

21 May 2018

Revised Harbour Energy proposal

Santos advises that on 21 May 2018 it received a revised binding, conditional proposal from Harbour Energy Australia Pty Ltd (Harbour) to acquire 100% of Santos shares by way of a scheme of arrangement for consideration of US\$5.21 per share (equivalent to A\$6.95 per share based on an exchange rate of 0.75) (Revised Harbour Proposal).

The Revised Harbour Proposal is conditional on Santos undertaking additional hedging of oil-linked production in 2018 of c.30% and changes to hedging in 2019. In addition, Harbour has indicated the offer price would be increased to a US dollar amount equivalent to A\$7.00 per share if Santos agrees to hedge 30% of oil-linked production in 2020.

This follows earlier binding, conditional offers from Harbour of US\$4.98 per share announced on 17 May 2018 and US\$5.12 per share received on 19 May 2018.

The Revised Harbour Proposal is subject to conditions, including completion of final confirmatory due diligence and entry into a scheme implementation deed between Santos and Harbour, which requires the transaction to be recommended by the independent directors of the Santos Board and includes, among other things, FIRB and shareholder approval conditions.

The independent directors of Santos will consider the Revised Harbour Proposal and will update shareholders accordingly.

There is no certainty that the Revised Harbour Proposal will result in an offer for Santos that is capable of being considered by shareholders. Santos shareholders are advised to take no action in relation to the Revised Harbour Proposal at this time.

Ends.

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