



Oil Search

Further update on Papua LNG Project

15 August 2019

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

Please see attached a press release from the Minister for Petroleum regarding the Papua LNG Project. This follows the Minister's release of 5 August 2019.

Peter Botten, Oil Search's Managing Director said:

"We note the press release by the Minister for Petroleum regarding meetings between the State Negotiating Team and Total (Operator of the Papua LNG Project) concerning the Papua LNG Gas Agreement. We look forward to further clarity on the State's position regarding this Agreement and ways forward for the Project."

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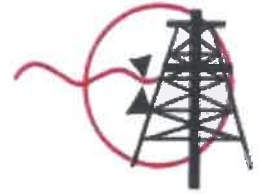
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MINISTER FOR PETROLEUM Office of the Minister

PRESS RELEASE

STATE TEAM HEADING OUT TO RE-NEGOTIATE WITH TOTAL

The National Executive Council has authorized a State Negotiating Team (SNT) lead by the Minister for Petroleum, Kerenga Kua, to head off to Singapore to seek to re-negotiate the terms of the Papua LNG Gas Agreement previously signed on 19 April 2019. The SNT left today 15 August for Singapore.

The Papua Gas Agreement was signed by the previous O'Neill led Government inside the period when serious moves were afoot to remove and replace that Government.

The Marape led Government on taking office on 30 May 2019, took the firm view that the Papua Gas Agreement was disadvantageous to the State and the people in certain respects and resolved to seek a renegotiation.

Mr Kua cautions that considering what's at stake, the peoples expectations must be guarded during this period. The negotiations could work out well or even disastrously, but either way, the people must be ready to accept whatever the outcome. As a Nation we have reserved all our rights in law as we move down this path.

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Success in the discussions could lead to an early progress of the project. By the same token failure could have very serious ramifications. But failure must not be ruled out and must remain within our contemplation. This is a risk we take as we try to move in the direction of taking PNG back and making it wealthy. The final outcomes will be briefed to the Prime Minister James Marape and the National Executive Council, and the final decision will be taken by the National Executive Council.

Considering our Nations economic circumstances short and long term, no stone must be left unturned at such important junctures. Mr Kua said, it would be futile and worthless to say in the future we should have done this deal differently. That question must be asked and answered now. This is the only diligent approach given how we find ourselves in this spot. The SNT expects to return early next week and report back to the National Executive Council. But Mr Kua says the Prime Minister will be kept informed daily as the negotiations progressed.

Dated: 15 August 2019



Hon. Kerenga Kua MP
Minister for Petroleum