



ASX ANNOUNCEMENT (ASX: KPL) 9th October, 2012

Oil Search and Total form PNG Partnership incorporating Kina's PPL 338 and PPL 339

The Company attaches a copy of a news release made today by Oil Search Limited ("Oil Search") outlining the terms of a Strategic Partnership in the PNG Gulf with Total S.A. ("Total").

Oil Search has announced they have signed five Sale and Purchase Agreements with wholly owned affiliates of Total for licenses in the onshore and offshore Gulf of Papua region in PNG, whereby they will have equal interests in these Licenses and will work in partnership to explore and appraise the area.

The terms of the transaction comprise both firm and contingent components. The contingent component includes success-based cash payments and a partial carry of Oil Search through up to seven exploration and appraisal wells in the offshore licences and, of importance to Kina, up to eight wells in the onshore licences which comprise PPL 338 and PPL 339.

Kina is the registered owner of 100% of PPL 338 and PPL 339 and which pursuant to Farm In Agreements between Kina and Oil Search (PNG) Limited), Oil Search has the option to acquire up to a 70% participating interest in these licenses by funding certain exploration/seismic costs and carrying the vast majority of drilling costs in the event a well is drilled on PPL 338 and/or PPL 339. Subject to the successful conclusion of the Oil Search, Total transaction, this option will be shared jointly by Oil Search and Total.

Kina's Non-Executive Chairman, Mr. John Prendiville, commented that "he was extremely pleased with the Oil Search transaction and the entry of Total as a joint venture partner."



“This is an exciting outcome as it brings another sizable and experienced balance sheet to the table to assist in driving the exploration campaign across these two highly prospective PPL’s. “

“We are pleased that Oil Search has now completed their farm down initiative, and we look forward to a focused joint venture effort on the exploration work with the intent of finding suitable drilling targets in PPL’s 338 and 339 as soon as possible”.

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OIL SEARCH LIMITED

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

OIL SEARCH CREATES STRATEGIC PARTNERSHIP IN PNG GULF WITH TOTAL S.A.

9 October 2012

Oil Search Limited is pleased to announce the signing of five Sale and Purchase Agreements with wholly owned affiliates of TOTAL S.A., for licences in the onshore and offshore Gulf of Papua region in PNG.

Oil Search and TOTAL will hold equal interests in each of the five licences and will work in partnership to explore and appraise the area. The completion of this transaction will mark the first entry of TOTAL Exploration & Production into PNG.

The terms of the transaction comprise both firm and contingent components. The firm component includes the reimbursement of past licence costs and a partial carry through an initial offshore drilling programme and the acquisition of seismic in the onshore licences. In the event of success, further payments may be made. This contingent component includes success-based cash payments and a partial carry of Oil Search through up to seven exploration and appraisal wells in the offshore licences and up to eight wells in the onshore licences.

While the focus of the transaction is on exploring and developing the prospective offshore Gulf and the eastern forelands area, Oil Search and TOTAL have also agreed to form a strategic partnership to look at other licences in PNG, excluding the Highlands area.

The sale is conditional on approval from the Minister for Petroleum & Energy and certain other conditions.

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

"We are delighted to be forging a new partnership with TOTAL in the Gulf of Papua. This is an exciting transaction for both Oil Search and PNG, with the entry into the country of a well-respected major international oil and gas company with a strong development and operations capability.

TOTAL and Oil Search have complementary skillsets and cultures. Oil Search will continue as the operator, supplemented by expertise from TOTAL. In the event of exploration and appraisal success that leads to an LNG project, TOTAL would develop and operate the downstream facilities of any development. Through the

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association, Oil Search would have the opportunity to gain exposure and expand its operating capabilities in the downstream and gas marketing areas of the business.

This transaction with TOTAL reflects the culmination of a lengthy and competitively bid selection process, which included a range of international, LNG-capable, independent oil and gas companies.

A drilling programme in the offshore licences, comprising two firm wells and two options, is expected to commence in the first quarter of 2013."

Jean-Marie Guillerrou, Senior Vice President of TOTAL Exploration & Production, Asia-Pacific said:

"This acquisition represents an exciting opportunity for TOTAL to enter the upstream in the resource-rich Papua New Guinea. We are convinced that our partnership with Oil Search, a well-established oil and gas player in this country, is a very positive foundation for our future success in this venture. The farm-in reinforces our exploration portfolio in the foothills and carbonates plays and it is in line with our strategy to strengthen our presence in the Asia Pacific, particularly in the gas and LNG sectors."

Peter Botten
Managing Director
OIL SEARCH LIMITED

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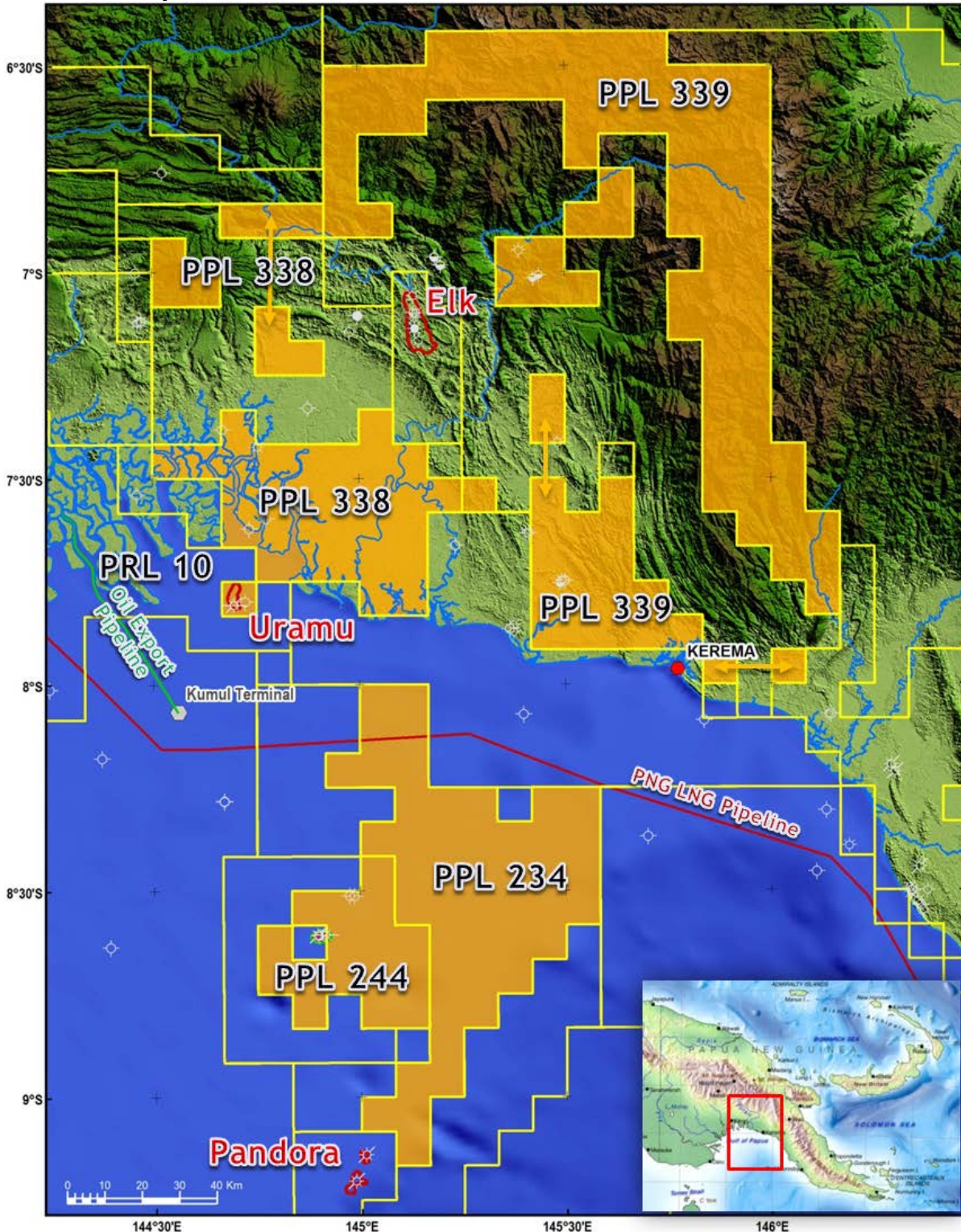


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Permit Map:



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Licences:

Licence	Post-sale interests		Other licence partners
	OSH	TOTAL	
PPL 234	40%	40%	Nippon Oil Exploration 20%
PPL 244	40%	40%	Nippon Oil Exploration 20%
PRL 10 (Uramu gas field)	50%	50%	-
PPL 338	35%	35%	Kina Petroleum 30%
PPL 339	35%	35%	Kina Petroleum 30%

About TOTAL:

TOTAL S.A. is a French multinational oil and gas company and one of the world's six "Supermajor" oil companies. Its businesses cover the entire oil and gas chain, from crude oil and natural gas exploration and production to power generation, transportation, refining, petroleum product marketing and international crude oil and product trading. Total is also a large-scale chemicals manufacturer.

TOTAL's upstream business encompasses oil and natural gas exploration, development and production, along with coal, gas and power activities. Its exploration and production division has activities in more than 40 countries, with production in 30 of these countries. TOTAL's main production regions are the North Sea, Africa and the Middle East, followed by Southeast Asia and North and South America.

TOTAL has significant LNG involvement, with interests in ten liquefaction complexes already in operation, two projects under development and five projects under study. TOTAL has secured access to gas markets around the world, with capacity reserved at five regasification terminals. For more information, go to www.total.com