

Building
our future...



OIL SEARCH LIMITED

NOTICE OF MEETING – 2012 ANNUAL MEETING

Notice is hereby given that the eighty first 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 Tuesday, 8 May 2012, at 11:00 a.m (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 2011.
2. In accordance with Section 190 of the Companies Act (1997), to appoint an auditor and in accordance with Section 191 of the 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 Companies Act (1997) and being eligible to do so, offers itself for re-appointment.

SPECIAL BUSINESS

1. To approve the issue of 248,700 Performance Rights to the Managing Director, Peter Botten, pursuant to the rules and terms of issue of the Long Term Incentive Plan (LTI Plan).
2. To approve the issue of 53,600 Performance Rights to Executive Director, Gereia Aopi, pursuant to the rules and terms of issue of the LTI Plan.
3. To approve the issue of 37,905 Restricted Shares to the Managing Director, 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 2011 year.
4. To approve the issue of 9,454 Restricted Shares to the Executive Director, Gereia Aopi, pursuant to the LTI Plan by way of a mandatory deferral of 50% of the Executive Director's short term incentive in respect of the 2011 year.

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

By Order of the Board



Stephen W. Gardiner
Group Secretary

Dated: 28 March 2012

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:

Level 7
Credit House
Cuthbertson Street
Port Moresby, NCD
PO Box 842, Port Moresby
PAPUA NEW GUINEA
Facsimile: (675) 322 5566

THE OFFICE OF THE COMPANY IN AUSTRALIA:

Level 27 Angel Place
123 Pitt Street
Sydney NSW 2000
GPO Box 2442
Sydney NSW 2001
AUSTRALIA
Facsimile: (61 2) 8207 8500

THE OFFICE OF THE COMPANY'S SHARE REGISTRY:

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 (SPECIAL BUSINESS ITEMS 1, 2, 3 AND 4)

Pursuant to ASX Listing Rules 10.14 and 10.15A.6, the Company will disregard any votes cast on Items 1, 2, 3 and 4 of the Special Business by Peter Botten and Gereia Aopi, being the only directors eligible to participate in the Long Term Incentive Plan, and any of their associates.

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 (ORDINARY BUSINESS ITEMS 1 AND 2)

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 2011, will be put to the Meeting for consideration.

There is no requirement for the Meeting to approve those reports. However, the Chairman will allow reasonable opportunity for shareholders to ask questions or make comments about those 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 Australian Corporations Law provisions 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 accordance with section 300A of the Australian Corporations Act 2001.

Oil Search's 2011 Annual Report has been made available to shareholders and can be found on the Company's website at the following address:

<http://www.oilsearch.com/Investors/ASX-Releases/Annual-Reports.html>

RESOLUTION 2 – 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.

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

BOARD SUCCESSION PLANNING

The Board of Oil Search is committed to the process of continually reviewing its membership and performance to ensure that the directors bring an appropriately diverse mix of skills and experiences that complement the Company's operating activities, geographic focus and strategic direction. The Board initiated a succession planning review in the second half of 2011, focussing on how the structure of the Company's Board should evolve over the next few years, particularly in preparation for the business growth opportunities that completion of the construction phase of the PNG LNG Project will inevitably bring. The review concluded that it was desirable to refresh the membership of the Board, provided suitable candidates could be identified, and a wide-ranging search for such candidates was undertaken, drawing on the services of a professional search firm.

The search process identified some high quality candidates and, accordingly, two of the longest serving members of the Board, Mr John Stitt and Mr Martin Kriewaldt, have decided not to stand for re-election at the Annual Meeting and will resign from the Board at the conclusion of the Annual Meeting to create capacity for two new directors to be appointed to the Board. The Board acknowledges the significant contributions from Mr Stitt and Mr Kriewaldt during their terms as directors, with both directors having chaired the Board Audit Committee with distinction and provided valuable counsel to their fellow Board members and management during the rapid period of development and value creation delivered by the Company over the last several years.

The Board is pleased to advise that Mr Keith Spence and Mr Richard Lee have accepted offers to join the Board, with their directorships to commence after the conclusion of the Annual Meeting, following the retirement of Mr Stitt and Mr Kriewaldt. In accordance with the Company's Constitution, Mr Spence and Mr Lee will automatically retire and offer themselves for reappointment at the next Annual Meeting of the Company.

Mr Spence will bring over thirty years of broad and relevant oil and gas industry experience to the Board, having held senior executive positions with Woodside Petroleum, including Chief Operating Officer and Acting Chief Executive Officer. Prior to Woodside, Mr Spence worked at Shell for 18 years.

Mr Spence currently holds a number of board, council and advisory positions relating to the Australian energy, resources and education sectors. He chairs the Board of Clough Limited and the Board of the National Offshore Petroleum Safety Authority and is Non- Executive Chairman of Geodynamics Limited and a Non-Executive Director of Verve Energy. He chairs the Critical Skills Investment Fund Advisory Board, the Australian Institute of Management (WA), the State Training Board of Western Australia and the Industry Advisory Board of the Australian Centre for Energy and Process Training.

Mr Lee's contribution to the Board will be equally valuable given his extensive investment banking and commercial business experience. Mr Lee is Chairman of Salmat Limited, the Australian Institute of Company Directors and Deputy Chairman of Ridley Corporation Limited. He is a Director of Newcrest Limited and Australian Rugby Union Limited. He was Chief Executive Officer of NM Rothschild Australia Group and is a former Director of CSR Limited. Prior to this he spent 16 years in the CSR sugar division.

EXPLANATORY NOTES (SPECIAL BUSINESS ITEMS 1, 2, 3 AND 4)

1) ISSUE OF PERFORMANCE RIGHTS TO THE MANAGING DIRECTOR, PETER BOTTEN, AND TO EXECUTIVE DIRECTOR, GERE AAOPI UNDER THE LONG TERM INCENTIVE PLAN

Items 1 and 2 of the Special Business deal with the proposed issue of Performance Rights to the Managing Director, Peter Botten, and Executive Director, Gere Aaoapi, under the LTI Plan.

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. The review did not change the manner in which the existing arrangements will operate in the future.

Under the LTI Plan, awards of the following can be made:

- Performance Rights (PRs) for key executives;
- Share Appreciation Rights or Share Options for other employees; and
- Restricted Shares for key executives.

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 restrictions.

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 certain 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 on acquisition of the shares pursuant to the PRs.

C) SIZE OF AWARD

The Board determines the size 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.

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.

The performance period for PR awards made in 2012 will be the three-year period from 1 January 2012 to 31 December 2014.

To determine the number of awards vesting, the Company's TSR over the performance period will be ranked:

- i) as regards 50% of the award, against the relative TSR of each of the first 150 bodies corporate in the ASX 200 Index as at the commencement of the three-year performance period; and
- ii) as regards the other 50% of the award, against the TSR of a peer group of domestic and international oil and gas exploration and production companies identified at the commencement of the three-year performance period.

If, in regard to either part of the award described in i or ii, 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 issued 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;
- an associate of the director; and
- a person whose relationship with the entity is, in the ASX's opinion such that approval should be obtained.

Accordingly, shareholder approval is sought in respect of the issue of 248,700 PRs to the Managing Director, Peter Botten and the issue of 53,600 PRs to Executive Director, Gereia Aopi, in accordance with the LTI Plan.

ASX Listing Rule 10.15A requires certain information to be given in a notice of meeting to approve the acquisition of securities under an employee incentive plan.

For the purposes of Listing Rule 10.15A, it is noted that:

- under the terms of the LTI Plan, it is proposed that Peter Botten be awarded 248,700 PRs and that Gereia Aopi be awarded 53,600 PRs in respect of the 2012 financial year. Peter Botten and Gereia Aopi may each acquire one ordinary share in the capital of the Company for each PR awarded to them. However, the ability of Peter Botten and Gereia Aopi to exercise

NOTICE OF MEETING – 2012 ANNUAL MEETING

the PRs is subject to the performance conditions described in the summary of the LTI Plan set out above being met;

- the acquisition price for the shares will be nil;
- persons referred to in ASX Listing Rule 10.14 who received PRs under the PR Plan following the last approval at the 2011 Annual Meeting were:

NAME OF PARTICIPANT	NO. OF PRS RECEIVED	ACQUISITION PRICE
Peter Botten	245,800	Nil
Gerea Aopi	51,100	Nil

- Peter Botten and Gerea Aopi are the only persons participating in the LTI Plan who require shareholder approval for the right to acquire shares in the capital of the Company under the LTI Plan;
- details of any PRs issued under the LTI Plan will be published in each annual report of the Company relating to a period in which PRs have been issued, and the report will state that approval for the issue of those PRs was obtained under ASX Listing Rule 10.14;
- no person for whom shareholder approval is required under ASX Listing Rule 10.14 may participate in the PR Plan until approval is obtained in accordance with ASX Listing Rule 10.14; and
- PRs for the 2011 performance year will be awarded to Peter Botten and Gerea Aopi as soon as practicable following the close of the Meeting.

2) ISSUE OF RESTRICTED SHARES TO THE MANAGING DIRECTOR, PETER BOTTEN, AND TO EXECUTIVE DIRECTOR, GERE A OPI

Items 3 and 4 of the Special Business deal with the proposed issue of 37,905 Restricted Shares to the Managing Director, Peter Botten and with the proposed issue of 9,454 Restricted Shares to Executive Director, Gerea Aopi, pursuant to the LTI Plan.

The Company introduced the Restricted Share Plan in 2007. Following changes in Australian tax legislation, the existing equity incentive arrangements were reviewed and consolidated as the LTI Plan. The review did not change the manner in which the existing arrangements will operate in the future.

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

A) TYPE OF AWARDS

Awards of Restricted Shares under the LTI Plan are structured as grants of Restricted Shares for nil consideration. Restricted Shares are held on behalf of participants in trust, subject to disposal restrictions and forfeiture conditions, until released under the terms of the LTI Plan.

The LTI Plan rules allow participation by any executive,

executive director or any other key employee deemed to be eligible by the Board.

The Board may adopt additional rules for awards of Restricted Shares to take into account legal or tax implications.

B) PURCHASE PRICE

Participants are not required to pay any amount in respect of the Restricted Shares.

C) SIZE OF AWARDS

The number of Restricted Shares to be granted to the participant is the number of ordinary shares that can be acquired on-market with a specific percentage of the participant's total fixed remuneration (TFR) determined at the time of the grant.

D) FREQUENCY OF AWARDS

Awards of Restricted Shares under the LTI Plan are made from time to time where the Board determines that retention of the individual is a key Company objective.

E) PERFORMANCE CRITERIA

The vesting of Restricted Shares is subject to continued employment – no additional performance conditions apply. Unless the Board otherwise determines, unvested Restricted Shares will be forfeited where a participant ceases employment before the vesting date.

F) DISPOSAL RESTRICTIONS/FORFEITURE CONDITIONS ON SHARES

Restricted Shares are held in trust prior to the Restricted Shares vesting. Restricted Shares will be automatically released from the trust on the vesting date. Whilst the Restricted Shares are held in trust, the Restricted Shares will be subject to disposal restrictions and forfeiture conditions. Restricted Shares held in trust (whether vested or not) will be forfeited by participants who are considered by the Board to have acted fraudulently or dishonestly.

G) CESSATION OF EMPLOYMENT

Unless the Board otherwise determines, participants who cease employment prior to vesting will forfeit their unvested Restricted Shares except on death or cessation due to ill health, permanent disablement, redundancy or where the Board determines in its discretion that unvested Restricted Shares should vest.

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 issued or existing shares (for example through purchase on-market) to satisfy awards under the LTI Plan.

Participants are not entitled to dividends and voting rights.

I) MAXIMUM NUMBER OF RESTRICTED SHARES TO BE ISSUED

The aggregate number of Restricted Shares and shares subject to outstanding rights (that is, rights that have not yet been exercised and 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.

GRANT OF RESTRICTED SHARES IN LIEU OF STI AWARDS

Grants of Restricted Shares in lieu of a portion of a participant's short term incentive (STI) award may be made under the LTI Plan. These awards are made on the same terms as outlined above, except for the following specific terms:

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 will be mandatory for employees, including all senior executives, selected to participate in the arrangement.

B) SIZE OF AWARDS

The number of Restricted Shares issued will be the number of ordinary shares that can be acquired on market with 50% of the participant's STI award (determined shortly after the end of the performance period).

C) FREQUENCY OF AWARDS

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

D) VESTING OF AWARDS

Shares issued in the second quarter of 2012 (in respect of the 2011 financial year) will automatically vest on 1 January 2014.

E) PERFORMANCE CRITERIA

Performance criteria determine the quantum of the STI award based on achievement of operating, financial, exploration success and business growth targets set by the Board over the relevant financial year. No additional performance conditions apply to the Restricted Shares granted 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 in lieu 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;
- an associate of the director; and
- a person whose relationship with the entity is, in the ASX's opinion, such that approval should be obtained.

Accordingly, shareholder approval is sought in respect of the grant of 37,905 Restricted Shares to the Managing Director, Peter Botten and the grant of 9,454 Restricted Shares to Executive Director, Gereia Aopi, in accordance with the LTI Plan.

ASX Listing Rule 10.15A requires certain information to be given in a notice of meeting to approve the acquisition of securities under an employee incentive plan.

For the purposes of Listing Rule 10.15A it is noted that:

- the Managing Director, Peter Botten, will be granted pursuant to the LTI Plan with 37,905 Restricted Shares by way of mandatory deferral of 50% of the Managing Director's STI award for 2011;
- Executive Director, Gereia Aopi, will be granted pursuant to the LTI Plan with 9,454 Restricted Shares by way of mandatory deferral of 50% of the Executive Director's STI award for 2011;
- the acquisition price for the Restricted Shares will be nil;
- persons referred to in ASX Listing Rule 10.14 who received Restricted Shares under the Restricted Shares Plan following the last approval at the 2011 Annual Meeting were:

NAME OF PARTICIPANT	NO. OF RESTRICTED SHARES RECEIVED	ACQUISITION PRICE
Peter Botten	74,588	Nil
Gereia Aopi	18,592	Nil

- Peter Botten and Gereia Aopi are the only persons participating in the LTI Plan who require shareholder approval to acquire Restricted Shares under the LTI Plan;
- no person for whom shareholder approval is required under 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 issued under the LTI Plan will be published in each annual report of the Company relating to a period in which Restricted Shares have been issued and the report will state that approval under ASX Listing Rule 10.14 was obtained; and
- Peter Botten and Gereia Aopi will be required to defer 50% of their short term incentive awards for the 2011 financial year into restricted shares during the second quarter 2012 and awards will vest no later than two years after the date of the Meeting.



OIL SEARCH LIMITED