



BUSINESS UPDATE AND EQUITY RAISING

7 April, 2020 | Sydney, Australia

OIL SEARCH LIMITED | ARBN 055 079 868 | ASX: OSH | PNGX: OSH | US ADR: OISHY

www.oilsearch.com



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This Presentation has been prepared by Oil Search Limited (ARBN 055 079 868) (ASX: OSH) (**Oil Search** or the **Company**) and is dated 7 April 2020. This Presentation has been prepared in connection with the Company's proposed equity raising (**Offer**) of new fully paid ordinary shares (**New Shares**) in Oil Search, comprising:

- A fully underwritten placement of New Shares to eligible institutional and sophisticated investors (**Placement**) under section 708A of the Corporations Act 2001 (Cth) (**Corporations Act**).
- A partially underwritten pro rata non-renounceable accelerated entitlement offer to certain eligible shareholders of the Company (**Entitlement Offer**). The Entitlement Offer is being made to:
 - eligible institutional shareholders of Oil Search (**Institutional Entitlement Offer**); and
 - eligible retail shareholders of Oil Search (**Retail Entitlement Offer**),under section 708AA of the Corporations Act (as modified by the Australian Securities and Investments Commission Corporations (**ASIC**) (Non-Traditional Rights Issues) Instrument 2016/84).
- An offer to eligible shareholders in Papua New Guinea (**PNG Retail Offer**)

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In connection with the institutional bookbuild, one or more institutional investors may elect to acquire an economic interest in the New Shares (**Economic Interest**), instead of subscribing for or acquiring the legal or beneficial interest in those shares. One or both of the Underwriters (or their respective affiliates) may, for its own account, write derivative transactions with those investors relating to the New Shares to provide the Economic Interest, or otherwise acquire shares in Oil Search in connection with the writing of those derivative transactions in the institutional bookbuild and/or the secondary market. As a result of those transactions, one or both of the Underwriters (or their respective affiliates) may be allocated, subscribe for or acquire New Shares or shares of Oil Search in the institutional bookbuild and/or the secondary market, including to hedge those derivative transactions, as well as hold long or short positions in those shares. These transactions may, together with other shares in Oil Search acquired by the Underwriters or their respective affiliates in connection with their ordinary course sales and trading, principal investing and other activities, result in the Underwriters or their respective affiliates disclosing a substantial holding and earning fees.

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1. PROACTIVE RESPONSE TO LOW OIL PRICES



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PROACTIVE RESPONSE TO LOW OIL PRICES



Equity raising	<ul style="list-style-type: none"> ◇ US\$700m accelerated pro-rata non-renounceable entitlement offer and institutional placement at an offer price of A\$2.10 per share¹ ◇ Proceeds will be used to strengthen the balance sheet and provide additional liquidity, given the material decline in oil prices
Cost reductions	<ul style="list-style-type: none"> ◇ Capital expenditure: ~40% reduction in 2020 forecast investment expenditure, from US\$710-845m to US\$440-530m. 2021 capex planned to be materially lower than 2020 if market conditions remain unchanged ◇ Operating expenditure: Preliminary cost-out initiatives (salary cuts, headcount reduction, discretionary expenditure cuts) completed, with systematic review of further operating expenditure and corporate overhead cost reductions underway, to be implemented by June 2020 ◇ Outcome of these initiatives is that Oil Search will be a much leaner and more profitable operator, able to withstand prolonged periods of subdued oil prices
COVID-19 response	<ul style="list-style-type: none"> ◇ Prepared early and well placed to manage through any extended disruptions to the operating environment from COVID-19 ◇ Highest priority is the health and safety of employees, contractors and local communities ◇ Business continuity plans being implemented, with work practices amended to reduce risk to people and ensure safe and reliable operations
Balance sheet & liquidity	<ul style="list-style-type: none"> ◇ Post the equity raising, pro-forma liquidity and gearing position (as at 31-Dec-19) is as follows: <ul style="list-style-type: none"> ◆ Liquidity²: US\$1,835m (cash of US\$1,079m and undrawn debt facilities of US\$760m, less a US\$4m bank guarantee) ◆ Gearing³: 28% ◇ PNG LNG Project Debt represents >85% of drawn debt (as at 31-Dec-19) and has no covenants. The facility has escrow accounts with sufficient cash retained for almost all 2020 principal and interest payments ◇ No near-term debt maturities on corporate facilities following the extension of the US\$300m of bilateral facilities.⁴ Preliminary discussions with lenders indicate ongoing support for Oil Search and willingness to consider covenant waivers, should they be required⁵
Business update	<ul style="list-style-type: none"> ◇ No change to 2020 production guidance of 27.5-29.5 mmboe, with 2020 first quarter production of 7.3 mmboe ◇ To date, no disruptions to lifting schedules

1. See page 17 for further details.

2. Cash includes US\$232m in PNG LNG escrowed accounts and US\$12m in a debt service reserve account with Australia & New Zealand Banking Group Limited, as per requirements of US\$600m corporate facility.

3. Calculated as pro-forma net debt (of US\$2,300m) / net debt + shareholder funds (of US\$5,941m), adjusted for a US\$683m equity raising net of transaction costs.

4. Extension of maturity of US\$300m loan facilities from 13-Sep-20 to 30-Jun-21 is subject to standard regulatory approvals (i.e. Bank of PNG) and completion of the equity raising.

5. If required, there is no guarantee that Oil Search will be successful in receiving covenant waivers from corporate facilities lenders (refer to page 25 for further information on counterparty and credit risks).

DECISIVE COST REDUCTION INITIATIVES

IN RESPONSE TO A MATERIAL DECLINE IN OIL PRICES



~40% reduction in 2020 capex announced on 18 March 2020

- ◇ 2020 forecast investment expenditure reduced from US\$710-\$845m to US\$440-\$530m
- ◇ Discretionary activities within Oil Search's control and not yet commenced are largely suspended or deferred
- ◇ Where possible, work programs that have commenced have been safely suspended
- ◇ Focus on maintaining safe and reliable oil and gas production from PNG assets

Activities on growth projects have been **suspended** or **deferred**

- ◇ Discussions with the PNG Government to complete the required gas agreement for P'nyang are ongoing
- ◇ Pikka Unit Development project activity will be limited to the work required to satisfy permit obligations and engineering and technical studies for the remainder of 2020. The project's Final Investment Decision date has been deferred:
 - ◆ Value engineering to identify cost saving and value opportunities to continue
 - ◆ Opportunity to integrate 2020 successful exploration well results
- ◇ If market conditions remain unchanged, 2021 capex expected to be materially lower than 2020

Systematic **review of opex underway**, to be implemented by June 2020

- ◇ Targeting sustainable reduction in production costs of US\$1 - 2/boe, without compromising safety
- ◇ **Stage 1** – completed:
 - ◆ >100 headcount reduction in Sydney and Anchorage
 - ◆ Salary cuts at Board, executive and senior management level
 - ◆ Curtailment of discretionary spend
- ◇ **Stage 2** – underway, implemented by June 2020
 - ◆ Targeting ~20% reduction in operated costs – will comprise opex reductions and improved field operation productivity at Oil Search assets as well as optimised corporate centre
 - ◆ ExxonMobil, operator of PNG LNG, has advised it is evaluating appropriate steps to reduce costs in the near term

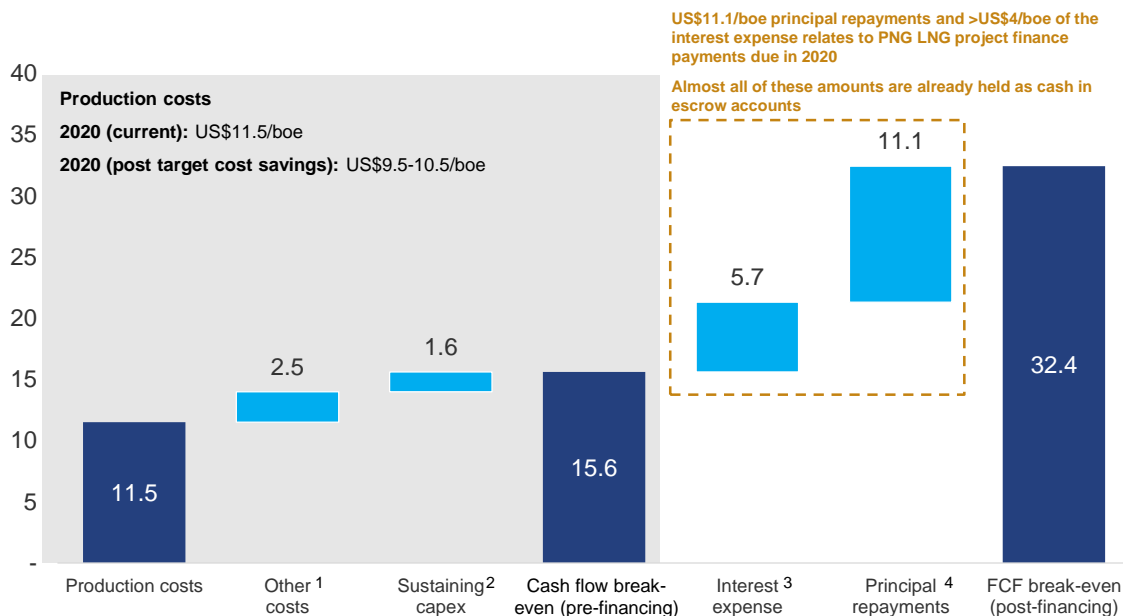
BREAK-EVEN OIL PRICES TODAY

CURRENT 2020 CASH FLOW BREAK-EVEN OIL PRICE OF US\$15.6/BOE
(PRE FINANCING) PRIOR TO AT LEAST US\$1 – 2/BOE OF TARGET COST SAVINGS

Key observations

- ◇ Cash flow break-even oil price (pre-financing) of US\$15.6/boe for 2020
- ◇ Targeting at least US\$1 - 2/boe of operating cost savings, before any one-off restructure costs, to be implemented by June 2020
 - ◆ Will reduce production costs from US\$11.5/boe to US\$9.5–10.5/boe
- ◇ Cash retained in escrow in PNG LNG Project accounts covers almost all PNG LNG project finance principal and interest payments due in 2020

Cash flow break-even oil prices (US\$/boe)



Note: Cash flow break-even oil price is not impacted by the Equity Raising given use of proceeds will increase cash by up to approximately US\$683m (after estimated transaction costs).

1. Other costs include shipping & distribution, corporate costs and royalties. Excludes inventory movements, donations, power project expenses, business development costs, production rights and other study expenses.

2. Sustaining capex comprises critical expenditure only for producing assets. All expansion and discretionary expenditure has been excluded.

3. Forecast interest expense on PNG LNG and corporate facilities.

4. Principal repayments relate to PNG LNG Project Finance facility.

OVERVIEW OF DEBT FACILITIES

>85% DRAWN DEBT RELATES TO PNG LNG FACILITY WITH NO COVENANTS



PNG LNG Project Finance Facility

- ◇ As at 31-Dec-19, >85% of Oil Search's drawn debt relates to the PNG LNG project finance facility (US\$2,939m)
- ◇ The facility is secured against the PNG LNG project assets, with no recourse to Oil Search or other Project sponsors
- ◇ No financial covenants
- ◇ A minimum cash balance equal to six months of forecast principal and interest payments is kept within the PNG LNG project accounts at all times:
 - ◆ Currently holds sufficient cash to meet almost all Oil Search's 2020 principal and interest payments, without any additional cash flow from operations
 - ◆ Cash distributions are only made to Oil Search each quarter once all cash obligations have been met or set aside (i.e. principal, interest, operating and other costs) and minimum historic and forward Debt Service Coverage Ratios are achieved

Corporate facilities

- ◇ Oil Search has six corporate facilities with total capacity of US\$1,200m, total drawn debt of US\$440m (as at 31-Dec-19) and no debt maturities until 30-Jun-21¹
- ◇ Key financial covenants are calculated on a semi-annual basis and include:
 - ◆ $\geq 3.0x$ EBITDAX / net interest expense (last twelve months and forward test^{2,3})
 - ◆ $\leq 55\%$ book gearing (inclusive of finance leases)
- ◇ Oil Search is currently compliant with all financial covenants, with the key covenant being $\geq 3.0x$ EBITDAX / net interest expense. Based on current management forecasts, prior to the completion of cost reduction initiatives currently underway:
 - ◆ Expects to fully comply with this covenant at 30-Jun-20
 - ◆ If the spot Brent oil price averages below low US\$20s/bbl for the remainder of the year, there is a risk of non-compliance at 31-Dec-20. 2020 EBITDAX benefits from strong 1Q 2020 realised pricing given the ~2-month lag between oil and realised LNG prices
 - ◆ If the spot Brent oil price averages below low US\$30s/bbl for the twelve months ending 30-Jun-21, there is a risk of non-compliance at 30-Jun-21
- ◇ Oil Search has had preliminary discussions with lenders who have indicated a willingness to consider covenant waivers, to the extent that they are required⁴

1. Extension of maturity of US\$300m of loan facilities from 13-Sep-20 to 30-Jun-21 is subject to standard regulatory approvals (i.e. Bank of PNG) and completion of the equity raising.

2. Forward test EBITDAX / net interest expense covenant is a Review Event (rather than an Event of Default) and is tested semi-annually over the next two years, assuming a Brent oil price which is in line with 90% of the forward curve.

3. Oil Search is currently compliant with the forward test EBITDAX / net interest expense covenant. Oil Search has not provided an estimate of future compliance given an inability to predict the forward curve.

4. If required, there is no guarantee that Oil Search will be successful in receiving covenant waivers from corporate facilities lenders (refer to page 25 on counterparty and credit risks for further information).

PRO FORMA CAPITALISATION

PRO FORMA LIQUIDITY OF US\$1,835M AND GEARING OF 28% AS AT 31-DEC-19



US\$m	Maturity	Committed	Undrawn (31-Dec-19)	Drawn (31-Dec-19)	Impact of the Offer	Pro forma
PNG LNG non-recourse facility	-	2,939		2,939	-	2,939
Corporate facilities						
<i>Corporate syndicated revolving credit facility</i>	Jun-22	600	600	-	-	-
<i>Corporate bilateral facilities¹</i>	Dec-23	300	160	140	-	140
<i>Corporate bilateral facilities</i>	Jun-21 ²	300	-	300	-	300
Total corporate facilities		1,200	760	440	-	440
Total committed facilities		4,139	760	3,379	-	3,379
Cash and cash equivalents			396 ³	-	683 ⁴	1,079
Net debt / (cash)				2,983	(683)	2,300
Pro forma gearing ⁵				36%		28%

- Following the equity raise, Oil Search will have pro-forma **liquidity of US\$1,835m** (US\$1,079m cash, US\$760m undrawn facilities less US\$4m bank guarantee)³
- Expected to provide sufficient liquidity to 31-Dec-21, assuming the average Brent oil price remains at low US\$20s/bbl or higher from 1-Apr-2020 onwards:
 - Liquidity analysis assumes covenants are waived (if required)⁶
- Pro-forma gearing of 28%
- No debt maturities until June 2021²

1. Bank guarantee of US\$4.4m issued from five year bilateral facility not shown.

2. Extension of maturity of US\$300m of loan facilities from 13-Sep-20 to 30-Jun-21 is subject to standard regulatory approvals (i.e. Bank of PNG) and completion of the equity raising.

3. Cash includes US\$232m in PNG LNG escrowed accounts and US\$12m in a debt service reserve account in relation to the US\$600m Corporate syndicated revolving credit facility.

4. Includes US\$17m in estimated transaction costs associated with the equity raising.

5. Gearing represents net debt / (net debt + shareholder funds).

6. If required, there is no guarantee that Oil Search will be successful in receiving covenant waivers from corporate facilities lenders (refer to page 25 on counterparty and credit risks for further information).

COVID-19 TASKFORCE

HEALTH AND SAFETY OF OUR PEOPLE IS OUR NUMBER ONE PRIORITY IN RESPONDING TO COVID-19



Oil Search priorities



Health, safety and security of all personnel under Oil Search care



Business continuity and ongoing safe and reliable production at our PNG operations



Meeting **customer commitments** so they can provide **critical energy** for their communities



Undertaking necessary expenditure to **maintain permits** and **licences**, and field integrity and maintenance programs **to maintain reliability and safety**

Business Continuity Plans

- ◇ Health and medical teams commenced World Health Organisation recommended plans in Jan-2020 and a Company-wide COVID-19 Taskforce was established in Feb-2020
- ◇ Key business continuity protocols for Oil Search operated assets have included:
 - ◆ Establishing isolated “cocoon” around business essential operating personnel, limiting interaction and removing risk of cross contamination within the field areas
 - ◆ Reducing the number of personnel at facilities, with non-essential staff demobilised
 - ◆ Revised field rotations for expatriate staff, establishment of self-isolation zones in the field and a material reduction in the number of field-based employees and contractors
 - ◆ Medical facilities are established at all camps, with infectious disease protocols in place, including enhanced cleaning and hygiene as well as additional supplies
- ◇ ExxonMobil, operator of PNG LNG, has advised that it has also implemented similar measures consistent with recommendations from the Government of PNG, the global health authorities and ExxonMobil practices, to sustain continued safe operations from PNG LNG
- ◇ Regular engagement with PNG government agencies to manage ship arrivals and timely clearances to meet contractual commitments
- ◇ No lifting disruptions to date, with shipments largely occurring in line with contractual terms

BUSINESS UPDATE AND OUTLOOK

MATERIAL DISCRETIONARY ACTIVITIES DEFERRED WHILE MAINTAINING SAFE RELIABLE OPERATIONS



PNG production activities

- ◇ Normal production levels currently maintained at both Oil Search and ExxonMobil operated assets
- ◇ To date in 2020, no material impact on production and no disruptions to lifting schedule
- ◇ Oil Search is taking proactive steps to reduce personnel at assets and defer discretionary spend while maintaining production and safe and reliable operations
- ◇ Subject to required approvals, deferred activities to include suspending the IDT 26 well, a coiled tubing program, seismic acquisition and the rebuilding of the refinery at Kutubu
- ◇ ExxonMobil, operator of PNG LNG, has advised that it is evaluating all appropriate steps to reduce costs in the near term

PNG development activities

- ◇ Discussions with the PNG Government to complete the required gas agreement for P'nyang are ongoing
- ◇ Oil Search continues to support the integrated three-train expansion project as the most efficient development concept
- ◇ ExxonMobil, operator of PNG LNG, has advised of reduced development activity for the Angore field in PNG due to COVID-19 related travel restrictions

Alaska development activities

- ◇ Successfully drilled, cored and flow tested the Mitquq and Stirrup wells
- ◇ Early development activities undertaken during the winter 2019/2020 season, including the laying of gravel roads, which will be completed to comply with permitting obligations
- ◇ Additional time will allow the development plan for Alaska to be optimised for:
 - ◆ Lowering break-even cost through value engineering and drilling optimisation
 - ◆ Potential additional resource
- ◇ Divestment process is on hold. However discussions are ongoing with interested parties

2020 FULL YEAR GUIDANCE

OIL SEARCH RECONFIRMS 2020 PRODUCTION GUIDANCE

Note: Production and prior cost guidance assumes no business interruption from COVID-19.

Production (mmboe)	Low	High
Oil Search-operated	3	5
PNG LNG Project	24	25
Total Production	27.5	29.5

- ◇ Production guidance unchanged at 27.5 to 29.5 mmboe:
 - ◆ 1Q20 production of 7.3 mmboe, comprising 6.3 mmboe for PNG LNG, produced at an annualised rate of 8.7 MTPA, and 1.0 mmboe for Oil Search-operated assets
- ◇ Revised production cost guidance expected to be provided in mid-2020:
 - ◆ Production cost guidance previously US\$11-12/boe:
 - ◆ Cost reduction initiatives targeting at least a US\$1 -2/boe reduction in production costs
- ◇ Forecast investment expenditure reduced by approximately 40% in line with announcement made on 18 March 2020
- ◇ Forecast capital expenditure going forward from 1-Apr-20 has been reduced from US\$400–500m to US\$200-300m



Investment expenditure (US\$m)	Low	High
Production expenditure (PNG)	55	65
Development – oil and gas ¹		
PNG	25	35
Alaska	110	130
Total development – oil and gas	135	165
Exploration and evaluation		
PNG	70	80
Alaska	150	170
Total exploration and evaluation expenditure	220	250
Other plant and equipment	25	35
Power	5	15
Total	440	530

1. Excludes any capitalised borrowing costs (per development – oil and gas).

2. EQUITY RAISING OVERVIEW



Oil Search

EQUITY RAISING TERMS

US\$700M ENTITLEMENT OFFER AND PLACEMENT



Offer size and structure	<ul style="list-style-type: none"> Up to US\$700m (A\$1,160m) equity raising including: <ul style="list-style-type: none"> Approximately A\$760m underwritten institutional placement (“Placement”) Up to A\$400m accelerated non-renounceable entitlement offer (“Entitlement Offer”) at a ratio of 1 for 8, comprising: <ul style="list-style-type: none"> An underwritten accelerated institutional component (“Institutional Entitlement Offer”); and A non-underwritten retail component (“Retail Entitlement Offer”¹); and A non-underwritten PNG offer for eligible PNG shareholders (“PNG Retail Offer”²) on substantially the same terms as the Entitlement Offer Approximately 552 million³ new ordinary shares (“New Shares”) to be issued (representing 36.2% of Oil Search’s existing shares on issue)
Offer price	<ul style="list-style-type: none"> All shares under the Placement and Entitlement Offer will be issued at a fixed price of A\$2.10 per New Share (“Offer Price”) The Offer Price represents: <ul style="list-style-type: none"> 18.0% discount to theoretical ex-rights price (TERP⁴) of A\$2.56 per share 23.1% discount to Oil Search’s closing price of A\$2.73 per share on 3-Apr-20
Placement and Institutional Entitlement Offer	<ul style="list-style-type: none"> Placement and Institutional Entitlement Offer to be conducted by way of a bookbuild process that will open on 7-Apr-20 and close on 8-Apr-20
Retail Entitlement Offer ⁵	<ul style="list-style-type: none"> The Retail Entitlement Offer will open at 10:00am on 16-Apr-20 and close at 5:00pm on 27-Apr-20
PNG Retail Offer ⁵	<ul style="list-style-type: none"> The PNG Retail Offer will be made under a PNG registered prospectus, expected to be dispatched in mid to late April 2020
Director commitments	<ul style="list-style-type: none"> The Oil Search Directors who are eligible have each confirmed their intention to participate in the Entitlement Offer
Mubadala’s position	<ul style="list-style-type: none"> While not participating in the equity raising, Mubadala has confirmed Oil Search remains an important investment for Mubadala
Underwriting	<ul style="list-style-type: none"> Placement and Institutional Entitlement Offer to be fully underwritten
Ranking	<ul style="list-style-type: none"> All New Shares issued under the Offer will rank <i>pari passu</i> with existing shares on issue

1. Retail Entitlement Offer is only available to eligible retail shareholders in Australia or New Zealand on the Record Date – see the Retail Offer Booklet for further details on eligibility once available.

2. PNG Retail Offer is only available to eligible retail shareholders in PNG on the Record Date – see the PNG Prospectus for further details on eligibility once available.

3. Includes shares issued under the Placement and the Entitlement Offer. Excludes shares to be issued under the PNG Retail Offer.

4. Theoretical ex-rights price (TERP) includes shares issued under the Placement, Institutional Entitlement Offer and Retail Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Oil Share shares trade immediately following the ex-date for the Entitlement Offer may be different from TERP.

5. The Retail Entitlement Offer and PNG Retail Offer are not underwritten. Under the Retail Entitlement Offer, Eligible Retail Shareholders that take up their full entitlement may also apply for additional New Shares in excess of their Entitlement.

EQUITY RAISING TIMETABLE



Event	Date ¹
Equity raising announcement and Placement and Institutional Entitlement Offer opens	7-Apr-20
Placement and Institutional Entitlement Offer closes	8-Apr-20
Trading in Oil Search shares resumes on an ex-entitlement basis	8-Apr-20
Record date for determining entitlement for the Entitlement Offer	7.00pm, 9-Apr-20
Retail Entitlement Offer opens	16-Apr-20
Settlement of Placement and Institutional Entitlement Offer	17-Apr-20
Allotment and normal trading of New Shares issued under the Placement and Institutional Entitlement Offer	20-Apr-20
Retail Entitlement Offer closes	7.00pm, 27-Apr-20
Settlement of Retail Entitlement Offer	1-May-20
Allotment of New Shares issued under the Retail Entitlement Offer	4-May-20
Normal trading of New Shares issued under the Retail Entitlement Offer	5-May-20
Despatch of holding statements for Retail Entitlement Offer	5-May-20

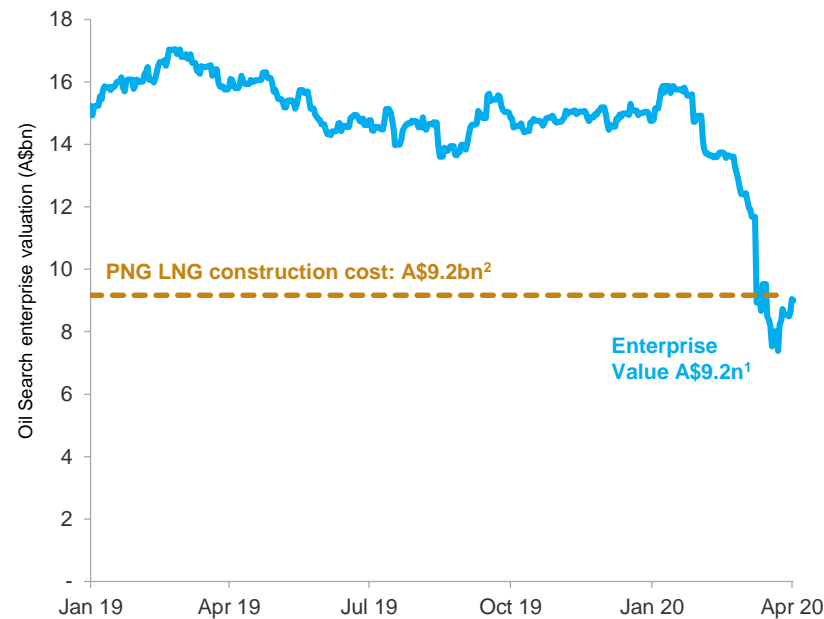
¹ All dates in this presentation are indicative only. All dates and times are Sydney, Australia time unless otherwise specified. Oil Search reserves the right to vary the dates of the Offer, in general or in particular cases, including closing the Offer early, without prior notice.

CONCLUSION

CURRENT TRADING VALUATION IS IN LINE WITH THE CONSTRUCTION COST OF PNG LNG



- ◇ PNG LNG is a **world class, low cost LNG project** with a strong reputation for reliable supply to Asian markets
- ◇ Current share price represents a **historically attractive entry point for Oil Search** – enterprise value is in line with the construction cost for PNG LNG
- ◇ Equity raising provides **liquidity** and **balance sheet** strength, ensuring Oil Search is well placed to withstand an extended low oil price environment and benefit from a potential oil price recovery
- ◇ Hiatus allows time to **finalise P'nyang agreement** and **optimise design of the Pikka Unit Development** in Alaska for potential additional resource
- ◇ **Well positioned for growth** when the market recovers, with LNG expansion in PNG and Alaskan Pikka Unit Development



Source: Factset, Company filings as at 3-Apr-20.

1. Enterprise value including net debt and minority interests, excluding lease liabilities as reported 31-Dec-18, 30-Jun-19 and 31-Dec-19 and converted at the prevailing AUD/USD of the day.

2. PNG LNG Project development cost of c.US\$19 billion (approximately US\$22 billion in 2020 dollars, inflated using historical US inflation) shown as Oil Search share (29%) converted at AUD/USD of 0.60 (spot as at 6-Apr-20).

APPENDIX A: PRO-FORMA BALANCE SHEET



Oil Search

PRO-FORMA BALANCE SHEET



US\$m	31-Dec-19	Impact of the Offer	Pro Forma
Cash and equivalents	396	683 ¹	1,079
Receivables	272		272
Inventory	104		104
Other	20		20
Total current assets	792	683	1,475
Exploration	2,998		2,998
Oil and gas assets/PP&E	6,613		6,613
Other	1,170		1,170
Total non-current assets	10,781		10,781
Total assets	11,573	683	12,256
Payables	337		337
Provisions	29		29
Borrowings	655	(300) ^{2,3}	355
Tax	101		101
Total current liabilities	1,121	(300)	821
Borrowings	3,140	300 ^{2,3}	3,440
Provisions	688		688
Other	1,365		1,365
Total non-current liabilities	5,194	300	5,494
Total liabilities	6,314	0	6,314
Shareholders equity	5,258	683	5,941

Notes:

1. Offer will increase cash position as a result of offer proceeds (up to approximately US\$700 million, less estimated transaction costs of US\$17 million)
2. The US\$300 million of loan facilities will be extended from 13-Sep-20 maturity date to 30-Jun-21 and thereby move from current liabilities to non-current liabilities
3. Extension of maturity of US\$300m loan facility from 13-Sep-20 to 30-Jun-21 is subject to final regulatory approvals (i.e. Bank of PNG) and completion of the Equity Raising

Note: Pro-forma Balance Sheet is based on economic circumstances at 31 December 2019 and does not reflect the risk that asset values might be impacted by changes to the economic outlook and in particular oil price forecasts. Excludes the tax effect of Offer transaction costs.

APPENDIX B: KEY RISKS



Oil Search

KEY RISKS



Introduction

You should be aware that there are risks involved with participating in the Offer and / or holding shares in Oil Search. Certain of these risks are specific to an investment in Oil Search and certain others are specific to investing in and holding New Shares under the Offer. The occurrence of these risks may have an adverse impact on Oil Search's business, results of operations, financial condition and performance or the price of Shares.

The risks detailed below may change after the date of this document and other risks relevant to Oil Search and the New Shares may emerge which may have an adverse impact on Oil Search and the value of the New Shares. In particular, investors should note that the unprecedented uncertainties and risks created by COVID-19 pandemic could materially change Oil Search's risk profile at any point after the date of this document and adversely impact the financial position and prospects of the Group in the future.

The risks set out in this section are not exhaustive. Other risks may materially affect the future performance of Oil Search and the value of the New Shares. Additional risks and uncertainties not presently known to management or that management currently believe not to be material may also affect Oil Search's business. Accordingly, no assurances or guarantees of future performance, profitability, distributions, or returns of capital are given by Oil Search or any other person.

Risks specific to an investment in Oil Search

a) Coronavirus (COVID-19)

The ongoing COVID-19 pandemic has had a significant impact on the global and PNG economy and the ability of businesses, individuals, and governments to operate. On 22 March 2020, Papua New Guinea's National Executive Council announced the implementation of a series of measures in response to the first positive test of COVID-19 in PNG, including declaration of a State of Emergency and the temporary suspension of all domestic and international travel. It is expected that the State of Emergency will continue until at least June. Similar measures have been adopted by governments around the world in response to the pandemic.

There continues to be considerable uncertainty as to the duration and further impact of COVID-19, including (but not limited to) in relation to government, regulatory or health authority actions, work stoppages, lockdowns, quarantines, and travel restrictions. The impact of some or all of these factors could cause significant disruption to Oil Search's operations and financial performance. It is also possible that the PNG Government shuts down all operating work sites, even without a positive case of COVID-19. A suspension of business operations will affect Oil Search's overall operations and Oil Search's operating results and quarantining of Oil Search employees may affect Oil Search's overall operations and Oil Search's operating results.

The curtailment of all non-essential travel globally and within PNG could significantly impair Oil Search's ability to manage the business effectively, respond to emergencies, and continue operations. For example, Oil Search may not be able to send specialists to specific sites to respond to operational or safety issues or to develop existing projects if such specialists cannot travel.

A continuation or escalation of the COVID-19 pandemic could also materially affect demand for oil and gas, which could affect Oil Search in the manner set out below.

KEY RISKS



A continuation or escalation of the COVID-19 pandemic could also materially affect the ability of Oil Search's suppliers (or suppliers to joint venture partners managing Oil Search's assets (*JVPs*)) to provide products and services and threaten their ability to continue trading. If either Oil Search or its JVPs are unable to source spare parts for machinery and operations or other products and services, including personnel, then Oil Search and the JVPs may need to suspend certain operations on a temporary or a prolonged basis. Furthermore, Oil Search's financial position may be adversely impacted if certain of its, or its JVPs', suppliers (including its insurers, suppliers of IT services, and other suppliers of goods and services) are unable to continue as going concerns as a result of the economic impact of COVID-19.

These factors are beyond Oil Search's control and could have an adverse effect on the overall business sentiment and environment, causing material uncertainties in the regions where Oil Search conducts its business, cause Oil Search's business to suffer in ways that cannot be predicted with any reasonable certainty, and which may materially adversely impact Oil Search's business, financial condition and results of operations.

In order to mitigate the potential impact of COVID-19 on the health and wellbeing of Oil Search's employees and other stakeholders, and on Oil Search's business, Oil Search has been monitoring the COVID-19 developments and has established a multi-disciplinary task force to proactively prepare comprehensive plans to ensure business continuity, including isolating essential staff.

b) Oil and gas market

Oil Search's business is heavily dependent on prevailing market prices for its products, primarily oil and gas. Changes in the prices of these commodities will impact the Group's revenue, cash flows, profitability, and ability to service its debts. The price of oil and gas has fallen dramatically in recent months for a number of reasons, including the economic slowdown resulting from the COVID-19 pandemic, an increase in supply from certain oil-producing countries resulting from geopolitical disagreements, and other macroeconomic factors. The economic slowdown combined with the increase in oil supply can also lead to a situation whereby Oil Search is unable to sell part or all of its products due to a lack of demand or available storage capacity. Oil Search has no control over these factors.

c) Future operating and capital cost requirements

Unexpected changes to future cost profiles could result in Oil Search's cash requirements being over and above its available liquidity. To the extent that the Group's operating cash flows and debt facilities are insufficient to meet its requirements for ongoing operations and capital expenditure, Oil Search may need to seek additional funding, sell assets or defer capital expenditure. If Oil Search is unable to obtain additional funding on acceptable terms in these circumstances, its financial condition and ability to continue operating may be adversely affected.

d) Legislative and regulatory risk

Oil Search has interests in international jurisdictions and therefore the business is subject to various national and local laws and regulations in those jurisdictions. Non-compliance can lead to regulatory or legal actions and can impact the status of licenses or operatorship. Retention of licences can also be impacted when Government development expectations are not met. Changes in government policy, the fiscal regime, regulatory regime or the legislative framework could impact the Group's business, results from operations, asset valuation or financial condition and performance. The PNG Government's consideration of a Production Sharing Agreement regime is a current example of these risks.

The possible extent of such changes that may affect the Group's business activities cannot be predicted with any certainty. The effects of any such actions may result in, amongst other things, delays or the prevention of the Group being able to execute certain activities, increased costs (whether in the nature of capital or operating expenses), taxes (direct and indirect), or domestic market obligations. Companies in the oil and gas industry may be subject to paying direct and indirect taxes, royalties and other imposts in addition to normal company taxes. The Group's profitability may be affected by changes in government taxation and royalty policies or in the interpretation or application of such policies. In addition to changes in existing tax laws, risk is also embedded in the interpretation or application of existing tax laws, especially where specific guidance is unavailable or has not been tested in the relevant tax jurisdiction.

KEY RISKS



The Group may also be forced to surrender or sell certain of its assets if required to do so by regulatory authorities, whether on a temporary basis or permanent basis.

e) Political, community and other stakeholders

The countries in which Oil Search has interests expose the organisation to different degrees of political and commercial risk. The overall socio-political environment in which Oil Search operates, the profitability of particular operating assets and the safety of people may be adversely impacted by political instability, land ownership disputes, ongoing benefits delivery delays, and community issues as well as war, civil unrest and terrorism. In particular, the PNG government has recently experienced, and may continue to experience, significant political instability and economic and fiscal issues, some or all of which could directly and indirectly affect the PNG economy and the operations and financial position of Oil Search. Oil Search's ability to acquire, retain and gain full value from assets may also be affected by a number of political and social issues such as differing political agendas and decision making, environmental and social policy and the impact of bribery and corruption. Further, the media, non-government organisations and other activists may play an increasing role at local, national and international levels influencing political policy, societal perception and community actions or otherwise impacting the organisation's reputation. The COVID-19 pandemic may significantly disrupt these socio-political and commercial factors in a manner which cannot be predicted or controlled by Oil Search.

f) Human rights

The Group faces risks related to the potential impacts of actions of both public and private security forces, interactions with and the use of land associated with subsistence-based and/or indigenous communities and the work practices and supply chains of suppliers and contractors.

g) Climate Change

The Group is exposed to a number of climate change-related risks. Material climate-related risks include: changes in demand for products due to regulatory and technological changes (transitional risk); increases in operating costs of assets due to carbon-pricing policies or other market mechanisms; physical damage to assets or interruption to operations from climatic changes and extreme weather events; restrictions on capital deployment to carbon intensive industries; and reputational damage driven by stakeholder activism and changing societal expectations. The occurrence of any of these risks could result in asset impairment, lost revenue and damage to brand value, amongst other things.

h) Joint venture risk

Oil Search derives significant revenues and growth through joint venture arrangements. Joint venture arrangements, amongst other things, can serve to mitigate the risks associated with exploration success and capital intensive programs. However, failure to establish alignment between joint venture participants and with Government, negligence or competency levels of joint venture operators, or the failure of joint venture partners to meet their commitments and share of costs and liabilities, could have a material impact on the Group's business or reputation.

i) Counterparty and credit risk

A dispute, or a breakdown in the relationship, between Oil Search and its JVPs, suppliers or customers, a failure to reach a suitable arrangement with a particular JVP, supplier or customer, or the failure of a JVP, supplier or customer to pay or otherwise satisfy its contractual obligations (including as a result of insolvency, financial stress or the impacts of COVID-19), could have an adverse effect on the reputation and/or the financial performance of Oil Search. Oil Search's relationships with its lending banks are particularly important. If Oil Search's financial position deteriorates materially, for example, if oil prices were to remain subdued for an extended period of time, and such banks are unwilling to grant covenant waivers or amendments to Oil Search's financing facilities then the potential resulting debt covenant breaches may affect Oil Search's ability to finance its business. Oil Search may also be adversely affected if a counterparty seeks to amend the terms (including pricing) of an existing contract, whether in anticipation of a potential breach of contract by such counterparty or otherwise.

KEY RISKS



j) Risk of litigation, claims and disputes

The Group may be subject to litigation, arbitration, expert determination, class actions and other claims and disputes in the course of its business, including employment disputes, contractual disputes, indemnity claims, occupational and personal claims, and claims in relation to creative content. Any litigation, class actions, claims or disputes, including employment disputes and price review disputes, including the costs of settling claims and operational impacts, could materially adversely affect the Group's business, operating and financial performance.

k) Production

Oil and gas producing assets may be exposed to production decreases or stoppages, which may be the result of facility shutdowns, mechanical or technical failure, well, reservoir or other subsurface impediments, safety breaches, natural disasters and other unforeseeable events. The Group and its JVPs may face such disruptions as a result of the restrictions on the movement and supply of personnel and products in response to the COVID-19 pandemic. A significant failure to meet production targets could compromise the Group's production and sales deliverability obligations, impact operating cash flows through loss of revenue and/or from incurring additional costs needed to reinstate production to required levels.

l) Health, safety and environmental

Oil and gas producing, and exploration operations are also exposed to industry operational safety risks including fire, earthquakes, infections, explosions, blow-outs, pipe failures, as well as transport and occupational safety incidents. Major environmental risks include accidental spills or leakage of petroleum liquids, gas leaks, ruptures, or discharge of toxic gases. The occurrence of any of these risks could result in substantial losses to the Group due to injury or loss of life; damage to or destruction of property, natural resources, or equipment; pollution or other environmental damage; clean-up responsibilities; regulatory investigation and penalties or suspension of operations. Damages occurring to third parties as a result of such risks may also give rise to claims against the Group. The Group's ability to mitigate these risks and effectively respond to health and safety incidents may be also impaired by restrictions on the movement of products and personnel relating to the COVID-19 pandemic.

The PNG Highlands were subject to a major earthquake in February 2018 and Oil Search's infrastructure and facilities sustained some damage, with remediation work to reinstate the damaged assets ongoing. Any unresolved damage may result in heightened production and safety/environmental risks as a consequence.

m) Cyber security

The integrity, availability and reliability of data within Oil Search's information technology systems may be subject to intentional or unintentional disruption. Given the level of increasing sophistication and scope of potential cyber-attacks, these attacks may lead to significant breaches of security which could jeopardise the sensitive information and financial transactions of the Group. This risk may be escalated as a result of COVID-19 and the increase in remote working by our staff and contractors, notwithstanding Oil Search's efforts to mitigate this threat.

n) Reserves and replacement

Oil Search is subject to reserves depletion and its impact on organisational value. Oil Search aims to replace and grow its reserve and resource base via exploration and commercial activities. The longer term health of the business will depend on the quality and size of its current asset and opportunity portfolio and the investment decisions it makes over many years.

KEY RISKS



Oil and gas exploration is a speculative endeavour and each prospect/investment carries a degree of risk associated with the discovery of hydrocarbons in commercial quantities, which can be more challenging in a volatile commodity price environment. The value of exploration and development assets can be affected by a number of different factors including, amongst other things, macro-economic and socio-political conditions, changes to reserves estimates, the composition of oil and gas reserves, unforeseen project difficulties and other operational issues. Similarly, the economic value of the Group's individual producing assets declines as oil and gas is produced and assets transition to abandonment. Oil Search's future production profitability is subject to both subsurface and commodity price uncertainties but is also highly dependent on how Oil Search manages and maximises the value of the production business over this period.

o) Estimates

Underground oil and gas reserve and resource estimates are expressions of judgement based on knowledge, experience and industry practice. Estimates which are valid at a certain point in time may alter significantly or become uncertain when new oil and gas reservoir information becomes available through additional drilling or reservoir engineering over the life of the field. As reserve and resource estimates change, development and production plans may be altered in a way that may affect the Group's operations and/or financial results. Additionally, oil and gas reserves and resources assume that the Group continues to be entitled to production licences over the fields and that the fields will be produced until the economic limit of production is reached. If any production licences for fields are not renewed or are cancelled, estimated oil and gas reserves and resources may be materially impacted. The Group employs the appropriate internal expertise to estimate reserves and resources and to prepare the Annual Reserves Statement in compliance with the ASX listing rules.

p) Project development and execution risk

To achieve continual growth, Oil Search and its partners commit significant capital to the initiation, development and delivery of major projects. A number of factors influence the successful delivery of large-scale projects thereby rendering them exposed to commercial, political, engineering, execution, operational and legal risk amongst others. Oil Search has a number of significant projects across its PNG and Alaskan business units at various stages of maturity with each project presenting its own set of substantial risks that may ultimately affect Oil Search's value. Each of these projects is likely to be affected by the restrictions relating to the COVID-19 pandemic.

q) Currency and PNG Exchange Controls

Oil Search is a US dollar (US\$) reporting entity and derives its revenue in US\$. It is therefore exposed to currency risk for transactions in any currency other than US\$. The company has most of its assets and liabilities denominated in US\$ and therefore has residual currency exposure mainly in Australian dollars (A\$) and Papua New Guinea Kina (PGK).

Oil Search is also exposed to PNG foreign exchange controls which could affect its ability to conduct business efficiently and effectively where transactions are in currencies other than PGK or where it needs to deploy capital across the group.

r) Insurance

The Group seeks to maintain appropriate policies of insurance consistent with those customarily carried by organisations in the energy sector. Any future increase in the cost of such insurance policies, or an inability to fully renew or claim against insurance policies as a result of the current economic environment and the impact of COVID-19 (for example, due to a deterioration in an insurer's ability to honour claims), could adversely affect the Group's business, financial position and operational results.

KEY RISKS



s) Personnel

The operating and financial performance of Oil Search is in part dependent on its ability to retain and attract key personnel. Whilst Oil Search makes every reasonable effort to retain key employees, there can be no guarantee that it will be able to retain its management team. There is also a risk that Oil Search may need to pay a higher than expected cost to acquire or retain the necessary labour. In particular, there is a finite availability of skilled labour in the PNG market with expertise in the industries in which Oil Search operates.

t) Risk of impairment

Many of the aforementioned risks and in particular the impact of extended low oil and gas prices may be cause for Oil Search to reassess the carrying value of its assets. Indicators of impairment can exist for a number of reasons including where asset valuations are lower than their written down book values, certain activities are discontinued and deferred tax assets are not able to be recovered against future taxable income, amongst other things. The recognition of an impairment will result in a write-down of asset value and a equivalent non-cash charge to the income statement, thereby reducing the company's net assets and reported profits respectively. Oil Search assesses for indicators of impairment at each reporting period.

u) General risks associated with investments in equity capital

Investors should be aware that there are risks associated with any investments in equity capital. The value of the New Shares may rise above or fall below the Offer Price, depending on the financial position and operating performance of Oil Search as well as prevailing market conditions. Further, the price at which the New Shares trade on the ASX may be affected by several factors unrelated to the financial and operating performance of Oil Search and over which Oil Search and the Directors have limited or have no control. These external factors include: (i) the impact of COVID-19, including on health of workforce, the industry, customers, supply chains and travel and other restrictions; (ii) economic conditions and outlook in PNG, Australia, the US and overseas; (iii) changes in interest rates and the rate of inflation; (iv) investor sentiment in the local and international stock markets and the oil and gas sector; (v) changes in fiscal, monetary, regulatory and other government policies; (vi) changes in government legislation and policies, including tax laws; (vii) the development of new technologies and displacement of existing technologies; and (viii) geo-political conditions such as acts or threats of terrorism or military conflicts.

Investors should also note that the historic share price performance of Oil Search shares provides no guidance as to its future share price performance.

There have been significant fluctuations and volatility in the prices of equity securities in recent months, which may have been caused by general rather than company-specific factors, including the general state of the economy, the response to the COVID-19 pandemic, investor uncertainty, geo-political matters, and global hostilities and tensions. In particular, the COVID-19 pandemic has resulted in significant market falls and volatility both in PNG, Australia, the US and overseas, including in the prices of equity securities. As detailed above, there continues to exist considerable uncertainty as to the further impact of COVID-19 on the PNG and global economy and share markets including in relation to governmental action, work stoppages, university and school stoppages, lockdowns, quarantines, travel restrictions and the impact on the economy and share markets. Any of these events and resulting fluctuations may materially adversely impact the market price of the Shares.

KEY RISKS



Risks specific to the Offer

a) The Entitlement Offer and Placement may not be fully underwritten and may not complete

The Entitlement Offer and Placement are subject to a range of conditions and termination events set out in the underwriting agreement entered into by Oil Search and the Underwriters on 7 April 2020 (**Underwriting Agreement**). If certain conditions are not satisfied or certain events occur then both the Underwriters may terminate the underwriting agreement, which may have an adverse impact on the ability of Oil Search to proceed with the Offer and the quantum of funds raised as part of the Offer. In the event the Underwriting Agreement is terminated by both Underwriters, there is no guarantee that the Offer will continue in its current form or continue at all. Failure to raise sufficient funds under the Offer (as a result of it not proceeding or otherwise) could materially adversely affect Oil Search's business, cash flow, financial position and results of operations.

Key terms of Underwriting Agreement

Each Underwriter's obligations under the Underwriting Agreement, including to underwrite the Offer (other than with respect to the Retail Entitlement Offer and the PNG Retail Offer), and manage the Offer (other than the PNG Retail Offer), are conditional on certain matters, including the timely delivery of due diligence process materials, PNG regulatory approvals, and that certain debt facilities are extended, subject to regulatory approvals (i.e. Bank of PNG) (refer to Slide 9).

If certain conditions are not satisfied or certain events occur, the Underwriters may terminate the Underwriting Agreement. The events which may trigger termination of the Underwriting Agreement include (but are not limited to) the following:

- Oil Search fails to lodge the Offer documentation or Appendix 3B with PNGX and ASX (as applicable) on the announcement date (7 April 2020);
- Oil Search fails to lodge the cleansing statement in respect of the Placement with ASX on the institutional allotment date (20 April 2020);
- the cleansing statements are defective at the time of their issue or a corrective statement is issued or required to be issued under the Corporations Act;
- an event of default or review event arises under any existing debt facility or other financial accommodation, Oil Search or the group becomes aware of facts or circumstances which are likely to cause an event of that type or the Bank of PNG refuses or indicates that it will refuse or materially delay approving the extension of the debt facilities;
- an obligation arises on Oil Search to give PNGX and ASX a notice of new circumstances;
- a material statement in any of the Offer documents in relation to the Oil Search group or the Offer is not true or accurate or is or becomes (or is likely to be) misleading or deceptive, or contains any omissions;
- Oil Search varies, suspends or withdraws an Offer document or the Offer (or any part);
- ASIC, the PNG registrar or PNG Securities Commissioner prosecutes or gives notice of an intention to prosecute, or commences proceedings against, or gives notice of an intention to commence proceedings against, or commences or threatens to commence any inquiry or investigation in respect of, the Group or any of its representatives in relation to the Offer documents, or issues any orders or holds any hearing in respect of the Offer (subject to certain exceptions);
- PNGX or ASX makes any official statement or indicates that approval is refused or not granted for quotation of the New Shares (other than subject to customary conditions) prior to their scheduled trading date;
- PNGX or ASX makes any official statement or indicates that Oil Search's ordinary shares will be suspended or Oil Search will be removed from the official list of the PNGX or ASX, respectively, or either of these events occur;

KEY RISKS



- Oil Search does not obtain the required PNG approvals and/or ASX waivers required to complete the Offer or these approvals and waivers are subsequently withdrawn, revoked, qualified or amended in a materially adverse particular;
- Oil Search is prevented from allotting and issuing the New Shares under the PNGX Listing Rules, the ASX Listing Rules or applicable laws;
- any event specified in the timetable is delayed for a certain time without the prior written approval of the Underwriters (such consent not to be unreasonably withheld or delayed);
- the S&P/ASX 200 Index:
 - reaches, on any trading day from announcement of the Entitlement Offer (7 April 2020) until the trading day after the close of the Institutional Offer (9 April 2020), a level that is 12.5% or more below the level of the S&P/ASX 200 Index at the close of trading on the trading day prior to the date of the Underwriting Agreement (prior to 7 April 2020); or
 - closes on any two trading days (whether consecutive or otherwise) at a level that is 15% or more below the level of the S&P/ASX 200 Index as at the close of trading on the trading day prior to the date of the Underwriting Agreement (prior to 7 April 2020);
- Oil Search or a member of the group is or becomes insolvent or there is an act or omission which is likely to result in any member of the Oil Search group becoming insolvent;
- Oil Search fails to deliver a certificate when required to under the Underwriting Agreement or a statement in a certificate is untrue or incorrect, or misleading or deceptive in any material respect (including by way of omission);
- the due diligence materials or other information supplied by or on behalf of Oil Search to the Underwriters in respect of the Offer, Oil Search or a subsidiary is or becomes false or misleading or deceptive (including by omission);
- there is a change in the Chief Executive Officer of Oil Search;
- a director or officer of Oil Search is charged with an indictable offence relating to any financial or corporate matter or disqualified from managing a corporation, or a government authority commences any public action against the Oil Search group or its directors or officers in relation to any fraudulent conduct or activity that is in any way connected to the Oil Search group;
- Oil Search engages in any fraudulent activity;
- Oil Search commits a material breach of applicable laws, listing rules, exemptions or determinations or fails to comply with its continuous disclosure obligations;
- Oil Search is in breach of any of the terms and conditions or any representations, warranties or undertakings of the Underwriting Agreement or any of those representations, warranties or undertakings become untrue or incorrect;
- any aspect of the Offer does not comply with the applicable law, listing rules or any regulatory approvals;
- Oil Search varies any term of its constitution without the prior written consent of the Underwriters;
- except as contemplated in the Underwriting Agreement or announced prior to entry into the Underwriting Agreement (7 April 2020), Oil Search alters its capital structure without the prior written consent of the Underwriters;
- any adverse change occurs, or there is a development involving a prospective adverse change, in the assets, liabilities, financial position or performance, profits or losses or prospects of Oil Search and the Oil Search group, including from those disclosed in any Offer document;
- there is introduced into the Parliament of Papua New Guinea, Australia, any State or Territory of Australia, or the Legislature in Alaska, the United States, a law or prospective law, regulation, policy or there is any announcement of the same, any of which does or is likely to prohibit or regulate the Offer, the transactions contemplated by the Underwriting Agreement or capital issues or stock markets, or adversely affect the management of each Underwriter's underwriting risk or the taxation treatment of the New Shares;

KEY RISKS



- trading in all securities quoted on ASX, the London Stock Exchange or the New York Stock Exchange ("NYSE") is suspended or limited in a material respect for at least 1 day on which that exchange is open for trading, or a Level 3 "market-wide circuit breaker" is implemented by the NYSE upon a 20% decrease against the prior day's closing price of the S&P 500 Index only;
 - hostilities not presently existing commence (whether war or a national emergency has been declared or not) or a major escalation in existing hostilities occurs (whether war or a national emergency has been declared or not) involving any one or more of Australia, Papua New Guinea, the United States or the United Kingdom, or the declaration by any of those countries of a national emergency (not declared as at the date of the Underwriting Agreement (prior to 7 April 2020)) or war, or a major terrorist attack is perpetrated in any of those countries;
 - a general moratorium on commercial banking activities in Australia, Papua New Guinea, the United States or the United Kingdom is declared by the relevant central banking authority or there is a material disruption in commercial banking or security settlement or clearance services in those countries;
 - there is:
 - any adverse change, disruption or escalation of disruptions to financial, political or economic conditions, currency exchange rates or controls or financial markets in Australia, Papua New Guinea, the United States, the United Kingdom or the international financial markets; or
 - any adverse change or development involving a prospective adverse change, in any of those conditions or markets, the effect of which makes it impractical, or inadvisable (in the bona fide opinion of the Underwriters) to proceed with the issue or enforcing of contracts to issue the New Shares;
 - there is a material disruption to, or a suspension of, production or shipping of product in relation to the PNG LNG Project; or
 - any occurrence or non-occurrence as a direct or indirect result of which an Underwriter is prevented from or delayed in performing any of its obligations under the Underwriting Agreement and that is beyond the reasonable control of that Underwriter, including without limitation acts of God, or other natural forces, civil unrest or other civil disturbance, currency restriction, embargo, action or inaction by a government agency or any other event similar to the aforementioned, and this event occurs or is continuing when the obligation of an Underwriter fails to be performed under the Underwriting Agreement.
- The ability of an Underwriter to terminate the Underwriting Agreement in respect of some events will depend on whether, in the reasonable opinion of the Underwriter, the event:

- (a) has, or is likely to have, a materially adverse effect on the success, settlement or marketing of the Offer, the ability of the Underwriters to market or promote or settle the Offer or the likely price at which the New Shares will trade on ASX; or
- (b) will, or is likely to, give rise to a liability of the Underwriters under, or a contravention by the Underwriters or their affiliates or any of them being involved in a contravention of, any applicable law.

Termination for failure of meeting a condition precedent or due to a termination event occurring will discharge the terminating Underwriter and Oil Search's obligation to pay to the terminating Underwriting any fees which as at the date of termination are not yet payable. If the remaining Underwriter elects to take up the rights of the terminating Underwriter, the Company must pay them the fees that would otherwise have been payable to the terminating Underwriter.

For details of fees payable to the Underwriters, see the Appendix 3B released to ASX on 7 April 2020.

The Company also gives certain representations, warranties and undertakings to the Underwriter and an indemnity to the Underwriter and its affiliates subject to certain carve-outs.

KEY RISKS



Shortfall

Any excess shortfall may, subject to the terms of the Underwriting Agreement, be allocated to the Underwriters or to third party investors as directed by the Underwriters acting reasonably in consultation with Oil Search. The basis of allocation of any other shortfall will be determined by the directors of Oil Search at their discretion, taking into account whether investors are existing shareholders, Oil Search's register and any potential control impacts.

b) Dilution risk

If you do not take up all of your Entitlement under the Entitlement Offer, then your percentage security holding in Oil Search will be diluted by not participating to the full extent in the Entitlement Offer. Investors may also have their investment diluted by the Placement or future capital raisings by Oil Search. Oil Search may issue new securities in the future to finance acquisitions or pay down debt which may, under certain circumstances, dilute the value of an investor's interest.

APPENDIX C: KEY SELLING RESTRICTIONS



Oil Search

KEY SELLING RESTRICTIONS



International Offer Restrictions

This document does not constitute an offer of New Shares of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

Bermuda

No offer or invitation to subscribe for New Shares may be made to the public in Bermuda. No invitation is being made to persons resident in Bermuda for exchange control purposes to subscribe for New Shares.

Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such New Shares. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. All references to dollars, cents or \$ in this document are to United States currency, unless otherwise stated.

Statutory rights of action for damages and rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

KEY SELLING RESTRICTIONS



The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered. Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

European Union

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

KEY SELLING RESTRICTIONS



Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Japan

The New Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of New Shares is conditional upon the execution of an agreement to that effect.

Malaysia

No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of New Shares. The New Shares may not be offered, sold or issued in Malaysia except pursuant to, and to persons prescribed under, Part I of Schedule 6 and Schedule 7 of the Malaysian Capital Markets and Services Act.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The New Shares are not being offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) other than to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

KEY SELLING RESTRICTIONS



Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

Papua New Guinea

WARNING: This document has not been, and will not be, registered by the Securities Commission of PNG and does not comply with the provisions of the Capital Markets Act 2015 of the Independent State of PNG. Accordingly, the New Shares have not been, and will not be, offered in PNG other than in circumstances where the offer qualifies as an "excluded offer" or "excluded invitation" (as such terms are defined in the Capital Markets Act 2015).

The contents of this document have not been reviewed or approved by any PNG regulatory authority. No advertisement, invitation or document relating to the New Shares has been, or will be, issued in PNG or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of PNG (except if permitted to do so under the Capital Markets Act 2015).

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New 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 except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to investors who qualify as "professional clients" (as defined in the Swiss Financial Services Act). This document is personal to the recipient and not for general circulation in Switzerland.

No offering or marketing material relating to the New Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

KEY SELLING RESTRICTIONS



United Arab Emirates

This document does not constitute a public offer of securities in the United Arab Emirates and the New Shares may not be offered or sold, directly or indirectly, to the public in the UAE. Neither this document nor the New Shares have been approved by the UAE Central Bank, the Securities and Commodities Authority ("SCA") or any other authority in the UAE.

This document may be distributed in the UAE only to "qualified investors" (as defined in the SCA Board of Directors' Chairman Decision No. 37 RM of 2019, as amended) and may not be provided to any person other than the original recipient. No marketing of the New Shares has been, or will be, made from within the UAE other than in compliance with the laws of the UAE and no subscription for any securities may be consummated within the UAE.

No offer or invitation to subscribe for New Shares is valid, or permitted from any person, in the Abu Dhabi Global Market or the Dubai International Financial Centre.

United States

This Presentation does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer would be illegal. The securities referred to in this Presentation have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States or to any person acting for the account or benefit of any person in the United States unless the securities have been registered under the US Securities Act (which Oil Search has no obligation to do or procure) or are offered or sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and applicable securities laws of any state or other jurisdiction of the United States.

For the purposes of U.S. federal securities laws, the offer and sale of the securities referred to in this Presentation has not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, such securities may only be offered and sold:

- a) outside the United States in "offshore transactions" (as defined in Rule 902(h) under Regulation S under the US Securities Act) in reliance on Regulation S; and
- b) in the United States, (a) to persons that are "qualified institutional buyers", as defined in Rule 144A under the Securities Act, in transactions exempt from the registration requirements of the US Securities Act pursuant to 4(a)(2) thereunder, or (b) to dealers or other professional fiduciaries organised or incorporated in the United States that are acting for a discretionary or similar account (other than an estate or trust) held for the benefit or account of persons that are not "U.S. persons" (as defined in Rule 902(k) of the Securities Act) for which they have, and are exercising, investment discretion, within the meaning of Rule 902(k)(2)(i) of Regulation S, in reliance on Regulation S.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" (within the meaning of Article 2(e) of the Prospectus Regulation (2017/1129/EU), replacing section 86(7) of the FSMA). This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.