IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S.

IMPORTANT: You must read the following before continuing. The following applies to the supplemental offering circular following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the supplemental offering circular. In accessing the supplemental offering circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SECURITIES OF THE ISSUER. THE SECURITIES AND THE GUARANTEE HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**) OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR THE BENEFIT OF, U.S. PERSONS (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE FOLLOWING SUPPLEMENTAL OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are reminded that the supplemental offering circular has been delivered to you on the basis that you are a person into whose possession the supplemental offering circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the supplemental offering circular to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the managers or any affiliate of the managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the managers or such affiliate on behalf of the issuing entity in such jurisdiction.

By accessing the supplemental offering circular or any related pricing supplement, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the supplemental offering circular or any related pricing supplement by electronic transmission, (c) you are not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia, (d) if you are a person in the United Kingdom, then you are a person who (i) is an investment professional within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **FPO**) or (ii) is a high net worth entity falling within Article 49(2)(a) to (d) of the FPO (all such persons together being referred to as **relevant persons**) and (e) if you are a person in Australia you are (i) a sophisticated investor, (ii) a professional investor or (iii) a person in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Australian Corporations Act. In the United Kingdom, the supplemental offering circular or any related pricing supplement must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which the supplemental offering circular or any related pricing supplement relates is available only to relevant persons and will be engaged in only with relevant persons.

The supplemental offering circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Guarantor, the Arranger or the Dealer(s) accepts any liability or responsibility whatsoever in respect of any difference between the supplemental offering circular distributed to you in electronic format and the hard copy version available to you on request from the Issuer, the Guarantor, the Arranger or the Dealer(s).

SUPPLEMENTALOFFERING CIRCULAR

SANTOS FINANCE LIMITED

(*incorporated with limited liability in Australia, ACN 002 799 537*)

U.S.$10,000,000,000
Euro Medium Term Note Programme
unconditionally and irrevocably guaranteed by
SANTOS LIMITED

(*incorporated with limited liability in Australia, ACN 007 550 923*)

This Supplemental Offering Circular is supplemental to, and should be read in conjunction with, the Offering Circular dated 12 November 2018 (the **Original Offering Circular** and together with this Supplemental Offering Circular, the **Offering Circular**) relating to the Santos Finance Limited U.S.$10,000,000,000 Euro Medium Term Note Programme (the **Programme**) and all other documents that are deemed to be incorporated by reference therein in relation to the Programme. Save to the extent defined in this Supplemental Offering Circular, terms defined or otherwise attributed meanings in the Original Offering Circular have the same meaning when used in this Supplemental Offering Circular. References in the Original Offering Circular to "this Offering Circular" mean the Original Offering Circular as supplemented by this Supplemental Offering Circular. To the extent that the Original Offering Circular is inconsistent with this Supplemental Offering Circular, the terms of this Supplemental Offering Circular will prevail.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*" in the Offering Circular.

It is intended that application will be made to the Australian Securities Exchange operated by ASX Limited (ABN 98 008 624 691) (the **ASX**) for the Notes to be listed on the ASX. References in the Offering Circular to the Notes being listed (and all related references) shall mean that the Notes are quoted on the ASX. The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s). The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

Issuer Legal Entity Identifier: 213800BKUBSWG53XNS94

Arranger and Dealer

Citigroup

The date of this Supplemental Offering Circular is 5 March 2019.

IMPORTANT INFORMATION

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Supplemental Offering Circular and the Pricing Supplement for each Tranche of Notes issued under the Programme. **To the best of the knowledge of the Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case) the information contained in this Supplemental Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.**

None of the Dealers, the Agents (as defined in the Terms and Conditions of the Notes (the **Conditions**)) or the Trustee (as defined below) has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers, the Agents or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Supplemental Offering Circular or any other information provided by the Issuer or the Guarantor in connection with the Programme. No Dealer, Agent or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Supplemental Offering Circular or any other information provided by the Issuer or the Guarantor in connection with the Programme.

No person is or has been authorised by the Issuer, the Guarantor, any Agent or the Trustee to give any information or to make any representation not contained in or not consistent with this Supplemental Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, any of the Dealers, any of the Agents or the Trustee.

Neither this Supplemental Offering Circular nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Guarantor, any of the Dealers, any of the Agents or the Trustee that any recipient of this Supplemental Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Guarantor. Neither this Supplemental Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or the Guarantor, any of the Dealers, any of the Agents or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Supplemental Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in it concerning the Issuer and/or the Guarantor is correct at any time subsequent to its date or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers, the Agents and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention.

This Supplemental Offering Circular has not been, and will not be, lodged with the Australian Securities and Investments Commission and is not, and does not purport to be, a document containing disclosure to investors for the purposes of Part 6D.2 or Part 7.9 of the Corporations Act. It is not intended to be used in connection with any offer for which such disclosure is required and does not contain all the information that would be required by those provisions if they applied. It is not to be provided to any 'retail client' as defined in section 761G of the Corporations Act.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS SUPPLEMENTAL OFFERING CIRCULAR AND OFFERS OF NOTES GENERALLY

This Supplemental Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Supplemental Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Guarantor, the Dealers, the Agents and the Trustee do not represent that this Supplemental Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Dealers, the Agents or the Trustee which is intended to permit a public offering of any Notes or distribution of this Supplemental Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Supplemental Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Supplemental Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Supplemental Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of the Offering Circular and the offer or sale of Notes in the United States, the EEA (including the United Kingdom), Japan and Australia, see "*Subscription and Sale* ".

This Supplemental Offering Circular has been prepared on the basis that any offer of Notes in any Member State of the EEA which has implemented Directive 2003/71/EC (as amended or superseded, the **Prospectus Directive**) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer of Notes in that Relevant Member State may only do so in circumstances in which no obligation arises for the Issuer, the Guarantor or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do any of them authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer. Notes issued under the Offering Circular will not be admitted to trading and/or listed on a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on Markets in Financial Instruments.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

Unless otherwise indicated, the financial information in this Supplemental Offering Circular relating to the Issuer and the Guarantor has been derived respectively from (i) the audited financial statements of the Issuer for the financial years ended 31 December 2016 and 31 December 2017 and (ii) the audited consolidated financial statements of the Guarantor for the financial years ended 31 December 2017 and 31 December 2018 (together, the **Financial Statements**).

The Issuer's and the Guarantor's financial years end on 31 December, and references in this Supplemental Offering Circular to any specific year are to the 12-month period ended on 31 December of such year. The Financial Statements have been prepared in accordance with Australian Accounting Standards.

Certain Defined Terms and Conventions

Capitalised terms which are used but not defined in any particular section of this Supplemental Offering Circular will have the meaning attributed to them in "*Terms and Conditions of the Notes*" or any other

section of this Supplemental Offering Circular. In addition, the following terms as used in this Supplemental Offering Circular have the meanings defined below:

In this Supplemental Offering Circular, all references to:

- *U.S. dollars, USD* and *U.S.$* refer to the lawful currency of the United States;
- *Australian dollars, AUD* and *A$* refer to the currency of the Commonwealth of Australia;
- *Sterling* and £ refer to the lawful currency of the United Kingdom; and
- *euro* and € refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

Certain figures and percentages included in this Supplemental Offering Circular have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

SUITABILITY OF INVESTMENT

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in the Offering Circular or any applicable supplement;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and

(v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail

investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

MiFID II product governance / target market – The Pricing Supplement in respect of any Notes may include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the **SFA**) – Unless otherwise stated in the Pricing Supplement in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

SUPPLEMENT

This Supplemental Offering Circular must be read in conjunction with the Original Offering Circular. To the extent that the information in the Original Offering Circular is inconsistent with this Supplemental Offering Circular, the terms of this Supplemental Offering Circular will prevail. Any decision to invest in the Notes should be based on a consideration of this Supplemental Offering Circular and the Original Offering Circular as a whole, including any documents incorporated by reference.

RISK FACTORS

The risk factor entitled "FACTORS THAT MAY AFFECT THE GUARANTOR'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE GUARANTEE - Acquisitions and divestments" appearing on pages 15 to 16 of the Original Offering Circular shall be deleted in its entirety and replaced with the following:

Acquisitions and Divestments

Santos from time to time evaluates acquisition and divestment opportunities across its range of assets and businesses, and engages in confidential negotiations with third parties with respect to these opportunities. However, neither the opportunities nor the negotiations are publicly disclosed until such time as the prospects of transacting are sufficiently certain, and Santos has determined the impact of the transaction would be material to the price of Santos' shares. Any acquisitions or disposals could lead to a change in the sources of Santos' earnings and result in variability of earnings over time. Any acquisitions or disposals could also lead to changes in future capital and operating expenditure obligations which may impact Santos' funding requirements. They may also give rise to liabilities resulting from previous activities of operators and joint venture partners, or from any areas not disclosed or uncovered during due diligence processes. Integration of new businesses into the Santos group may be costly and may occupy a large amount of management's time, and merger synergies identified at the time of entering a transaction may not be realised post-completion. Where Santos has entered into agreements to dispose of or acquire assets, but completion of that sale or purchase, including the payment/receipt of the purchase price is subject to certain conditions that remain unsatisfied at the time that the sale and purchase agreement is executed, there remains a risk that any such asset sale or purchase does not ultimately complete, in which case Santos would retain the asset and not receive the payment of sale proceeds or fail to capture the asset and not pay the purchase price (as applicable).

In the case of an acquisition by Santos of a company, the liabilities (including financial debt, whether assumed or refinanced) of the company acquired would become liabilities of the Group, which may increase the Group's financial leverage and result in changes to other credit metrics, which could adversely impact the credit capacity and credit rating of Santos. In the case that Santos is acquired by another entity, the business, operations and financial position of the Group may be changed or influenced by the acquiring entity. In addition, the acquiring entity may have higher debt levels and a potentially lower credit rating than currently held by Santos. These factors could adversely impact the credit capacity and credit rating of Santos.

The risk factor entitled "FACTORS THAT MAY AFFECT THE GUARANTOR'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE GUARANTEE - Reserves - *Oil and gas reserves risk*" on page 17 of the Original Offering Circular shall be deleted in its entirety and replaced with the following:

Oil and gas reserves risk

A failure to successfully develop existing reserves, including due to a reduction in exploration and appraisal expenditure, and/or a failure to find and develop additional reserves may require Santos' projects to source further gas from other sources at higher cost, or lead to a breach of Santos'

contractual obligations as a result of non-delivery of LNG, gas or oil under customer contracts.

Calculations of recoverable oil and gas reserves and resources contain significant uncertainties, which are inherent in the reservoir geology, the seismic and well data available and other factors such as project development and operating costs, together with relevant commodity prices. This uncertainty is often expressed as a range of reserve and/or resource levels with associated probabilities. During the course of appraisal, development and continuing operations, the increased quantity and variety of data will generally improve the accuracy of the reserve and resource estimates and narrow the range of uncertainty. However, there is always a risk that the reserves actually produced may vary from the predicted reserves estimate, for example tending to the lower end of the volume uncertainty range, in response to poorer reservoir performance than expected or earlier than expected water influx, or other technical or commercial reasons. In some cases, the stated reserves may, during, or at the end of, field life, vary significantly from the previous estimates, either upwards or downwards for various technical or commercial reasons which may have an adverse impact on the Group's revenue and ability to meet its contractual commitments.

Changes to the Petroleum Resources Management System (**PRMS**), which is sponsored by the Society of Petroleum Engineers (**SPE**) and others, or any other applicable guidelines or requirements, may also impact the Group's calculation of petroleum reserves and contingent resources estimates. An updated version of PRMS was released in July 2018 and a key clarification was the requirement for Proved Reserves to demonstrate positive economics. Adherence to this requirement and other modifications may affect the Group's reserves and resources calculation and reporting, and could lead to a change in the Group's reported reserves estimates or additional reporting obligations. Public reporting rules will facilitate a transition from PRMS 2007 to PRMS 2018 over the next few years.

In addition, some of Santos' interests, in particular, in relation to the PNG LNG project may be subject to future contractual redetermination triggers. If redetermination is triggered and results in an unfavourable outcome, then Santos' interest in the PNG LNG project could be reduced along with its access to the associated underlying resources and revenues.

The risk factor entitled "FACTORS THAT MAY AFFECT THE GUARANTOR'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE GUARANTEE - Operations and insurance - *Social licence and investor perception*" on page 20 of the Original Offering Circular shall be deleted in its entirety and replaced with the following:

Social licence and activism

There continues to be public debate in Australia on the environmental and social impact of extraction of gas utilising fracture stimulation (fracking) and also Coal Seam Gas (**CSG**) production, including the impact on air quality through emissions and fugitive emissions, agricultural land, local communities, underground water aquifers and marine areas, the processing, treatment and storage of water and brine, and the impact of LNG projects on the price of gas within the domestic market (including potential domestic gas reservation). This debate may impact ability to access land and influence regulations in relation to these matters and may lead to a delay or cost overruns in existing and future projects or with respect to Santos' operations and/or delayed commencement of LNG and gas sales. In turn this may impact Santos' cash flow available for servicing its funding, the payment of dividends and capital expenditure and may have a material adverse effect on its financial performance and credit ratings.

These debates may exacerbate or lead to investment or shareholder activism which has been on the rise for ASX-listed companies in Australia. Failure by Santos to effectively manage or communicate its strategy and risks, including changes in social expectations, regulatory or policy changes, its management and communication of cost management and growth prospects, or external risk factors including actions of peer companies, governments, analysts or investment or shareholder activists,

may all impact investor perceptions and the level of investment in Santos, which may in turn impact the market value of Santos shares.

The risk factor entitled "FACTORS THAT MAY AFFECT THE GUARANTOR'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE GUARANTEE - Financial risks - *Downgrade to Santos' credit rating*" on page 21 of the Original Offering Circular shall be deleted in its entirety and replaced with the following:

Downgrade to Santos' credit rating

On 12 July 2018, Santos' BBB- (stable outlook) credit rating was affirmed by S&P. Further on 22 August 2018, S&P advised that its ratings on Santos were unaffected by the proposed acquisition of Quadrant, which has now completed.

Credit ratings are subject to revision, suspension or withdrawal at any time by the assigning rating agency. Rating agencies may also revise or replace entirely the methodology applied to derive credit ratings. No assurances can be given that a credit rating will remain for any period of time or that a credit rating will not be lowered or withdrawn entirely by the rating agency if in its judgment circumstances in the future so warrant, or if a different methodology is applied to derive that credit rating.

Any downgrade could impact Santos' ability to obtain financing, increase its future financing costs, impact its ability to access capital markets and/or have an adverse effect on the market price of Santos' shares.

The risk factor entitled "FACTORS THAT MAY AFFECT THE GUARANTOR'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE GUARANTEE - Financial risks -*AASB 16 Leases*" on page 22 of the Original Offering Circular shall be deleted in its entirety.

The heading to the risk factor entitled "FACTORS THAT MAY AFFECT THE GUARANTOR'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE GUARANTEE - Regulatory, tax and legal" on page 22 of the Original Offering Circular shall be deleted in its entirety and replaced with the following:

Regulatory, tax, legal and accounting

The risk factor entitled "FACTORS THAT MAY AFFECT THE GUARANTOR'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE GUARANTEE - Regulatory, tax and legal - *Political risk*" on page 22 of the Original Offering Circular shall be deleted in its entirety and replaced with the following:

Political risk

Santos' interests in Australia and the other countries in which it has interests (e.g. Papua New Guinea) are subject to political, economic, social and other uncertainties, including the risk of civil rebellion, expropriation, border and territorial disputes, war, insurrection, acts of terrorism, nationalisation, renegotiation or termination of existing contracts, licences and permits or other agreements, changes in laws or taxation policies, currency exchange restrictions and changing political conditions. The effects of these factors are difficult to predict and any combination of one or other of the above may have a material adverse effect on the operation or development of Santos' business and/or the ownership or control of its assets. On 7 September 2018, Santos announced the completion of the sale of certain producing assets in Southeast Asia (i.e. Santos' interests in the Sampang PSC and Madura Offshore PSC in Indonesia, and Vietnam Block 12W PSC), and the completion of the sale of the other assets that are the subject of that sale transaction (exploration assets in Bangladesh and Vietnam) remain subject to customary consents and regulatory approvals.

The risk factor entitled "FACTORS THAT MAY AFFECT THE GUARANTOR'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE GUARANTEE - Regulatory, tax and legal - *Regulatory risks*" appearing on pages 22 to 23 of the Original Offering Circular shall be deleted in its entirety and replaced with the following:

Regulatory risks

Santos' business is subject to various laws and regulations in each of the countries in which it operates. These relate to the development, production, marketing, pricing, transportation and storage of its products as well as the royalties, taxes and other imposts Santos must pay to applicable Government authorities and landowners in connection with its activities. A change in Government and/or the laws, which apply to Santos' business or the way in which it is regulated, could have a material adverse effect on its business, results of operations and financial condition. For example, a change in taxation laws, environmental laws, competition laws or the application of other existing laws or new laws, including any laws relating to climate change and/or carbon emissions, could also have a material effect on Santos. In addition, non-compliance with such laws and regulations would have an adverse effect on Santos. It is not uncommon for the Governments of those jurisdictions in which Santos operates to review the markets, laws, and regulations which impact Santos' business from time to time and this can lead to changes in the regulatory environment in which Santos or its joint venture partners operate.

Santos has investments and operations in several countries where title to land and access and other rights with respect to land and resources (including indigenous title) may be complex and unclear. A number of Santos' interests are located within areas that are the subject of one or more claims or applications for native title determination. In Australia, compliance with the requirements of the Native Title Act 1993 (Cth) can delay the grant of mineral and petroleum tenements and consequently impact generally the timing of exploration, development and production operations. Santos does not believe that the outcome of those claims or applications will significantly impact on its asset base, however, native title decisions have the potential to introduce royalty payments and delay in the grant of mineral and petroleum tenements and other licences and consequently may impact generally on the timing of exploration, development and productions operations.

Santos has interests in areas which may be subject to claims by landowners, who may have concerns over the distribution of oil and gas royalties and access to mining and petroleum-related benefits. This has the potential to result in community unrest and activism targeted towards project infrastructure.

The risk factor entitled "FACTORS THAT MAY AFFECT THE GUARANTOR'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE GUARANTEE - Regulatory, tax and legal - *Climate Change Risk*" on page 24 of the Original Offering Circular shall be deleted in its entirety and replaced with the following:

Climate Change Risk

Santos is likely to be subject to increasing regulations and costs associated with climate change and management of carbon emissions.

Strategic, regulatory and operational risks and opportunities associated with climate change are incorporated into Santos' policy and strategy, and risk management processes and practices. Santos actively monitors current and potential areas of climate change risk and takes actions to prevent and/or mitigate any impacts on its objectives and activities. Reduction of waste and emissions is an integral part of delivery of cost efficiencies and forms part of Santos' routine operations.

Santos has modelled the impact of changing climate policy on its portfolio of assets, consistent with the requirements of the G20's Task Force on Climate-Related Financial Disclosures. Santos used the International Energy Agency's (**IEA**) scenarios from its Energy Technology Perspectives 2017 report

to understand the economic resilience of its portfolio. Santos' value and earnings are economically resilient under the three IEA scenarios.

Further detail on Santos' IEA scenario analysis and the material risks relating to climate change are available in Santos' 2019 Climate Change Report.

The risk factor entitled "FACTORS THAT MAY AFFECT THE GUARANTOR'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE GUARANTEE - Regulatory, tax and legal - *Taxes*" on page 24 of the Original Offering Circular shall be deleted in its entirety and replaced with the following:

Taxes

In addition to the standard level of income tax imposed on all industries, companies in the petroleum and gas industries are required to pay government royalties, direct and indirect taxes and other imposts in the jurisdictions in which they operate. The profitability of companies in these industries can be affected by changes in government taxation and royalty policies or in the interpretation or application of such policies. In relation to the Petroleum Resource Rent Tax (**PRRT**), the Government introduced draft legislation to amend the PRRT on 13 February 2019, which could have adversely impacted Santos' PRRT deductions. However, the Bill was immediately referred to a Senate Economics Legislation Committee for further inquiry and as part of the review, the Committee has invited further submissions on the Bill by 14 March 2019. Accordingly, the outcomes of that review and the final form of the Bill are uncertain and the impact is unable to be quantified.

The following risk factor shall be inserted immediately after the risk factor entitled "FACTORS THAT MAY AFFECT THE GUARANTOR'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE GUARANTEE - Regulatory, tax and legal - *Ipso Facto Moratorium*" on page 25 of the Original Offering Circular:

Accounting Standard Impacts

Effective 1 January 2019, the group has been applying AASB 16 Leases which requires the Group to account for all lease arrangements on balance sheet. The net impact on the group's financial position is not material. Effective 1 January 2019 the functional currency of Santos Limited and a number of other entities in the Group has changed to US Dollars. The presentation currency remains US Dollars.

The risk factor entitled "FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME - Risks related to the structure of a particular issue of Notes - *The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"*" on page 26 of the Original Offering Circular shall be deleted in its entirety and replaced with the following:

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks" are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark". Regulation (EU) 2016/1011 (the **Benchmarks Regulation**) was published in the Official Journal of the EU on 29 June 2016 and has applied since 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent

regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark" or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a "benchmark".

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a "benchmark".

The risk factor entitled "FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME - Risks related to the structure of a particular issue of Notes - *Future discontinuance of LIBOR may adversely affect the value of Floating Rate Notes which reference LIBOR*" on page 27 of the Original Offering Circular shall be deleted in its entirety and replaced with the following:

Future discontinuance of LIBOR may adversely affect the value of Floating Rate Notes which reference LIBOR

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority (**FCA**), which regulates the London Inter-Bank Offering Rate (**LIBOR**), announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. On 12 July 2018, the FCA further announced that LIBOR may in the future cease to satisfy the requirements of the Benchmarks Regulation and described the steps that are being taken to ensure a transition from LIBOR to alternative interest rate benchmarks. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted.

Investors should be aware that, if LIBOR or such other benchmark (including, for example, EURIBOR) were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes which reference LIBOR or such other benchmark will be determined for the relevant period by the fall-back provisions applicable to such Notes. Depending on the manner in which the rate of interest is to be determined under the Conditions, this may (i) if ISDA Determination applies, be reliant upon the provision by reference banks of offered quotations which, depending on market circumstances, may not be available at the relevant time or (ii) if Screen Rate Determination applies, result in the effective application of a fixed rate based on the rate which applied in the previous period when the relevant benchmark was available. Any of the foregoing could have an adverse effect on the value or liquidity

of, and return on, any Floating Rate Notes which reference a benchmark. Investors should consult their own independent advisers and consider these matters when making their investment decision with respect to the relevant Floating Rate Notes.

DOCUMENTS INCORPORATED BY REFERENCE

The section "DOCUMENTS INCORPORATED BY REFERENCE" appearing on page 32 of the Original Offering Circular shall be deleted in its entirety and substituted with the following:

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Australian Securities and Investments Commission shall be incorporated in, and form part of, this Offering Circular:

(a) the auditor's report and audited consolidated annual financial statements of the Guarantor for the financial year ended 31 December 2018 and for the financial year ended 31 December 2017 which are set out on pages 58 to 138 of the Guarantor's 2018 Annual Report and pages 55 to 129 of the Guarantor's 2017 Annual Report, respectively; and

(b) the auditor's report and audited financial statements of the Issuer for the financial year ended 31 December 2017 and for the financial year ended 31 December 2016.

Following the publication of this Offering Circular a supplement may be prepared by the Issuer and submitted to the ASX. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable, be deemed to modify or supersede statements contained in this Offering Circular or in a document which is incorporated by reference in this Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Copies of documents incorporated by reference in this Offering Circular are available for inspection and/or collection from the registered office of the Issuer and Guarantor and from the specified office of the Principal Paying Agent for the time being.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or the relevant information therein is otherwise covered elsewhere in this Offering Circular.

The Issuer and the Guarantor will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of any Notes, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes.

DESCRIPTION OF THE ISSUER

The section "DESCRIPTION OF THE ISSUER" appearing on page 83 of the Original Offering Circular shall be deleted in its entirety and substituted with the following:

DESCRIPTION OF THE ISSUER

Introduction, Business and History

Santos Finance Ltd (ACN 002 799 537) (the **Issuer**) was incorporated with limited liability in Sydney, New South Wales on 6 July 1984 and is registered under the Corporations Act 2001 (Cth) of Australia. Its principal and registered office is located at Ground Floor, Santos Centre, 60 Flinders Street, Adelaide, South Australia 5000, Australia. The telephone number of its registered office is +61 8 8116 5000.

The issued share capital of the Issuer is AUD2,334,470,555 which is fully paid up and divided into 2,334,470,555 ordinary shares which are fully held by the Guarantor.

The Issuer is a wholly owned subsidiary of the Guarantor and acts as the principal finance company for the Group. Its sole business is raising finance to be on-lent to companies within the Group to fund their investment programmes and to manage cash generated from Group operations. The Issuer has issued bonds and notes previously and has had no other industrial or commercial activities.

Board of Directors and Company Secretary of the Issuer

Keith Spence, Chairman

Guy Cowan, Director

Kevin Gallagher, Director

Christian Paech, Company Secretary

Amanda Devonish, Company Secretary

The directors of the Issuer are also directors of the Guarantor. There are no potential conflicts of interest between the duties to the Issuer of the persons listed above and their private interests or other duties.

Major Shareholder

The sole shareholder of the Issuer is the Guarantor.

DESCRIPTION OF THE GUARANTOR

The section "DESCRIPTION OF THE GUARANTOR" appearing on pages 84 to 91 of the Original Offering Circular shall be deleted in its entirety and substituted with the following:

DESCRIPTION OF THE GUARANTOR

Please refer to "Glossary" at the end of this section for definitions of technical terms used but not otherwise defined in this section.

Introduction

Santos Limited (ACN 007 550 923) (the **Guarantor** or **Santos**) was incorporated with limited liability in Adelaide, South Australia on 18 March 1954 and is registered under the Corporations Act 2001 of Australia. Its principal and registered office is located at Ground Floor, Santos Centre, 60 Flinders Street, Adelaide, South Australia 5000, Australia. The telephone number of its registered office is +61 8 8116 5000.

Santos has its ordinary shares listed on the Australian Securities Exchange (**ASX**). As at 28 February 2019, Santos had a market capitalisation of A$14.4 billion.

History and Development

Founded in 1954, Santos was originally South Australia Northern Territory Oil Search and, as at the date of this Supplemental Offering Circular, has been active in the energy business for 65 years.

Santos made its first significant discovery of natural gas in the Cooper Basin with the Gidgealpa 2 well in 1963. The Moomba 1 discovery in 1966 confirmed this region as a major petroleum province. As a result of these discoveries, Santos had a commercially viable quantity of gas and entered into gas sales agreements with the South Australian Gas Company, the Electricity Trust of South Australia and the Australian Gas Light Company. These gas supplies commenced in 1969.

The 1980s saw Santos develop a major liquids business following the discovery of oil at Tirrawarra in the Cooper Basin in the early 1970s. Santos, as operator of the Cooper Basin joint venture, built a liquids recovery plant at Moomba, which was connected to a fractionation and load-out facility at Port Bonython by a 659 kilometre liquids pipeline.

By the 1990s Santos had become a major Australian operating enterprise with interests beyond the Cooper Basin in emerging areas such as the Timor Sea and Carnarvon Basin in Western Australia. A number of acquisitions in the 1990s provided Santos with additional opportunities onshore and offshore Australia, Indonesia, Bangladesh, Vietnam and Papua New Guinea.

From this base, Santos developed a portfolio of LNG assets to open the company's resources to the large and growing markets of Asia. The first of the LNG projects, the ConocoPhillips-operated Darwin LNG project, commenced first export of LNG in 2006. The Exxon Mobil-operated PNG LNG project was approved for development in 2009, and production of LNG commenced in April 2014. The Santos-operated GLNG project was sanctioned in January 2011, and production of LNG commenced in September 2015.

Business Overview

Santos' business is focused on the exploration, development, production and sale of natural gas. The group's purpose is to provide sustainable returns for its shareholders by supplying reliable, affordable and cleaner energy in Australia and Asia.

Five core long-life natural gas assets sit at the heart of a three phase strategy to "Transform, Build and Grow" the business: Western Australia, the Cooper Basin, Queensland & New South Wales, Northern Australia and

Papua New Guinea. Each of the core assets provides stable production, long-term revenue streams and significant upside opportunities.

With one of the largest exploration and production acreages in Australia, a significant and growing footprint in Papua New Guinea, and a strategic infrastructure position, Santos is well positioned to benefit from the growing global demand for energy. Santos' vision is to be Australia's leading natural gas company by 2025.

As at 31 December 2018, Santos' assets totalled US$17.1 billion. Santos produced 58.9 mmboe during 2018 and, as at 31 December 2018 had a proved plus probable (2P) reserve base of 1,022 mmboe. For the year ending 31 December 2018 Santos spent US$759 million in capital expenditure, excluding capitalised interest.

Production in 2018 was 58.9 mmboe, with 50 per cent. attributable to sales gas and ethane, 34 per cent. to sales gas to LNG production and 16 per cent. attributable to oil and liquids production.

As at 31 December 2018, Santos had 2,190 employees working across its operations.

Business Operations

Cooper Basin

Spanning the borders of north-east South Australia and south-west Queensland, the Cooper and Eromanga Basins house Australia's largest onshore oil and gas field development. Santos discovered the first commercial hydrocarbon resource (natural gas) here in 1963 and first oil in 1970.

Santos now produces sales gas, ethane, crude oil and gas liquids from these basins.

The Cooper Basin asset is strategically important, housing key processing infrastructure at Moomba integral to the processing and transportation of gas around the east coast of Australia, supported by substantial underground storage facilities.

Raw gas and ethane are processed at the Moomba plant, South Australia, and then piped to domestic east coast gas markets as well as the GLNG project for export to Asia.

Natural gas liquids recovered at the Moomba plant are sent together with stabilised crude oil and condensate via a 659 kilometre pipeline to Port Bonython, South Australia, for further processing. Products including naphtha, crude oil, propane and butane are sold to domestic customers via the road tanker loading facilities and export customers via the ship loading facility.

Queensland and New South Wales

Santos holds a 30 per cent. interest in the GLNG project which commenced production of LNG in September 2015.

Sanctioned in January 2011, GLNG includes the development of CSG resources in the Bowen and Surat Basins in south-east Queensland, a 420-kilometre underground gas transmission pipeline to Gladstone, and two LNG trains with a combined nameplate capacity of 7.8 mtpa on Curtis Island.

GLNG aims to deliver value by safely and sustainably establishing GLNG as an industry leader at low-cost onshore operations.

LNG offtake from the GLNG project is sold under 20-year binding oil-linked contracts to PETRONAS and KOGAS who are also joint partners in the project along with Total.

In New South Wales Santos has submitted the State Significant Development Application and associated Environmental Impact Statement (**EIS**) for its Narrabri Gas Project to the New South Wales Department of Planning and Environment for approval.

Northern Australia

Santos' extensive discovered resource position offshore Northern Australia includes Bayu Undan / Darwin LNG (Santos 11.5%), the Petrel-Tern fields (Santos 40-100%), the Barossa-Caldita fields (Santos 25%) in the Bonaparte Basin as well as the Crown-Lasseter discoveries (Santos 30%) in the Browse Basin.

This discovered resource base is well positioned to backfill and expand existing LNG infrastructure.

The Bayu Undan production facility is located approximately 500 kilometres north-west of Darwin in the Joint Petroleum Development Area of the Timor Sea. The facility includes a central production and processing complex with an associated FPSO vessel for condensate and LPG products, and an unmanned wellhead platform. Lean gas is compressed to the onshore Darwin LNG plant via a 26-inch subsea pipeline. Capacity for expansion of Darwin LNG exists with environmental approval in place for 10 mtpa at the existing site.

The Barossa-Caldita field is currently being progressed as the lead candidate for Darwin LNG backfill. Following FEED entry in April 2018, a final investment decision (**FID**) is targeted for late 2019 or early 2020.

Onshore, Santos has interests in the heart of the prospective shale play in the McArthur Basin. The McArthur Basin is located south-east of Katherine, Northern Territory, covers an area of approximately 180,000 square kilometres and is located near critical infrastructure, such as a major highway, gas pipelines and a railway.

Papua New Guinea

Santos holds a 13.5 per cent. interest in the ExxonMobil-operated PNG LNG project, which commenced production of LNG in April 2014.

Sanctioned in December 2009, the PNG LNG project included the development of gas and condensate resources in the Hides, Angore and Juha fields and associated gas resources in the operating oil fields of Kutubu, Agogo, Gobe and Moran in the Southern Highlands, Hela and Western Provinces of Papua New Guinea. The gas is transported by pipeline to a gas liquefaction plant 25 kilometres north-west of Port Moresby with the capacity to produce more than eight million tonnes of LNG per annum. The offtake is sold to four Asian buyers, Sinopec, TEPCO, Osaka Gas and CPC Taiwan, under oil-linked 20-year binding LNG offtake agreements.

Continued optimisation of the facilities has resulted in the project consistently operating above nameplate capacity.

PNG LNG expansion opportunities continue to be progressed with a farm-in proposal to PRL 3 (P'nyang) under negotiation. Santos along with the other PNG LNG parties and the Papua LNG Joint Venture are also continuing discussions to build alignment for the proposed construction of three additional LNG trains at the PNG LNG site, with two trains to process from the Papua LNG project and one train for the planned PNG LNG expansion.

In addition to its assets in PNG LNG, Santos has secured joint-venture alignment in the highly prospective fold-belt acreage along the Hides to P'nyang trend (Santos 20%) where an active exploration and appraisal program is underway.

Santos also has further interests in the producing SE Gobe oil field and exploration acreage in the Gulf of Papua, Eastern Fold Belt and PNG Forelands.

Western Australia

Santos has been steadily building a position in the Carnarvon Basin, offshore Western Australia (**WA**), since first production from the Talisman oil field in 1989.

From the offshore John Brookes, Spar and Reindeer fields in the Carnarvon Basin, Santos is one of the largest suppliers of domestic gas in WA and well placed to leverage its strong position through its uncontracted reserves and high-quality customer base.

Gas and condensate from the John Brookes and Spar fields is sent by pipeline to the Varanus Island processing facility where the condensate is removed and stored and raw gas processed. The sales gas is then sent to mainland WA via two 100-kilometre sales gas pipelines, where it is supplied to major mining and industrial customers.

Gas and condensate from the offshore Reindeer field is sent to the onshore Devil Creek Processing Plant via a 105-kilometre pipeline. Sales gas is then compressed and exported to the WA domestic gas market.

In August 2018 Santos announced the acquisition of 100% of Quadrant for US$2.15 billion plus potential contingent payments related to the Bedout Basin. The acquisition completed on 27 November 2018 and was fully funded from existing cash resources and US$1.2 billion in new committed debt facilities. Net gearing at the end of 2018 was 33% and is expected to decline to less than 30% by the end of 2019. The acquisition delivers operatorship of Santos' existing gas hubs in WA, providing flexibility to optimise operations and capture value from backfill and third party gas opportunities. The Quadrant acquisition also provides a leading position in the highly prospective Bedout Basin, including the recent significant Dorado-1 oil discovery and strengthens Santos' offshore operating expertise and capabilities to drive future growth opportunities across WA and Northern Australia.

Quadrant's portfolio of high-margin conventional domestic natural gas assets backed by medium-to long-term CPI-linked contracts provide strong and stable cash flows, and complement Santos' predominantly oil-linked revenues.

Production and Sales statistics

Details of Santos' production, sales volume and sales revenue statistics for the years ending 31 December 2018 and 31 December 2017 are set out in the table below:

		2018	2017
Production			
Sales gas to LNG plant	PJ	115.0	125.7
Domestic sales gas and ethane	PJ	170.5	158.0
Crude oil	000 bbls	5,870.2	6,379.9
Condensate	000 bbls	3,208.5	3,350.7
LPG	000 t	145.7	145.2
Total production	**mmboe**	**58.9**	**59.5**
Sales volumes			
LNG	000 t	2,791.2	3,066.7
Domestic sales gas and ethane	PJ	211.2	224.4
Crude oil	000 bbls	10,088.4	10,000.5
Condensate	000 bbls	4,179.6	4,304.8
LPG	000 t	158.2	183.9
Sales			
Own product	mmboe	57.7	58.4
Third party	mmboe	20.6	25.0
Total sales volumes	**mmboe**	**78.3**	**83.4**

Sales revenues			
LNG	US$m	1,453	1,178
Domestic sales gas and ethane	US$m	1,065	1,020
Crude oil	US$m	757	579
Condensate	US$m	300	235
LPG	US$m	85	88
Sales			
Own product	US$m	2,663	2,174
Third party	US$m	997	926
Total sales revenue	**US$m**	**3,660**	**3,100**

Reserves and Resources

The Guarantor's Annual Reserves Statement for the year ending 31 December 2018 is contained in the 2018 Annual Report, released to the ASX on 21 February 2019, is available from the Santos website at https://www.santos.com/investors/company-reporting/.

Group structure

As at 31 December 2018, the Guarantor was the parent of 93 wholly-owned subsidiaries and had interests in four partly-owned entities: Darwin LNG Pty Ltd (11.5 per cent.); GLNG Operations Pty Ltd (30 per cent.); GLNG Property Pty Ltd (30 per cent.); and Papua New Guinea Liquefied Natural Gas Global Company LDC (13.5 per cent.).

The Group structure comprises an asset based operating model built around Exploration, Development, Production and Marketing & Trading, supported by the corporate centre.

Applicable Regulatory Issues

Australia

Taxation

Excise and royalty on the production of hydrocarbons is levied via a regime of excise, royalties and petroleum resource rent tax.

Onshore, federal excise is levied on the net volume of oil and condensate removed (after removal of water and gas) from a producing field in excess of the first 30 mmbbl of production, which is excise free. Thereafter, excise is charged on an annual sliding scale of marginal rates for oil ranging from nil (up to 3.15 mmbbl) to 30 per cent. (above 5.03 mmbbl). Lesser rates of excise apply to condensate. State royalty is payable as a percentage of the wellhead value of all production (gross value of petroleum less approved post wellhead costs). The royalty rate currently payable by Santos in South Australia, Queensland and the Northern Territory is 10 per cent.

In addition, the Petroleum Resource Rent Tax (**PRRT**) currently applies to both offshore and onshore projects, however the Australian Federal Government is seeking to pass legislation that removes onshore projects from PRRT, effective from 1 July 2019. PRRT is charged at a rate of 40 per cent. of the taxable profit of a project.

Exploration and Production Licences

Petroleum resources within Australia are the property of the Crown and rights to explore and produce are conferred by statutory titles granted by legislation of the relevant State or Territory, the most significant of which are exploration and production leases or licences.

The ownership and operation of gas transportation pipelines is regulated by State, Territory and Commonwealth legislation. Petroleum operations in Australian territorial waters are subject to the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth) (**OPGGSA**) in respect of operations in Commonwealth waters and the various State and Territory Acts in respect of operations in areas adjacent to the respective State or Territory. These legislations regulate exploration and development operations including the grant of key titles, such as Exploration Permits, Retention Leases, Production Licenses and Pipeline Licences.

Exploration licences are usually subject to the condition that a prescribed minimum work programme be carried out, and to progressive acreage relinquishment after the elapse of prescribed periods. Production licences generally enure for the full productive life of all fields, including those developed after the production licence is granted.

Joint Petroleum Development Area

The Joint Petroleum Development Area (**JPDA**) is an area of shared Australian and Timor-Leste jurisdiction under an international agreement between Australia and Timor-Leste.

The Bayu-Undan field is currently located in the JPDA. Under the Bayu-Undan PSCs, Santos and its contractors are entitled to a share of first tranche petroleum, which is a 10 per cent. portion of gross revenue "distributed" prior to cost recovery, equal to 60 per cent. of revenue from LPG and gas and 50 per cent. of revenue from condensate, an investment credit equal to 127 per cent. of eligible exploration and capital costs, recovery of costs (operating costs, intangibles expensed and depreciation of tangibles at 20 per cent. straight line) and a share of remaining "profit oil or gas". Profit oil is split on a sliding scale from 50 per cent. of the first 50,000 barrels per day to 30 per cent. over 150,000 barrels per day, contractors' share. Profit gas and LPG is 60 per cent. and profit condensate is 50 per cent. contractors' share. In addition, income tax and additional profits tax is applicable in Timor-Leste on 90 per cent. of income and income tax is applicable in Australia on 10 per cent. of income.

On 6 March 2018, Australia and Timor-Leste signed a new treaty establishing their maritime boundaries in the Timor Sea. This treaty will enter into force when each party has notified the other that its internal requirements for bringing the treaty into force have been completed.

When the new treaty enters into force, the Bayu-Undan PSCs will transition from the JPDA to Timor-Leste's exclusive jurisdiction. Under the new treaty, Australia and Timor-Leste agreed that Santos and the other Bayu-Undan participants will be subject to fiscal and regulatory arrangements equivalent to those under the current JPDA regime. Pending the new treaty entering into force, the current JPDA regime will continue to apply.

PNG

Petroleum resources within PNG are the property of the Crown and rights to explore and produce are conferred by statutory titles granted by legislation.

The PNG LNG Project is a Designated Gas Project for PNG income tax purposes and is subject to income tax of 30 per cent., a royalty and development levy each of 2 per cent. of the well-head value of petroleum and additional profits tax on the accumulated value of cash flows (at various accumulation and tax rates).

Santos has other interests in PNG subject to income tax of 30 per cent. not subject to additional profits tax.

The Board and Management of the Guarantor

The business address of each of the persons below is Ground Floor, Santos Centre, 60 Flinders Street, Adelaide, South Australia 5000, Australia. There are no potential conflicts of interest between the duties to the Guarantor of the persons listed below and their private interests or other duties.

Board of Directors

The directors of the Guarantor, and a brief description of their activities outside the Group, as at the date of this Offering Circular, are as follows:

Keith SPENCE (Chairman)

Other Directorships	Base Resources Limited (Chairman)
	Independence Group NL
	Murray & Roberts Holdings Limited

Kevin Thomas GALLAGHER (Managing Director & CEO)

Other Directorships	Nil

Yasmin Anita ALLEN

Other Directorships	Cochlear Ltd
	ASX Ltd

Guy Michael COWAN

Other Directorships	Queensland Sugar Ltd (Chairman)
	Buderim Ginger Ltd (Chairman)

Hock GOH

Other Directorships	Stora Enso Oyj
	AB SKF
	Vesuvius PLC (UK)

Peter Roland HEARL

Other Directorships	Telstra Corporation Ltd

Vanessa Ann GUTHRIE

Other Directorships	Australian Broadcasting Corporation
	Adelaide Brighton Limited

Yujiang SHI

Other Directorships Nil

Management

The key management of the Guarantor as at the date of this Offering Circular, are as follows:

GALLAGHER, Kevin Thomas - Managing Director & Chief Executive Officer

BANKS, David – Executive Vice President - Onshore Upstream

BYRNE, Philip – Executive Vice President – Marketing, Trading & Commercial

DARLEY, Brett – Executive Vice President – Offshore

HATHERLY, Jodie – General Counsel and Vice President – Legal, Risk and Governance

JAFFRAY, Angus - Executive Vice President – People and Sustainability

JAMES, Naomi – Executive Vice President – Midstream Infrastructure

NEILSON, Anthony - Chief Financial Officer

OVENDEN, Bill – Executive Vice President – Exploration & New Ventures

SANTOSTEFANO, Vince – Chief Operations Officer Operations Services

WOODS, Brett - Executive Vice President - Developments

Glossary

mmboe - million barrels of oil equivalent

mmbbl – one million barrels

mtpa – million tonnes per annum

SEAGas – South East Australia Gas

SEAGas Pipeline – South East Australia Gas Pipeline

PSC – Production Sharing Contract

2C contingent resources – means the best estimate of those quantities of petroleum which, on a given date, are considered to be potentially recoverable from known accumulations, but which are not currently considered to be commercially recoverable due to one or more contingencies. These contingencies may include technical, economic, marketing, legal, environmental, social and governmental factors.

GENERAL INFORMATION

The section "GENERAL INFORMATION" appearing on pages 103 to 104 of the Original Offering Circular shall be deleted in its entirety and substituted with the following:

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of the Issuer dated 22 August 2017 and a resolution of a sub-committee of the Board of Directors of the Issuer dated 30 August 2017 and the giving of the Guarantee has been duly authorised by a resolution of the Board of Directors of the Guarantor dated 22 August 2017 and a resolution of a sub-committee of the Board of Directors of the Guarantor dated 30 August 2017.

The update of the Programme and the issue of Notes thereunder have been duly authorised by a resolution of the Board of Directors of the Issuer dated 31 October 2018 and a resolution of a sub-committee appointed by the Board of Directors of the Issuer dated 4 March 2019 and the giving of the Guarantee has been duly authorised by a resolution of the Board of Directors of the Guarantor dated 31 October 2018 and resolution of a sub-committee appointed by the Board of Directors of the Guarantor dated 4 March 2019.

Documents Available

For the period of 12 months following the date of this Offering Circular, copies of the following documents will, when published, be available for inspection and/or collection from the registered office of the Issuer and from the specified office of the Principal Paying Agent for the time being:

(a) the constitution of the Issuer and the constitution of the Guarantor;

(b) the audited financial statements of the Issuer in respect of the financial years ended 31 December 2016 and 31 December 2017 and the audited consolidated financial statements of the Guarantor in respect of the financial years ended 31 December 2017 and 31 December 2018, in each case together with the audit reports prepared in connection therewith;

(c) the most recently published audited annual financial statements of the Issuer and the most recently published audited annual consolidated financial statements and unaudited interim consolidated financial statements (if any) of the Guarantor, in each case together with any audit or review reports prepared in connection therewith. The Issuer currently prepares audited financial statements on an annual basis and the Guarantor currently prepares audited consolidated financial statements on an annual basis and unaudited interim consolidated statements for each half-year;

(d) the Trust Deed, the Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;

(e) a copy of this Offering Circular; and

(f) any future offering circulars, prospectuses, information memoranda, supplements and Pricing Supplements (save that Pricing Supplements will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Pricing Supplement.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer since 31 December 2017 and there has been no material adverse change in the prospects of the Issuer since 31 December 2017.

There has been no significant change in the financial or trading position of the Guarantor since 31 December 2018 and there has been no material adverse change in the prospects of the Guarantor since 31 December 2018.

Litigation

Neither the Issuer nor the Guarantor or any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer, the Guarantor or the Group.

Auditors

The auditors of the Issuer and the Guarantor are Ernst & Young, whose audit partners are members of the Institute of Chartered Accountants, Australia and New Zealand, who have audited the financial statements of the Issuer for each of the two financial years ended on 31 December 2016 and 31 December 2017 and the consolidated financial statements of the Guarantor for each of the two financial years ended on 31 December 2017 and 31 December 2018, without qualification, in accordance with Australian Auditing Standards. The auditors of the Issuer and the Guarantor have no material interest in the Issuer or the Guarantor. Australian auditing requirements have no significant departures from International Standards on Auditing.

Post-issuance information

Save as set out in the Pricing Supplement, the Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

Dealers transacting with the Issuer and the Guarantor

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for the Issuer, the Guarantor and their affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may purchase the Notes and be allocated Notes for asset management and/or proprietary purposes and not with a view to distribution.

Trustee's action

The Conditions and the Trust Deed provide for the Trustee to take action on behalf of the Noteholders in certain circumstances, but only if the Trustee is indemnified and/or secured and/or pre-funded to its satisfaction. It may not always be possible for the Trustee to take certain actions, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it. Where the Trustee is unable to take any action, the Noteholders are permitted by the Conditions and the Trust Deed to take the relevant action directly.

ISSUER

Santos Finance Limited
Ground Floor Santos Centre
60 Flinders Street
Adelaide, South Australia 5000
Australia

GUARANTOR

Santos Limited
Ground Floor Santos Centre
60 Flinders Street
Adelaide, South Australia 5000
Australia

TRUSTEE

The Bank of New York Mellon, London Branch
One Canada Square
London
E14 5AL
United Kingdom

PRINCIPAL PAYING AGENT AND TRANSFER AGENT

The Bank of New York Mellon, London Branch
One Canada Square
London
E14 5AL
United Kingdom

REGISTRAR

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2-4 rue Eugene Ruppert
L-2453 Luxembourg

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To the Dealers as to English law

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Hong Kong

To the Trustee as to English law

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London E1 6AD
United Kingdom

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To the Issuer and the Guarantor

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ARRANGER AND DEALER

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Citigroup Centre
Canada Square
London E14 5LB
United Kingdom

Printed by Allen & Overy LLP

One Bishops Square, London, E1 6AD

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S.

IMPORTANT: You must read the following before continuing. The following applies to the offering circular following this page, and you are therefore advised to read this carefully before reading, accessing or making any other use of the offering circular. In accessing the offering circular, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SECURITIES OF THE ISSUER. THE SECURITIES AND THE GUARANTEE HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**) OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY JURISDICTION, AND THE SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR THE BENEFIT OF, U.S. PERSONS (WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT) UNLESS AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT IS AVAILABLE AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE FOLLOWING OFFERING CIRCULAR MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY PERSON OR ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are reminded that the offering circular has been delivered to you on the basis that you are a person into whose possession the offering circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the offering circular to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the managers or any affiliate of the managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the managers or such affiliate on behalf of the issuing entity in such jurisdiction.

By accessing the offering circular or any related pricing supplement, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the offering circular or any related pricing supplement by electronic transmission, (c) you are not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia, (d) if you are a person in the United Kingdom, then you are a person who (i) is an investment professional within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the **FPO**) or (ii) is a high net worth entity falling within Article 49(2)(a) to (d) of the FPO (all such persons together being referred to as **relevant persons**) and (e) if you are a person in Australia you are (i) a sophisticated investor, (ii) a professional investor or (iii) a person in respect of whom disclosure is not required under Parts 6D.2 or 7.9 of the Australian Corporations Act. In the United Kingdom, this offering circular or any related pricing supplement must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this offering circular or any related pricing supplement relates is available only to relevant persons and will be engaged in only with relevant persons.

This offering circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Guarantor, the Arranger, or the Dealer(s) accepts any liability or responsibility whatsoever in respect of any difference between the offering circular distributed to you in electronic format and the hard copy version available to you on request from the Issuer, the Guarantor, the Arranger or the Dealer(s).

OFFERING CIRCULAR

SANTOS FINANCE LIMITED

(*incorporated with limited liability in Australia, ACN 002 799 537*)

U.S.$10,000,000,000
Euro Medium Term Note Programme
unconditionally and irrevocably guaranteed by
SANTOS LIMITED

(*incorporated with limited liability in Australia, ACN 007 550 923*)

Under this U.S.$10,000,000,000 Euro Medium Term Note Programme (the **Programme**), Santos Finance Limited (the **Issuer**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below).

The payments of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by Santos Limited (the **Guarantor** or **Santos**).

Notes may be issued in bearer or registered form (respectively **Bearer Notes** and **Registered Notes**). Notes issued as Bearer Notes will be represented on issue by a temporary global note in bearer form (each a **Temporary Global Note**) or a permanent global note in bearer form (each a **Permanent Global Note**). Notes issued as Registered Notes will initially be represented by a global note in registered form (each a **Registered Global Note** and together with any Temporary Global Notes and Permanent Global Notes, the **Global Notes** and each a **Global Note**). Global Notes may be deposited on the issue date with a common depositary for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**). Global Notes may also be deposited with such other clearing system as may be agreed between the Issuer and the relevant Dealer. Interests in a Temporary Global Note will be exchangeable, in whole or in part, for interests in a Permanent Global Note as set out in the relevant Pricing Supplement.

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed U.S.$10,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*Overview of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Offering Circular to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*".

It is intended that application will be made to the Australian Securities Exchange operated by ASX Limited (ABN 98 008 624 691) (the **ASX**) for the Notes to be listed on the ASX. References in this Offering Circular to the Notes being listed (and all related references) shall mean that the Notes are quoted on the ASX. The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchanges or markets as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s). The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and certain other information which is applicable to each Tranche (as defined under "*Terms*

and Conditions of the Notes") of Notes will be set out in a pricing supplement (the **Pricing Supplement**) which will, if the Notes are to be listed on the ASX, be delivered to the ASX.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or any U.S. State securities laws and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons as defined in Regulation S under the Securities Act unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction.

The Guarantor has been rated BBB- by S&P Global Ratings Australia Pty Ltd (**S&P**). S&P is not established in the European Union and is not registered in accordance with Regulation (EC) No 1060/2009 (the **CRA Regulation**). However, its credit ratings are endorsed by Standard & Poor's Credit Market Services Europe Limited pursuant to and in accordance with the CRA Regulation. Standard & Poor's Credit Market Services Europe Limited is established in the European Union and is registered under the CRA Regulation (and, as such is included in the list of the credit rating agencies published by the European Securities and Markets Authority (**ESMA**) on its website). On 22 December 2011, ESMA published in a press release its decision to endorse Australia's regulatory regime on credit ratings pursuant to Article 4(3) of the CRA Regulation.

Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be disclosed in the Pricing Supplement and will not necessarily be the same as the rating assigned to the Programme by S&P. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Credit ratings in respect of the Notes, the Issuer or the Guarantor are for distribution to persons who are not a "retail" client within the meaning of section 761G of the Corporations Act 2001 of Australia (the **Corporations Act**) and are also sophisticated investors, professional investors or other investors in respect of whom disclosure is not required under Part 6D.2 of the Corporations Act and in all cases in such circumstances as may be permitted by applicable laws in any jurisdiction in which an investor may be located. Anyone who is not such a person is not entitled to receive this Offering Circular and anyone who receives this Offering Circular must not distribute it to any person who is not entitled to receive it.

This Offering Circular is issued in replacement of an Offering Circular dated 30 August 2017 and accordingly supersedes that earlier Offering Circular.

Arranger and Dealer

Citigroup

The date of this Offering Circular is 12 November 2018.

IMPORTANT INFORMATION

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Offering Circular and the Pricing Supplement for each Tranche of Notes issued under the Programme. **To the best of the knowledge of the Issuer and the Guarantor (each having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.**

This Offering Circular is to be read in conjunction with all documents which are deemed to be incorporated in it by reference (see "*Documents Incorporated by Reference*"). This Offering Circular shall be read and construed on the basis that those documents are incorporated and form part of this Offering Circular.

None of the Dealers, the Agents (as defined in the Terms and Conditions of the Notes (the **Conditions**)) or the Trustee (as defined below) has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers, the Agents or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer or the Guarantor in connection with the Programme. No Dealer, Agent or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by the Issuer or the Guarantor in connection with the Programme.

No person is or has been authorised by the Issuer, the Guarantor, any Agent or the Trustee to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, any of the Dealers, any of the Agents or the Trustee.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Guarantor, any of the Dealers, any of the Agents or the Trustee that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Guarantor. Neither this Offering Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer or the Guarantor, any of the Dealers, any of the Agents or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in it concerning the Issuer and/or the Guarantor is correct at any time subsequent to its date or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers, the Agents and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention.

This Offering Circular has not been, and will not be, lodged with the Australian Securities and Investments Commission and is not, and does not purport to be, a document containing disclosure to investors for the purposes of Part 6D.2 or Part 7.9 of the Corporations Act. It is not intended to be used in connection with any offer for which such disclosure is required and does not contain all the information that would be required by those provisions if they applied. It is not to be provided to any 'retail client' as defined in section 761G of the Corporations Act.

IMPORTANT INFORMATION RELATING TO THE USE OF THIS OFFERING CIRCULAR AND OFFERS OF NOTES GENERALLY

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Guarantor, the Dealers, the Agents and the Trustee do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Dealers, the Agents or the Trustee which is intended to permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the EEA (including the United Kingdom), Japan and Australia, see "*Subscription and Sale* ".

This Offering Circular has been prepared on the basis that any offer of Notes in any Member State of the EEA which has implemented Directive 2003/71/EC (as amended or superseded, the **Prospectus Directive**) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer of Notes in that Relevant Member State may only do so in circumstances in which no obligation arises for the Issuer, the Guarantor or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor any Dealer has authorised, nor do any of them authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or any Dealer to publish or supplement a prospectus for such offer. Notes issued under this Offering Circular will not be admitted to trading and/or listed on a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on Markets in Financial Instruments.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

Unless otherwise indicated, the financial information in this Offering Circular relating to the Issuer and the Guarantor has been derived respectively from (i) the audited financial statements of the Issuer for the financial years ended 31 December 2016 and 31 December 2017 and (ii) the audited consolidated financial statement of the Guarantor for the financial years ended 31 December 2016 and 31 December 2017 (together, the **Financial Statements**).

The Issuer's and the Guarantor's financial years end on 31 December, and references in this Offering Circular to any specific year are to the 12-month period ended on 31 December of such year. The Financial Statements have been prepared in accordance with Australian Accounting Standards.

Certain Defined Terms and Conventions

Capitalised terms which are used but not defined in any particular section of this Offering Circular will have the meaning attributed to them in "*Terms and Conditions of the Notes*" or any other section of this Offering Circular. In addition, the following terms as used in this Offering Circular have the meanings defined below:

In this Offering Circular, all references to:

- *U.S. dollars*, *USD* and *U.S.$* refer to the lawful currency of the United States;
- *Australian dollars*, *AUD* and *A$* refer to the currency of the Commonwealth of Australia;
- *Sterling* and £ refer to the lawful currency of the United Kingdom; and
- *euro* and *€* refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

Certain figures and percentages included in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

SUITABILITY OF INVESTMENT

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and

(v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or

superseded, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in the Prospectus Directive. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

MiFID II product governance / target market – The Pricing Supplement in respect of any Notes may include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the **MiFID Product Governance Rules**), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore (the **SFA**) – Unless otherwise stated in the Pricing Supplement in respect of any Notes, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

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STABILISATION

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) named as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in the applicable Pricing Supplement may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager(s) (or persons acting on behalf of a Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules. Any such stabilisation action may only be conducted outside Australia and/or through a market operated outside Australia.

OVERVIEW OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the Conditions of any particular Tranche of Notes, the applicable Pricing Supplement. The Issuer, the Guarantor and any relevant Dealer may agree that Notes shall be issued in a form other than that contemplated in the Conditions.

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" shall have the same meanings in this Overview.

Issuer:	Santos Finance Limited (ACN 002 799 537)
Issuer Legal Entity Identifier (LEI):	213800BKUBSWG53XNS94
Guarantor:	Santos Limited (ACN 007 550 923)
Risk Factors:	There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme. There are also certain factors that may affect the Guarantor's ability to fulfil its obligations under the Guarantee. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme and risks relating to the structure of a particular Series of Notes issued under the Programme. All of these are set out under "*Risk Factors*".
Description:	Euro Medium Term Note Programme
Arranger:	Citigroup Global Markets Limited
Dealers:	Citigroup Global Markets Limited and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*").
Trustee:	The Bank of New York Mellon, London Branch
Registrar:	The Bank of New York Mellon SA/NV, Luxembourg Branch
Issuing and Principal Paying Agent:	The Bank of New York Mellon, London Branch
Programme Size:	Up to U.S.$10,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer and the Guarantor may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.
Currencies:	Subject to any applicable legal or regulatory restrictions, notes may be denominated in euro, Sterling, U.S. dollars, yen, Australian dollars and any other currency agreed between the Issuer and the relevant Dealer.
Maturities:	The Notes will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued on a fully-paid or partly-paid basis and at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes	The Notes will be issued in either bearer or registered form as described in "*Form of the Notes*". Registered Notes will not be exchangeable for Bearer Notes and *vice versa*.
Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined: (a) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions (as published by the International Swaps and Derivatives Association, Inc., and as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series); or (b) on the basis of the reference rate set out in the applicable Pricing Supplement. Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer. The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes. Floating Rate Notes may also have a maximum interest rate, a

	minimum interest rate or both.
Zero Coupon Notes:	Zero Coupon Notes may be offered and sold at a discount to their nominal amount and will not bear interest.
Index Linked Notes:	Payments of principal in respect of Index Linked Redemption Notes or of interest in respect of Index Linked Interest Notes will be calculated by reference to such index and/or formula or to changes in the prices of securities or commodities or to such other factors as the Issuer and the relevant Dealer may agree.
Dual Currency Notes:	Payments (whether in respect of principal or interest and whether at maturity or otherwise) in respect of Dual Currency Notes will be made in such currencies, and based on such rates of exchange, as the Issuer and the relevant Dealer may agree.
Partly Paid Notes:	The Issuer may issue Notes in respect of which the issue price is paid in separate instalments in such amounts and on such dates as the Issuer and the relevant Dealer may agree.
Notes redeemable in instalments:	The Issuer may issue Notes which may be redeemed in separate instalments in such amounts and on such dates as the Issuer and the relevant Dealer may agree.
Redemption:	The applicable Pricing Supplement will indicate either that the relevant Notes cannot be redeemed prior to any stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be redeemable at the option of the Issuer and/or the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to any such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.
Denomination of Notes:	The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be such amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, and save that the minimum denomination of any Notes offered to the public in a Member State of the European Economic Area in circumstances which would otherwise require the publication of a prospectus under the Prospectus Directive will be €100,000 (or if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).
Taxation:	All payments in respect of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of the Tax Jurisdiction as provided in Condition 8 unless the withholding or deduction of the Taxes is required by law. In the event that any such deduction is made, the Issuer or, as the case may be, the

	Guarantor will, save in certain limited circumstances provided in Condition 8, be required to pay additional amounts to cover the amounts so deducted.
Negative Pledge:	The terms of the Notes will, unless otherwise specified in the Pricing Supplement, contain a negative pledge provision as further described in Condition 4.
Cross Default:	The terms of the Notes will, unless otherwise specified in the Pricing Supplement, contain a cross default provision as further described in Condition 10.
Status of the Notes:	The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4, if applicable) unsecured obligations of the Issuer and will rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
Guarantee:	The Notes will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Guarantee will, be direct, unconditional and (subject to the provisions of Condition 4, if applicable) unsecured obligations of the Guarantor and will rank *pari passu* and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor from time to time outstanding.
Rating:	Series of Notes issued under the Programme may be rated or unrated. Where a Series of Notes is rated, such rating will be disclosed in the applicable Pricing Supplement and will not necessarily be the same as the rating assigned to the Programme. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Credit ratings are for distribution to persons who are not a "retail" client within the meaning of section 761G of the Corporations Act and are also sophisticated investors, professional investors or other investors in respect of whom disclosure is not required under Part 6D.2 of the Corporations Act and in all cases in such circumstances as may be permitted by applicable laws in any jurisdiction in which an investor may be located. Anyone who is not such a person is not entitled to receive this Offering Circular and anyone who receives this Offering Circular must not distribute it to any person who is not entitled to receive it.
Listing and admission to trading:	It is intended that application will be made to the ASX for the Notes to be quoted on the ASX. Notes which are listed on the ASX will not be transferred through, or registered on, the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (ABN 49 008

	504 532) and will not be "Approved Financial Products" for the purposes of that system. Notes may be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the relevant Dealer in relation to the Series. Notes which are neither listed nor admitted to trading on any market may also be issued. The applicable Pricing Supplement will state whether or not the relevant Notes are to be listed and/or quoted and/or admitted to trading and, if so, on which stock exchanges and/or markets.
Clearing Systems:	Euroclear and Clearstream, Luxembourg and/or any other clearing system as specified in the applicable Pricing Supplement.
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including the United Kingdom), Japan, Hong Kong, Singapore, Australia and New Zealand and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale* ".
United States Selling Restrictions:	Regulation S, Category 2. TEFRA C or TEFRA D/TEFRA not applicable, as specified in the applicable Pricing Supplement.

RISK FACTORS

In purchasing Notes, investors assume the risk that the Issuer and the Guarantor may become insolvent or otherwise be unable to make all payments due in respect of the Notes or under the Guarantee. There is a wide range of factors which individually or together could result in the Issuer and the Guarantor becoming unable to make all payments due. It is not possible to identify all such factors or to determine which factors are most likely to occur, as the Issuer and the Guarantor may not be aware of all relevant factors and certain factors which they currently deem not to be material may become material as a result of the occurrence of events outside the Issuer's and the Guarantor's control. The Issuer and the Guarantor have identified in this Offering Circular a number of factors which could materially adversely affect their businesses and ability to make payments due.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

FACTORS THAT MAY AFFECT THE ISSUER'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER NOTES ISSUED UNDER THE PROGRAMME

The Issuer is a finance vehicle and acts as the principal finance company for Santos and its subsidiaries (together, the **Group**). The Issuer's sole business is raising finance to be on-lent to companies within the Group to fund their investment programmes and to manage cash generated from Group operations. Accordingly, substantially all the assets of the Issuer are loans and advances made to other members of the Group. The ability of the Issuer to satisfy its obligations in respect of the Notes will depend upon payments made to it by other members of the Group in respect of the loans and advances made by it.

FACTORS THAT MAY AFFECT THE GUARANTOR'S ABILITY TO FULFIL ITS OBLIGATIONS UNDER THE GUARANTEE

Commodity prices

Volatility in oil and gas prices

Santos' business relies primarily on the production and sale of oil and gas products (including liquefied natural gas (**LNG**)) to a variety of buyers under a range of short-term and long-term contracts. Oil and gas (including LNG) prices are affected by numerous factors beyond Santos' control and have historically been volatile. Accordingly, it is impossible to predict future oil and gas prices with certainty.

Oil prices are affected by numerous factors beyond Santos' control, including worldwide oil supply and demand, the level of economic activity in the markets that Santos serves, regional political developments and military conflicts in oil producing countries and regions (in particular, the Middle East), the weather, the ability of the Organization of the Petroleum Exporting Countries (**OPEC**) and other producing regions (including North America) to influence global production levels and prices, the price and availability of new technology and the availability and cost of alternative sources of energy.

Fluctuations in the global oil and global and domestic gas markets, in particular, any extended or substantial decline in oil and gas prices or demand for oil and gas, may materially affect Santos' financial condition and results of operations and/or ability to fund future exploration, appraisal and development activities. Increases and decreases in oil and gas prices affect the amount of profit and cash flow available for servicing its funding and capital expenditure. Such fluctuations may also impact Santos' ability to borrow money or

raise additional capital and may also impact Santos' credit rating. Lower oil and gas prices may also reduce the amount of oil and natural gas that Santos can produce economically.

In 2016, Santos established a specific Oil Price Hedging Policy. The objectives of the policy are to reduce the effect of commodity price volatility and support annual capital expenditure plans.

The pricing of Santos' LNG supply contracts is linked to the global price of oil and may therefore decline

A significant part of Santos' business consists of the production and sale of LNG through its interests in PNG LNG, GLNG and Darwin LNG**.** The majority of LNG produced or to be produced from these projects has been sold under long term LNG sales contracts where the LNG sale price is linked to the global price of oil. Lower global oil prices will therefore reduce Santos' revenues and the profitability of its LNG operations.

Growing competition in the LNG supply market

Santos is exposed to competition in the international LNG markets and could be adversely impacted by cheaper future LNG supply from other sources, such as North America in particular, potentially reducing the price of any uncontracted LNG produced from the PNG LNG, GLNG and Darwin LNG projects. While the majority of the LNG produced or to be produced from those projects is subject to long term offtake contracts with agreed pricing mechanisms, should the price of spot cargoes remain significantly lower than contracted pricing then this may encourage buyers under those long term contracts to seek to renegotiate pricing or seek lower offtake volumes from the long-term contracts.

Possible write downs in reserves and resources due to the oil and gas prices

The calculation and estimation of quantities of oil and gas anticipated to be commercially recoverable from known accumulations is affected by the prices at which the oil and gas is expected to be able to be sold in the future. An extended or substantial decline in oil and gas prices or demand for oil and gas or expectation of such decline may mean that previously booked reserves and resources may no longer be regarded as commercially recoverable, leading to a reduction in previous bookings.

Possible asset value impairment due to changes in commodity prices and other valuation assumptions

Santos undertakes an impairment review as part of the preparation and finalisation of its interim and full-year financial statements. As part of that impairment assessment, Santos reviews its future oil price estimates, reserves and resources bookings, discount rates, un-contracted gas prices, third party and indigenous gas supply forecasts, exchange rates, future cost estimates and other assumptions which underpin the calculations of recoverable amount used for each asset's impairment assessment. Santos is required to exercise judgment that the assumptions underpinning the impairment models are reasonable against the prevailing circumstances and information that is available at the time. As circumstances can change and new information becomes available there is a possibility that Santos may, when undertaking subsequent impairment reviews, adopt assumptions which are different to those previously adopted. This can result in lower valuations and material non-cash impairment charges against the book value of its assets.

Acquisitions and divestments

Santos from time to time evaluates acquisition and divestment opportunities across its range of assets and businesses, and engages in confidential negotiations with third parties with respect to these opportunities. However, neither the opportunities nor the negotiations are publicly disclosed until such time as the prospects of transacting are sufficiently certain, and Santos has determined the impact of the transaction would be material to the price of Santos' shares. Any acquisitions or disposals could lead to a change in the sources of Santos' earnings and result in variability of earnings over time. Any acquisitions or disposals could also lead to changes in future capital and operating expenditure obligations which may impact Santos'

funding requirements. They may also give rise to liabilities resulting from previous activities of operators and joint venture partners, or from any areas not disclosed or uncovered during due diligence processes. Integration of new businesses into the Santos group may be costly and may occupy a large amount of management's time, and merger synergies identified at the time of entering a transaction may not be realised post-completion. Where Santos has entered into agreements to dispose of or acquire assets, but completion of that sale or purchase, including the payment/receipt of the purchase price is subject to certain conditions that remain unsatisfied at the time that the sale and purchase agreement is executed, there remains a risk that any such asset sale or purchase does not ultimately complete, in which case Santos would retain the asset and not receive the payment of sale proceeds or fail to capture the asset and not pay the purchase price (as applicable).

In the case of an acquisition by Santos of a company, the liabilities (including financial debt, whether assumed or refinanced) of the company acquired would become liabilities of the Group, which may increase the Group's financial leverage and result in changes to other credit metrics, which could adversely impact the credit capacity and credit rating of Santos. In the case that Santos is acquired by another entity, the business, operations and financial position of the Group may be changed or influenced by the acquiring entity. In addition, the acquiring entity may have higher debt levels and a potentially lower credit rating than currently held by Santos. These factors could adversely impact the credit capacity and credit rating of Santos.

In August 2018, Santos announced the acquisition of 100% of Quadrant Energy (**Quadrant**). The Quadrant acquisition is subject to customary consents and regulatory approvals and is expected to complete by the end of 2018 (see *Description of Guarantor – Business Operations- Western Australia*).

Project delivery

Project development risk

Santos undertakes investments in a variety of oil and gas projects to extract, process and supply oil and gas to a variety of customers including long term high volume contracts to supply feedstock gas to the GLNG project. Such projects may be delayed or be unsuccessful for many reasons including unanticipated economic, financial, operational, engineering, technical, environmental, contractual, regulatory, community or political events. Delays, changes in scope, cost increases or poor performance outcomes pose risks that may impact Santos' financial performance.

GLNG project risks

The GLNG project produced its first LNG from Train 1 on 24 September 2015, with the first LNG cargo loaded on 16 October 2015. However, Santos will invest a significant amount of capital in the GLNG project in relation to the development of the upstream gas supply over the life of the project and associated infrastructure. GLNG may seek to secure additional third party volumes of gas supply from time to time over the life of the project to supplement long term gas supplies from the GLNG joint venture gas fields, however the ability to do so may be impacted by any Government intervention, including any adverse determination made by the Minister administering the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (**Resources Minister**) as a result of the Australian Domestic Gas Security Mechanism (as referred to in further detail below).

To find, appraise and develop further gas supplies from its gas fields, a significant number of new gas wells are required to be commissioned and, along with newly constructed gas and water processing facilities, will be required to be connected to the gas transmission pipeline. There is a risk that new gas supplies will not be able to be developed or new assets will not perform as expected or that defects in the construction or the quality of materials used may be uncovered in the commissioning and/or operational phase. This may result in material liabilities due to a failure to meet long term contractual LNG supply obligations and/or loss of

sales and/or increased costs which may have a detrimental effect on Santos' financial position and performance.

A failure to secure further gas supplies either from its own gas fields or third party supplies may have a detrimental impact on the GLNG project and consequently Santos' financial position and performance, including its ability to utilise the production capacity of the GLNG trains and fulfil and comply with its commitments under existing long-term LNG sale agreements.

GLNG has existing approvals for 8,750 exploration wells and production wells and supporting infrastructure. If GLNG experiences problems or delays in obtaining access to land and other relevant approvals, the conditions of these approvals are not met, if additional conditions or regulatory requirements are imposed, or if legislation changes (for example, in relation to land access), GLNG may incur higher than expected costs, be required to postpone or significantly change the scope of the project or, in extreme circumstances, terminate certain project development plans.

Reserves

Oil and gas reserves risk

A failure to successfully develop existing reserves, including due to a reduction in exploration and appraisal expenditure, and/or a failure to find and develop additional reserves may require Santos' projects to source further gas from other sources at higher cost, or lead to a breach of Santos' contractual obligations as a result of non-delivery of LNG, gas or oil under customer contracts.

Calculations of recoverable oil and gas reserves and resources contain significant uncertainties, which are inherent in the reservoir geology, the seismic and well data available and other factors such as project development and operating costs, together with relevant commodity prices. This uncertainty is often expressed as a range of reserve and/or resource levels with associated probabilities. During the course of appraisal, development and continuing operations, the increased quantity and variety of data will generally improve the accuracy of the reserve and resource estimates and narrow the range of uncertainty. However, there is always a risk that the reserves actually produced may vary from the predicted reserves estimate, for example tending to the lower end of the volume uncertainty range, in response to poorer reservoir performance than expected or earlier than expected water influx, or other technical or commercial reasons. In some cases, the stated reserves may, during, or at the end of, field life, vary significantly from the previous estimates, either upwards or downwards for various technical or commercial reasons which may have an adverse impact on the Group's revenue and ability to meet its contractual commitments.

Changes to the Petroleum Resources Management System (**PRMS**), which is sponsored by the Society of Petroleum Engineers (**SPE**), or any other applicable guidelines or requirements, may also impact the Group's calculation of petroleum reserves and contingent resources estimates. An updated version of PRMS was released in July 2018 and a key change was the requirement for Proved Reserves to demonstrate positive economics. Adherence to this requirement and other modifications may affect the Group's reserves and resources calculation and reporting, and could lead to a change in the Group's reported reserves estimates or additional reporting obligations.

In addition, some of Santos' interests, in particular, in relation to the PNG LNG project may be subject to future contractual redetermination triggers. If redetermination is triggered and results in an unfavourable outcome, then Santos' interest in the PNG LNG project could be reduced along with its access to the associated underlying resources and revenues.

Replacement of existing reserves

Santos' future long-term results are related to the success of efforts to replace existing oil and gas reserves as they are depleted through production, either through exploration or acquisition. Exploration is a high risk

endeavour subject to geological and technological uncertainties. Acquisitions may not be able to be completed. There is no certainty that acquisitions will continue to be made or that exploration will be successful so no assurance can be given that Santos will be able to continue to replace its utilised reserves with additional proved reserves.

Demand for energy and market risk

The demand for oil, gas, LNG and other products of Santos may be adversely affected by downturns in economic activity, recession or low economic growth in Australia, regionally or globally, competition from alternative sources of oil, gas and LNG, competition from other sources of energy supply, technological developments in energy efficiency, changes in consumer behaviour, policy shifts towards lower carbon emissions, changes to competition policy and a large number of other factors outside the control of Santos. Changes in demand and supply of gas on Australia's east coast could result in material changes to the gas price which, in the absence of an effective response by Santos, could adversely affect the profitability, financial performance and prospects of Santos, as well as longer-term gas demand destruction which may have broader implications for the future of the gas industry in Australia.

Operations and insurance

Operational risks

Industrial disputes, work stoppages and accidents involving Santos' employees or contractors, natural disasters (including but not limited to earthquakes floods, cyclones, typhoons, changes to temperature and other extreme weather events), deliberate acts of destruction, inadequate supply chain performance, exploration, appraisal, drilling and production results, poor planning or project management practices, difficulties in obtaining necessary land access, the inherent uncertainty in reserves estimates and deliverability, equipment failure, failure of IT and other systems, cyber security disruption, environmental impacts, community or political opposition and other factors all contribute towards operational risk which may have an adverse effect on Santos' profitability and results of operations.

Technical and engineering risks

Santos is exposed to risks in relation to its ongoing oil and gas exploration and production activities, such as well control incidents, failure of drilling and completions equipment, pipeline and facilities integrity failures, major processing or transportation incidents, release of hydrocarbons or other substances, security incidents and other process safety risks, which may have an adverse effect on Santos' profitability and results of operations.

Insurance

In accordance with customary industry practices, Santos maintains insurance coverage limiting financial loss resulting from certain operating hazards. However, not all risks inherent to Santos' operations or those of its joint venture affiliates can be adequately insured economically or at all, and losses and liabilities arising from uninsured or underinsured operational events or the failure of one of its insurance providers could reduce its revenues or increase its costs. If claims are made under insurance policies, it may result in an increase in insurance premiums.

Infrastructure

Santos' operations include a significant infrastructure base to support the production and supply of product produced. The location, availability and reliability and integrity of existing infrastructure can all impact the ability of Santos to operate economically and supply product to meet contracts. The cost and availability of infrastructure and infrastructure related services can also impact Santos' ability to develop and/or economically commercialise resources.

Much of Santos' operated infrastructure, including Cooper Basin infrastructure in particular, has been in place for a number of decades and work to ensure the ongoing integrity and reliability of this and other ageing infrastructure can materially impact Santos' cost base in relation to the production and supply of product and ability to economically develop resources. Decommissioning and rehabilitation costs in relation to some infrastructure may be significant and can have the potential to materially impact profitability and financial performance.

Exploration and production licences may be withdrawn

Santos' exploration and prospective production are dependent upon the granting and maintenance of appropriate licences, permits and regulatory consents (**authorisations**) which may not be granted or may be withdrawn or made subject to limitations at the discretion of, inter alia, government or regulatory authorities. Although the authorisations may be renewed following expiry or granted (as the case may be), there can be no assurance that such authorisations will be continued, renewed or granted or as to the terms of such renewals or grants. Moreover, if Santos does not meet its work and/or expenditure obligations under permits and licences, this may lead to diminution of its interest in, or the loss of, such permits and licences.

Health and safety

The size, nature and complexity of Santos' operations pose risks in relation to the health and safety of the employees and contractors involved, including risks associated with travel to and from operations. Health and safety incidents could lead to increased operating costs, legal liability, regulatory action, the loss of operating licenses and/or damage to Santos' reputation.

Environmental risks

A range of environmental risks exist within oil and gas exploration and production activities. Accidents, environmental incidents and real or perceived threats to the environment or the amenity of local communities could result in a loss of Santos' social licence to operate leading to delays, disruption or the shut-down of exploration and production activities.

Oil and gas exploration and production may result in environmental impacts which may, in turn, give rise to substantial costs for environmental rehabilitation, damage control and losses.

With increasing government and public sensitivity to climate change and environmental sustainability, environmental regulation is becoming more stringent. Santos could be subject to increasing environmental responsibility and liability, including laws and regulations dealing with air quality, water and noise pollution and other discharges of materials into the environment, carbon emissions, plant and wildlife protection, the reclamation and restoration of certain of its properties, greenhouse gas emissions, hydraulic stimulation, the storage, treatment and disposal of wastes and the effects of its business on the water table and groundwater quality.

Sanctions for non-compliance with these laws and regulations may include administrative, civil and criminal penalties, revocation of permits, reputational issues, increased licence conditions and corrective action orders. These laws sometimes apply retroactively. In addition, a party can be liable for environmental damage without regard to that party's negligence or fault.

Increased costs associated with regulatory compliance and/or with litigation could have a material and adverse effect on Santos' earnings and cash flows. Increased environmental activism also presents potential increased costs and reputational risks, including management time in managing and responding to the various anti-gas campaigns, and share sell-offs by investors.

Social licence and investor perception

There continues to be public debate in Australia on the environmental and social impact of extraction of gas utilising fracture stimulation (fracking) and also Coal Seam Gas (**CSG**) production, including the impact on air quality through emissions and fugitive emissions, agricultural land, local communities, underground water aquifers and marine areas, the processing, treatment and storage of water and brine, and the impact of LNG projects on the price of gas within the domestic market (including potential domestic gas reservation). This debate may impact ability to access land and influence regulations in relation to these matters and may lead to a delay or cost overruns in existing and future projects or with respect to Santos' operations and/or delayed commencement of LNG and gas sales. In turn this may impact Santos' cash flow available for servicing its funding, the payment of dividends and capital expenditure and may have a material adverse effect on its financial performance and credit ratings.

Failure by Santos to effectively manage or communicate its strategy and risks, including changes in social expectations, regulatory or policy changes, its management and communication of cost management and growth prospects, or external risk factors including actions of peer companies, governments, analysts or activists, may all impact investor perceptions and the level of investment in Santos, which may in turn impact the market value of Santos shares.

Joint-venture and farmin arrangements

Santos' business is carried out through joint ventures and farmin arrangements. The use of joint ventures and farmin/farmout is common in the exploration and production industry and serves to mitigate the risk and associated cost of exploration, production and operational failure. However, failure of agreement or alignment with joint venture partners, the failure of Santos as an operator of joint venture or farmin arrangements or the failure of third party joint venture or farmin operators or parties, could have a material effect on Santos' business. The failure of joint venture or farmin partners to meet their commitments and share costs and liabilities can result in increased costs to Santos.

Key personnel risk

Santos' future success is significantly influenced by the expertise and continued service of certain key executives and technical personnel. Although Santos enters into employment and incentive arrangements with such personnel to secure their services, Santos cannot guarantee the retention of their services. Should key personnel leave, Santos' business, its results of operations and financial condition may be adversely affected.

Financial risks

Foreign currency risk

Santos is exposed to foreign currency risk principally through the sale of products, borrowings and capital and operating expenditure denominated in currencies other than its functional currency.

Santos has certain investments in domestic and foreign operations whose net assets are exposed to foreign currency translation risk. Currency exposures arising from the net assets of these operations are managed primarily through borrowings denominated in the relevant foreign currency.

Santos has established a low-cost operating model to mitigate, among other risks, the impact of changes in foreign exchange prices on its business. Failure to effectively manage the operating model could impact Santos' profit and cash flows.

There can be no assurance that Santos will successfully manage its exposure to exchange rate fluctuations and that exchange rate fluctuations will not have a material adverse effect on its future financial position and financial performance.

Credit risk

Santos is exposed to credit risk through investments in cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers including outstanding receivables and committed transactions. Santos may be exposed to potential financial loss if the counterparties to those investments and transactions fail to perform as contracted. There can be no assurance that Santos will successfully manage credit risks, and that potential counterparty default will not have a material and adverse effect on its future financial position and financial performance.

Access to capital

Santos has significant debt obligations, and relies on access to debt and equity financing to conduct its business. Santos' debt facilities contain covenants and failure to comply with these covenants could limit financial flexibility or enable lenders to accelerate repayment obligations.

There is a risk that Santos may not be able to access equity or debt capital markets to support its business objectives, or successfully refinance its current debt facilities on commercially favourable terms, or at all.

The ability to secure financing, or financing on acceptable terms may be adversely affected by volatility in the financial markets, globally or affecting a particular geographic region, industry or economic sector, or by a downgrade in Santos' credit rating. For these or other reasons, financing may be unavailable or the cost of financing may be significantly increased. Such inability to obtain, or an increase in the costs of, financing could materially and adversely affect Santos' business, results of operations and financial condition.

Interest rate risk

Santos' interest rate risk arises from its borrowings. Borrowings issued at variable rates expose Santos to cash flow interest rate risk. Borrowings issued at fixed rates expose Santos to fair value interest rate risk. Increases in interest rates, either through increases in base rates or borrowing margins, may reduce Santos' cash flow and profitability.

Downgrade to Santos' credit rating

On 12 July 2018, Santos' BBB- (stable outlook) credit rating was affirmed by S&P. Further on 22 August 2018, S&P advised that its ratings on Santos are unaffected by the proposed acquisition of Quadrant.

Credit ratings are subject to revision, suspension or withdrawal at any time by the assigning rating agency. Rating agencies may also revise or replace entirely the methodology applied to derive credit ratings. No assurances can be given that a credit rating will remain for any period of time or that a credit rating will not be lowered or withdrawn entirely by the rating agency if in its judgment circumstances in the future so warrant, or if a different methodology is applied to derive that credit rating.

Any downgrade could impact Santos' ability to obtain financing, increase its future financing costs, impact its ability to access capital markets and/or have an adverse effect on the market price of Santos' shares.

Counterparty and Contract risk

As part of its ongoing commercial activities, Santos is party to a number of material contracts including finance agreements, LNG sale and purchase agreements, infrastructure access agreements, agreements for the sale and purchase of hydrocarbons, transportation agreements, joint venture agreements, and EPC

contracts, including with entities that undertook construction of the upstream, pipeline and plant of the GLNG project. Any failure to negotiate satisfactory commercial terms, or to perform any of the obligations under these contracts by Santos and/or the applicable counterparties or to secure any extensions to these contracts may result in a material impact on Santos' operations and financial results.

Santos enters into sale and purchase contacts with various third parties for the sale and purchase of natural gas, LNG and other products. In particular, GLNG has entered into several high value, long term and high volume contracts for the purchase of gas to optimise gas supply to the project and high value, long term and high volume contracts to supply LNG to global customers. If Santos is unable to meet its commitments under these contracts, which include supply based on 2C contingent resources from Cooper Basin and Queensland operations, due to supply constraints, operational, resources to reserves conversion or commercial reasons, Santos' financial position could be materially impacted. If any counterparty were unable or refuses to meet its commitments to Santos under such contracts, in whole or in part, and if there is no form of security in place, or if any counterparty deliberately contravenes or seeks to renegotiate a relevant contract, then there is a risk that future anticipated revenues or supplies would reduce. Therefore, such failure or behaviour of a counterparty to a contract could materially and adversely affect Santos' financial condition and credit rating.

Liquidity risk

Santos seeks to maintain sufficient liquid assets and available committed credit facilities to meet short-term and medium-term liquidity requirements. While Santos considers that it currently has adequate liquidity, if it fails properly to manage its liquidity position in the future, or if markets are not available to it at the time that it requires any financing, there is a risk that its business and financial flexibility may be adversely affected.

AASB 16 Leases

In February 2016, AASB 16 Leases was issued, which is effective for annual periods commencing on or after 1 January 2019. The adoption of AASB 16 may have a material impact on individual line items of the group balance sheet due to an increase in property, plant and equipment related to the right of use of the leased assets, and an increase in interest bearing liabilities related to the lease liability. The net impact on the group's financial position is not expected to be material.

Regulatory, tax and legal

Political risk

Santos' interests in Australia and the other countries in which it has interests (e.g. Papua New Guinea) are subject to political, economic, social and other uncertainties, including the risk of civil rebellion, expropriation, border and territorial disputes, war, insurrection, acts of terrorism, nationalisation, renegotiation or termination of existing contracts, licences and permits or other agreements, changes in laws or taxation policies, currency exchange restrictions and changing political conditions. The effects of these factors are difficult to predict and any combination of one or other of the above may have a material adverse effect on the operation or development of Santos' business and/or the ownership or control of its assets. On 7 September 2018, Santos announced the completion of the sale of certain producing assets in Southeast Asia (i.e. Santos' interests in the Sampang PSC and Madura Offshore PSC in Indonesia, and Vietnam Block 12W PSC), and the completion of the sale of the other assets that are the subject of that sale transaction (exploration assets in Bangladesh, Malaysia and Vietnam) remain subject to customary consents and regulatory approvals.

Regulatory risks

Santos' business is subject to various laws and regulations in each of the countries in which it operates. These relate to the development, production, marketing, pricing, transportation and storage of its products as

well as the royalties, taxes and other imposts Santos must pay to applicable Government authorities and landowners in connection with its activities. A change in the laws, which apply to Santos' business or the way in which it is regulated, could have a material adverse effect on its business, results of operations and financial condition. For example, a change in taxation laws, environmental laws, competition laws or the application of other existing laws or new laws, including any laws relating to climate change and/or carbon emissions, could also have a material effect on Santos. In addition, non-compliance with such laws and regulations would have an adverse effect on Santos. It is not uncommon for the Governments of those jurisdictions in which Santos operates to review the markets, laws, and regulations which impact Santos' business from time to time and this can lead to changes in the regulatory environment in which Santos or its joint venture partners operate.

Santos has investments and operations in several countries where title to land and access and other rights with respect to land and resources (including indigenous title) may be complex and unclear. A number of Santos' interests are located within areas that are the subject of one or more claims or applications for native title determination. In Australia, compliance with the requirements of the Native Title Act 1993 (Cth) can delay the grant of mineral and petroleum tenements and consequently impact generally the timing of exploration, development and production operations. Santos does not believe that the outcome of those claims or applications will significantly impact on its asset base, however, native title decisions have the potential to introduce royalty payments and delay in the grant of mineral and petroleum tenements and other licences and consequently may impact generally on the timing of exploration, development and productions operations.

Santos has interests in areas which may be subject to claims by landowners, who may have concerns over the distribution of oil and gas royalties and access to mining and petroleum-related benefits. This has the potential to result in community unrest and activism targeted towards project infrastructure.

Government Intervention

Santos operates pursuant to licences, permits and authorisations granted by State and Commonwealth Governments in accordance with applicable legislation and regulations. Those authorisations govern Santos' ability to explore, develop, produce and market its resources. Any changes to those laws or the introduction of new laws could have a material adverse effect on Santos.

Currently in Australia, domestic gas supply and the impact of LNG projects on the price of gas within the domestic market, has become a matter of political interest and involvement. In particular, on 1 July 2017, the Commonwealth Government's Australian Domestic Gas Security Mechanism (**ADGSM**) commenced, with the aim of ensuring there is a sufficient supply of natural gas to meet Australia's domestic demand. The ADGSM allows the Resource Minister to impose export controls on LNG projects where the Resource Minister considers that such measures could increase gas supply to domestic consumers during periods of domestic gas shortfall.

On 30 September 2018, the Government announced that a new Heads of Agreement (**HOA**) had been signed by the Prime Minister and representatives of the three east coast LNG exporters to maintain a secure supply of gas to the east coast domestic market. The HOA stated that the Government had considered recent reports from the Australian Energy Market Operator (**AEMO**) and the Australian Competition and Consumer Commissions (**ACCC**) and had met with gas users and east coast gas producers and that both the AEMO and ACCC reports had concluded that there is unlikely to be a shortfall of domestic gas in 2019 and 2020. As such, the imposition of export restrictions by the Minister in the next one to two years under the ADGSM is unlikely at this time. However, the potential for a change of Government in 2019, ongoing speculation of a potential Royal Commission into the energy industry and/or changes in policy or domestic gas market outlook of different Government departments and regulators, could result in export restrictions under the current ADGSM regime or other Government intervention under a different regime in the short to mid-term. Santos' domestic gas business, GLNG project and other LNG interests, including its ability to purchase gas, develop future growth projects and meet supply commitments may be adversely impacted by any

governmental intervention, limitations on LNG export volumes and/or the redirection of gas from export to domestic markets. Any such intervention may also have broader implications for the future of the gas industry in Australia.

Climate Change Risk

Santos is likely to be subject to increasing regulations and costs associated with climate change and management of carbon emissions.

Strategic, regulatory and operational risks and opportunities associated with climate change are incorporated into Santos' policy and strategy, and risk management processes and practices. Santos actively monitors current and potential areas of climate change risk and takes actions to prevent and/or mitigate any impacts on its objectives and activities. Reduction of waste and emissions is an integral part of delivery of cost efficiencies and forms part of Santos' routine operations.

Santos has modelled the impact of changing climate policy on its portfolio of assets, consistent with the requirements of the G20's Task Force on Climate-Related Financial Disclosures. Santos used the International Energy Agency's (**IEA**) scenarios from its Energy Technology Perspectives 2017 report to understand the economic resilience of its portfolio. Santos' value and earnings are economically resilient under the three IEA scenarios.

Further detail on Santos' IEA scenario analysis and the material risks relating to climate change are available in Santos' 2018 Climate Change Report.

Taxes

In addition to the standard level of income tax imposed on all industries, companies in the petroleum and gas industries are required to pay government royalties, direct and indirect taxes and other imposts in the jurisdictions in which they operate. The profitability of companies in these industries can be affected by changes in government taxation and royalty policies or in the interpretation or application of such policies. In particular, the Government has recently proposed changes to the Petroleum Resource Rent Tax, which if enacted effective from 1 July 2019, could potentially affect Santos. However, there is insufficient detail in the announcement at this stage to determine whether this will have any material impact on Santos.

Litigation risks

The nature of Santos' business means that it is likely to be involved in litigation or regulatory actions arising from a wide range of matters. Santos may also be involved in investigations, inquiries or disputes, debt recoveries, native title claims, pre-emptive right disputes, land tenure and access disputes, contractual claims with respect to its activities (including with suppliers, customers, joint venturers and parties engaged to construct and or develop its projects and infrastructure), environmental claims or occupational health and safety claims. Any of these claims or actions could result in delays, increase costs or otherwise adversely impact Santos' assets and operations, financial performance and future financial prospects.

Cyber security risks

Cyber security risks, including threats to Santos' IT systems from computer viruses, unauthorised access, cyber-attack and other similar disruptions, have evolved rapidly and can impact all sectors of the economy, including the energy industry. The increasing IT enablement of operations requires care to ensure cyber security threats are appropriately managed. Cyber security risks may lead to a breach of privacy, fraud, disruption of critical business processes or theft of commercially sensitive information. Such events could lead to reputational damage and have an adverse impact on Santos' profitability and financial position.

Ipso Facto Moratorium

On 18 September 2017, the Treasury Laws Amendment (2017 Enterprise Incentives No. 2) Act 2017 (the **Act**) received Royal Assent and was enacted. The Act contains reforms to Australian insolvency laws. Under the Act, any right under a contract, agreement or arrangement (such as a right entitling a creditor to terminate a contract or to accelerate a payment under a contract) arising merely because a company, among other circumstances, is under administration, has appointed a managing controller or is the subject of an application under section 411 of the Corporations Act (i.e. "**ipso facto rights**"), will not be enforceable during a prescribed moratorium period.

The Act became effective on 1 July 2018 and applies to ipso facto rights arising under contracts, agreements or arrangements entered into at or after that date, subject to certain exclusions. On 21 June 2018, the Australian Government introduced the Corporations Amendment (Stay on Enforcing Certain Rights) Regulations 2018 (the **Regulations**) which set out the types of contracts that will be excluded from the operation of the stay on the enforcement of ipso facto rights.

The Regulations provide that a contract, agreement or arrangement that is, or governs securities, financial products, bonds or promissory notes will be exempt from the moratorium. Furthermore, a contract, agreement or arrangement under which a party is or may be liable to subscribe for, or to procure subscribers for, securities, financial products, bonds or promissory notes is also excluded from the stay. As the Act and the Regulations are new to the insolvency regime in Australia, they have not been the subject of judicial interpretation. If the Regulations are determined not to exclude the Notes or any other arrangements relating to the Programme, from their operation under the exclusions mentioned above or any other exclusion under the Regulations, this may render unenforceable in Australia provisions of the Notes or the Programme conditioned solely on the occurrence of events giving rise to ipso facto rights. Investors should seek independent advice on the implications (if any) of these laws and regulations on their investment in the Notes.

FACTORS WHICH ARE MATERIAL FOR THE PURPOSE OF ASSESSING THE MARKET RISKS ASSOCIATED WITH NOTES ISSUED UNDER THE PROGRAMME

Risks related to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features, distinguishing between factors which may occur in relation to any Notes:

The Notes are unsecured obligations of the Issuer and the Guarantor.

The Notes issued by the Issuer are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank *pari passu* among themselves. Each issue of Notes will be guaranteed by the Guarantor pursuant to the Guarantee. The obligations of the Guarantor under the Guarantee are direct, unconditional, unsecured and unsubordinated obligations of the Guarantor and will rank *pari passu* among themselves, subject as may from time to time be mandatory under English law.

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return.

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned.

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes as the change of interest basis may result in a lower interest return for Noteholders. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on those Notes and could affect the market value of an investment in the relevant Notes.

The regulation and reform of "benchmarks" may adversely affect the value of Notes linked to or referencing such "benchmarks"

Interest rates and indices which are deemed to be "benchmarks" are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a "benchmark". Regulation (EU) 2016/1011 (the **Benchmarks Regulation**) was published in the Official Journal of the EU on 29 June 2016 and applies from 1 January 2018. The Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It will, among other things, (i) require benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevent certain uses by EU supervised entities of "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Notes linked to or referencing a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of "benchmarks", could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements. Such factors may have the following effects on certain "benchmarks": (i) discourage market participants from continuing to administer or contribute to the "benchmark"; (ii) trigger changes in the rules or methodologies used in the "benchmark" or (iii) lead to the disappearance of the "benchmark". Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Notes linked to or referencing a "benchmark".

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms in making any investment decision with respect to any Notes linked to or referencing a "benchmark".

Future discontinuance of LIBOR may adversely affect the value of Floating Rate Notes which reference LIBOR

On 27 July 2017, the Chief Executive of the United Kingdom Financial Conduct Authority (**FCA**), which regulates the London Inter-Bank Offering Rate (**LIBOR**), announced that it does not intend to continue to persuade, or use its powers to compel, panel banks to submit rates for the calculation of LIBOR to the administrator of LIBOR after 2021. On 12 July 2018, the FCA further announced that LIBOR may in the future cease to satisfy the requirements of the Benchmarks Regulation and described the steps that are being taken to ensure a transition from LIBOR to alternative interest rate benchmarks. The announcement indicates that the continuation of LIBOR on the current basis is not guaranteed after 2021. It is not possible to predict whether, and to what extent, panel banks will continue to provide LIBOR submissions to the administrator of LIBOR going forwards. This may cause LIBOR to perform differently than it did in the past and may have other consequences which cannot be predicted.

Investors should be aware that, if LIBOR were discontinued or otherwise unavailable, the rate of interest on Floating Rate Notes which reference LIBOR will be determined for the relevant period by the fall-back provisions applicable to such Notes. Depending on the manner in which the LIBOR rate is to be determined under the Conditions, this may (i) if ISDA Determination applies, be reliant upon the provision by reference banks of offered quotations for the LIBOR rate which, depending on market circumstances, may not be available at the relevant time or (ii) if Screen Rate Determination applies, result in the effective application of a fixed rate based on the rate which applied in the previous period when LIBOR was available. Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, any Floating Rate Notes which reference LIBOR.

Notes which are issued at a substantial discount or premium may experience price volatility in response to changes in market interest rates.

The market values of securities issued at a substantial discount (such as some Zero Coupon Notes) or premium to their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

There are particular risks associated with an investment in certain types of Notes, such as Index Linked Notes and Dual Currency Notes. In particular, an investor might receive less interest than expected or no interest in respect of such Notes and may lose some or all of the principal amount invested by it.

The Issuer may issue Notes with principal or interest determined by reference to an index or formula, to changes in the prices of securities or commodities, to movements in currency exchange rates or other factors (each, a **Relevant Factor**). In addition, the Issuer may issue Notes with principal or interest payable in one or more currencies which may be different from the currency in which the Notes are denominated. Potential investors should be aware that:

(i) the market price of such Notes may be volatile;

(ii) they may receive no interest;

(iii) payment of principal or interest may occur at a different time or in a different currency than expected;

(iv) they may lose all or a substantial portion of their principal;

(v) a Relevant Factor may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices;

(vi) if a Relevant Factor is applied to Notes in conjunction with a multiplier greater than one or contains some other leverage factor, the effect of changes in the Relevant Factor on principal or interest payable likely will be magnified; and

(vii) the timing of changes in a Relevant Factor may affect the actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the Relevant Factor, the greater the effect on yield.

The historical experience of an index or other Relevant Factor should not be viewed as an indication of the future performance of such Relevant Factor during the term of any Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Notes linked to a Relevant Factor and the suitability of such Notes in light of its particular circumstances.

Where Notes are issued on a partly paid basis, an investor who fails to pay any subsequent instalment of the issue price could lose all of his investment.

The Issuer may issue Notes where the issue price is payable in more than one instalment. Any failure by an investor to pay any subsequent instalment of the issue price in respect of his Notes could result in such investor losing all of his investment.

Notes which are issued with variable interest rates or which are structured to include a multiplier or other leverage factor are likely to have more volatile market values than more standard securities.

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

Inverse Floating Rate Notes will have more volatile market values than conventional Floating Rate Notes.

Inverse Floating Rate Notes have an interest rate equal to a fixed rate minus a rate based upon a reference rate such as LIBOR. The market values of those Notes typically are more volatile than market values of other conventional floating rate debt securities based on the same reference rate (and with otherwise comparable terms). Inverse Floating Rate Notes are more volatile because an increase in the reference rate not only decreases the interest rate of the Notes, but may also reflect an increase in prevailing interest rates, which further adversely affects the market value of these Notes.

Reliance on Euroclear and Clearstream, Luxembourg procedures.

Notes issued under the Programme will be represented on issue by one or more Global Notes that may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in each Global Note, investors will not be entitled to receive Notes in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Note held through it. While the Notes are represented by a Global Note, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Notes, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Note must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Note.

Holders of beneficial interests in a Global Note will not have a direct right to vote in respect of the Notes so represented. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies.

The Notes do not restrict the amount of debt which the Issuer may incur.

The Conditions do not contain any restriction on the amount of indebtedness which the Issuer may from time to time incur. In the event of any insolvency or winding-up of the Issuer, the Notes will rank equally with other unsecured senior indebtedness of the Issuer and, accordingly, any increase in the amount of unsecured senior indebtedness of the Issuer in the future may reduce the amount recoverable by Noteholders. In addition, the Notes are unsecured and, save as provided in Condition 4 (*Negative Pledge*), do not contain any restriction on the giving of security by the Issuer to secure present and future indebtedness. Where security has been granted over assets of the Guarantor to secure indebtedness, in the event of any insolvency or winding-up of the Issuer, such indebtedness will rank in priority over the Notes and other unsecured indebtedness of the Issuer in respect of such assets.

Risks related to Notes generally

Set out below is a description of material risks relating to the Notes generally:

The Conditions contain provisions which may permit their modification without the consent of all investors and confer significant discretions on the Trustee which may be exercised without the consent of the Noteholders and without regard to the individual interests of particular Noteholders.

The Conditions contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions also provide that the Trustee may, without the consent of Noteholders and without regard to the interests of particular Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 15.

The value of the Notes could be adversely affected by a change in English law or administrative practice.

The Conditions are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular and any such change could materially adversely impact the value of any Notes affected by it.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued.

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an

amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed or issued) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Risks related to the market generally

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

An active secondary market in respect of the Notes may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Notes.

Notes may have no established trading market when issued, and one may never develop. If a market for the Notes does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

If an investor holds Notes which are not denominated in the investor's home currency, he will be exposed to movements in exchange rates adversely affecting the value of his holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes.

The Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer or the Guarantor to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates.

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Credit ratings assigned to the Issuer, the Guarantor or any Notes may not reflect all the risks associated with an investment in those Notes.

One or more independent credit rating agencies may assign credit ratings to the Issuer, the Guarantor or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances whilst the registration application is pending). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA list. Certain information with respect to the credit rating agencies and ratings for Notes is set out on the cover of this Offering Circular.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and have been filed with the Australian Securities and Investments Commission shall be incorporated in, and form part of, this Offering Circular:

(a) the auditor's report and audited consolidated annual financial statements of the Guarantor for the financial year ended 31 December 2017 and for the financial year ended 31 December 2016 which are set out on pages 55 to 129 of the Guarantor's 2017 Annual Report and pages 51 to 121 of the Guarantor's 2016 Annual Report, respectively and the consolidated financial statements of the Guarantor for the half year ended 30 June 2018 (unaudited); and

(b) the auditor's report and audited financial statements of the Issuer for the financial year ended 31 December 2017 and for the financial year ended 31 December 2016.

Following the publication of this Offering Circular a supplement may be prepared by the Issuer and submitted to the ASX. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable, be deemed to modify or supersede statements contained in this Offering Circular or in a document which is incorporated by reference in this Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Copies of documents incorporated by reference in this Offering Circular are available for inspection and/or collection from the registered office of the Issuer and Guarantor and from the specified office of the Principal Paying Agent for the time being.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or the relevant information therein is otherwise covered elsewhere in this Offering Circular.

The Issuer and the Guarantor will, in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Offering Circular which is capable of affecting the assessment of any Notes, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes.

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons attached, or registered form, without interest coupons attached. Bearer Notes and Registered Notes will be issued outside the United States in reliance on Regulation S under the Securities Act (**Regulation S**).

Bearer Notes

Each Tranche of Bearer Notes will be in bearer form and will initially be issued in the form of a temporary global note (a **Temporary Bearer Global Note**) or, if so specified in the applicable Pricing Supplement, a permanent global note (a **Permanent Bearer Global Note** and, together with a Temporary Bearer Global Note, each a **Bearer Global Note**) which, in either case, will be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**).

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Bearer Global Note) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Bearer Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date which is 40 days after a Temporary Bearer Global Note is issued (the **Exchange Date**), interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) definitive Bearer Notes of the same Series with, where applicable, receipts, interest coupons and talons attached (as indicated in the applicable Pricing Supplement), in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Bearer Global Note) without any requirement for certification.

A Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, receipts, interest coupons and talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default (as defined in Condition 10) has occurred and is continuing or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available. The Issuer will promptly give notice to Noteholders in accordance with the Conditions if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) or the Trustee may give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

The following legend will appear on all Bearer Notes (other than Temporary Bearer Global Notes), receipts and interest coupons relating to such Notes where TEFRA D is specified in the applicable Pricing Supplement:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Bearer Notes, receipts or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of Bearer Notes, receipts or interest coupons.

Notes which are represented by a Bearer Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Registered Notes

The Registered Notes of each Tranche will initially be represented by a global note in registered form (a **Registered Global Note**).

Registered Global Notes will be deposited with a common depositary for Euroclear and Clearstream, Luxembourg, and registered in the name of the nominee for the Common Depositary of, Euroclear and Clearstream, Luxembourg. Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Payments of principal, interest and any other amount in respect of the Registered Global Notes will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 6.5) as the registered holder of the Registered Global Notes. None of the Issuer, the Guarantor, any Paying Agent, the Trustee or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest or any other amount in respect of the Registered Notes in definitive form will, in the absence of provision to the contrary, be made to the persons shown on the Register on the relevant Record Date (as defined in Condition 6.5) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that (i) an Event of Default has occurred and is continuing or (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and, in any such case, no successor clearing system satisfactory to the Trustee is available. The Issuer will promptly give notice to Noteholders in accordance with the Conditions if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) or the Trustee may give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg, in each case to the extent applicable.

General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*"), the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Pricing Supplement.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

The Issuer and the Guarantor may agree with any Dealer and the Trustee that Notes may be issued in a form not contemplated by the Conditions.

FORM OF PRICING SUPPLEMENT

Set out below is the form of Pricing Supplement which will be completed for each Tranche of Notes issued under the Programme.

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS –** The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the **Prospectus Directive**). Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

[MiFID II product governance / Professional investors only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [MiFID II]/[Directive 2014/65/EU (as amended, **MiFID II**)]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[**Notification under Section 309B(1)(c) of the Securities and Futures Act (Chapter 289) of Singapore** (the **SFA**) - [*To insert notice if classification of the Notes is not "prescribed capital markets products", pursuant to Section 309B of the SFA or Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products)*]".][1]

[*Date*]

Santos Finance Limited
(incorporated with limited liability in Australia (ACN 002 799 537)

Legal entity identifier (LEI): 213800BKUBSWG53XNS94

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
Guaranteed by Santos Limited
(incorporated with limited liability in Australia (ACN 007 550 923)
under the U.S.$10,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

[1] Relevant Dealer(s) to consider whether it / they have received the necessary product classification from the Issuer prior to the launch of the offer, pursuant to Section 309B of the SFA.

The Offering Circular referred to below (as completed by this Pricing Supplement) has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area (each, a **Relevant Member State**) which has implemented Directive 2003/71/EC as amended (which includes the amendments made by Directive 2010/73/EU to the extent that such amendments have been implemented in that Relevant Member State) (as amended or superseded, the **Prospectus Directive**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly, any person making or intending to make an offer of the Notes may only do so in circumstances in which no obligation arises for the Issuer, the Guarantor or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or to supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer.

This document constitutes the Pricing Supplement for the Notes described herein. This document must be read in conjunction with the Offering Circular dated [*date*] [as supplemented by the supplement[s] dated [*date[s]*]] (the **Offering Circular**). Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Circular. Copies of the Offering Circular may be obtained from [*address*].

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the **Conditions**) set forth in the Offering Circular [dated [*original date*] [and the supplement dated [*date*]] which are incorporated by reference in the Offering Circular].[2]

[*Include whichever of the following apply or specify as "Not Applicable". Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or subparagraphs. Italics denote directions for completing the Pricing Supplement.*]

1.	(a)	Issuer:	Santos Finance Limited
	(b)	Guarantor:	Santos Limited
2.	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ]
	(c)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [*identify earlier Tranches*] on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [ ] below, which is expected to occur on or about [*date*]][Not Applicable]
3.	Specified Currency or Currencies:		[ ]
4.	Aggregate Nominal Amount:		
	(a)	Series:	[ ]
	(b)	Tranche:	[ ]
5.	Issue Price:		[ ] per cent. of the Aggregate Nominal Amount [plus accrued interest from [*insert date*] (*if*

[2] Only include this language where it is a fungible issue and the original Tranche was issued under an Offering Circular with a different date.

			applicable)]
6.	(a)	Specified Denominations:	[ ] (*NB: If an issue of Notes is (i) admitted to trading on a European Economic Area exchange; and/or (ii) offered in the European Economic Area in circumstances where a prospectus would otherwise be required to be published under the Prospectus Directive, the minimum denomination of the Notes must be €100,000 or more (or the equivalent amount in any other currency)*)
	(b)	Calculation Amount (in relation to calculation of interest in global form see Conditions):	[ ] (*If only one Specified Denomination, insert the Specified Denomination. If more than one Specified Denomination, insert the highest common factor. Note: There must be a common factor in the case of two or more Specified Denominations*.)
7.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[*specify*/Issue Date/Not Applicable] (*N.B. An Interest Commencement Date will not be relevant for certain Notes, for example Zero Coupon Notes.*)
8.		Maturity Date:	[*Specify date or for* *Floating Rate Notes* - Interest Payment Date falling in or nearest to [*specify month and year*]]
9.		Interest Basis:	[[ ] per cent. Fixed Rate] [[*specify Reference Rate*] +/- [ ] per cent. Floating Rate] [Zero Coupon] [Index Linked Interest] [Dual Currency Interest] [*specify other*] (further particulars specified below)
10.		Redemption/Payment Basis:	[Redemption at par] [Index Linked Redemption] [Dual Currency Redemption] [Partly Paid] [Instalment] [*specify other*]
11.		Change of Interest Basis or Redemption/Payment Basis:	[*Specify details of any provision for change of Notes into another Interest Basis or Redemption/Payment Basis*][Not Applicable]
12.		Put/Call Options:	[Investor Put] [Issuer Call]

			[(further particulars specified below)]
13.	(a)	Status of the Notes:	[Senior/*specify other*]
	(b)	Status of the Guarantee:	[Senior/*specify other*]
	(c)	Date Board approval for issuance of Notes and Guarantee obtained:	[ ] [and [ ], respectively] *(N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee*)
	(d)	Negative pledge	[Applicable/Not Applicable]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14.	Fixed Rate Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Rate(s) of Interest:	[ ] per cent. per annum payable in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	[ ] in each year [up to and including the Maturity Date] (*Amend appropriately in the case of irregular coupons*)
	(c)	Fixed Coupon Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions):	[ ] per Calculation Amount
	(d)	Broken Amount(s) for Notes in definitive form (and in relation to Notes in global form see Conditions):	[[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]][Not Applicable]
	(e)	Day Count Fraction:	[30/360/Actual/Actual (ICMA)/*specify other*]
	(f)	[Determination Date(s):	[[ ] in each year][Not Applicable] (*Only relevant where Day Count Fraction is Actual/Actual (ICMA). In such a case, insert regular interest payment dates, ignoring issue date or maturity date in the case of a long or short first or last coupon*]
	(g)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	[None/*Give details*]
15.	Floating Rate Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)

(a)	Specified Period(s)/Specified Interest Payment Dates:	[ ][, subject to adjustment in accordance with the Business Day Convention set out in (b) below/, not subject to any adjustment, as the Business Day Convention in (b) below is specified to be Not Applicable]
(b)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/[*specify other*]] [Not Applicable]
(c)	Additional Business Centre(s):	[ ]
(d)	Manner in which the Rate of Interest and Interest Amount is to be determined:	[Screen Rate Determination/ISDA Determination/*specify other*]
(e)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):	[ ]
(f)	Screen Rate Determination:	
	• Reference Rate:	[ ] month [LIBOR/EURIBOR/*specify other Reference Rate*] *(Either LIBOR, EURIBOR or other, although additional information is required if other, including fallback provisions in the Agency Agreement.)*
	• Interest Determination Date(s):	[ ] *(Second London business day prior to the start of each Interest Period if LIBOR (other than Sterling or euro LIBOR), first day of each Interest Period if Sterling LIBOR and the second day on which the TARGET2 System is open prior to the start of each Interest Period if EURIBOR or euro LIBOR)*
	• Relevant Screen Page:	[ ] (*In the case of EURIBOR, if not Reuters EURIBOR01 ensure it is a page which shows a composite rate or amend the fallback provisions appropriately*)
(g)	ISDA Determination:	
	• Floating Rate Option:	[ ]
	• Designated Maturity:	[ ]
	• Reset Date:	[ ] (*In the case of a LIBOR or EURIBOR based option, the first day of the Interest Period*) (*N.B. The fall-back provisions applicable to ISDA*

			Determination under the 2006 ISDA Definitions are reliant upon the provision by reference banks of offered quotations for LIBOR and/or EURIBOR which, depending on market circumstances, may not be available at the relevant time)
	(h)	Linear Interpolation:	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
	(i)	Margin(s):	[+/-] [ ] per cent. per annum
	(j)	Minimum Rate of Interest:	[ ] per cent. per annum
	(k)	Maximum Rate of Interest:	[ ] per cent. per annum
	(l)	Day Count Fraction:	[Actual/Actual (ISDA)][Actual/Actual] Actual/365 (Fixed) Actual/365 (Sterling) Actual/360 [30/360][360/360][Bond Basis] [30E/360][Eurobond Basis] 30E/360 (ISDA) [*Other*]
	(m)	Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[ ]
16.	Zero Coupon Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Accrual Yield:	[ ] per cent. per annum
	(b)	Reference Price:	[ ]
	(c)	Any other formula/basis of determining amount payable for Zero Coupon Notes:	[ ]
	(d)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]
17.	Index Linked Interest Note		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Index/Formula:	[*give or annex details*]

	(b)	Calculation Agent	[*give name*]
	(c)	Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent):	[ ]
	(d)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	[*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
	(e)	Specified Period(s)/Specified Interest Payment Dates:	[ ]
	(f)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/*specify other*]
	(g)	Additional Business Centre(s):	[ ]
	(h)	Minimum Rate of Interest:	[ ] per cent. per annum
	(i)	Maximum Rate of Interest:	[ ] per cent. per annum
	(j)	Day Count Fraction:	[ ]
18.	Dual Currency Interest Note Provisions		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Rate of Exchange/method of calculating Rate of Exchange:	[*give or annex details*]
	(b)	Party, if any, responsible for calculating the principal and/or interest due (if not the Agent):	[ ]
	(c)	Provisions applicable where calculation by reference to Rate of Exchange impossible or impracticable:	[*need to include a description of market disruption or settlement disruption events and adjustment provisions*]
	(d)	Person at whose option Specified Currency(ies) is/are payable:	[ ]

PROVISIONS RELATING TO REDEMPTION

19.	Notice periods for Condition 7.2:	Minimum period: [30] days Maximum period: [60] days
20.	Issuer Call:	[Applicable/Not Applicable] (*If not applicable, delete the remaining*

subparagraphs of this paragraph)

	(a)	Optional Redemption Date(s):	[ ]
	(b)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[ ] per Calculation Amount/*specify other*/see Appendix]
	(c)	If redeemable in part:	
		(i) Minimum Redemption Amount:	[ ]
		(ii) Maximum Redemption Amount:	[ ]
	(d)	Notice periods:	Minimum period: [15] days Maximum period: [30] days (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems* (*which require a minimum of 5 clearing system business days' notice for a call) and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee.*)
21.	Investor Put:		[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a)	Optional Redemption Date(s):	[ ]
	(b)	Optional Redemption Amount and method, if any, of calculation of such amount(s):	[[ ] per Calculation Amount/*specify other*/see Appendix]
	(c)	Notice periods:	Minimum period: [15] days Maximum period: [30] days (*N.B. When setting notice periods, the Issuer is advised to consider the practicalities of distribution of information through intermediaries, for example, clearing systems* (*which require a minimum of 15 clearing system business days' notice for a put*) *and custodians, as well as any other notice requirements which may apply, for example, as between the Issuer and the Agent or Trustee.*)
22.	Final Redemption Amount:		[[ ] per Calculation Amount/*specify other*/see Appendix]
23.	Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating		[[ ] per Calculation Amount/*specify other*/see Appendix] (*N.B. If the Final Redemption Amount is 100 per*

	the same (if required]):	*cent. of the nominal value (i.e. par), the Early Redemption Amount is likely to be par (but consider). If, however, the Final Redemption Amount is other than 100 per cent. of the nominal value, consideration should be given as to what the Early Redemption Amount should be.*)

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24.	Form of Notes:	[Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event] [Temporary Global Note exchangeable for Definitive Notes on and after the Exchange Date] [Permanent Global Note exchangeable for Definitive Notes only upon an Exchange Event]] [Registered Notes: [Global Note registered in the name of a nominee for a common depositary for Euroclear and Clearstream, Luxembourg]
25.	Additional Financial Centre(s):	[Not Applicable/*give details*] (*Note that this paragraph relates to the date of payment and not the end dates of Interest Periods for the purposes of calculating the amount of interest, to which sub-paragraphs 15(c) and 17(g) relate*)
26.	Talons for future Coupons to be attached to Definitive Notes:	[Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made/No]
27.	Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences (if any) of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment.	[Not Applicable/*give details*. *N.B. A new form of Temporary Global Note and/or Permanent Global Note may be required for Partly Paid issues*]
28.	Details relating to Instalment Notes:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Instalment Amount(s):	[*give details*]
	(b) Instalment Date(s):	[*give details*]

29. Other terms or special conditions: [Not Applicable/*give details*]

RESPONSIBILITY

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Pricing Supplement. [[*Relevant third party information*] has been extracted from [*specify source*]. Each of the Issuer and the Guarantor confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

THE ISSUER

SIGNED for and on behalf of **SANTOS FINANCE LIMITED (ABN 81 002 799 537)** by its attorney under a power of attorney dated
in the presence of:

Signature of witness

Signature of attorney who declares that the attorney has not received any notice of the revocation of the power of attorney

Full name of witness

Full name of attorney

THE GUARANTOR

SIGNED for and on behalf of **SANTOS LIMITED (ABN 80 007 550 923)** by its attorney under a power of attorney dated
in the presence of:

Signature of witness

Signature of attorney who declares that the attorney has not received any notice of the revocation of the power of attorney

Full name of witness

Full name of attorney

PART B – OTHER INFORMATION

1. LISTING

[Application [has been made/is expected to be made] by the Issuer (or on its behalf) for the Notes to be listed on [*specify market – note this must not be a regulated market*] with effect from [ ].] [Not Applicable]

2. RATINGS

Ratings: [The Notes to be issued [[have been]/[are expected to be]] rated [*insert details*] by [*insert the legal name of the relevant credit rating agency entity(ies)*].
(*The above disclosure is only required if the ratings of the Notes are different to those stated in the Offering Circular*)

Credit ratings in respect of the Notes, the Issuer or the Guarantor are for distribution to persons who are not a "retail" client within the meaning of section 761G of the Corporations Act 2001 of Australia (the **Corporations Act**) and are also sophisticated investors, professional investors or other investors in respect of whom disclosure is not required under Part 6D.2 of the Corporations Act and in all cases in such circumstances as may be permitted by applicable laws in any jurisdiction in which an investor may be located. Anyone who is not such a person is not entitled to receive this Pricing Supplement and anyone who receives this Pricing Supplement must not distribute it to any person who is not entitled to receive it.

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees payable to the [Managers named below/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer and the Guarantor and their affiliates in the ordinary course of business – *Amend as appropriate if there are other interests*]

4. OPERATIONAL INFORMATION

(i)	ISIN:	[ ]
(ii)	Common Code:	[ ]
(iii)	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable/*give name(s) and number(s)*]

(iv)	Delivery:	Delivery [against/free of] payment
(v)	Names and addresses of additional Paying Agent(s) (if any):	[ ]

5. DISTRIBUTION

(i)	Method of distribution:	[Syndicated/Non-syndicated]
(ii)	If syndicated, names of Managers:	[Not Applicable/*give names*]
(iii)	Stabilisation Manager(s) (if any):	[Not Applicable/*give name*]
(iv)	If non-syndicated, name of relevant Dealer:	[Not Applicable/*give name*]
(v)	U.S. Selling Restrictions:	Reg. S Compliance Category [2]; [TEFRA D/TEFRA C/TEFRA not applicable]
(vi)	Additional selling restrictions:	[Not Applicable/*give details*] (*Additional selling restrictions are only likely to be relevant for certain structured Notes, such as commodity-linked Notes*)

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Pricing Supplement in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Pricing Supplement (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of Pricing Supplement" for a description of the content of the Pricing Supplement which will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by Santos Finance Limited (ACN 002 799 537) (the **Issuer**) constituted by a Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated 30 August 2017 made between the Issuer, Santos Limited (ACN 007 550 923) (as guarantor (the **Guarantor**) and The Bank of New York Mellon, London Branch (the **Trustee**, which expression shall include any successor as Trustee).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

(a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;

(b) any Global Note;

(c) any definitive Notes in bearer form (**Bearer Notes**) issued in exchange for a Global Note in bearer form; and

(d) any definitive Notes in registered form (**Registered Notes**) (whether or not issued in exchange for a Global Note in registered form).

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Agency Agreement (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) dated 30 August 2017 and made between the Issuer, the Guarantor, the Trustee, The Bank of New York Mellon, London Branch as issuing and principal paying agent and agent bank (the **Principal Paying Agent**, which expression shall include any successor principal paying agent) and the other paying agents named therein (together with the Principal Paying Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents), The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar (the **Registrar**, which expression shall include any successor registrar) and The Bank of New York Mellon, London Branch as transfer agent and the other transfer agents named therein (the **Transfer Agents**, which expression shall include any additional or successor transfer agents). The Principal Paying Agent, the Registrar, the Paying Agents, and other Transfer Agents together referred to as the **Agents**.

The Pricing Supplement for this Note (or the relevant provisions thereof) is attached to or endorsed on this Note which supplement these Terms and Conditions (the **Conditions**) and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Conditions, replace or modify the Conditions for the purposes of this Note. References to the

applicable Pricing Supplement are, unless otherwise stated, to the Pricing Supplement (or the relevant provisions thereof) attached to or endorsed on this Note.

Interest bearing definitive Bearer Notes have interest coupons (**Coupons**) and, in the case of Bearer Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Notes in definitive bearer form which are repayable in instalments have receipts (**Receipts**) for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The Trustee acts for the benefit of the Noteholders (which expression shall mean (in the case of Bearer Notes) the holders of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below), the holders of the Receipts (the **Receiptholders**) and the holders of the Coupons (the **Couponholders**, which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, **Tranche** means Notes which are identical in all respects (including as to listing and admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which (a) are expressed to be consolidated and form a single series and (b) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

Copies of the Trust Deed and the Agency Agreement are available for inspection and/or collection during normal business hours at the specified office for the time being of the Principal Paying Agent. The applicable Pricing Supplement will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the Issuer, the Trustee and the relevant Agent as to its holding of such Notes and identity. The Noteholders, the Receiptholders and the Couponholders are deemed to have notice of, are bound by and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Pricing Supplement which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed or the Agency Agreement or used in the applicable Pricing Supplement shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

In the Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form or in registered form as specified in the applicable Pricing Supplement and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denominations (the **Specified Denomination(s)**) specified in the applicable Pricing Supplement. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Index Linked Interest Note, a Dual Currency Interest Note or a combination of any of the foregoing, depending upon the Interest Basis shown in the applicable Pricing Supplement.

This Note may also be an Index Linked Redemption Note, an Instalment Note, a Dual Currency Redemption Note, a Partly Paid Note or a combination of any of the foregoing, depending upon the Redemption/Payment Basis shown in the applicable Pricing Supplement.

This Note may also be a Senior Note or otherwise as indicated in the applicable Pricing Supplement.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The Issuer, the Guarantor, the Trustee and any Agent will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Trustee and the Agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the Issuer, the Guarantor, the Trustee and any Agent as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly.

In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, each of the Trustee and the Principal Paying Agent may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in Part B of the applicable Pricing Supplement.

2. TRANSFERS OF REGISTERED NOTES

2.1 Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note of the same series only in the authorised denominations set out in the applicable Pricing Supplement and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement.

2.2 Transfers of Registered Notes in definitive form

Subject as provided in Condition 2.3, upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the authorised denominations set out in the applicable Pricing Supplement and provided that, if transferred in part, the aggregate nominal amount of the balance of Registered Notes not so transferred is an amount of at least such minimum authorised denomination). In order to effect any such transfer (a) the holder or holders must (i) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or his or their attorney or attorneys duly authorised in writing and (ii) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (b) the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the Issuer, the Trustee and the Registrar may from time to time prescribe (the initial such regulations being set out in Schedule **3** to the Agency Agreement). Subject as provided above, the relevant Transfer Agent will, within three business days (being for this purpose a day on which banks are open for business in the city where the specified office of the relevant Transfer Agent is located) of the request (or such longer period as may be required to comply with any applicable fiscal or other laws or regulations), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent by uninsured mail to the transferor.

2.3 Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 7, the Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

2.4 Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular

uninsured mail and except that the Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

3. STATUS OF THE NOTES AND THE GUARANTEE

3.1 Status of the Notes

Subject as otherwise specified in the applicable Pricing Supplement, the Notes and any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4, if applicable) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

3.2 Status of the Guarantee

The payment of principal and interest in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed by the Guarantor in the Trust Deed (the **Guarantee**). Subject as otherwise set out in the Pricing Supplement, the obligations of the Guarantor under the Guarantee are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4, if applicable) unsecured obligations of the Guarantor and (save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor, from time to time outstanding.

4. NEGATIVE PLEDGE

4.1 Negative pledge

The applicable Pricing Supplement will indicate whether the negative pledge set out in this Condition 4 is applicable.

For so long as any of the Notes or the Guarantee is outstanding, the Guarantor will not, and will procure that each subsidiary of the Guarantor will not, create, assume or permit to subsist any Encumbrance over its, or that subsidiary's, property without making effective provision whereby the Notes shall be secured equally and ratably with (or prior to) such Indebtedness to the satisfaction of the Trustee, so long as such Indebtedness shall be so secured; provided, however, that the above shall not apply to:

(a) Encumbrances incidental to the conduct of business or the ownership of properties and assets and not in connection with the borrowing of money (including Encumbrances in connection with worker's compensation, unemployment insurance and other like laws and statutory liens) and Encumbrances to secure the performance of bids, tenders or trade contracts, or to secure statutory obligations, surety or appeal bonds, or arising out of title retention provisions in a supplier's standard conditions of supply or goods acquired in the ordinary course of business or other Encumbrance of like general nature incurred in the ordinary course of business and not in connection with the borrowing of money, provided in each case, the obligation secured is not overdue or, if overdue, is being contested in good faith by appropriate actions or proceedings and for which adequate reserves have been established in accordance with applicable accounting standards;

(b) Encumbrances imposed by an order of a court in connection with any litigation or legal proceedings which are contested in good faith by the Guarantor or such subsidiary of the

Guarantor other than any Encumbrance securing a judgement that shall not have been stayed, bonded or discharged within 60 days after the creation of such Encumbrance;

(c) Encumbrances arising solely by operation of law in the ordinary course of business of the Guarantor or such subsidiary of the Guarantor for sums not yet due and payable or the payment of which is not then required in order to comply with the Guarantor's or such subsidiary's obligation to pay Taxes;

(d) Encumbrances for Taxes or assessment or other applicable governmental charges or levies to the extent the payment is not then required in order to comply with the Guarantor's or such subsidiary's obligation to pay Taxes;

(e) Encumbrances existing at the date of the issuance of the Notes;

(f) Encumbrances created in favour of (i) any co-venturers (including, in the case of any incorporated joint venture, other shareholders of such incorporated joint venture), (ii) operators, (iii) royalty interest holders, or (iv) acquirers of any interest or rights (whether by way of shareholding or contractual arrangement) in respect of any joint venture referred to in this paragraph, in each case pursuant to any agreement relating to an incorporated or unincorporated joint venture in which the Guarantor or such subsidiary of the Guarantor is a participant in (or, in the case of an incorporated joint venture, shareholder in) or over interests in or the assets the subject of such incorporated or unincorporated joint venture or products derived therefrom or the sales, proceeds payable or revenues receivable in respect thereof or any tariffs payable in respect of the assets the subject of any such incorporated or unincorporated joint venture, provided that no such Encumbrance shall extend to any other interests, property, revenues, proceeds, products, tariffs or assets of the Guarantor or such subsidiary;

(g) Encumbrances securing Indebtedness of a subsidiary of the Guarantor to the Issuer or the Guarantor;

(h) any Encumbrance over any property which existed prior to that property being acquired by the Guarantor or a subsidiary of the Guarantor, so long as: (i) the Encumbrance was not created in anticipation of the property being acquired; (ii) the Encumbrance is not extended to any other property of the Guarantor or a subsidiary of the Guarantor; (iii) the outstanding principal amount of the Indebtedness secured by the Encumbrance is not increased as a result of, or following, the acquisition of the property; and (iv) the Encumbrance is released within 180 days of the property being acquired;

(i) Encumbrances existing on or over any property of any entity which existed prior to that entity becoming a member of the Group, so long as: (i) the Encumbrance was not created in anticipation of the entity becoming a member of the Group; (ii) the Encumbrance is not extended to any other subsidiary of the Guarantor or any other property of the Guarantor or any subsidiary of the Guarantor and is limited to the entity, or the assets of the entity, becoming a member of the Group; (iii) the outstanding principal amount of any Indebtedness secured by the Encumbrance is not increased as a result of, or following, the entity becoming a member of the Group; and (iv) the Encumbrance is released within 180 days of the entity becoming a member of the Group;

(j) Encumbrances securing Indebtedness and obligations incurred in connection with the financing by the Guarantor or a subsidiary of the Guarantor (either alone or together with a co-venturer or group of co-venturers, either directly or through a special purpose finance vehicle) of all or part of the purchase price of or the cost of the development, construction, operation, maintenance, ownership, creation, extension or improvement of new or existing

assets of (i) the Guarantor or a subsidiary of the Guarantor and/or (ii) in which the Guarantor, a subsidiary of the Guarantor or a co-venturer or co-venturers of the Guarantor or a subsidiary of the Guarantor has or have or will have an interest, either directly or indirectly; provided that (A) any such Encumbrance shall be confined solely to the assets so developed, constructed, operated, maintained, owned, created, acquired, extended, improved or completed and/or the shares, units or other interests held by any member of the Group in any subsidiary of the Guarantor which holds the relevant assets or interest in the relevant assets (including the proceeds of any dividends, distributions, return on capital or similar rights, the proceeds of or rights to payments in respect of intercompany loans or any other compensation, proceeds, amounts or assets received or receivable by the Guarantor or any subsidiary of the Guarantor in connection with such shareholding, unitholding or other interest); and (B) any such Encumbrances will cease to be permitted Encumbrances under this paragraph as and from the date which is 180 days after the date of completion of the relevant development, construction, extension or improvement (including, in the case of assets developed or constructed for a project, the completion of that project), or, in the case of an Encumbrance securing Indebtedness incurred in connection with the funding of the purchase price of an asset, 365 days after the date of the relevant acquisition, as applicable;

(k) Encumbrances securing Limited Recourse Indebtedness over any assets referred to in paragraphs (i) – (iii) of the definition of Limited Recourse Indebtedness (provided recourse under any such Encumbrance is limited as described in those paragraphs);

(l) any Encumbrance over any asset (including receivables) of the Guarantor or a subsidiary of the Guarantor created as part of the funding process for a Securitisation Transaction, if and only for so long as the aggregate amount funded under that and all other Securitisation Transactions then current does not exceed U.S.$500,000,000; and

(m) in addition to the Encumbrances permitted to be created under paragraphs (a) to (l) above, the Guarantor and its subsidiaries may create, assume or permit to be outstanding any Encumbrance over any of their respective property provided that the sum determined on a consolidated basis (without duplication) of the aggregate principal amount of Indebtedness secured by such Encumbrances and the aggregate amount of all External Borrowings does not at any time exceed 10% of the Total Tangible Assets of the Group.

4.2 Definitions

For the purposes of these Conditions:

(a) **Acquisition** means the purchase by the Guarantor or any subsidiary of the Guarantor of assets, including any purchase of shares in the capital of any person which concurrently with such purchase shall become a subsidiary of the Guarantor.

(b) **Encumbrance** means an interest created or otherwise arising in or over any interest in any asset under a bill of sale, mortgage, charge, lien, assignment by way of security, hypothecation or security interest for the payment of any Indebtedness or a security interest under the PPSA (other than any security interest described in section 12(3) of the PPSA to the extent that it does not otherwise secure payment or performance of an obligation).

(c) **External Borrowings** means the aggregate amount of all Indebtedness of the subsidiaries of the Guarantor taken together on a consolidated basis but does not include: (i) any inter-company Indebtedness between the Guarantor and its subsidiaries and between any subsidiaries of the Guarantor; (ii) any Indebtedness of the subsidiaries of the Guarantor which is Limited Recourse Indebtedness or any indebtedness of the subsidiaries of the Guarantor which is secured by an Encumbrance which is permitted under Condition 4.1(j);

(iii) any Indebtedness of the Issuer or any other wholly owned subsidiary of the Guarantor which is incorporated, formed or maintained for the purpose of raising money which is guaranteed by the Guarantor and which does not have any material assets (other than cash on hand, cash at bank, short term deposits, marketable securities or intercompany loans); or (iv) where the Guarantor or any subsidiary of the Guarantor makes an Acquisition, so much of the Indebtedness of any subsidiary of the Guarantor which (not being a subsidiary of the Guarantor as at the issue date of the Notes, subsequently becomes a subsidiary of the Guarantor) is in existence at the date it becomes such a subsidiary until the date on which the relevant Indebtedness is, by its terms in effect at the date of Acquisition, expressed to be due and payable.

(d) **Finance Lease** means any lease or hire purchase contract, a liability under which would, in accordance with generally accepted accounting principles in Australia, be treated as a balance sheet liability (other than a lease or hire purchase contract which would, in accordance with generally accepted accounting principles in Australia as at 30 August 2017, have been treated as an operating lease).

(e) **Governmental Agency** means any government or any governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity.

(f) **Group** means the Guarantor and its subsidiaries (and where applicable means the Guarantor and its subsidiaries taken together on a consolidated basis).

(g) **Indebtedness** means any debt or other monetary liability in respect of moneys borrowed or raised including, but not limited to, under or in respect of any:

(i) bill of exchange (as defined in the Bills of Exchange Act 1909 of Australia but not including a cheque), bond, debenture, note or similar instrument;

(ii) acceptance, endorsement or discounting arrangement;

(iii) guarantee in respect of any moneys borrowed or raised;

(iv) Finance Lease;

(v) agreement for the deferral of a purchase price or other payment in relation to the acquisition of any asset or service (other than where such acquisition is in the ordinary course of business) for more than 180 days after the date upon which such asset or service is delivered or performed, as applicable,

and irrespective of whether the debt or liability:

(vi) is present or future;

(vii) is actual, prospective, contingent or otherwise;

(viii) is owed or incurred alone or severally or jointly or both with any other person; or

(ix) comprises any combination of the above,

provided that if a person gives a guarantee in respect of any moneys borrowed or raised from or by another person, the obligations of the person giving the guarantee shall be disregarded for the purposes of calculating the total Indebtedness of those persons on a consolidated basis. For the avoidance of doubt, Indebtedness shall not include: (A) any liabilities of any

person under any Operating Lease; or (B) any liabilities of any person under a performance guarantee, which guarantees the performance of another person in respect of an arrangement entered into by that other person in the ordinary course of that person's business and which does not guarantee the repayment or payment of any debt or monetary liability in respect of moneys borrowed or raised.

(h) **Limited Recourse Indebtedness** means any Indebtedness incurred in connection with a project where the provider of the Indebtedness only has recourse, in respect of the Guarantor and its subsidiaries (directly or indirectly through an agent) to all or any of the following:

(i) the project assets;

(ii) the project company or project companies, provided that (other than in the case of fraud, wilful misconduct or negligence of the project company) if the project assets do not comprise all or substantially all of a project company's business or interests the recourse is limited to recoveries in respect of the project assets and the provider of the Indebtedness or any agent appointed by the provider of the Indebtedness has no right to take any step towards its winding up or dissolution or the appointment of a liquidator, administrator, administrative receiver or similar officer in respect of it or its assets (other than the project assets).

(iii) the Guarantor or any subsidiary of the Guarantor to the extent that (A) in the case of a subsidiary of the Guarantor such subsidiary acts as a holding company (directly or indirectly) of the project company or project companies and does not trade or own any other assets other than its interest in the project company or project companies or any holding company of the project company or project companies (including any investment by way of debt, equity or a combination of both) or (B) recourse is only to its shareholding or other interest in a project company or project companies or any holding company of a project company or project companies (including the proceeds of any dividends, distributions, return on capital or similar rights, proceeds of or rights to payments in respect of intercompany loans or any other compensation, proceeds, amounts or assets received or receivable by the Guarantor or any subsidiary of the Guarantor in connection with such shareholding or other interest);

(iv) the Guarantor or any subsidiary of the Guarantor under any form of assurance, undertaking or support, where (A) the recourse is limited to a claim for damages for breach of an obligation and (B) the obligation is not in any way a guarantee, indemnity or other assurance against financial loss or an obligation to ensure compliance by another person with a financial ratio or other test of financial condition;

(v) the Guarantor or any subsidiary of the Guarantor under a completion guarantee or a completion debt service undertaking in respect of the participation of the Guarantor and its subsidiaries in the project, provided that, for the avoidance of doubt, any such completion guarantee or a completion debt service undertaking shall not itself be considered Limited Recourse Indebtedness.

For the purposes of this definition: **project** means any particular project of the Guarantor or any of its subsidiaries relating to the ownership, creation, development, operation, exploration, investigation or exploitation of any assets; **project assets** means any assets used in connection with a project; and **project company** means a subsidiary of the Guarantor which is established or maintained for the purpose of the development or operation of a project, either alone or in conjunction with others and which is not the Issuer.

(i) **Operating Lease** means any lease which would, in accordance with generally accepted accounting principles in Australia as at 30 August 2017, have been treated as an operating lease.

(j) **PPSA** means the Personal Property Securities Act 2009 of Australia.

(k) **Securitisation Transaction** means any transaction entered by the Guarantor or a subsidiary of the Guarantor where it agrees to sell, transfer or otherwise dispose of or securitise any of its receivables to any other entity on (subject to customary exceptions) non-recourse terms.

(l) **Subsidiary** has the meaning attributed to it in the Corporations Act 2011 of Australia.

(m) **Taxes** means (i) any tax including the GST, levy, charge, impost, duty, fee, deduction, compulsory loan or withholding or (ii) any income, stamp or transaction duty, tax or charge, in each case which is assessed, levied, imposed or collected by any Governmental Agency and includes any interest, fine, penalty, charge, fee or other amount imposed on or in respect of any of the above.

(n) **Total Tangible Assets** means, in respect of the Guarantor or a subsidiary of the Guarantor, the aggregate of the book values of all assets of the Guarantor or such subsidiary at such time after deducting (i) goodwill, patents, trade names, trademarks, copyrights, franchises, underwriting and formation expenses and future income tax benefits and (ii) the value, to the extent of the principal amount of such Limited Recourse Indebtedness, of any asset securing any Limited Recourse Indebtedness.

5. INTEREST

5.1 Interest on Fixed Rate Notes

This Condition 5.1 applies to Fixed Rate Notes only or to the period when any other Note bears interest at a fixed rate. The applicable Pricing Supplement contains provisions applicable to the determination of fixed rate interest and must be read in conjunction with this Condition 5.1 for full information on the manner in which interest is calculated on Fixed Rate Notes. In particular, the applicable Pricing Supplement will specify the Interest Commencement Date, the Rate(s) of Interest, the Interest Payment Date(s), the Maturity Date, the Fixed Coupon Amount, any applicable Broken Amount, the Calculation Amount, the Day Count Fraction and any applicable Determination Date.

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) any Maturity Date or any earlier date specified in the applicable Pricing Supplement.

If the Notes are in definitive form, except as provided in the applicable Pricing Supplement, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Pricing Supplement, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Pricing Supplement, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest, in accordance with this Condition 5.1:

(i) if "Actual/Actual (ICMA)" is specified in the applicable Pricing Supplement:

(A) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Pricing Supplement) that would occur in one calendar year; or

(B) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

(1) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(2) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

(ii) if "30/360" is specified in the applicable Pricing Supplement, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In these Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

5.2 Interest on Floating Rate Notes

(a) Interest Payment Dates

This Condition 5.2 applies to Floating Rate Notes only or for the period when any other Note bears interest at a floating rate. The applicable Pricing Supplement contains provisions applicable to the determination of floating rate interest and must be read in conjunction with this Condition 5.2 for full information on the manner in which interest is calculated on Floating Rate Notes. In particular, the applicable Pricing Supplement will identify any Specified Interest Payment Dates, any Specified Period, the Interest Commencement Date, the Business Day Convention, any Additional Business Centres, whether ISDA Determination or Screen Rate Determination applies to the calculation of interest, the party who will calculate the amount of interest due if it is not the Principal Paying Agent, whether Linear Interpolation is applicable, the Margin, any maximum or minimum interest rates and the Day Count Fraction. Where ISDA Determination applies to the calculation of interest, the applicable Pricing Supplement will also specify the applicable Floating Rate Option, Designated Maturity and Reset Date. Where Screen Rate Determination applies to the calculation of interest, the applicable Pricing Supplement will also specify the applicable Reference Rate, Interest Determination Date(s) and Relevant Screen Page.

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date or any other date specified in the applicable Pricing Supplement as being the date from which interest will accrue on a Floating Rate basis and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Pricing Supplement; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Pricing Supplement, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Pricing Supplement after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If a Business Day Convention is specified in the applicable Pricing Supplement and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with Condition 5.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply *mutatis mutandis* or (b) in the case of (y) above, shall be postponed

to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In these Conditions, **Business Day** means a day which is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and each Additional Business Centre (other than TARGET2 System) specified in the applicable Pricing Supplement;

(b) if TARGET2 System is specified as an Additional Business Centre in the applicable Pricing Supplement, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System (the **TARGET2 System**) is open; and

(c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified in the applicable Pricing Supplement.

(i) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will be the relevant ISDA Rate plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any). For the purposes of this subparagraph (i), **ISDA Rate** for an Interest Period means a rate equal to the Floating Rate that would be determined by the Principal Paying Agent under an interest rate swap transaction if the Principal Paying Agent were acting as Calculation Agent for that swap transaction under the terms of an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. and as amended and updated as at the Issue Date of the first Tranche of the Notes (the **ISDA Definitions**) and under which:

(A) the Floating Rate Option is as specified in the applicable Pricing Supplement;

(B) the Designated Maturity is a period specified in the applicable Pricing Supplement; and

(C) the relevant Reset Date is the day specified in the applicable Pricing Supplement.

For the purposes of this subparagraph (i), **Floating Rate**, **Calculation Agent**, **Floating Rate Option**, **Designated Maturity** and **Reset Date** have the meanings given to those terms in the ISDA Definitions.

Unless otherwise stated in the applicable Pricing Supplement the Minimum Rate of Interest shall be deemed to be zero.

(ii) Screen Rate Determination for Floating Rate Notes

Where Screen Rate Determination is specified in the applicable Pricing Supplement as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) if only one quotation is shown, the offered quotation; or

(B) if more than one quotation is shown, the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (being either LIBOR or EURIBOR, as specified in the applicable Pricing Supplement) which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at 11.00 a.m. (London time, in the case of LIBOR, or Brussels time, in the case of EURIBOR) on the Interest Determination Date in question plus or minus (as indicated in the applicable Pricing Supplement) the Margin (if any), all as determined by the Principal Paying Agent or such other person specified in the Pricing Supplement. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent or such other person specified in the Pricing Supplement for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph.

Unless otherwise stated in the applicable Pricing Supplement the Minimum Rate of Interest shall be deemed to be zero.

(c) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Pricing Supplement specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Principal Paying Agent or such other person specified in the Pricing Supplement will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent or such other person specified in the Pricing Supplement will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

(i) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note (or, if they are Partly Paid Notes, the aggregate amount paid up); or

(ii) in the case of Floating Rate Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 5.2:

(i) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(ii) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365;

(iii) if "Actual/365 (Sterling)" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in the Interest Period divided by 360;

(v) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{\left[360 \times \left(Y_2 - Y_1\right)\right] + \left[30 \times \left(M_2 - M_1\right)\right] + \left(D_2 - D_1\right)}{360}$$

where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

(vi) if "30E/360" or "Eurobond Basis" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{\left[360 \times \left(Y_2 - Y_1\right)\right] + \left[30 \times \left(M_2 - M_1\right)\right] + \left(D_2 - D_1\right)}{360}$$

where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D2 will be 30;

(vii) if "30E/360 (ISDA)" is specified in the applicable Pricing Supplement, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{\left[360 \times \left(Y_2 - Y_1\right)\right] + \left[30 \times \left(M_2 - M_1\right)\right] + \left(D_2 - D_1\right)}{360}$$

where:

Y_1 is the year, expressed as a number, in which the first day of the Interest Period falls;

Y_2 is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

M_1 is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

M_2 is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

D_1 is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D1 will be 30; and

D_2 is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D2 will be 30.

(e) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Pricing Supplement, the Rate of Interest for such Interest Period shall be calculated by the Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified as applicable in the applicable Pricing Supplement) or the relevant Floating Rate Option (where ISDA Determination is specified as applicable in the applicable Pricing Supplement), one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

Designated Maturity means, in relation to Screen Rate Determination, the period of time designated in the Reference Rate.

(f) Notification of Rate of Interest and Interest Amounts

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and any stock exchange on which the relevant Floating Rate Notes are for the time being listed and notice thereof to be published in accordance with Condition 14 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will promptly be notified to each stock exchange on which the relevant Floating Rate Notes are for the time being listed and to the Noteholders in accordance with Condition 14. For the purposes of this paragraph, the expression

London Business Day means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(g) Determination or Calculation by Trustee

If for any reason at any relevant time the Principal Paying Agent defaults in its obligation to determine the Rate of Interest or in its obligation to calculate any Interest Amount in accordance with subparagraph (b)(i) or subparagraph (b)(ii) above, as the case may be, and in each case in accordance with paragraph (d) and (e) above, the Trustee (or an agent appointed by it at the expense of the Issuer) shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Pricing Supplement), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee (or an agent appointed by it at the expense of the Issuer) shall calculate the Interest Amount(s) in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Principal Paying Agent.

(h) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5.2 by the Principal Paying Agent shall (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Principal Paying Agent, the other Agents and all Noteholders, Receiptholders and Couponholders and (in the absence of wilful default or fraud) no liability to the Issuer, the Guarantor, the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent or the Trustee in connection with the exercise or non exercise by it of its powers, duties and discretions pursuant to such provisions.

5.3 Index Linked Interest Notes and Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes)

In the case of Index Linked Interest Notes, the provisions of Condition 5.2 shall, save to the extent amended in the applicable Pricing Supplement, apply as if the references therein to Floating Rate Notes and to the Principal Paying Agent were references to Index Linked Interest Notes and the Calculation Agent, respectively, and provided further that the Calculation Agent will notify the Principal Paying Agent of the Rate of Interest for the relevant Interest Period as soon as practicable after calculating the same.

In the case of Partly Paid Notes (other than Partly Paid Notes which are Zero Coupon Notes), interest will accrue as aforesaid on the paid up nominal amount of such Notes and otherwise as specified in the applicable Pricing Supplement.

5.4 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

(a) the date on which all amounts due in respect of such Note have been paid; and

(b) as provided in the Trust Deed.

6. PAYMENTS

6.1 Method of payment

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and

(b) payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8 and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the **Code**) or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8) any law implementing an intergovernmental approach thereto.

6.2 Presentation of definitive Bearer Notes, Receipts and Coupons

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive bearer form (other than Long Maturity Notes (as defined below)) and save as provided in Condition 6.4 should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 9) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed

Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

6.3 Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Bearer Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes or otherwise in the manner specified in the relevant Bearer Global Note against presentation or surrender, as the case may be, of such Bearer Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made by the Paying Agent to which it was presented.

6.4 Specific provisions in relation to payments in respect of certain types of Notes

Payments of instalments of principal (if any) in respect of definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 6.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Upon the date on which any Dual Currency Note or Index Linked Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

6.5 Payments in respect of Registered Notes

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the **Register**) (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, **Designated Account** means the account (which, in the case of a payment in Japanese yen

to a non resident of Japan, shall be a non resident account) maintained by a holder with a Designated Bank and identified as such in the Register and **Designated Bank** means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note (whether or not in global form) will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the **Record Date**). Payment of the interest due in respect of each Registered Note on redemption and the final instalment of principal will be made in the same manner as payment of the principal amount of such Registered Note.

No commissions or expenses shall be charged to the holders by the Registrar in respect of any payments of principal or interest in respect of Registered Notes.

None of the Issuer, the Guarantor, the Trustee or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

6.6 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer or, as the case may be, the Guarantor will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer or, as the case may be, the Guarantor to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Bearer Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

(a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the Issuer and the Guarantor, adverse tax consequences to the Issuer or the Guarantor.

6.7 Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 9) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

(i) in the case of Notes in definitive form only, the relevant place of presentation;

(ii) each Additional Financial Centre (other than TARGET2 System) specified in the applicable Pricing Supplement;

(iii) if TARGET2 System is specified as an Additional Financial Centre in the applicable Pricing Supplement, a day on which the TARGET2 System is open; and

(b) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (2) in relation to any sum payable in euro, a day on which the TARGET2 System is open.

6.8 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 8 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) in relation to Notes redeemable in instalments, the Instalment Amounts;

(f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 7.5); and

(g) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 8 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

7. REDEMPTION AND PURCHASE

7.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Pricing Supplement in the relevant Specified Currency on any Maturity Date specified in the applicable Pricing Supplement.

7.2 Redemption for tax reasons

Subject to Condition 7.5, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than the minimum period nor more than the maximum period of notice specified in the applicable Pricing Supplement to the Trustee and the Principal Paying Agent and, in accordance with Condition 14, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

(a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 or the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 8) or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and

(b) such obligation cannot be avoided by the Issuer or, as the case may be, the Guarantor taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee to make available at its specified office to the Noteholders (i) a certificate signed by two Directors of the Issuer or, as the case may be, two Directors of the Guarantor stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (ii) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

Notes redeemed pursuant to this Condition 7.2 will be redeemed at their Early Redemption Amount referred to in Condition 7.5 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

7.3 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Pricing Supplement, the Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Pricing Supplement to the Noteholders in accordance with Condition 14

(which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Pricing Supplement together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. The applicable Pricing Supplement may specify the Optional Redemption Date as falling on one or several dates and may also specify that an Optional Redemption Date shall arise upon the occurrence of events specified in the applicable Pricing Supplement. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Pricing Supplement. The Optional Redemption Amount will either be the specified percentage of the nominal amount of the Notes stated in the applicable Pricing Supplement or, such other amount specified in the applicable Pricing Supplement.

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will (i) in the case of Redeemed Notes represented by definitive Notes, be selected individually by lot, not more than 30 days prior to the date fixed for redemption and (ii) in the case of Redeemed Notes represented by a Global Note, be selected in accordance with the rules of Euroclear and/or Clearstream, Luxembourg. In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 14 not less than 15 days prior to the date fixed for redemption.

7.4 Redemption at the option of the Noteholders (Investor Put)

This Condition 7.4 applies to Notes which are subject to redemption prior to the Maturity Date at the option of the Noteholder, such option being referred to as an **Investor Put**. The applicable Pricing Supplement contains provisions applicable to any Investor Put and must be read in conjunction with this Condition 7.4 for full information on any Investor Put. In particular, the applicable Pricing Supplement will identify the Optional Redemption Date(s), the Optional Redemption Amount and the applicable notice periods.

If Investor Put is specified as being applicable in the applicable Pricing Supplement, upon the holder of any Note giving to the Issuer in accordance with Condition 14 not less than the minimum period nor more than the maximum period of notice specified in the applicable Pricing Supplement, the Issuer will, upon the expiry of such notice, redeem such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a **Put Notice**) and in which the holder must specify a bank account to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2. If this Note is in definitive bearer form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in

accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear, Clearstream, Luxembourg or any common depositary for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg by a holder of any Note pursuant to this Condition 7.4 shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 10, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 7.4.

7.5 Early Redemption Amounts

For the purpose of Condition 7.2 above and Condition 10:

(a) each Note (other than a Zero Coupon Note) will be redeemed at its Early Redemption Amount; and

(b) each Zero Coupon Note will be redeemed at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

Early Redemption Amount = $RP \times (1 + AY)^{y}$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is the Day Count Fraction specified in the applicable Pricing Supplement which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator will be 365).

7.6 Specific redemption provisions applicable to certain types of Notes

The Final Redemption Amount, any Optional Redemption Amount and the Early Redemption Amount in respect of Index Linked Redemption Notes and Dual Currency Redemption Notes may be specified in, or determined in the manner specified in, the applicable Pricing Supplement. For the purposes of Condition 7.2, Index Linked Interest Notes and Dual Currency Interest Notes may be redeemed only on an Interest Payment Date.

Instalment Notes will be redeemed in the Instalment Amounts and on the Instalment Dates specified in the applicable Pricing Supplement. In the case of early redemption, the Early Redemption

Amount of Instalment Notes will be determined in the manner specified in the applicable Pricing Supplement.

Partly Paid Notes will be redeemed, whether at maturity, early redemption or otherwise, in accordance with the provisions of this Condition and the applicable Pricing Supplement.

7.7 Purchases

The Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer or the Guarantor, surrendered to any Paying Agent and/or the Registrar for cancellation.

7.8 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 7.7 above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

7.9 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 7.1, 7.2, 7.3 or 7.4 above or upon its becoming due and repayable as provided in Condition 10.1 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 7.5(b) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Principal Paying Agent or the Registrar or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 14.

8. TAXATION

All payments of principal and interest in respect of the Notes, Receipts and Coupons by or on behalf of the Issuer or the Guarantor will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(a) presented for payment by, or by a third party on behalf of, a holder of a Note, Receipt or Coupon who is liable to Taxes in respect of the Note, Receipt or Coupon by reason of that

person being an associate (as that terms is defined in section 128F(9) of the Australian Tax Act) of the Issuer; or

(b) the holder of which is liable for such Taxes or duties in respect of such Note, Receipt or Coupon by reason of his having some connection with a Tax Jurisdiction (including, without limitation, being a resident of or having a permanent establishment in the Tax Jurisdiction) other than the mere holding of such Note, Receipt or Coupon; or

(c) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 6.7); or

(d) presented for payment to, or to a third party on behalf of, a holder who could lawfully avoid (but has not so avoided) such deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority in the place where the relevant Note, Receipt or Coupon is presented for payment; or

(e) in respect of any tax, duty, assessment, withholding or other governmental charge that is imposed, deducted or withheld by reason of a failure of a holder or beneficial owner of a Note, Receipt or Coupon (i) to provide certification, information, or documentation concerning the nationality, residence, identity or connection with the Tax Jurisdiction of the holder or beneficial owner (including, without limitation, the supplying of an Australian business number (if relevant), any appropriate tax file number or other appropriate exemption details), if and to the extent that furnishing such information would have reduced or eliminated any Taxes, duties, assessments, withholdings or other governmental charges as to which additional amounts would have otherwise been payable to such holder or beneficial owner, or (ii) to make any certification, declaration or other similar claim or satisfy any information, documentation, statement or reporting requirement, which, in the case of (i) or (ii), is required or imposed by a statute, treaty, rule, regulation or administrative practice of the Tax Jurisdiction as a condition or precondition to relief or exemption from all or part of such Tax, duty, assessment, withholding or other governmental charge; or

(f) presented for payment in the Tax Jurisdiction; or

(g) to the extent the Issuer is required to withhold an amount under section 260-5 of Schedule 1 to the Australian Tax Administration Act, or section 255 of the Australian Tax Act; or

(h) where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto; or

(i) any combination of the foregoing items.

As used herein:

(i) **Australian Tax Administration Act** means the Taxation Administration Act 1953 of Australia;

(ii) **Australian Tax Act** means the Income Tax Assessment Act 1936 of Australia (as amended) and associated regulations and, where applicable, any replacement legislation including but not limited to the Income Tax Assessment Act 1997 of Australia;

(iii) **Tax Jurisdiction** means the Commonwealth of Australia or any political subdivision or any authority thereof or therein having power to tax; and

(iv) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 14.

9. PRESCRIPTION

The Notes (whether in bearer or registered form), Receipts and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 8) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 6.2 or any Talon which would be void pursuant to Condition 6.2.

10. EVENTS OF DEFAULT AND ENFORCEMENT

10.1 Events of Default

This Condition 10.1 applies unless otherwise specified in the Pricing Supplement. The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), (but in the case of the happening of any of the events described in paragraphs 10.1(b), 10.1(c), 10.1(d) or 10.1(e) (other than the winding up or dissolution of the Guarantor), 10.1(f) and 10.1(h) inclusive below, only if the Trustee shall have certified in writing to the Issuer and the Guarantor that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice in writing to the Issuer that each Note is, and each Note shall thereupon immediately become, due and repayable at its Early Redemption Amount together with accrued interest as provided in the Trust Deed if any of the following events (each an **Event of Default**) shall occur:

(a) if default is made in the payment in the Specified Currency of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 30 days; or

(b) if the Issuer or the Guarantor fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except in any case where, in the opinion of the Trustee, the failure is incapable of remedy when no such continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 60 days next following the service by the Trustee on the Issuer or the Guarantor (as the case may be) of notice requiring the same to be remedied; or

(c) a default by the Issuer or the Guarantor in the payment of the principal of, or interest on, any Indebtedness having an aggregate principal amount exceeding US$50,000,000 (or its equivalent in any other currency or currencies) when and as such Indebtedness becomes due and payable, after the expiration of any applicable grace period, or any other default under

such Indebtedness of the Issuer or the Guarantor, which default shall have resulted in such Indebtedness becoming or being validly declared due and payable prior to its stated maturity, except where (i) any claim in respect of that Indebtedness is being contested in good faith by the Issuer or Guarantor, as relevant, or (ii) the failure to pay is in respect of Limited Recourse Indebtedness, or (iii) the Trustee has, by the time it has given notice of enforcement proceedings to the Issuer and the Guarantor in accordance with Condition 10.2, received from the Issuer or the Guarantor written notice (or a copy thereof) addressed to the Trustee confirming in form and substance satisfactory to the Trustee that such Indebtedness has been paid in full or the relevant default has been waived in writing by the person to whom it is owed; or

(d) an execution or other legal process to enforce a judgment or distress or attachment in each case in an amount exceeding US$50,000,000 (or its equivalent in any other currency or currencies) is issued, levied, enforced or sued upon or against any part of the property of the Issuer, the Guarantor or any Subsidiary of the Guarantor and is not paid out, satisfied, withdrawn, set aside or stayed pending appeal within 60 days of the date of issue, levy or enforcement, except that such an event shall be disregarded if it has been caused solely by a failure of the Issuer, the Guarantor or any Subsidiary of the Guarantor (as the case may be) to pay or repay any Limited Recourse Indebtedness as and when due; or

(e) (i) the Issuer or the Guarantor is or becomes unable to pay its debts as they fall due or is or becomes unable to pay its debts within the meaning of the Corporations Act or is presumed to be insolvent under the Corporations Act; (ii) the Issuer or the Guarantor enters into or makes any arrangement, composition or compromise with, or assignment for the benefit of, its creditors or any class of them other than for the purposes of a reconstruction, amalgamation or reorganisation where the relevant entity is solvent; (iii) there is appointed a receiver, receiver and manager, official manager, trustee or similar official over the whole or substantially the whole of the assets of the Issuer or the Guarantor, as the case may be and is not removed within sixty (60) days thereafter, except that such an event shall be disregarded if it has been caused solely by a failure of the Issuer or the Guarantor (as the case may be) to pay or repay any Limited Recourse Indebtedness as and when due; or (iv) an administrator is appointed under Part 5.3A of the Corporations Act (or any equivalent provision of the Commonwealth of Australia or any state or territory thereof) to the Issuer or the Guarantor; or

(f) if the Issuer ceases to be a subsidiary wholly owned by the Guarantor; or

(g) if the Guarantee ceases to be, or is claimed by the Issuer or the Guarantor not to be, in full force and effect; or

(h) if any event occurs which, under the laws of any relevant jurisdiction, has or may have, in the Trustee's reasonable opinion, an analogous effect to any of the events referred to in paragraphs (e) to (f) above, provided that for the purposes of paragraph (e)(iii) above such an event shall be disregarded if it has been caused solely by a failure of the Issuer, the Guarantor or any subsidiary (as the case may be) to pay or repay any Limited Recourse Indebtedness as and when due.

10.2 Enforcement

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the provisions of the Trust Deed, the Notes, the Receipts and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes, the Receipts or the Coupons unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least

one-quarter in nominal amount of the Notes then outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

11. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes, Receipts, Coupons or Talons) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

12. AGENTS

The initial Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in the applicable Pricing Supplement.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Agent and/or appoint additional or other Agents and/or approve any change in the specified office through which any Agent acts, provided that:

(a) there will at all times be a Principal Paying Agent and a Registrar;

(b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and

(c) there will at all times be a Paying Agent in a jurisdiction other than the jurisdiction in which the Issuer or the Guarantor is incorporated.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 6.6 Notice of any variation, termination, appointment or change in Paying Agents will be given to the Noteholders promptly by the Issuer in accordance with Condition 14.

In acting under the Agency Agreement, the Agents act solely as agents of the Issuer and the Guarantor and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholder, Receiptholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor agent.

13. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet including (if such further Coupon

sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 9.

14. NOTICES

Subject as provided below, all notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that any such publication in a newspaper will be made in the *Financial Times* in London. So long as the Notes are listed on the Australian Securities Exchange operated by ASX Limited (ABN 98 008 624 691) (**ASX**) and the ASX listing rules so require, notices regarding the Notes will also be disclosed by the Issuer (ASX Code: STO) on ASX. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any other stock exchange or other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

Subject as provided below, all notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing. In addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. So long as the Notes are listed on the ASX and the ASX listing rules so require, notices regarding the Notes will also be disclosed by the Issuer (ASX Code: STO) on ASX.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

15. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Trust Deed or

the Agency Agreement. Such a meeting may be convened by the Issuer, the Guarantor or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing more than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts or the Coupons or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding or (iii) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-fourths in nominal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all the Noteholders, whether or not they are present at any meeting, and whether or not they voted on the resolution, and on all Receiptholders and Couponholders.

The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes, the Trust Deed or the Agency Agreement, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error. Any such modification shall be binding on the Noteholders, the Receiptholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 14 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the Issuer, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders, Receiptholders or Couponholders except to the extent already provided for in Condition 8 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

The Trustee may, without the consent of the Noteholders, agree with the Issuer and the Guarantor to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Receipts, the Coupons and the Trust Deed of another company,

being the Guarantor or a Subsidiary of the Guarantor, subject to (i) the Notes being unconditionally and irrevocably guaranteed by the Guarantor, (ii) the Trustee being satisfied that the interests of the Noteholders are not materially prejudiced by the substitution and (iii) certain other conditions set out in the Trust Deed being complied with.

16. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER AND/OR THE GUARANTOR

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer, the Guarantor and/or any of their respective Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, the Guarantor and/or any of their respective Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, Receiptholders or Couponholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

17. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders, the Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes.

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

19. GOVERNING LAW AND SUBMISSION TO JURISDICTION

19.1 Governing law

The Trust Deed, the Agency Agreement, the Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes, the Receipts and the Coupons are governed by, and construed in accordance with, English law.

19.2 Submission to jurisdiction

(a) Subject to Condition 19.2(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes, the Receipts and/or the Coupons (a **Dispute**) and accordingly each of the

Issuer and the Trustee and any Noteholders, Receiptholders or Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

(b) For the purposes of this Condition 19.2, the Issuer waives any objection to the English courts on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

(c) To the extent allowed by law, the Trustee, the Noteholders, the Receiptholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

19.3 Appointment of Process Agent

The Issuer and the Guarantor each irrevocably appoints Law Debenture Corporate Services Limited at Fifth Floor, 100 Wood Street, London EC2V 7EX as its agent for service of process in any proceedings before the English courts in relation to any Dispute and agrees that, in the event of Law Debenture Corporate Services Limited being unable or unwilling for any reason so to act, it will immediately appoint another person approved by the Trustee as its agent for service of process in England in respect of any Dispute. The Issuer agrees that failure by a process agent to notify it of any process will not invalidate service. Nothing herein shall affect the right to serve process in any other manner permitted by law.

19.4 Other documents and the Guarantor

The Issuer and, where applicable, the Guarantor have in the Trust Deed and Agency Agreement submitted to the jurisdiction of the English courts and appointed an agent for service of process in terms substantially similar to those set out above.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the Issuer for its general corporate purposes.

DESCRIPTION OF THE ISSUER

Introduction, Business and History

Santos Finance Ltd (ACN 002 799 537) (the **Issuer**) was incorporated with limited liability in Sydney, New South Wales on 6 July 1984 and is registered under the Corporations Act 2001 (Cth) of Australia. Its principal and registered office is located at Ground Floor, Santos Centre, 60 Flinders Street, Adelaide, South Australia 5000, Australia. The telephone number of its registered office is +61 8 8116 5000.

The issued share capital of the Issuer is AUD2,334,470,555 which is fully paid up and divided into 2,334,470,555 ordinary shares which are fully held by the Guarantor.

The Issuer is a wholly owned subsidiary of the Guarantor and acts as the principal finance company for the Group. Its sole business is raising finance to be on-lent to companies within the Group to fund their investment programmes and to manage cash generated from Group operations. The Issuer has issued bonds and notes previously and has had no other industrial or commercial activities.

Board of Directors and Company Secretary of the Issuer

Keith Spence, Chairman

Guy Cowan, Director

Kevin Gallagher, Director

Christian Paech, General Counsel and Company Secretary

The directors of the Issuer are also directors of the Guarantor. There are no potential conflicts of interest between the duties to the Issuer of the persons listed above and their private interests or other duties.

Major Shareholder

The sole shareholder of the Issuer is the Guarantor.

DESCRIPTION OF THE GUARANTOR

Please refer to "Glossary" at the end of this section for definitions of technical terms used but not otherwise defined in this section.

Introduction

Santos Limited (ACN 007 550 923) (the **Guarantor** or **Santos**) was incorporated with limited liability in Adelaide, South Australia on 18 March 1954 and is registered under the Corporations Act 2001 of Australia. Its principal and registered office is located at Ground Floor, Santos Centre, 60 Flinders Street, Adelaide, South Australia 5000, Australia. The telephone number of its registered office is +61 8 8116 5000.

Santos has its ordinary shares listed on the Australian Securities Exchange (**ASX**). As at 30 September 2018, Santos had a market capitalisation of A$15.1 billion.

History and Development

Founded in 1954, Santos was originally South Australia Northern Territory Oil Search and has been active in the energy business for more than 60 years.

Santos made its first significant discovery of natural gas in the Cooper Basin with the Gidgealpa 2 well in 1963. The Moomba 1 discovery in 1966 confirmed this region as a major petroleum province. As a result of these discoveries, Santos had a commercially viable quantity of gas and entered into gas sales agreements with the South Australian Gas Company, the Electricity Trust of South Australia and the Australian Gas Light Company. These gas supplies commenced in 1969.

The 1980s saw Santos develop a major liquids business following the discovery of oil at Tirrawarra in the Cooper Basin in the early 1970s. Santos, as operator of the Cooper Basin joint venture, built a liquids recovery plant at Moomba, which was connected to a fractionation and load-out facility at Port Bonython by a 659 kilometre liquids pipeline.

By the 1990s Santos had become a major Australian operating enterprise with interests beyond the Cooper Basin in emerging areas such as the Timor Sea and Carnarvon Basin in Western Australia. A number of acquisitions in the 1990s provided Santos with additional opportunities onshore and offshore Australia, Indonesia, Bangladesh, Vietnam and Papua New Guinea.

From this base, Santos developed a portfolio of LNG assets to open the company's resources to the large and growing markets of Asia. The first of the LNG projects, the ConocoPhillips-operated Darwin LNG project, commenced first export of LNG in 2006. The Exxon Mobil-operated PNG LNG project was approved for development in 2009, and production of LNG commenced in April 2014. The Santos-operated GLNG project was sanctioned in January 2011, and production of LNG commenced in September 2015.

Business Overview

Santos' business is focused on the exploration, development, production and sale of natural gas. The group's purpose is to provide sustainable returns for its shareholders by supplying reliable, affordable and cleaner energy in Australia and Asia.

Five core long-life natural gas assets sit at the heart of a three phase strategy to "Transform, Build and Grow" the business: Western Australia, the Cooper Basin, Queensland & New South Wales, Northern Australia and Papua New Guinea. Each of the core assets provides stable production, long-term revenue streams and significant upside opportunities.

With one of the largest exploration and production acreages in Australia, a significant and growing footprint in Papua New Guinea, and a strategic infrastructure position, Santos is well positioned to benefit from the growing global demand for energy. Santos' vision is to be Australia's leading energy company by 2025.

As at 31 December 2017, Santos' assets totalled US$13.7 billion. Santos produced 59.5 mmboe during 2017 and, as at 31 December 2017 had a proved plus probable (**2P**) reserve base of 848 mmboe on a 2P basis. For the year ending 31 December 2017 Santos spent US$682 million in capital expenditure, excluding capitalised interest.

Production in 2017 was 59.5 mmboe, with 45 per cent attributable to sales gas and ethane, 37 per cent to sales gas to LNG production and 18 per cent attributable to oil and liquids production.

As at 31 December 2017, Santos had 2,080 employees working across its operations.

Business Operations

Cooper Basin

Spanning the borders of north-east South Australia and south-west Queensland, the Cooper and Eromanga Basins house Australia's largest onshore oil and gas field development. Santos discovered the first commercial hydrocarbon resource (natural gas) here in 1963 and first oil in 1970.

Santos now produces sales gas, ethane, crude oil and gas liquids from these basins.

The Cooper Basin asset is strategically important, housing key processing infrastructure at Moomba integral to the processing and transportation of gas around the east coast of Australia, supported by substantial underground storage facilities.

Raw gas and ethane are processed at the Moomba plant, South Australia, and then piped to domestic east coast gas markets as well as the GLNG project for export to Asia.

Natural gas liquids recovered at the Moomba plant are sent together with stabilised crude oil and condensate via a 659 kilometre pipeline to Port Bonython, South Australia, for further processing. Products including naphtha, crude oil, propane and butane are sold to domestic customers via the road tanker loading facilities and export customers via the ship loading facility.

Queensland and New South Wales

Santos holds a 30 per cent interest in the GLNG project which commenced production of LNG in September 2015.

Sanctioned in January 2011, GLNG includes the development of CSG resources in the Bowen and Surat Basins in south-east Queensland, a 420-kilometre underground gas transmission pipeline to Gladstone, and two LNG trains with a combined nameplate capacity of 7.8 mtpa on Curtis Island.

GLNG aims to deliver value by safely and sustainably establishing GLNG as an industry leader at low-cost onshore operations.

LNG offtake from the GLNG project is sold under 20-year binding oil-linked contracts to PETRONAS and KOGAS who are also joint partners in the project along with Total.

In New South Wales Santos has submitted the State Significant Development Application and associated Environmental Impact Statement (**EIS**) for its Narrabri Gas Project to the New South Wales Department of Planning and Environment for approval.

Northern Australia

Santos' extensive discovered resource position offshore Northern Australia includes Bayu Undan / Darwin LNG (Santos 11.5%), the Petrel-Tern fields (Santos 35-40%), the Barossa-Caldita fields (Santos 25%) in the Bonaparte Basin as well as the Crown-Lasseter discoveries (Santos 30%) in the Browse Basin.

This discovered resource base is well positioned to backfill and expand existing LNG infrastructure.

The Bayu Undan production facility is located approximately 500 kilometres north-west of Darwin in the Joint Petroleum Development Area of the Timor Sea. The facility includes a central production and processing complex with an associated FPSO vessel for condensate and LPG products, and an unmanned wellhead platform. Lean gas is compressed to the onshore Darwin LNG plant via a 26-inch subsea pipeline. Capacity for expansion of Darwin LNG exists with environmental approval in place for 10 mtpa at the existing site.

The Barossa-Caldita field is currently being progressed as the lead candidate for Darwin LNG backfill. Following FEED entry in April 2018, a final investment decision (**FID**) is targeted towards the end of 2019.

Onshore, Santos has interests in the heart of the prospective shale play in the McArthur Basin. The McArthur Basin is located south-east of Katherine, Northern Territory, covers an area of approximately 180,000 square kilometres and is located near critical infrastructure, such as a major highway, gas pipelines and a railway.

Papua New Guinea

Santos holds a 13.5 per cent. interest in the ExxonMobil-operated PNG LNG project, which commenced production of LNG in April 2014.

Sanctioned in December 2009, the PNG LNG project included the development of gas and condensate resources in the Hides, Angore and Juha fields and associated gas resources in the operating oil fields of Kutubu, Agogo, Gobe and Moran in the Southern Highlands, Hela and Western Provinces of Papua New Guinea. The gas is transported by pipeline to a gas liquefaction plant 25 kilometres north-west of Port Moresby with the capacity to produce more than eight million tonnes of LNG per annum. The offtake is sold to four Asian buyers, Sinopec, TEPCO, Osaka Gas and CPC Taiwan, under oil-linked 20-year binding LNG offtake agreements.

Continued optimisation of the facilities has resulted in the project consistently operating above nameplate capacity.

PNG LNG expansion opportunities continue to be progressed with a farm-in proposal to PRL 3 (P'nyang) under negotiation. Santos along with the other PNG LNG parties and the Papua LNG Joint Venture are also continuing discussions to build alignment for the proposed construction of three additional LNG trains at the PNG LNG site, with two trains to process from the Papua LNG project and one train for the planned PNG LNG expansion.

In addition to its assets in PNG LNG, Santos has secured joint-venture alignment in the highly prospective fold-belt acreage along the Hides to P'nyang trend (Santos 20%) where an active exploration and appraisal program is underway.

Santos also has further interests in the producing SE Gobe oil field and exploration acreage in the Gulf of Papua, Eastern Fold Belt and PNG Forelands.

Western Australia

Santos has been steadily building a position in the Carnarvon Basin, offshore Western Australia (**WA**), since first production from the Talisman oil field in 1989.

From the offshore John Brookes, Spar and Reindeer fields in the Carnarvon Basin, Santos is one of the largest suppliers of domestic gas in WA and well placed to leverage its strong position through its uncontracted reserves and high-quality customer base.

Gas and condensate from the John Brookes and Spar fields is sent by pipeline to the Varanus Island processing facility where the condensate is removed and stored and raw gas processed. The sales gas is then sent to mainland WA via two 100-kilometre sales gas pipelines, where it is supplied to major mining and industrial customers.

Gas and condensate from the offshore Reindeer field is sent to the onshore Devil Creek Processing Plant via a 105-kilometre pipeline. Sales gas is then compressed and exported to the WA domestic gas market.

In August 2018 Santos announced the acquisition of 100% of Quadrant for US$2.15 billion plus potential contingent payments related to the Bedout Basin. The acquisition will be fully funded from existing cash resources and US$1.2 billion in new committed debt facilities, with net gearing expected to be around 34% by the end of 2018 and expected to decline to less than 30% by the end of 2019. The acquisition delivers operatorship of Santos' existing gas hubs in WA, providing flexibility to optimise operations and capture value from backfill and third party gas opportunities. The Quadrant acquisition also provides a leading position in the highly prospective Bedout Basin, including the recent significant Dorado-1 oil discovery and strengthens Santos' offshore operating expertise and capabilities to drive future growth opportunities across WA and Northern Australia.

Quadrant's portfolio of high-margin conventional domestic natural gas assets backed by medium-to long-term CPI-linked contracts provide strong and stable cash flows, and complement Santos' predominantly oil-linked revenues.

The Quadrant acquisition is subject to customary consents and regulatory approvals and is expected to complete by the end of 2018.

Production and Sales statistics

Details of Santos' production, sales volume and sales revenue statistics for the years ending 31 December 2017 and 31 December 2016 are set out in the table below:

		2017	2016
Production			
Sales gas to LNG plant	PJ	125.7	112.0
Domestic sales gas and ethane	PJ	158.0	174.4
Crude oil	000 bbls	6,379.9	7,825.3
Condensate	000 bbls	3,350.7	3,539.2
LPG	000 t	145.2	147.2
Total production	**mmboe**	**59.5**	**61.6**
Sales volumes			
LNG	000 t	3,066.7	2,799.5
Domestic sales gas and ethane	PJ	224.6	232.5
Crude oil	000 bbls	10,000.5	12,375.0
Condensate	000 bbls	4,304.8	4,228.5
LPG	000 t	183.9	137.4
Sales			
Own product	mmboe	58.4	64.0
Third party	mmboe	25.0	20.1
Total sales volumes	**mmboe**	**83.4**	**84.1**

Sales revenues			
LNG	US$m	1,178	887
Domestic sales gas and ethane	US$m	1,027	897
Crude oil	US$m	579	575
Condensate	US$m	235	183
LPG	US$m	88	52
Sales			
Own product	US$m	2,181	1,951
Third party	US$m	926	643
Total sales revenue	**US$m**	**3,107**	**2,594**

Reserves and Resources

The Guarantor's Annual Reserves Statement for the year ending 31 December 2017 is contained in the 2017 Annual Report, released to the ASX on 21 February 2018, is available from the Santos website at https://www.santos.com/investors/company-reporting/.

Group structure

As at 31 December 2017, the Guarantor was the parent of 87 wholly-owned subsidiaries and had interests in four partly-owned entities: Darwin LNG Pty Ltd (11.5 per cent.); GLNG Operations Pty Ltd (30 per cent.); GLNG Property Pty Ltd (30 per cent.); and Papua New Guinea Liquefied Natural Gas Global Company LDC (13.5 per cent.).

The Group structure comprises an asset based operating model built around Exploration, Development, Production and Marketing & Trading, supported by the CFO, Strategy & Corporate Services and EHS & Governance.

Applicable Regulatory Issues

Australia

Taxation

Excise and royalty on the production of hydrocarbons is levied via a regime of excise, royalties and petroleum resource rent tax.

Onshore, federal excise is levied on the net volume of oil and condensate removed (after removal of water and gas) from a producing field in excess of the first 30 mmbbl of production, which is excise free. Thereafter, excise is charged on an annual sliding scale of marginal rates for oil ranging from nil (up to 3.15 mmbbl) to 30 per cent. (above 5.03 mmbbl). Lesser rates of excise apply to condensate. State royalty is payable as a percentage of the wellhead value of all production (gross value of petroleum less approved post wellhead costs). The royalty rate currently payable by Santos in South Australia, Queensland and the Northern Territory is 10 per cent.

In addition, the Petroleum Resource Rent Tax (**PRRT**) applies to both offshore and onshore (from 1 July 2012) operations. PRRT is charged at a rate of 40 per cent. of the taxable profit of a project.

Exploration and Production Licences

Petroleum resources within Australia are the property of the Crown and rights to explore and produce are conferred by statutory titles granted by legislation of the relevant State or Territory, the most significant of which are exploration and production leases or licences.

The ownership and operation of gas transportation pipelines is regulated by State, Territory and Commonwealth legislation. Petroleum operations in Australian territorial waters are subject to the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth) (**OPGGSA**) in respect of operations in Commonwealth waters and the various State and Territory Acts in respect of operations in areas adjacent to the respective State or Territory. These legislations regulate exploration and development operations including the grant of key titles, such as Exploration Permits, Retention Leases, Production Licenses and Pipeline Licences.

Exploration licences are usually subject to the condition that a prescribed minimum work programme be carried out, and to progressive acreage relinquishment after the elapse of prescribed periods. Production licences generally enure for the full productive life of all fields, including those developed after the production licence is granted.

Joint Petroleum Development Area

The Joint Petroleum Development Area (**JPDA**) is an area of shared Australian and Timor-Leste jurisdiction under an international agreement between Australia and Timor-Leste.

The Bayu-Undan field is currently located in the JPDA. Under the Bayu-Undan PSCs, Santos and its contractors are entitled to a share of first tranche petroleum, which is a 10 per cent. portion of gross revenue "distributed" prior to cost recovery, equal to 60 per cent. of revenue from LPG and gas and 50 per cent. of revenue from condensate, an investment credit equal to 127 per cent. of eligible exploration and capital costs, recovery of costs (operating costs, intangibles expensed and depreciation of tangibles at 20 per cent. straight line) and a share of remaining "profit oil or gas". Profit oil is split on a sliding scale from 50 per cent. of the first 50,000 barrels per day to 30 per cent. over 150,000 barrels per day, contractors' share. Profit gas and LPG is 60 per cent. and profit condensate is 50 per cent. contractors' share. In addition, income tax and additional profits tax is applicable in Timor-Leste on 90 per cent. of income and income tax is applicable in Australia on 10 per cent. of income.

On 6 March 2018, Australia and Timor-Leste signed a new treaty establishing their maritime boundaries in the Timor Sea. This treaty will enter into force when each party has notified the other that its internal requirements for bringing the treaty into force have been completed.

When the new treaty enters into force, the Bayu-Undan PSCs will transition from the JPDA to Timor-Leste's exclusive jurisdiction. Under the new treaty, Australia and Timor-Leste agreed that Santos and the other Bayu-Undan participants will be subject to fiscal and regulatory arrangements equivalent to those under the current JPDA regime. Pending the new treaty entering into force, the current JPDA regime will continue to apply.

PNG

Petroleum resources within PNG are the property of the Crown and rights to explore and produce are conferred by statutory titles granted by legislation.

The PNG LNG Project is a Designated Gas Project for PNG income tax purposes and is subject to income tax of 30 per cent., a royalty and development levy each of 2 per cent. of the well-head value of petroleum and additional profits tax on the accumulated value of cash flows (at various accumulation and tax rates).

Santos has other interests in PNG subject to income tax of 30 per cent. not subject to additional profits tax.

The Board and Management of the Guarantor

The business address of each of the persons below is Ground Floor, Santos Centre, 60 Flinders Street, Adelaide, South Australia 5000, Australia. There are no potential conflicts of interest between the duties to the Guarantor of the persons listed below and their private interests or other duties.

Board of Directors

The directors of the Guarantor, and a brief description of their activities outside the Group, as at the date of this Offering Circular, are as follows:

Keith SPENCE (Chairman)

Other Directorships	Base Resources Limited (Chairman)
	Independence Group NL
	Murray & Roberts Holdings Limited

Kevin Thomas GALLAGHER (Managing Director & CEO)

Other Directorships	Nil

Yasmin Anita ALLEN

Other Directorships	Cochlear Ltd
	ASX Ltd

Guy Michael COWAN

Other Directorships	Queensland Sugar Ltd (Chairman)
	Buderim Ginger Ltd (Chairman)
	Winson Group Ltd

Hock GOH

Other Directorships	Advent Energy Ltd (Chairman)
	Stora Enso Oyj
	AB SKF
	Vesuvius PLC (UK)

Peter Roland HEARL

Other Directorships	Telstra Corporation Ltd

Vanessa Ann GUTHRIE

Other Directorships	Vimy Resources Limited
	Australian Broadcasting Corporation
	Adelaide Brighton Limited

Yujiang SHI

Other Directorships	Nil

Management

The key management of the Guarantor as at the date of this Offering Circular, are as follows:

GALLAGHER, Kevin Thomas - Managing Director & Chief Executive Officer

BYRNE, Philip – Executive Vice President – Marketing, Trading & Commercial

CLEMENT, Bruce – Executive Vice President – Conventional Oil & Gas

JAFFRAY, Angus - Executive Vice President – Organisational Integration

JAMES, Naomi – Executive Vice President – EHS & Governance

NEILSON, Anthony - Chief Financial Officer

OVENDEN, Bill – Executive Vice President – Exploration & New Ventures

SANTOSTEFANO, Vince - COO Operations Services

WOODS, Brett - Executive Vice President - Onshore Upstream

Glossary

mmboe - million barrels of oil equivalent

mmbbl – one million barrels

mtpa – million tonnes per annum

SEAGas – South East Australia Gas

SEAGas Pipeline – South East Australia Gas Pipeline

PSC – Production Sharing Contract

2C contingent resources – means the best estimate of those quantities of petroleum which, on a given date, are considered to be potentially recoverable from known accumulations, but which are not currently considered to be commercially recoverable due to one or more contingencies. These contingencies may include technical, economic, marketing, legal, environmental, social and governmental factors.

TAXATION

AUSTRALIAN TAXATION

*The following is a summary of the Australian taxation treatment under the Income Tax Assessment Acts of 1936 and 1997 of Australia (together, the **Australian Tax Act**) at the date of this Offering Circular of payments of interest (as defined in the Australian Tax Act) on the Notes to be issued by Santos Finance Limited (the **Issuer**) under the Programme (which in this section are referred to as the **Notes**) and certain other matters. It is not exhaustive, and in particular, does not deal with the position of certain classes of holders of Notes (including without limitation, dealers in securities, custodians or other third parties who hold Notes on behalf of other persons). Prospective holders of Notes should also be aware that particular terms of issue of any Series of Notes may affect the tax treatment of that and other Series of Notes. The following is a general guide and should be treated with appropriate caution. Prospective holders of Notes who are in any doubt as to their tax position should consult their professional advisors on the tax implications of an investment in the Notes for their particular circumstances.*

1. Interest withholding tax

Australian interest withholding tax (**IWT**) is ordinarily imposed under the Australian Tax Act at the rate of 10 per cent. on payments of interest (including amounts in the nature of, or paid in substitution for, interest or certain other amounts) that are payable on the Notes by an Australian resident, not acting through a permanent establishment outside Australia, to a non-resident, not acting through a permanent establishment in Australia; or to an Australian resident acting through a permanent establishment outside Australia.

Section 128F exemption

An exemption from Australian IWT is available in respect of the Notes issued by the Issuer under section 128F of the Australian Tax Act if the following conditions are met:

(i) the Issuer is a resident of Australia when it issues those Notes and when interest is paid; and

(ii) those Notes are issued in a manner which satisfies the "public offer" test. There are five principal methods of satisfying the public offer test, the purpose of which is to ensure that lenders in capital markets are aware that the Issuer is offering those Notes for issue. In summary, the five methods are:

(A) offers to 10 or more unrelated financiers or securities dealers;

(B) offers to 100 or more investors;

(C) offers of listed Notes;

(D) offers via publicly available information sources; and

(E) offers to a dealer, manager or underwriter who offers to sell the Notes within 30 days by one of the preceding methods.

The issue of Notes as 'global bonds', as defined in the Australian Tax Act, should also satisfy the public offer test.

In addition, it must be the case that:

(iii) the Issuer does not know, or have reasonable grounds to suspect, at the time of issue, that those Notes or interests in those Notes were being, or would later be, acquired, directly or indirectly, by an "associate" of the Issuer, except as permitted by section 128F(5) of the Australian Tax Act; and

(iv) at the time of the payment of interest, the Issuer does not know, or have reasonable grounds to suspect, that the payee is an "associate" of the Issuer, except as permitted by section 128F(6) of the Australian Tax Act.

Associates

An "associate" of the Issuer for the purposes of section 128F of the Australian Tax Act includes:

(i) a person or entity which holds more than 50 per cent. of the voting shares of, or otherwise controls, the Issuer;

(ii) any entity in which more than 50 per cent. of the voting shares are held by, or which is otherwise controlled by, the Issuer;

(iii) a trustee of a trust where the Issuer is capable of benefiting (whether directly or indirectly) under that trust; and

(iv) a person or entity who is an "associate" of another person or company which is an "associate" of the Issuer under paragraph (i) above.

However the following kinds of "associate" are permitted by section 128F(5) and section 128F(6):

(v) onshore associates (i.e. Australian resident associates who do not hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia and non-resident associates who hold the Notes in the course of carrying on business at or through a permanent establishment in Australia); or

(vi) offshore associates (i.e. Australian resident associates that hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia and non-resident associates who do not hold the Notes in the course of carrying on business at or through a permanent establishment in Australia) who are acting in the capacity of:

(A) in the case of section 128F(5), a dealer, manager or underwriter in relation to the placement of the relevant Notes or a clearing house, custodian, funds manager or responsible entity of a registered scheme; or

(B) in the case of section 128F(6), a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme.

Compliance with section 128F of the Australian Tax Act

The Issuer intends to issue the Notes in a manner which will satisfy the requirements of section 128F of the Australian Tax Act.

Bearer Notes — section 126 of the Australian Tax Act

Section 126 of the Australian Tax Act imposes a type of withholding tax at the rate of 45 per cent. on the payment of interest on Notes in bearer form if the Issuer fails to disclose the names and addresses of the holders to the Australian Taxation Office. Section 126 does not apply to the payment of interest on Notes in bearer form held by non-residents who do not carry on a business at or through a permanent establishment in Australia where the issue of the Notes has satisfied the requirements of section 128F of the Australian Tax Act or IWT is payable. In addition, the Australian Taxation Office has confirmed that for the purpose of section 126 of the Australian Tax Act, the holder of Notes in bearer form is the person in possession of them. Section 126 is therefore limited in its application to persons in possession of Notes in bearer form who are

residents of Australia or non-residents who are engaged in carrying on business in Australia at or through a permanent establishment in Australia.

Where interests in Notes in bearer form are held through Euroclear or Clearstream, Luxembourg, the Issuer intends to treat the operators of those clearing systems as the holders of the Notes for the purposes of section 126 of the Australian Tax Act.

Payments under the Guarantee

If the Issuer fails to pay interest on the Notes, the Guarantor may be required to make payments to the holders of Notes under the Guarantee issued by the Guarantor. Whether such payments would be interest for withholding tax purposes is not clear. The Australian Taxation Office's view, as reflected in Taxation Determination TD 1999/26, is that such payments under the Guarantee would be interest for withholding tax purposes. However, that Determination also states that guarantee payments would be treated as exempt from withholding tax under section 128F if the requirements of that section would be satisfied in respect of payments of interest by the Issuer on the Notes. Therefore, if the requirements stated in section 128F with respect to the Notes are satisfied as described above (and that section is not otherwise inapplicable), then IWT should not be payable in relation to any such guarantee payments made by the Guarantor.

Payment of additional amounts

As set out in more detail in the Terms and Conditions of the Notes, and unless expressly provided to the contrary in the applicable terms (or another relevant supplement to this Offering Circular), if the Issuer or the Guarantor is at any time compelled by law to deduct or withhold an amount in respect of any Australian withholding taxes, imposed or levied by the Commonwealth of Australia, or any political subdivision thereof or any authority therein or thereof, in respect of the Notes, the Issuer or the Guarantor (as the case may be) must, subject to certain exceptions, pay such additional amounts as may be necessary in order to ensure that the net amounts received by the holders of the Notes after such deduction or withholding are equal to the respective amounts which would have been received had no such deduction or withholding been required.

2. Other Australian tax matters

Under Australian laws as presently in effect:

(a) *income tax — offshore holders of Notes* – assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to the Notes, payment of principal and interest to a holder on Notes, who is a non-resident of Australia and who, during the income year, does not hold the Notes in the course of carrying on business at or through a permanent establishment in Australia (**Offshore Holders**), will not be subject to Australian income taxes.

(b) *income tax — Australian holders of Notes* – Australian residents or non-Australian residents who hold the Notes in the course of carrying on business at or through a permanent establishment in Australia (**Australian Holders**), will be assessable for Australian tax purposes on income either received or accrued due to them in respect of the Notes. Whether income will be recognised on a cash receipts or accruals basis will depend upon the tax status of the particular holder of Notes, the terms and conditions of the Notes and whether the rules on the taxation of financial arrangements in Division 230 of the Australian Tax Act (**Taxation of Financial Arrangements** – see paragraph 3 below) apply to the Noteholders.

Special rules apply to the taxation of Australian residents who hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia which vary depending on the country in which that permanent establishment is located;

(c) *gains on disposal or redemption of Notes — Offshore Holders of Notes* – Offshore Holders will

generally not be subject to Australian income tax on gains realised during that year on disposal or redemption of those Notes, provided such gains do not have an Australian source. A gain arising on the disposal of Notes by a non-Australian resident holder to another non-Australian resident where the Notes are sold outside Australia and all negotiations are conducted, and documentation is executed, outside Australia would generally not be regarded as having an Australian source. Even if a gain on disposal was to have an Australian source, an Offshore Holder may otherwise be protected from Australian tax having regard to their country of tax residency and the terms of any relevant double tax convention between that country and Australia;

(d) *gains on disposal or redemption of Notes — Australian Holders of Notes* – Australian Holders will generally be required to include any gain realised and may be entitled to deduct any loss incurred on disposal of the Notes in calculating their taxable income. Special rules apply to the taxation of Australian residents who hold the Notes in the course of carrying on business at or through a permanent establishment outside Australia which vary depending on the country in which that permanent establishment is located;

(e) *deemed interest* — there are specific rules that can apply to treat a portion of the purchase price of the Notes as interest for IWT purposes when certain Notes originally issued at a discount or with a maturity premium or which do not pay interest at least annually are sold to an Australian resident (who does not acquire them in the course of carrying on trade or business at or through a permanent establishment outside Australia) or a non-resident who acquires them in the course of carrying on trade or business at or through a permanent establishment in Australia. IWT should not apply in circumstances where deemed interest would have been exempt under section 128F of the Australian Tax Act if the Notes had been held to maturity by a non-resident;

(f) *stamp duty and other taxes*—no ad valorem stamp, issue, registration or similar duties or taxes are payable in Australia on the issue or the transfer of any Notes;

(g) *other withholding taxes on payments in respect of Notes* — section 12-140 of Schedule 1 to the Taxation Administration Act 1953 of Australia (**TAA**) imposes a type of withholding tax (currently at a rate of 47 per cent.) on the payment of interest on certain registered securities unless the relevant payee has quoted a Tax File Number (**TFN**), (in certain circumstances) an Australian Business Number (**ABN**) or proof of some other exception (as appropriate) in respect of the Notes.

Assuming the requirements of section 128F of the Australian Tax Act are satisfied with respect to Notes in registered form, the requirement in section 12-140 does not apply to payments to a holder of registered Notes who is not a resident of Australia for tax purposes and is not holding the registered Notes in the course of carrying on business at or through a permanent establishment in Australia. Payments to other classes of holders of Notes in registered form may be subject to a withholding where the holder of those Notes does not quote a TFN, ABN or provide proof of an appropriate exemption (as appropriate);

(h) *supply withholding tax* — payments in respect of the Notes can be made free and clear of the "supply withholding tax" imposed under section 12-190 of Schedule 1 to the TAA;

(i) *goods and services tax (**GST**)* — neither the issue nor receipt of the Notes will give rise to a liability for GST in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of an offshore subscriber that is a non-resident) a GST-free supply. Furthermore, neither the payment of principal or interest by the Issuer, nor the disposal of the Notes, would give rise to any GST liability in Australia;

(j) *debt/equity rules* — Division 974 of the Australian Tax Act contains tests for characterising debt and equity for Australian tax purposes, including for the purposes of dividend withholding tax and IWT. The Issuer intends to issue Notes which are to be characterised as "debt interests" for the purposes of

the tests contained in Division 974 and the returns paid on the Notes are to be "interest" for the purpose of section 128F of the Australian Tax Act;

(k) *additional withholdings from certain payments to non-residents* — section 12-315 of Schedule 1 to the TAA gives the Governor-General power to make regulations requiring withholding from certain payments to non-residents where the Responsible Minister is satisfied that each payment set out in the regulation is a payment of a kind that could reasonably be related to assessable income of foreign residents.

However, section 12-315 expressly provides that the regulations will not apply to interest and other payments which are already subject to the current IWT rules or specifically exempt from those rules.

Further, regulations may only be made if the responsible Minister is satisfied the specified payments are of a kind that could reasonably relate to assessable income of foreign residents. The regulations promulgated prior to the date of this Offering Circular are not relevant to any payments in respect of the Notes. Any further regulations should also not apply to repayments of principal under the Notes, as in the absence of any issue discount, such amounts will generally not be reasonably related to assessable income. The possible application of any future regulations to the proceeds of any sale of Notes will need to be monitored;

(l) *taxation of foreign exchange gains and losses* — Divisions 775 and 960 of the Australian Tax Act contain rules to deal with the taxation consequences of foreign exchange transactions to taxpayers. The rules concerning foreign exchange gains and losses are complex and may apply to any holders of Notes who are Australian residents or non-residents that hold Notes that are not denominated in Australian dollars in the course of carrying on business in Australia. Any such holders of Notes should consult their professional advisors for advice as to how to tax account for any foreign exchange gains or losses arising from their holding of those Notes; and

(m) *garnishee directions by the Commissioner of Taxation* – the Commissioner may give a direction requiring the Issuer to deduct from any payment to a holder of a Note any amount in respect of Australian tax payable by the holder. If the Issuer is served with such a direction, then the Issuer will comply with that direction and make any deduction required by that direction.

3. Taxation of Financial Arrangements

Division 230 of the Australian Tax Act (the **TOFA** rules) contains tax timing rules for bringing to account for tax purposes gains and losses in relation to "financial arrangements". The TOFA rules only apply on a mandatory basis to certain taxpayers, having regard to turnover and asset thresholds, although other taxpayers may elect-in to the regime.

If a Noteholder is subject to the TOFA rules then they should consult their tax advisors in relation to the manner in which gains and losses in relation to the Notes should be recognised.

The TOFA rules do not apply in a manner which overrides the exemption from IWT that is available under section 128F of the Australian Tax Act.

US FATCA DISCLOSURE

Foreign Account Tax Compliance Act

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (**FATCA**) impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a **foreign financial institution**, or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (**IRS**) to provide

the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or in deemed compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States Account" of the Issuer (a **Recalcitrant Holder**). The Issuer may be classified as an FFI.

The new withholding regime is now in effect for payments from sources within the United States and will apply to **foreign passthru payments** (a term not yet defined) no earlier than 1 January 2019. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued after the **grandfathering date**, which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. If Notes are issued on or before the grandfathering date, and additional Notes of the same Series are issued after that date, the additional Notes may not be treated as grandfathered, which may have negative consequences for the existing Notes, including a negative impact on market price.

The United States and a number of other jurisdictions have entered into intergovernmental agreements to facilitate the implementation of FATCA (each, an **IGA**). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a **Reporting FI** not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and Australia have entered into an agreement (the **US-Australia IGA**) based largely on the Model 1 IGA.

If the Issuer were to be treated as an FFI it expects that it would be treated as a Reporting FI pursuant to the US-Australia IGA and does not anticipate that it will be obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. The Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA.

Whilst the Notes are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, the Guarantor, any Paying Agent and the Common Depositary, given that each of the entities in the payment chain between the Issuer and the participants in the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

FATCA is particularly complex and its application is uncertain at this time. The above description is based in part on regulations, official guidance and model IGAs, all of which are subject to change or may be implemented in a materially different form. Prospective investors should consult their tax advisers on how these rules may apply to the Issuer and to payments they may receive in connection with the Notes.

SUBSCRIPTION AND SALE

The Dealers have, in an amended and restated Programme Agreement (such Programme Agreement as further modified and/or supplemented and/or restated from time to time, the **Programme Agreement**) dated 12 November 2018, agreed with the Issuer and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". In the Programme Agreement, the Issuer (failing which, the Guarantor) has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

SELLING RESTRICTIONS

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and Treasury regulations promulgated thereunder. The applicable Pricing Supplement will identify whether TEFRA C rules or TEFRA D rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the completion of the distribution, as determined and certified by the relevant Dealer or, in the case of an issue of Notes on a syndicated basis, the relevant lead manager, of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Each issuance of Notes which are also Index Linked Notes or Dual Currency Notes shall be subject to such additional U.S. selling restrictions as the Issuer and the relevant Dealer may agree as a term of the issuance and purchase of such Notes, which additional selling restrictions shall be set out in the applicable Pricing Supplement.

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the

Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression **retail investor** means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or

(ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the **Insurance Mediation Directive**), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in Directive 2003/71/EC (as amended or superseded, the **Prospectus Directive**); and

(b) the expression **offer** includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

United Kingdom

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes (except for Notes which are a "structured products" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong) (the **SFO**) other than (i) to "professional investors" as defined in the SFO; or (ii) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

This Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore (the **MAS**). Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, the Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in the SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or to any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA, or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor;

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 2(1) of the SFA) or securities–based derivatives contracts (as defined in the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person or to any person arising from an offer referred to in Section 275(1A) of the SFA or Section 276(4)(i)(B) of the SFA;

(ii) where no consideration is or will be given for the transfer;

(iii) where the transfer is by operation of law; or

(iv) as specified in Section 276(7) of the SFA.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

Notification under Section 309B(1)(c) of the SFA – Unless otherwise stated in the Pricing Supplement in respect of any, all Notes issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Australia

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (the **Corporations Act**)) in relation to the Programme or any Notes has been, or will be, lodged with the Australian Securities and Investments Commission (**ASIC**). Each Dealer has represented and agreed, and any further Dealer appointed under the Programme will be required to represent and agree, that, unless the relevant Pricing Supplement (or another relevant supplement to this Offering Circular) otherwise provides, in connection with the distribution of the Notes, it:

(a) has not (directly or indirectly) offered or invited applications, and will not (directly or indirectly) offer or invite applications, for the issue, sale, subscription or purchase of the Notes in Australia (including an offer or invitation which is received by a person in Australia); and

(b) has not distributed or published, and will not distribute or publish this Offering Circular or any supplement, advertisement or other offering material relating to the Notes in Australia,

unless:

(i) the minimum aggregate consideration payable by each offeree is at least A$500,000 (or its equivalent in other currency, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors under Parts 6D.2 or 7.9 of the Corporations Act;

(ii) the offer or the issuance of the Notes does not constitute an offer to a "**retail client**" for the purposes of Section 761G of the Corporations Act;

(iii) such action complies with all applicable laws, regulations and directives in Australia; and

(iv) such action does not require any document to be lodged with ASIC or any other regulatory authority in Australia.

New Zealand

No action has been taken to permit the Notes to be offered or sold to any retail investor, or otherwise under any regulated offer, in terms of the Financial Markets Conduct Act 2013 of New Zealand (**FMCA**). In particular, no product disclosure statement under the FMCA has been or will be prepared or lodged in New Zealand in relation to the Notes.

Accordingly, each Dealer has represented and agreed, and any further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or delivered and will not directly or indirectly offer, sell or deliver any Note in New Zealand and it will not distribute any offering memorandum or advertisement in relation to any offer of Notes, in New Zealand other than:

1. to "wholesale investors" as that term is defined in clauses 3(2)(a), (b), (c) and (d) of Schedule 1 to the FMCA, being a person who is:

(a) an "investment business";

(b) "large"; or

(c) a "government agency",

in each case as defined in Schedule 1 to the FMCA; or

2. in other circumstances where there is no contravention of the FMCA, provided that (without limiting paragraph (1) above) Notes may not be offered or transferred to any "eligible investors" (as defined in the FMCA) or any person that meets the investment activity criteria specified in clause 38 of Schedule 1 to the FMCA.

In addition, no person may distribute any offering material or advertisement (as defined in the FMCA) in relation to any offer of Notes in New Zealand other than to such persons as referred to in the paragraph above.

Each Dealer represents and agrees that it has not offered or sold, and will not offer or sell, any Notes to persons whom it believes to be persons who are resident in New Zealand for New Zealand income tax purposes or who carry on business in New Zealand through a fixed establishment (as defined for New Zealand income tax purposes) in New Zealand, unless such persons certify that they hold a valid certificate of exemption for New Zealand resident withholding tax purposes and provide a New Zealand tax file number to such Dealer (in which event the Dealer shall provide details thereof to the Issuer and Guarantor or to a Paying Agent).

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the Issuer, the Guarantor, the Trustee nor any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Guarantor, the Trustee and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of Notes have been duly authorised by a resolution of the Board of Directors of the Issuer dated 22 August 2017 and a resolution of a sub-committee of the Board of Directors of the Issuer dated 30 August 2017 and the giving of the Guarantee has been duly authorised by a resolution of the Board of Directors of the Guarantor dated 22 August 2017 and a resolution of a sub-committee of the Board of Directors of the Guarantor dated 30 August 2017.

The update of the Programme and the issue of Notes thereunder have been duly authorised by a resolution of the Board of Directors of the Issuer dated 31 October 2018 and a resolution of a sub-committee appointed by the Board of Directors of the Issuer dated 9 November 2018 and the giving of the Guarantee has been duly authorised by a resolution of the Board of Directors of the Guarantor dated 31 October 2018 and a resolution of a sub-committee appointed by the Board of Directors of the Guarantor dated 9 November 2018.

Documents Available

For the period of 12 months following the date of this Offering Circular, copies of the following documents will, when published, be available for inspection and/or collection from the registered office of the Issuer and from the specified office of the Principal Paying Agent for the time being:

(a) the constitution of the Issuer and the constitution of the Guarantor;

(b) the audited financial statements of the Issuer in respect of the financial years ended 31 December 2016 and 31 December 2017 and the audited consolidated financial statements of the Guarantor in respect of the financial years ended 31 December 2016 and 31 December 2017, in each case together with the audit reports prepared in connection therewith, and the interim consolidated financial statements of the Guarantor for the half year ended 30 June 2018 (unaudited);

(c) the most recently published audited annual financial statements of the Issuer and the most recently published audited annual consolidated financial statements and unaudited interim consolidated financial statements (if any) of the Guarantor, in each case together with any audit or review reports prepared in connection therewith. The Issuer currently prepares audited financial statements on an annual basis and the Guarantor currently prepares audited consolidated financial statements on an annual basis and unaudited interim consolidated statements for each half-year;

(d) the Trust Deed, the Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;

(e) a copy of this Offering Circular; and

(f) any future offering circulars, prospectuses, information memoranda, supplements and Pricing Supplements (save that Pricing Supplements will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Paying Agent as to its holding of Notes and identity) to this Offering Circular and any other documents incorporated herein or therein by reference.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Pricing

Supplement. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Pricing Supplement.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer or the Guarantor since 31 December 2017 and there has been no material adverse change in the prospects of the Issuer or the Guarantor since 31 December 2017.

Litigation

Neither the Issuer nor the Guarantor or any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer, the Guarantor or the Group.

Auditors

The auditors of the Issuer and the Guarantor are Ernst & Young, whose audit partners are members of the Institute of Chartered Accountants in Australia, who have audited the financial statements of the Issuer and the consolidated financial statements of the Guarantor, without qualification, in accordance with Australian Auditing Standards for each of the two financial years ended on 31 December 2016 and 31 December 2017. The auditors of the Issuer and the Guarantor have no material interest in the Issuer or the Guarantor. Australian auditing requirements have no significant departures from International Standards on Auditing.

Post-issuance information

Save as set out in the Pricing Supplement, the Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

Dealers transacting with the Issuer and the Guarantor

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for the Issuer, the Guarantor and their affiliates in the ordinary course of business. Certain of the Dealers and their affiliates may purchase the Notes and be allocated Notes for asset management and/or proprietary purposes and not with a view to distribution.

Trustee's action

The Conditions and the Trust Deed provide for the Trustee to take action on behalf of the Noteholders in certain circumstances, but only if the Trustee is indemnified and/or secured and/or pre-funded to its satisfaction. It may not always be possible for the Trustee to take certain actions, notwithstanding the provision of an indemnity and/or security and/or pre-funding to it. Where the Trustee is unable to take any action, the Noteholders are permitted by the Conditions and the Trust Deed to take the relevant action directly.

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