

# ASX Announcement

## June Investor Presentation

8 June 2021

ASX: OSH | PNGX: OSH | ADR: OISHY

### June Investor Presentation

In accordance with the ASX Listing Rules, please see attached announcement relating to the above, for release to the market.

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

### About Oil Search

Oil Search is a responsible energy company, with a proud history and strong heritage, that contributes to a sustainable future. Established in 1929, the organisation's purpose is to deliver low cost, high value energy that meets society's needs, and its ambition is to be the preferred energy company for all stakeholders.

With activities well supported by a clear hierarchy for allocating capital, prioritising sustaining capital and a strong, flexible balance sheet, Oil Search is a safe, low-cost, reliable business with a clear path to future growth.

Recognised for its proven capability to operate in challenging environments, Oil Search has a world-class resource base and a strong track record of working with communities and stakeholders. Sustainability is embedded across the Company and it aspires to set the standard for sustainable development.

Oil Search is listed on the Australian and PNG security exchanges (ticker: OSH) and its ADRs trade on the US Over the Counter market (ticker: OISHY).



# INVESTOR PRESENTATION

June 2021

## Disclaimer

This presentation is in summary form and does not purport to be complete. It should be read in conjunction with Oil Search's periodic reporting including but not limited to its Quarterly Reports, Half Year Report, Annual Report and other ASX announcements.

This presentation contains forward-looking statements. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will or may occur in the future and are outside the control of Oil Search. Actual outcomes may differ materially from those expressed in such statements, due to a variety of factors, including: oil and gas prices, the extent and duration of the impact of current market conditions including but not limited to currency fluctuations, the demand for oil, the impact of Covid-19, overall global economic and business conditions impacting our business; development and use of new technology; drilling results, field performance, the timing of field development, reserves depletion, progress on gas commercialisation; the actions of third parties including our competitors, partners, contractors, subcontractors, and others; regulatory and governmental issues and approvals; and other factors discussed elsewhere in this presentation, and also under the "Material business risks" section (and elsewhere) in our Annual Report.

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# Leading developer of world class energy assets



Strategy is centred around large scale, low cost and high growth assets

<h2>World class assets</h2>	<h2>Unrivalled growth</h2>	<h2>Discipline</h2>	
<p><b>PNG LNG</b></p> <p>Industry leading 8.8 Mtpa (gross, 2020) project with 422 mmeob<sup>1</sup> 2P reserves and contracts to 2034</p> <p><b>High margin, oil-linked LNG</b></p> <p>&gt; 70% EBITDAX margin<sup>2</sup> through the cycle, low-cost with high price realisations</p> <p><b>Leading operating partnerships</b></p> <p>ExxonMobil, Total and Repsol</p>	<p><b>Production growth</b></p> <p>~1.2 billion boe<sup>1</sup> of 2C resources driving increase in production of ~80% by 2030</p> <p><b>Papua LNG</b></p> <p>5.6 Mtpa brownfield expansion – first quartile in global LNG cost curve for development assets</p> <p><b>Alaska Oil</b></p> <p>Large, high quality development targeting &gt;20% IRR at US\$60/bbl (2021 real)</p> <p>Low GHG intensity with attractive growth pipeline</p>	<p><b>Prudent capital management</b></p> <p>Capital allocation maximising returns, funding expansions and retaining financial resilience</p> <p><b>Cashflow driven</b></p> <p>Focused and high quality portfolio delivering cash flow growth over the next 10 years and beyond</p> <p><b>Proven operator</b></p> <p>Leading PNG partner, leveraging operated assets</p> <p>Experienced Alaska team with strong track record</p>	
<h2>ESG</h2>	<p><b>Sustainability</b></p> <p>Underpinning all business decisions</p> <p>30% reduction in GHG intensity by 2030</p>	<p><b>People and Safety</b></p> <p>0.94 TRIR and no process safety events in 2020, managing COVID-free operations</p>	<p><b>Community</b></p> <p>Reinvestment in PNG and Alaskan communities</p> <p>Strong relationships with local stakeholders</p>

1. All petroleum reserve and resource estimates refer to Oil Search's 2020 Reserves and Resources (R&R) Statement in the 2020 Annual Report. PNG LNG gas reserves and resources are converted at 5,100 scf/boe. Other PNG gas is converted at 6,000 scf/boe. Oil Search is not aware of any new information or data that affects the information in the R&R Statement. No material assumptions and technical parameters have materially changed.

2. EBITDAX margin (earnings before interest, tax, depreciation, amortisation, impairment and exploration expensed divided by revenue) is a non-IFRS financial measure that has been presented to provide a more meaningful understanding of Oil Search's financial performance and has been derived from the financial statements which have been subject to audit by the Company's auditor.

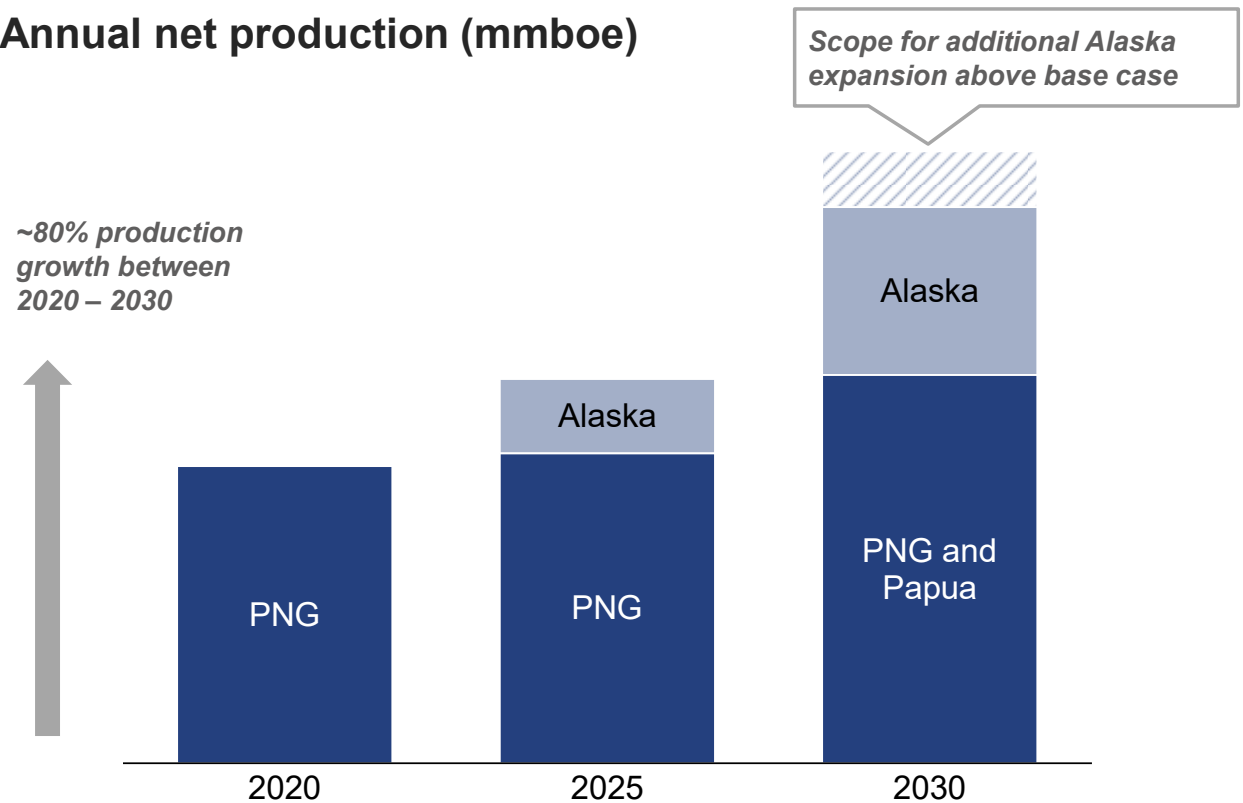
# Achieving our growth potential

Focused on commercialising a truly exciting pipeline of growth

## Value drivers

- PNG LNG debt free after 2026
- PNG LNG production levels targeted to be maintained beyond 2030
- Pikka FEED progressing well, FID timing subject to funding
- Papua LNG stakeholders aligning on project schedule

## Annual net production (mmboe)



# The future of Oil Search

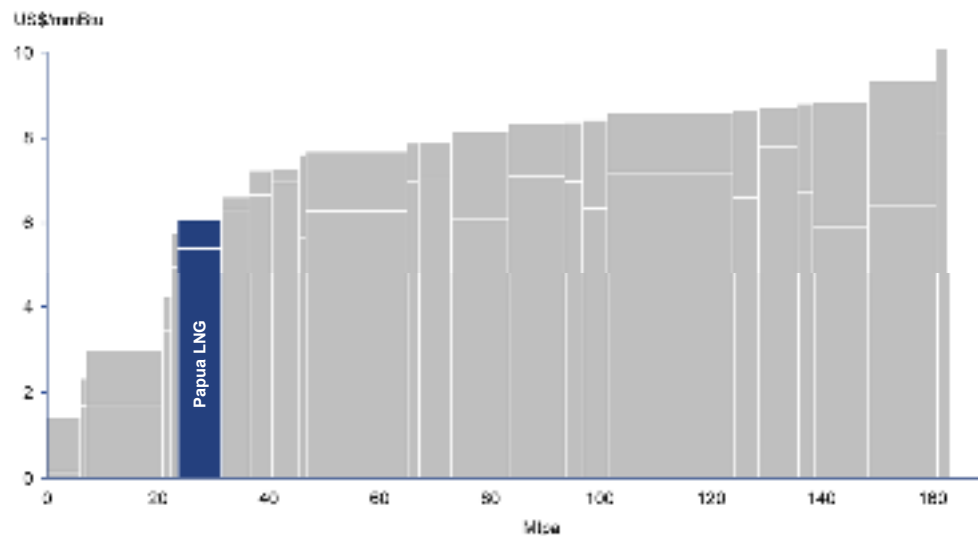


1. EBITDAX (earnings before interest, tax, depreciation, amortisation, impairment and exploration expensed) is a non-IFRS financial measure that has been presented to provide a more meaningful understanding of Oil Search's financial performance and has been derived from the financial statements which have been subject to audit by the Company's auditor. 2. Free cash flow is defined as operating activities less investing activities. Forecast methodology uses corporate assumptions and oil price assumptions as disclosed in note 13 to the 30 June 2020 half year accounts. All numbers are net to Oil Search, estimates only and are Oil Search's view of potential project development dates

# PNG – Strong cashflows and strong partner alignment for growth

## Papua LNG well placed against competing projects

### LNG Breakeven Costs<sup>1</sup>



## Papua LNG: Steps to FEED Entry

-  Government support of key projects (Papua, Porgera, P'nyang)
-  Strong partner alignment and project prioritization
-  Mobilise project teams (TotalEnergies upstream, ExxonMobil downstream)
-  Optimise synergies with PNG LNG infrastructure
-  Market soundings for LNG contracting
-  Downstream infrastructure sharing agreements
-  Restart project financing activities
-  **FEED entry**

1. Delivered to Asia. Source: Wood Mackenzie (2017/18)

# Pikka Oil Development update



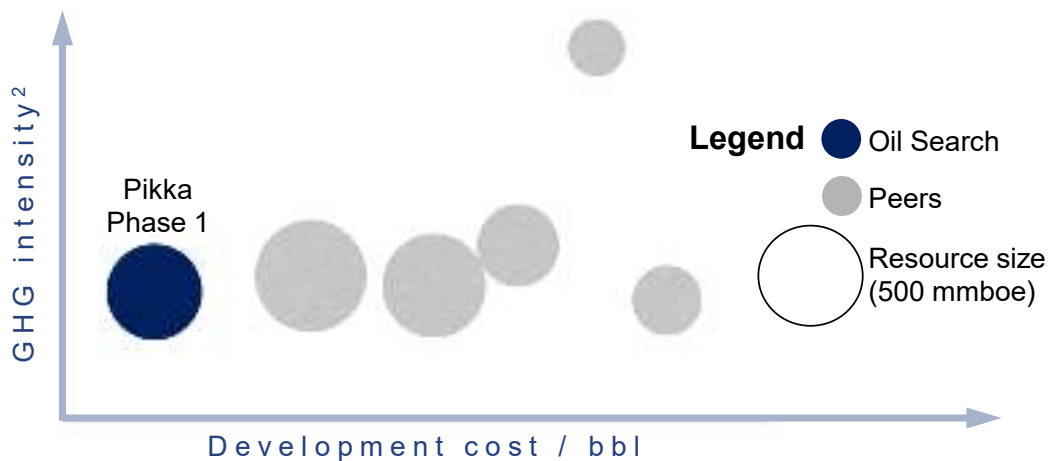
Unique large scale project with a low cost, short payback profile and superior GHG intensity

## Project and funding options

Multiple funding options being progressed

- Sale process for 15% equity sell-down
- Infrastructure optimisation or monetisation opportunities
- Access to debt capital markets
- Project debt financing

## Pikka – low cost<sup>1</sup>, low GHG<sup>2</sup> versus peers



## Pikka Phase 1: Steps to FID

- ✓ ~2x growth in 2C resources since acquisition to 968 mmbbl<sup>3</sup>
- ✓ Project redesign with a low-cost modular expansion strategy
- ✓ Optimised project sustainability focusing on minimising GHG
- ✓ Established experienced on the ground operating team
- ✓ Environmental approvals and permits secured
- ✓ Civils program complete
- ✓ FEED entry based on modular design
- ☆ **Multiple funding options under consideration**
- ☆ **FID targeted for 4Q21, subject to funding certainty**

1. Source: Wood Mackenzie Project FID Tracker – Q4 2020 2. Source: Wood Mackenzie Emissions Benchmarking Tool (average total GHG intensity in tCO<sub>2</sub>e/kboe to 2045) 3. 2C resources cited on a gross basis. Oil Search current Pikka working interest is 51%



# Priorities for 2021



Executing a clear set of priorities in 2021

<b>Continue to sustain and improve low cost operations</b>	<b>Cost control</b>	<ul style="list-style-type: none"> <li>Continue to progress a reduction in opex by 40% (2023 target)<sup>1</sup></li> </ul>
	<b>Cashflow</b>	<ul style="list-style-type: none"> <li>Operating and exploration discipline driving strong cash flow conversion (75% reduction in average annual exploration capex)</li> </ul>
<b>Progress growth projects</b>	<b>Pikka</b>	<ul style="list-style-type: none"> <li>Targeting &lt;\$40/bbl breakeven outcome and driving returns above 10%<sup>2</sup></li> <li>FID targeted for 4Q21, subject to funding certainty</li> </ul>
	<b>Papua LNG</b>	<ul style="list-style-type: none"> <li>2022 FEED, 2023 FID targeting 2027 first gas</li> </ul>
<b>Maintain a flexible balance sheet</b>	<b>Financing</b>	<ul style="list-style-type: none"> <li>Syndicated corporate loan refinancing in progress</li> <li>Enhancing balance sheet strength to support growth</li> </ul>
	<b>Hedging</b>	<ul style="list-style-type: none"> <li>Executed hedging arrangements with price floor of \$55/bbl Brent for 9 million barrels</li> <li>Consider long-term strategy to support balance sheet and cash flows</li> </ul>
<b>Optimise organisation for the future</b>	<b>Sustainability</b>	<ul style="list-style-type: none"> <li>Started carbon abatement and offset programs on path to 30% GHG intensity reduction by 2030</li> <li>Build knowledge and develop plans for achieving net zero by 2050</li> </ul>
	<b>Divestments</b>	<ul style="list-style-type: none"> <li>Optimise the portfolio and allocate capital towards higher returning developments</li> </ul>

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. Returns cover capital, opex, capex, taxes and royalties.

# Delivering value for shareholders



Well positioned to commercialise and optimise a world class set of assets to drive long term value



