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# ASX Announcement

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2 June 2014

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## Oil Search Limited Revises Dividend Reinvestment Plan Rules (DRP)

Oil Search Limited (Oil Search or the Company) has revised the Company's DRP Rules to comply with amendments to the ASX Listing Rules which came into effect on 14 April 2014, requiring the last election date for any dividend reinvestment plan offered on a dividend or a distribution to be set no earlier than the business day following the record date.

Additionally, under rule 4.7 of the DRP Rules, the Board of Directors of Oil Search has set a minimum participation limit of 100 shares in respect of Eligible Dividends generally.

A copy of the revised DRP Rules is attached to this announcement.

### STEPHEN GARDINER

**Group Secretary**

#### For further information please contact:

Mr Stephen Gardiner

Group Secretary

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# Summary of the Oil Search Limited

## DIVIDEND REINVESTMENT PLAN

### WHAT IS THIS BOOKLET?

This booklet sets out the choices for Oil Search Limited (**Oil Search**) shareholders in relation to future Eligible Dividends in Oil Search.

Terms defined in the Rules of the Dividend Reinvestment Plan (**DRP**) have the same meaning when used in this booklet, unless otherwise indicated.

### ACTION REQUIRED BY SHAREHOLDERS

Action is required if you wish to participate in the **DRP** and receive future Eligible Dividends in the form of additional fully paid ordinary shares in Oil Search (Shares), in respect of part or the whole of your shareholding.

### NO ACTION REQUIRED BY SHAREHOLDERS

If you wish to receive future Eligible Dividends in cash no action is required.

### WHAT IS THE DIVIDEND REINVESTMENT PLAN?

The **DRP** enables you, as a Shareholder in Oil Search to reinvest all or part of any Eligible Dividend paid on your Shares in additional Oil Search Shares in lieu of receiving that dividend in cash.

The **DRP** is a convenient, easy and cost-effective way to build your shareholding in Oil Search by using your cash dividends to acquire additional Shares.

Your participation in the **DRP** is entirely optional and is not transferable.

If you elect to reinvest an Eligible Dividend, additional Shares will be allotted to you as soon as practicable following the relevant dividend payment date. You will receive a statement setting out the number of Shares allotted to you, the issue price per Share and other information relevant to the Eligible Dividend.

#### **AM I ELIGIBLE TO PARTICIPATE?**

All Shareholders with registered addresses in Australia, Papua New Guinea, the United Kingdom, New Zealand, Hong Kong, Singapore and any other country designated from time to time by the Board are eligible to participate in the DRP.

Shareholders with registered addresses outside Australia, Papua New Guinea, United Kingdom, New Zealand, Hong Kong or Singapore are currently excluded from participating in the DRP given the relatively onerous requirements that would be placed on Oil Search by the relevant foreign jurisdictions if the DRP was to be offered in those jurisdictions.

Any Share (including any DRP Share) in respect of which Oil Search has or is entitled to a charge, lien or otherwise has rights to retain part or all of a dividend payable in respect of those shares will not be eligible to participate in the DRP whilst the lien, charge or other rights to retain part or all of a dividend payable subsists.

#### **HOW DO I PARTICIPATE IN THE DRP?**

If you wish to participate in the DRP, you must complete and sign the Election Notice that accompanies this booklet and forward it to the Oil Search Share Registry, Computershare Investor Services Pty Limited GPO Box 2975 Melbourne VIC 3001, or lodge it online at [www.computershare.com](http://www.computershare.com).

Please note that if you hold more than one parcel of Shares and have been allotted different shareholder identification numbers in the Register for each parcel you will need to complete an Election Notice in respect of each parcel of Shares.

**IF I PARTICIPATE, DO ALL OF MY SHARES PARTICIPATE IN THE DRP?**

Shareholders may choose the level of participation in the DRP that suits their requirements and will be able to vary their level of participation at any time prior to the Record Date for an Eligible Dividend. When completing the Election Notice, you will have two options:

**(a) Full Participation**

If you elect Full Participation, **all** Shares entered in the Register in your name and all Shares subsequently entered in your name will participate in the DRP.

**(b) Partial Participation**

If you elect Partial Participation, the number of Shares specified in the Election Notice and all additional Shares issued under the DRP will participate in the DRP. You will receive cash dividends on your remaining Shares in the normal way.

If you buy Shares or have Shares subsequently entered in the Register in your name, those Shares will **not** participate in the DRP unless you lodge an Election Notice specifically in relation to those Shares.

If you hold fewer than the number of Shares you have specified in the Election Notice, then the Eligible Dividend on the Shares that you actually hold will be reinvested.

Where an Election Notice does not indicate the level of participation in the DRP, it will be deemed to be an application for Full Participation.

Where you have more than one shareholding in Oil Search, you must lodge an Election Notice for each shareholding that is to participate in the DRP.

**WHAT IS THE PRICE OF SHARES UNDER THE DRP?**

The Price will be the arithmetic average of the daily volume weighted average sale prices of all Shares sold on the ASX (excluding off-market trades) during the Price Determination Period less a Discount (if any).

The Board may determine to apply or change the Discount from time to time.

**HOW MANY SHARES WILL BE ALLOTTED TO ME?**

Oil Search will determine the Shares that will be allotted to you under the DRP, by dividing the amount of the Eligible Dividend otherwise payable in respect of DRP Shares (less any applicable withholding tax and any other amounts that Oil Search is required to deduct or withhold from the Eligible Dividend under any applicable law) by the Price (determined as set out above).

Where the number of Shares to be allotted under the DRP includes a fraction, the Board has determined that the number of Shares actually allotted will be rounded up to the nearest whole number.

**WHAT TYPE OF SHARES WILL I GET UNDER THE DRP?**

Shares allotted to you under the DRP will be fully paid ordinary shares in Oil Search, which may be existing Shares transferred to you or newly issued Shares.

Where new Shares are allotted to you under the DRP, they will be listed on the ASX and POMSoX and will, in general, rank equally in all respects with Oil Search's existing Shares.

**WHAT COSTS ARE INVOLVED?**

Shares issued under the DRP will not be subject to brokerage, commission, or other transaction costs.

**WHAT RECORD DO I HAVE OF MY PARTICIPATION IN THE DRP?**

Shareholders participating in the DRP will be issued with a statement as soon as practicable after the Shares are allotted. The statement will detail the level of your participation (i.e. full or partial) in the DRP, the amount and date of the Eligible Dividend, withholding tax and any other amounts deducted or withheld (if any), the number of Shares allotted to you under the DRP and the Price of those Shares.

**CAN I SELL SHARES THAT PARTICIPATE IN THE DRP OR THAT ARE ALLOTTED TO ME UNDER THE DRP?**

Where you elect for 'Full Participation' and then sell some of your Shares, future Eligible Dividends on your remaining Shares will continue to be reinvested under the DRP.

Where you elect for 'Partial Participation' and then sell some of your Shares, the number of Shares sold will be deemed first to be non-participating Shares and, once those Shares are all deemed to be sold, then second participating Shares under the DRP

**WHERE WILL THE SHARES BE LISTED?**

Application will be made for Shares issued under the DRP to be quoted on ASX and POMSoX.

**TERMINATION OR MODIFICATION BY THE BOARD**

**Modifications**

The Board may modify the Rules from time to time and at any time, as it considers appropriate, by notice on Oil Search's website, [www.oilsearch.com](http://www.oilsearch.com), and to ASX and POMSoX.

**Suspension or termination**

The Board may also suspend, recommence or terminate the operation of the DRP from time to time and at any time it considers appropriate by notice on Oil Search's website and to ASX and POMSoX.

If the DRP is suspended, any elections of participation will be suspended. Unless otherwise determined by the Board, upon re-commencement of the DRP, all prior elections are re-instated unless you provide an Election Notice which validly terminates or varies your participation prior to the next Election Date after reinstatement of the DRP

**ARE THERE MINIMUM OR MAXIMUM LEVELS FOR PARTICIPATION?**

The Board may, from time to time, set minimum or maximum participation limits (whether in respect of a particular Eligible Dividend or Eligible Dividends generally) which will determine the number of Shares that you may nominate to participate in the DRP.

At this time the Board has set no maximum participation limit.

However, the Board has set a minimum participation limit of 100 Shares in respect of Eligible Dividends generally. This means that you may nominate no less than 100 Shares to participate in the DRP for so long as this limit applies. If an Election Notice specifies a number of Shares less than 100, none of those Shares will participate in the DRP and any Eligible Dividend in respect of them will be paid by Oil Search in accordance with its usual arrangements for the payment of dividends.

**TIME PERIODS FOR PARTICIPATION**

Your Election Notice must be received prior to 5.00 pm (Sydney time) on the business day in Sydney following the Record Date for the Eligible Dividend (or such later date as determined by the Board and notified to Shareholders) (Election Date).

Despite anything else in the Rules, once you have nominated a number of Shares that are to participate in the DRP in relation to a dividend, you cannot vary that number after 5:00 pm on the Election Date for the purposes of that dividend.

An Election Notice remains in effect in relation to each subsequent Eligible Dividend unless and until it is varied by a subsequent Election Notice.

**HOW DO I CHANGE MY PARTICIPATION OR WITHDRAW FROM THE DRP?**

Subject to the Rules, you may vary your level of participation in the DRP or withdraw from the DRP at any time by lodging an Election Notice with the Oil Search Share Registry, Computershare Investor Services Pty Limited GPO Box 2975 Melbourne VIC 3001, or lodge it online at [www.computershare.com](http://www.computershare.com).

You can obtain an Election Notice online at the Oil Search Share Registry website at [www.computershare.com](http://www.computershare.com), by contacting the Oil Search Share Registry or from the Oil Search website at [www.oilsearch.com](http://www.oilsearch.com).

The variation or termination will be effective in relation to the Eligible Dividend with an Election Date next occurring after your Election Notice is received.

### **ELIGIBLE DIVIDENDS**

The Board has discretion to determine whether a particular dividend is eligible for the purposes of the DRP. The Board will decide this at the time of declaring a dividend.

If the Board determines that a dividend is not an Eligible Dividend, the dividend will be paid entirely in cash.

### **CAN THE DRP BE UNDERWRITTEN?**

Yes. The Board in its discretion may seek underwriting of all or part of the DRP from time to time. Any underwriting may result in Shares that are available for allocation under the DRP, but are not taken up by Shareholders, being issued to other persons through the underwriting process. Those persons may or may not be existing Shareholders.

### **TAX POSITION**

Participating Shareholders use Eligible Dividends on participating Shares to subscribe for additional fully paid shares in Oil Search of the same class. For income taxation purposes, Shares issued under the DRP are treated as though the Shareholder received a cash dividend and then paid it to Oil Search to subscribe for new Shares. Oil Search's understanding is that -

#### **Australian residents**

- (a) Shares will be treated as having been acquired by the reinvestment of a cash dividend for the purposes of the Australian income tax purposes. An Australian resident participant will accordingly be required to include in its assessable income the amount of the dividend (including any amount of foreign withholding tax);
- (b) the assessable income in paragraph (a) will include any Papua New Guinea withholding tax payable on the dividend. Subject to certain complex rules the Papua New Guinea withholding tax should be allowable to the participant as a foreign credit;
- (c) a disposal of Shares will, in general, be subject to Australian capital gains tax, regardless of whether the participating shares in respect of which they are issued were acquired by the Participant before, on or after 20 September 1985. The first element of



the cost base and reduced cost base of the Shares will generally be equal to the amount of the Eligible Dividend. The acquisition date will be the date of issue of the Shares.

#### **Papua New Guinea residents**

- (a) A dividend payable directly or indirectly out of assessable income from petroleum or gas operations, will be exempt from tax;
- (b) otherwise, in general, a dividend paid to a Papua New Guinea resident shareholder will be subject to dividend withholding at the prevailing rate. As a result the dividend will not be included in the Shareholder's assessable income;
- (c) disposal of a Share will be subject to Papua New Guinea income tax if the Share is held on revenue account but not if it is held on capital account.

#### **New Zealand residents**

- (a) As a general rule, a Shareholder who elects for a dividend to be reinvested under the DRP will be treated as receiving a cash dividend followed by an acquisition of Shares. The tax treatment of the dividend will depend on whether the Foreign Investment Fund (FIF) rules apply.
- (b) Where the FIF rules do not apply the gross dividend amount will be assessable with a credit allowed for foreign withholding tax deducted. Proceeds from a sale of Shares allotted under the DRP should not be taxable unless the Shareholder acquires the Shares for the purpose of resale or carries on a business which includes dealing in shares.
- (c) Where the FIF rules apply, assessable income from Shares under the DRP will be determined by applying a prescribed FIF calculation method. Dividends and sale proceeds should not be separately assessable where either of these methods are applied.

#### **United Kingdom residents**

The information provided is general in nature and does not apply to special shareholders such as trustees, close companies, exempt entities or officers or employees of Oil Search or any related subsidiary or related company.

As a general rule, Shareholders who elect for Shares to be allotted to them under the DRP will be treated as receiving a normal cash dividend followed by an acquisition of the Shares.

**(a) UK resident individuals (other than trustees)**

UK resident individuals electing for the Shares to be allotted to them under the DRP will be liable to income tax, according to their personal circumstances, on the amount of the eligible cash dividend irrespective of the market value of the Shares.

For the purposes of the taxation of chargeable gains, Shares allotted under the DRP will be treated as a separate acquisition and the amount of the eligible cash dividend will be allowed as base cost for the Shares. Any resulting gain upon a disposal of the Shares will be charged to capital gains tax (currently at the rate of 18%).

**(b) UK resident corporate shareholders**

UK resident corporate Shareholders electing for Shares to be allotted to them under the DRP will be liable to corporation tax on the amount of the eligible cash dividend irrespective of the market value of the Shares.

For the purposes of the taxation of chargeable gains, Shares allotted under the DRP will be treated as a separate acquisition and the amount of the eligible cash dividend will be allowed as base cost for the Shares. Indexation allowance will start running from the date of acquisition of the Shares under the DRP

**Hong Kong residents**

A Hong Kong resident DRP Participant will not be subject to any Hong Kong tax on the Eligible Dividend in the form of Shares. However, if the receipt and subsequent realisation of such Shares is, or forms part of a trade, profession or business carried on in Hong Kong, gains realised by the relevant Hong Kong Shareholder may be subject to Hong Kong profits tax.

**Singapore residents**

A Shareholder who elects for an Eligible Dividend to be reinvested under the DRP will generally be treated as receiving a cash dividend which is then applied towards acquisition of Shares. Dividends paid by Oil Search will

generally be considered as sourced outside Singapore (i.e. foreign-sourced dividends) and taxable only upon remittance or deemed remittance into Singapore. Singapore tax resident taxpayers will be exempt from tax on foreign-sourced dividends received or deemed received in Singapore if certain conditions are met.

Singapore does not impose tax on capital gains. However, a gain arising from a disposal of DRP Shares may be subject to income tax if the gain is income in nature, especially if it arises from activities which are regarded as the carrying on of a trade or business in Singapore.

#### **Independent tax advice**

The comments above concerning the income tax position of Shareholders are general in nature and are made in relation to the jurisdictions indicated only. The comments do not constitute advice, Oil Search will in no way be responsible for reliance on any information expressed or implied in this document. Participating Shareholders should seek and rely on their own independent advice about the financial and taxation implications of participating in the DRP in their specific circumstances.

The taxation position of a participating Shareholder will depend upon the particular circumstances of the Shareholder. Specifically, this summary does not address tax issues relevant to Shareholders in special circumstances, such as share traders or persons carrying on an investment business. The sole purpose of this summary is to outline the basic features of the DRP. Shareholders should not rely on this summary for taxation purposes, and neither Oil Search nor any of its officers or advisers or the Oil Search Share Registry accepts liability or responsibility in respect of any statement concerning taxation consequences, or in respect of the taxation consequences themselves.

The tax laws applying to the payment of dividends may change from time to time.

### **RULES PREVAIL**

If there is any inconsistency between this summary and the Rules, the Rules prevail.

### **ENQUIRIES**

A copy of the Rules is enclosed in this booklet. A copy of the most recent annual report and audited consolidated financial statements are available free of charge on request from Oil Search or on the Oil Search website [www.oilsearch.com](http://www.oilsearch.com).

If you wish to enquire further about the DRP (other than in relation to taxation), please contact or write to either of the following persons at the following addresses:

#### **The Share Registrar**

Computershare Investor Services Pty Limited GPO Box  
2975 Melbourne VIC 3001

Telephone: 1300 855 080 (within Australia)  
61 3 9415 4000 (outside Australia)  
Fax: 61 2 8235 8150  
Email: [web.queries@computershare.com.au](mailto:web.queries@computershare.com.au)

#### **The Company Secretary**

Oil Search  
Limited GPO Box  
2442  
Sydney NSW 2001

Telephone: 61 2 8207 8400  
Fax: 61 2 8207 8500

### **FURTHER ADVICE**

In Australia, Papua New Guinea, the United Kingdom, New Zealand, Hong Kong or Singapore a prospectus is not required to be lodged or registered in relation to Shares to be issued under the DRP described in this booklet. If you are in doubt as to whether to participate in the DRP, you should consult your own professional adviser.

#### **Hong Kong**

The DRP described in this booklet is not and will not be registered with (i) the Securities and Futures Exchange of Hong Kong or (ii) Hong Kong Exchanges and Clearing Limited. This booklet and the Rules are not intended to be

sent to any member of the public of Hong Kong. If you are not the intended recipient, please disregard this booklet and Rules and notify Oil Search.

Unless permitted to do so by the securities laws of Hong Kong, no person may issue or cause to be issued in Hong Kong this booklet, the Rules or any other information, advertisement or document relating to the Shares of Oil Search to anyone other than to a person who is defined as a "professional investor". For the purposes of the Securities and Futures Ordinance of Hong Kong (SFO), "professional investors" include Hong Kong and overseas licensed intermediaries, banks and insurance companies, certain high net worth entities and certain other persons who may otherwise fall within the definition of a "professional investor" set out in Schedule 1 of the SFO. You are hereby advised to exercise caution with respect to the DRP and seek independent professional advice.

### **Singapore**

The offer of Shares by Oil Search pursuant to the DRP is made only to and directed at, and the Shares are only available to, persons in Singapore who are existing holders of the Shares previously issued by Oil Search.

The DRP has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the DRP and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Shares may not be circulated or distributed, nor may the Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) existing holders of Shares or (ii) pursuant to, and in accordance with, the conditions of an exemption under any provision of Subdivision (4) of Division 1 of Part XIII of the Securities and Futures Act, Chapter 289 of Singapore.

# Rules of the Dividend Reinvestment Plan

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# Dividend Reinvestment Plan

Oil Search Limited

ARBN 055 079 868 (Oil Search)

## 1. INTERPRETATION

### 1.1 Definitions

The following definitions apply in this document:

**ABN** has the meaning given by the *A New Tax System (Australian Business Number) Act 1999* (Cth).

**Allocation** means the issue of new Shares or the transfer of existing Shares to DRP Participants under the DRP

**ASX** means ASX Limited or the stock market operated by ASX Limited (as the context requires).

**Board** means the directors of Oil Search acting collectively under the Constitution or the committee or person to whom the Board has delegated a relevant power in accordance with the Constitution or the *Companies Act 1997* (Papua New Guinea) (or both).

**Charity** means such charity as the Board may determine.

**Constitution** means the constitution of Oil Search.

**Designated Country** means Australia, Papua New Guinea, the United Kingdom, New Zealand, Hong Kong, Singapore and any other country designated from time to time by the Board.

**Discount** means the discount, if any, expressed as a percentage, to the Market Price, determined by the Board to be applied in calculation of the Price, not exceeding 5%.

**DRP** means the dividend reinvestment plan of Oil Search constituted by these Rules, as varied from time to time.

**DRP Account** means an account established and maintained under rules 5.1 and 5.2.

**DRP Participant** means an Eligible Member:

- (a) whose application to participate in the DRP has been approved by the Board under rule 4; and
- (b) who has not ceased to participate under rule 8.

**DRP Share** means a Share that is a DRP Share under rule 4.4 or 4.5 or 4.6.

**Election Date** means the date that is the business day in Sydney, New South Wales, immediately following the Record Date or such later date as determined by the Board and notified to Shareholders by announcement to ASX and POMSx.

**Election Notice** means the form, whether written or electronic (which includes a form which can be lodged electronically), used to apply for participation in the DRP and used to vary or terminate a Shareholder's participation in the DRP, approved by the Board from time to time.

**Eligible Dividend** means each cash dividend declared by the Board in respect of Shares which the Board declares to be an eligible dividend for the purposes of the DRP

**Eligible Member** means all Shareholders except as stated in rule 3.

**Full Participation** means participation in the DRP for all of a Shareholder's Shares from time to time (subject to the Maximum Participation Holding (if any)), including Shares subsequently acquired by the DRP Participant.

**Listing Rules** means the Listing Rules of ASX and POMSx (as the context requires) as they apply to Oil Search from time to time.

**Market Price** means the arithmetic average of the daily volume weighted average market price per Share of all Shares traded on ASX during the Price Determination Period (including the opening and closing single price auctions, but excluding off-market trades including, but not limited to, 'special crossings', 'crossings' outside normal trading hours and transactions related to the exercise of any options and any other transactions which the Board considers may not be fairly reflective of genuine supply or demand) rounded down to the nearest whole cent or if no Shares are traded during the Price Determination Period, the last sale price recorded on ASX prior to commencement of the Price Determination Period rounded down to the nearest cent.

**Maximum Participating Holding** means the number of DRP Shares (if any) determined by the Board from time to time under rule 4.7.

**Minimum Participating Holding** means the number of DRP Shares (if any) determined by the Board from time to time under rule 4.7.

**Oil Search** means Oil Search Limited ARBN 055 079 868.

**Partial Participation** means participation in the DRP for a specified number of a Shareholder's Shares, being more than the Minimum Participating Holding (if any) and fewer than all of those Shareholder's Shares, (subject to the Maximum Participating Holding (if any)).

**PNG Takeovers Code** means the Takeovers Code 1998 having the force of law under the *Securities Act 1997* (Papua New Guinea).

**POMSoX** means the Port Moresby Stock Exchange Limited or the stock market operated by the Port Moresby Stock Exchange (as the context requires).

**Price** means, in respect of the DRP for a particular dividend, the Market Price less any applicable Discount, rounded up or down to the nearest cent.

**Price Determination Period** means in relation to a dividend the period determined from time to time by the Board in their absolute discretion.

**Record Date**, in relation to an Eligible Dividend, means 5.00 pm (Sydney time) on the date on which entitlements for the Eligible Dividend are calculated.

**Register** means the register of members of Oil Search.

**Rules** means these rules of the DRP as varied from time to time.

**Share** means a fully paid ordinary share in Oil Search.

**Shareholder** means a registered holder of Shares.

**Share Registry** means Computershare Investor Services Pty Limited ACN 078 279 277.

**Tax File Number** means a tax file number as defined in section 202A of the *Income Tax Assessment Act 1936 (Cth)*.

## 1.2 Rules for interpreting this document

Headings are for convenience only, and do not affect interpretation. The following rules also apply in interpreting this document, except where the context makes it clear that a rule is not intended to apply.

- (a) A singular word includes the plural, and vice versa.
- (b) A word which suggests one gender includes the other genders.
- (c) If a word or phrase is defined, any other grammatical form of that word or phrase has a corresponding meaning.
- (d) If an example is given of anything (including a right, obligation or concept), for example by saying it includes something else, the example does not limit the scope of that thing.
- (e) Any reference to these Rules to any enactment, part of an enactment or the Listing Rules includes a reference to that enactment, part or those Listing Rules as from time to time amended, consolidated, re-enacted or replaced and, in the case of an enactment, all regulations and statutory instruments issued under it.

## 2. COMMENCEMENT OF DRP

The DRP operates on and from the date determined by the Board and notified to Eligible Members.

## 3. ENTITLEMENT TO PARTICIPATE

### 3.1 Participation optional and not transferable

Subject to rules 3.2 and 8, participation is optional and not transferable and is open to each Shareholder who is eligible under these Rules.

### 3.2 Foreign shareholders and participation

- (a) The Board, in its discretion, has elected not to offer participation under the DRP to "U.S. Persons" (as defined in the Securities Act of 1933 (US)) and Shareholders whose addresses in the Register are outside a Designated Country, as the Board considers that to do so would be unreasonable having regard to the number of Shareholders in those places,

the number of Shares they would be offered and the associated costs of ensuring that the laws of those places are not breached. The Board may, in its absolute discretion, elect to amend this policy.

- (b) U.S. Persons and Shareholders who are not resident in a Designated Country who hold their Shares through a nominee resident in a Designated Country should not allow their nominee to participate in the DRP if participation would be contrary to the laws of their country of residence.
- (c) U.S. Persons and any person outside of a Designated Country who participate in the DRP through a nominee resident in a Designated Country will be deemed to represent and warrant to Oil Search that they can lawfully participate through their nominee. Oil Search accepts no responsibility for determining whether a U.S. Person or Shareholder is able to participate in the DRP under laws applicable outside the Designated Countries.
- (d) A Shareholder is solely responsible for obtaining any government or regulatory approvals and consents necessary for that Shareholder to participate in the DRP.
- (e) The Board is entitled (but not obliged) to refuse a Shareholder participation in the DRP where the Shareholder has, in the opinion of the Board, split a Shareholding or acquired Shares of such a split, in order to increase the number of Shares that may be allotted to the Shareholder or another person under the DRP.
- (f) The Board may limit the allocation of Shares under the DRP or refuse, suspend or terminate participation in the DRP for an Eligible Member where the Board considers that the participation has or could lead to a person acquiring a relevant interest in the voting shares of Oil Search that would result in that Eligible Member or someone else's voting power contravening the PNG Takeovers Code.

#### 4. APPLYING TO PARTICIPATE

##### 4.1 Participation

Subject to rule 4.2, an Eligible Member may apply to participate in the DRP in respect of some or all of his or her Shares by lodging an Election Notice with the Share Registry by 5:00pm (Sydney time) on the Election Date. For the purpose of this rule, each separate holder or combination of joint holders of Shares whose name appears in the Register is taken to be a separate Eligible Member.

##### 4.2 Separate shareholding accounts

- (a) If an Eligible Member is shown in the Register as holding more than one parcel of Shares and has been allotted a unique shareholder identification number for each of those parcels:
  - (i) a separate Election Notice is required for each of those parcels; and
  - (ii) these Rules apply as if each of those parcels were registered in the name of a separate Eligible Member (and, in the case where the Eligible Member's application in relation to a parcel is approved by the Board under rule 4, a separate DRP Participant).
- (b) If a shareholding account, appearing in the Register relates to a broker's clearing account, or a trustee or nominee, and the broker, trustee or nominee, being an Eligible Member, notifies Oil Search that the relevant Shares are held for a number of different persons (who are also Eligible Members) and specifies the number of Shares held for each of such persons as at a particular Record Date (although the names of such persons need not be specified), then the Board may determine that each such holding shall, as at that Record Date, be taken to represent a separate Eligible Member for the purpose of the operation of this DRP.
- (c) If Shares are jointly held by 2 or more Eligible Members, all joint holders of such Shares must sign a single Election Notice for it to be valid. If 1 or more of the joint holders of the Shares is not an Eligible Member, none of the joint holders can apply to participate in the DRP with respect to the Shares jointly held.

#### 4.3 Effect of application

By applying to participate in the DRP, the Eligible Member agrees to be bound by the Constitution in respect of all Shares issued to the Eligible Member under the DRP

#### 4.4 Applications

- (a) Subject to paragraph (b), Election Notices to participate in the DRP accepted by the Board will be effective on receipt by the Share Registry
- (b) An Election Notice to participate must be received by the Share Registry by 5:00 pm (Sydney time) on the Election Date for an Eligible Dividend. Any Election Notice that is received after the Election Date is not effective for that Eligible Dividend, but takes effect in respect of the next Eligible Dividend, unless the Board in its absolute discretion determines otherwise.
- (c) An Election Notice must specify whether the Eligible Member has elected Full Participation or Partial Participation.
- (d) If an Election Notice does not clearly indicate the level of participation in the DRP, it will be deemed to be an application for Full Participation.
- (e) Oil Search has no obligation to correct an invalid application on behalf of any Eligible Member. However, the Board may, at its sole discretion:
  - (i) accept or reject an Election Notice which is not properly completed or signed; and
  - (ii) correct any error in, or omission from, an Election Notice prior to acceptance under rule 4.4(e)(i).

#### 4.5 The effect of applying for participation

By applying to participate in the DRP, the Shareholder:

- (a) warrants to Oil Search that it is an Eligible Member;
- (b) acknowledges that Oil Search may at any time irrevocably determine that the applicant's Election Notice is valid, in accordance with these Rules, even if the Election Notice is incomplete, contains errors or is otherwise defective and authorises Oil Search (and its officers or agents) to correct any error in, or omission from, its Election Notice;

- (c) acknowledges that Oil Search may reject any Election Notice;
- (d) agrees to the appointment of a nominee by Oil Search as the DRP Participant's agent to acquire Shares on-market or off-market, where Oil Search decides to acquire existing Shares in accordance with rule 6;
- (e) acknowledges that neither Oil Search nor the Share Registry has provided the applicant with investment advice or financial product advice concerning its decision to apply to participate in the DRP and that neither has an obligation to provide this advice; and
- (f) unconditionally agrees to the Rules and agrees not to do any act or thing which would be contrary to the spirit, intention or purpose of the DRP

#### 4.6 DRP Shares

Subject to rules 4.7, 6.5, 6.6 and 8:

- (a) if a DRP Participant states in his or her most recent Election Notice that:
  - (i) they elect Full Participation all the Shares registered in his or her name are to participate in the DRP, all the Shares registered in the name of that DRP Participant at or after the DRP Participant's Election Form was approved by the Board are DRP Shares;
  - (ii) they elect Partial Participation, subject to paragraph (b), the number of Shares specified in the DRP Participant's Election Notice and any Shares issued to the DRP Participant under the DRP after the DRP Participant's application was approved by the Board (or receipt by Oil Search of the Election Notice), are DRP Shares.
- (b) if the number of Shares registered in the name of a DRP Participant on any Record Date for an Eligible Dividend is fewer than the number of Shares that are DRP Shares of the DRP Participant as determined under rule 4.6(a)(ii), all the Shares registered in the name of the DRP Participant on that Record Date are DRP Shares.



#### 4.7 Minimum and maximum participating holding

- (a) The Board may, from time to time, determine:
- (i) a minimum permitted number of DRP Shares per DRP Participant or in respect of a particular DRP Participant; and/or
  - (ii) a maximum permitted number of DRP Shares per DRP Participant or in respect of a particular DRP Participant,
- whether in respect of a particular Eligible Dividend, or Eligible Dividends generally. If the Board does so, Oil Search must notify Eligible Members accordingly. Once notified, each DRP Participant's participation will be subject to that maximum or minimum number of DRP Shares (as applicable).
- (b) To the extent that an Election Notice has specified a number of DRP Shares in excess of the Maximum Participation Holding (including an election of Full Participation), for so long as that limit applies:
- (i) the number of DRP Shares for that DRP Participant is deemed to be that limit; and
  - (ii) any Shares specified in the Election Notice as DRP Shares in excess of that limit are deemed not to be DRP Shares, and any Eligible Dividend payable in respect of them will be paid by Oil Search in accordance with usual arrangements for the payment of dividends.
- (c) To the extent that an Election Notice has specified a number of DRP Shares fewer than a prevailing Minimum Participating Holding (including an election of Full Participation where the number of DRP Shares would otherwise be less than that limit), for so long as that limit applies:
- (i) the number of DRP Shares for that DRP Participant for the purposes of these Rules is deemed to be zero; and
  - (ii) any Shares specified in an Election Notice as DRP Shares less than that limit are deemed not to be DRP Shares, and any Eligible Dividend payable in respect of them will be paid by Oil Search in accordance with its usual arrangements for the payment of dividends.

**5. DRP ACCOUNT**

**5.1 Establish and maintain DRP Account**

Oil Search may from time to time, as determined by the Board, establish and maintain a DRP Account in respect of each DRP Participant.

**5.2 Interest not accrued**

Amounts standing to the credit of a DRP Account do not accrue any interest.

**5.3 Establish and maintain DRP Charity Account**

Oil Search may keep a separate memorandum of account (in these Rules called a **DRP Charity Account**) into which will be recorded transfers of residual positive balances as and when required by the operation of these Rules.

Oil Search must, over time, donate or apply an amount in accordance with rule 6.2(h), that is equal to the sum of all residual positive balances transferred into the DRP Charity Account to a Charity.

The Board shall have an absolute discretion as to when and as to which Charity it will make the donation or donations to, and as to the size of such donation or donations.

**6. OPERATION OF DRP**

**6.1 Eligible Dividend**

The DRP applies only in respect of DRP Shares of a DRP Participant on which an Eligible Dividend is payable.

**6.2 Reinvestment procedure**

Subject to this rule 6 and 5.3, in respect of each Eligible Dividend, Oil Search must:

- (a) calculate the amount of the Eligible Dividend payable to each DRP Participant on the Eligible Member's DRP Shares;
- (b) calculate (if applicable) the Papua New Guinea withholding tax payable and any withholding required under Australian law in respect of that Eligible Dividend in relation to the Eligible Member's DRP Shares;

- (c) credit the amount calculated under paragraph (a) and debit the amount calculated under paragraph (b) to the DRP Participant's DRP Account;
- (d) calculate the number of fully paid Shares to be issued to the DRP Participant in accordance with rule 6.3;
- (e) on behalf of and in the name of the DRP Participant, subscribe for that number of fully paid Shares and debit the DRP Participant's DRP Account with the total Price for those Shares;
- (f) issue that number of additional Shares to the DRP Participant in accordance with rule 6.4;
- (g) retain in the DRP Account any balance remaining after the debit referred to in paragraph (e); and
- (h) unless the DRP Participant specifies in the Election Notice that it does not wish to donate any positive balance remaining arising under rule 6.2(g) to Charity, Oil Search will, on behalf of the DRP Participant, in the sole discretion of the Board either:
  - (i) pay that amount, and all other amounts to be donated by other DRP Participants to Charity; or
  - (ii) apply that amount, and all other amounts to be donated by other DRP Participants, in paying up a number of Shares to be allotted to Charity, such number to be calculated in accordance with the formula in rule 6.3, where "D" for the purposes of this calculation is the aggregate amounts donated by DRP Participants.

**6.3 Number of shares to be issued**

- (a) Subject to paragraph (b), the number of Shares that may be allotted to a DRP Participant in respect of any dividend paid or payable will be calculated as follows:

$$N = \frac{(D - T)}{P}$$

Where:

N is the number of Shares which may be allotted to a DRP Participant;

D is the amount of the Eligible Dividend in cents paid or payable to a DRP Participant in respect of all the DRP Participant's DRP Shares (if any) at the Record Date, plus any residual amount in the DRP Participant's DRP Account at the Record Date;

T is the total amount of withholding tax together with any other amount Oil Search is required or is entitled to withhold or retain (including without limitation those moneys that Oil Search is entitled to retain pursuant to the Constitution or is required to withhold due to the non-quotation of a Tax File Number or ABN by the DRP Participant); and

P is the Price.

- (b) If the number of Shares calculated pursuant to paragraph (a) includes a fraction, the number of Shares allotted will be rounded up or down to the nearest whole number, as determined by the Board from time to time in their absolute discretion.

#### **6.4 Issue of Shares**

- (a) The Board in their absolute discretion will determine whether to issue new Shares or to cause the purchase and transfer of existing Shares to a Participant, or to apply a combination of both options, to satisfy Oil Search's obligations under the DRP. If the Board determines to cause the purchase and transfer of existing Shares to Participants and so as to give effect to this, the Shares may be acquired in such manner as the Board considers appropriate, including:
  - (i) through a broker in the market; or
  - (ii) via a trust established by Company (of which the Participants are the beneficiaries).
- (b) Where new Shares are issued by Oil Search, under the DRP, Oil Search must promptly (and, in any event, within the time period required by the Listing Rules) make application for those Shares to be quoted on ASX and POMSx. However ASX or POMSx does not accept responsibility for any statement in these Rules.

## **6.5 Participation and dividends not available to participate**

- (a) Any Eligible Dividend payable on Shares which a DRP Participant has nominated as participating in the DRP and which dividend Oil Search is entitled to retain under the Constitution or other requirement of law, will not be available for the purposes of participating in the DRP.
- (b) The Board has discretion to refuse to accept any person's Shares for participation in the DRP and to suspend or withdraw any person's Shares from participation if the Board considers that the participation of those Shares may breach any law of Australia, Papua New Guinea, the Listing Rules or a provision of the Constitution.

## **6.6 Shares which may not participate in the DRP**

Despite anything contained in these Rules, any Share (including any DRP Share) in respect of which Oil Search is, or would be, entitled to a charge, lien or otherwise has rights to retain part or all of a dividend payable in respect of those Shares will not be eligible to participate in the DRP while the lien, charge or other rights to retain part or all of a dividend payable subsists.

## **7. SHARES ISSUED UNDER THE DRP**

### **7.1 Rights attaching to Shares**

Shares issued under the DRP rank from the date of issue equally in all respects with all other fully paid Shares, unless the Board determines that they are not to participate in any offer of Shares open when the Shares are issued under the DRP.

### **7.2 Statements**

Oil Search must send a statement for Shares issued under the DRP to DRP Participants in a form determined by the Board as soon as practical after the Shares are issued (and in any event within the period required by the Listing Rules), that may include, for example:

- (a) the number of the DRP Participant's Shares that have been nominated for participation in the DRP as at the relevant Election Date;

- (b) the amount of the relevant Eligible Dividend payable to the DRP Participant (less withholding tax if applicable and any other amount which Oil Search is entitled or required to retain) which has been applied toward subscription or purchasing additional Shares under the DRP;
- (c) the number, issue price and issue date of additional Shares issued to the DRP Participant under the DRP or the number, price and transfer date of additional Shares transferred to the participating Shareholder under the DRP;
- (d) the DRP Participant's total holding of Shares (including DRP Shares) after transfer or issue under the DRP; and
- (e) the amount of the DRP Participant's cash balance retained (if any).

### 7.3 No brokerage or commission

Oil Search will not charge brokerage, commission or other transaction costs on Shares transferred or issued under the DRP.

## 8. VARIATION / WITHDRAWAL FROM DRP

### 8.1 Variation or withdrawal by notice

- (a) A DRP Participant may:
  - (i) vary the number of his or her Shares participating in the DRP;  
or
  - (ii) cease participating in the DRPby lodging an Election Notice with the Share Registry, in a manner approved by the Board, of his or her decision to do so.
- (b) Subject to paragraph (c), an Election Notice given under paragraph (a) is effective from the time it is received by the Share Registry.
- (c) An Election Notice given under paragraph (a) which is received after the Election Date for an Eligible Dividend is not effective for that Eligible Dividend, but takes effect in respect of the next Eligible Dividend.

## **8.2 Death/bankruptcy of DRP Participants**

If a DRP Participant (or any of the joint holders that constitute a DRP Participant) dies or becomes bankrupt or is wound-up, the participation of that DRP Participant ceases when the Share Registry receives written notice of the death, bankruptcy or winding-up from the DRP Participant or the DRP Participant's trustee in bankruptcy or liquidator, as the case requires. The death, bankruptcy or winding-up of 1 or more joint holders does not automatically terminate participation provided the remaining holder or all remaining joint holders are Eligible Members.

## **8.3 Reduction or termination by the DRP Participant where no notice is given**

- (a) When a DRP Participant disposes of part of the holding of Shares of that DRP Participant, and does not notify Oil Search otherwise, the Shares disposed of will, to the extent possible, be taken to be:
  - (i) first, Shares which are not DRP Shares; and
  - (ii) secondly, DRP Shares.
- (b) Where a DRP Participant disposes of all of their Shares without giving Oil Search notice of termination of participation and is not registered as a holder of any Shares at the next Record Date, the DRP Participant will be deemed to have terminated participation in the DRP on the date Oil Search registered a transfer or instrument of disposal of the DRP Participant's holding.

## **8.4 DRP Accounts**

Subject to rule 6.2(h), if:

- (a) a DRP Participant of Oil Search ceases to be a DRP Participant or an Eligible Member; or
- (b) the DRP is terminated,

Oil Search must pay any balance standing to the credit of the DRP Participant's DRP Account to the DRP Participant at a time decided by the Board in its absolute discretion.

## **9. SUSPENSION**

### **9.1 Suspension of the DRP**

The Board may suspend operation of the DRP in its absolute discretion. The variation will take effect upon the date specified by the Board.

### **9.2 Period of suspension**

Suspension under rule 9.1 takes effect from the date determined by the Board and continues until the Board resolves to recommence the DRP or terminate it. The date of suspension and the date of any recommencement of the DRP must be notified to Eligible Members by Oil Search.

### **9.3 Recommencing operation of the DRP**

The Board may resolve to recommence operation of the DRP following a suspension on any conditions it thinks appropriate.

### **9.4 Participation continues**

Subject to rule 8, each Eligible Member who was a DRP Participant immediately before the suspension commenced is taken to continue to participate in the DRP when it recommences.

## **10. TERMINATION OF THE DRP**

The Board may resolve to terminate the DRP. Oil Search must notify Eligible Members of the date of termination. The termination will take effect upon the date specified by the Board.

## **11. AMENDMENT TO DRP**

### **11.1 Amendment**

The Board may vary these Rules (including the definition of Price in rule 1.1) as it thinks appropriate. Oil Search must give notice of any variation in accordance with rule 14.

### **11.2 Amendment does not affect participation**

Subject to rule 8, each DRP Participant is taken to continue to participate in the DRP as varied.



## 12. UNDERWRITING

The Board, in its absolute discretion, may cause Shares to be issued under the DRP to be underwritten, wholly or partially, in respect of any one or more Eligible Dividends on terms and conditions (including as to fees and issue price). The underwriter may or may not be an existing Shareholder.

## 13. DISPUTE RESOLUTION

The Board may settle any difficulties, anomalies or disputes which arise in connection with, or because of, the operation of the DRP or these Rules, in the manner it thinks fit and expedient either generally or in relation to a particular Eligible Member or Share. The decision of the Board is conclusive and binding on all members of Oil Search and any other persons to whom the determination relates.

## 14. NOTICES FROM OIL SEARCH

- (a) A notice required by these Rules to be given to Eligible Members by Oil Search may be given by:
- (i) giving the notice on the Oil Search website and to ASX and POMSoX for release to the market (in which case the notice is taken to be given on the date on which it is first given to ASX and POMSoX); or
  - (ii) giving the notice in accordance with rule 25 of the Constitution (in which case the notice is taken to be given on the date determined in accordance with that rule of the Constitution); or
  - (iii) both methods specified in paragraphs (i) and (ii) (in which case the notice is taken to be given on the date on which it is first given to ASX and POMSoX).
- (b) The accidental omission by Oil Search or the Board to give any notice under these Rules to any Shareholder, ASX, POMSoX or any other person will not invalidate any act, matter or thing.

#### **15. NOTICES FROM ELIGIBLE MEMBERS**

The Board may determine that Eligible Members may lodge an Election Notice electronically either through Oil Search's website or that of an authorised third party. Any Election Notice must comply with the applicable terms and conditions of the electronic lodgement facility.

#### **16. ANNUAL REPORTS AND FINANCIAL STATEMENTS**

A copy of Oil Search's most recent annual report and audited consolidated financial statements are available to Eligible Members free of charge by contacting Oil Search and requesting a copy:

Oil Search Limited  
GPO Box 2442  
Sydney NSW 2001

Telephone: 61 2 8207  
8400 Fax: 61 2 8207 8500

Electronic versions are also available to download on the Oil Search website [www.oilsearch.com](http://www.oilsearch.com).

#### **17. GENERAL**

##### **17.1 Oil Search's records**

Oil Search's records as to the registered holding of a Shareholder or DRP Participant and as to the number of DRP Shares held by the DRP Participant from time to time are conclusive evidence of the matters recorded in them.

##### **17.2 Delegation by the Board**

The Board may delegate any of its powers, discretions or functions under these Rules to any person including the Share Registry.

##### **17.3 Implementation**

Subject to the Constitution, the Board may implement the DRP in the manner the Board thinks fit.

Despite anything else in these Rules, the Board has absolute discretion regarding the currency used in any calculations, the currency denomination of the DRP Accounts that are maintained and any payments made under these Rules and the exchange rates that will apply

and any such determination by Oil Search is final and binding on a Shareholder and DRP Participant.

#### **17.4 Liability**

Neither Oil Search nor any officer, employee, agent or adviser of Oil Search is liable or responsible to any DRP Participant for any loss or alleged loss or disadvantage suffered or incurred by the DRP Participant as a result, directly or indirectly of:

- (a) the establishment or operation of the DRP;
- (b) participation in the DRP; or
- (c) any advice given in respect to participation in the DRP by any person.

#### **17.5 Governing Law**

The DRP, its operation and these Rules are governed by the laws of Papua New Guinea and each Shareholder submits to the jurisdiction of the Papua New Guinea Courts.

#### **17.6 Accidental omissions**

The accidental omission to give a notice of variation, suspension or termination, or the non-receipt of any notice by any member of Oil Search, does not invalidate the variation, suspension or termination (as the case may be) and will not give rise to any liability on the part of, or right or action against, the Board or Oil Search.

#### **17.7 Waiver**

Oil Search reserves the right to waive strict compliance with any of these Rules.

#### **17.8 Taxation**

Oil Search takes no responsibility for the taxation liabilities of any DRP Participant. DRP Participants should obtain their own independent taxation advice, if required.

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