



Dividend Reinvestment Plan Rules

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Santos Limited ACN 007 550 923

Dividend Reinvestment Plan Rules

Updated as at 29 October 2015

1 Definitions and interpretation

1.1 In these Rules, unless the context otherwise requires:

Allocation means the issue of new Shares or the transfer of existing Shares to Participants under the DRP.

Allocation Price means the price at which Shares will be Allocated under the DRP calculated in accordance with rule 7.2, as adjusted by the Board in its absolute discretion.

ASX means ASX Limited (ABN 98 008 624 691) or the securities market operated by ASX Limited (as the case may be).

Average Market Price means either:

- (a) the volume weighted average market price of all Shares sold on the ASX automated trading system and on such other Prescribed Financial Markets (if any) as the Board may determine during a period; or
- (b) the arithmetic average of the daily volume weighted average market price of all Shares sold on the ASX automated trading system and on such other Prescribed Financial Markets (if any) as the Board may determine for each day during that period,

(as determined by the Board in its sole discretion), adjusted by the Board to exclude trades that the Board considers to be otherwise than in the ordinary course of trading. The Average Market Price may also be adjusted as the Board in its sole discretion determines, to take account of the fact that allocations of Shares under the DRP may occur by issue, purchase, or a combination of issue and purchase, and consequently, it is necessary to ensure that to the extent reasonably possible, the calculation of Participants' entitlements is unaffected by the method of allocation.

Board means the board of directors of Santos, or a committee of the Board.

Business Day has the meaning given in the Listing Rules.

Chi-X means Chi-X Australia Pty Ltd (ABN 47 129 584 667) or the securities market operated by Chi-X Australia Pty Ltd (as the case may be).

Discount means the percentage discount (if any) determined by the Board from time to time to be applied in calculating the Allocation Price per Share under rule 7.2.

Dividend means any dividend announced and payable by Santos on Shares and includes any distribution in relation to any other security determined by the Board to be a Share for the purpose of these Rules.

Dividend Payment for a Shareholder means the Dividend multiplied by the number of Shares held by that Shareholder as at the relevant Dividend Record Date, less any withholding tax or any other amounts Santos is entitled or required to deduct from the payment.

Dividend Payment Date means the date on which the Dividend is payable, as announced by Santos.

Dividend Record Date means the date and time, as determined by the Board, at which a person holds or is taken to hold Shares for the purpose of determining the entitlement of Shareholders to Dividends.

Dividend Reinvestment Plan Form means the form, whether written or electronic, used to apply for participation in the DRP and used to vary or terminate a Shareholder's participation in the DRP, approved by the Board from time to time.

DRP means the Santos dividend reinvestment plan constituted under these Rules, as varied from time to time.

Eligible Shareholder has the meaning given in rule 2.

Full Participation means participation in the DRP for all of a Shareholder's Shares from time to time (subject to the Maximum Participating Holding (if any)), including Shares subsequently acquired by the Participant.

Last Election Date means the first Business Day after the Dividend Record Date for a Dividend, or such other date as determined by the Board.

Listing Rules means the listing rules of the ASX as they apply to Santos from time to time.

Maximum Participating Holding means the number of Shares (if any) determined by the Board from time to time under rule 4.1(b).

Minimum Participating Holding means the number of Shares (if any) determined by the Board from time to time under rule 4.1.

Partial Participation means participation in the DRP for a specified number of a Shareholder's Shares, being less than all of those Shares, (subject to the Maximum Participating Holding (if any)).

Participating Shares means Shares which a Participant has validly specified for participation in the DRP or which are otherwise taken under these Rules to participate in the DRP.

Participant means a Shareholder who has completed a Dividend Reinvestment Plan Form.

Prescribed Financial Market means a financial market prescribed for the purposes of the definition of prescribed financial market in section 9 of the Corporations Act, including the ASX and Chi-X, or any other financial market determined by the Board from time to time.

Pricing Period means the period determined by the Board, being a period of not less than 5 Business Days (commencing before, on or after the relevant Dividend Record Date, as determined by the Board).

Related Body Corporate has the same meaning as in section 50 of the Corporations Act.

Rules means these rules of the DRP as varied from time to time.

Santos means Santos Limited (ABN 80 007 550 923).

Share means a fully paid ordinary share in the capital of Santos and may, at the discretion of the Board, include any other security issued by Santos from time to time.

Shareholder means a registered holder of Shares.

1.2 In these Rules headings are for convenience only and do not affect interpretation and:

- (a) words importing the singular include the plural and vice versa;
- (b) words importing a gender include any gender;
- (c) unless otherwise determined by the Board or specified below, a reference to a price is to the relevant dollar amount rounded to 4 decimal places;
- (d) other parts of speech and grammatical forms of a word or phrase defined have a corresponding meaning; and
- (e) any reference in these Rules to any enactment, part of an enactment or the Listing Rules includes a reference to that enactment, part or those Listing Rules as from time to time amended, consolidated, re-enacted or replaced and, in the case of an enactment, all regulations and statutory instruments issued under it.

2 Eligibility to participate

2.1 Subject to rules 2.2, 2.3 and 2.4, an Eligible Shareholder is, in respect of a particular Dividend Record Date, a Shareholder who, at that Dividend Record Date, was recorded as a registered holder of Shares and whose address in Santos' share register:

- (a) is in Australia; or

- (b) is in a jurisdiction in which the Board is satisfied that the offer and issue or transfer of Shares under the DRP is lawful and practicable,

provided that the Board may determine that a Shareholder, or a class of Shareholders, are not Eligible Shareholders if they are, or hold Shares for the account or benefit of other persons who are, resident outside the jurisdictions mentioned in paragraphs (a) and (b) above, and would not, if named on the share register, be an Eligible Shareholder.

2.2 The Board has the discretion to refuse to accept any person's Shares for participation in the DRP and to suspend or withdraw any person's Shares from participation if the Board considers that the participation of those Shares may breach any law of Australia, the Listing Rules or a provision of Santos' constitution.

2.3 The Board is entitled to make a final determination as to whether any particular Shareholder is an Eligible Shareholder within the terms of these Rules or not, and to change any such determination, as and when it sees fit. In making this determination, the Board may consider, among other things, whether such participation would or may be impracticable, impossible or illegal and any actual or anticipated inconvenience or expense in allowing, or investigating the possibility of allowing, such participation.

2.4 Shares which are held subject to an employee incentive scheme are not eligible to participate in the DRP unless the Board determines to allow such Shares to participate in the DRP.

3 Application to participate and extent of participation

3.1 Application to participate in the DRP must be made on a Dividend Reinvestment Plan Form. Unless the Board determines otherwise:

- (a) If the share registry receives a duly completed Dividend Reinvestment Plan Form from an Eligible Shareholder on or before the Last Election Date for a Dividend, that Shareholder's participation commences for that Dividend and for future Dividends.
- (b) If a Dividend Reinvestment Plan Form is received after the Last Election Date for a Dividend, it will not be effective in respect of that Dividend, but will be effective for future Dividends.

3.2 A Dividend Reinvestment Plan Form must specify whether the Shareholder has elected Full Participation or Partial Participation.

3.3 Where a Shareholder elects Partial Participation, if at the relevant Dividend Record Date the number of registered Shares held by the Participant is less than the specified number of Shares, the DRP applies to all of that Participant's Shares. Where a Shareholder is a partial Participant, Shares

in excess of the number specified as participating that are subsequently acquired by that Shareholder (whether under the DRP or otherwise), will not participate in the DRP unless that Shareholder alters the participation level in accordance with rule 10. This means that where the Shareholder has disposed of Shares and then acquired more Shares, newly acquired Shares will participate up to the number originally specified.

- 3.4 If a Dividend Reinvestment Plan Form does not clearly indicate the level of participation in the DRP, it will be deemed to be an application for Full Participation.
- 3.5 If a shareholding account appearing in Santos' register of members relates to a broker's clearing account, or a trustee or nominee, and the broker, trustee or nominee, being an Eligible Shareholder, notifies Santos that the relevant Shares are held for a number of different persons (who are also Eligible Shareholders) and specifies the number of Shares held for each of such persons as at a particular Dividend Record Date (although the names of such persons need not be specified), then the Board may determine that each such holding shall, as at that Dividend Record Date, be taken to represent a separate Shareholder for the purpose of the operation of this DRP.
- 3.6 If an Eligible Shareholder has more than 1 holding of Shares and wishes to participate in the DRP with respect to 1 or more such holdings, a Dividend Reinvestment Plan Form must be lodged with respect to each separate shareholding that is to participate.
- 3.7 If Shares are jointly held by 2 or more Eligible Shareholders, all joint holders of such Shares must sign a single Dividend Reinvestment Plan Form for it to be valid. If 1 or more of the joint holders of the Shares is not an Eligible Shareholder, none of the joint holders can apply to participate in the DRP with respect to the Shares jointly held.

4 Minimum and Maximum Participating Holding

- 4.1 The Board may, from time to time, determine:
- (a) a minimum permitted number of Participating Shares per Participant; and/or
 - (b) a maximum permitted number of Participating Shares per Participant,
- whether in respect of a particular Dividend, or Dividends generally.
- 4.2 To the extent that a Dividend Reinvestment Plan Form has specified a number of Participating Shares in excess of the Maximum Participating Holding (including an election of Full Participation), for so long as that limit applies:
- (a) the number of Participating Shares for that Participant is deemed to be that limit; and

- (b) any Shares specified in the Dividend Reinvestment Plan Form as Participating Shares in excess of that limit are deemed not to be Participating Shares, and any Dividend payable in respect of them will be paid by Santos in accordance with its usual arrangements for the payment of Dividends.

- 4.3 To the extent that a Dividend Reinvestment Plan Form has specified a number of Participating Shares less than a prevailing Minimum Participating Holding (including an election of Full Participation where the number of Participating Shares would otherwise be less than that limit), for so long as that limit applies:
- (a) the number of Participating Shares for that Participant for the purposes of these Rules is deemed to be zero; and
 - (b) any Shares specified in the Dividend Reinvestment Plan Form as Participating Shares less than that limit are deemed not to be Participating Shares, and any Dividend payable in respect of them will be paid by Santos in accordance with its usual arrangements for the payment of Dividends.

5 Acceptance and effectiveness of applications

- 5.1 Subject to rules 2.1 and 5.2, a Dividend Reinvestment Plan Form validly submitted or otherwise accepted by the Board is effective:
- (a) from the date the Dividend Reinvestment Plan Form is received by the share registry;
 - (b) in respect of a Dividend, only if it is received on or before the Last Election Date for that Dividend. Applications or notices received after this time are not effective in respect of that Dividend but are effective for future Dividends, unless the Board determines otherwise;
 - (c) until the Participant varies or terminates participation in the DRP pursuant to these Rules; or
 - (d) until the Participant ceases to be an Eligible Shareholder.
- 5.2 The Board may:
- (a) accept or reject a Dividend Reinvestment Plan Form which is not properly completed or signed; and
 - (b) correct any error in, or omission from, a Dividend Reinvestment Plan Form, prior to acceptance under rule 5.2(a).

6 The effect of applying for participation

By applying to participate in the DRP, the Shareholder:

- (a) warrants to Santos that it is an Eligible Shareholder;
- (b) acknowledges that Santos may at any time irrevocably determine that the applicant's Dividend Reinvestment Plan Form is valid, in accordance with these Rules, even if the Dividend Reinvestment Plan Form is incomplete, contains errors or is otherwise defective and authorises Santos (and its officers or agents) to correct any error in, or omission from, its Dividend Reinvestment Plan Form;
- (c) acknowledges that Santos may reject any Dividend Reinvestment Plan Form;
- (d) agrees to the appointment of a nominee by Santos as the Participant's agent to acquire Shares on market or off market, where Santos decides to acquire existing Shares in accordance with rule 7;
- (e) acknowledges that neither Santos nor the share registry has provided the applicant with investment advice or financial product advice concerning its decision to apply to participate in the DRP and that neither has any obligation to provide this advice; and
- (f) unconditionally agrees to the Rules and agrees not to do any act or thing which would be contrary to the spirit, intention or purpose of the DRP, in each case, until termination of the Participant's participation in the DRP.

7 Reinvestment of Dividends

7.1 Santos will establish and maintain a DRP account for each Participant. Santos will in respect of each Dividend payable to a Participant:

- (a) determine the Dividend Payment in respect of that Participant's Participating Shares;
- (b) credit the amount in rule 7.1(a) to the Participant's DRP account, and that payment constitutes payment of the Dividend on the Participant's Participating Shares;
- (c) determine the maximum whole number of Shares which may be acquired under the DRP at the Allocation Price by dividing the amount in the Participant's DRP account by the Allocation Price and rounding that number to the nearest whole number noting that a fractional entitlement to 0.5 or more of a share will be rounded up and an entitlement to less than 0.5 of a share will be rounded down; and

- (d) on behalf and in the name of the Participant, subscribe for or purchase the number of Shares determined under rule 7.1(c) and debit the Participant's DRP account with the price for the Allocated Shares.

7.2 Shares are Allocated under the DRP at the Allocation Price which is the Average Market Price during the Pricing Period, less the Discount (if any) determined by the Board. The determination by the Board of the Allocation Price is binding on all Participants.

8 Allocation of Shares

8.1 All Shares newly issued under the DRP will, from the date of Allocation, rank equally in all respects with existing Shares unless the Board determines that they are not to participate in any offer of Shares open when the Shares are issued under the DRP.

8.2 Shares will be Allocated within the time required by ASX.

8.3 Santos will make application promptly after each Allocation of newly issued Shares for quotation of those Shares on ASX if the Participant holds Shares listed on ASX.

9 DRP statements

On, or as soon as practicable after, each Dividend Payment Date, Santos must forward to each Participant a statement in a form determined by the Board that may include, for example:

- (a) the number of the Participant's Participating Shares as at the relevant Dividend Record Date;
- (b) the amount of the relevant Dividend Payment in respect of the Participant's Participating Shares (including any amounts deducted from the dividend payable);
- (c) the number of Shares Allocated to the Participant under these Rules, the Allocation Price and the date of Allocation of those Shares;
- (d) the Participant's total holding of Shares after Allocation;
- (e) the franked amount (if any) of the Dividend Payment and the franking credit (if any) attached to the Dividend;
- (f) the imputation credits (if any) attached to the Dividend; and
- (g) any other matters required by law to be included.

10 Variation or termination of participation

10.1 A Participant may at any time give a Dividend Reinvestment Plan Form:

- (a) increasing or decreasing the number of Shares participating in the DRP; or
- (b) terminating participation in the DRP.

The alteration or termination takes effect in accordance with rule 5.

10.2 If a Participant dies, participation in the DRP terminates upon receipt by Santos of written notice of the death. If a Participant is declared bankrupt or is wound-up, participation in the DRP terminates upon receipt by Santos of a notification of bankruptcy or winding-up from the Participant or the Participant's trustee in bankruptcy or liquidator, as the case may be. The death, bankruptcy or winding-up of 1 or more joint holders does not automatically terminate participation provided the remaining holder or all remaining joint holders are Eligible Shareholders.

11 Reduction or termination of participation without notice

11.1 Where all of a Participant's Shares are Participating Shares and the Participant disposes of some only of those Shares, then subject to rule 10.1, the remaining Shares held by the Participant continue to be Participating Shares.

11.2 Where only some of a Participant's Shares are Participating Shares and the Participant disposes of part of the Participant's total shareholding, then the Shares disposed of are deemed first to not be Participating Shares. If the number of Shares disposed of is more than the number of the Participant's Shares not participating in the DRP, the disposal is deemed to include all the Participant's shareholding not participating in the DRP, and the balance (if any) will be attributed to Participating Shares.

11.3 Where a Participant disposes of all its Shares, the Participant is deemed to have terminated participation in the DRP.

12 Variation, suspension and termination of the DRP or these Rules

12.1 The DRP or these Rules may be varied, suspended (or reinstated) or terminated by the Board at any time by notification on Santos' website and by notice to ASX.

12.2 The variation, suspension, reinstatement or termination takes effect upon the date specified by the Board and the variation, suspension or termination does not give rise to any liability on the part of, or right or action against, the Board or Santos or its officers, employees or agents.

12.3 If the DRP or these Rules are varied, a Participant continues to participate under the DRP and these Rules in their varied form unless the Participant terminates its participation in the DRP by submitting a Dividend Reinvestment Plan Form in accordance with these Rules.

12.4 If the DRP is suspended, an election as to participation in the DRP will also be suspended and all Shares are deemed to be non-Participating Shares for the purpose of any Dividend paid while the DRP is suspended. Upon reinstatement of the DRP, all prior elections are reinstated subject to any Dividend Reinvestment Plan Form validly varying or terminating participation given by the Shareholder prior to the Last Election Date for the first Dividend after the reinstatement of the DRP, unless the Board determines otherwise.

13 Costs to Participants

To the extent permitted by law, Santos will pay brokerage, commission, and other transaction costs in respect of Shares Allocated under the DRP including any stamp or other duties payable, by Participants in respect of Shares Allocated under the DRP.

14 Notices

14.1 Santos will announce the Pricing Period and the Discount (if any) applicable to the DRP for any Dividends payable on a particular Dividend Payment Date at or around the same time it announces the Dividend.

14.2 Where the Board makes a decision or determination pursuant to these Rules in relation to their application, such determination may be notified to Participants by notice on Santos' website and to the ASX.

14.3 The Board may determine that Eligible Shareholders may lodge a Dividend Reinvestment Plan Form electronically either through Santos' website or that of an authorised third party. Any Dividend Reinvestment Plan Form lodged electronically must comply with the applicable terms and conditions of the electronic lodgement facility.

14.4 The accidental omission by Santos or the Board to give any notice under these Rules to any Shareholder, ASX or any other person will not invalidate any act, matter or thing.

15 General

15.1 Santos records as to the registered holding of a Shareholder or a Participant and as to the number of Participating Shares held by the Participant from time to time are conclusive evidence of the matters recorded in them.

15.2 The Board may delegate any of its powers, discretions or functions under these Rules to any person.

15.3 Any Dividend payable on Participating Shares which Santos is entitled to retain as a result of a charge or lien in favour of Santos in accordance with the constitution of Santos, or other requirement of law, are not available for the purpose of participating in the DRP.

- 15.4 Subject to the constitution of Santos the Board may:
- (a) implement the DRP in the manner the Board thinks fit;
and
 - (b) settle any difficulty, anomaly or dispute which may arise either generally or in a particular case in connection with, or by reason of, the operation of the DRP or these Rules as the Board thinks fit, whether generally or in relation to any Shareholder or Participant, and the determination of the Board is conclusive and binding on all relevant Shareholders and other persons to whom the determination relates.
- 15.5 Neither Santos nor any officer, employee, agent or adviser of Santos is liable or responsible to any Participant for any loss or alleged loss or disadvantage suffered or incurred by a Participant as a result, directly or indirectly, of:
- (a) the establishment or operation of the DRP;
 - (b) participation in the DRP; or
 - (c) any advice given with respect to participation in the DRP by any person.
- 15.6 The DRP, its operation and these Rules are governed by the laws of the State of South Australia and each Shareholder submits to the jurisdiction of the Courts of that State and the Courts which may hear appeals from those Courts.

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