

17 May 2018

Revised Harbour Energy proposal

Santos advises that it has received a binding, conditional proposal (Revised Harbour Proposal) from Harbour Energy Australia Pty Ltd (Harbour) to acquire 100% of Santos shares by way of a scheme of arrangement for consideration equivalent to US\$4.98 per share. This follows receipt of an indicative and conditional proposal (announced on 3 April 2018) and a five week due diligence process.

The Revised Harbour Proposal involves no change in price and a number of significant changes to the transaction structure previously announced. These changes include:

- A US dollar offer of cash consideration for shareholders other than ENN and Hony, with no fixed Australian dollar component; and
- An offer to ENN and Hony to roll-over their existing Santos shares into a Harbour investment vehicle and subscribe for new shares. This option is not available to other Santos shareholders.

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.

The Board and management remain focused on continuing to deliver shareholder value through the transformation of Santos into a low cost, reliable and high performance business with strong growth potential.

Ends.

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