

ABSOLUTE

# FOCUS

Half-Year Report 2021

Incorporating Appendix 4D

## Appendix 4D

*This information should be read in conjunction with the condensed consolidated financial report for the half-year ended 30 June 2021.*

| <b>Results for announcement to the market</b>                              | <b>% Change</b> | <b>Half-year ended<br/>30 June 2021<br/>US\$'000</b> | <b>Half-year ended<br/>30 June 2020<br/>US\$'000</b> |
|--|-----------------|--|--|
| Revenue from ordinary activities   | 6.7%            | <b>667,686</b>                                       | 625,589  |
| Profit / (Loss) from ordinary activities after tax attributable to members | 152.2%          | <b>138,984</b>                                       | (266,179)  |
| Net profit / (Net loss) for the half-year attributable to members          | 152.2%          | <b>138,984</b>                                       | (266,179)  |

The financial information above has been prepared in accordance with International Financial Reporting Standards.

| <b>Dividends</b>                                    | <b>Half-year ended<br/>30 June 2021<br/>US cents</b> | <b>Half-year ended<br/>30 June 2020<br/>US cents</b> |
|---|--|--|
| Interim dividend declared per security <sup>1</sup> | <b>3.3</b>   | nil  |

| <b>Net tangible assets</b>                                    | <b>30 June 2021<br/>US\$</b> | <b>30 June 2020<br/>US\$</b> |
|---|------------------------------|------------------------------|
| Net tangible asset backing per ordinary security <sup>2</sup> | <b>1.80</b>                  | 1.81                         |

### Details of entities over which control was gained or lost

There were no acquisitions or disposals of controlled entities during the half-year ended 30 June 2021.

| <b>Details of joint ventures</b> | <b>Percent ownership interest held at the end of the period</b> |                           |
|----------------------------------|---|---------------------------|
|                                  | <b>30 June 2021<br/>%</b>                                       | <b>30 June 2020<br/>%</b> |
| NiuPower Limited                 | <b>50</b>   | 50                        |
| NiuEnergy Limited                | <b>50</b>   | 50                        |

1) No franking credits available on dividends, as Oil Search Limited is incorporated in Papua New Guinea. No component of the dividends represents conduit foreign income.

2) Includes right of use assets and liabilities recognised under IFRS16 Leases.

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## About Oil Search

*We are a responsible energy company, with a proud history and strong heritage. We are committed to a sustainable future. Our purpose is simple; to deliver low cost, high value energy that meets society's needs.*

*We have a focused portfolio with clear growth:*

# 29%

interest in  
world class  
PNG LNG

# 22.8%

interest in Papua LNG,  
an LNG growth opportunity  
that can be tied to  
PNG LNG facilities<sup>1</sup>

Operatorship of  

# 100%

of PNG oil fields,  
which contributes to  
PNG LNG's gas

Operatorship and

# 51%

interest in  
Pikka oil field  
in Alaska

*We are recognised for our proven capability to operate in challenging environments, our world-class resource base and our strong track record of working with communities and stakeholders. Today we are a safe, low-cost business, resilient to lower prices with a clear path to future growth.*

*We are committed to be a low GHG intensity business with an ambition to be net zero by 2050.*

*Our ambition is to be the preferred energy company for all stakeholders, and we have a disciplined three-phase strategy to meet that ambition. We will:*

## FOCUS

Optimising our capital efficiency and discipline, focus on our core portfolio of assets, driving sustained low costs and lowering breakeven cost of supply in our oil fields

## DELIVER

Deliver ongoing outperformance at PNG LNG, progress Pikka project in Alaska at a low breakeven cost of supply, and commercialise Papua LNG

## EVOLVE

Set a platform to evolve, achieving full potential from our PNG and Alaska assets and considering targeted complementary energy investments while maximising shareholder returns and free cash flow

*Sustainability and safety are embedded across the Company as we aspire to set the standard for sustainable development. Our activities are supported by a clear hierarchy for allocating capital, including prioritising sustaining capital, and a strong, flexible balance sheet.*

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

<sup>1</sup> Oil Search will hold a 17.7% interest in Papua LNG after PNG government back in.



# Half-Year 2021 Highlights

*Delivering on our strategy with disciplined capital management*

## FOCUS

- First half TRIR of 1.02
- Highest free cashflow since 2018 PNG Earthquake
- Operated oil production increased by 3% compared to 1H 2020

## DELIVER

- Continuing returns from PNG LNG
- Pikka FEED continues, FID subject to appropriate risk allocation and funding
- Papua LNG on track to enter FEED in 2022
- P'nyang Gas Agreement negotiations restarted with PNG government

## EVOLVE

- Announced ambition to reach net zero by 2050
- Launched the Energy Transition Review
- Prioritised carbon abatement program and commenced programs to deliver 30% operated GHG intensity reduction by 2030

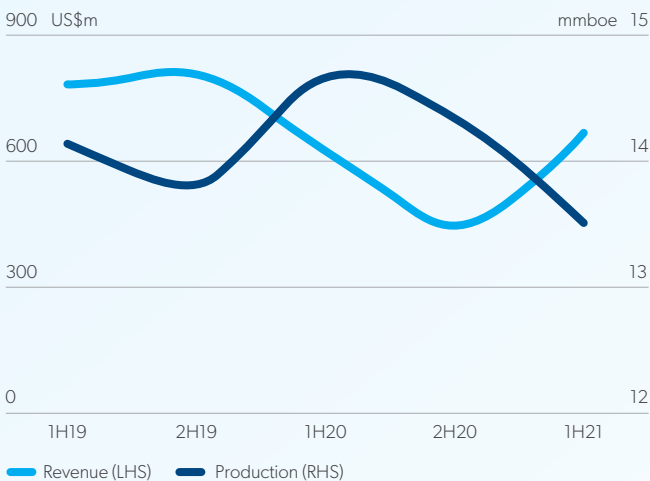
## SUSTAINABILITY

- Released new Human Rights and Sustainable Communities Policies, and updated HSES Policy and Manual
- Work progressed on a new group-wide Social Development and Investment Framework
- Registered the first Modern Slavery Statement in June and published new Responsible Sourcing Principles

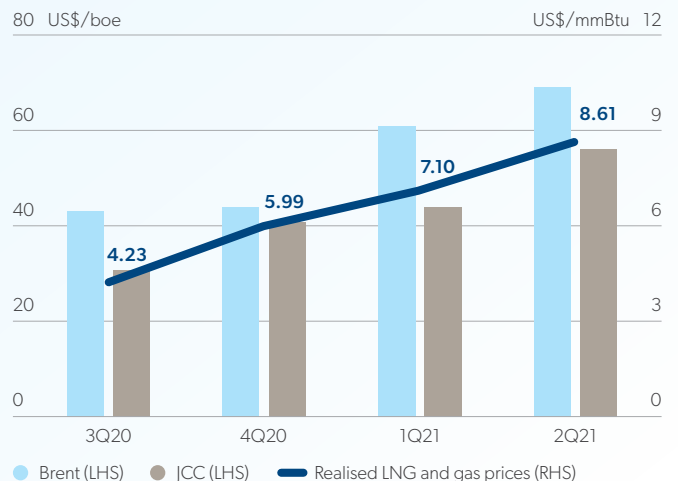
## CAPITAL MANAGEMENT

- 2021 commodity hedging implemented, with longer term strategy finalised
- Refinance of corporate syndicated facility expected to extend facility expiry date to 2026, subject to approvals
- Plans progressed for additional sources of funding

### Strong production despite major maintenance campaign



### Realised LNG and gas prices expected to rise further in line with Brent



# Financial Overview

| Financial summary and key metrics                    | Half-year ended<br>30 June 2021<br>US\$ million | Half-year ended<br>30 June 2020<br>US\$ million |
|--|---|---|
| Revenue  | 667.7   | 625.6   |
| EBITDAX <sup>1,4</sup>                               | 488.8   | 452.8   |
| Depreciation and amortisation                        | (202.0)   | (213.3)   |
| Exploration cost expensed                            | (9.8)   | (94.4)  |
| Impairment   | —   | (374.2)   |
| EBIT <sup>1,4</sup>                                  | 278.8   | (226.2)   |
| Core EBIT <sup>2,4</sup>                             | 278.8   | 148.1   |
| Net finance costs                                    | (80.1)  | (106.9)   |
| Tax (expense) / benefit                              | (59.8)  | 66.8  |
| Net profit / (loss) after tax (NPAT)                 | 139.0   | (266.2)   |
| Core NPAT <sup>2,4</sup>                             | 139.0   | 24.7  |
| Net cash from operating activities                   | 353.9   | 318.9   |
| Free cashflow <sup>3,4</sup>                         | 284.3   | 41.9  |
| Dividends distributed                                | 10.4  | 68.6  |
| <b>Investment expenditure</b>                        | <b>75.1</b>                                     | 318.7   |
| Exploration  | 51.1  | 157.3   |
| Development  | 3.7   | 117.2   |
| Production   | 12.1  | 26.4  |
| Property plant and equipment                         | 3.5   | 14.1  |
| Biomass  | 4.7   | 3.7   |
| <b>Production and sales data</b>                     |   |   |
| Production (mmboe)                                   | 13.5  | 14.7  |
| Sales (mmboe)  | 13.4  | 13.7  |
| Average realised oil and condensate price (US\$/bbl) | 64.66   | 35.91   |
| Average realised LNG and gas price (US\$/mmBtu)      | 7.85  | 8.22  |
| <b>Key ratios</b>                                    |   |   |
| Basic earnings per share (US cents)                  | 6.69  | (14.97)   |
| Diluted earnings per share (US cents)                | 6.66  | (14.97)   |
| Dividend per share (US cents)                        | 3.3   | nil   |
| Gearing (%) <sup>5</sup>                             | 27.2  | 29.3  |

1 EBITDAX (earnings before interest, tax, depreciation, amortisation, impairment and exploration expensed) and EBIT (earnings before interest and tax).

2 Core EBIT and Core NPAT for the period ended 30 June 2020 exclude the impairment expense of US\$374.2 million (post-tax US\$260.2 million). Core NPAT also excludes the derecognition of net deferred tax assets of US\$30.7 million.

3 Free cash flow has been calculated as net cash from operating activities less investing cash flows.

4 This is non-IFRS financial information 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 review by the Group's auditor.

5 Net debt / (net debt and shareholders funds). Net debt excludes lease liabilities presented as "Borrowings" in the Statement of Financial Position.

# Financial Overview

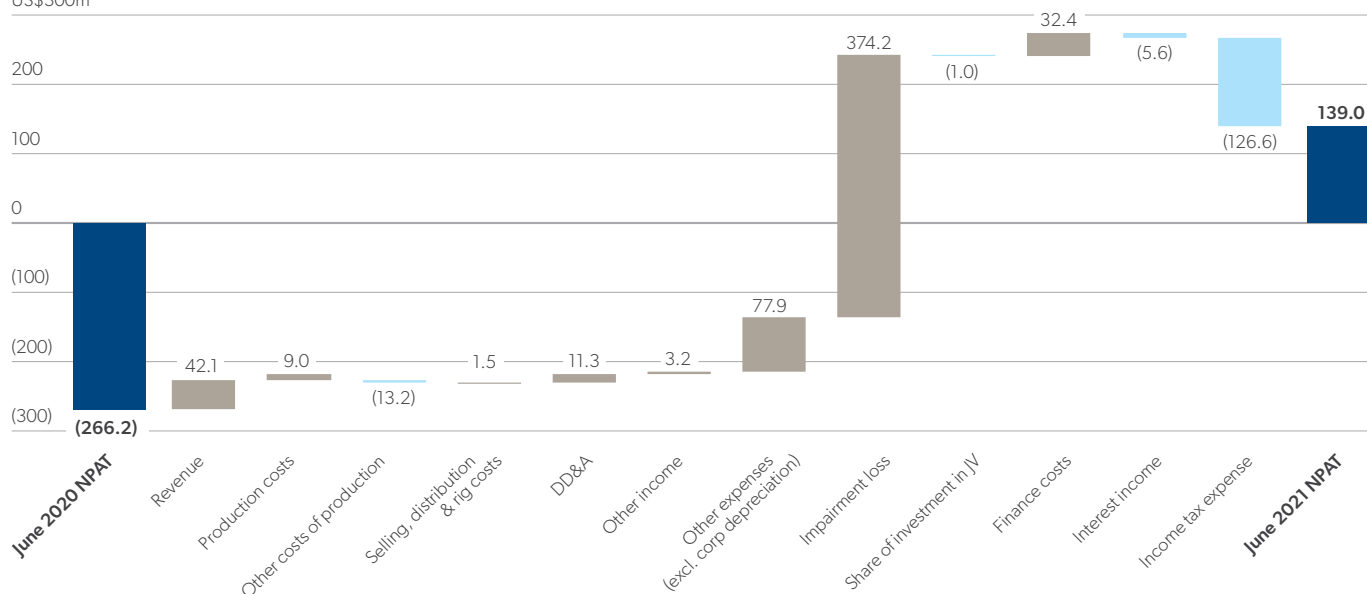
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## Financial performance

A net profit after tax (NPAT) of US\$139.0 million was realised for the six-month period ended 30 June 2021 and was underpinned by strong production performance and the continued recovery in commodity prices. This compared to a net loss after tax of US\$266.2 million for the corresponding six-month period ended 30 June 2020 and was achieved despite lower production due to planned maintenance on the PNG LNG Project.

## Reconciliation of net profit/(loss) after tax

US\$300m



## Key NPAT movements 1H 2021 vs 1H 2020

### Revenue

Revenue increased by US\$42.1 million (7%) to US\$667.7 million, primarily driven by the higher average realised oil and condensate price which continued to recover from the challenging market conditions experienced in 2020 resulting in an average of US\$64.66/bbl (+80%) for 1H 2021. This was partially offset by a 5% decrease in the average LNG and gas price to US\$7.85/mmBtu for 1H 2021 due to the lagged effect of contracted LNG price setting.

Volumes sold decreased by 2% to a total of 13.4 mboe, which despite being impacted by the planned major maintenance work completed at the PNG LNG plant and the Hides Gas Conditioning Plant, was partially offset by higher volumes sold from the Company's operated Moran field. The Hides Gas-to-Electricity project continued to be offline during 2021 due to the ongoing shut-in of the Porgera gold mine.

### Production costs

Production costs decreased by US\$9.0 million (6%) to US\$143.1 million in 1H 2021, largely due to the deferral of non-critical work across both the operated and non-operated assets due to COVID-19 restrictions, one-off restructure costs incurred in 2020, partially offset by higher PNG LNG earthquake remediation activities (net of insurance recoveries) and higher COVID-19 response costs. Unit production costs per barrel of oil equivalent (boe) increased by 2% to US\$10.63/boe in 1H 2021 driven by the lower production volumes from the planned PNG LNG maintenance work completed.

### Other costs of production

Other costs of production increased by US\$13.2 million due to unfavourable inventory movements, higher royalties and levies as a result of higher commodity prices, partially offset by lower gas purchases relating to the shut-in of the Hides Gas to Electricity project.

### Depreciation, Depletion and Amortisation (DD&A)

Depreciation and amortisation decreased by US\$11.3 million driven by the decrease in production volumes and lower rig utilisation.

### Other expenses

Other expenses (excluding depreciation on corporate assets included in DD&A above) decreased by US\$77.9 million due to higher exploration costs expensed in 1H 2020 relating to the unsuccessful Gobe Footwall well and various seismic activity, lower site restoration activities costs relating to fully written down assets, offset by cost of hedging and unfavourable foreign exchange movements.

### Impairment

No impairment was recognised in 1H 2021 compared to the non-cash, pre-tax impairment charge of US\$374.2 million recognised in 1H 2020 relating to various PNG exploration licenses, Alaska leases, and the Hides Gas-to-Electricity project which were fully written down.

### Finance costs

Finance costs decreased by US\$32.4 million benefiting from lower interest rates and lower debt drawn.



# Financial Overview

*Continued*



## Key NPAT movements 1H 2021 vs 1H 2020 *continued*

### Taxation

The tax expense in 1H 2021 of US\$59.8 million resulted in an effective tax rate of 30%, compared to a tax benefit of US\$66.8 million in 1H 2020 which was driven by the impairment and derecognition of certain deferred tax assets.

### Investment expenditure

Investment expenditure in 1H 2021 totalled US\$75.1 million, a decrease from US\$318.7 million in 1H 2020 in line with the Company's commitment to prioritising capital allocation.

1H 2021 investment expenditure, consisted of:

- Exploration expenditure of US\$51.1 million largely driven by FEED activities in relation to the Pikka project and LNG pre-FEED expansion activities in Alaska and PNG respectively
- Development expenditure of US\$3.7 million driven by progress on the Company's share of the PNG LNG Angore development project
- Production expenditure of US\$12.1 million relating to various sustaining capital expenditures and remediation activities on the Ridge Water Treatment Plant and Kutubu Refinery, which were damaged during the 2018 earthquake
- Expenditure on property, plant and equipment of US\$8.2 million relating to the implementation and optimisation work associated with the Company's Enterprise Resource Planning system and progress of the Biomass project

### Dividend

The Company's Board declared an interim dividend of 3.3 US cents per share for 1H 2021 representing 49% of Core NPAT. Dividends paid and declared during 1H 2021 are recorded in Note 11 to the financial statements.

In 1H 2021, the Company distributed US\$10.4 million to shareholders by way of the 2020 final dividend.

### Net debt and liquidity

At 30 June 2021, the Company had net debt (total borrowings excluding lease liabilities, less cash) of US\$2,122.2 million, an 11% decrease from the net debt position of US\$2,376.2 million as at 31 December 2020.

At 30 June 2021, the Company had US\$2,425.8 million and US\$200.0 million outstanding under the PNG LNG project finance and corporate credit facilities, respectively.

The Company's total liquidity of US\$1,200.6 million at 30 June 2021 consisted of cash of US\$503.6 million (including US\$316.0 million in PNG LNG escrow accounts) and US\$697.0 million available under corporate facilities. During the year, US\$191.2 million and US\$100.0 million net repayments were made for the PNG LNG debt and bilateral/syndicated facilities respectively. In April 2021, the US\$300.0 million short-term bilateral facilities were fully repaid and terminated prior to their 30 June 2021 maturity date.



# PNG

*PNG LNG is a US\$19 billion integrated development project that includes gas production and processing facilities that extend from the PNG Highlands to the LNG plant at Port Moresby. Oil Search owns a 29% equity interest in PNG LNG, operated by ExxonMobil.*

The PNG LNG plant consists of two LNG trains that have the capacity to produce more than 8 million tonnes of LNG annually.

In the six months ended 30 June 2021, PNG LNG contributed 11.91 mmbob of Oil Search production, comprising 10.56 mmbob of LNG and 1.35 mmbob of condensate and naphtha.

Gross throughput averaged 8.24 million tonnes per annum (MTPA) during the first half of 2021, representing 119% of the 6.9 MTPA nameplate capacity. This result was achieved notwithstanding a major planned maintenance at the Hides Conditioning Plant and the LNG plant which lasted approximately five weeks.

The major planned maintenance at PNG LNG was completed approximately one week ahead of schedule amidst ongoing COVID-19 constraints, with no recordable incidents.

## Operated assets

In PNG, Oil Search operates the Kutubu, Agogo, Moran and Gobe fields, which produce all of PNG's oil and will supply about 20% of the raw gas used in PNG LNG. In addition, Oil Search operates the Hides Gas to Electricity (GTE) Project, which provides gas for power generation at the Porgera gold mine.

Net oil production from our operated PNG assets was 1.42 mmbbl, 3% higher compared to the same period in 2020. Hides GTE is offline due to the ongoing shut-in of the Porgera gold mine. Moran and Agogo have significantly outperformed expectations in 2021.

As part of the corporate strategy, Oil Search continues to embed a number of initiatives into our business to ensure a sustainable continuous improvement culture. We are strictly adhering to disciplined capital allocation to enhance our funding position as we approach the development periods of our world class growth assets.

## LNG expansion

### Papua LNG

Oil Search and its partners are seeking to commercialise the Elk-Antelope fields located in Petroleum Retention License (PRL) 15 in the Gulf Province of Papua New Guinea. Two LNG trains are planned to be developed near Port Moresby and would have the capacity to process 5.6 MTPA. Oil Search owns a 22.8% equity interest in Papua LNG, operated by TotalEnergies.

Significant progress was made on the Papua LNG project during the first half of 2021. In February 2021, the PNG Government and the Papua LNG project participants executed the Papua LNG Fiscal Stability Agreement to guarantee Papua LNG project fiscal stability. The PRL 15 licence holders were granted the retention licence extension on 22 March 2021.

Technical and commercial work (including separate LNG marketing activities) are progressing in preparation for a further ramp up in project activity in the second half of 2021. Key deliverables from this preliminary work will allow the project to progress towards its objective of entering Front End Engineering and Design (FEED) in 2022.

### P'nyang Gas Agreement negotiations

The P'nyang gas field is in PRL 3 located in the Western Province of PNG. An independent certification study by Netherland Sewell and Associates certified a recoverable resource at 4.36 trillion cubic feet of gas. Oil Search owns a 38.5% equity interest in P'nyang, operated by ExxonMobil.

During the second quarter of 2021, P'nyang Gas Agreement negotiations restarted between ExxonMobil and the Papua New Guinea Government, with the government stating that it was targeting execution of the agreement later in 2021.

# ALASKA



*The Pikka project is situated amongst some of the largest oil fields in North America and all of the support infrastructure associated with those fields including an extensive network of roads and pipelines.*

## Pikka project

Oil Search acquired a 51% interest in and became operator of the Pikka project through two transactions completed in 2018 and 2019.

Pikka is an onshore conventional oil field located on the North Slope of Alaska, on land owned by the State of Alaska and Alaska Native corporations that represent the interests of the indigenous people of the region.

The primary elements of Pikka Phase I include a single drill site, an oil processing facility, an operations area, and a seawater treatment facility. Roads and pads for Pikka Phase I were installed and completed in 2020. The project is slated to produce 80,000 barrels of oil per day beginning in 2025.

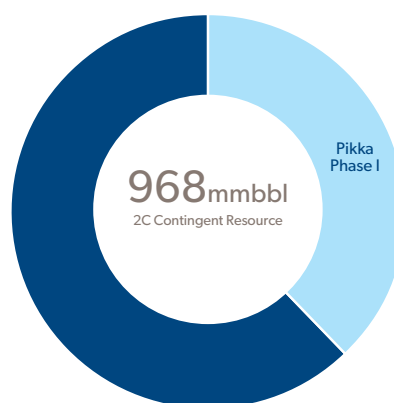
Subsequent phases of the Pikka project are planned to take advantage of the modular design approach adopted by the project participants in 2020. Pikka Phase I entered FEED during the first half of 2021 and activities are progressing well and on schedule. The FEED engineering scope on all major components, is nearing completion and the project team is undergoing internal assurance reviews.

The procurement strategy for the project has been developed to minimise project cost overrun risk and to result in a competitive project while maximising local content and strengthening community involvement.

Oil Search is pursuing a number of funding options for the Pikka project including the sell down of an equity interest to 36% (in conjunction with our co-venture partner), the sale of mid stream infrastructure and other appropriate debt funding options for a project of this type. FID timing is dependent on completing FEED work, achieving the desired ownership structure, securing appropriate project funding, and the receipt of partner approvals.

## Alaska – 2C Contingent Resource

Oil Search holds other leases near Pikka which contribute to the current certification of 968 million barrels of Gross 2C resource (494 million net to Oil Search)<sup>1</sup>.



1. Net before royalties.

# Directors' Report

The Directors submit their report for the financial half-year ended 30 June 2021.

## Directors

The names of the Directors of the Company in office during the half-year and up to the date of this report are below:

### Non-executive Directors

- Mr Richard J Lee, AM, BEng (Chem) (Hons), MA (Oxon), FAICD (Chairman)
- Dr Bakheet S Al Katheeri, PhD, BASc, MSc, Executive MBA (Hons), ceased 24 June 2021
- Sir Kostas G Constantinou, OBE
- Ms Susan M Cunningham, BA Geol & Geog
- Dr Eileen J Doyle, BMath (Hons), MMath, PhD, FAICD
- Ms Fiona E Harris, AM, BCom, FCA (Aust), FAICD
- Dr Agu J Kantsler, BSc (Hons), PhD, GAICD, FTSE
- Mr Michael J Utsler, BSc (Ptrl Eng), GAICD, appointed 30 April 2021
- Mr Musje M Werror, BSc (Chem), MBA, MProfAcc, appointed 23 February 2021

### Executive Directors

- Dr Keiran Wulff, PhD, BASc (Managing Director), ceased 21 July 2021

### Group Secretary

Mr Michael Drew, LL.B (Hons)

### Operating and Financial Review

The Group reported a consolidated net profit after tax of US\$139.0 million for the 2021 half year (net loss after tax of US\$266.2 million for the 2020 half year) after providing for income tax expense of US\$59.8 million (2020: income tax benefit of US\$66.8 million). The Group's financial results reflected the strong production performance and recovery in oil prices realised in the first half of the year. Further details on the Group's performance and financial position are included in the Financial Overview, PNG and Alaska sections commencing on page 05.

### Subsequent Events

Subsequent to 30 June 2021, the Group has received a revised non-binding and indicative merger proposal from Santos Limited ("Santos") under which Santos would acquire all of the shares in Oil Search Limited ("Oil Search") for a consideration of 0.6275 new Santos shares for each Oil Search share held. Under this proposal, Oil Search shareholders would own approximately 38.5% of the merged group. The proposal implies a transaction price of AUD\$4.52 per Oil Search share, based on the closing price of Santos shares on 24 June 2021, representing a 19.7% premium to Oil Search's shares. The revised non-binding and indicative merger is subject to the completion of confirmatory due diligence, the agreement of a binding Merger Implementation Deed, shareholder, regulatory and government approvals.

The Group's Managing Director Dr Keiran Wulff resigned on 19 July 2021 (effective 21 July 2021). Mr Peter Fredricson has taken up the role of Acting Chief Executive Officer. In accordance with his employment contract Dr Keiran Wulff received a payment in lieu of notice equal to six months of Total Fixed Remuneration plus statutory entitlements (untaken annual leave and long service leave). In accordance with the LTI Plan Rules, any unvested deferred STI awards as at the resignation date are retained in full and will vest in the normal course. Any unvested Performance Rights and Alignment Rights have been pro-rated with the retained portion to be measured against the relevant performance conditions in the normal course. Any vesting of retained awards will be subject to, and in accordance with, the relevant plan rules. The total amount paid to Dr Keiran Wulff will be disclosed in the remuneration report for the year ending 31 December 2021.

The Directors have declared an unfranked dividend of 3.3 US cents per share to be paid on 21 September 2021. The proposed interim dividend for 2021 is payable to all holders of ordinary shares on the Register of Members on 31 August 2021.

There were no other material events subsequent to 30 June 2021 and up until the authorisation of the financial report for issue.

### Auditor Independence

Deloitte Touche Tohmatsu's Independence Declaration, which forms part of this report, is attached on page 11.

Signed in accordance with a resolution of the directors.



**RJ Lee**

Chairman

Sydney, 23 August 2021



**FE Harris**

Non-Executive Director

# Auditor's Independence Declaration

# Deloitte.

Deloitte Touche Tohmatsu  
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The Directors  
Oil Search Limited  
Level 22,  
1 Bligh Street  
Sydney NSW 2000

23 August 2021

Dear Directors,

## Oil Search Limited

I am pleased to provide the following declaration of independence to the directors of Oil Search Limited and its controlled subsidiaries.

As lead audit partner for the review of the financial statements of Oil Search Limited and its controlled subsidiaries for the half-year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the International Code of Ethics for Professional Accountants (including Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



**Jacques Strydom**

Partner

Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Asia Pacific Limited and the Deloitte organisation.

# Condensed consolidated statement of comprehensive income

For the half-year ended 30 June 2021

|   | Note | Half-year ended<br>30 June 2021<br>\$'000 | Half-year ended<br>30 June 2020<br>\$'000 |
|---|------|---|---|
| Revenue   | 3    | 667,686                                   | 625,589                                   |
| Cost of sales   | 4    | (352,128)                                 | (361,609)                                 |
| <b>Gross profit</b>   |      | <b>315,558</b>                            | 263,980                                   |
| Other income  | 5    | 28,313                                    | 25,128                                    |
| Other expenses  | 6    | (66,897)                                  | (143,945)                                 |
| Impairment expense  | 7    | —   | (374,207)                                 |
| <b>Profit / (Loss) from operating activities</b>                |      | <b>276,974</b>                            | (229,044)                                 |
| Finance costs   | 8    | (83,910)                                  | (116,324)                                 |
| Interest income   |      | 3,842                                     | 9,445                                     |
| Share of net profit from investments in joint ventures          |      | 1,851                                     | 2,907                                     |
| <b>Profit / (Loss) before income tax</b>                        |      | <b>198,757</b>                            | (333,016)                                 |
| Income tax (expense) / benefit                                  | 9    | (59,773)                                  | 66,837                                    |
| <b>Net profit / (loss) after tax</b>                            |      | <b>138,984</b>                            | (266,179)                                 |
| <b>Other comprehensive income</b>                               |      |   |   |
| <i>Items that may be reclassified to profit or loss:</i>        |      |   |   |
| Foreign currency translation differences for foreign operations |      | (680)                                     | 2,587                                     |
| <i>Cost of hedging:</i>   |      |   |   |
| Changes in the fair value of cash flow hedges – net of tax      | 12   | (19,690)                                  | —   |
| Cumulative losses reclassified to profit or loss – net of tax   | 12   | 5,150                                     | —   |
| <b>Total comprehensive income / (loss) for the period</b>       |      | <b>123,764</b>                            | (263,592)                                 |
|   |      | <b>cents</b>                              | <b>cents</b>                              |
| Basic earnings per share  | 10   | 6.69                                      | (14.97)                                   |
| Diluted earnings per share                                      | 10   | 6.66                                      | (14.97)                                   |

The condensed consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

# Condensed consolidated statement of financial position

As at 30 June 2021

|                                      | Note | 30 June 2021<br>\$'000 | 31 December 2020<br>\$'000 |
|--------------------------------------|------|------------------------|----------------------------|
| <b>Current assets</b>                |      |                        |                            |
| Cash and cash equivalents            |      | 503,599                | 540,842                    |
| Receivables                          |      | 186,197                | 169,446                    |
| Inventories                          |      | 131,396                | 127,789                    |
| Prepayments                          |      | 20,058                 | 29,958                     |
| Derivative financial instruments     | 12   | 1,302                  | —                          |
| <b>Total current assets</b>          |      | <b>842,552</b>         | 868,035                    |
| <b>Non-current assets</b>            |      |                        |                            |
| Other assets                         |      | 79,470                 | 80,161                     |
| Other financial assets               |      | 78,654                 | 75,206                     |
| Exploration and evaluation assets    | 13   | 2,788,228              | 2,740,763                  |
| Oil and gas assets                   | 14   | 5,717,920              | 6,020,599                  |
| Other plant and equipment            | 14   | 448,417                | 472,943                    |
| Investments in joint ventures        |      | 61,384                 | 59,534                     |
| Deferred tax assets                  |      | 1,038,265              | 1,071,024                  |
| <b>Total non-current assets</b>      |      | <b>10,212,338</b>      | 10,520,230                 |
| <b>Total assets</b>                  |      | <b>11,054,890</b>      | 11,388,265                 |
| <b>Current liabilities</b>           |      |                        |                            |
| Payables                             |      | 169,085                | 187,139                    |
| Provisions                           | 15   | 24,504                 | 7,595                      |
| Borrowings                           |      | 442,925                | 725,376                    |
| Current tax payable                  |      | 70,661                 | 49,346                     |
| <b>Total current liabilities</b>     |      | <b>707,175</b>         | 969,456                    |
| <b>Non-current liabilities</b>       |      |                        |                            |
| Payables                             |      | 19,157                 | 18,579                     |
| Provisions                           | 15   | 698,646                | 849,520                    |
| Borrowings                           |      | 2,556,546              | 2,581,418                  |
| Deferred tax liabilities             |      | 1,389,684              | 1,398,993                  |
| <b>Total non-current liabilities</b> |      | <b>4,664,033</b>       | 4,848,510                  |
| <b>Total liabilities</b>             |      | <b>5,371,208</b>       | 5,817,966                  |
| <b>Net assets</b>                    |      | <b>5,683,682</b>       | 5,570,299                  |
| <b>Shareholders' equity</b>          |      |                        |                            |
| Share capital                        | 16   | 3,857,120              | 3,857,120                  |
| Reserves                             | 16   | (14,475)               | 737                        |
| Retained earnings                    |      | 1,841,037              | 1,712,442                  |
| <b>Total shareholders' equity</b>    |      | <b>5,683,682</b>       | 5,570,299                  |

The condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

# Condensed consolidated statement of cash flows

For the half-year ended 30 June 2021

|  | Half-year ended<br>30 June 2021<br>\$'000 | Half-year ended<br>30 June 2020<br>\$'000 |
|--|---|---|
| <b>Cash flows from operating activities</b>                  |   |   |
| Receipts from customers and third parties                    | 648,556                                   | 732,527                                   |
| Payments to suppliers and employees                          | (167,006)                                 | (239,064)                                 |
| Interest received  | 892                                       | 5,949                                     |
| Finance costs paid   | (78,512)                                  | (109,269)                                 |
| Income tax paid  | (9,734)                                   | (6,868)                                   |
| Payments for exploration and evaluation – seismic, G&A, G&G  | (9,902)                                   | (50,749)                                  |
| Payments for site restoration                                | (992)                                     | (13,570)                                  |
| Purchase of derivative financial instruments                 | (29,430)                                  | —   |
| <b>Net cash from operating activities</b>                    | <b>353,872</b>                            | <b>318,956</b>                            |
| <b>Cash flows from investing activities</b>                  |   |   |
| Payments for other plant and equipment                       | (10,546)                                  | (16,230)                                  |
| Payments for exploration and evaluation                      | (39,847)                                  | (117,104)                                 |
| Payments for development assets                              | (6,016)                                   | (119,291)                                 |
| Payments for producing assets                                | (12,623)                                  | (23,854)                                  |
| Loan to third party in respect of exploration and evaluation | (500)                                     | (604)                                     |
| <b>Net cash used in investing activities</b>                 | <b>(69,532)</b>                           | <b>(277,083)</b>                          |
| <b>Cash flows from financing activities</b>                  |   |   |
| Dividend payments  | (10,389)                                  | (68,641)                                  |
| Loan provided to third party                                 | (500)                                     | (604)                                     |
| Proceeds from issue of share capital                         | —   | 713,486                                   |
| Transaction costs associated with share issue                | —   | (15,261)                                  |
| Purchase of treasury shares                                  | (4,697)                                   | (2,923)                                   |
| Repayment of borrowings                                      | (621,197)                                 | (490,879)                                 |
| Proceeds from borrowings                                     | 330,000                                   | 275,000                                   |
| Lease payments / other                                       | (14,800)                                  | (16,844)                                  |
| <b>Net cash (used in) / from financing activities</b>        | <b>(321,583)</b>                          | <b>393,334</b>                            |
| Net (decrease) / increase in cash and cash equivalents       | (37,243)                                  | 435,207                                   |
| Cash and cash equivalents at the beginning of the period     | 540,842                                   | 396,232                                   |
| <b>Cash and cash equivalents at the end of the period</b>    | <b>503,599</b>                            | <b>831,439</b>                            |

The condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.



# Condensed consolidated statement of changes in equity

For the half-year ended 30 June 2021

| Consolidated  | Share capital<br>\$'000 | Foreign<br>currency<br>translation<br>reserve<br>\$'000 | Cost of<br>hedging<br>reserve<br>\$'000 | Reserve<br>for treasury<br>shares<br>\$'000 | Employee<br>equity<br>compensation<br>reserve<br>\$'000 | Retained<br>earnings<br>\$'000 | Total<br>\$'000  |
|---|-------------------------|---|---|---|---|--------------------------------|------------------|
| <b>Balance at 1 January 2021</b>                              | <b>3,857,120</b>        | <b>(22,330)</b>   | <b>—</b>                                | <b>13,855</b>                               | <b>9,212</b>  | <b>1,712,442</b>               | <b>5,570,299</b> |
| Dividends provided for or paid                                | —                       | —   | —                                       | —   | —   | (10,389)                       | (10,389)         |
| <b>Total comprehensive income for the period</b>              |                         |   |   |   |   |                                |                  |
| Net profit after tax for the period                           | —                       | —   | —                                       | —   | —   | 138,984                        | 138,984          |
| <i>Other comprehensive income:</i>                            |                         |   |   |   |   |                                |                  |
| Exchange differences on translation of foreign operations     | —                       | (680)   | —                                       | —   | —   | —                              | (680)            |
| Changes in the fair value of cash flow hedges – net of tax    | —                       | —   | (19,690)                                | —   | —   | —                              | (19,690)         |
| Cumulative losses reclassified to profit or loss – net of tax | —                       | —   | 5,150                                   | —   | —   | —                              | 5,150            |
| <b>Total comprehensive income for the period</b>              | <b>—</b>                | <b>(680)</b>  | <b>(14,540)</b>                         | <b>—</b>                                    | <b>—</b>  | <b>138,984</b>                 | <b>123,764</b>   |
| <b>Transactions with owners, recorded directly in equity</b>  |                         |   |   |   |   |                                |                  |
| Transfer of vested shares                                     | —                       | —   | —                                       | 5,108                                       | (5,108)   | —                              | —                |
| Employee share-based remuneration                             | —                       | —   | —                                       | —   | 4,705   | —                              | 4,705            |
| Purchase of treasury shares                                   | —                       | —   | —                                       | (4,697)                                     | —   | —                              | (4,697)          |
| <b>Total transactions with owners</b>                         | <b>—</b>                | <b>—</b>  | <b>—</b>                                | <b>411</b>                                  | <b>(403)</b>  | <b>—</b>                       | <b>8</b>         |
| <b>Balance at 30 June 2021</b>                                | <b>3,857,120</b>        | <b>(23,010)</b>   | <b>(14,540)</b>                         | <b>14,266</b>                               | <b>8,809</b>  | <b>1,841,037</b>               | <b>5,683,682</b> |
| <b>Balance at 1 January 2020</b>                              | <b>3,158,390</b>        | <b>(21,247)</b>   | <b>—</b>                                | <b>6,535</b>                                | <b>12,993</b>   | <b>2,101,740</b>               | <b>5,258,411</b> |
| Dividends provided for or paid                                | —                       | —   | —                                       | —   | —   | (68,641)                       | (68,641)         |
| <b>Total comprehensive income for the period</b>              |                         |   |   |   |   |                                |                  |
| Net (loss) after tax for the period                           | —                       | —   | —                                       | —   | —   | (266,179)                      | (266,179)        |
| <i>Other comprehensive income:</i>                            |                         |   |   |   |   |                                |                  |
| Exchange differences on translation of foreign operations     | —                       | 2,587   | —                                       | —   | —   | —                              | 2,587            |
| <b>Total comprehensive income for the period</b>              | <b>—</b>                | <b>2,587</b>  | <b>—</b>                                | <b>—</b>                                    | <b>—</b>  | <b>(266,179)</b>               | <b>(263,592)</b> |
| <b>Transactions with owners, recorded directly in equity</b>  |                         |   |   |   |   |                                |                  |
| Transfer of vested shares                                     | —                       | —   | —                                       | 10,243                                      | (10,243)  | —                              | —                |
| Employee share-based remuneration                             | —                       | —   | —                                       | —   | 1,854   | —                              | 1,854            |
| Purchase of treasury shares                                   | —                       | —   | —                                       | (2,923)                                     | —   | —                              | (2,923)          |
| Ordinary shares issued  | 713,486                 | —   | —                                       | —   | —   | —                              | 713,486          |
| Costs associated with shares issue                            | (15,261)                | —   | —                                       | —   | —   | —                              | (15,261)         |
| <b>Total transactions with owners</b>                         | <b>698,225</b>          | <b>—</b>  | <b>—</b>                                | <b>7,320</b>                                | <b>(8,389)</b>  | <b>—</b>                       | <b>697,156</b>   |
| <b>Balance at 30 June 2020</b>                                | <b>3,856,615</b>        | <b>(18,660)</b>   | <b>—</b>                                | <b>13,855</b>                               | <b>4,604</b>  | <b>1,766,920</b>               | <b>5,623,334</b> |

The condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

# Notes to the financial statements

## 1 Significant accounting policies

### a) Corporate information

Oil Search Limited (the 'Company' or 'Oil Search') is incorporated in Papua New Guinea (PNG). The condensed consolidated interim financial report for the half-year ended 30 June 2021 comprises Oil Search Limited and its controlled entities (together, 'the Group').

The condensed consolidated interim financial report was authorised for issue by the Board of Directors on 23 August 2021 and is presented in United States Dollars (US\$).

### b) Basis of preparation

The condensed consolidated interim financial report for the half-year reporting period ended 30 June 2021 has been prepared in accordance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's annual report for the year ended 31 December 2020, with the addition of the new accounting policies on derivative financial instruments and hedge accounting, described below, as a result of the Group entering into Brent oil put options in order to hedge against the downside exposure to oil prices over the period May 2021 to December 2021.

This report should be read in conjunction with the annual report for the year ended 31 December 2020 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the ASX and PNGX Listing Rules.

The majority of amounts included in this report are rounded to the nearest US\$1,000 (where rounding is applicable).

### Accounting developments relating to the current period

The Group is exposed to a range of interbank offered rates (IBORs) through various financial arrangements. Some IBOR quotations are likely to cease being published from 1 January 2022, others from 1 July 2023.

The Group has set up an internal working group to manage the transition to alternative benchmark rates. The impacts on contracts and arrangements that are linked to existing interest rate benchmarks, for example, financial assets and borrowings, have been assessed and are not expected to have a significant impact on the Group's financial statements. The transition plans are being developed.

### COVID-19 financial implications

The COVID-19 pandemic continues to have an impact on global economies and remains a source of uncertainty. The impact of COVID-19 on the current economic environment has been considered in determining the estimates, assumptions and judgements used to prepare this condensed consolidated interim financial report.

### c) Derivative financial instruments

Derivatives are only used for economic hedging purposes and not as speculative investments. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured at their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition to profit or loss depends on the nature of the hedge relationship (see hedge accounting policy below).

A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. Derivatives are not offset in the financial statements unless the Group has both a legally enforceable right and intention to offset. They are presented as current assets or liabilities to the extent they are expected to be realised or settled within twelve months after the end of the reporting period.

### d) Hedge accounting

At inception of the relevant arrangement, the Group documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking the hedge transaction. Furthermore, at the inception of the hedge and on an ongoing basis, the Group assesses and documents whether the hedging instrument is effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk, which is when the hedging relationships meet all of the following hedge effectiveness requirements:

- there is an economic relationship between the hedged item and the hedging instrument,
- the effect of credit risk does not dominate the value changes that result from that economic relationship, and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Group actually hedges and the quantity of the hedging instrument that the Group actually uses to hedge that quantity of hedged item.

### Cash flow hedges

The effective portion of changes in the fair value of derivatives and other qualifying hedging instruments that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulate under the heading of cash flow hedging reserve, limited to the cumulative change in fair value of the hedged item from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit and loss. Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss.

At the inception of the hedge relationship, the time value of an option may be excluded from the designation as a hedging instrument by the Group and accounted for as a cost of hedging. The fair value changes in time value of an option are recognised in other comprehensive income under the heading of cost of hedging reserve and depending on the nature of the hedged item, will be transferred to profit or loss in the same period that the underlying hedged item, on a transaction basis, affects the statement of comprehensive income.

# Notes to the financial statements

*Continued*

## 2 Segment reporting

### a) Information about reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources. The identified reportable segments are:

#### PNG Business Unit (PNG BU)

The PNG BU includes exploration, development, production and sale of hydrocarbons and abandonment activities from the Group's interest in operated and non-operated assets in PNG. In addition, this segment also includes investments in power generation assets, forestry assets and ownership of drilling rigs in PNG.

#### Alaska Business Unit (Alaska BU)

The Alaska BU includes exploration, evaluation and development of hydrocarbons in the United States of America.

#### Centre

Comprises corporate activities needed to shape, safeguard and service the business units and the Group.

### b) Segment information provided to the executive management team

The Group's executive management team evaluates the financial performance of the Group and its segments principally with reference to earnings before interest and tax, and investment expenditure categorised across exploration and evaluation assets, oil and gas assets, and property, plant and equipment.

| \$'000   | PNG BU           |           | Alaska BU                |           | Centre          |           | Total            |           |
|--|------------------|-----------|--------------------------|-----------|-----------------|-----------|------------------|-----------|
|  | 30 Jun 21        | 30 Jun 20 | 30 Jun 21                | 30 Jun 20 | 30 Jun 21       | 30 Jun 20 | 30 Jun 21        | 30 Jun 20 |
| <b>External revenues</b>                               | <b>667,520</b>   | 625,406   | —                        | —         | <b>166</b>      | 183       | <b>667,686</b>   | 625,589   |
| Costs of production                                    | <b>(149,754)</b> | (145,574) | —                        | —         | —               | —         | <b>(149,754)</b> | (145,574) |
| Selling and distribution costs                         | <b>(13,874)</b>  | (15,475)  | —                        | —         | <b>(750)</b>    | (275)     | <b>(14,624)</b>  | (15,750)  |
| Rig operating costs                                    | —                | (384)     | —                        | —         | —               | —         | —                | (384)     |
| Corporate  | <b>(117)</b>     | —         | <b>(563)</b>             | (751)     | <b>(23,933)</b> | (16,153)  | <b>(24,613)</b>  | (16,904)  |
| Foreign currency gains/(losses)                        | <b>(2,447)</b>   | 4,194     | <b>(650)</b>             | 977       | <b>241</b>      | (4,273)   | <b>(2,856)</b>   | 898       |
| Power costs expensed                                   | <b>(297)</b>     | (382)     | —                        | —         | —               | —         | <b>(297)</b>     | (382)     |
| Other income   | <b>12,313</b>    | 13,894    | <b>3,751</b>             | 3,146     | <b>12,249</b>   | 8,088     | <b>28,313</b>    | 25,128    |
| Other expenses   | <b>(11,247)</b>  | (19,083)  | <b>(141)</b>             | (132)     | <b>(3,682)</b>  | (599)     | <b>(15,070)</b>  | (19,814)  |
| <b>EBITDAX<sup>1</sup></b>                             | <b>502,097</b>   | 462,596   | <b>2,397</b>             | 3,240     | <b>(15,709)</b> | (13,029)  | <b>488,785</b>   | 452,807   |
| Depreciation   | <b>(188,856)</b> | (203,088) | <b>(2,771)</b>           | (2,992)   | <b>(10,378)</b> | (7,197)   | <b>(202,005)</b> | (213,277) |
| Exploration costs expensed                             | <b>(2,551)</b>   | (60,597)  | <b>(7,255)</b>           | (33,770)  | —               | —         | <b>(9,806)</b>   | (94,367)  |
| Impairment   | —                | (363,617) | —                        | (10,590)  | —               | —         | —                | (374,207) |
| Share of net profit from investments in joint ventures | <b>1,851</b>     | 2,907     | —                        | —         | —               | —         | <b>1,851</b>     | 2,907     |
| <b>EBIT<sup>1</sup></b>                                | <b>312,541</b>   | (161,799) | <b>(7,629)</b>           | (44,112)  | <b>(26,087)</b> | (20,226)  | <b>278,825</b>   | (226,137) |
| Net finance costs                                      | <b>(70,619)</b>  | (92,914)  | <b>(316)</b>             | (150)     | <b>(9,133)</b>  | (13,815)  | <b>(80,068)</b>  | (106,879) |
| <b>Profit / (Loss) before income tax</b>               |                  |           |                          |           |                 |           | <b>198,757</b>   | (333,016) |
| Income tax (expense) / benefit                         |                  |           |                          |           |                 |           | <b>(59,773)</b>  | 66,837    |
| <b>Net profit / (loss) after tax</b>                   |                  |           |                          |           |                 |           | <b>138,984</b>   | (266,179) |
| <b>Investment expenditure</b>                          |                  |           |                          |           |                 |           |                  |           |
| Exploration and evaluation assets                      | <b>(9,392)</b>   | (46,509)  | <b>(41,674)</b>          | (110,751) | —               | —         | <b>(51,066)</b>  | (157,260) |
| Oil and gas assets – development and production        | <b>(19,572)</b>  | (53,774)  | <b>3,777<sup>2</sup></b> | (89,804)  | —               | —         | <b>(15,795)</b>  | (143,578) |
| Other plant and equipment                              | <b>(4,711)</b>   | (3,960)   | <b>(107)</b>             | (397)     | <b>(3,436)</b>  | (13,454)  | <b>(8,254)</b>   | (17,811)  |
|  | <b>(33,675)</b>  | (104,243) | <b>(38,004)</b>          | (200,952) | <b>(3,436)</b>  | (13,454)  | <b>(75,115)</b>  | (318,649) |

<sup>1</sup> EBITDAX (earnings before interest, tax, depreciation, impairment and exploration costs expensed) and EBIT (earnings before interest and tax) are non-IFRS measures that are presented to provide a more meaningful understanding of Oil Search's financial performance.

<sup>2</sup> Includes prior period cost true-ups.

# Notes to the financial statements

## Continued

### 2 Segment reporting continued

#### Geographical segments

The Group operates primarily in Papua New Guinea, but also has activities in the United States of America and Australia.

Production from the designated segments is sold on commodity markets and may be sold to other geographical segments.

When presenting geographical segment information, segment revenue and segment assets are based on the location of operating activity.

| \$'000       | Revenue                         |                                 | Non-current assets <sup>1</sup> |                  |
|--------------|---------------------------------|---------------------------------|---------------------------------|------------------|
|              | Half-year ended<br>30 June 2021 | Half-year ended<br>30 June 2020 | 30 June 2021                    | 31 December 2020 |
| PNG          | 667,520                         | 625,406                         | 7,649,190                       | 7,946,171        |
| USA          | —                               | —                               | 1,246,659                       | 1,217,591        |
| Australia    | 166                             | 183                             | 122,224                         | 133,546          |
| Other        | —                               | —                               | 156,000                         | 151,898          |
| <b>Total</b> | <b>667,686</b>                  | <b>625,589</b>                  | <b>9,174,073</b>                | <b>9,449,206</b> |

<sup>1</sup> Non-current assets exclude deferred tax assets of \$1,038.3 million (2020: \$1,071.0 million).

### 3 Revenue

|  | Half-year ended<br>30 June 2021<br>\$'000 | Half-year ended<br>30 June 2020<br>\$'000 |
|--|---|---|
| <b>Revenue from Contracts with Customers</b> |   |   |
| Liquefied natural gas sales                  | 467,371                                   | 505,464                                   |
| Oil and condensate sales                     | 180,932                                   | 85,948                                    |
| Gas sales                                    | 1,753                                     | 17,690                                    |
| Other revenue                                | 17,630                                    | 14,194                                    |
|  | <b>667,686</b>                            | <b>623,296</b>                            |
| Drilling rig and camp lease revenue          | —   | 2,293                                     |
| <b>Total revenue</b>                         | <b>667,686</b>                            | <b>625,589</b>                            |

### 4 Cost of sales

|                                      | Half-year ended<br>30 June 2021<br>\$'000 | Half-year ended<br>30 June 2020<br>\$'000 |
|--------------------------------------|---|---|
| <b>Costs of production</b>           |   |   |
| Production costs                     | (143,100)                                 | (152,105)                                 |
| Royalties and levies                 | (6,441)                                   | (4,087)                                   |
| Gas purchases                        | (797)                                     | (7,438)                                   |
| Inventory movements                  | 6,122                                     | 23,809                                    |
| Other costs of production            | (5,538)                                   | (5,753)                                   |
|                                      | <b>(149,754)</b>                          | <b>(145,574)</b>                          |
| Selling and distribution costs       | (14,624)                                  | (15,750)                                  |
| Rig operating costs                  | —   | (384)                                     |
| <b>Depreciation and amortisation</b> |   |   |
| Oil and gas assets                   | (172,668)                                 | (182,412)                                 |
| Transport and logistics              | (15,082)                                  | (16,285)                                  |
| Rig assets                           | —   | (1,204)                                   |
| <b>Total cost of sales</b>           | <b>(352,128)</b>                          | <b>(361,609)</b>                          |

# Notes to the financial statements

*Continued*

## 5 Other income

|  | Half-year ended<br>30 June 2021<br>\$'000 | Half-year ended<br>30 June 2020<br>\$'000 |
|--|---|---|
| Capital cost recoveries (including from leased assets) | 27,305                                    | 23,919                                    |
| Other  | 1,008                                     | 1,209                                     |
| <b>Total other income</b>                              | <b>28,313</b>                             | <b>25,128</b>                             |

## 6 Other expenses

|   | Half-year ended<br>30 June 2021<br>\$'000 | Half-year ended<br>30 June 2020<br>\$'000 |
|---|---|---|
| Corporate                                     | (24,613)                                  | (16,904)                                  |
| Exploration costs expensed                    | (9,806)                                   | (94,367)                                  |
| Power costs expensed                          | (297)                                     | (382)                                     |
| Depreciation                                  | (14,255)                                  | (13,376)                                  |
| Foreign currency (loss)/gain                  | (2,856)                                   | 898                                       |
| Cost of hedge reclassified to profit and loss | (7,358)                                   | —   |
| Other expenses                                | (7,712)                                   | (19,814)                                  |
| <b>Total other expenses</b>                   | <b>(66,897)</b>                           | <b>(143,945)</b>                          |

## 7 Impairment expense

|                                   | Note | Half-year ended<br>30 June 2021<br>\$'000 | Half-year ended<br>30 June 2020<br>\$'000 |
|-----------------------------------|------|---|---|
| Exploration and evaluation assets | 13   | —   | (364,733)                                 |
| Oil and Gas assets                | 14   | —   | (9,474)                                   |
| <b>Total impairment expense</b>   |      | <b>—</b>                                  | <b>(374,207)</b>                          |

## 8 Finance costs

|   | Half-year ended<br>30 June 2021<br>\$'000 | Half-year ended<br>30 June 2020<br>\$'000 |
|---|---|---|
| Borrowing costs                           | (60,230)                                  | (89,979)                                  |
| Finance charge on lease liabilities       | (17,876)                                  | (18,674)                                  |
| Unwinding of discount on site restoration | (5,804)                                   | (7,671)                                   |
| <b>Total finance costs</b>                | <b>(83,910)</b>                           | <b>(116,324)</b>                          |

# Notes to the financial statements

## Continued

### 9 Income tax expense

|   | Half-year ended<br>30 June 2021<br>\$'000 | Half-year ended<br>30 June 2020<br>\$'000 |
|---|---|---|
| The major components of tax (expense) / benefit are:  |   |   |
| Current tax expense   | (30,932)                                  | (9,656)                                   |
| Adjustments for current tax of prior periods  | 14  | 328                                       |
| Deferred tax (expense) / benefit  | (28,855)                                  | 76,165                                    |
| <b>Income tax (expense) / benefit</b>   | <b>(59,773)</b>                           | <b>66,837</b>                             |
| Reconciliation of income tax expense to prima facie tax payable:                                      |   |   |
| Profit / (Loss) before tax  | 198,757                                   | (333,016)                                 |
| Tax (expense) / benefit at PNG rate of 30%  | (59,627)                                  | 99,904                                    |
| Effect of differing tax rates across tax regimes  | 913                                       | 989                                       |
|   | <b>(58,714)</b>                           | <b>100,893</b>                            |
| Tax effect of items not tax deductible or assessable:   |   |   |
| Non-deductible expenditure  | (298)                                     | (2,431)                                   |
| Non-assessable income   | 1,440                                     | 2,562                                     |
| Adjustments for current tax of prior periods  | 14  | 328                                       |
| Movement in unrecognised deferred tax balances  | 429                                       | (33,127)                                  |
| Other movements   | (2,644)                                   | (1,388)                                   |
| <b>Income tax (expense) / benefit</b>   | <b>(59,773)</b>                           | <b>66,837</b>                             |
| Deferred tax (expense) / benefit recognised in net profit/loss for each type of temporary difference: |   |   |
| Exploration and development   | (10,542)                                  | (11,538)                                  |
| Other assets  | 12,244                                    | 2,098                                     |
| Provisions and accruals   | (41,505)                                  | 47,057                                    |
| Other items   | (2,214)                                   | (3,265)                                   |
| Tax losses  | 13,162                                    | 61,991                                    |
| Tax credits   | —   | (20,178)                                  |
| <b>Deferred tax (expense) / benefit</b>   | <b>(28,855)</b>                           | <b>76,165</b>                             |

### 10 Earnings per share

|  | Half-year ended<br>30 June 2021<br>cents | Half-year ended<br>30 June 2020<br>cents |
|--|--|--|
| Basic earnings per share   | 6.69                                     | (14.97)                                  |
| Diluted earnings per share   | 6.66                                     | (14.97)                                  |
|  | <b>Number</b>                            | <b>Number</b>                            |
| Weighted average number of ordinary shares used for the purposes of calculating diluted earnings per share reconciles to the number used to calculate basic earnings per share as follows: |  |  |
| Weighted average shares on issue   | 2,077,850,664                            | 1,778,380,164                            |
| Employee share rights  | 4,874,089                                | —  |
| Employee performance rights  | 4,811,931                                | —  |
| Weighted average diluted shares on issue   | 2,087,536,684                            | 1,778,380,164                            |

# Notes to the financial statements

## Continued

### 11 Dividends paid or proposed

|  | Half-year ended<br>30 June 2021<br>\$'000 | Half-year ended<br>30 June 2020<br>\$'000 |
|--|---|---|
| Unfranked <sup>1</sup> dividends in respect of the half-year, proposed subsequent to the period end: |   |   |
| Ordinary dividend  | 68,569                                    | —   |
|  | <b>68,569</b>                             | —   |
| Unfranked <sup>1</sup> dividends paid during the period in respect of the previous period:           |   |   |
| Ordinary dividend  | 10,389                                    | 68,641                                    |
|  | <b>10,389</b>                             | 68,641                                    |

1) As Oil Search Limited is a Papua New Guinea incorporated company, there are no franking credits available on dividends.

### 12 Derivative financial instruments

|   | Balance at<br>30 June 2021<br>\$'000 | Balance at<br>31 December 2020<br>\$'000 |
|---|--------------------------------------|--|
| <b>Cash flow hedges (oil put options)</b> | <b>1,302</b>                         | —  |

During the period, the Group entered into Brent oil price derivative hedges, via the purchase of put options, with a floor price of US\$55 per barrel covering nine million barrels of oil equivalent production over the period from May 2021 to December 2021. The put options were entered into for the purpose of managing the downside exposure of a decline in oil prices in 2021.

The put options have been designated as cash flow hedges, and in the current period, changes in the fair value of the options of US\$28.1 million pre-tax (US\$19.7 million net of tax) have been recognised in the cost of hedging reserve within equity, of which US\$7.4 million pre-tax (US\$5.2 million net of tax) has been reclassified to profit and loss. As at 30 June 2021, no losses were recognised in profit and loss for hedge ineffectiveness and 6.8 million barrels remain outstanding and hedged as part of the put options.

The fair value of the derivative financial asset as at 30 June 2021 was determined based on observable Brent forward prices and volatilities used within an option pricing model and is classified as Level 2 on the fair value hierarchy.

### 13 Exploration and evaluation assets

|                                    | Balance at<br>30 June 2021<br>\$'000 | Balance at<br>31 December 2020<br>\$'000 |
|------------------------------------|--------------------------------------|--|
| At cost                            | 3,805,229                            | 3,757,764                                |
| Accumulated impairment             | (1,017,001)                          | (1,017,001)                              |
|                                    | <b>2,788,228</b>                     | 2,740,763                                |
| Balance at start of period         | 2,740,763                            | 2,998,021                                |
| Additions                          | 51,066                               | 202,636                                  |
| Exploration costs expensed         | (9,806)                              | (103,347)                                |
| Impairment expense                 | —                                    | (364,733)                                |
| Changes in restoration obligations | 6,205                                | 1,345                                    |
| Net exchange differences           | —                                    | 6,841                                    |
| <b>Balance at end of period</b>    | <b>2,788,228</b>                     | 2,740,763                                |

# Notes to the financial statements

Continued

## 14 Property, plant and equipment

|   | Oil and gas           |                     |                  | Other plant and equipment          |                |                     |                 |
|---|-----------------------|---------------------|------------------|------------------------------------|----------------|---------------------|-----------------|
|   | Development<br>\$'000 | Producing<br>\$'000 | Total<br>\$'000  | Transport &<br>logistics<br>\$'000 | Rigs<br>\$'000 | Corporate<br>\$'000 | Total<br>\$'000 |
| <b>2021</b>                                     |                       |                     |                  |                                    |                |                     |                 |
| At cost   | 291,671               | 9,271,384           | 9,563,055        | 316,034                            | 94,192         | 398,888             | 809,114         |
| Accumulated depreciation and impairments        | —                     | (3,845,135)         | (3,845,135)      | (98,775)                           | (77,179)       | (184,743)           | (360,697)       |
|   | <b>291,671</b>        | <b>5,426,249</b>    | <b>5,717,920</b> | <b>217,259</b>                     | <b>17,013</b>  | <b>214,145</b>      | <b>448,417</b>  |
| Balance at 1 January 2021                       | 294,939               | 5,725,660           | 6,020,599        | 232,341                            | 17,013         | 223,589             | 472,943         |
| Additions                                       | 3,739                 | 12,056              | 15,795           | —                                  | —              | 8,254               | 8,254           |
| Disposals                                       | —                     | —                   | —                | —                                  | —              | —                   | —               |
| Changes in restoration obligations <sup>1</sup> | (7,007)               | (138,799)           | (145,806)        | —                                  | —              | —                   | —               |
| Net exchange differences                        | —                     | —                   | —                | —                                  | —              | (3,443)             | (3,443)         |
| Depreciation                                    | —                     | (172,668)           | (172,668)        | (15,082)                           | —              | (14,255)            | (29,337)        |
| <b>Balance at 30 June 2021</b>                  | <b>291,671</b>        | <b>5,426,249</b>    | <b>5,717,920</b> | <b>217,259</b>                     | <b>17,013</b>  | <b>214,145</b>      | <b>448,417</b>  |
| <b>2020</b>                                     |                       |                     |                  |                                    |                |                     |                 |
| At cost   | 294,939               | 9,398,127           | 9,693,066        | 316,034                            | 94,192         | 394,077             | 804,303         |
| Accumulated depreciation and impairment         | —                     | (3,672,467)         | (3,672,467)      | (83,693)                           | (77,179)       | (170,488)           | (331,360)       |
|   | <b>294,939</b>        | <b>5,725,660</b>    | <b>6,020,599</b> | <b>232,341</b>                     | <b>17,013</b>  | <b>223,589</b>      | <b>472,943</b>  |
| Balance at 1 January 2020                       | 123,907               | 6,000,451           | 6,124,358        | 262,506                            | 18,217         | 207,577             | 488,300         |
| Additions                                       | 140,536               | 49,759              | 190,295          | —                                  | —              | 32,460              | 32,460          |
| Transfers                                       | —                     | (45,707)            | (45,707)         | —                                  | —              | —                   | —               |
| Disposals                                       | —                     | —                   | —                | —                                  | —              | (337)               | (337)           |
| Changes in restoration obligations              | 30,496                | 96,502              | 126,998          | —                                  | —              | —                   | —               |
| Impairment                                      | —                     | (9,474)             | (9,474)          | —                                  | —              | —                   | —               |
| Net exchange differences                        | —                     | —                   | —                | —                                  | —              | 10,448              | 10,448          |
| Depreciation                                    | —                     | (365,871)           | (365,871)        | (30,165)                           | (1,204)        | (26,559)            | (57,928)        |
| <b>Balance at 31 December 2020</b>              | <b>294,939</b>        | <b>5,725,660</b>    | <b>6,020,599</b> | <b>232,341</b>                     | <b>17,013</b>  | <b>223,589</b>      | <b>472,943</b>  |

1. The decrease in site restoration asset predominantly relates to an increase in discount rates, which are based on US bond rates aligned to the estimated timing of decommissioning.

### Reconciliation of right-of-use-assets by asset class

|                                    | Other plant and equipment       |                     |                 |
|------------------------------------|---------------------------------|---------------------|-----------------|
|                                    | Transport & logistics<br>\$'000 | Corporate<br>\$'000 | Total<br>\$'000 |
| <b>Balance at 1 January 2021</b>   | 232,341                         | 66,451              | 298,792         |
| Depreciation expense               | (15,082)                        | (3,728)             | (18,810)        |
| Net exchange differences           | —                               | (378)               | (378)           |
| <b>Balance at 30 June 2021</b>     | <b>217,259</b>                  | <b>62,345</b>       | <b>279,604</b>  |
| <b>Balance at 1 January 2020</b>   | 262,506                         | 71,925              | 334,431         |
| Depreciation expense               | (30,165)                        | (7,892)             | (38,057)        |
| Net exchange differences           | —                               | 2,418               | 2,418           |
| <b>Balance at 31 December 2020</b> | <b>232,341</b>                  | <b>66,451</b>       | <b>298,792</b>  |

The was no expense recognised in the income statement for short term and low value leases for the half year ended 30 June 2021 (2020: \$9.0 million).



# Notes to the financial statements

## Continued

### 15 Provisions

|                               | Balance at<br>30 June 2021<br>\$'000 | Balance at<br>31 December 2020<br>\$'000 |
|-------------------------------|--------------------------------------|--|
| <b>Current</b>                |                                      |  |
| Employee entitlements         | 7,416                                | 7,595                                    |
| Site restoration              | 14,888                               | —  |
| Other provisions              | 2,200                                | —  |
|                               | <b>24,504</b>                        | 7,595                                    |
| <b>Non-current</b>            |                                      |  |
| Employee entitlements         | 9,200                                | 8,642                                    |
| Site restoration <sup>1</sup> | 689,446                              | 840,878                                  |
|                               | <b>698,646</b>                       | 849,520                                  |

1. The decrease in site restoration provision predominantly relates to an increase in discount rates, which are based on US bond rates aligned to the estimated timing of decommissioning.

### 16 Share capital and reserves

|   | Note  | Balance at<br>30 June 2021<br>\$'000 | Balance at<br>31 December 2020<br>\$'000 |
|---|-------|--------------------------------------|--|
| <b>Share capital</b>  |       |                                      |  |
| Issued 2,077,850,664 (2020: 2,077,850,664) Ordinary shares, fully paid (no par value) |       | <b>3,857,120</b>                     | 3,857,120                                |
| <b>Reserves</b>   |       |                                      |  |
| Foreign currency translation reserve  | (i)   | <b>(23,010)</b>                      | (22,330)                                 |
| Cost of hedging reserve   | (ii)  | <b>(14,540)</b>                      | —  |
| Reserve for treasury shares   | (iii) | <b>14,266</b>                        | 13,855                                   |
| Employee equity compensation reserve  | (iv)  | <b>8,809</b>                         | 9,212                                    |
|   |       | <b>(14,475)</b>                      | 737                                      |

i) The foreign currency translation reserve is used to record foreign exchange differences arising from the translation of the financial statements of subsidiaries with functional currencies other than US Dollars.

ii) The cost of hedging reserve is used to record gains and losses on the time value of hedge instruments when these elements are not designated as part of hedging arrangement. Gains and losses accumulated in the reserve are taken to the statement of comprehensive income depending on the nature of the hedged item.

iii) The reserve for treasury shares is used to record the cost of purchasing Oil Search Limited shares by the Restricted Share Plan Trust and the issue of shares to settle vested share based obligations.

iv) The employee equity compensation reserve is used to record the share-based remuneration obligations to employees in relation to Oil Search Limited ordinary shares as held by the Employee Options and Rights Share Plans and Share Appreciation Rights Share Plans, which have not vested as at the end of the period.

### 17 Subsequent events

Subsequent to 30 June 2021, the Group has received a revised non-binding and indicative merger proposal from Santos Limited ("Santos") under which Santos would acquire all of the shares in Oil Search Limited ("Oil Search") for a consideration of 0.6275 new Santos shares for each Oil Search share held. Under this proposal, Oil Search shareholders would own approximately 38.5% of the merged group. The proposal implies a transaction price of AUD\$4.52 per Oil Search share, based on the closing price of Santos shares on 24 June 2021, representing a 19.7% premium to Oil Search's shares. The revised non-binding and indicative merger is subject to the completion of confirmatory due diligence, the agreement of a binding Merger Implementation Deed, shareholder, regulatory and government approvals.

The Group's Managing Director Dr Keiran Wulff resigned on 19 July 2021 (effective 21 July 2021). Mr Peter Fredricson has taken up the role of Acting Chief Executive Officer. In accordance with his employment contract Dr Keiran Wulff received a payment in lieu of notice equal to six months of Total Fixed Remuneration plus statutory entitlements (untaken annual leave and long service leave). In accordance with the LTI Plan Rules, any unvested deferred STI awards as at the resignation date are retained in full and will vest in the normal course. Any unvested Performance Rights and Alignment Rights have been pro-rated with the retained portion to be measured against the relevant performance conditions in the normal course. Any vesting of retained awards will be subject to, and in accordance with, the relevant plan rules. The total amount paid to Dr Keiran Wulff will be disclosed in the remuneration report for the year ending 31 December 2021.

The Directors have declared an unfranked dividend of 3.3 US cents per share to be paid on 21 September 2021. The proposed interim dividend for 2021 is payable to all holders of ordinary shares on the Register of Members on 31 August 2021.

There were no other material events subsequent to 30 June 2021 and up until the authorisation of the financial report for issue.

## Directors' Declaration

In accordance with a resolution of the Directors of Oil Search Limited, the Directors declare that:

- a) the attached financial statements and notes thereto of the consolidated entity:
- i) give a true and fair view of the consolidated entity's financial position as at 30 June 2021, and its performance for the half-year ended on that date; and
  - ii) comply with International Financial Reporting Standards; and
  - iii) comply with the reporting requirements of the Australian Securities Exchange Listing Rules; and
- b) in the opinion of the Directors, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due or payable.

This declaration has been made after receiving an unqualified declaration from the acting Chief Executive Officer and the Chief Financial Officer, that is consistent with requirements under section 295A of the *Australian Corporations Act 2001*, for the half-year ended 30 June 2021.

Signed in accordance with a resolution of the Directors.

On behalf of the Directors



**RJ Lee**  
Chairman

Sydney, 23 August 2021



**FE Harris**  
Non-Executive Director

# Independent Auditor's Report



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## Independent Auditor's Review Report to the members of Oil Search Limited

We have reviewed the accompanying half-year financial report of Oil Search Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 30 June 2021, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 12 to 24.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting*. The directors' responsibility also includes such internal control as the directors determine is necessary for the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ISRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not presented fairly, in all material respects, in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting*. As the auditor of Oil Search Limited, ISRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of Oil Search Limited does not present fairly, in all material respects, the consolidated entity's financial position as at 30 June 2021 and of its financial performance for the half-year ended on that date in accordance with International Accounting Standard IAS 34 *Interim Financial Reporting*.

# Independent Auditor's Report



DELOITTE TOUCHE TOHMATSU



**Jacques Strydom**

Partner

Chartered Accountants

Registered Company Auditor in Australia

Sydney, 23 August 2021



DELOITTE TOUCHE TOHMATSU



**Helen Hamilton-James**

Partner

Chartered Accountants

Registered under the Accountants Act, 1996

Port Moresby, 23 August 2021

# Glossary

|                                 |  |  |  |
|---------------------------------|--|--|--|
| <b>\$, \$m, \$bn</b>            | Dollars stated in US dollar terms unless otherwise stated  | <b>mmboe</b>   | Million barrels of oil equivalent  |
| <b>1H, 2H</b>                   | Halves of the calendar year. 1H (1 January – 30 June), 2H (1 July – 31 December)   | <b>mmBtu</b>   | Million British thermal units  |
| <b>1P</b>                       | Proved reserves  | <b>MTPA</b>  | Million tonnes per annum (LNG)   |
| <b>1Q, 2Q, 3Q, 4Q</b>           | Quarters of the calendar year. 1Q (1 January – 31 March), 2Q (1 April – 30 June), 3Q (1 July – 30 September), 4Q (1 October – 31 December)   | <b>NPAT</b>  | Net profit after tax   |
| <b>2C</b>                       | Best estimate of contingent resources  | <b>Net debt</b>  | Total debt less cash and cash equivalents  |
| <b>2P</b>                       | Proved and probable reserves   | <b>PDL</b>   | Petroleum Development Licence  |
| <b>barrel/bbl</b>               | The standard unit of measurement for oil and condensate production and sales   | <b>PL</b>  | Pipeline Licence   |
| <b>bcf/bscf</b>                 | Billion standard cubic feet, a measure of gas volume   | <b>PNG</b>   | Papua New Guinea   |
| <b>boe</b>                      | Barrels of oil equivalent – the factor used to convert volumes of different hydrocarbon products to barrels of oil equivalent<br><br>Conversion rate used by Oil Search for gas reserves and production is 5,100 scf = 1 boe | <b>PPFL</b>  | Petroleum Processing Facilities Licence  |
| <b>Bopd</b>                     | Barrels of oil per day   | <b>PPL</b>   | Petroleum Prospecting Licence  |
| <b>Breakeven cost of supply</b> | Real Brent price required for project investment to breakeven after earning a 10% return   | <b>PRL</b>   | Petroleum Retention Licence  |
| <b>Btu</b>                      | British thermal units, a measure of thermal energy   | <b>scf</b>   | Standard cubic feet, a measure of gas volume   |
| <b>Condensate</b>               | Hydrocarbons that are in the gaseous state under reservoir conditions and that become liquid when temperature or pressure is reduced (a mixture of pentanes and higher hydrocarbons)   | <b>STI</b>   | Short-term incentive   |
| <b>Crude oil</b>                | Liquid petroleum as it comes out of the ground   | <b>tcf</b>   | Trillion cubic feet, a measure of gas volume   |
| <b>DRP</b>                      | Dividend reinvestment plan   | <b>TRIR</b>  | Total Recordable Injury Rate   |
| <b>EBITDAX</b>                  | Earnings before interest, tax, depreciation/amortisation, impairment and exploration   | <b>Definition of reserves and contingent resources</b> | Oil Search's Reserves and Contingent Resource estimates are prepared in accordance with the 2007 Petroleum Resources Management System, sponsored by the Society of Petroleum Engineers.   |
| <b>ExxonMobil</b>               | Subsidiary of the ExxonMobil Corporation   | <b>Proved reserves</b>                                 | Proved reserves are the estimated quantities of crude oil, natural gas and natural gas liquids which geological and engineering data demonstrate with reasonable certainty to be recoverable in future years from known reservoirs under existing economic and operating conditions. Proved reserves are limited to those quantities of oil and gas which can be expected, with little doubt, to be recoverable commercially at current prices and costs, under existing regulatory practices and with existing conventional equipment and operating methods. Proved (1P) reserves are probabilistically calculated reserves having a 90 per cent confidence level (P90); such reserves have a 90 per cent likelihood of being equalled or exceeded. |
| <b>FEED</b>                     | Front End Engineering and Design (conceptual design prior to detailed design)  | <b>Probable reserves</b>                               | Probable reserves are those reserves which geological and engineering data demonstrate to be potentially recoverable, but where some element of risk or insufficient data prevent classification as proven. Probable reserves are calculated by subtracting proven reserves from those probabilistically calculated reserves having a 50 per cent confidence level (P50).<br><br>Therefore, "Proved plus Probable" (2P) reserves are defined as those reserves which have a 50 per cent likelihood of being equalled or exceeded.  |
| <b>FID</b>                      | Final Investment Decision  | <b>Contingent resources</b>                            | The Company's technically recoverable resources for its discovered but uncommercialised oil and gas volumes are classified as contingent resources. 2C denotes the best estimate of contingent resources.  |
| <b>Free cash flow</b>           | Net cash from operating activities less investment expenditure   |  |  |
| <b>Gearing</b>                  | Net debt / (net debt and shareholders' funds)  |  |  |
| <b>GHG</b>                      | Greenhouse gas   |  |  |
| <b>HSES</b>                     | Health Safety Environment and Security   |  |  |
| <b>GHG intensity</b>            | Greenhouse Gas intensity of production   |  |  |
| <b>Hydrocarbons</b>             | Solid, liquid or gas compounds of the elements hydrogen and carbon   |  |  |
| <b>IRR</b>                      | Internal rate of return  |  |  |
| <b>JV</b>                       | Joint venture  |  |  |
| <b>LNG</b>                      | Liquefied natural gas  |  |  |
| <b>MENA</b>                     | Middle East/North Africa   |  |  |
| <b>mmbbl</b>                    | Million barrels  |  |  |

# Corporate Directory

## **Oil Search Limited**

ARBN: 055 079 868

Incorporated in Papua New Guinea

ASX: OSH

PNGX: OSH

ADRs: OISHY

## **Registered office**

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