WHEN THE PIECES COME TOGETHER

2018 NOTICE OF MEETING
Notice is hereby given that the eighty–seventh Annual Meeting (the Meeting) of Members of Oil Search Limited (Oil Search or the Company) will be held in the Ballroom at the Crowne Plaza Hotel, Port Moresby, Papua New Guinea, on Friday, 11 May 2018, at 9:30 am (Port Moresby time).

ORDINARY BUSINESS

1. To receive and consider the financial statements for the Company, together with the Directors’ Report and Auditor’s Report, for the year ended 31 December 2017.

2. To re-elect Mr Richard (Rick) Lee as a director of the Company. Rick Lee retires in accordance with clause 15.3(b) of the Company’s Constitution and, being eligible to do so, offers himself for re-election.

3. To re-elect Dr Eileen Doyle as a director of the Company. Eileen Doyle retires in accordance with clause 15.3(b) of the Company’s Constitution and, being eligible to do so, offers herself for re-election.

4. To elect Ms Susan Cunningham as a director of the Company. Susan Cunningham retires in accordance with clause 15.3(a) of the Company’s Constitution and, being eligible to do so, offers herself for election.

5. To elect Dr Bakheet Al Katheeri as a director of the Company. Bakheet Al Katheeri retires in accordance with clause 15.3(a) of the Company’s Constitution and, being eligible to do so, offers himself for election.

6. In accordance with Section 190 of the PNG Companies Act (1997), to appoint an auditor and in accordance with Section 191 of the PNG Companies Act (1997) to authorise the directors to fix the fees and expenses of the auditor. Deloitte Touche Tohmatsu retires in accordance with Section 190 of the PNG Companies Act (1997) and being eligible to do so, offers itself for re-appointment.

SPECIAL BUSINESS

That, for the purpose of being consistent with the requirements of sections 200B, 200E and 260C(4) of the Corporations Act, and for all other purposes, shareholders approve the following resolutions, a summary of which is set out in the Explanatory Notes accompanying the Notice of Meeting, and the issue of securities under the equity plan providing that the number of shares that may be issued under these resolutions plus the aggregate number of shares and shares subject to outstanding rights (that is, rights that have not yet been exercised and that have not lapsed) that have been awarded under all of Oil Search’s equity incentive plans will not exceed 5% of Oil Search’s issued share capital.

1. To approve the award of 302,200 Performance Rights to Managing Director, Mr Peter Botten, pursuant to the rules and terms of issue of the Long Term Incentive Plan (LTI Plan).

2. To approve the award of 252,694 Restricted Shares to Managing Director, Mr Peter Botten, pursuant to the LTI Plan by way of a mandatory deferral of 50% of the Managing Director’s short term incentive in respect of the 2017 year.

3. To approve the award of 203,984 Share Rights to Managing Director, Mr Peter Botten, pursuant to the LNG Expansion Incentive Plan.

All items of Special Business will be treated as ordinary resolutions.

By Order of the Board

Stephen Gardiner
GROUP SECRETARY

Date: 20 March 2018
NOTE

A Member entitled to attend and vote at the Meeting may appoint a proxy, who need not necessarily be a Member of the Company. A proxy form is enclosed and, where a proxy is to be appointed, the proxy form should be completed and lodged at any one of the following addresses not less than 48 hours before the time at which the Meeting is to be held:

The registered office of the Company: Ground Floor
Harbourside East Building
Stanley Esplanade
Port Moresby, NCD
PO Box 842, Port Moresby
PAPUA NEW GUINEA
Facsimile: (675) 322 5566

The office of the Company in Australia:
1 Bligh Street
Sydney
NSW 2000
GPO Box 2442
Sydney NSW 2001
AUSTRALIA
Facsimile: (61 2) 8207 8500

The office of the Company’s share registry service:
Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
AUSTRALIA
Facsimile: 1800 783 447 (within Australia)
(61 3) 9473 2555 (outside Australia)

VOTING EXCLUSION STATEMENT FOR SPECIAL BUSINESS ITEMS 1, 2 AND 3

Pursuant to ASX Listing Rules 10.14 and 10.15A.6, the Company will disregard any votes cast on Items 1, 2 and 3 of the Special Business by or on behalf of:

- Mr Peter Botten, being the only director eligible to participate in the Long Term Incentive Plan or the LNG Expansion Incentive Plan; or
- any associate of Mr Peter Botten.

However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

EXPLANATORY NOTES FOR ORDINARY BUSINESS ITEMS 1, 2, 3, 4, 5 AND 6

RESOLUTION 1 – FINANCIAL STATEMENTS, DIRECTORS’ REPORT AND AUDITOR’S REPORT

The Company’s financial statements, together with the Directors’ Report and the Auditor’s Report for the year ended 31 December 2017, will be put to the Meeting for consideration.

There is no requirement for the Meeting to approve these reports. However, the Chairman will allow reasonable opportunity for shareholders to ask questions or make comments about the reports and regarding the management of the Company.

Shareholders will also be given a reasonable opportunity to ask the auditor questions about the conduct of the audit and the preparation and the contents of the Auditor’s Report.

As Oil Search is a company incorporated in Papua New Guinea, it is not bound by the provisions of the Australian Corporations Act 2001 requiring the inclusion of a remuneration report in the Directors’ Report, nor the requirement to submit the report to a non-binding advisory vote at the Annual Meeting. However, in the interest of good governance, the Company elects to include a Remuneration Report in the Directors’ Report that has been prepared in conformity with the requirements of section 300A of the Australian Corporations Act 2001.

Oil Search’s 2017 Annual Report has been made available to shareholders and is located on the Company’s website at the following address:

http://www.oilsearch.com/Investor-Centre/ASX-Releases/Annual-Reports.html
RESOLUTIONS 2 AND 3 – RE-ELECTION OF DIRECTORS

Clause 15.3(b) of the Company’s Constitution requires that at each Annual Meeting, one-third of the Directors, (other than each Alternate Director and the Managing Director), automatically retire and are eligible for re-appointment (and, if not re-appointed, that retirement takes effect at the conclusion of that Annual Meeting). There is a similar requirement in the ASX Listing Rules (Listing Rule 14.4). Mr Rick Lee and Dr Eileen Doyle have served as directors since their elections at the Annual Meetings in May 2015 and May 2016, respectively. Directors who retire from office in this manner are eligible for re-election.

Mr Lee and Dr Doyle offer themselves for re-election. Details on their experience, qualifications and capabilities are set out below.

Mr RJ Lee, AM, BEng (Chem) (Hons), MA (Oxon), FAICD, 68 years

Mr Lee joined the Board on 9 May 2012 and was appointed Chairman on 28 February 2013. Mr Lee has extensive resource banking and international commercial experience. His previous senior executive roles include 16 years with CSR Limited and 9 years in the position of Chief Executive Officer of NM Rothschild Australia Limited. Mr Lee is a Director of Newcrest Mining Limited and Chairman of Ruralco Holdings Limited. He is the former Chairman of the Australian Institute of Company Directors.

The Board assesses Mr Lee to be an independent director and, with Mr Lee abstaining, recommends that shareholders vote in favour of Mr Lee’s re-election.

Dr EJ Doyle, BMath (Hons), MMath, PhD, FAICD, 68 years

Dr Doyle joined the Board on 18 February 2016. Dr Doyle’s career spans the building materials, water and industrials sectors, including senior operational roles at BHP Limited and CSR Limited and culminating in her appointment as CEO of CSR’s Panel’s Division. She is a Director of GPT Group Limited, Boral Limited and Hunter Angels Trust. Dr Doyle is a member of the National Governance Committee of the Australian Institute of Company Directors. She has previously served on a number of other boards, including Deputy Chairman CSIRO and Chairman of Port Waratah Coal Services and Director of the Knights Rugby League Pty Ltd.

The Board assesses Dr Doyle to be an independent director and, with Dr Doyle abstaining, recommends that shareholders vote in favour of Dr Doyle’s re-election.

RESOLUTIONS 4 AND 5 – ELECTION OF DIRECTORS

Clause 15.3(a) of Oil Search’s Constitution requires that any Director appointed to fill a casual vacancy by the Board since the previous Annual Meeting, must stand for election at the next Annual Meeting after their appointment. There is a similar requirement in the ASX Listing Rules (Listing Rule 14.4). Accordingly, Ms Cunningham and Dr Al Katheeri offer themselves for election. Details on their experience, qualifications and capabilities are set out below.

Ms SM Cunningham, BAGeol, 62 years

Ms Cunningham joined the Board on 26 March 2018. Ms Cunningham has more than 35 years of oil and gas industry experience. She began her career in 1980 as a geologist at Amoco Production Company and held various exploration and development positions, including Managing Director of Denmark and Sweden, and Exploration Manager Deepwater Gulf of Mexico. Employed by Statoil from 1997 to 1999, she was Exploration Manager of West Africa and Vice President Exploration of Deepwater Gulf of Mexico. Ms Cunningham served as Texaco’s Vice President of core worldwide exploration from 2000 to 2001. After joining Noble Energy in 2001 as Senior Vice President of Exploration, Susan became the Executive Vice President responsible for global exploration, geoscience, frontier and new ventures. Ms Cunningham also established that company’s business innovation department and oversaw environment, health, safety and regulatory. Ms Cunningham served as Chairman of the Offshore Technology Conference (OTC) from 2010 to 2011, representing the American Association of Petroleum Geologists (AAPG). From 2005 to 2014, she was a Director of Cliffs Natural Resources Inc., an iron ore and metallurgical coal mining company.

The Board assesses Ms Cunningham to be an independent director and, with Ms Cunningham abstaining, recommends that shareholders vote in favour of Ms Cunningham’s election.

Dr BS Al Katheeri, PhD, BASc, MSc, Executive MBA (Hons), 43 years

Dr Al Katheeri joined the Board on 26 March 2018. Dr Al Katheeri has been the Chief Executive Officer of Mubadala Petroleum since March 2017. Prior to his appointment as CEO, he held the positions of Chief Growth Officer, responsible for all of Mubadala Petroleum’s new business development and mergers and acquisitions activity and Chief Operating Officer, overseeing both operated and non-operated assets, and UAE gas supply. He has over 20 years of diverse experience in the oil and gas industry. Dr Al Katheeri is a member of a number of industry boards and committees and has received several awards for his contributions.
Mubadala Investment Company (Mubadala), the parent company of Mubadala Petroleum, as at 26 February 2018 had a relevant interest of 12.9% in the shares of Oil Search. Appropriate arrangements have been put in place with Dr Al Katheeri and with Mubadala to protect the confidential information of the Oil Search group and to address any potential conflicts of interest that may arise from Dr Al Katheeri’s role as a senior officer of Mubadala Petroleum.

The Board, with Dr Al Katheeri abstaining, recommends that shareholders vote in favour of Dr Al Katheeri’s election.

RESOLUTION 6 – RE-APPOINTMENT OF AUDITOR

The resolution to re-appoint the Company’s auditor, Deloitte Touche Tohmatsu, to hold office from the conclusion of this Meeting until the conclusion of the Company’s next Annual Meeting, is formally put to shareholders, in accordance with Section 190 of the PNG Companies Act (1997).

The Board recommends that shareholders vote in favour of the re-appointment of Deloitte Touche Tohmatsu.

EXPLANATORY NOTES FOR SPECIAL BUSINESS ITEMS 1, 2, AND 3

RESOLUTION 1 – ISSUE OF PERFORMANCE RIGHTS TO MANAGING DIRECTOR, MR PETER BOTTEN, UNDER THE LONG TERM INCENTIVE PLAN

Resolution 1 of the Special Business deals respectively with the proposed award of 302,200 Performance Rights (PRs) to Managing Director, Mr Peter Botten.

At the Annual Meeting in 2004, shareholders approved equity incentive arrangements for senior executives and other employees of the Company. Following changes in Australian tax legislation, the existing equity incentive arrangements were reviewed and consolidated as the Long Term Incentive Plan. Under the LTI Plan, from 2014 onwards, the following awards can be made:

- Performance Rights;
- Restricted Shares; and
- Share Rights.

The key terms applying to the award of PRs under the LTI Plan are summarised below.

A. TYPE OF AWARD

Awards of PRs are structured as rights to acquire ordinary shares in the Company for nil consideration, provided specified performance hurdles are met within defined time periods. The LTI Plan rules allow participation by any executive, executive director or any other employee deemed to be eligible by the Board.

Awards under the plan are expressed as a number of PRs to acquire a defined number of ordinary shares in the Company (generally one share for each PR).

B. PURCHASE PRICE

Recipients of PRs are not required to pay any amount in respect of the PRs or upon acquisition of the shares pursuant to the PRs.

C. SIZE OF AWARD

The Board determines the dollar value of the annual PR award to be issued to each participant through an assessment of market remuneration practices and in line with Oil Search’s executive remuneration strategy.

The number of PRs is then determined by dividing the dollar value of the PR award by the volume weighted average price of Oil Search shares for the five days following the announcement of the Company’s 2017 full year results and then rounding to the nearest one hundred PRs.

D. FREQUENCY OF AWARDS

Awards under the LTI Plan are made annually, normally following the Company’s Annual Meeting.

E. VESTING OF PRs

PRs vest three years after the date of issue to the extent performance criteria have been met and are automatically exercised.

F. PERFORMANCE CRITERIA

The performance criteria for the vesting of PRs are based on the Company’s Total Shareholder Return (TSR) over the three-year performance period from 1 January 2018 to 31 December 2020.
To determine the number of awards vesting, the Company’s TSR over the performance period will be ranked as follows:

i. as regards one third of the award, against the TSR of each of the constituents of the S&P/ASX50 Index (excluding property trusts and non-standard listings) as at the commencement of the three-year performance period; and

ii. as regards one third of the award, against the TSR of each of the constituents of the S&P Global 1200 Energy Index at the commencement of the three-year performance period. TSR outcomes for this part of the award are measured in a US dollar base for Oil Search and each constituent company; and

iii. as regards the final third of the award, against the TSR of each of the constituents of the S&P Global 1200 Energy Index at the commencement of the three-year performance period. TSR outcomes for this part of the award are measured in the local currency of the country of primary listing for Oil Search and each constituent company.

The intention of measuring outcomes against the S&P Global 1200 Energy Index at ii. in a common currency (USD) and iii. in the local currency of the country of primary listing (which for Oil Search is Australia) is to moderate the impact of foreign currency movements on the outcome. This increases executives’ perceived value of the long term incentives by de-emphasising the importance of foreign currency movements on the outcome, as such movements are beyond the control of executives.

If, in regard to each part of the award described in F) i), ii) or iii), the Company’s TSR performance is:

- below median, that is, the 50th percentile, the number of PRs comprising that part of the award that vest will be zero;
- at median, the number of PRs that vest will be 50% of the total number of PRs comprised in that part of the award;
- greater than median and less than the 75th percentile, the number of PRs that vest will increase on a straight line basis from 50% to 100% of the total number of PRs comprised in that part of the award; or
- equal to or greater than the 75th percentile, the number of PRs that vest will be 100% of the total number of PRs comprised in that part of the award.

The Board retains discretion to allow vesting of all PRs and to waive any restrictions in the event of a change of control or de-merger of the Company.

G. LAPSING OF PRs

PRs that do not vest following assessment of the performance conditions lapse immediately.

Generally, unvested PRs will lapse on cessation of employment, unless the Board determines otherwise. If the participant’s employment ends by reason of death, illness, total or permanent disablement, redundancy or in circumstances approved by the Board, unvested PRs will not vest or lapse, but will remain on foot after cessation of employment and will vest or lapse in due course, depending on whether the performance conditions are achieved (subject to the Board’s discretion to determine otherwise prior to or around the time of cessation).

The Board may also determine to cancel a participant’s unvested PRs if, in the opinion of the Board, the participant has breached their obligations to the Oil Search Group.

H. MANAGEMENT OF THE LTI PLAN AND OTHER GENERAL TERMS

The LTI Plan is administered by the Board.

The LTI Plan rules provide flexibility to allow the use of newly awarded or existing shares (for example through purchase on-market) to satisfy awards under the LTI Plan.

PRs do not attract dividends or voting rights.

The Board may engage third party share managers to assist with the administration of the LTI Plan.

I. MAXIMUM NUMBER OF SHARES TO BE ISSUED

The aggregate number of shares and shares subject to outstanding rights (that is, rights that have not yet been exercised and that have not lapsed) that have been awarded under all of Oil Search’s equity incentive plans will not exceed 5% of Oil Search’s issued share capital.

ASX Listing Rule 10.14 requires shareholder approval before the following persons can acquire securities in the Company under an employee incentive plan:

- a director of the entity;
- an associate of a director of the entity; and
- a person whose relationship with the entity is, in ASX’s opinion, such that approval should be obtained.

Accordingly, shareholder approval is sought in respect of the award of 302,200 PRs to Managing Director, Mr Peter Botten, in accordance with the LTI Plan.
For the purposes of ASX Listing Rule 10.15A, and as noted under the terms of the LTI Plan, it is proposed to award PRs in respect of the 2018 financial year as follows:

<table>
<thead>
<tr>
<th>NAME AND TITLE OF PARTICIPANT</th>
<th>NO. OF PRS TO BE AWARDED</th>
<th>ACQUISITION PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Peter Botten</td>
<td>302,200</td>
<td>Nil</td>
</tr>
</tbody>
</table>

- Mr Peter Botten may acquire one ordinary share in the capital of the Company for each PR awarded to him. However, the ability of Mr Peter Botten to exercise the PRs is subject to the performance conditions described in the summary of the LTI Plan set out in the Explanatory Notes, being met;
- Mr Peter Botten is the only director eligible to participate in the LTI Plan;
- as the acquisition price is nil, there are no loans in relation to the acquisition of the PRs by Mr Peter Botten;
- details of any PRs awarded under the LTI Plan will be published in each annual report of the Company relating to a period in which PRs have been awarded, and the report will state that approval for the award of those PRs was obtained under ASX Listing Rule 10.14;
- no additional person for whom shareholder approval is required under ASX Listing Rule 10.14 may participate in the LTI Plan until approval is obtained in accordance with ASX Listing Rule 10.14;
- PRs for the 2018 performance year will be awarded to Mr Peter Botten as soon as practicable following the close of the Meeting and, in any event, no later than three years after the date of the Meeting; and
- Mr Peter Botten received 315,000 PRs under the LTI Plan. The acquisition price of the PRs was nil.

The key terms applying to the issue of Restricted Shares under the LTI Plan are summarised below.

A. TYPE OF AWARD
Participants are required to defer 50% of their STI award for a financial year into Restricted Shares. Deferral of the prescribed portion of the STI award is mandatory for all employees, including senior executives, selected to participate in the arrangement.

B. SIZE OF AWARDS
The number of Restricted Shares awarded is determined by dividing 50% of the participant’s STI award by the volume weighted average price of Oil Search shares for the five days following the announcement of the Company’s 2017 full year results and then rounding to the nearest whole Restricted Share.

C. FREQUENCY OF AWARDS
It is envisaged that annual awards will be made to the extent that STI awards are determined for eligible senior management employees.

D. VESTING OF AWARDS
Shares awarded in the second quarter of 2018 (in respect of the 2017 financial year) will automatically vest on 1 January 2020.

E. PERFORMANCE CRITERIA
Performance criteria determine the quantum of the STI award based on achievement of safety, operating, financial, exploration success and business growth targets set by the Board for the relevant financial year. No additional performance conditions apply to the Restricted Shares received by way of the mandatory deferral of a portion of a participant’s STI award other than continued employment until the vesting date.

F. DIVIDENDS
Participants who receive Restricted Shares as part of STI awards will be entitled to receive dividends on those Restricted Shares. ASX Listing Rule 10.14 requires shareholder approval before the following persons can acquire securities in the Company under an employee incentive plan:
- a director of the entity;
- an associate of a director of the entity; and
- a person whose relationship with the entity is, in ASX’s opinion, such that approval should be obtained.
Accordingly, shareholder approval is sought in respect of the award of 252,694 Restricted Shares to Managing Director, Mr Peter Botten, in accordance with the LTI Plan.

For the purposes of ASX Listing Rule 10.15A, participants who will be awarded Restricted Shares pursuant to the LTI Plan by way of mandatory deferral of 50% of their STI award for 2017, following approval at the 2018 Annual Meeting are:

<table>
<thead>
<tr>
<th>NAME AND TITLE OF PARTICIPANT</th>
<th>NO. OF RESTRICTED SHARES TO BE AWARDED</th>
<th>ACQUISITION PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Peter Botten</td>
<td>252,694</td>
<td>Nil</td>
</tr>
</tbody>
</table>

- Mr Peter Botten is the only director eligible to participate in the LTI Plan;
- as the acquisition price is nil, there are no loans in relation to the acquisition of the Restricted Shares by Mr Peter Botten;
- no additional person for whom shareholder approval is required under ASX Listing Rule 10.14 may participate in the LTI Plan until approval is obtained in accordance with Listing Rule 10.14;
- details of any Restricted Shares awarded under the LTI Plan will be published in each Annual Report of the Company relating to a period in which Restricted Shares have been awarded and the report will state that approval under ASX Listing Rule 10.14 was obtained;
- Mr Peter Botten will be required to defer 50% of his short term incentive awards for the 2017 financial year into Restricted Shares issued during the second quarter 2018 and, in any event no later than two years after the date of the Meeting. Awards will vest no later than two years after the date of the Meeting; and
- Mr Peter Botten received 277,966 Restricted Shares by way of mandatory deferral of 50% of his STI award for 2016. The acquisition price of the Restricted Shares was nil.

RESOLUTION 3 - ISSUE OF SHARE RIGHTS TO MANAGING DIRECTOR, MR PETER BOTTEN, UNDER THE LNG EXPANSION INCENTIVE PLAN

Resolution 3 of the Special Business deals with the proposed award of 203,984 Share Rights to Managing Director, Mr Peter Botten, pursuant to the proposal for a separate incentive for the achievement of investment sanction for the Papua LNG development project and the PNG LNG expansion project ("the Projects"). The following explanation provides shareholders with the details of the proposed grant of Share Rights and the rationale for the proposal.

Oil Search’s participation in the next phase of LNG development in PNG through the Projects provides transformative opportunities that will have a material impact on company value and sustainability.

Ensuring successful co-operation between stakeholders in the Projects is contingent on a highly complex alignment of commitments and assessments requiring the combined financial, engineering, geoscientific, and stakeholder engagement expertise of the current Oil Search executive team for a successful outcome. In addition to these transformative and material opportunities, the company’s executives are expected to continue to deliver on key operational objectives critical to the ongoing safe and sustainable operations of Oil Search.

This presents a number of challenges from the perspective of balancing strategic and operational risk, performance management and remuneration:

- Oil Search’s management team have the particular skills and operational experience with local PNG issues for the coordinated management and achievement of investment sanction for these highly complex and transformative Projects;
- the materiality of reward for the Projects within the current STI scorecard and incentive framework does not reflect the materiality of the LNG expansion opportunities;
- increasing the weighting of the Projects within the existing scorecard reward system would dilute the importance of continued achievement of ongoing operational objectives; and
- the timing of investment sanction and implementation of the Projects does not fit well within the current annual STI and LTI periods, and is itself a key driver of value.
The Board has considered these strategic and operational risks and determined to implement a separate LNG Expansion Incentive Plan that will:

- more appropriately align the materiality of reward with the materiality of achieving both operational objectives and achieving investment sanction for the Projects;
- focus executives on achieving both operational and transformative objectives; and
- increase the probability that key executives remain with the company for the near to mid-term.

The Board considers this LNG Expansion Incentive Plan to be structured in a way that will minimise the risks and optimise outcomes for shareholders.

The maximum amount of LNG Expansion Incentive for the Managing Director can be no more than 90% of Fixed Remuneration. Subject to the level of achievement of the performance conditions outlined below, the LNG Expansion Incentive will be up to 25% in cash - paid after investment sanction for the Projects is achieved - and 75% in Share Rights vesting two years after investment sanction is achieved. The Board considers that aggregate remuneration arrangements remain reasonable given the multi-year timeframe over which this LNG Expansion Incentive will be earned.

The key features of the LNG Expansion Incentive Plan that shareholders are being asked to support are:

**A. TYPE OF AWARD**

Participants will be granted Share Rights that, if they vest, give an entitlement to one share plus additional shares equal to dividends accrued and reinvested, or the cash equivalent value. The rights are exercisable from vesting for 7 years, after which rights lapse.

Dividends or dividend equivalents will not be paid during the performance period or on any share rights that do not vest.

**B. WHO WILL PARTICIPATE?**

The participants in the LNG Expansion Incentive Plan will be the Managing Director and his Executive direct reports being the members of the management team who are critical to a successful achievement of investment sanction for the Projects.

**C. WHAT IS THE STRUCTURE OF THE LNG EXPANSION INCENTIVE PLAN?**

The LNG Expansion Incentive Plan is at risk, and payment of each element is contingent on the achievement of performance conditions:

- the 25% cash component of the LNG Expansion Incentive is contingent on the achievement of scorecard objectives that are essential pre-requisites for achieving investment sanction for the Projects (outlined below); and
- vesting of the 75% of the LNG Expansion Incentive which will be granted as Share Rights is contingent on achieving investment sanction for the Projects within a defined period, and continuing service (subject to good leaver provisions) with a vesting period that ends two years after investment sanction is achieved (provided that the sanction date is achieved within an acceptable timeframe, as determined by the Board).

**D. WHAT ARE THE PERFORMANCE CRITERIA FOR DETERMINING THE LNG EXPANSION INCENTIVE?**

The deferred Share Rights and the cash component of the LNG Expansion Incentive are at risk and subject to the achievement of:

- a scorecard of pre-requisites that are necessary to achieve investment sanction for the Projects;
- investment sanction for the Projects to be achieved before a certain date; and
- continuing employment with the Group, or otherwise a good leaver.

There is a scorecard of pre-requisite objectives that are critical to achieving investment sanction to proceed with the Projects. These objectives are separate and distinct from the scorecard objectives for the existing STI. Since the LNG Expansion Incentive Plan scorecard objectives are commercially sensitive the Board intends to provide details of the extent to which targets were set and objectives achieved in the company’s remuneration report for the year in which the objectives are to be tested and the cash incentive, if any, awarded. However, the Board has taken care to ensure the LNG Expansion Incentive Plan scorecard objectives are specifically measurable and focused on the following areas:
## Scope of Accountability

<table>
<thead>
<tr>
<th>Deliverables</th>
<th>Metrics centred on:</th>
</tr>
</thead>
</table>
| Equity and project financing | • Funding arrangements with financiers  
|  | • Construction risk management  
| LNG Sales and purchase agreements | • Equity marketing arrangements in place  
|  | • Shipping arrangements  
| Commercial agreements | • Integration agreements negotiated  
| FEED execution and licensing for Associated Gas Expansion (AGX) (optimisation of oil fields via associated gas integration) | • AGX FEED studies delivered on schedule  
|  | • Licensing variations (as required)  
| Engineering, design and contracting | • Environmental approvals  
|  | • Delivery of FEED studies  
|  | • Delivery of development plan  
| Reserves | • Certification of project reserves  
| Licensing | • Obtaining required project licences  
|  | • Licence variations (as required)  
| Project financing | • Funding arrangements with financiers  
|  | • Construction risk management  
| Commercial agreements | • Integration agreements negotiated  

### E. SIZE OF AWARDS

The number of Share Rights awarded is determined by dividing the participant’s award value by the volume weighted average price of Oil Search shares for the five days following the announcement of the Company’s 2017 full year results and then rounding to the nearest whole share.

### F. FREQUENCY OF AWARDS

No further awards are anticipated in respect of the LNG Expansion Incentive Plan. The Board has determined a temporary increase in the incentive opportunity, by adding a material reward for a material transformative achievement:

- it is temporary, and for a material non-recurring outcome. It will not be a permanent increase to the cost base; and
- it is at-risk pay.

### G. VESTING OF AWARDS

There can be two vesting dates for the LNG Expansion Incentive:

- the cash component of 25% will not vest, partially vest or vest in full until all the LNG Expansion Incentive Plan scorecard objectives have been tested. As these objectives are all critical milestones to investment sanction the actual timing cannot be specified but is expected to be more than twelve months;
- the Share Rights will vest two years after achievement of investment sanction for the Projects;
- if investment sanction is not achieved for the Projects to proceed by a certain date, the Share Rights will be forfeited;
if investment sanction for the Projects is achieved before the specified date, the Share Rights become eligible for vesting two years after that date provided the executive remains employed (or is otherwise a good leaver). If terminated by the company, or the executive resigns without mutual consent, the rights lapse. Deferral of vesting 2 years after investment sanction will assist in ensuring the team remains to oversee initial implementation of the Projects post investment sanction; and

Share Rights provide alignment with shareholders and shareholder value.

H. MALUS AND CLAWBACK PROVISIONS

Unvested Share Rights can be forfeited in instances of fraud, dishonesty or breach of obligations or any circumstances occur that the Board determines to have resulted in an unfair benefit to the recipient.

I. CESSATION OF EMPLOYMENT

If an executive ceases employment before the end of the vesting period for either the cash component or the deferred Share Rights, the default position is that the executive will forfeit their LNG Expansion Incentive opportunity. The Board has the discretion to leave the LNG Expansion Incentive opportunity on foot to be tested in the normal course in the event of a person being regarded as a good leaver. A good leaver is defined as termination through death, disability, redundancy, or mutual agreement.

ASX Listing Rule 10.14 requires shareholder approval before the following persons can acquire securities in the Company under an employee incentive plan:

- a director of the entity;
- an associate of a director of the entity; and
- a person whose relationship with the entity is, in ASX’s opinion, such that approval should be obtained.

Accordingly, shareholder approval is sought in respect of the award of 203,984 Shares Rights to Managing Director, Mr Peter Botten, in accordance with the LNG Expansion Incentive Plan.

For the purposes of ASX Listing Rule 10.15A, participants who will be awarded Share Rights pursuant to the LTI Plan by way of an award under the LNG Expansion Incentive Plan following approval at the 2018 Annual Meeting are:

<table>
<thead>
<tr>
<th>NAME AND TITLE OF PARTICIPANT</th>
<th>NO. OF SHARE RIGHTS TO BE AWARDED</th>
<th>ACQUISITION PRICE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Peter Botten Managing Director</td>
<td>203,984</td>
<td>Nil</td>
</tr>
</tbody>
</table>

- Mr Peter Botten is the only director eligible to participate in the LTI Plan;
- as the acquisition price is nil, there are no loans in relation to the acquisition of the Share Rights by Mr Peter Botten;
- no additional person for whom shareholder approval is required under ASX Listing Rule 10.14 may participate in the LTI Plan until approval is obtained in accordance with Listing Rule 10.14;
- details of any Share Rights awarded under the LTI Plan will be published in each Annual Report of the Company relating to a period in which Share Rights have been awarded and the report will state that approval under ASX Listing Rule 10.14 was obtained;
- the Share Rights will be issued during the second quarter 2018 and, in any event, no later than three years after the date of the Meeting; and
- Mr Peter Botten did not receive any Share Rights in 2017 as the LNG Expansion Incentive Plan was not in operation.