
Media Release – Operating cost reductions commenced

27 March 2020

Oil Search today said it was continuing to take decisive steps and make hard decisions to ensure the sustainability of its business in response to the unprecedented challenges facing the global energy industry.

As announced last week, the Company has suspended all upcoming discretionary activities, except those required to maintain the safe and reliable production of oil and gas from its facilities in PNG. These actions will both preserve capital and minimise exposure of COVID-19 on its staff.

Due to the reduction in work programs and the uncertain oil price outlook, Oil Search made the decision to reduce the Company's headcount in Sydney and Anchorage by approximately 100 staff.

"This has been a very difficult decision to make, particularly given current global circumstances. We have treated our team members with respect and will continue to offer them support through the hard times ahead" said Oil Search Managing Director Dr Keiran Wulff.

Oil Search is also undertaking a systematic review to identify and implement further measures to optimise corporate and operating expenditure, focused on driving long-term break-even costs as low as possible.

"Oil Search greatly values the dedication shown by all team members across the organisation during these very challenging times", said Dr Wulff. He added that "Oil Search's Board and the executive team has also agreed to a 20 percent salary cut for the next six months".

"It is uncertain how long the current COVID-19 crisis and low oil price environment will last. The actions taken will ensure our Company is in the best position possible to ride out the current global economic challenges, continue production safely and reliably, and be in a strong position to deliver our growth projects when economic conditions turn around", Dr Wulff said.

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About Oil Search

Established in January 1929, Oil Search has grown into PNG's largest single investor and most active explorer, operating all the country's producing oil fields and holding an extensive appraisal and exploration portfolio. Its 29 per cent interest in the ExxonMobil-operated PNG LNG Project has transformed Oil Search into a regionally significant oil and gas producer. The Company holds material interests in the Elk-Antelope and P'nyang gas fields and is undertaking a range of activities to support further LNG expansion in PNG. Oil Search also holds world class oil assets in Alaska's prolific North Slope. Oil Search operates in a socially responsible manner. Respectful, open relationships with local landowners and government are at the heart of its current and future success. The Company is committed to addressing important social issues and aspires to set the standard for private sector contribution to sustainable development. Oil Search is listed on the Australian (ASX:OSH) and Papua New Guinean (PNGX:OSH) security exchanges and its ADRs trade on the US Over the Counter market (OISHY).

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