



# Oil Search



NOTICE OF MEETING 2015



# NOTICE OF MEETING 2015 ANNUAL MEETING

Notice is hereby given that the eighty-fourth 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, 15 May 2015, 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 2014.
2. To re-elect Gereia Aopi as a director of the Company. Gereia Aopi 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 Richard (Rick) Lee as a director of the Company. Rick Lee intends to voluntarily retire and, being eligible to do so, offers himself for re-election.
4. To re-elect Bartholomew (Bart) Philemon as a director of the Company. Bart Philemon retires in accordance with clause 15.3(b) of the Company's Constitution and, being eligible to do so, offers himself for re-election.
5. 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 award of 236,000 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 award of 51,400 Performance Rights to Executive Director, Gereia Aopi, pursuant to the rules and terms of issue of the LTI Plan.
3. To approve the award of 226,043 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 2014 year.
4. To approve the award of 39,593 Restricted Shares to 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 2014 year.

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

By Order of the Board

**Stephen Gardiner**  
Group Secretary

Date: 26 March 2015

# NOTICE OF MEETING

## 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  
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:

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:

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, 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 FOR ORDINARY BUSINESS ITEMS 1, 2, 3, 4 AND 5

### 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 2014, 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 2014 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/Investor-Centre/ASX-Releases/Annual-Reports.html>



# NOTICE OF MEETING 2015 ANNUAL MEETING

## RESOLUTIONS 2, 3 AND 4 – RE-ELECTION OF DIRECTORS

### **Mr Gereia Aopi, BEc, BAC, MBA, CBE, Executive Director, 60 years**

Mr Aopi joined the Board as an Executive Director on 18 May 2006 and presently holds the position of Executive General Manager External and Government Affairs and Sustainability. Mr Aopi has substantial public service and business experience in Papua New Guinea, having had a long and distinguished career in government with a number of important positions, including Secretary for Finance and Planning and Managing Director of Telikom PNG Ltd and Independent Public Business Corporation (IPBC). Mr Aopi is a Director of Steamships Trading, Bank of South Pacific and a number of other private sector and charitable organisations in Papua New Guinea.

Mr Aopi is an executive director and the Board, with Mr Aopi abstaining, recommends that shareholders vote in favour of Gereia Aopi's re-election.

### **Mr Rick Lee, BEng (Chem) (Hons), MA (Oxon), FAICD, (Chairman) Non-Executive Director, 65 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 nine years in the position of Chief Executive Officer of NM Rothschild Australia Limited. Mr Lee is a Director of Newcrest Mining Limited and a 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 Rick Lee's re-election.

### **Mr Bart Philemon, Non-Executive Director, 69 years**

Mr Philemon joined the Board on 5 November 2012. Mr Philemon is acknowledged as one of Papua New Guinea's most influential leaders, with distinguished careers in both business and public service. Mr Philemon's career highlights include serving as Chairman of Air Niugini and holding a number of ministerial posts in PNG Government, including Minister of Foreign Affairs and Minister for Finance and Treasury. Mr Philemon served as the member for Lae Open in Government from 1992 until the 2012 elections. Mr Philemon is a director of Highlands Pacific Limited and the Bank of Papua New Guinea.

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

## RESOLUTION 5 – 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.

## EXPLANATORY NOTES FOR SPECIAL BUSINESS ITEMS 1, 2, 3 AND 4

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

Items 1 and 2 of the Special Business deal with the proposed award of 236,000 PRs to the Managing Director, Peter Botten and with the proposed award of 51,400 PRs to Executive Director, Gereia Aopi.

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, awards of the following can be made:

- Performance Rights for key executives;
- Share Rights 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 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 (5) days following the announcement of the Company's 2014 full year results and then rounding to the nearest one thousand.

# NOTICE OF MEETING

## 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 the award of PRs made in 2015 will be the three-year period from 1 January 2015 to 31 December 2017.

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 TSR of each of the constituents of the S&P/ASX 50 Index (excluding property trusts and non-standard listings) as at the commencement of the three-year performance period; and
- ii) as regards the other 50% of the award, against the TSR of each of the constituents of the Standard & Poor's Global Energy Index at the commencement of the three-year performance period. TSR outcomes for this international group are normalised against a US dollar base currency to provide consistency of measurement.

If, in regard to either part of the award described in F) 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 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 the director of the entity; 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 award of 236,000 PRs to the Managing Director, Peter Botten and the award of 51,400 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.



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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 2015 financial year as follows:

NAME AND TITLE OF PARTICIPANT	NO. OF PRS TO BE AWARDED	ACQUISITION PRICE
Peter Botten Managing Director	236,000	Nil
Gerea Aopi Executive Director	51,400	Nil

- Peter Botten and Gerea 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 Gerea Aopi to exercise the PRs is subject to the performance conditions described in the summary of the LTI Plan set out on pages 4 and 5 being met.
- Peter Botten and Gerea Aopi are the only participants 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 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 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; and
- PRs for the 2015 performance year will be awarded to Peter Botten and Gerea Aopi as soon as practicable following the close of the Meeting.

For the purposes of ASX Listing Rule 10.14, following approval at the 2014 Annual Meeting:

- Peter Botten received 222,600 PRs under the LTI Plan. The acquisition price of the PRs was NIL; and
- Gerea Aopi received 48,500 PRs under the LTI Plan. The acquisition price of the PRs was NIL.

## 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 award of 226,043 Restricted Shares to the Managing Director, Peter Botten and with the proposed award of 39,593 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 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 will be mandatory for employees, including all 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 participants STI award by the volume weighted average price of Oil Search shares for the five (5) days following the announcement of the Company's 2014 full year results and then rounding to the nearest whole 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 2015 (in respect of the 2014 financial year) will automatically vest on 1 January 2017.

### 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 received by way of the mandatory deferral of a portion of a participant's STI award other than continued employment until the vesting date.

# NOTICE OF MEETING

## 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 of the entity;
- an associate of the director of the entity; 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 award of 226,043 Restricted Shares to the Managing Director, Peter Botten and the award of 39,593 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 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 2014, following approval at the 2015 Annual Meeting are:

NAME AND TITLE OF PARTICIPANT	NO. OF RESTRICTED SHARES TO BE AWARDED	ACQUISITION PRICE
Peter Botten Managing Director	226,043	Nil
Gereia Aopi Executive Director	39,593	Nil

- Peter Botten and Gereia Aopi are the only participants 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 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; and

- Peter Botten and Gereia Aopi will be required to defer 50% of their short term incentive awards for the 2014 financial year into restricted shares during the second quarter 2015 and awards will vest no later than two years after the date of the Meeting.

For the purposes of ASX Listing Rule 10.14, following approval at the 2014 Annual Meeting:

- Peter Botten received 99,460 Restricted Shares by way of mandatory deferral of 50% of his STI award for 2013. The acquisition price of the Restricted Shares was NIL; and
- Gereia Aopi received 25,996 Restricted Shares by way of mandatory deferral of 50% of his STI award for 2013. The acquisition price of the Restricted Shares was NIL.



**Oil Search**

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