Notice to company pursuant to ss 249N & P of the Corporations Act 2001 (CA)

I/we .... [name of 'shareholder']

of ....

.. [address]

identified by the Holder Identification Number (HIN) or Shareholder Reference Number (SRN) .... [HIN or SRN]

in respect of any holding of the shareholder's Oil Search Limited ('OSH' or 'the company') ordinary fully paid shares;

hereby give notice (in accord with sections 249N & P of the CA) to the company of: the following resolution (Capital Protection) the shareholder proposes to move at a general meeting of the company; and request (in accordance with section 249P) that the company give to all members the Supporting Statement following the resolution.

SIGNED

………………………………………………	………………………………………………
(Signature of individual Shareholder† /company director)	(Signature of second shareholder in a joint holding/for a company second director or company secretary)

† Or sole company director and sole company secretary. JOINT HOLDING: For a holding in more than one name all shareholders must sign)

Ordinary Resolution – Capital Protection

Shareholders request the company disclose, in subsequent annual reporting, information that demonstrates how the company's capital expenditure and operations will be managed in a manner consistent with the climate goals of the Paris Agreement.

This information should include:

- Details of how the company's capital expenditure will facilitate the efficient managing down of oil and gas operations and assets in a timeframe consistent with the Paris goals;
- Production guidance for the lifetime of oil and gas assets that is consistent with the Paris goals;
- Plans and capital expenditure requirements for decommissioning and rehabilitating asset sites at the end of their Paris-aligned lifetimes;
- Plans for how employees of the company will be informed of asset closures, and employee transition plans, including any compensation for job losses, training and support in seeking future employment; and
- Details of how remaining capital in the company will be returned to investors.

Supporting statement

As evidenced by the high levels of shareholder support for resolutions at Woodside and Santos in 2020,[1] many investors expect oil and gas companies to disclose scope 1, 2, and 3 emission targets, as well as exploration and capital expenditure plans aligned with the climate goals of the Paris Agreement.[2]

This resolution recognises that Paris-aligned targets to reduce scope 1, 2 and 3 emissions would necessitate a plan to manage down oil and gas production over time, and requests disclosure of integral details of such a plan. The resolution is in the best interests of shareholders and the company, due to the clearly recognised risk that further capital expenditure on oil and gas development and production projects would be stranded by market and policy shifts to meet the Paris climate goals, resulting in severe financial impacts on our company.

We therefore request disclosure of information that demonstrates how capital expenditure will be limited to only support production that is demonstrably viable in a Paris-aligned scenario, and how remaining capital will be preserved and maximally returned to shareholders as assets are managed down, while ensuring employee wage entitlements and transition plans, as well as asset site rehabilitation obligations are appropriately resourced.

Managed decline for oil and gas

"The time to begin planning for a wind-down of gas production is, as with other fossil fuels, already upon us" - SEI, IISD, ODI, Climate Analytics, CICERO, and UNEP[3]

The decline in oil and gas use required to meet the Paris climate goals leaves Oil Search exposed to rapidly shrinking markets. In the first three quarters of 2020, Oil Search's sales revenue mix was made up of LNG and gas (80.6%), liquids (16.7%) and others (2.7%).[4]

IPCC modelling of a 1.5°C scenario shows gas use for primary energy falling globally by 25% by 2030 and 74% by 2050 from a 2010 baseline, and oil's role in primary energy falling 37% and 87% over the same timeframes.[5]

Oil Search points to the North Asian market (Japan, South Korea, China and Taiwan) as a key growth opportunity.[6] However, China has recently committed to achieve net-zero greenhouse gas emissions by 2060, Japan and Korea by 2050, while Taiwan is currently considering a net zero 2050 policy. It is widely accepted that a net zero 2050 pathway

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1 https://files.woodside/docs/default-source/asx-announcements/2020-asx/2020-agm-final-voting-results.pdf?sfvrsn=edd78f5d_4; https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02222012-2A1218162?access_token=83ff96335c2d45a094df02a206a39ff4

2 The Paris Agreement aims to hold global warming to well below 2ºC above pre-industrial levels and pursue a 1.5ºC limit and has been ratified by 185 countries. Governments and markets are accelerating climate action to achieve these goals. See https://unfccc.int/sites/default/files/english_paris_agreement.pdf, Articles 2(1)(a) and 4(1).

3 http://productiongap.org/wp-content/uploads/2019/11/Production-Gap-Report-2019.pdf, 17

4 https://www.oilsearch.com/__data/assets/pdf_file/0006/53808/201020-Quarterly-report-to-30-September-2020.pdf, 3

5 https://www.ipcc.ch/sr15/chapter/spm/ (Figure SPM.3b)

6 https://www.oilsearch.com/__data/assets/pdf_file/0011/54101/Consolidated-presentation_FInal.pdf, 36

requires halving emissions by 2030.[7] The International Energy Agency's Net Zero Emissions 2050 (NZE2050) scenario shows gas use in 2030 must be 20% below the 2.7°C-aligned Stated Policies Scenario (STEPS), and oil 40% below.[8]

Hopes of an LNG import boom in emerging Asian economies driving growth as current key markets move towards net zero are unreasonable, with IEEFA recently noting increased pricing volatility has placed over $50 billion of proposed LNG power projects in developing Asian markets at risk of cancellation.[9]

Increasing stranded asset risk

Analysis of the carbon budget required to limit warming in line with the Paris Agreement's 1.5°C target shows oil and gas production must fall by 4% and 3% annually from 2020 to 2030, respectively.[10] By contrast, Oil Search plans to increase production by more than 80% from 2020 levels by 2030.[11] To justify these increasing production plans, Oil Search cites a global LNG growth rate 15% higher than that projected under IEA's STEPS (2020 to 2035).[12]

Oil Search plans to spend more than US$3.5 billion on new oil and gas development projects between 2021 and 2027, including Papua LNG and the Nanushuk oil project in Alaska.[13] Oil Search's own 2017 analysis found Nanushuk would not be NPV positive under a 1.5°C scenario.[14]

Unreasonably optimistic forecasting

Oil Search's capital expenditure plans are based on long-term oil price forecasts that are inconsistent with a Paris-aligned energy transition and are unreasonably optimistic. The company revised its long-term oil price down to US$63/bbl in July 2020,[15] causing a US$374 million write down.[16] Downward revisions of oil price assumptions have cost the company almost US$750 million in impairments since 2015.

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7 https://www.un.org/press/en/2020/sgsm20411.doc.htm

8 https://www.iea.org/reports/world-energy-outlook-2020, 129

9 http://ieefa.org/wp-content/uploads/2021/01/Gas-and-LNG-Price-Volatility-To-Increase-in-2021_January-2021.pdf

10 https://productiongap.org/wp-content/uploads/2020/12/PGR2020_FullRprt_web.pdf

11 https://www.oilsearch.com/__data/assets/pdf_file/0011/54101/Consolidated-presentation_FInal.pdf, 15

12 https://www.oilsearch.com/__data/assets/pdf_file/0011/54101/Consolidated-presentation_FInal.pdf, 36; https://www.iea.org/reports/world-energy-outlook-2020/achieving-net-zero-emissions-by-2050, 276

13 https://www.oilsearch.com/__data/assets/pdf_file/0011/54101/Consolidated-presentation_FInal.pdf,

14 https://www.oilsearch.com/__data/assets/pdf_file/0005/18968/OSL-Climate-Change-Resilience-Report_FINAL.pdf,

15 https://www.oilsearch.com/__data/assets/pdf_file/0008/53288/Oil-Search-Limited-2020-Interim-Result-Announcement-and-Appendix-4D.pdf, 21

16 https://www.oilsearch.com/__data/assets/pdf_file/0009/53298/200825-2020-Interim-Result-Presentation.pdf, 26

By contrast, BP has set its long-term oil price forecast at US$55/bbl,[17] and committed to cut production by 40% by 2030.[18] Carbon Tracker states that, in the 1.6°C-aligned B2DS, “oil demand can be satisfied by projects that generate a 15% internal rate of return at an oil price in the [high] $40s,”[19] indicating Paris-aligned long-term oil price assumptions would be well below those currently used by Oil Search.

Capital preservation

With the transition to a decarbonised economy shrinking our company’s markets, capital must be preserved, rather than wasted pursuing production plans based on demand scenarios and price forecasts that are inconsistent with global climate goals.

Shareholders are interested in the preservation of capital, maximising future company value, and ensuring sites of operations are restored and employees supported in the energy transition. All shareholders are strongly encouraged to support this resolution.

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17 https://www.bp.com/en/global/corporate/news-and-insights/press-releases/bp-revises-long-term-price-assumptions.html

18 https://www.bp.com/en/global/corporate/news-and-insights/press-releases/from-international-oil-company-to-integrated-energy-company-bp-sets-out-strategy-for-decade-of-delivery-towards-net-zero-ambition.html

19 https://carbontracker.org/reports/the-impair-state/