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12 November 2015

Santos successfully completes Institutional Entitlement Offer

Santos Limited announced today the successful completion of the institutional component of its fully underwritten 1 for 1.7 accelerated pro rata renounceable entitlement offer ("Entitlement Offer") of new fully paid ordinary shares ("New Shares") to raise gross proceeds of approximately \$2.5 billion.

The institutional component of the Entitlement Offer ("Institutional Entitlement Offer") had strong support from Santos shareholders, raising approximately \$1.17 billion for Santos, with approximately 86% of entitlements available to eligible institutional shareholders taken up.

The Institutional Entitlement Offer shortfall bookbuild attracted strong demand from both existing Santos shareholders and other institutional investors, clearing at \$4.60 which represents a premium of \$0.75 above the offer price of \$3.85.

Eligible institutional shareholders who elected to not take up their entitlements and ineligible institutional shareholders will receive \$0.75 for each such entitlement sold for their benefit in the Institutional Entitlement Offer shortfall bookbuild managed by the underwriters.

Santos' Executive Chairman, Mr Peter Coates AO said the Institutional Entitlement Offer attracted strong demand from institutional shareholders.

"The successful uptake of the Institutional Entitlement Offer is a clear sign of confidence in the package of capital initiatives Santos announced this week to strengthen our balance sheet and restore long term value for shareholders," Mr Coates said.

Settlement of the Institutional Entitlement Offer will take place on Thursday, 19 November 2015, with the New Shares to commence trading on the ASX on Friday, 20 November 2015.

Retail Entitlement Offer

The retail component of the Entitlement Offer ("Retail Entitlement Offer") is expected to raise approximately \$1.35 billion. The Retail Entitlement Offer will open at 9.00am (Sydney time) on Tuesday, 17 November 2015 and close at 5.00pm (Sydney time) on Monday, 30 November 2015.

Eligible retail shareholders will be able to subscribe for 1 New Share for every 1.7 fully paid ordinary shares in Santos held as at 7.00pm (Sydney time) on the record date of Thursday, 12 November 2015, at the same offer price of \$3.85 per New Share as the Institutional Entitlement Offer.

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Eligible retail shareholders will be allotted Entitlements (“Retail Entitlements”), which can be traded on the ASX. If they do not choose to take up all or part of their Retail Entitlements, they can seek to sell all or part of their Retail Entitlements on the ASX or by transferring entitlements directly to another person ahead of the retail shortfall bookbuild (discussed below).

Retail Entitlements can be traded on the ASX from Thursday, 12 November 2015 to Monday, 23 November 2015 under the ASX code STOR. Retail Entitlements will commence trading on the ASX on a deferred settlement basis on Thursday, 12 November 2015 and on Thursday, 19 November 2015 on a normal settlement basis.

Retail Entitlements that are not exercised by the close of the Retail Entitlement Offer, and Retail Entitlements of ineligible retail shareholders, will be offered for sale through a retail shortfall bookbuild on Thursday, 3 December 2015 (“Retail Shortfall Bookbuild”). Any Retail Premium (being any amount paid in respect of those Retail Entitlements sold into the Retail Shortfall Bookbuild) will be remitted proportionally to such shareholders, net of any applicable withholding tax. There is no guarantee that there will be any proceeds remitted to those retail shareholders.

Eligible retail shareholders should carefully read the retail entitlement offer booklet and accompanying personalised entitlement and acceptance form, which are expected to be mailed on Wednesday, 18 November 2015. A copy of the retail entitlement offer booklet will be available on the ASX and at <https://www.santos.com/entitlement-offer/> from Friday, 13 November 2015.

If you have any questions about the Retail Entitlement Offer, please call the Santos Offer Information Line on 1300 017 716 (within Australia) or +61 3 9938 4343 (outside Australia) Monday to Friday.

The retail entitlements may only be exercised by eligible shareholders with addresses in Australia or New Zealand and certain categories of investors in British Virgin Islands, Canada (British Columbia, Ontario and Quebec provinces), China, Belgium, Denmark, Germany, Luxembourg, Netherlands, France, Hong Kong, Ireland, Italy, Japan, Korea, Malaysia, New Zealand, Norway, Singapore, South Africa, Sweden, Switzerland, United Arab Emirates (excluding Dubai) and United Kingdom. Persons in the United States and persons acting for the account or benefit of a person in the United States will not be eligible to purchase or trade entitlements on market, or take up or exercise entitlements purchased on market or transferred from another person.

It is the responsibility of purchasers of Retail Entitlements to inform themselves of the eligibility criteria for exercise. If holders of Retail Entitlements after the trading period do not meet the eligibility criteria, they will not be able to exercise the Retail Entitlements. In the event that holders are not able to take up their Retail Entitlements, those Retail Entitlements will be sold into the Retail Shortfall Bookbuild and holders may receive no value for them.

Santos’ ordinary shares are expected to resume trading on the ASX from market open today on an ex- entitlement basis.

IMPORTANT NOTICE

This release may not be released or distributed into the United States. This release does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither the entitlements nor the New Shares have been, nor will be, registered under the U.S. Securities Act of 1933 (U.S. Securities Act) or under the securities laws of any state or other jurisdiction of the United States. The entitlements and the New Shares may not be granted to, or taken up by, any person in the United States or any person acting for the account or benefit of a person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. The entitlements and New Shares to be offered and sold in the Retail Entitlement Offer will only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) of the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act.

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