

15 December 2016

Successful completion of Institutional Placement

Santos today announced the successful completion of its A\$1,040 million fully underwritten institutional placement ("Institutional Placement") of new fully paid ordinary shares ("New Shares"). The subscription price was A\$4.06 per share, which represents a 7.9% discount to the last closing price.

Santos Managing Director and Chief Executive Officer Kevin Gallagher said: "The equity raising was significantly over-subscribed with strong demand from existing shareholders and high quality new investors. Santos is now positioned to deliver a low cost, reliable and high performance business with financial flexibility to build and grow the business in a low oil price environment.

The Institutional Placement will result in the issue of 256 million New Shares, which will rank equally with existing Santos shares from allotment. Settlement of the New Shares is expected to take place on Tuesday, 20 December 2016, and the issue and quotation of the New Shares is expected to occur on the following business day, Wednesday, 21 December 2016.

The proceeds from the Institutional Placement will strengthen Santos' balance sheet and provide Santos with financial flexibility to take advantage of growth opportunities that are aligned to its core business and recently announced new strategic plan. Following the Institutional Placement, Santos will have a gearing ratio of approximately 32%¹.

As announced on 14 December 2016, in addition to the Institutional Placement, Santos will undertake a non-underwritten Share Purchase Plan ("SPP"), which will be open to eligible² Santos shareholders who were registered holders of Santos shares at 7.00pm (AEST) on 14 December 2016. Further details of the SPP, including opening and closing dates, will be contained in the SPP Booklet to be sent to eligible Santos shareholders in the coming weeks.

¹ Pro-forma as at 30 November 2016 and based on placement proceeds of A\$1,040 million.

² Eligible Shareholders being holders of fully paid ordinary shares in Santos at 7.00pm (AEST) on 14 December 2016 and whose address on the share register is in Australia or New Zealand, provided that such shareholder is not in the United States, or acting for the account or benefit of a person in the United States. The SPP is also being extended to eligible shareholders who are custodians to participate in the SPP on behalf of certain eligible beneficiaries on the terms and conditions to be set out in the SPP Offer Booklet.

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