

ASX Announcement

30 April 2021

ASX: OSH | PNGX: OSH | ADR: OISHY

OIL SEARCH 2021 ANNUAL MEETING CHAIRMAN'S ADDRESS AND MANAGING DIRECTOR'S PRESENTATION

Chairman's address

Good afternoon, ladies and gentlemen and welcome to the 2021 Annual Meeting of Oil Search Limited. My name is Rick Lee. I am the Chairman of Oil Search and I will be Chairing this meeting. The time is now 1pm and I declare this meeting open.

This meeting is being held at The Fullerton Hotel in Sydney Australia. I would like to begin by acknowledging the Gadigal people of the Eora Nation, Traditional Custodians of the land on which we gather today and pay my respects to their Elders past and present.

Respect for communities & culture hold an important place in Oil Search's DNA and I would like to extend this acknowledgement to Traditional Custodians of the lands in all the regions in which we work and operate. We acknowledge their ongoing connections to land, sea and community and we are fully respectful of their culture.

In accordance with the Constitution I confirm that the necessary quorum is present here today

On stage with me at The Fullerton Hotel Sydney, is Managing Director, Keiran Wulff, Non-Executive Directors, Eileen Doyle, Agu Kantsler and Fiona Harris and the Group Secretary, Mike Drew.

Joining us remotely, in accordance with Government guidelines and restrictions associated with COVID-19 are: Bakheet Al Katheeri, Kostas Constantinou, and Susan Cunningham.

I am also pleased to introduce Michael Utsler who, subject to your vote on resolutions 4 and 5, will be officially appointed today and Musje Werror who is standing for election today having been appointed in February to fill a casual vacancy. They bring fresh insight to the Board that is highly complementary to our business. We look forward to working with them.

I would also like to acknowledge Sir Mel Togolo, who stepped down from the Board late last year to facilitate our succession planning. On behalf of the Board, we greatly appreciate Mel's service to the Company and have valued his insights.

Jacques Strydom, representing our auditors, Deloitte Touche Tohmatsu is in attendance. In accordance with the provisions of the PNG Companies Act, I note that Deloitte is automatically re-appointed as the Company's auditor at this meeting.

This meeting is convened to consider matters specified in the Notice of Annual Meeting dated 16 March 2021, which was sent to all registered members. I will be conducting today's meeting in accordance with the order of business contained in that Notice.

In line with government restrictions in response to the COVID-19 pandemic, we were unable to hold the meeting in PNG this year. We have encouraged our members to attend online or by telephone and I am delighted that members, proxies and guests have taken the time to join us today through those facilities. We continue to adapt to these trying times and look forward to the time when we can all once again be back in Papua New Guinea.

I would now like to provide an overview of our Company's performance and achievements over the past twelve months.

The events of 2020 have tested the resilience of the Company like never before. In PNG, the increased rates of COVID-19 infection continue to challenge us. However, the difference between 2020 and 2021 is striking. We have entered the year with a renewed purpose and ambition, in a stronger financial position and with the confidence that we are well advanced in adapting the Company to operating successfully in a dramatically changed energy landscape.

As we progressed through 2020, we engaged broadly with our members to understand your concerns about the financial strength of the Company. Your comments were taken on board. We raised capital early issuing shares only to existing shareholders. We deferred discretionary capital investment and restructured the Company. We improved our financial flexibility and renewed our strategy. We were also one of the few ASX 100 companies to impose a 20% fee and salary reduction, over a six-month period, for the Board and executive leadership team.

As a voluntary measure, in the spirit of transparency and good governance, we put forward the remuneration report to members for an advisory vote. We understand from your response that some concerns remain and the Company will take this on board for future consideration.

Oil Search is clear in our purpose to deliver low cost, high value energy that meet society's needs. We have a strong team focussed on achieving our ambition to be the preferred energy company for all stakeholders. Keiran has led the Company admirably through his first year as Managing Director. During this time, he has assembled a dynamic leadership team that is organised around our priorities of disciplined capital management, safe and reliable operations, delivery of our growth projects, and our commitment to sustainability. The Board is grateful to Keiran and the senior leadership team for the commitment they have shown this year and we are confident in their ability to meet our goals to deliver long-term value to our shareholders.

Financial Performance

Despite a challenging operating environment and weaker realised oil and LNG prices, Oil Search produced a core net profit in 2020 of US\$22 million. Excellent production performance and significant cost reductions contributed to a positive result.

Because of the uncertainty in markets generally, the Board decided not to pay an interim dividend in the middle of 2020, but with an improving price environment and sustained operating excellence, we declared a final dividend of US0.5¢ per share consistent with our dividend policy of paying out 35 – 50% of Core NPAT. To some, the dividend may seem modest, but it demonstrates the stabilisation of the business and our commitment to capital discipline.

We also continue to enhance our financial flexibility. In February 2021, we hedged nine million barrels of production for this year with a floor of \$55 per barrel. We did this through put options

enabling us to realise the full upside of oil and LNG prices which are now exceeding our budget expectations. Higher realisations have also improved liquidity with \$1.57 billion available at the end of March. This will serve the Company well as we shift towards funding our growth projects in 2022 and beyond. In this regard, we are reviewing a range of funding sources and priorities for those projects to provide flexibility and optionality as we navigate the volatility of financial and energy markets.

Committed to Sustainability

Just as we have refocused the business and balance sheet for resilience, we have also refocused the organisation to elevate our commitments to address climate change, while continuing to support the communities where we work.

In February, we stated our ambition to be Net Zero by 2050 on top of our previously announced commitments of a 30% reduction in Operated Green House Gas intensity of our Scope 1 and 2 emissions by 2030. Earlier this month we issued our annual Sustainability Report with an addendum updating shareholders on our climate change resilience, reported in line with the Financial Stability Board's Task Force on Climate-related Financial Disclosures. The report concluded that the Company's portfolio is resilient to a range of decarbonisation scenarios, including the Paris Agreement goals of staying "well below 2°C".

Our focus on climate change, however, is in addition to our ongoing commitment to maintaining a stable operating environment by supporting the communities where we work. In 2020, we made a socio-economic contribution of US\$895 million in PNG and Alaska. This amount includes payments to governments through taxes, royalties and levies, employment and development opportunities, procurement of goods and services from local suppliers and contractors and community investment.

Of course, the biggest threat to our communities this year has been from COVID-19. In PNG, this threat is now a public health emergency. In addition to prioritising the protection and support of our own employees and their families, the Oil Search Foundation has distributed some 450,000 items of personal protective equipment and is providing assistance to the PNG and Australian governments as they roll out the vaccine to Papua New Guineans.

Outlook for 2021

Despite the ongoing challenges of COVID-19, the Company has been able to improve safety and operating reliability and progress our growth project in Alaska and PNG. In 2021, we expect more of the same. Our teams continue to drive costs out of our operations and improve performance all round. This attention to operations has also resulted in a materially improved safety performance.

In our growth projects, since FEED entry in February, Alaska is progressing towards a Final Investment Decision on Phase 1 of the Pikka project planned for later this year. In addition to finalising the project development plan, the Company is working to ensure it has funding for project costs once the project is fully sanctioned. This includes the possibility of a selldown of 15% of our interest to 36% and raising long-term financing for the project through various available commercial banking and funding organisations.

Pleasingly Papua LNG is also progressing. This year, the PNG Government announced the signing of the Fiscal Stability Agreement with all joint venture participants. This was a significant milestone that demonstrated the alignment of the joint venture with the government to progress a two-train development. It also helped establish clear milestones for the project to enter FEED in mid-2022 with a target of first gas in 2027.

Likewise, our plans to develop PNG Biomass as a tangible symbol of our commitment to both sustainability and community are progressing towards an FID decision. However, the timing is being impacted by the many policy, financial and logistical challenges facing the PNG Government at present.

Closing

In closing, I would like to acknowledge our dedicated workforce who brought us through 2020 with determination and resilience. Many of our staff have had to be away from their families for extended periods of time throughout the year. Their commitment comes through in all that the Company has achieved this year despite its many challenges.

Oil Search has developed a simple business model. We are optimising our operated PNG fields around safety and reliability with sustained cost reductions. Those operated fields contribute gas that supports our 29% interest in the world-class PNG LNG project. And we are developing our extensive resource base in Alaska and PNG by investing in low cost, high value energy projects that will increase the Company's free cash flow. We are implementing this business model with capital discipline and in a sustainable way that meets society's needs.

My appreciation goes out to my colleagues on the Oil Search Board for their wisdom, guidance and counsel and to Keiran and the senior leadership team for their commitment and energy. Finally, I would like to extend my sincere gratitude to all our shareholders for the support you have provided us over the years and the trust you have demonstrated throughout 2020 in our stewardship of the business as we drive towards our ambition of having Oil Search the preferred energy company for all stakeholders.

Thank you

I would now like to invite Keiran to address the meeting.

Managing Director's address

Despite the challenging conditions over the last 12 months, we have made material strides in building resilience, right sizing the organisation and reducing our cost base, enhancing the well-being of our operations and staff, and setting our Company for the future.

However, the recent escalation of COVID-19 rates in PNG and remaining uncertainties in global outlook highlight the importance of managing our Company conservatively whilst positioning the business to deliver on our world class growth assets as soon as conditions allow.

2020 – a year of absolute Focus

Protecting operations, building resilience, rightsizing and preparing for growth



Corporate

- Enhanced liquidity and refinanced corporate debt
- Rightsized organisation and held a major strategic review
- Enhanced our commitment to sustainability
- Committed to capital discipline and enhancing balance sheet strength
- Declared final dividend indicating increased confidence



PNG operations

- Protected our people and operations through strict testing, quarantine and family support
- Strongest safety record of 0.78 TRIFR since taking operatorship
- Record PNG LNG production of 8.8MT
- Unit production cost of US\$9.97 per barrel, down US\$2.50 per barrel
- Stopped low value, long dated and non key activities



LNG expansion

- Increasing alignment for Papua LNG two-train development
- Fiscal Stability Agreement signed and PRL 15 licence extension granted
- Targeting FEED entry in 2022 and 1st gas 2027
- P'nyang¹ discussions ongoing with joint venture and PNG Government



Alaska project

- 33% 2C resource upgrade to 968mmbbl²
- Successful civils program
- Halved development costs and lowered breakeven costs below US\$40/bbl
- Pikka Phase 1 FEED entry based on modular design targeting FID in Q4 2021³
- Joint venture equity selldown program underway
- Progressing discussions with lenders

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(1) PRL3

(2) Gross, see ASX announcement from 19th November 2020 titled "Alaska Update". Oil Search is not aware of any new information or data that materially affects the information included in its 2020 Reserves and Resources Statement.

(3) Subject to market conditions

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2020 was probably the most challenging in our Company's 92-year history, requiring absolute focus on the welfare of our people and enhancing our resilience. Through the efforts and commitment of our staff, I am very pleased to say that our Company is coming through the challenges well. We are better positioned to manage the uncertainty of the current operating environment whilst setting ourselves to deliver the value through the inevitable commodity cycles from our world class growth assets in PNG and the US.

The challenges facing Our Company in 2020 brought our people across the organisation closer than ever before. This was borne out in an independent employee engagement survey conducted by Korn Ferry at the end of 2020. Through our well communicated strategy and "Keep Connected" initiatives, the Oil Search team performed very well at every level.

2020 saw the delivery of an excellent safety record (our best ever), above budget operating performance, sustainable cost reductions and importantly a lowering of the breakeven costs of our existing and new projects to remain commercially viable in a lower oil price environment.

Last year we undertook a critical US\$700 million capital raise and refinanced corporate debt to strengthen our liquidity. This represented the beginning of a disciplined capital management

program which is ongoing. Despite being a very difficult exercise, we also materially reduced our corporate overhead, rightsized the organisation for the future, exited low value assets and halted all non-core activity. We also undertook an independent strategic review that tested our economic assumptions, our internal capability and contextualised the impact of climate change and global trends on our business.

Oil Search has always been a leader in our commitment to community, but as the Chairman indicated, we have now substantially upgraded that commitment to embed sustainability within the core of all decisions and investments. Importantly, we have set clear priorities and enhanced capital discipline across the Company to drive costs down and build balance sheet resilience, without compromising the safety of our people or operations.

Lower costs combined with a strengthening of oil prices in late 2020 allowed Oil Search to announce a modest US\$22 million NPAT and commensurate US0.05c/share dividend indicating our confidence that Oil Search is better placed for the future and is committed to creating value for, and rewarding our shareholders.

Oil Search is highly leveraged to oil price. Due to our previously unhedged oil and oil-linked LNG pricing we were negatively impacted by the rapid downturn more than most others in the energy sector in 2020. The reverse is also true in a rising market. As a result of this leverage, for every US\$5/bbl increase in oil price we receive approximately a US\$90 million increase in cash flow.

Despite the COVID-19 impact PNG Operations performed well with above budget oil production, a US\$2.50 decrease in operating cost/boe to US\$9.97/boe and the best safety record since we took over operatorship in 2003. Unfortunately, operating conditions in PNG continue to be impacted by the COVID-19 virus with high infection rates necessitating very strict quarantining of our staff and segregation of our field activities away from local communities. Our Company took decisive steps in early 2020 to set up long term isolation zones (or “cocoon”), undertake strict testing (>12,000 tests to date) and social distancing protocols, decrease manning levels, limit movements within our operations and amending the rosters for both our international and domestic FIFO workers. We have also extended support and assistance to FIFO workers’ families who have had to manage extended periods without family members at home. These have been difficult times for everyone.

Through these measures we have been able to keep our operations COVID free and demonstrate a clear commitment to the wellbeing of our staff, their families and our local communities.

In 2020 the Exxon operated PNG LNG project achieved 8.8Mt of production demonstrating both the quality of the project and the strengths of ExxonMobil's operatorship.

Importantly, significant progress was also made towards commercialising the Papua LNG project with all parties now focused on a FEED decision targeting 2022. The signing of the fiscal stability agreement and license extension now allows the Papua LNG Joint Venture to undertake marketing and pre-FEED engineering activities ahead of that FEED decision.

The delinking of Papua and P'nyang enables negotiations to recommence between the Government and ExxonMobil on the optimal commercialisation of the P'nyang gas field without delaying the progress of the two train Papua project.

2020 was also a successful year operationally in Alaska with our two exploration wells making the top 10 list of globally important oil discoveries by independent industry consultants. In addition, we

completed the civil works for a gravel road tying the B drilling pad to the existing road network. This provides year-round access to the field and facilitated a modular and phased Pikka development using existing road networks, rather than shipping during limited field seasons.

The delay in committing to FEED for the Pikka project due to the dramatic downturn in oil prices was a catalyst to take a fresh look at the optimal development design to drive costs lower. As a result, the experienced Alaskan team was able to lower capital costs to first oil from US\$6 billion previously to circa US\$3 billion with an initial production rate of 80,000bopd with first oil in 2025. This also dramatically lowered breakeven costs below US\$40/bbl (with a 10% return on capital). Expansion above 80,000bopd will occur in 40,000bopd modules and will be funded from cash flow from Phase 1. This revised development plan has the full support of our Joint Venture partner and as a result the project went into FEED in February of this year. A final investment decision is anticipated by year end subject to market conditions and financing.

We have commenced a joint divestment process in cooperation with our joint venture partner to offer 15% from Oil Search or 29% jointly in the Pikka project. The divestment process is being managed from the US and started late last month. In addition to FEED and the divestment process, we are progressing discussions with lenders regarding the financing of the Pikka project. Given the halving of the capex costs to approximately US\$3 billion of which only US\$2.4 billion is required to first oil, we are encouraged by the interest shown to date and we expect to be able to finalise project financing arrangements in the second half ahead of an FID.

2020 Financials – focus on strict capital management

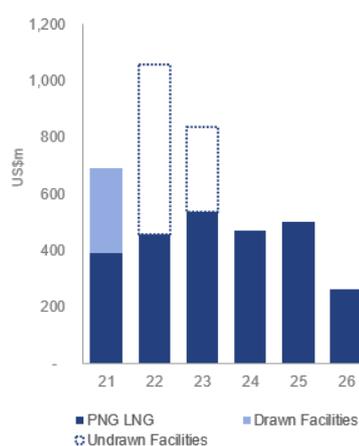


Strengthen balance sheet, prioritise activities and build optionality

Liquidity and net debt as at 31 March 2021

As of 31 March 2021	US\$m
Cash	676
Undrawn bank facilities	897
Total Liquidity	1,573
Corporate facility	300
PNG LNG project finance (non-recourse)	2,617
Total debt	2,917
Less: Cash	676
Net debt	2,241

Limited drawn debt maturities, with US\$897m of undrawn credit



Capital management priorities for building balance sheet strength

- Strict capital prioritisation and discipline on core projects with a focus on cost controls
- Alaska divestment underway and financing progressing for Phase 1
- Refinancing and increasing corporate facilities
- US\$462 million of debt repaid in 2020
- Building resilience in the balance sheet and capital optionality
- Downside protected in 2021 with US\$55 per bbl hedge implemented, considering longer term strategy
- Pursuing other options to enhance liquidity
- Maintain dividend policy of 35-50% of core NPAT, subject to Board discretion

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Capital Management and Discipline is a key priority for Oil Search. One of the learnings of 2020 was to ensure the Company is more resilient under lower oil prices and generates free cashflow through the commodity cycles.

The capital raise undertaken early in the crisis stabilised the company and allowed management to focus on building longer term resilience, prioritise assets and capital, restructure the organisation and set the Company up to deliver value from its world class growth assets. Whilst we acknowledge

the difficult circumstances of the raise and the impacts for our shareholders, as mentioned by the Chairman, we were focused on ensuring that all shares issued were allocated to current shareholders in Oil Search who have benefited from the share price rise since the capital raise.

Our liquidity position at 31 March 2021 is US\$1.57 billion, which consists of US\$676 million in cash and US\$897 million of undrawn bank facilities. In 2020, despite the lower oil prices we repaid US\$462 million of debt and ended the year with gearing of 30%. We have further repaid the US\$300 million bridging loan that was extended by our banks last year, in April 2021.

Our PNG LNG debt will be fully repaid by 2026. Combined with the first oil from Pikka post 2025, Oil Search's free cashflow is forecast to materially grow to greater than US\$1.5 billion per annum and with zero gearing by 2030, based on our current Corporate Economic Assumptions. This will provide the Company with the financial resources necessary to make balanced decisions on shareholder distributions, future development and sustainable investment decisions relevant to the energy transition and aligned with the EVOLVE phase of our long term strategy.

We are continuing to review a number of initiatives to further drive long term strength into our balance sheet that support delivery of our growth projects. We are very pleased with our recent appointment of Peter Fredricson as CFO with his extensive public company and capital markets experience. I would also like to thank Stephen Gardiner for his contribution to Oil Search and wish him well in retirement.

2021 revised full year guidance



Maintaining production, tightening capex, one off COVID-19 and hedging cost increases

	Previous	Revised
Production (mmboe)		
Oil Search Operated	2 – 3	2 – 3
Hides GTE	0 – 1	0 – 1
PNG LNG project	23 – 25	23 – 25
Total production¹	25.5 – 28.5	25.5 – 28.5
Costs		
Unit production costs (US\$/boe)	10.50 – 11.50	10.50 – 11.50
Other operating costs (US\$m)	105 – 125	145 – 165
Depreciation and amortisation (US\$/boe)	12.50 – 13.50	12.50 – 13.50
Investment expenditure (US\$m)		
Production (PNG)	60 – 80	40 – 60
Development	85 – 115	85 – 115
Exploration and evaluation	110 – 150	100 – 135
Biomass	50 – 70	10 – 15
Other plant and equipment	20 – 30	15 – 25
Total investment expenditure	325 – 445	250 – 350

Production

- PNG LNG shutdown remains scheduled for 2Q 2021
- Oil Search operated fields shutdown deferred due to COVID-19
- Hides GTE remains shut in due to Porgera mine closure

Costs

- Unit production costs unchanged, continue to progress cost reduction program
- Other operating costs revised for hedging costs and increased royalties from higher realised prices

Investment expenditure

- PNG-related investment expenditure reduced due to COVID-19 travel restrictions
- Exploration and evaluation expenditure reduced due to deferral of seismic in PNG. Progress continues for Alaska FEED and Papua LNG pre-FEED
- Biomass FID² deferred
- Other plant and equipment expenditure reduced due to program cost savings

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(1) Numbers may not add due to rounding
(2) Subject to regulatory approvals

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Our full year guidance for 2021 has been revised as per our Q1 quarterly release. As previously announced, Other Operating Costs for 2021 were revised for the cost of the hedging program (put options) announced in February and for higher royalties and levies resulting from higher realised prices and revenues. Full Year 2021 Investment Expenditure has been revised down due to cost

savings and the effects of travel restrictions in PNG. Due to the ongoing COVID-19 situation we are keeping a close eye on operated production and one-off costs related to COVID-19 are likely to remain high for the remainder of 2021. Some projects are also being delayed due to travel restrictions and personnel availability. We are not undertaking any active exploration. The Exploration and Evaluation expenditure guidance relates to Pikka FEED and Papua LNG pre-FEED engineering activity. We have budgeted for no Hides GTE production in 2021 due to the Porgera shutdown. However subject to final approvals we understand the Porgera mine may start up later this year, which has the potential to contribute to our production in 2021.

Commitment to Sustainability



Transparent, tangible and supporting Oil Search growth



Aim to be a net zero company by 2050

Target strategic relationships, cooperation with partners, customers, host governments and other stakeholders

Reduce GHG intensity by more than 30% across operated assets by 2030¹

Near term carbon abatement and emission reduction programs within our existing operated assets; invest in low-GHG intensity Pikka project

Investing in Paris Agreement aligned growth projects

Deliver our growth projects responsibly and seek to align our growth portfolio with the objectives of the Paris Agreement

Make prudent investments to prepare for the energy transition

Advance genuine offset programs that decarbonise and are aligned with our goal of being the preferred energy company for all stakeholders



Continuing our proud tradition of community engagement across all areas
*"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

Our commitment to the broader communities in the areas where we operate has been, and remains a core part of our Company's DNA. Oil Search has a rich history of working with communities to deliver meaningful and enduring outcomes whether it be working with government agencies to delivery programmes to improve health outcomes, access to education or services to combat family and sexual violence.

We intend to build on that foundation in social development to apply the same level of commitment to challenges in the areas of climate change and environmental protection. As we worked through our Sustainability strategy, we thought carefully about how to make our Company the preferred energy company for all stakeholders. We are all motivated to ensure our planet is healthy and our livelihoods sustainable by providing reliable and low cost energy whilst also minimising the impact on our environment. As we worked through our Sustainability strategy, we thought carefully about how we are to make our Company the preferred energy company for all stakeholders. Not only is it about the responsible delivery of maximum value from our world class assets, it's about ensuring that value is delivered as cleanly and efficiently as possible.

As part of our strategic review, our priority in the second half of 2020 was to Focus on decarbonising our existing production base and ensure that our portfolio was focussed on growth projects aligned with the goals of the Paris Agreement of global temperature increases of well below 2 degrees of pre-industrialised levels. We put the company structures, teams and processes in place to ensure we could Deliver on our plans and publicly announced a tangible and meaningful short to medium term target to reduce the emissions intensity of our operated assets by more than 30% by 2030. We also believe material energy transition opportunities will be available to experienced and responsible companies which will drive our net zero by 2050 ambition. With solid plans in place to achieve our commitments, it is now time to look to the future, and the EVOLVE stage of our strategy. This will involve two key components:

- Firstly, establishing a dedicated team, complemented by industry experts, to develop key relationships, a deep knowledge of technologies, trends and sustainable investment opportunities.
- Secondly, developing business cases for prudent investments that complement our strategy and create value for all our stakeholders off the back of increasing free cash flow toward the latter half of the decade. There is no quick pivot and we are committed to assessing the right investments for the company to make at the right time or returning capital to shareholders.

Since establishing a dedicated Sustainability team led by Executive VP Beth White we have been:

- Embedding sustainability across the company through a 7-pillar model for action covering: climate, environment, community, health and safety, people, integrity and economic sustainability.
- Executing projects identified within a carbon abatement marginal cost curve aimed at prioritising the activities which will reduce emissions intensity in our existing operations.
- Ensuring that our Pikka project is a global leader and model for efficient low emission intensity developments by designing GHG intensity targets agreed by the Joint Venture.
- Continuing our tradition of clearly and transparently reporting our progress against initiatives through our comprehensive Sustainability Report and Climate Resilience Addendum as well as Transparency, Voluntary Principles, Basis of Preparation disclosures and updated and detailed Data Centre which includes multi-year performance data across social, environment and governance indicators.
- As a natural extension of our engagement with investors, we have voluntarily provided for a non-binding advisory vote of our climate reporting at our 2022 AGM.
- We are creating a new social development investment framework to help us build meaningful 5-year plans with our communities and ensure every dollar is well spent and returning sustainable and shared value.
- We will also assess the alignment of our industry associations and member organisations with our own positions and report the assessment in our 2021 Sustainability Report.

We continue to make progress against important human rights initiatives with ongoing risk analysis of our supply chains and contracting strategies and the release (today) of our new Human Rights

and Sustainable Communities policies ahead of the release of our Modern Slavery Statement in late June.

Finally, we have matured our Biomass project and stand ready to progress the project further subject to final confirmation of offtake contracts.

Quite simply, we are committed to leaving our communities better off as a result of our engagement, regardless of where we operate.

On track to deliver strategic priorities



We are definitively prioritising and simplifying our business with clear goals, strict investment criteria and strong capital discipline.

However, due to the ongoing COVID pandemic and escalation of cases in PNG, the wellbeing of our staff and safe operations remain our highest priority. We believe that we will be operating under COVID-impacted conditions through the remainder of 2021 and potentially into 2022. Due to effective COVID-19 response to date we are managing very well and remain COVID free within our operations.

Despite restricted activity in 2021 we have still set ourselves ambitious safety, production and project delivery milestones this year. We are focused on safe and reliable operating performance with a major scheduled maintenance program still occurring at PNG LNG. The scheduled maintenance at Kutubu will be delayed until 2022 due to limitations on personnel and contracting movements.

Along with the Alaskan divestment and other corporate measures being considered Oil Search is positioning itself to ensure that we have a clear ability to fund our growth and deliver full value to our shareholders through commodity cycles. A focus on capital management through our continuous

improvement programs, maintaining cost control discipline, protecting downside through our recent hedging program, limiting discretionary expenditures on non-core activities and refinancing our corporate debt are all high priorities.

We also have some key milestone and derisking events in 2021 for our growth projects. Papua Pre-FEED activities are now underway targeting a FEED decision in 2022. In our US Business Unit, the Pikka development entered FEED in February and subject to market conditions and JV alignment is targeting an FID at the end of 2021. FEED is progressing well and the divestment process has commenced.

As we have mentioned, sustainability is being integrated into every part of our business. Our strategy to manage the impact of climate change will be an ongoing effort and we intend to keep our shareholders informed of our progress.

2021 is a very foundational year for Oil Search in many ways as we continue to deliver value from PNG LNG and our oil operations in PNG whilst achieving major milestones on the path to delivering our growth projects.

Why Oil Search?



Responsibly delivering high value energy today and setting for an exciting and sustainable future

World class resources



Commercialising our discovered resources

- >30 years of high value production from 2P+2C resource base
- Near field expansion opportunities with low-cost tiebacks
- Net production >150,000 boe/d in the second half of the decade
- Development costs/bbl targeting lowest quartile

Markets & infrastructure



Large resource base close to infrastructure and markets

- Resources with secure and direct routes to market
- PNG LNG market is North Asia:
 - ~ 30% of global energy use
 - ~ 60% of electricity from coal
- Countries that announced net zero targets need gas for reliable power
- Pikka located between two producing fields with pipeline ullage

Sustainable



Climate, Environment, Safety, People, Economic, Integrity and Community

- 30% operated GHG intensity reduction by 2030
- Aim to be net zero by 2050
- Carbon abatement program underway in PNG
- Growth projects aligned with Paris Agreement
- Deleveraging balance sheet after PNG LNG debt repayment and Pikka 1st oil
- 2025+ free cashflow >US\$1.5 billion per year

World class capability



Proven operating and development expertise

- Operating in PNG since 2003
- Highly experienced Alaskan team with a proven history of safe delivery
- World class drilling operations in Alaska and PNG
- Strong support from partners, communities and host governments

As we have moved through managing the crisis of 2020, we've ensured that our decisions will position Oil Search to deliver full value from our genuinely world class asset base.

Under any scenario, oil and especially gas, will be required for many years to come as the world transitions to a lower carbon energy future. Importantly, the companies that will successfully transition will be those which operate safely, provide long term opportunities for local communities, minimise emission intensity and limit environmental footprints. Existing infrastructure, proximity to markets, access to technology and low development and operating costs are key to success.

Our key LNG markets account for nearly 30% of the global energy demand and approximately 60% of their baseload power is currently generated from coal. These are countries that have set net zero targets for the middle of this century, and under any scenario gas will play an integral and important role in their transition to net zero.

We have a 2C and 2P resource base that can support our growth projects for many years. Our world class projects are aligned with the targets of the Paris agreement and are close to key growth markets in Asia and the US.

The Pikka oil development, which is sandwiched between two existing fields, will be the lowest emissions intensity field on the North Slope, with approximately 70% lower net emissions than any other producing asset and around 50% of net emissions from other onshore developments in this region.

Importantly, both of our growth assets are also in regions that have secure and uncomplicated routes to market which is becoming increasingly important for buyers.

Our Company is building on our recognised commitment to communities to be a reliable, innovative and transparent partner in the inexorable march to global sustainability. This includes working with local companies to support long term capability and business development that does not rely on Oil Search to generate genuinely sustainable outcomes.

Our emissions intensity reduction and longer-term net zero targets are measurable and tangible. We are committed to transparent reporting of our progress and communicating our climate change management strategy to shareholders.

A key component of sustainability is the long-term commercial viability and attractiveness as an investment for shareholders. Our world class projects and capital discipline will drive material free cashflows in the second half of this decade to over US\$1.5 billion per annum and a near doubling of production to over 150,000 boe/day.

To deliver on our potential, we recognise the importance of a fully aligned, motivated and highly capable team. Since 2003 we have been a premier operator in PNG, one of the logistically hardest and most challenging operating environments anywhere on the planet. We operate all of PNG's oil fields and provide around 20% of the gas for the PNG LNG project. In Alaska, we developed a clear strategy to target professionals with proven experience, performance and recognised leadership on the North Slope. Our highly experienced Alaskan team have developed into a close-knit unit aligned with Oil Search's values. They have already achieved an outstanding record of drilling, road construction, local engagement and safety performance; all of which has been acknowledged in the region.

Closing

In Closing, despite the challenges of 2020, Oil Search is increasingly well positioned to derisk and deliver our growth projects with a focus on cost, sustainability and resilience across our business.

As the Chairman mentioned, 2020 was a whole-of-company effort. I would like to acknowledge our dedicated workforce and their families, our executive team and the Board for their commitment and support in 2020, and of course our business partners and communities in which we operate.

Finally, I would like to extend my sincere gratitude to our shareholders for the support and trust you have in our company. I can assure you that we are all focussed on ensuring that this company delivers on its ambition to be the preferred energy company for all stakeholders.

Thank you

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This ASX announcement was authorised for release by Oil Search's Managing Director, Dr Keiran Wulff.

About Oil Search

Established in January 1929, Oil Search has grown into PNG's largest single investor and most active explorer, operating all the country's producing oil fields and holding an extensive appraisal and exploration portfolio. Its 29 per cent interest in the ExxonMobil-operated PNG LNG Project has transformed Oil Search into a regionally significant oil and gas producer. The Company also hold material interests in the Elk -Antelope and P'nyang gas fields and is undertaking a range of activities to support further LNG expansion in PNG. Oil Search also holds world class oil assets in Alaska's prolific North Slope. Oil Search is listed on the Australian (OSH) and PNG (OSH) security exchanges and its ADRs trade on the US Over the Counter market (OISHY). For more information, please visit oilsearch.com.