

ASX Announcement

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ALASKA UPDATE

Highlights

- 33% increase in 2C contingent resource, taking total gross Alaskan North Slope 2C resources within Oil Search's portfolio from 728 million barrels of oil (mmbbl) to 968 mmbbl (494 mmbbl net to Oil Search).
- Increases reflect Oil Search's positive achievements on the North Slope since acquisition of the assets in 2018, with gross 2C oil resources now 93% higher than the original 500 mmbbl 2C gross resource estimate.
- Well positioned to progress into FEED in early 2021 for a single drill site first phase of the Pikka Project. The development will use a capital efficient approach that will deliver a breakeven cost of supply of less than US\$40/barrel, with gross capital costs of under US\$3 billion.
- Joint Venture fully aligned on Pikka Phase 1 development, targeting a Final Investment Decision (FID) in late 2021 and first oil in 2025, using an initial 80,000 bopd modular facility to process production.
- Production from Phase 1 of the full field development will support funding for Phase 2, which will comprise the full field development incorporating two additional well pads.
- Modification to United States Army Corps of Engineers (USACE) permit received, allowing for construction of a new Seawater Treatment Plant (STP) at Oliktok Point to ensure appropriate water supply and quality is available and controlled by the Pikka Joint Venture to maximise production efficiency.

Significant increase in Alaskan oil resources

Following the completion of technical studies on the successful Mitquq and Stirrup exploration wells drilled during the 2019/20 winter season in Alaska, combined with data from the latest seismic survey, Oil Search engaged resource consultant specialist Ryder Scott to assess the updated technical data.

As a result of Ryder Scott's work, the outcomes of which are similar to Oil Search's internal technical estimates, 122.1 mmbbl net 2C resource (239.4 mmbbl gross) has been added to the Company's North Slope Alaskan resources, with updated Alaskan 2C resources now 493.6 mmbbl net (967.9 mmbbl gross), 33% higher than resources at the end of 2019 (see notes on page 4 for details).

The booking includes an additional 20 mmbbl net (40 mmbbl gross) within the Pikka Unit, following the integration of additional technical data, taking total booked 2C oil resources in the Pikka field to 391.5 mmbbl net, based on the Company's 51% working interest (767.6 mmbbl gross).

The remainder of the resource booking (200.2 mmbbl gross, 102.1 mmbbl net to Oil Search based on its 51% working interest before royalties in the relevant leases) is attributed to the Quokka (Mitquq) and Horseshoe (Stirrup) trends. The additions of 2C resource at Stirrup and Mitquq only represent the areas around the exploration wells, with each of these trends having the potential to be equivalent in scale to the Pikka field. Additional appraisal drilling is required to determine accurately the full potential of both discoveries.

Pikka Project Update

Oil Search has completed optimisation efforts and, subject to oil prices, the Joint Venture is preparing to proceed into FEED in early 2021 with Pikka Phase 1, based on a single drill site development with a production capacity of 80,000 bopd. FID is targeted for late 2021, with first oil targeted for 2025.

Including contingencies, the initial project cost is expected to be less than US\$3 billion (gross) and produce oil at a breakeven cost of supply of less than US\$40 per barrel. Following detailed engineering and value optimisation studies, material cost savings have been achieved by using a modular, truckable process facility design using standardised equipment. The design allows the project to start production from the Pikka field utilising a facility that meets initial processing requirements, with the ability to add capacity as subsequent phases of the project are undertaken.

Despite the oil price challenges and the global COVID-19 pandemic, the Company is well positioned to proceed with the delivery of the initial single-drill site project subject to the FID decision in late 2021. During 2020, Oil Search completed the civil works for the road construction to the Pikka drill site B, safely and under budget, enabling year-round access to the development areas and the ability to advance the modular design. Adhering to a robust and actively managed COVID-19 response plan, a workforce of approximately 800 contractors completed construction of Pikka drill site B, the project production facility and operations centre pads, a 190 foot (58 metre) bridge over the Miluveach River and an 11.5 mile (18.5 kilometre) gravel road.

The Pikka development will have a greenhouse gas emissions intensity approximately 75% lower than the current Alaskan North Slope average (based on the Wood Mackenzie Emissions Benchmarking Tool). Oil Search has incorporated improvements to the environmental performance and sustainability of the project design, including using electric power for both the production facility and the drilling rig. The project is also designed to minimise the surface footprint while still ensuring that the resource base is efficiently developed. The Company continues to assess and incorporate traditional knowledge that helps protect environmental resources and sustain the subsistence lifestyle of the local Alaska Native people.

Aligned with Pikka FEED entry in the first quarter of 2021, Oil Search plans to launch a formal divestment process, either solely or in cooperation with its joint venture partner, with the Company intending to sell 15% of its interest in Pikka and other key Alaskan assets.

Seawater Treatment Plant permit received

In March 2020 Oil Search applied to the USACE for approval to construct an STP at Oliktok Point. In November 2020, the USACE approved the construction plan, issuing a modification of Oil Search's existing Department of Army permit to include the STP. The STP will deliver the water requirements for the Pikka project and provide confidence of water availability and quality to support further development opportunities on Alaska's North Slope.

Keiran Wulff, Oil Search's Managing Director, said:

"The latest increase in resources within our Alaskan portfolio continues to underpin the genuine world class nature of our giant Pikka oil field in Alaska. Since acquiring the asset from Armstrong in 2018, our programs have increased the gross 2C resource base in the Pikka field alone by 54%, while also discovering additional resources close to the existing field and facilities.

What is also very pleasing is the paradigm reduction in breakeven cost and halving of the initial capital costs that has been achieved to progress the development at lower oil prices.

While further appraisal will be required, the 2020 Mitquq and Stirrup oil discoveries, which lie close to existing and planned infrastructure, both have the potential to create substantial long-term value for Oil Search shareholders and have positive implications for the prospectivity of our remaining acreage.

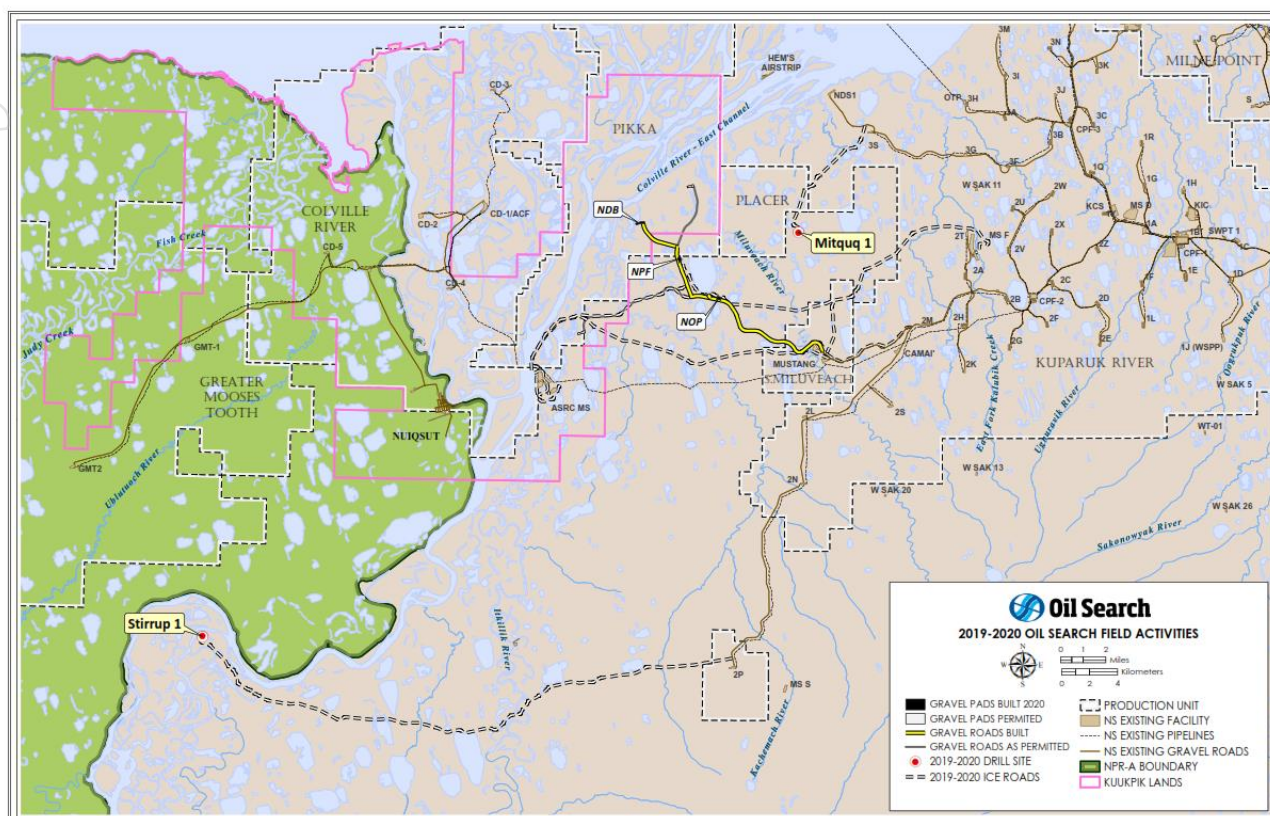
We are excited about the opportunities for Oil Search in Alaska and are preparing to move forward into the FEED phase for the world class Pikka Unit Development. The 2019/20 construction program in Alaska has well positioned us to progress this development quickly and efficiently as market conditions improve.

Along with the strong Joint Venture alignment we will launch the proposed divestment that is planned to be completed prior to an FID."

Bruce Dingeman, President, Oil Search Alaska, said:

"We are pleased with the outcomes of both our recently completed civil works program and exploration drilling efforts, which together enable a more capially efficient and phased development approach.

The Company is committed to progressing the Pikka Unit Development with its improved design and resiliency to a lower price environment. The project will generate substantial jobs, tax, royalty and other revenues for the State of Alaska and regional and local communities over its projected life."



Lease Working Interest	Pikka Unit	Mitquq	Horseshoe/Stirrup
Oil Search	51.00%	51.00%	51.00%
Repsol	49.00%	49.00%	49.00%

Notes to the resource upgrade

Through its independent work, Ryder Scott has estimated probabilistically the total 2C gross contingent resources within Oil Search's Alaskan portfolio. An arithmetic summation of these aggregations results in total resources of 493.6 mmbbl net (967.9 mmbbl gross).

The booking includes an additional 20.0 mmbbl net (40.0 mmbbl gross) within the Pikka Unit, following the integration of additional technical data, while 102.1 mmbbl (200.2 mmbbl gross) of the increase in resources is attributed to the Quokka (Mitquq) and Horseshoe (Stirrup) trends. The presence of significant quantities of movable hydrocarbons in these units, and the recoverable volumes associated with these, has been confirmed from the following:

- Data acquired from well logging, which has been used to determine the fluid content and most likely fluid contacts in the sandstone reservoir. This approach includes the analysis of reservoir pressure data and samples of hydrocarbons brought to surface during wireline logging.
- The interpretation of data acquired from production tests (Mitquq 1 ST1 and Stirrup 1 wells) including the analysis of reservoir hydrocarbon samples recovered to surface.
- The interpretation of 3D seismic and offset well data.
- Recovery factors were applied to the estimated volumes based on analogues, including Pikka field modelling.

While further appraisal drilling will be required to fully delineate the size and extent of the fields, Oil Search expects these trends to each have the potential to be equivalent in scale to the Pikka field. Subject to the results of additional appraisal, it

is expected that the Mitquq area will support backfill production to, or expansion of, an existing facility, while Horseshoe would likely need to be developed with a new processing facility. Until future appraisal drilling is completed, however, these resources are considered contingent on future appraisal drilling results, development studies and assessment of project commerciality.

The resource estimates above are based on, and fairly represent, information and supporting documentation prepared under the supervision of Mark Ireland, a Qualified Petroleum Reserves and Resources Estimator (QPRRE). Mr Ireland, who is a full-time employee of Oil Search, a member of the SPEE, SPE, and a registered Professional Engineer, has consented to publish this information in the form and context in which it is presented in this statement.

Alaskan net resources comprise the Company's working interest share in Alaskan assets, do not include any gas, and include the royalty share.

Contacts:

Investors

Ann Diamant
Senior Vice President – Investor Relations
+612 8207 8440
+61 407 483 128
Ann.Diamant@oilsearch.com

Media

Matthew Park
Vice President – Communications and Media
+612 8238 8882
+61 400 539 302
Matthew.Park@oilsearch.com

US Media

Amy Burnett
Manager – U.S. Media and Communications
+1 907 917-9020
Amy.Burnett@oilsearch.com

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