

ASX Announcement

19 November 2020

ASX: OSH | PNGX: OSH | ADR: OISHY

STRATEGY UPDATE AND INVESTOR BRIEFING 2020

Oil Search has responded to a uniquely challenging backdrop in 2020 by enhancing its resilience through sustained cost improvements and a focus on commercialising growth at a highly competitive breakeven cost of supply. Today, Oil Search announces a refreshed ambition to deliver an exciting future built on a proud heritage and clarity on its strategy to meet that ambition.

At the Company's investor briefing, Managing Director, Dr Keiran Wulff, said:

"The challenges posed by the pandemic and oil price downturn, combined with global trends and societal expectations, have been the catalyst for us to review our past performance and make sustained improvements to position Oil Search for long term success.

We now have a lower cost base, are more resilient and are in a strong position to commercialise our world class resource base. Most importantly, these changes have been achieved while delivering a record safety performance and stable production, as well as enhancing employee engagement and maintaining our commitment to our communities.

Together with the structural changes in our industry as the energy transition builds pace, these challenges have highlighted our need to focus on low cost projects, measurable action on sustainability and disciplined capital management. Oil Search has a very strong oil and gas resource base and our focus is to commercialise our resources at the lowest possible cost, aligned with societal and investor expectations. We firmly believe oil and gas produced safely, responsibly and at low cost will continue to play a critical role during the transition to a renewable energy future.

Today we are outlining our renewed purpose and ambition. We will deliver low cost, low greenhouse gas (GHG) intensity, high value energy that meets society's needs with the ambition of being the preferred energy company for all stakeholders.

Our strategy to meet this ambition comprises three disciplined phases:

- We will **Focus** our business and resources on the assets that matter, driving sustained low costs and simplification of our PNG operations;
- We will **Deliver** our world class resources, starting with commercialising the Pikka development at a breakeven cost of supply of less than US\$40/bbl and prioritising the delivery of Papua LNG; and
- We will **Evolve** by focusing on maximising shareholder returns and free cashflow, achieving full potential from Alaska and considering targeted complementary energy investments.

Critically, sustainability will be embedded in everything we do, building on our strong heritage of commitment to community to include new targets for operated emissions intensity, minimising our environmental footprint and ensuring our developments and operations are aligned with our commitment to be the preferred energy company for all stakeholders. We are now aiming to reduce operated GHG emissions intensity by in excess of 30% by 2030.

We have learned some hard lessons this year. We are focused on delivering near term operating cash flow and strong returns underpinned by resilient operations and disciplined capital management.

We have a clear hierarchy for allocating capital, prioritising sustaining capital and a strong, flexible balance sheet. We have stress tested our portfolio, instilled a disciplined approach to investment decisions and are well progressed in pursuing multiple options to ensure funding readiness for delivering Pikka and Papua LNG.

The quality of our portfolio and the discipline being applied will underpin the delivery of our strategy. We are excited by the future and look forward to providing regular updates on our progress against clearly stated milestones. We are committed to delivering major production growth, lower breakeven costs, lower emissions intensity and a material increase in free cash flow over the next decade.”

To access the live webcast of the Investor Briefing, please follow the link that can be found at www.oilsearch.com. The webcast will commence at 09:00 AEDT.

A copy of Oil Search’s Investor Briefing 2020 is attached.

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This ASX announcement was authorised for release by Oil Search’s Disclosure Committee.

ABSOLUTE

FOCUS



Oil Search

Investor Briefing

19 November 2020

Oil Search Limited – ARBN 055 079 868 – ASX: OSH – PNGX: OSH – US ADR: OISHY

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Today's speakers



Rick Lee AM
Non-Executive Chairman



Dr. Keiran Wulff
Managing Director



Bruce Dingeman
Executive Vice President,
Alaska



Diego Fettweis
Executive Vice President,
Commercial



Beth White
Executive Vice President,
Sustainability and Technology



Stephen Gardiner
Chief Financial Officer

Agenda



Introduction by Chairman

Rick Lee AM (Non-Executive Chairman)

Strategy Overview

Dr. Keiran Wulff (Managing Director)

Alaska

Bruce Dingeman (EVP, Alaska)

PNG

Diego Fettweis (EVP, Commercial)

10 minute break

Sustainability

Beth White (EVP, Sustainability & Technology)

Capital Management

Stephen Gardiner (CFO)

Final Remarks

Dr. Keiran Wulff (Managing Director)

Q&A

Dr. Keiran Wulff (Managing Director)

End (12:30)

Introduction by Chairman



Rick Lee AM
Non-Executive Chairman

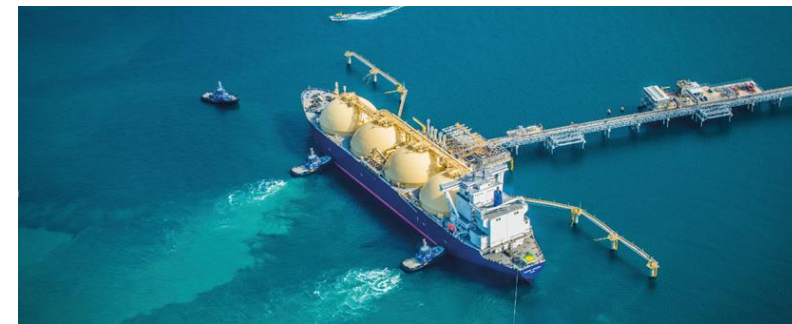
Strategic foundations



The **energy transition is here**, but **responsibly developed** oil and gas will continue to **play a vital role**



Society expects **measurable action on Sustainability**



Investors require **free cash flow generation and returns** underpinned by resilient operations, disciplined capital management and growth

REQUIREMENTS FOR OUR STRATEGY



Low-cost projects
resilient to price volatility



Measurable delivery
against commitments



Near term free cash flow
generation and capital discipline



OUR PURPOSE

We will deliver low cost, high value energy that meets society's needs



OUR AMBITION

We will be the preferred energy company for all stakeholders

Strategy Overview



Dr. Keiran Wulff
Managing Director

Five key global trends demand consideration in strategy



Oil demand outlook is evolving



LNG growing in prominence



Increasing sustainability focus



Technology an opportunity and a disruptor



Changing geopolitical context

Oil Search has a strong track record and owns four main assets



Proud History

- Established in 1929 in PNG
- Quality resource base
- Delivered success in sustainability and community

Demonstrated Capability

- Proven capability to operate in challenging environments in PNG and Alaska
- Strong record of working with communities and stakeholders

Consistent Growth

- Consistent history of growth in phases, most recently driven by PNG LNG project (2014)
- Path to future growth is clear with opportunity to commercialise world-class assets

OUR ASSETS

PNG operated

Equity: various

Production¹: 3 mmboe

2P: 25 mmboe

2C: 5 mmboe

PNG LNG

Equity: 29%

Production¹: 25 mmboe

2P: 2.3 tcfGE

2C: 2.4 tcfGE

Alaska

Equity: 51%

Production: Starting 2025

2P: n/a

2C: 494 mmbbl²

Papua LNG

Equity: 22.8%³

Production: Starting 2027

2P: n/a

2C: 1.6 tcfGE

Note: Oil Search's internal view on potential start dates; (1) Production and Reserves/Resources per 2019 full year results; except Alaska which incorporates 2020 2C increases – see ASX release on 19th November 2020 for further detail. PNG LNG 2C resource includes P'nyang, Muruk, and Juha North; some non-material field resources not included; oil converted to Gas Equivalent using PNG LNG conversion factor of 5100 scfGE/bbl & gas converted to oil using same factor of 5100 scf/BOE; (2) Alaska 2C resource is net before royalties; (3) Papua LNG equity interest prior to government back-in

In 2020 we enhanced our resilience and focused our business



Business stabilisation

- Strengthened liquidity and balance sheet
- Decisive response to COVID-19 protecting our people and assets
- Reduced 2020 capex by 40%
- Generated stable cash flow from core producing assets

- Redesigned organisation for efficiency and resilience
- Decreased production costs by US\$1-2/boe, sustainably
- Continual improvement office established



Operational optimisation



Clear priorities

- Commercialise resources (2C to 2P) by lowering breakeven
- Reduce Alaska cost of supply (improved returns, halved capex)
- Focus PNG operations and simplify LNG expansion
- Embed sustainability in all decision making

Our strategy to be the preferred energy company



1. Focus (2020-23)

- Drive sustained low costs
- Focus PNG operations and activities
- Reduce Alaska cost of supply and capex
- Optimise organisation for the future

2. Deliver (2021-25)

- Commercialise Pikka development
- Prioritise Papua LNG
- Optimise P'nyang integration approach
- Low breakeven PNG oil production add-ons

3. Evolve (2024-30)





- Shareholder returns and free cashflow
- Deliver Alaska full potential
- Consider targeted complementary energy investments
- Value accretive M&A to be assessed against growth options and capital management alternatives

Disciplined capital management is a foundational enabler

Sustainability is at the core of all decisions

Focus on highest and fastest return on capital within our control



 Optimise cost base	 Controlling development	 Focus on appraisal	 PNG operated asset prioritisation
US\$90m	50%	75%	US\$200m
Opex savings ¹ across the business	Reduction in Alaska capex with pathway to full value	Reduction in average annual exploration capex ³	Reduction in PNG exploration expense ⁴

OTHER SUPPORTING ACTIONS

Continuous improvement and third party spend improvement	Reduced Alaska cost of supply ² <US\$40/bbl; targeting ~US\$35/bbl	Nearfield early payout production opportunities	Five year plan for Lancos and third party support
			Portfolio targeting low unit cost & resilience

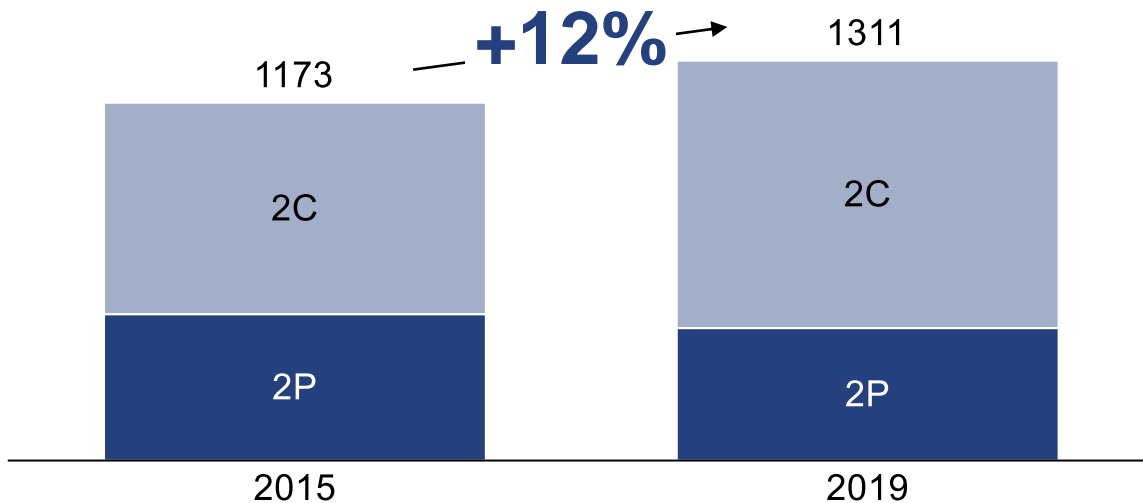
Note: (1) US\$90m savings excludes one offs: restructuring and COVID-related costs, when compared with FY2020 guidance released in February 2020; (2) Cost of supply calculated as real brent price required for project investment to breakeven at 10% discount rate; (3) Reduction in average annual exploration capex based on 2017-2019 vs 2021-2023, for PNG only; (4) Reduction represents exploration capex that would have been required to retain licenses being relinquished across the lifecycle of the licences; All numbers are net to Oil Search and are estimates based on Oil Search internal estimates

We have significant growth to deliver from our world class resources



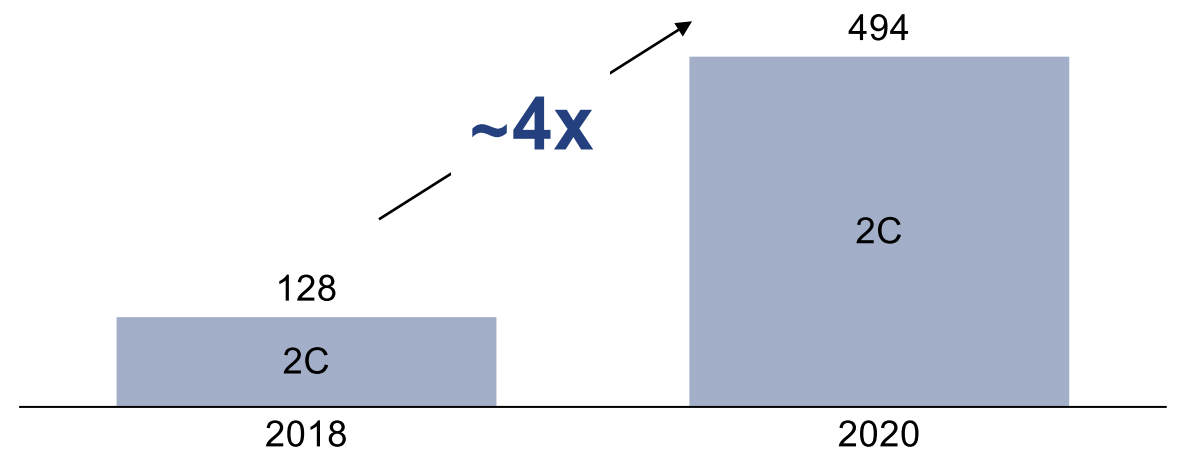
PNG: Large scale resource base with an attractive brownfield growth opportunity

Oil Search PNG reserves and resources (mmboe)²



Alaska: Largest recent US onshore discovery¹ continues to grow and attract global interest

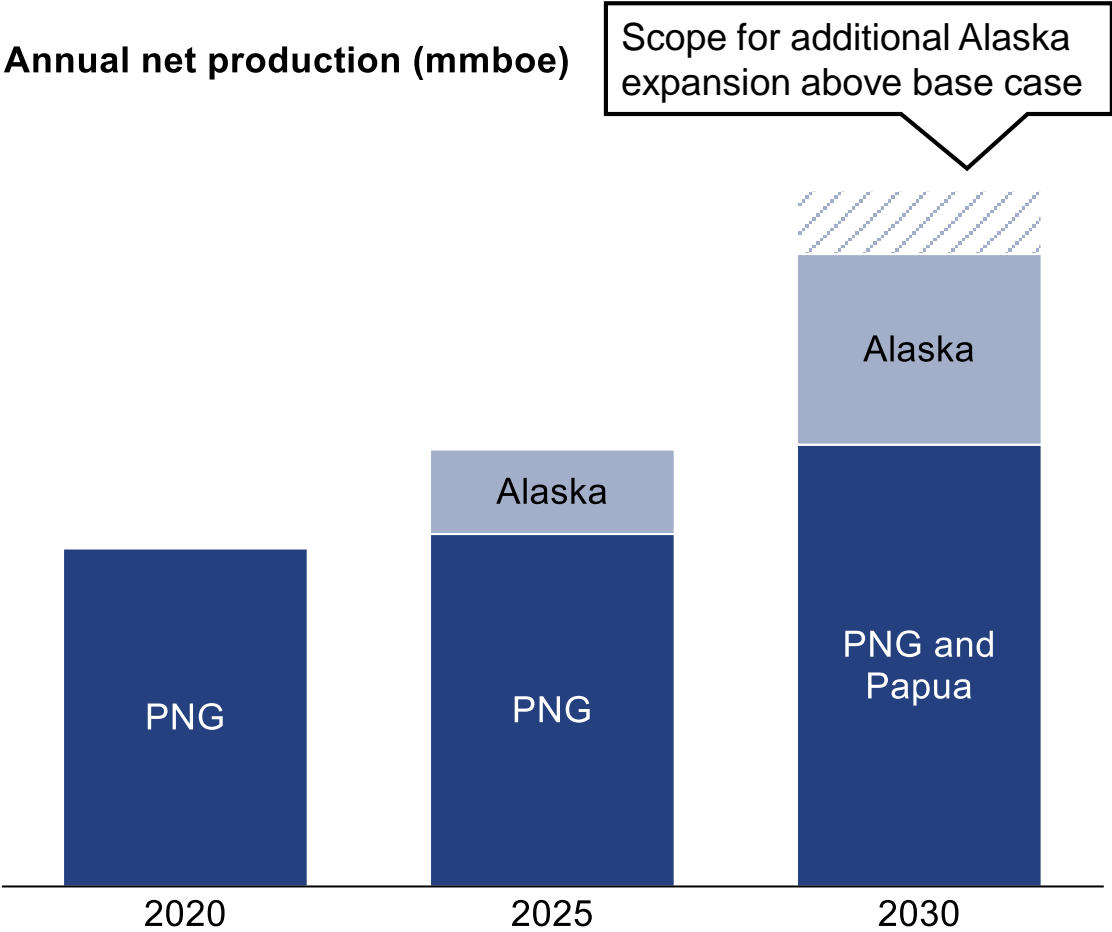
Oil Search net Alaska resources (mmbbl)³



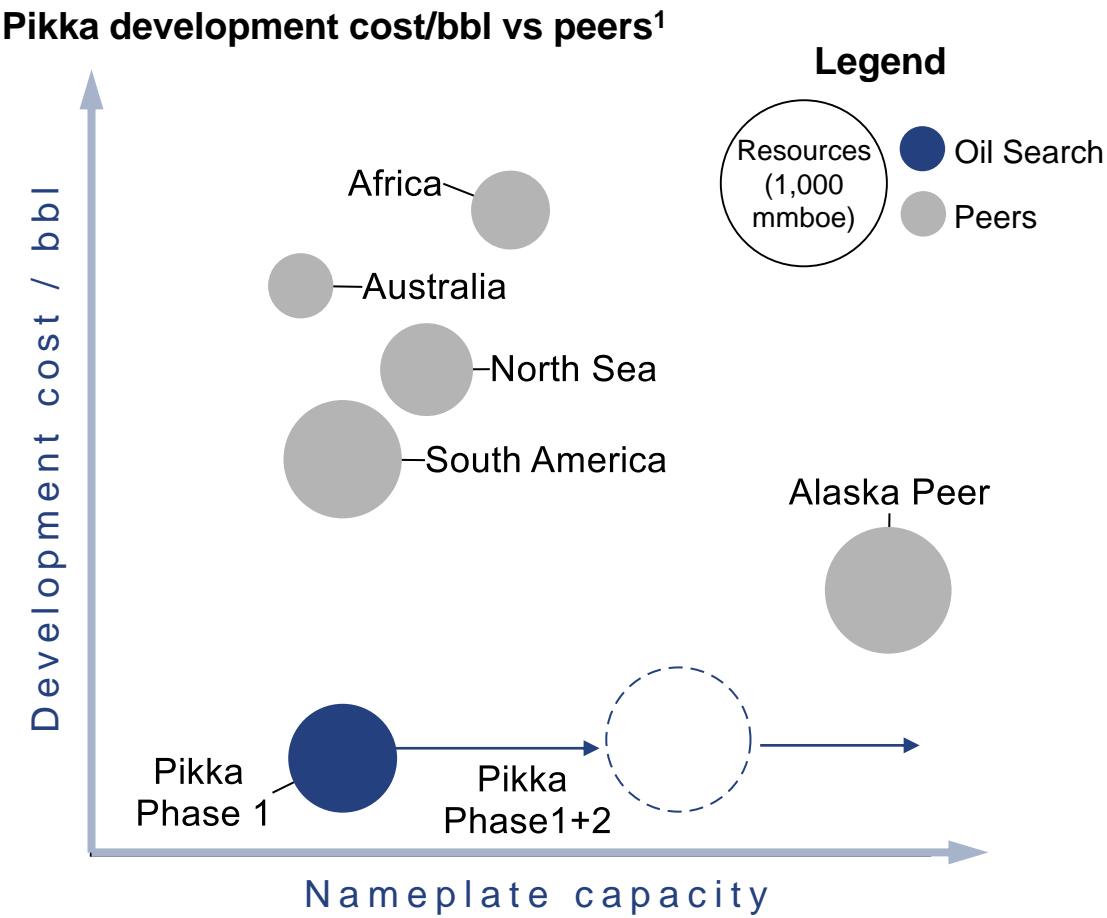
Delivery of our growth results in high value, low breakeven and material long term production



Production increase >80% by 2030

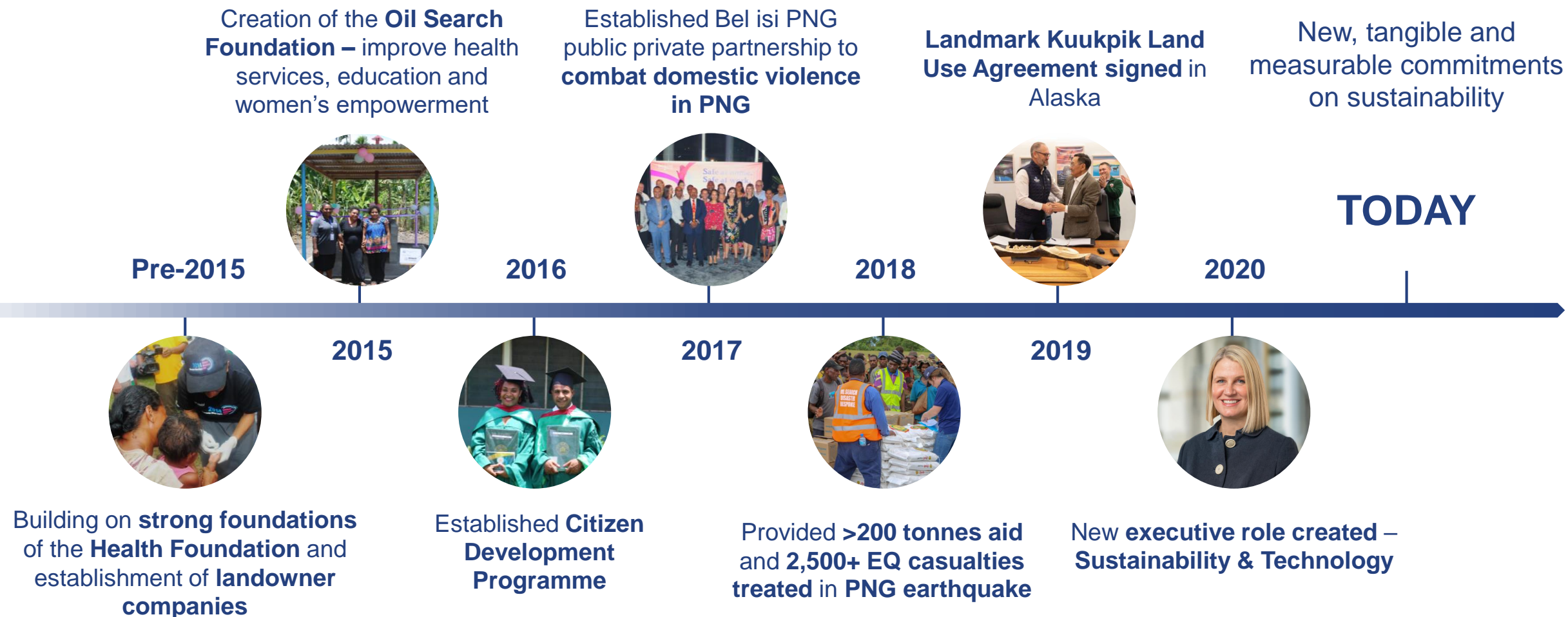


Competitive development case vs. peer projects

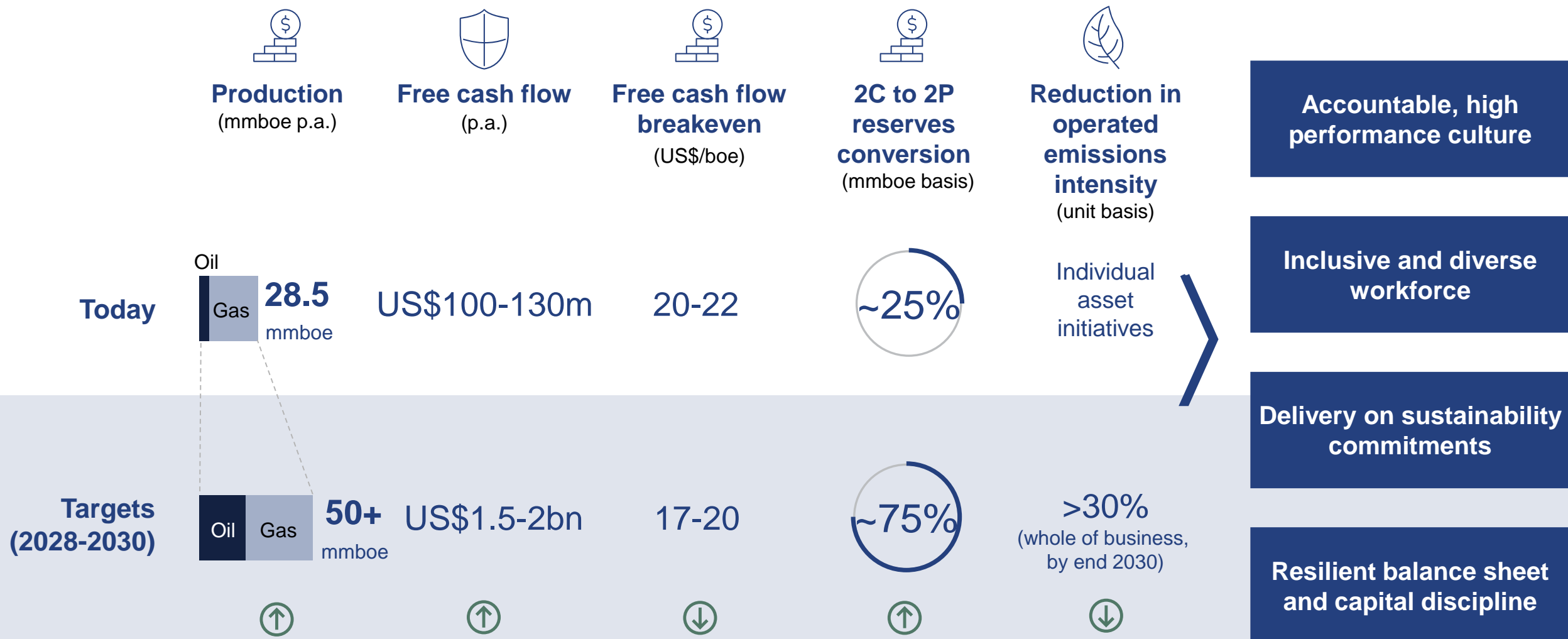


Note: Alaska Project comprises total asset base, Pikka Phase 1 and Phase 2
Source: Oil Search internal estimates; (1) Wood Mackenzie, Project FID Tracker – Q4 2020

Building on strong sustainability foundations

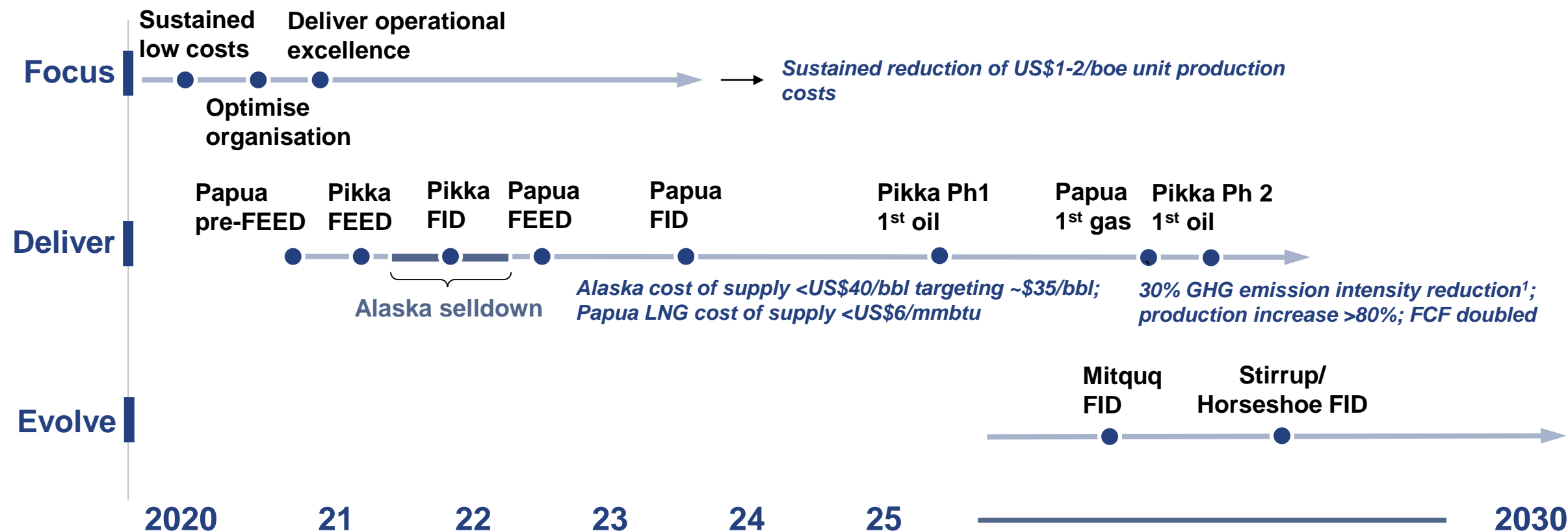


The future of Oil Search



Note: Free cash flow defined as operating activities less investing activities. "Today" free cash flow is 2020 year end estimate. Production today is midpoint of Q3 guidance. Forecast methodology uses corporate assumptions and oil price assumptions as disclosed in note 13 to the 30 June 2020 half year accounts. Free cash flow breakeven is the annual average realised price at which cash flows from operating activities equals cashflows from investing activities, excluding all discretionary expenditure. All numbers are net to Oil Search, estimates only and are Oil Search's view of potential project development dates

Milestones to track our strategy over three horizons





01

Renewed purpose and ambition

- Deliver low cost, high value energy that meets society's needs
- We will be the preferred energy company for all stakeholders

02

Disciplined strategy delivery in three phases

- Focus our business and resources on the assets that matter
- Deliver resource commercialisation with Phase 1 of Alaska and Papua LNG
- Evolve to grow returns and monetise our deep resource base

03

Focused 2020 supports strategy

- Delivered efficiencies and improved liquidity
- Disciplined capital management
- Creating capital flexibility
- Simplification and control

04

Sustainability is part of our DNA

- Focus on protecting the health and safety of our people
- We will extend our industry leadership in community relationships into all aspects of sustainability

05

Our journey has already begun

- Building on our unique culture and world class assets
- Deliver significant, high margin production growth and commercialise our resource base

Alaska



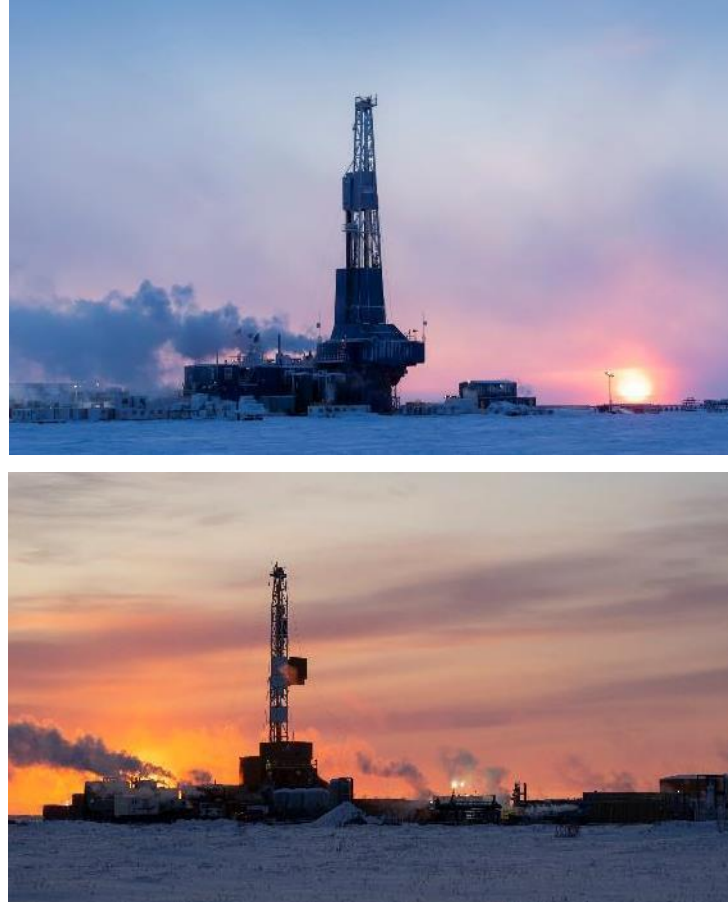
Bruce Dingeman
Executive Vice President,
Alaska

Significant progress against critical path to 2025 first oil

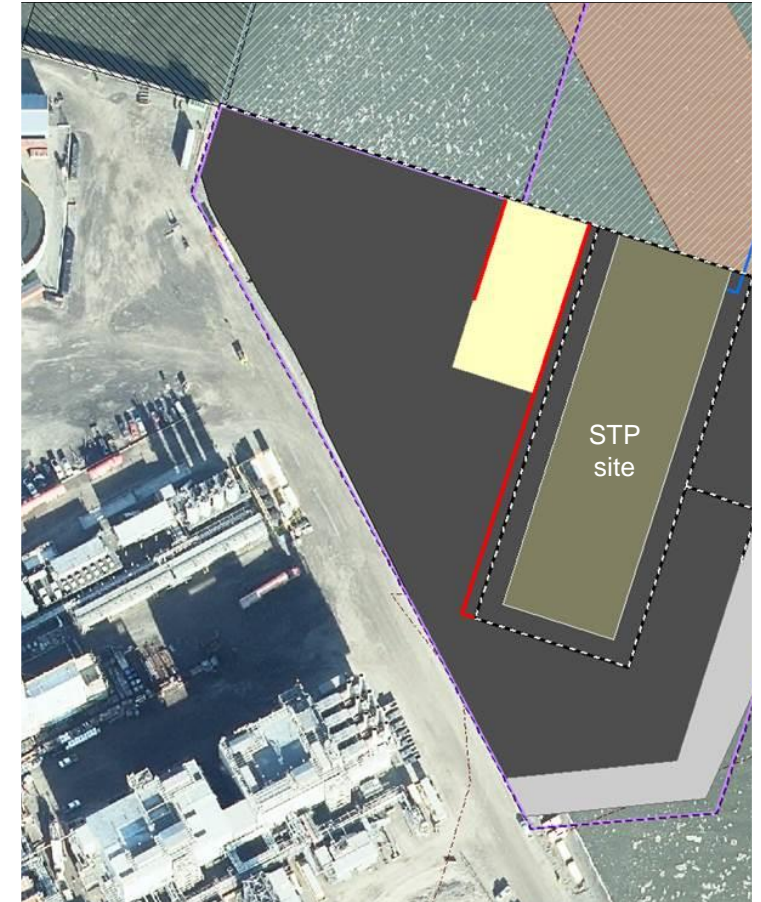
Road and pad construction enables year-round access



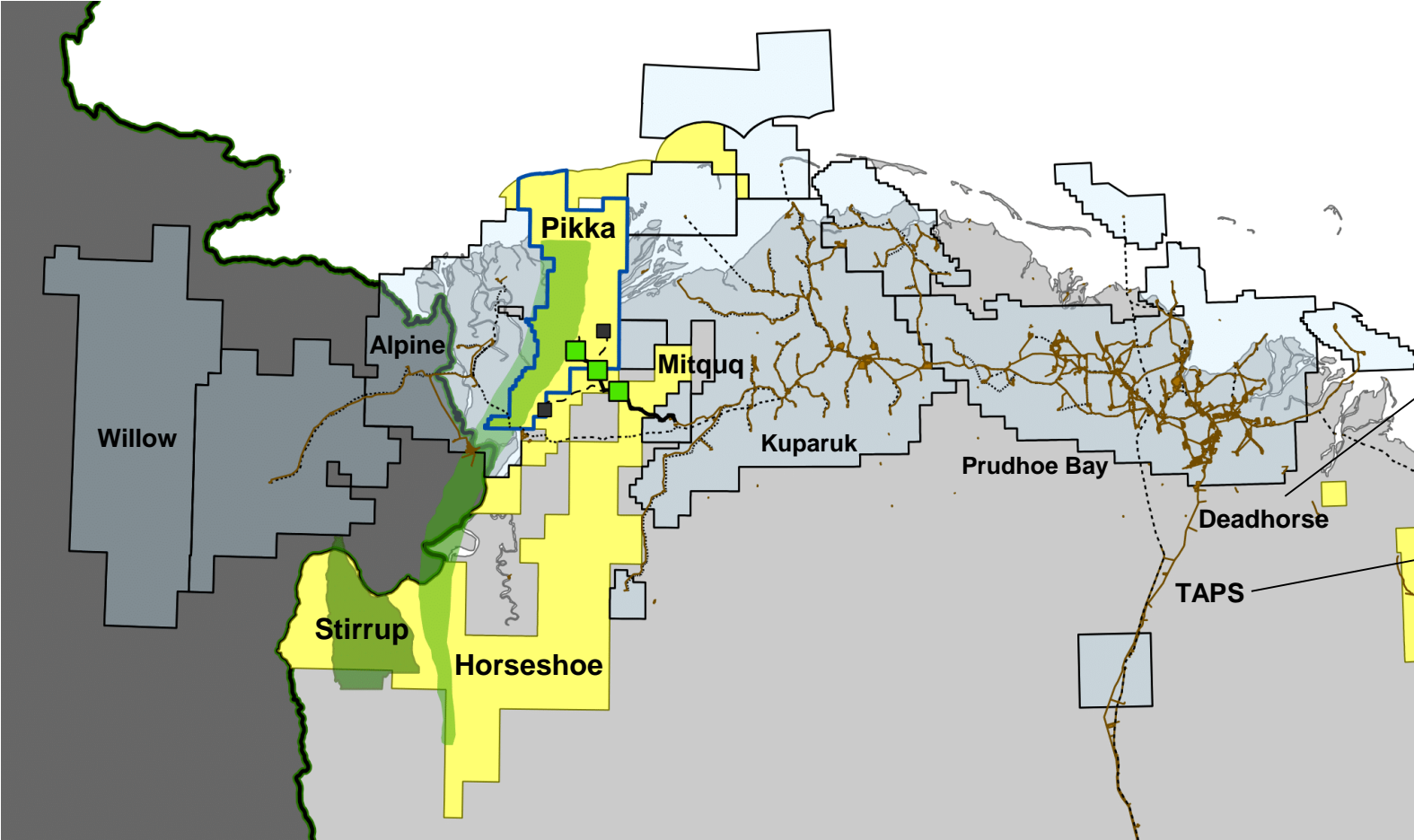
Mitquq and Stirrup discoveries, each with Pikka-scale potential



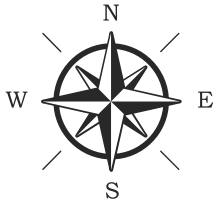
Seawater supply optimised, permit modification granted



World class asset surrounded by infrastructure



Key infrastructure

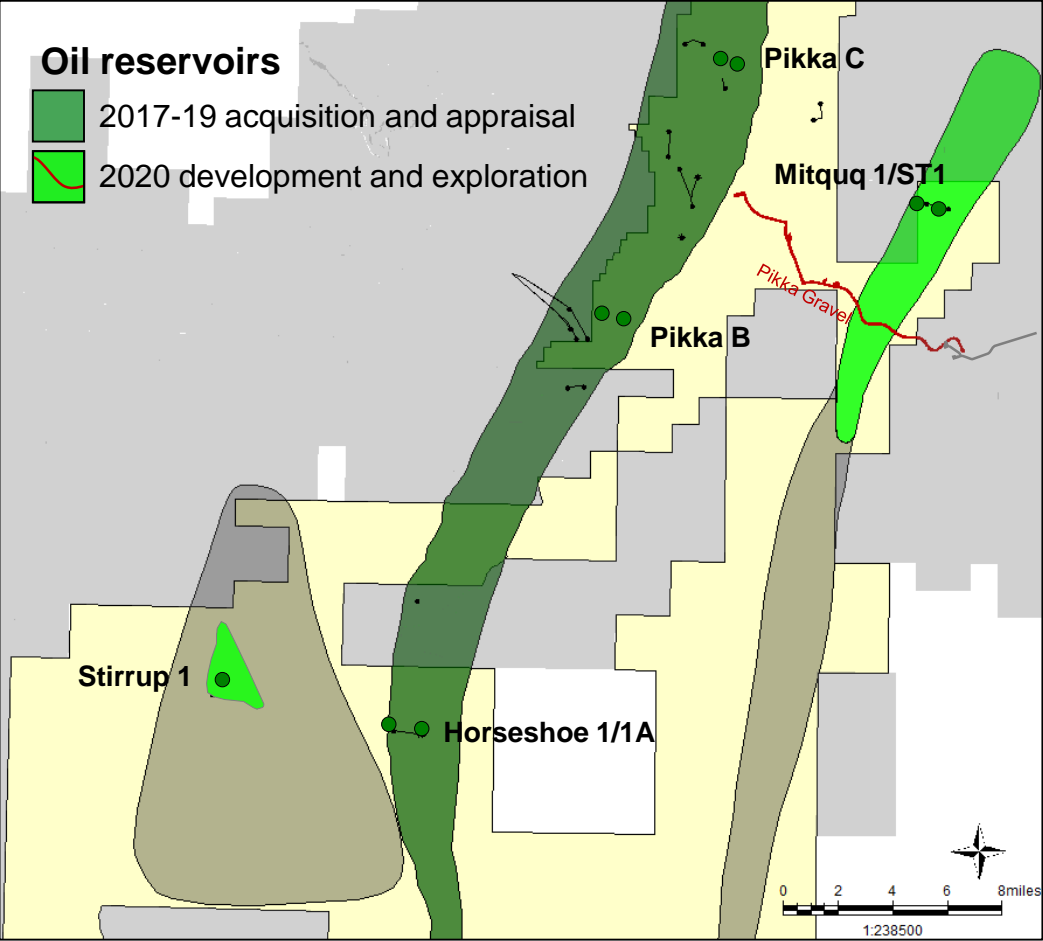


- Pikka unit
- OSA leases
- OSA prospects
- Pikka gravel roads built
- Pikka gravel roads permitted
- Gravel roads
- Pipelines
- Pikka gravel pads built
- Pikka gravel pads proposed
- Gravel pads
- Prospects by others
- Federal lands
- State lands

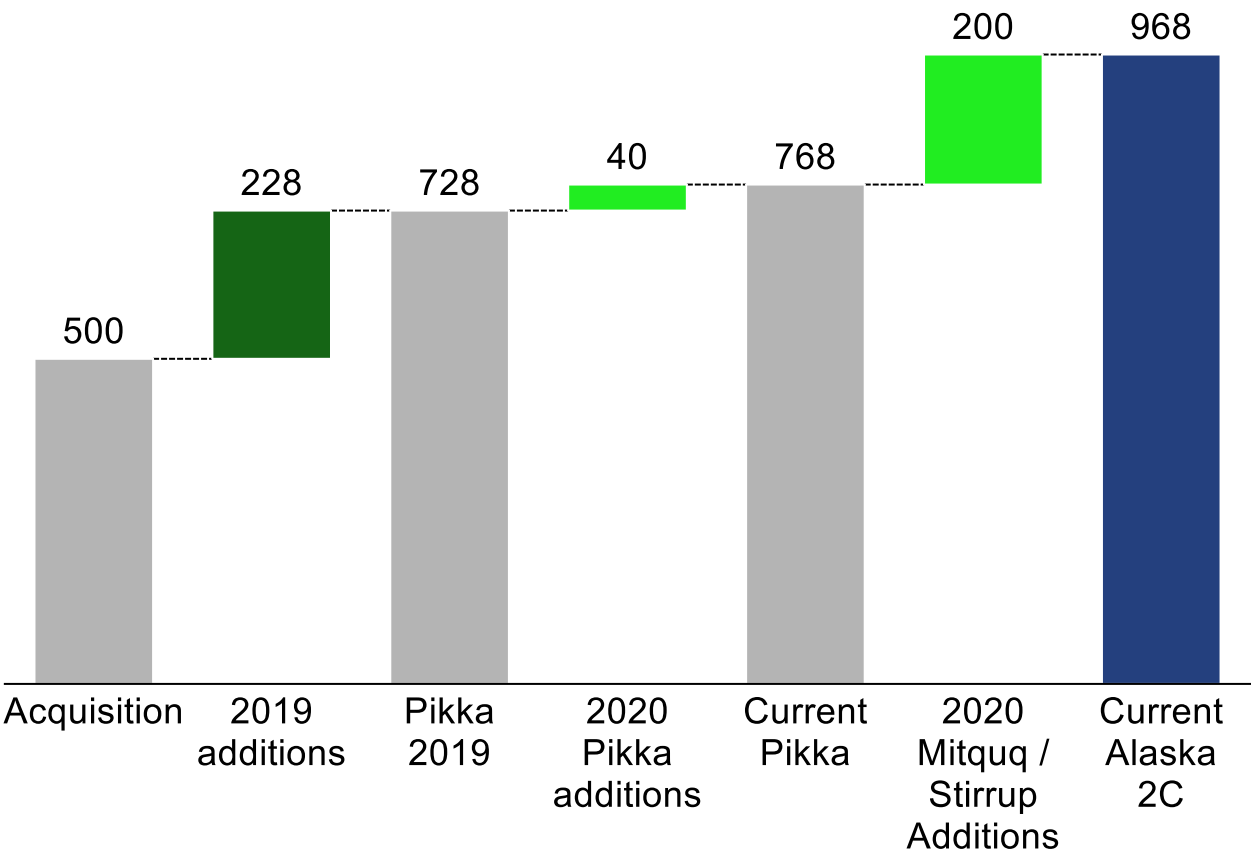
Significant growth in resources since acquisition



Current resources



2C gross resource growth¹ (mmbbl)



Note: (1) Independently certified by Ryder Scott

Pathway to full value from phased Alaska developments



	Pikka modular development		Mitquq
	Phase 1	+	Backfill or Phase 3
Resource developed	350-400 mmbbl		TBD
Nameplate capacity	80 kbpd		+40 kbpd
Facilities capex	US\$1.7 – 1.9bn	15-20% cost reduction vs. phase 1	Development concept to be confirmed
Drilling capex	US\$1.0 – 1.2bn		
Operating costs	US\$3.50 – 4.00/bbl		
Cost of Supply	<US\$40/bbl	~US\$35/bbl	Targeting <US\$35/bbl
IRR	>20%	>20%	>25%

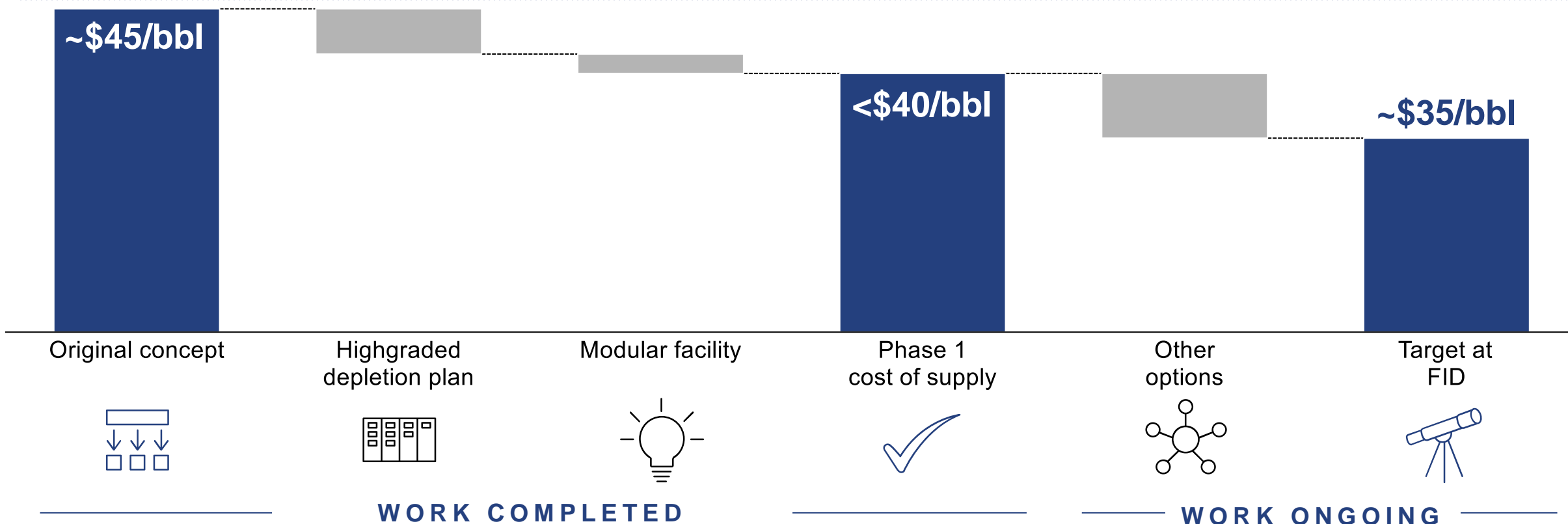
Modular concept achieves 67% of the production rate at 50% of previous cost estimates

Note: All figures cited on a gross basis. Oil Search current Pikka working interest is 51%. Cost estimates are in real 2020 terms. Facilities and drilling capex estimates include 15-25% contingency. Cost of Supply calculated as the real Brent price required for project investment to breakeven at a 10% discount rate; Cost of Supply and IRR calculations assume current State of Alaska and US Federal tax rates and \$7-8/bbl transportation costs to market. IRR based on price decks disclosed in note 13 to the half year financial statements ended 30 June 2020
Source: Oil Search internal estimates

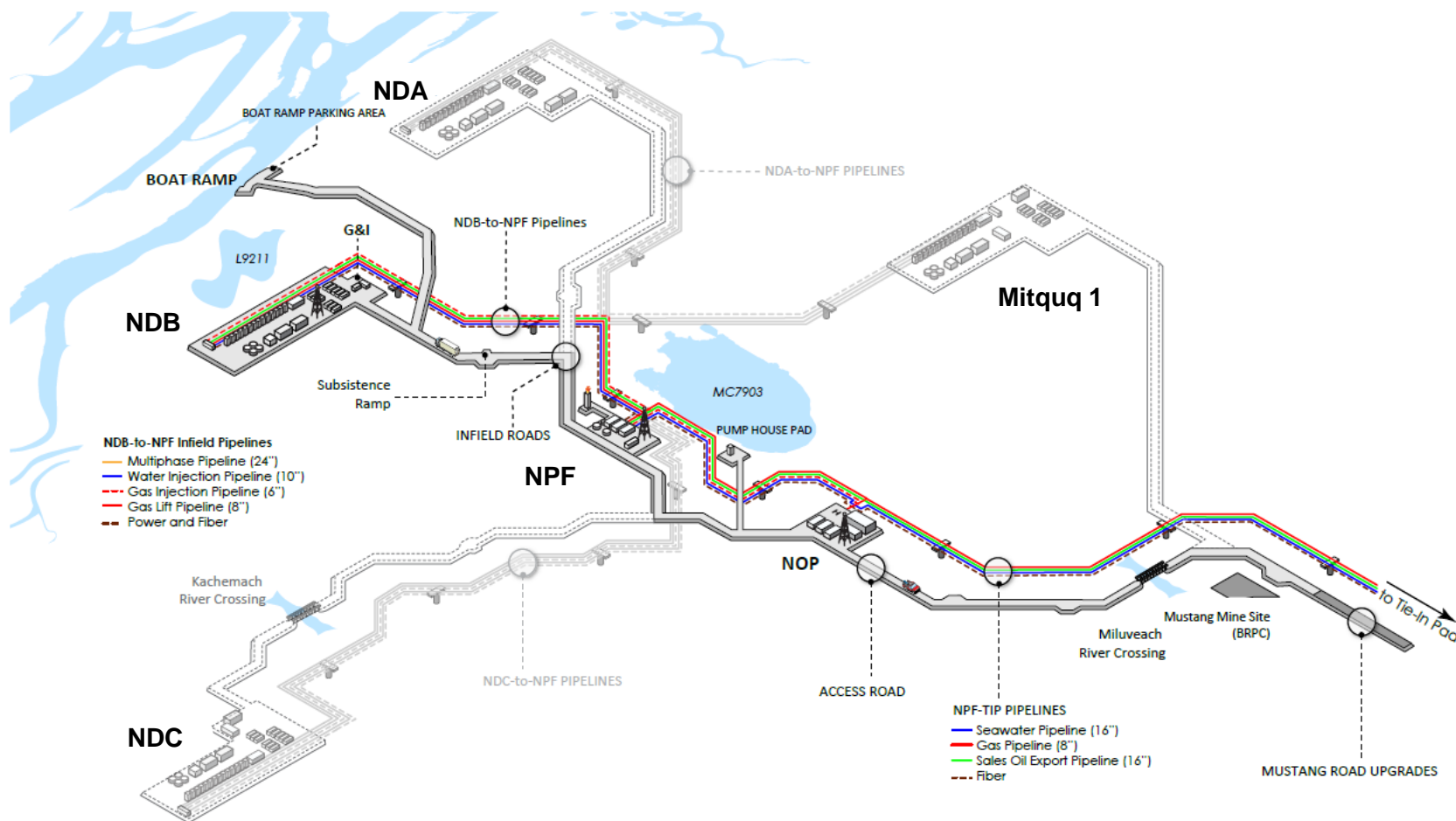
Optimised design lowers cost of supply, grows value and flexibility

Drivers of Alaska Phase 1 Cost of Supply at 10% discount rate (US\$/bbl)

2025 Brent Futures price: US\$45-50/bbl¹



Phased development lowers risk, cost and drives flexibility



Development pace can be managed through price cycles

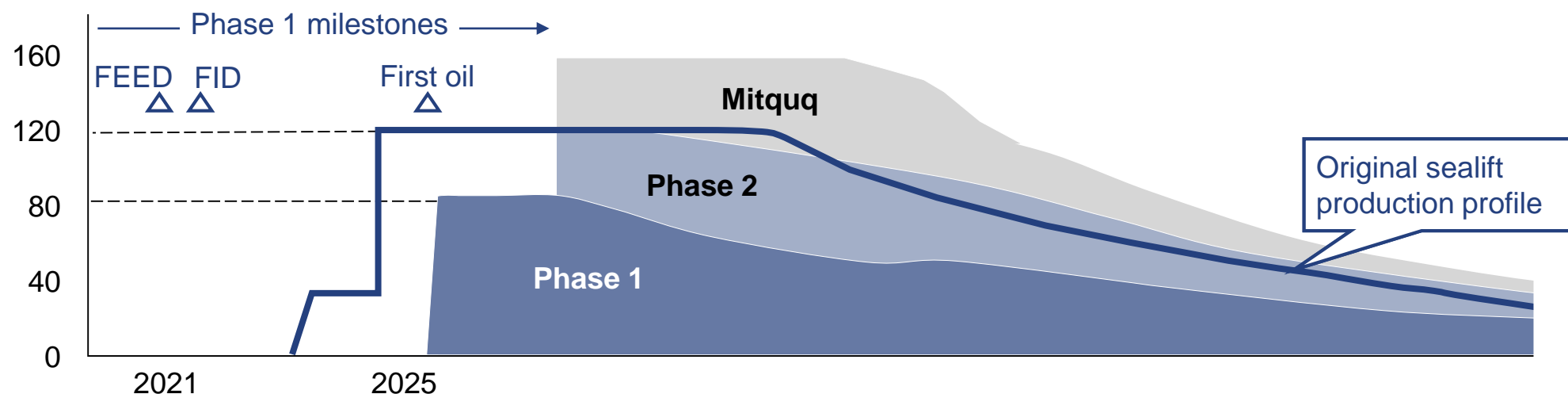
- Central road and pads ready for year-round access
- NDA and NDC are permitted for Phase 2 development
- Following appraisal and permitting, Mitquq pad can be tied back to central processing facilities with a further expansion or as backfill

Low cost of supply delivered via use of existing infrastructure

Phased production has flexibility built in

Approximate Production Profile

Daily production (kbpd, approximate)



Phase 1



- Pikka central facilities hub
- Pikka Phase 1

Phase 2



- Pikka Phase 2
- Current permitted scope

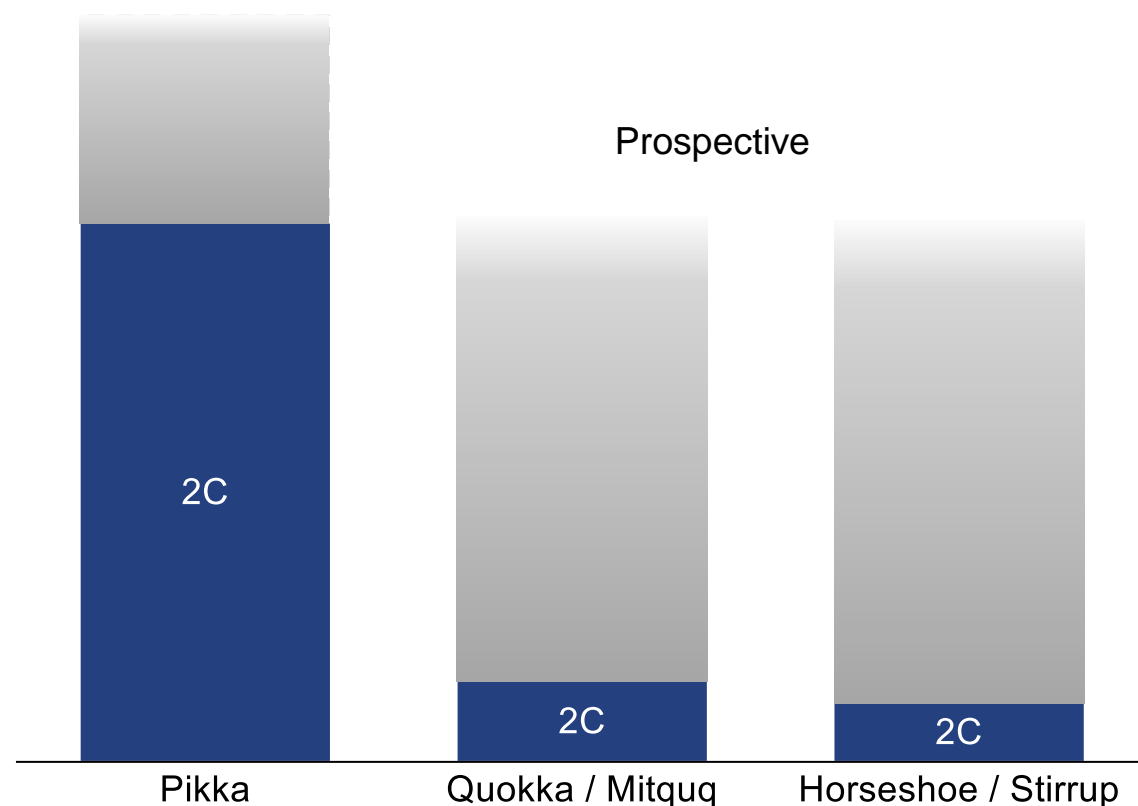
Mitquq



- Mitquq step out extension and modular expansion
- Capital efficient with increasingly low cost of supply

Significant flexibility adds value in future developments

2C potential (mmbbl)



Future flexibility

- Pikka design optimised for efficient monetisation utilising modular expansions and tie-backs
- **Further appraisal drilling** will define **full resource potential beyond Pikka**
- **Mitquq and Stirrup** both have **Pikka-scale potential**
- **Mitquq to be commercialised** through existing infrastructure or backfill after appraisal
- Stirrup and Horseshoe, post-appraisal, of sufficient scale for a **Southern processing hub** with growth potential

Project designed for sustainability



Development incorporates latest sustainable practices

- Pikka GHG intensity designed to be ~75% lower than the North Slope average¹
- Proactively reduced development footprint beyond community expectations
- Electrified operations have superior GHG performance vs operations powered by generators fired from gas
- Extensive community input on road access for subsistence use and emergency response
- Support independent and transparent flora and fauna studies and benchmarking
- Opportunity creation for youth through education programs, vocational training and business development

Continuing our proud tradition of community engagement



*“Oil Search’s central focus isn’t just to do good business, it’s to **build capacity for our people**, to **protect our lands** and it’s linked to a **sustainability mindset**.”*

**Rex A. Rock Sr.,
President & CEO, Arctic Slope
Regional Corporation**



***Landmark Land Use Agreement
signing with Kuukpik Corporation,
October 2019***



01

Design is modular and low capex

- Resilient to sustained oil prices <US\$40/bbl
- Designed in close alignment with our joint venture partner

02

Highly experienced team with proven history in Alaska

- Demonstrated ability to operate responsibly
- Record drilling performance
- Control on core facilities
- Application of latest technology

03

Low emission intensity

- Facilities designed for lower GHG emission intensity
- Minimised environmental footprint

04

Desired long term ownership of 36%

- Targeting a 15% Oil Search sell-down solely or in cooperation with our joint venture partner
- Renewed market interest driven by quality and scale of conventional asset

05

Proactively working with our communities

- Committed to continuous engagement, opportunity creation and long term sustainability for our local communities

PNG

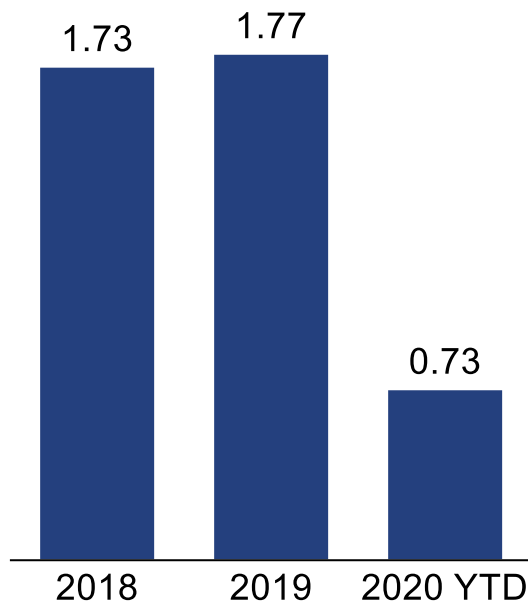


Diego Fettweis
Executive Vice President,
Commercial

We have been uncompromising in protecting our people and assets Oil Search

Outstanding safety performance

Operated TRIR



Early and rapid COVID response

0

COVID-19 cases at
operated assets

Improving operational performance

Operated compressor uptime (YTD)






Cost reduction in operated business¹

22%

Reduction in underlying
2020 operated
production costs

Our footprint in PNG is being simplified with a focus on operational performance



	Targeted outcomes	Activities
 Discipline and sustained cost reduction	40% decrease in opex by 2023¹	<ul style="list-style-type: none">• Technology and planning driving improved tool time• Third party spend reduction• Enhancing cooperation with Lancos• Consolidate support infrastructure and logistics
 Portfolio optimisation	Maximise return on capital 75% reduction in average annual exploration capex²	<ul style="list-style-type: none">• Focus on high priority, high value licenses• Release non-core acreage• Disciplined sequencing of opportunities, accounting for risk
 Sustaining production	Arrest natural decline of operated	<ul style="list-style-type: none">• Ongoing review of breakeven cost reduction programs• Infill drilling to boost productivity• Solely in-field exploration relevant to existing operations

Note: (1) Opex reduction for operated assets when compared with FY opex in 2019, based on Oil Search internal estimates. Actual opex will be subject to JV approvals (as relevant). (2) Reduction in average annual exploration capex 2017-2019 vs 2021-2023, based on Oil Search internal estimates. Actual capex will be subject to JV approvals (as relevant).

PNG portfolio – world class assets in strategic location with options to expand



Operated assets playing a vital role in PNG LNG

- Contribute 20% of PNG LNG gas, growing into the future
- Provide cash flow
- Will be fully integrated into PNG LNG (planned by 2027)
- Support Lanco and employee capability development



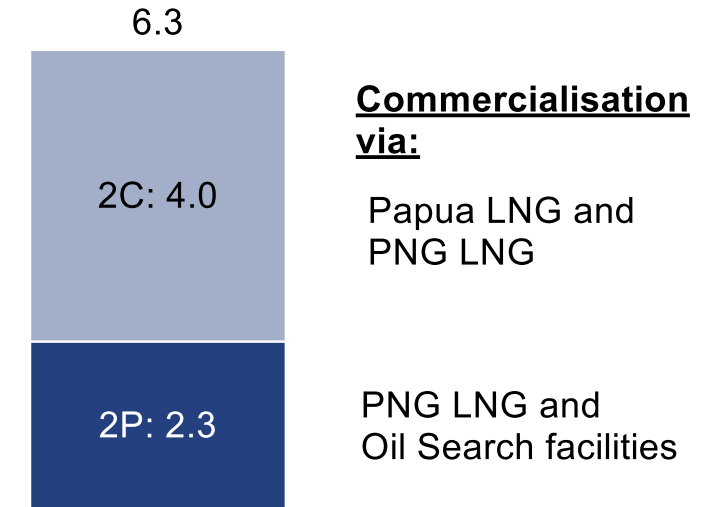
PNG LNG the cornerstone of current production

- Delivered >1.6MTPA above nameplate without additional capital
- Increased cash flow ~2026 once project loans repaid
- Multiple options to extend plateau
- PNG LNG genuinely world class – cost, product, delivery and reliability



Resource base supports expansion

Oil Search's reserves and resources associated with main gas assets (YE2019, tcfGE)

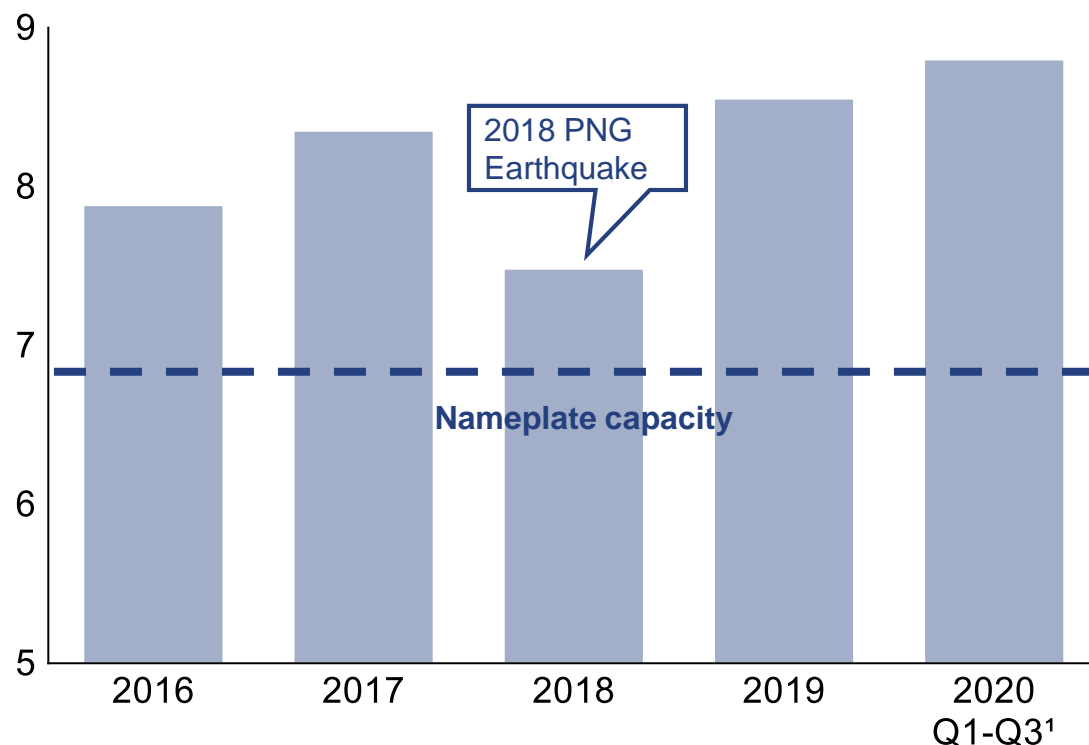


PNG LNG – consistent out-performance



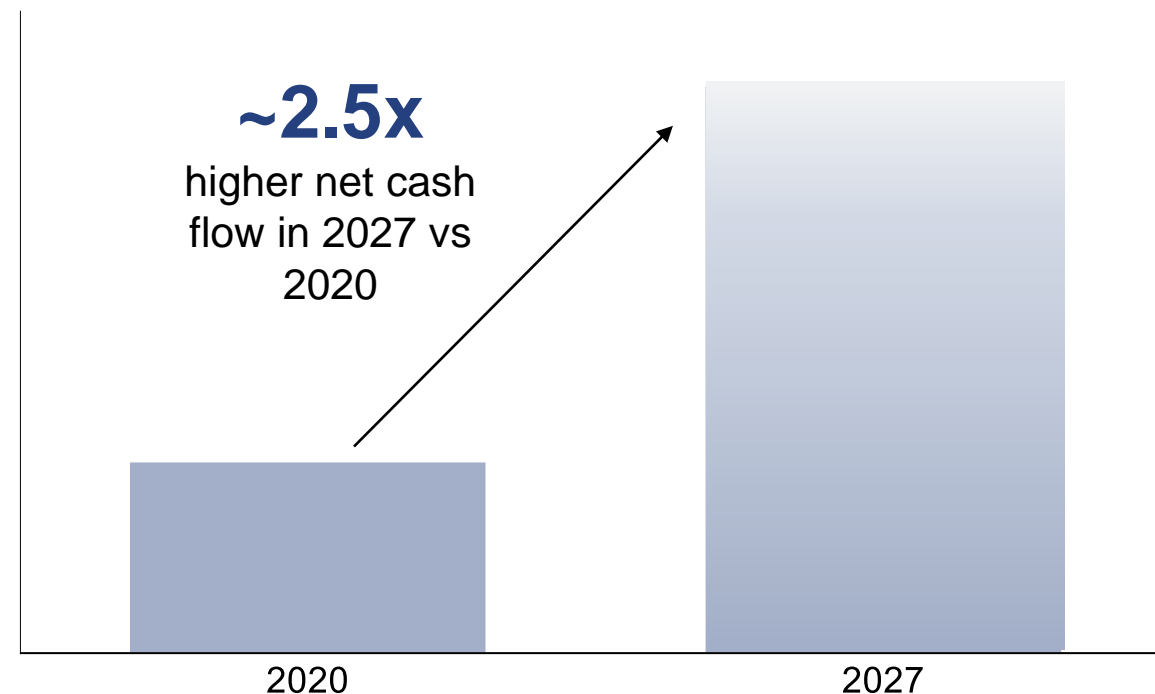
ExxonMobil continues to deliver excellent operating performance

PNG LNG annualised volumes (MTPA)



Anticipate more than doubling net cash flows from PNG LNG by 2027 as financing repaid in 2026

PNG LNG net cash flow (Oil Search estimate)



PNG uniquely positioned to fill the emerging LNG gap

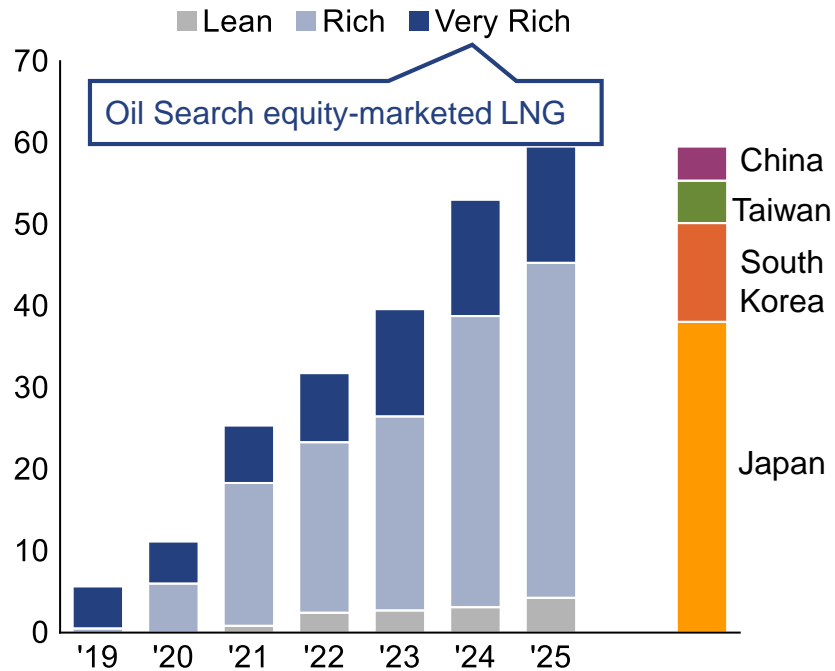


Global LNG supply shortfall forecast

- Optimally placed to target supply window into Asia
- Papua LNG has competitive cost, high quality rich LNG sought after by north Asian buyers
- Favourable location is a differentiator
- LNG will remain a transition fuel of choice

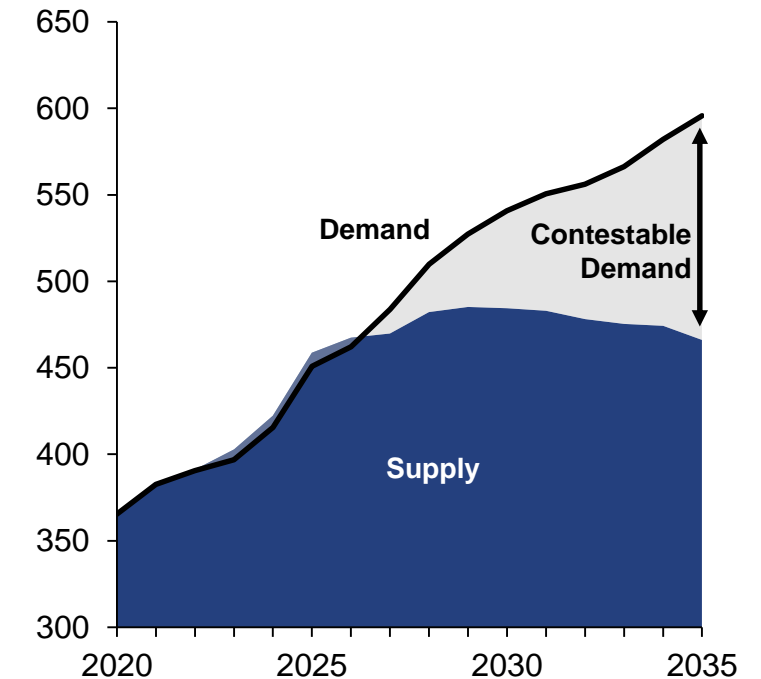
Significant volumes of Asian LNG contracts to expire

Cumulative contract expirations (MT)



Opportunity to capture share of contestable demand

LNG supply and demand (MTPA)



Strong support for Papua LNG

PNG LNG site has capacity to accommodate additional trains



- PNG Government reaffirmed strong commitment to Papua LNG
- Gas Agreement legislative amendments passed through Parliament on 11 November 2020
- Strong desire to progress discussions
- PNG Government indicated future discussions to focus on P'nyang project

Prime Minister's Statement on 11 November 2020:
"Papua LNG is now fully cleared, we will now shift our attention to P'nyang ..."

01

Uncompromising protection of people and assets

- Protected our assets and our people from COVID
- Ensured stable production and outstanding safety
- Materially and sustainably changed operating model to reduce cost

02

Strong foundation for growth

- Drive delinking of LNG expansion decisions
- Papua LNG expansion subject to market
- Lowered cost of supply from oil and LNG operations to maximise returns on capital

03

Simplification in 2020

- Rightsizing of organisation
- Simplifying the business and ensuring cost reductions are sustained
- Lowering operated emissions intensity
- Focus activity
- No near term greenfield exploration

04

PNG LNG consistently outperforms

- PNG LNG continues to outperform
- Excellent operating performance by ExxonMobil
- Debt repaid in 2026 releasing significant free cash flow

05

Equity marketing a differentiator

- Marketing of our equity LNG will be a point of differentiation
- Point to point sales, diversion rights, rich gas and proximity to growth markets

Sustainability



Beth White
Executive Vice President,
Sustainability & Technology

Building on strong sustainability foundations



Our sustainability approach:

Oil search has a long and proven track record of partnering to deliver enduring and tangible positive impacts

Creation of the Oil Search Foundation in 2015 to promote improved health services, education, and women's empowerment and protection

Deliver measurable outcomes in partnership with our communities and host governments

Provide improved stability in our operational areas

5-year plans to be developed with our communities, which allow them to determine their own development outcomes and ensure long-term sustainable outcomes



Social Sustainability is in our DNA

Over the past 5+ years, together with our partners we have helped facilitate:

Improved health outcomes



1,000,000+ vaccinations
7,500 outreach clinics

Empowering women and girls



Helped 4,000 survivors of FSV¹ to access health care, justice and accommodation

Educational opportunities



>600 children taught to read
69 education scholarships

Support in time of need



Rescue shelters on North Slope.
>200 tonnes aid delivered.
126 water tanks installed

Positive and enduring impact



Safe delivery of ~20,000 babies
2,800 Health Workers trained

Community, Climate & Environment



Partnership to minimise environmental impacts

We are committed to a sustainable future as the preferred energy company for all stakeholders



Responsible delivery of low cost, low GHG intensity energy



Respecting the unique environments in which we operate



Partnering with our communities to build a sustainable future



Our commitments

Tangible

- **GHG intensity reduction in excess of 30% by 2030** for operated assets¹
- Targeted **renewable energy and carbon offset** investments
- GHG targets linked to **executive remuneration**
- Advance **PNG Biomass Project**²

Transparent

- **Paris Agreement aligned** portfolio
- **No net loss of biodiversity** for new projects
- Contribute to **global biodiversity knowledge**
- Minimise our **environmental footprint**

Trusted

- **Partner to support youth** for a better future
- Work with host governments to further **sustainable development goals**
- **Role model** for good governance
- Transparent reporting

Sustainability is embedded in all aspects of our business



DEEP DIVE ON COMMITMENTS



Climate

Responsible delivery of low cost, low GHG intensity Paris aligned projects



Environment

Respecting our unique environments



Community

Working and strengthening communities in which we operate



Health & Safety

Protecting and enhancing the health and safety of our employees, contractors and communities



People

Trusted and preferred employer and partner of choice



Integrity

Committed to doing the right thing



Economic Sustainability

Building a resilient business for our stakeholders

Commitments overseen by our Board Sustainability Committee

Our Climate Change commitments



Our commitments



Reduce operated GHG intensity in excess of 30% by 2030¹



Invest in Paris aligned growth projects



Make prudent investments to prepare for the energy transition

Our approach to deliver

- Lower GHG intensity through **operational excellence**
 - Carbon abatement program to **reduce flaring, methane and combustion emissions** and use **renewables** and **batteries**
 - GHG targets linked to **executive remuneration**
 - Will commence **reporting equity emissions in 2021**
-
- Focus on **projects utilising or near existing infrastructure** e.g. Pikka, Papua LNG
 - Develop **Pikka for step change GHG performance** (~75% below the North Slope average GHG emissions intensity²)
-
- Make targeted investments of appropriate scale into **renewable energy and carbon offsets**
 - Advance **PNG Biomass³**, a cash flow generative project **offsetting** 160k tonnes of CO₂ annually with 20 million trees planted by 2025 (4 million already planted)

Our Climate Change commitments



Our commitment

Reduce operated GHG intensity in excess of 30% by 2030¹

What we will do

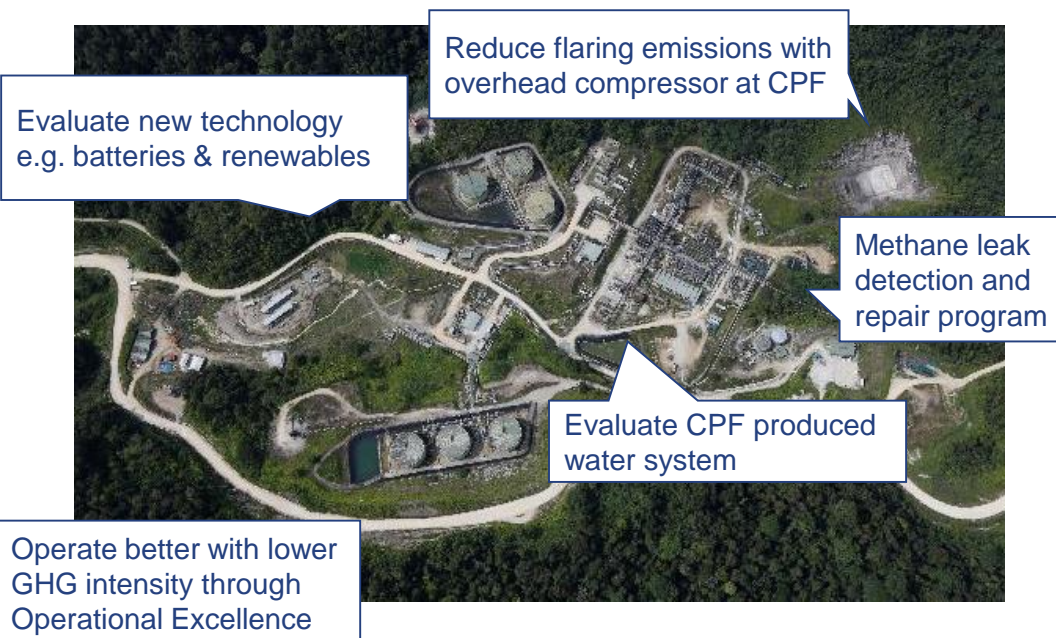
2021-24

Focus on reducing operated GHG emissions in PNG BU through operational efficiency, flaring reduction, and methane reduction²

2025-30

Step change reduction in operated GHG intensity with the responsible delivery of our low cost and low GHG intensity Pikka project

Our approach



PNG Biomass³ will produce baseload renewable energy and generate 160,000 tonnes carbon offsets annually

Step change reduction in emission intensity when low cost and low GHG intensity Pikka asset begins production



Further reductions to GHG intensity and breakeven costs expected with Pikka Phase 2

Our Environment commitments

Our commitments



Protect biodiversity



Minimise our environmental impact



Responsible approach

Our approach to deliver

- Enhance knowledge of biodiversity by sharing studies and data e.g. Alaska environmental field survey data
- Achieve **no net loss of biodiversity** in new projects
- **No exploration** in the **Arctic offshore** or currently inscribed **UNESCO World Heritage sites**
- Develop projects close to **existing infrastructure**
- Undertake studies and listen to communities to **enhance our environmental understanding** to better manage risk
- Expand reporting and **disclosure of environmental indicators**
- Embed **environmental value** as part of decision making

Our Community commitments



Our commitments



**Support youth in
our communities
for a better future**



**Advance sustainable
development**



**Role model
good governance**

Our approach to deliver

- In PNG, ~60% of the population is under the age of 25¹
- Our priority is to partner with key stakeholders to focus on ensuring the youth of today have a brighter tomorrow
- We are committed to **improved health outcomes, gender equality, quality education and sustainable livelihoods**
- Partner with our **communities and governments** to make a **positive and enduring impact** on their sustainable development
- Our programmes will be backed by **5-year plans** that promote the **self-sustainability of our communities**
- Apply disciplined **social development and investment practices** reflective of industry and UN standards
- **Embed governance across all aspects of our responsible business practices**

01

Sustainability is in our DNA

- Strong history of delivered success on sustainability
- Aspire to set the standard for sustainable development
- Seven pillar model integrated across our business
- Continuous improvement culture

02

Committed to positive impact

- Responsible delivery of low cost, low GHG intensity energy
- Respecting the unique environments in which we operate
- Partner with our communities to build sustainable livelihoods
- Focus on protecting the health and safety of our people

03

Commitments are sustainable and measurable

- In excess of 30% GHG intensity reduction by 2030
- Paris aligned portfolio
- No net loss of biodiversity in new project areas
- Support youth for a better future

04

Our reporting is transparent

- Portfolio resilience testing and reporting in alignment with TCFD recommendations
- Consistently disclose our sustainability performance
- Assess and action our industry association alignment on Sustainability

Capital management



Stephen Gardiner
Chief Financial Officer

Focus on capital management priorities sharpened in 2020



Maximise operating cash flow

Operating costs reduced by US\$90m (~20% reduction)
Capex reduced from US\$710-845m to US\$390-460m
PNG LNG maintained positive cash flow despite oil prices



Enhancing capital efficiency

Alaska capex halved, improving returns and value
Stress tested portfolio for a range of scenarios
Instilled disciplined approach to investment decisions



Strengthening balance sheet

US\$700m equity raising to strengthen balance sheet fully allocated to existing investors
US\$300m short term loan extension negotiated and agreed
Debt refinancing strategies for FY21 well advanced

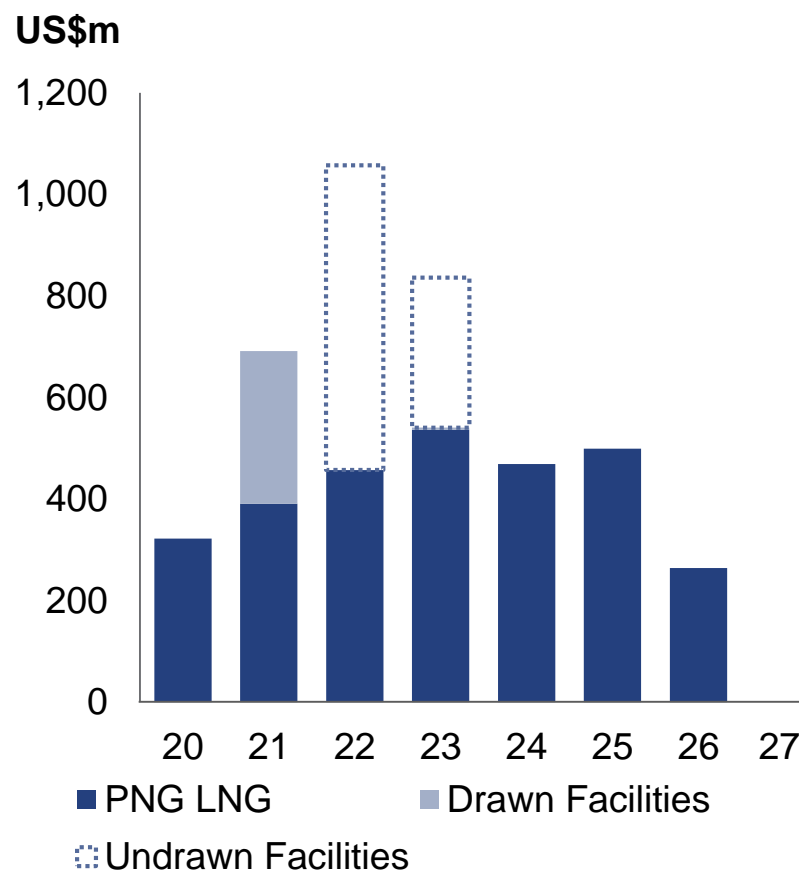
Strengthened balance sheet underpinned by PNG LNG cash flows



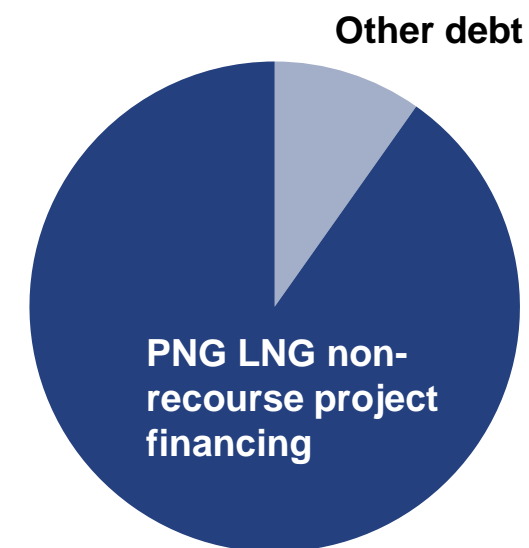
Liquidity and net debt as of 31 Oct 2020

	US\$m
Cash	746
Undrawn bank facilities	896
Total Liquidity	1,642
Drawn bank facilities	304
PNG LNG project finance (Non-recourse)	2,804
Total debt	3,108
Net debt	2,362

Limited drawn debt maturities, with US\$896m undrawn credit facilities



90% of drawn debt relates to PNG LNG non-recourse project finance



High quality producing assets with robust cash flow generation



October 2020 Full Year Guidance

	Low	High
Costs		
<i>Unit production costs (US\$/boe)</i>	9.50	10.50
<i>Other operating costs (US\$m)</i>	90	110
<i>Depreciation and amortisation (US\$/boe)</i>	12.00	13.00
Production (mmboe)		
<i>Oil Search Operated</i>	3	4
<i>PNG LNG Project</i>	24.5	25.5
Total production	27.5	29.5
Investment expenditure (US\$m)		
<i>Production</i>	45	55
<i>Development</i>	135	155
<i>Exploration and evaluation</i>	185	210
<i>Other plant and equipment</i>	20	30
<i>Power</i>	5	10
Total investment expenditure	390	460

Indicative expectations for 2021



- Higher operating expenditure and lower production in 2021 due to one off events:
 - Scheduled PNG LNG and CPF maintenance
- Sustainable cost reductions to continue, 2021 to 2023

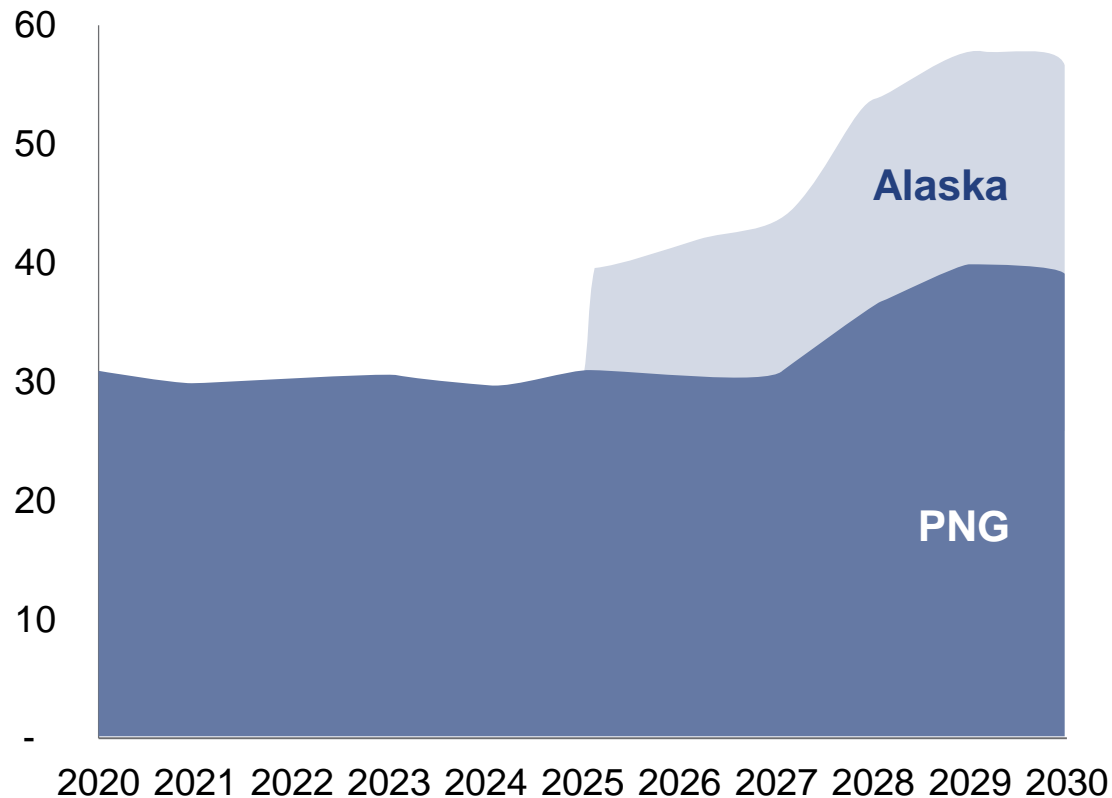


- Investment expenditure expected to be below 2020 levels
 - Focus on key value drivers that underpin strategy
 - 3 year development of Angore expected to commence in 2H2021
 - No greenfield exploration expenditure
- Progress on growth projects dependent on market conditions

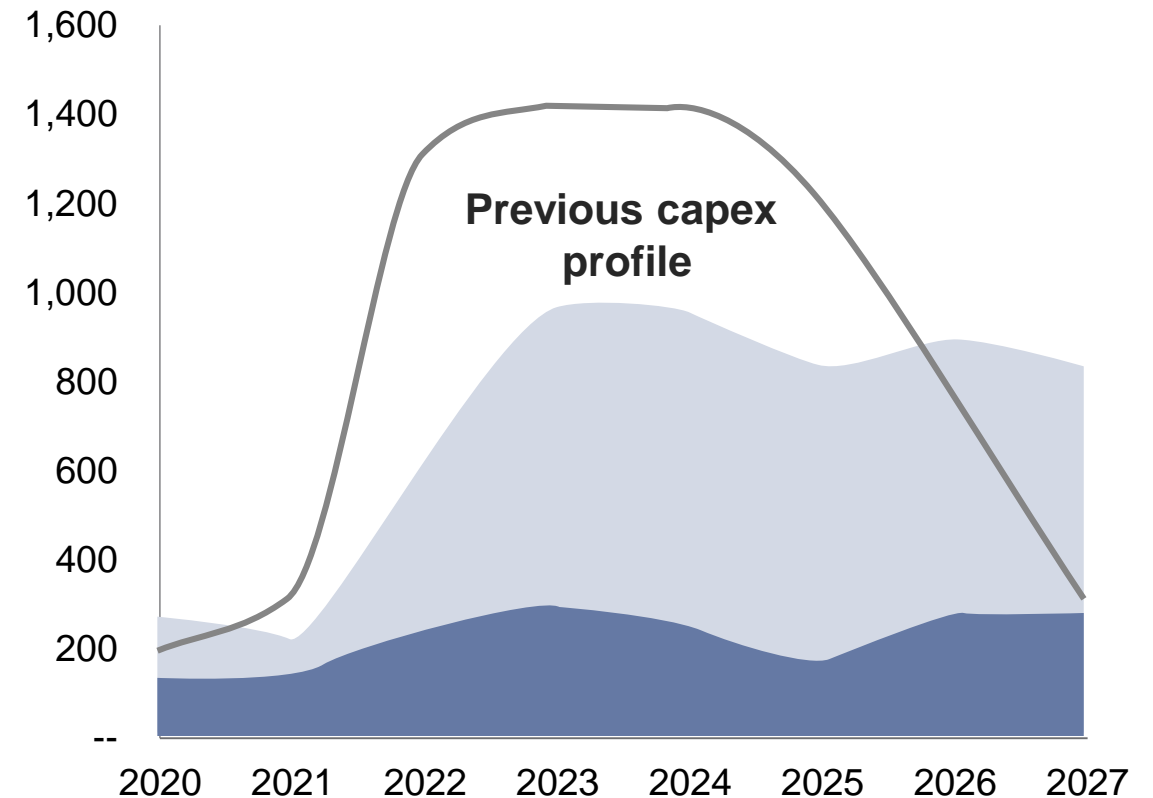
Significant production uplift with substantially reduced capex

Significant reduction in growth capital expenditure after project rephasing and redesign

Production chart (mmboe)



Indicative capex per year (US\$m)



Funding readiness for refinancing and growth well progressed



Current exposure



Base case



We are actively pursuing multiple funding options and strategic levers

PNG LNG

US\$2.8bn to repay by mid-2026

Debt non-recourse and serviced by project cash flows

Alaska

US\$0.8-0.9bn (36% share) to fund development to first oil post FID

Targeting financial readiness by FID via
(i) 15% selldown, (ii) project debt and
(iii) infrastructure opportunities

Papua LNG

No material expenditure prior to FEED

Likely to project finance in alignment with project partners

Corporate

Cash of US\$746m
Drawn facility of US\$304m
Undrawn committed facilities of US\$896m

Repayment of US\$300m in Jun-21
Refinancing plans for corporate facilities underway

Alaska selldown
(aligned with joint venture partner)

Corporate level finance
(bank and capital markets)

Project level finance
(bank and capital markets)

Off balance sheet funding

Oil price hedging

Focused expenditure control

Optimising LNG expansions

Control over Alaska FID timing

Asset sales

*Oil price remains a material swing factor –
each \$5/bbl increase contributes extra
~US\$120m revenue¹*

Disciplined approach to capital management

Capital Allocation Hierarchy

Sustaining capital

- Capex focused on safety of operations and continuity of production
- Sustaining capex funded from operating cash flows

Strong, flexible balance sheet

- Preserve strong balance sheet and access to liquidity
- Long term target gearing ~25% with clear pathway for significant deleveraging ~2025
- Consider hedging strategies to manage oil price risk

Pikka and Papua LNG delivery

- Commercialise Pikka development and Papua LNG

Dividends

- Proportional dividend policy of 35-50% of core NPAT, subject to Board discretion
- Dividend reinvestment plan can be activated to reinforce balance sheet

Acquisitions / capital returns

- Recognise capital returns are a key component of shareholder value
- Future value accretive M&A to be assessed against growth options and capital management alternatives



01

Lessons learned

- Disciplined focus on what can be controlled – costs, balance sheet, capital allocation
- Rigorous downside planning to ensure options are identified

02

Clear strategic priorities

- Preserving cash flow stability through production continuity and cost control
- Selling down Alaska
- Proactively managing balance sheet and identifying various funding solutions
- Implement financing for Alaska pre-FID

03

Resilient balance sheet

- Maintain balance sheet flexibility to manage capital through the commodity cycle
- Strong operating performance and cash flow

04

Disciplined capital allocation framework

- Disciplined approach to capital allocation and core growth prioritisation
- Flexible distribution policy

Final remarks



Dr. Keiran Wulff
Managing Director



01

**Renewed
purpose and
ambition**

02

**Disciplined
strategy
delivery in
three phases**

03

**Capital discipline
to commercialise
our high value
world class
resources**

04

**Enhancing
resilience and
low breakevens
across our
business**

05

**Sustainability is
part of our DNA**

06

**We are
absolutely
focused**

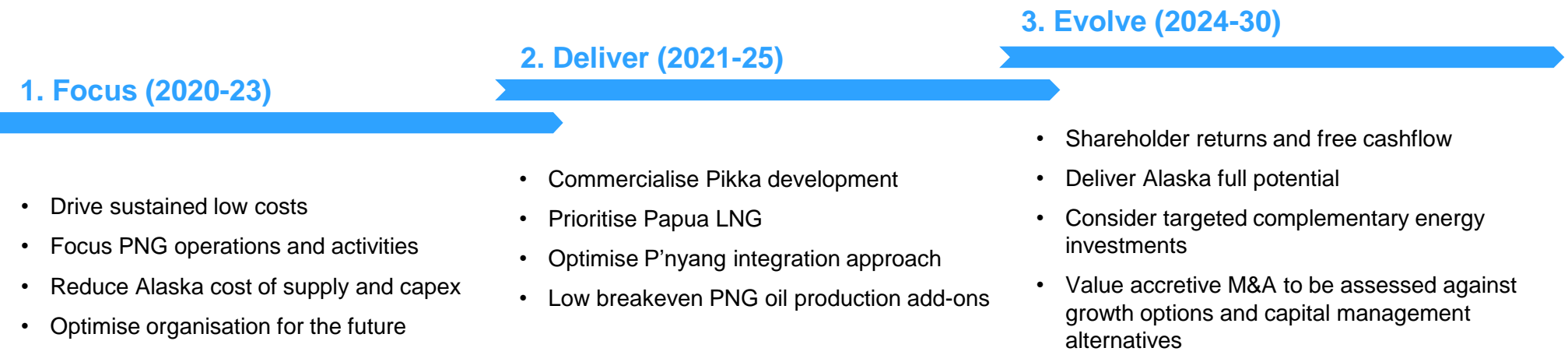
Our strategy is disciplined, considered and clear



-  Our Purpose
-  Our Ambition
-  Our Strategy

We will deliver low cost, high value energy that meets society’s needs

We will be the preferred energy company for all stakeholders



Disciplined capital management is a foundational enabler

Sustainability – at the core of all decisions

- An **uncompromised approach** to health and safety across our business
- Tangibly **reduce** our environmental footprint, **protect** biodiversity and **deliver** Scope 1 & 2 operated emissions intensity reductions in excess of 30%
- **Commit** to ensuring communities are **better off** and more **sustainable** long term as a result of our engagement

 Measures of success

Safety and production	Cost of Supply	Commercialise 2C resources	Breakeven	Free cashflow	Gearing	GHG emission intensity	Biodiversity
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Questions and answers

Acronym	Definition
\$	United States Dollars
2C	Best estimate of contingent resources
2P	Proven and probable reserves
bbl	Barrel
Boe	Barrel of oil equivalent
Cost of supply	Real Brent price required for project investment to breakeven at 10% discount rate
DRP	Dividend Reinvestment Plan
FCF	Free Cash Flow is defined as cashflows from operating activities less cashflows from investing activities
FCF breakeven	Annual average realised price at which cash flows from operating activities equals cashflows from investing activities
FEED	Front End Engineering and Design
FID	Final Investment Decision
GHG intensity	Greenhouse Gas intensity of production
IRR	Internal Rate of Return
kbpd	Thousand barrels per day
Lancos	Land owner companies in Papua New Guinea
mmbbl	Millions of barrels of oil
mmboe	Millions of barrels of oil equivalent
MTPA	Million Tonnes Per Annum
tcfGE	Trillion cubic feet Gas Equivalent
TCFD	The Taskforce on Climate related Financial Disclosures
TRIR	Total Recordable Incident Rate

Notes to Petroleum Reserve & Resource statements



1. Unless otherwise stated, all petroleum reserves and resources estimates refer to Oil Search's 2019 Reserves and Resources Statement released to the ASX and PNGX on 25 February 2020 which is also available at www.oilsearch.com/investors/asx-releases.
2. The 2019 Reserves and Resources Statement has been updated by Oil Search's announcement released to the ASX and PNGX on 19 November 2020.
3. Oil Search is not aware of any new information or data that materially affects the information included in its 2019 Reserves and Resources Statement as updated by the 19 November 2020 ASX announcement. All the material assumptions and technical parameters underpinning the estimates in the 2019 Reserves and Resources Statement as updated by the ASX announcement released on 19 November 2020 continue to apply and have not materially changed.

