*
3. The proposed entitlement offer of fully paid ordinary shares is to be offered to eligible retail and institutional shareholders outside of PNG (the *Entitlement Offer*). That Entitlement Offer may be accompanied by a placement of shares to new investors (or existing investors), depending on the level of demand from institutional shareholders (*Placement*).
4. An offer equivalent to the Entitlement offer will be extended to PNG investors in the manner contemplated by the Application. At the time of the initial Application to SECOM, it was proposed that the Entitlement Offer would be used partly for funding an option to acquire additional equity interests in certain oil assets including:
 - (i) In the Alaskan North Slope (Alaskan Option);
 - (ii) For major capital developments in PNG; and
 - (iii) For general corporate purposes.

5. The Alaskan Option was announced on 1 November 2017 when OSH acquired its initial interest in the relevant Alaskan oil assets. At that the time, the Alaskan Option was to expire on 30 June 2019 and OSH was seeking to launch the Entitlement Offer in early June 2019. OSH announced during that period that the transaction was to be funded by debt.

6. SECOM requested additional information from OSH on 31 May 2019, to help with its appraisal of the feasibility and viability of the investment proposals. OSH provided additional information on the economic and financial analysis, governance and institutional structure analysis, and environmental and social impact assessment on 12 June 2019.

7. OSH through its counsel Allens submitted an "*Amendment*" letter to SECOM on 23 March 2020 requesting for the same item. The letter updated SECOM on developments related to the Application, and advised on the amendment to the terms of the approval sought. It also sought SECOM's guidance on matters raised in its initial application.

8. With the global economic and investment environment affected by the impacts of COVID-19 pandemic, OSH is proposing to raise between US\$500 million and US\$700 million from the Placement and Entitlement Offer. The specific amount to be raised depends on market conditions at the time of the offer. Hence, OSH is seeking an approval to raise up to US\$700 million under section 116 of the *Capital Market Act 2015*.

9. As in the original application, OSH expects that the net proceeds will be used to repay debt raised to fund the Alaskan Option, committed capital expenditure on ongoing capital projects, and for general corporate purposes.

B. STRUCTURE OF THE ENTITLEMENT OFFER

10. The intended structure of the Entitlement Offer is:

- (i) A pro rata accelerated renounceable entitlement offer made to eligible OSH shareholders in certain jurisdictions including Australia and New Zealand (but excluding PNG retail shareholders) under the "*low documentation*" (or **low-doc**) disclosure regime available to listed companies under the Australian Corporations Act 2001 (Cth) (Off Shore Offer);
- (ii) A pro-rata offer of OSH Shares to retail PNG shareholders on substantially the same terms as the Off-shore offer under the registered prospectus under the Capital Market Act 2015 (PNG offer);

11. The rationale to structuring the Entitlement Offer as an Off-shore and a PNG offer is to allow OSH to:

- (i) Conduct the offer outside of PNG in a timely and efficient manner by utilizing the “low-doc” regime outside of PNG (currently, not provided for under PNG laws), but a market practice well understood by the ASX and investors in the Australia/New Zealand equity markets; and
 - (ii) Conduct the offer in PNG using a registered prospectus which is well understood by PNGX and the PNG market.
12. The basic structure of the Entitlement Offer remains unchanged, where as:
- (i) A Placement of OSH may accompany the Entitlement Offer;
 - (ii) and, if it does, That Placement will be undertaken in conjunction with the Institutional Entitlement Offer;
 - (iii) PNG retail shareholders will remain entitled to participate on the same terms as offered outside, and will have the additional benefit of the opportunity to receive cash for their entitlements within the provisions of Section 2.2 disclosed in the initial application of 6 May 2019.

C. OSH APPLICATION

13. OSH applied to SECOM for the:
- (i) **Approval** of OSH capital raising of up to US\$700 million, Under *Section 116* of the *Capital Market Act 2015*;
 - (ii) **Exemption** of the OSH Shares issued pursuant to that offer, under section 138 of the *Capital Market Act 2015*

D. RELEVANT POWERS OF THE SECURITIES COMMISSION PAPUA NEW GUINEA

14. SECOM is mandated to administer and exercise the powers and functions under the *Securities Commission Act 2015*, the *Capital Market Act 2015* and the *Central Depository Act 2015*.

15. For purposes of this application SECOM is acting within the provisions of *Section 118(2)* of the *Capital Markets Act 2015*, where in relation to an application made under *Section 117(2)* “an applicant seeking approval for matters provided in *Section 116*, shall make an application to the Commission for approval and shall submit documents and information to the Commission in the form and manner as the Commission may specify.”

16. Similarly, under *Section 118 (2)(a)(b)(i)(ii)(ii)*, SECOM may:-
- (a) Approve the application; or
 - (b) Approve the application-
 - (i) Subject to such terms and conditions; and
 - (ii) With such revision; and

(iii) *With such revision and subject to such terms and conditions, as the Commission deems fit or necessary.*

17. Further, *Section 118(2) provides that SECOM may vary, add to or remove any term and condition imposed under subsection 1 at any time.*

18. With regards to provisions relating to *Exemptions, Section 39 of the Securities Commission Act 2015*, empowers SECOM to use its discretion and upon such terms and conditions (if any) as it thinks appropriate, by notice in writing, exempt any person or class of persons from compliance with any provisions of the *Securities Commission Act 2015, Capital Market Act 2015 and the Central Depository Act 2015.*

E. DETERMINATION OF THE SECURITIES COMMISSION PAPUA NEW GUINEA

19. Without limiting the powers of SECOM and the intent of the Approval and Exemption sought by OSH, the SECOM's rationale in granting the approval and exemption under the *Securities Commission Act 2015 and Capital Market Act 2015* is that:

- (i) the interest of the individual PNG resident shareholder has been reasonably protected;
- (ii) the regular disclosure at the quarterly updates after the launch by OSH on the ASX and PNGX is sufficient briefings; and
- (iii) in the event the entitlement offer is made available and open to individual PNG shareholders, the OSH is obliged to provide information through the "low-doc" process.

F. APPROVAL AND EXEMPTION BY SECOM

20. SECOM is satisfied that the application for approval of the offer (*including the Institutional Entitlement Offer and Retail Entitlement Offer*) sought under *Section 116 of the Capital Market Act 2015*, would be for the purposes applied for.

21. In relation to *Section 117(3)*, SECOM is satisfied with the additional information furnished by OSH on 26 March 2020 clarifying queries on:

- (i) Details of the capital structure of the Institutional Investors;
- (ii) Details of the equity participation period in which the institutional investors/shareholders initially participated during 2013-2015;
- (iii) Details/Itemized activities to be covered under the general corporate purpose for OSH;
- (iv) Share price at the time of initial issuance and current proposal;
- (v) On-going market releases full disclosure on the break-up of the purposes for the current capital raising benefit of all its shareholders after the launch date.

22. Pursuant to its powers under *Section 118(1)(2) of the Capital Markets Act 2015*, the SECOM hereby Approves Oil Search Limited's application pursuant to *Section 116 of the Capital Markets Act 2015* in relation to:-

"The Off-shore offer (including the Institutional Entitlement Offer and Retail Entitlement Offer) necessary to enable the launch for the raising of up to USD700 million" where the net proceeds will be used to repay debt raised to fund the exercise of the Alaskan Option; committed capital expenditure on existing projects; and for general corporate purposes.

22. Pursuant to its powers under *Section 39 of the Securities Commission Act 2015* and all other enabling powers under the *Capital Market Act 2015 and the Central Depository Act 2015*, the SECOM hereby Exempts:-

OSH from the compliance under *Section 138 Capital Market Act 2015* in respect to the *document containing offer of securities for purchase deemed to be a prospectus*. SECOM recognizes the utilization of the Australian "low-documentation" regime for the Off-Shore Offer.

23. The approval and exemption do not otherwise limit the general powers of SECOM within the provisions of the relevant Acts under its administration in relation to transactions contemplated by the Entitlement Offer granted to Oil Search Limited. Hence, the SECOM may amend or revoke this Exemption on reasonable basis at its discretion at any time.

Dated this 31 day of March 2020



CHRISTOPHER TAYLOR HNANGUIE
EXECUTIVE CHAIRMAN



16 April 2020

Richard Kriedemann
Partner
Allens Linklaters
P.O. Box 1178
Level 8, Deloitte Haus
PORT MORESBY
NCD

"By Email and Hand"

Dear Mr. Kriedemann,

Subject: Approval of Prospectus Application on behalf of Oil Search Limited

I acknowledge receipt of your letter of 8 April 2020 on behalf of Oil Search Limited (OSH) relating to the registration of the OSH prospectus for PNG retail shareholders *under s.129* of the *Capital Market Act 2015* (CMA), the OSH request of approval *under s.137 (3) (d)* of the Act for the form of communications to the eligible shareholders and an exemption from the on-sale provisions of *under s.138* of the Act. I also acknowledge the response letter and submission of revised prospectus of 14 April 2020.

SECURITIES COMMISSION DETERMINATION

1. Prospectus

The Securities Commission (SECOM) has conducted due diligence of the initial draft Prospectus submitted on 8 April 2020 and the revised Prospectus with the letter submitted on 14 April 2020 clarifying queries raised by SECOM relating to the underwriting and dilution provisions in the prospectus on the 13 April 2020. The letter explains that the PNG Retail Offer is not underwritten and makes reference to the OSH Chairman's Letter, section 1.3 (Key Information), and Section 2.3 of the prospectus disclosure and the dilution provisions and explanation.

SECOM is satisfied that the revised prospectus clarifies SECOM's queries relating to no underwriting for the PNG offer, and that, eligible shareholders may also apply for additional New Shares in excess of their entitlement under the Oversubscription Facility (Section 3.2). It is important that the Prospectus is clearly defined for shareholders to reach a reasonable understanding when considering the offer.

SECOM is satisfied that the Prospectus is in the form specified under section 129(2) (a)(b)(c)(d) of the CMA and is deemed to be registered with the SECOM as of the 16 April 2020 inclusive of the Proforma entitlement and acceptance form that was enclosed with the revised prospectus.

2. Shareholder communication

Pursuant to section 137(3) (d) of the CMA, SECOM approves the notices and reports and/or other forms of communication as recommended by OSH to communicate with the shareholders. This is

to enable the 6,698 shareholders to apply and participate in the PNG Retail Offer. Shareholders can access a copy of the Prospectus and their personalized entitlement and acceptance form, either online or by contacting OSH through the four (4) approved forms of communication specified by the SECOM as;

- a) Sending a letter to the registered address of each shareholder;
- b) Sending an email to those who have elected to receive shareholder communications via email;
- c) Advertising the PNG retail Offer neither on both of the National and Post Courier newspapers; and
- d) General disclosure on the OSH official website.

3. Exemption from s.138 Capital Market Act

OSH also applied for a second exemption due to the technical on-sale application of section 138 of the CMA. The second exemption is an equivalent exemption sought by OSH in its initial application of 6 May 2019 and 23 March 2020.

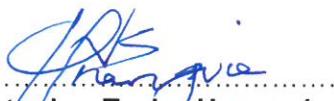
As this is an offer of New Shares to existing eligible PNG retail shareholders, who are entitled to subscribe under the PNG Retail offer specified in the Prospectus, the SECOM is satisfied with the second exemption application.

SECOM grants the second exemption pursuant to its powers of exemption under section 39 of the Securities Commission Act 2015 enabling the exemption to section 138 of the CMA.

For purposes of the requirements under section 130 of the CMA, a copy of the registered Prospectus will be lodged by the SECOM with the Registrar of Companies office and a manual receipt will be facilitated. Lodgment fee is K100 made payable to the Registrar.

Once the Prospectus has been signed, kindly lodge 3x hard copies with my office.

Sincerely yours,



Christopher Taylor Hnanguie
Executive Chairman

cc: Sarah Kuman
Partner, Allens Linklaters

Harriet Kokiva
Acting Registrar of Companies

Securities Commission Act 2015
Capital Market Act 2015

Sec (SC Act) 39
Section (CM Act) 138

EXEMPTION: 002/2020

EXEMPTION NOTICE

Code Company: OIL SEARCH LIMITED

Grantee: ELIGIBLE PAPUA NEW GUINEA RETAIL SHAREHOLDERS

APPLICATION FOR EXEMPTION

A. BACKGROUND

1. On the 7 April 2020, Oil Search Limited (ARBN 055 079 868) (OSH) announced its intention to proceed with the Entitlement Offer and Placement described in its letter dated 23 March 2020. The Entitlement offer and Placement seeks to raise to a total of USD 700m.
2. Under the PNG Retail Offer all eligible PNG Retail shareholders will receive an offer to subscribe for new OSH shares on a pro rata basis of 1 new OSH share for every 8 OSH shares they hold at PGK 4.36 (*the PNG equivalent of AUD\$2.10 per share offer price under the Entitlement Offer and Placement*).

B. APPLICATION OF SECOND EXEMPTION

3. OSH applied to the Securities Commission (SECOM) for a second exemption application under s.138 of the *Capital Market Act 2015* (CMA) on 8 April 2020. This is because the issue of shares under the Prospectus will enable the technical application of the on-sale provision of section 138 of the CMA.
4. The second exemption is an equivalent exemption sought by OSH in its initial application of 6 May 2019 and 23 March 2020 respectively. The SECOM granted Exemption Notice 001/2020 on 31 March 2020. SECOM notes that granting of the second exemption facilitates trading from the time of issue.

C. RELEVANT POWERS OF THE SECURITIES COMMISSION

5. SECOM is mandated with the administration and the exercise of powers and functions under *Sections 8; 38 and 39 of the Securities Commission Act 2015 (SCA), the Capital Market Act 2015 and the Central Depository Act 2015*.
6. SECOM has powers under *Section 39 SCA relating to Exemptions*, and in its discretion and upon such terms and conditions (if any) as it thinks appropriate, by notice in writing, exempt

any person or class of persons from compliance with any provisions of the *Securities Commission Act 2015, Capital Market Act 2015 and the Central Depository Act 2015*.

D. DETERMINATION OF THE SECURITIES COMMISSION

7. Without limiting the powers of SECOM and the intent of the Exemption sought by OSH, the SECOM's rationale in granting the exemption under s. 39 of the SCA and s. 138 of the CMA. The SECOM notes that, as this is an offer of New Shares to existing eligible PNG retail shareholders who are entitled to subscribe under the PNG Retail offer specified in the Prospectus. SECOM can grant approval of the second exemption pursuant to its powers of exemption under section 39 of the SCA enabling exemption of application of section 138 of the CMA.

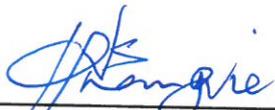
E. APPROVAL OF EXEMPTION

8. Pursuant to its powers under *Section 39* of the SCA and all other enabling powers under the *Capital Market Act 2015 and the Central Depository Act 2015*, SECOM hereby Exempts ***“OSH from the compliance under Section 138 Capital Market Act 2015 in respect to the issue of shares under the PNG Retail Offer.”***

9. This approval of exemption does not otherwise limit the general powers of SECOM within the provisions of the relevant Acts under its administration in relation to transactions contemplated by the Entitlement Offer granted to Oil Search Limited. Should there be any violations of any provisions of the SCA and CMA, the SECOM can and will invoke its enabling powers of investigation and enforcements under the SCA and CMA.

10. The Securities Commission may amend or revoke this Exemption at any time at its discretion.

Dated this 16 day of April 2020



CHRISTOPHER TAYLOR HNANGUIE
EXECUTIVE CHAIRMAN



Oil Search Limited (1-125)

PROSPECTUS

for an offer of ordinary shares to existing Papua New Guinea shareholders

Offer of 1 new fully paid ordinary share for every 8 shares held, at an offer price of K4.36 per new share

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This is an important document and requires your immediate attention. If you are in any doubt as to how to deal with this document, please consult your financial, legal, tax or other professional adviser immediately.



Registered with the
Securities Commission PNG
Dated: 16/4/2020