

Papua LNG Update

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Total, Operator of Papua LNG, and joint venture partners ExxonMobil and Oil Search have signed a Fiscal Stability Agreement with the Independent State of Papua New Guinea. The Fiscal Stability Agreement is the final step envisioned under the Papua LNG Gas Agreement to guarantee Papua LNG fiscal stability. It follows the amendments to Acts passed by the PNG Parliament in November 2020. A statement from the PNG Prime Minister, the Honourable James Marape, is attached describing the agreement and steps the PNG Government is taking to support the development of Papua LNG.

Commenting on this development, Dr Keiran Wulff, Oil Search's Managing Director, said:

"We are pleased to see further progress achieved on Papua LNG. This milestone highlights the commitment from the PNG Government towards Papua LNG and is a significant step in derisking the project. It also demonstrates increasing alignment between the PNG Government and the joint venture partners. We look forward to progressing Papua LNG and announcing further milestones consistent with our Strategic Review announced in November 2020."

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STATEMENT BY THE PRIME MINISTER, HONORABLE JAMES MARAPE, MP ON OCCASION OF THE SIGNING OF THE FISCAL STABILITY AGREEMENT BETWEEN THE INDEPENDENT STATE OF PAPUA NEW GUINEA AND THE PAPUA LNG PROJECT COVENTURERS

The Prime Minister of Papua New Guinea, the Honorable James Marape, today announced the signing of the Fiscal Stability Agreement (FSA) between the Independent State of Papua New Guinea and the Papua LNG Project coventurers: the affiliates of Total S.E, Exxon Mobil Corporation and Oil Search Limited. The signing is a key milestone for the government because it was foreshadowed in the Prime Minister's key messages to the business community during his address at the Back to Business Breakfast last week.

The signing of the FSA gives full effect to the Papua LNG Gas Agreement signed in April 2019. It demonstrates that by and large, the Government can still honor legally signed agreements, which in the long run provides comfort to long term investors. It demonstrates Papua New Guinea's commitment to this Papua LNG Project and gives comfort and encouragement to the developers to progress the project.

Prime Minister James Marape confirmed that the Papua LNG Project will proceed as a two (2) train project, independent of the P'nyang Project. This allows focused development of the Elk Antelope gas fields in the Gulf Province.

Papua LNG Project will build its two train LNG facility within existing PNG LNG's facilities at Caution Bay in the Central Province, and will still be able to leverage multiple technical synergies. From an environment perspective, a Papua LNG Project's environmental footprint will be minimized by this integration. These are great outcomes for all stakeholders of the project but more so the National Government.

The Prime Minister together with the Petroleum Minister Kerenga Kua met with Total Senior Vice President Javier Rielo and was very pleased with their discussions. Unfortunately, due to strict Covid-19 protocols on his return to Singapore Mr. Rielo was unable to attend any public events whilst travelling out of Singapore so he was not able to be at the signing ceremony.

The Prime Minister was very pleased with the discussions relating to the high-level Roadmap for Papua LNG. The execution of the Fiscal Stability Agreement is an important milestone that sends a very clear message to a number of key stakeholders including the people of Papua New Guinea and business. The Prime Minister said that this is a very important statement about the intentions of our government to focus on ensuring that important national investment program is shepherded along.

It is important to note that Total and Kumul Petroleum Holdings Limited will jointly market their share of Papua LNG Project's gas and condensate and the joint marketing team will be remobilized soon. The Prime Minister also noted that it is absolutely important that the market knows that the Papua LNG Project is back on track.

The Prime Minister was also glad to announce that, the application for 2nd extension of the PRL15 is going through the process and Minister for Petroleum Honorable Kerenga Kua will deal with it appropriately and make a separate announcement as per the Oil and Gas Act. It is our expectation that the PDL work program will therefore follow as rapidly as possible to allow for the construction to begin and the production to come closer. This is in the best interest of all stakeholders, and certainly of the developers who have spent more than US\$ 1.5 billion on the project. We will ensure that by allowing the extension, the developers jointly with Kumul will secure the best possible Contracts for the sale of our gas.

It is also expected that Total, as Operator of Papua LNG Project, will advance discussions with PNG LNG on a number of matters including redesign of 2 x train (not 3 train) and with this commercial and other negotiations. Once these matters are complete the project will progress to Front End Engineering and Design (FEED). FEED must advance before the Developers are in a position to submit their all-important Application for a Development License. The APDL process is well articulated under our Oil & Gas Act and the Developer will of course work closely with their principle regulator the Department of Petroleum to deliver the next important outcome.

The Prime Minister said that this is one of a number of key announcements I will be making in relation to important investments for this country, and he was extremely pleased that this is come about days after it was foreshadowed in an important statement made about business activities for 2021.

The Prime Minister paid tribute to the State Team working in close collaboration with Developers to ensure that all the loose ends were tied up to arrive at this point in the project journey. He said he was very happy with the talks with Papua LNG Project Operator Total and coventurer partners ExxonMobil and Oil Search who brought to Papua LNG Project strong experiences and knowledge. The Prime Minister expressed hope that together we can all bring the Papua LNG project to reality.

Papua LNG Project has also submitted their Environmental Impact Statement to the Conservation Environment Protection Authority (CEPA) in late 2019. Social Mapping and Land Owner Identification (SMLI) Developers are substantially completed but the Department of Petroleum and Energy is prevented by an injunction from Purari Development Association from accepting the SMLI.

In addition to the SMLI, the Developer has worked together with the Department of Lands & Physical Planning who concurrently with the SMLI process, undertook a Land Investigation Report along the project footprint. This is a first in Papua New Guinea and we are confident this will assist greatly the DPE

Petroleum Minister is dealing with an injunction taken out by a third party on some of these regulatory processes and this matter is well in hand. (reference to Purari Development Association court injunction)
