

27 November 2018

## Santos completes acquisition of Quadrant Energy

Santos today announced that it has completed the acquisition of Quadrant Energy (Quadrant). The effective date of the transaction is 1 January 2018.

On completion Santos paid an amount of US\$1.93 billion, comprising the purchase price of US\$2.15 billion less completion adjustments and cash acquired.

The completion amount was fully funded from Santos' existing cash resources and US\$1.2 billion of new debt facilities.

Stronger operating performance and free cash flow generation since 30 June means Santos is now expecting gearing to be approximately 33% at year-end.

Santos Managing Director and Chief Executive Officer Kevin Gallagher said: "The acquisition of Quadrant is value accretive for Santos shareholders and is consistent with our strategy to build and grow our core assets around existing infrastructure and become Australia's leading domestic natural gas supplier."

"Santos has now increased its ownership and become the operator of a high quality portfolio of low cost, long-life conventional Western Australian natural gas assets with stable cash flows."

"Santos knows these assets well and has enjoyed a long-established relationship with Quadrant, which has operated our WA natural gas assets for many years."

"A key benefit of the transaction is the diversification of the Santos revenue base to include strong operating cash flow from long-term CPI-linked gas supply contracts at a time when the oil price continues to be volatile."

"The Quadrant acquisition lowers our forecast 2018 proforma free cash flow breakeven oil price to approximately \$32 per barrel."

"The portfolio also includes a leading position in the highly prospective Bedout Basin, including the recent significant oil discovery at Dorado."

"This acquisition strengthens our ability to fund our growth activities in WA, northern Australia and PNG, and the sustainable dividend through the cycle."

"We look forward to welcoming Quadrant's staff to Santos and integrating our Western Australian operations," Mr Gallagher said.

UBS and JB North & Co acted as financial advisers and Herbert Smith Freehills acted as legal advisers to Santos.

Ends.