Oil Search completes the Alaska North Slope acquisition

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

15 February 2018

Oil Search advises that its acquisition of a 25.5% interest in the Pikka Unit and adjacent exploration acreage and a 37.5% interest in the Horseshoe Block in the Alaska North Slope from privately-owned companies Armstrong Energy LLC and GMT Exploration Company LLC, announced on 1 November 2017, was completed on 14 February 2018, following the approval of the transaction by the Committee on Foreign Investment in the US.

The acquisition cost of US$400 million was paid from the Company's existing cash balances.

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

"We are pleased to have completed our Alaska North Slope acquisition and are excited to be moving this world class oil opportunity forward, to create value for our shareholders.

Since the announcement of our transaction, we have conducted a number of workshops with our Alaskan partners and have developed a considerably greater appreciation of their Nanushuk resource estimates. We believe that the Pikka Unit Nanushuk reservoir has material upside potential, substantially above the resource estimates we used for the acquisition.

The results of the Putu-2 well, which is part of an active drilling programme being currently undertaken by ConocoPhillips adjacent to, and on trend with, the Nanushuk field, are expected to be known in the second quarter of 2018. These results will be incorporated into our resource estimates via an existing data trade agreement. Combining the Putu well result with the 2018/19 proposed drilling programme will enable the Joint Venture to target a FEED decision in 2019. There is also considerable exploration upside which will be prioritised and considered for the 2018/19 drilling season and beyond.

We expect to assume operatorship of the Alaskan assets in March 2018. We have already commenced building an experienced operational, subsurface and development team with considerable North Slope expertise, which will be based largely in Anchorage to ensure that the disciplines are fully integrated. We have been delighted with the quality and strong level of interest from highly experienced personnel looking to join us. The team, which is expected

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to be in place within the next six months, ahead of the 2018/19 drilling season, will also be complemented with experienced personnel from our joint venture partners. In addition, we are developing alliance-style relationships with preferred third party contractors, to contribute additional capability in drilling, technology and development.

Since the acquisition was announced in November 2017, discussions have also been held with Government officials and indigenous landowner groups, as well as with nearby operators. We have been extremely encouraged by these exchanges and the opportunity to add material value to shareholders through developing these assets in a cooperative manner."

PETER BOTTEN, CBE
Managing Director

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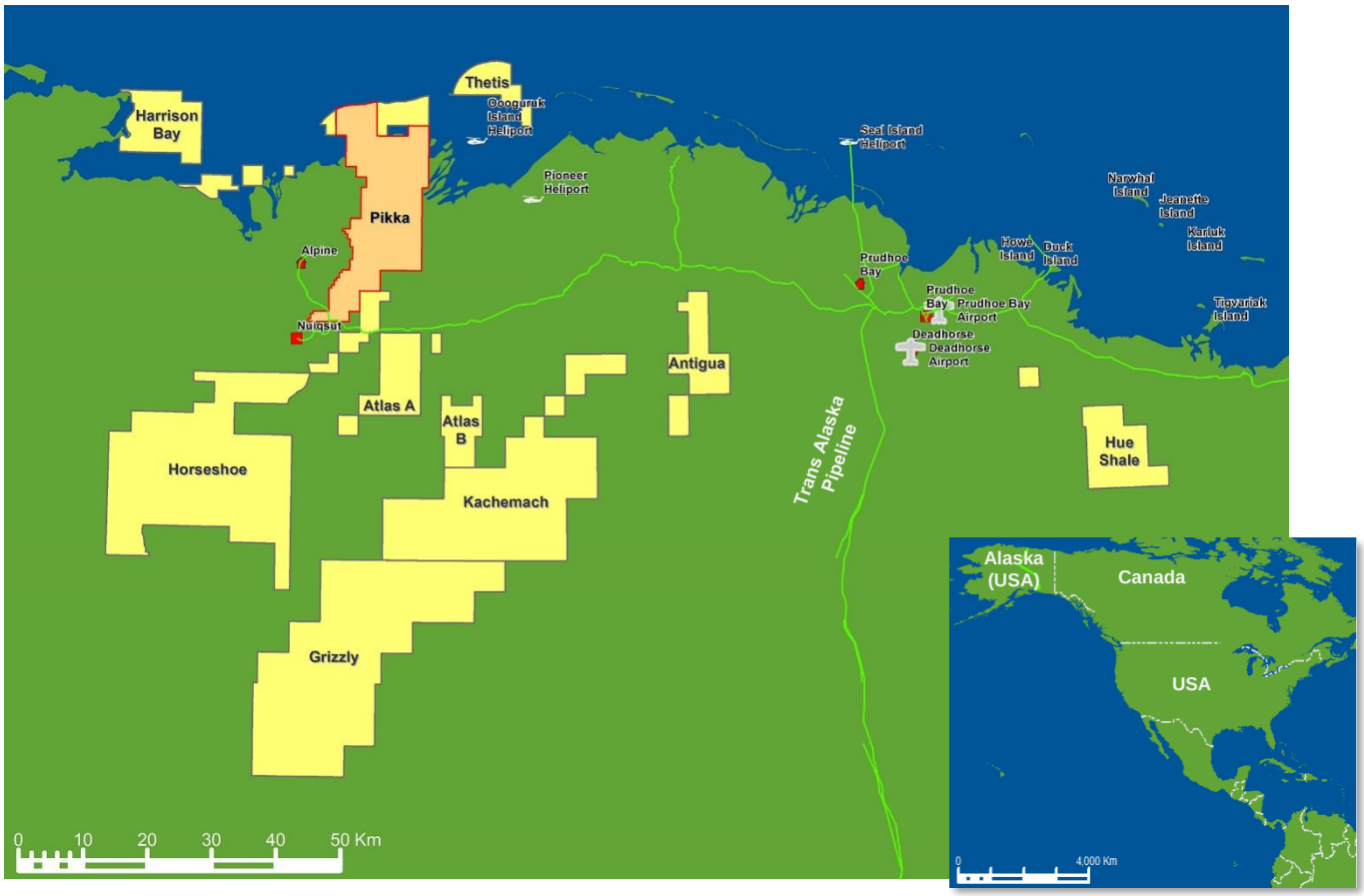
LICENCE INTEREST TABLE AND MAP



Phase	Lease Category	Oil Search	Armstrong	GMT Exploration	Repsol
Current transaction	Pikka Unit	25.5 %	19.125 %	6.375 %	49 %
	Horseshoe	37.5 %	28.125 %	9.375 %	25 %
	Exploration(1)	25.5 %	37.125 %	12.375 %	25 %
	Grizzly	51 %	0 %	0 %	49 %
	Hue Shale	37.5 %	62.5 %	-	-
Post OSH's option to acquire balance if exercised (2)	Pikka Unit	51 %	-	-	49 %
	Horseshoe	75 %	-	-	25 %
	Exploration(1)	51 %	18 %	6 %	25 %
	Grizzly	51 %	0 %	0 %	49 %
	Hue Shale	75 %	25 %	-	-

(1) Includes Harrison Bay, Thetis, Atlas A, Atlas B, Kachemach and Antigua blocks
(2) OSH able to transfer or on-sell additional interests