
ASX Announcement

8 September 2015

Non-binding Indicative Proposal from Woodside

Oil Search Limited (ASX Code: OSH) advises that it has received a non-binding indicative proposal from Woodside (ASX Code: WPL) under which Woodside would acquire all of the shares in Oil Search for a consideration of one Woodside share for every four Oil Search shares held (the "Proposal"). The Proposal is expressed to be subject to the following conditions:

- Completion by Woodside of satisfactory due diligence on Oil Search;
- Execution of a mutually acceptable confidentiality agreement;
- Oil Search granting an agreed period of exclusivity;
- Oil Search obtaining support from key stakeholders and shareholders; and
- Woodside being satisfied that the transaction is likely to be supported by the PNG Government on acceptable terms.

The Proposal would also be conditional on the parties entering into a binding Implementation Agreement.

If the above conditions are satisfied and the Proposal does proceed, the transaction would itself be subject to further conditions precedent, including Oil Search shareholder, Court and Papua New Guinea regulatory approvals.

Oil Search Board intends to review the Proposal and will update shareholders and the market in due course. The Company wishes to emphasise that there is no guarantee that a binding proposal can be agreed between the parties.

While Oil Search will consider the Proposal, it should be noted that Oil Search has a material equity position in the world class PNG LNG Project and attractive, low cost, LNG development opportunities, including the PNG LNG Train 3 expansion and the Papua LNG Project. This, combined with the Company's low operating cost producing assets, reserves upside, significant discovered resources and extensive and high quality exploration acreage position provide substantive scope for capital growth and position the Company to capitalise from a recovery in the oil price. Clearly, Oil Search shareholders are entitled to an offer which adequately reflects this value potential.

Oil Search has appointed Morgan Stanley as its financial adviser and Allens as its legal adviser.

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