22 August 2018

Santos announces acquisition of Quadrant Energy

Key Highlights

- Acquisition of 100% of Quadrant Energy (Quadrant) for US$2.15 billion plus potential contingent payments related to the Bedout Basin
- Fully funded from existing cash resources and new committed debt facilities, with rapid de-gearing expected to <30% by the end of 2019
- Value accretive acquisition of long-life WA conventional natural gas assets with stable cash flows
- Consistent with Santos' growth strategy of building on existing infrastructure positions around core assets to deliver sustainable shareholder returns
- Advances Santos' aim to be Australia's leading domestic natural gas supplier
- Increases proforma 2P reserves[1] by 220 mmboe, up ~26% and proforma annual production[2] by 19 mmboe, up ~32%
- Significant portfolio overlap with Santos provides combination synergies estimated at US$30-50 million per annum (excluding integration and other one-off costs)
- Upside through further material synergies, near-term developments and exploration
- Material earnings, cash flow and value per share accretion
- Opportunities to leverage Quadrant's offshore operating capability across Santos' Western Australia and Northern Australia portfolio

Santos Managing Director and Chief Executive Officer Kevin Gallagher said Santos has enjoyed a long-established relationship with Quadrant which has operated its WA natural gas assets for many years developing a well-deserved reputation as a safe, high reliability and low cost operator.

"This acquisition delivers increased ownership and operatorship of a high quality portfolio of low cost, long-life conventional Western Australian natural gas assets which are well known to Santos, and importantly significantly strengthens Santos' offshore operating capability."

"It is materially value accretive for Santos shareholders and advances Santos' aim to be Australia's leading domestic natural gas supplier."

"The transaction lowers our proforma 2018 forecast free cash flow breakeven oil price by a further $4/bbl and Quadrant's stable cash flows provide increased certainty during the upcoming period of major growth project delivery."

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

1 Proforma reserves based on Santos and Quadrant 2P reserves as at 31 December 2017.
2 Proforma production based on Santos and Quadrant production for the year ended 31 December 2017.

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Quadrant Portfolio Overview

Quadrant Energy holds natural gas and oil production, near and medium term development, appraisal and exploration assets across more than 52,000 km^2 of acreage, predominantly in the Carnarvon Basin offshore WA, Australia's largest offshore oil and natural gas province.

Quadrant's share of production from the assets in 2017 was 19 million barrels of oil equivalent (mmboe). 2P reserves at the end of 2017 were 220 mmboe (~75% developed).

Quadrant's conventional natural gas assets include significant portfolio overlap with Santos, providing opportunity to realise material combination synergies estimated at US$30-50 million per annum.

Asset	Devil Creek gas hub	Varanus Island gas hub	Macedon gas hub	Ningaloo Vision FPSO	Pyrenees FPSO
Nameplate capacity	220 TJ/day	390 TJ/day	220 TJ/day	540 kbbl oil storage	850 kbbl oil storage
Ownership	Quadrant 55% **Santos 45%**	Quadrant 55% **Santos 45%**	Quadrant 28.6% BHP 71.4%	Quadrant 52.5% INPEX 47.5%	Quadrant 28.6% BHP 71.4%
Operator	Quadrant	Quadrant	BHP	Quadrant	BHP

Quadrant's portfolio also includes a large inventory of discovered resources to backfill existing infrastructure and a leading position in the highly prospective Bedout Basin, including the recent significant oil discovery at Dorado (Quadrant 80%) which provides near-term development opportunity and unlocks material exploration potential.

Acquisition Rationale

The acquisition of Quadrant is fully aligned with Santos' growth strategy to build on existing infrastructure positions around the company's core assets.

Quadrant delivers operatorship of Santos' existing gas hubs in WA, providing flexibility to optimise operations and position Santos to capture value from backfill and third party gas opportunities. It also strengthens Santos' offshore operating expertise and capabilities to drive future growth opportunities across offshore WA and northern Australia.

Quadrant's portfolio of high-margin conventional domestic natural gas assets backed by medium to long-term CPI-linked offtake contracts provide strong and stable cash flows, and compliment Santos' predominantly oil-linked revenues.

The acquisition is financially compelling and value accretive for Santos shareholders:

- ~17% estimated free cash flow accretive on a per share basis in first full year of ownership;
- Increases proforma 2P reserves by ~26% and proforma production by ~32%;
- A $4 per barrel decrease in Santos' forecast proforma 2018 portfolio free cash flow breakeven to ~$32 per barrel.

The acquisition will have an effective date of 1 January 2018. Completion is expected by the end of 2018 and is subject to customary consents and regulatory approvals.

Consideration

Under the agreement, Santos will acquire 100% of Quadrant for consideration comprising an upfront payment at completion and potential future contingent payments as follows:

- US$2.15 billion upfront payment on a cash and debt free basis;
- Contingent payments linked to Dorado oil/liquids 2C resource certification of >100 mmbbls and future FID decision (Certification Payment); and
- Royalty over any future Bedout Basin project revenue (excluding production of Dorado oil/liquids).

The Certification Payment:

- Comprises contingent fixed and variable payments linked to certified Dorado 2C oil, condensate and natural gas liquids resources at FID; and
- Subject to a minimum 100 mmbbls (gross) certified 2C resource.

Calculation of the Certification Payment:

Payment Type	Amount	Calculation
Fixed payment	US$50 million	Triggered on 100 mmbbls (gross) certified 2C resource
Variable payment	US$2.00/bbl	For each barrel certified between 100-125 mmbbls (gross) payable on Quadrant’s working interest net barrels (80%)
	US$2.50/bbl	For each barrel certified >125 mmbbls (gross) payable on Quadrant’s working interest net barrels (80%)

Acquisition Funding

The acquisition is fully funded from existing cash resources and US$1.2 billion in new committed debt facilities. Santos had US$1.5 billion in cash on hand as at 30 June 2018.

The new committed debt facilities comprise a US$600 million five and a half-year bank term loan facility and a US$600 million two-year bridge facility. It is intended that the bridge facility will be refinanced post-completion of the acquisition.

Santos intends to maintain a strong financial profile consistent with an investment grade credit rating. Net gearing is expected to be ~34% at year-end 2018 and is expected to decline to <30% by the end of 2019. Santos also intends to maintain available liquidity in excess of US$2 billion.

Santos confirms there is no change to the company's dividend policy announced on 28 June 2018. Santos intends to pay ordinary dividends that are sustainable through the oil price cycle and will target a range of 10% to 30% of free cash flow generated per annum.

Conference call

Santos will host a conference call for analysts and investors today at 5:30pm AEST. Dial-in numbers are listed below. Please quote passcode ID: **9291678**.

For locations within Australia dial toll-free 1800 123 296 or toll 02 8038 5221.

For other countries, please use one of the following toll-free numbers: Canada (1855 5616 766); China (4001 203 085); Hong Kong SAR (800 908 865); India (1800 3010 6141); Japan (0120 994 669); New Zealand (0800 452 782); Singapore (800 616 2288); United Kingdom (0808 234 0757); United States (1855 293 1544). For all other countries or operator assistance, please call +61 2 8038 5221.

Ends.

Acquisition of Quadrant Energy

22 August 2018

Santos

Disclaimer and important notice

This presentation contains forward looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, geotechnical factors, drilling and production results, gas commercialisation, development progress, operating results, engineering estimates, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial markets conditions in various countries, approvals and cost estimates.

All references to dollars, cents or $ in this document are to United States currency, unless otherwise stated.

This presentation refers to estimates of petroleum reserves. Refer to slides 33-34 in the Appendix for cautionary statement regarding reserve estimates.

Santos to acquire 100% of Quadrant Energy for $2.15 billion

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Value accretive acquisition consistent with Santos' strategy

Portfolio of low cost, long-life WA gas and oil assets with stable cash flows

Significant upside through material synergies, near-term developments and exploration

Opportunities to leverage Quadrant's operating capability across Santos' offshore portfolio

Material EPS, CFPS and value per share accretion

Fully funded and stronger cash flows for combined growth pipeline and enhanced dividends

Value accretive acquisition consistent with Santos' strategy

Santos

Low cost, long-life WA gas and oil assets with stable cash flows and significant upside available

Strategically aligned acquisition	+ Fully aligned with Santos' growth strategy to build on existing infrastructure positions around our core businesses + Strengthens offshore operating expertise and capabilities to drive growth in offshore WA and Northern Australia assets
Materially strengthens portfolio	+ Proforma 2017 production up ~32% to 78.5 mmboe and proforma 2017 2P reserves up ~26% to 1,068 mmboe + Low cost, long-life conventional production further diversifies Santos' portfolio and lowers forecast proforma 2018 free cash flow breakeven by $4 to ~$32 per barrel + Stable cash flows provide increased certainty during major growth project delivery
Significant portfolio upside	+ Attractive near and medium term project development pipeline + Exploration and appraisal upside in proven hydrocarbon provinces + Opportunities to create value through strategic partnering and ownership of key infrastructure
Very strong financial accretion	+ Materially accretive on all key valuation metrics + ~17% expected free cash flow per share accretion in 2019[1] + Material and readily identifiable combination synergies of $30 to $50 million per annum[2]
Fully-funded, rapid de-gearing profile	+ Fully funded and stronger cash flows for combined growth pipeline and enhanced dividends + Rapid de-gearing - Gearing expected to be ~34% at year-end 2018 and decline to <30% by the end of 2019[1] + No change to stated dividend policy, targeting a range of 10% to 30% payout of free cash flow generated per annum

[1] Assumes US$65 per barrel oil price in 2019 (2018 real) and full year of ownership.
[2] Excluding integration and other one-off costs.

Quadrant portfolio snapshot

Low cost, long-life assets that are aligned to Santos' strategic focus on cash flow generation

2017 PRODUCTION	2017 2P RESERVES[1]	2017 UPSTREAM UNIT PRODUCTION COSTS	QUADRANT 2P RESERVES LIFE
19.0 mmboe	220 mmboe	$7.27 per boe	12 YEARS

2017 EBITDAX[2]	2017 OPERATING CASH FLOW	REDUCES SANTOS' 2018 FREE CASH FLOW BREAKEVEN[3]	
$557 million	$552 million	$32 per barrel, down $4	~75% developed 2P reserves[4] ~85% of 2P reserves in gas assets

[1] Reserves estimate by independent consultant RISC Advisory in July 2018.
[2] 2017 EBITDAX excluding hedging gain of $63 million.
[3] 2018 proforma free cash flow breakeven.
[4] Based on Quadrant Energy 2017 reserves.

Transaction overview

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Transaction overview	
	+ Santos to acquire 100% of Quadrant for $2.15 billion + Contingent payments linked to Dorado oil / liquids resource certification >100 mmbbls and future FID decision + Quadrant shareholders granted a modest royalty over future Bedout Basin project revenue[1] + Quadrant acquired on a cash and debt free basis with an effective date of 1 January 2018 + Transaction is expected to complete by the end of 2018 + Subject to customary consents and regulatory approvals

Transaction overview

- Santos to acquire 100% of Quadrant for $2.15 billion
    - Contingent payments linked to Dorado oil / liquids resource certification >100 mmbbls and future FID decision
    - Quadrant shareholders granted a modest royalty over future Bedout Basin project revenue[1]
- Quadrant acquired on a cash and debt free basis with an effective date of 1 January 2018
- Transaction is expected to complete by the end of 2018
    - Subject to customary consents and regulatory approvals

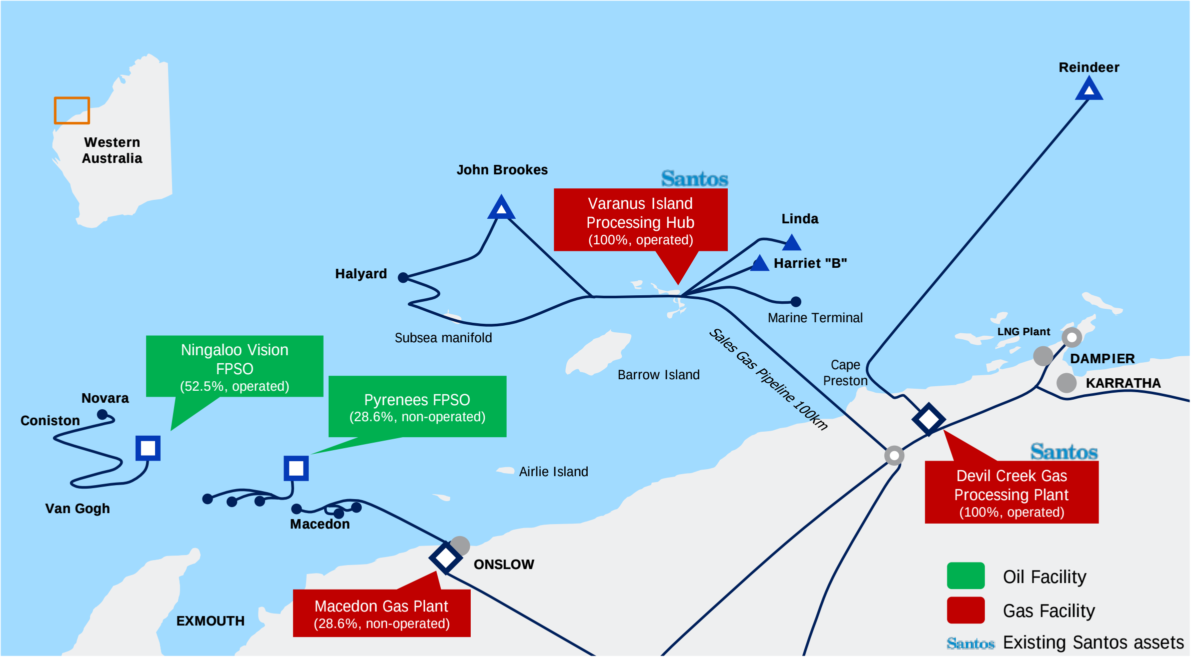
Transaction financing

- Fully funded from existing cash resources and committed debt facilities
- Acquisition financing comprising:
    - $0.95 billion in cash (of total cash at 30 June 2018 of $1.5 billion)
    - $1.2 billion in committed debt facilities
- Proforma net debt of $4.6 billion ($3.0 billion excluding PNG LNG project finance)[2]
    - Expect to maintain a strong financial profile consistent with an investment grade credit rating
    - Strong liquidity maintained: $2.5 billion liquidity based on proforma 30 June 2018
    - Increased free cash flow post completion supports rapid debt paydown
    - Proforma gearing expected to be ~34% at year-end 2018 and decline to <30% by year end 2019
    - Medium term gearing ratio target of less than 25%

[1] Bedout basin royalty excludes Dorado oil / liquids.
[2] Proforma assuming acquisition of Quadrant occurred on 30 June 2018. Does not include Quadrant cash on hand.

Acquisition enhances the scale of our core WA business

Expanded footprint and operatorship of multiple production hubs provides opportunity to add value



Note: % ownership reflects Santos' equity interest post transaction. Map illustrative and not to scale.

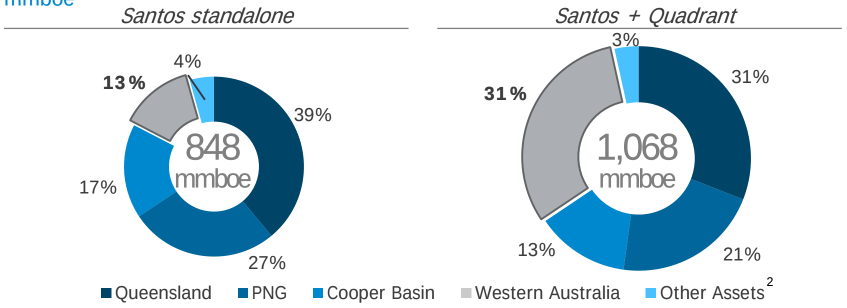
- High quality portfolio of operated production and near field development and exploration assets
  - Leading supplier of gas to Western Australia
  - 100% ownership and operatorship of two core WA gas hubs
- Strategy aligned to Santos' core long-life natural gas asset portfolio
- Ownership of strategic infrastructure provides optionality and pathway to monetise new discoveries and grow
- Strengthens offshore operating expertise and capabilities to drive growth in Santos' offshore WA and Northern Australia assets
- Opportunities to create value through strategic partnering in key assets and ongoing portfolio optimisation

Strengthening and further diversifying Santos' portfolio

Acquisition provides revenue diversification and increased exposure to high margin, CPI linked contracts during period of major growth project delivery

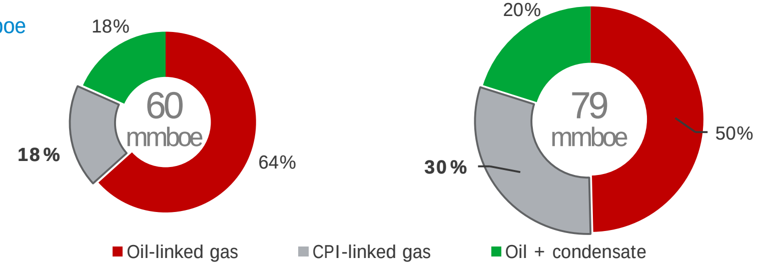
2017 Reserves[1]

mmboe



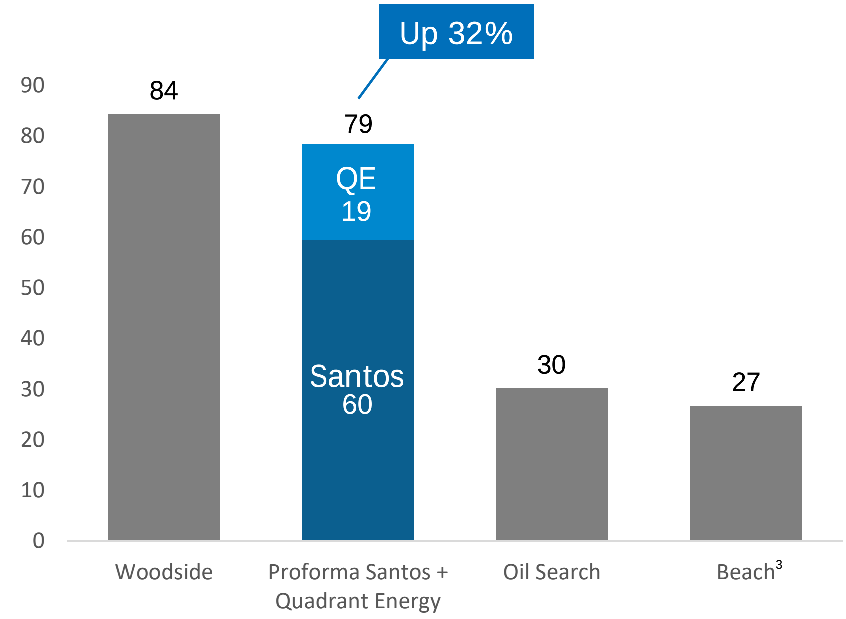
2017 Production[1]

mmboe



2017 Production[1]

mmboe



[1] Year ended 31 December 2017.
[2] Other Assets includes Northern Australia, Western Australia oil and Indonesia and Vietnam. Santos announced the sale of its Asian assets on 3 May 2018.
[3] Based on Beach's FY18 (June year end) proforma production (including 12 months of Lattice).
Source: Company reports, Santos analysis.

Long-life producing assets that are well known to Santos

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Significant portfolio overlap with Santos provides opportunity to realise material combination synergies

	Varanus Island	Devil Creek	Macedon	Ningaloo Vision	Pyrenees FPSO
	Operated gas	**Operated gas**	**Non-operated gas**	**Operated oil**	**Non-operated oil**
					
Ownership	Quadrant 55% **Santos 45%**	Quadrant 55% **Santos 45%**	Quadrant 28.6% BHP 71.4%	Quadrant 52.5% INPEX 47.5%	Quadrant 28.6% BHP 71.4%
Quadrant 2017 production (mmboe) *% of total*	7.8 *41%*	3.9 *20%*	3.4 *18%*	1.4 *7%*	2.6 *14%*
Quadrant 2017 2P reserves (mmboe)[1] *% of total*	111 *51%*	38 *17%*	48 *22%*	9 *4%*	14 *6%*
Key fields	John Brookes Spar-Halyard Spartan	Reindeer	Macedon	Van Gogh Coniston-Novara	Pyrenees
Development objectives	Tie-back developments Compression	Tie-back developments	Compression	Van Gogh phase 1 and 2 drilling	Phase 4 infill drilling

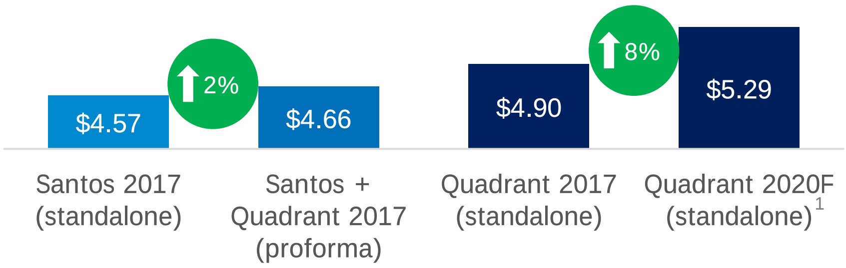
[1] Reserve estimate by independent consultant RISC Advisory in July 2018. See Appendix for detailed ownership and further information on each asset.

Long-term contracts deliver strong and stable cash flows

Quadrant's 2017 portfolio WA gas price of US$4.90/GJ exceeded Santos' 2017 average portfolio gas price with further upside from Alcoa contract pricing from 2020

- Majority of gas contracted under CPI-linked medium to long-term Gas Sales Agreements (GSAs)
  - 100% of 2018 forecast gas sales are contracted under GSAs, predominantly to the mining, power and chemical sectors
- Over 98% of 2018 forecast gas sales (excluding gas liquids) are derived from ~20 long-term GSAs with various customers
- 12-year contract with Alcoa for an initial supply of 120 TJ/day commences in 2020 at favourable pricing
- Increased scale and exposure to the WA gas market

Average domestic sales gas price
(US$/GJ)



Customers in the WA market

[1] Santos estimate of Quadrant standalone realised weighted average contracted and uncontracted gas price using AEMO GSOO forecast gas price for uncontracted gas volumes. Before any impact of purchase price accounting on acquisition.

Proven and highly experienced operator

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Significant value has been added since Quadrant was established in 2015 with core capabilities and asset portfolio enhanced in a disciplined manner

- Proven operator of two of Western Australia's gas hubs (Varanus Island and Devil Creek) in partnership with Santos
  - Santos has deep knowledge and understanding of these assets through existing ownership in the JV
- Experienced management team that are well known to Santos
- Embedded safety leadership culture across all levels of company
  - >50% reduction in Total Recordable Case Frequency Rate (2015 to 2017)
  - Zero Lost Time Injuries during 2017
- Strong history of reinvestment, reserves replacement and exploration discoveries
- Quadrant operatorship and reinvestment has delivered:
  - Average reserve replacement ratio of 107% per annum over the past three years
  - Material discoveries and resource additions

Value added to Quadrant since established in 2015[1]

Restructured Varanus Island JVs Acquired Kufpec's 19.3% interest in Harriet	107% Average reserves replacement ratio	Material discoveries in the Bedout Basin Dorado, Roc, Phoenix
$241m capital investment on infrastructure and development	$361m exploration spend with 63% geological success rate	144% 2C resource additions

[1] Metrics shown reflect period from incorporation 27 March 2015 to 31 December 2017.

Significant discovered resource base and exploration upside

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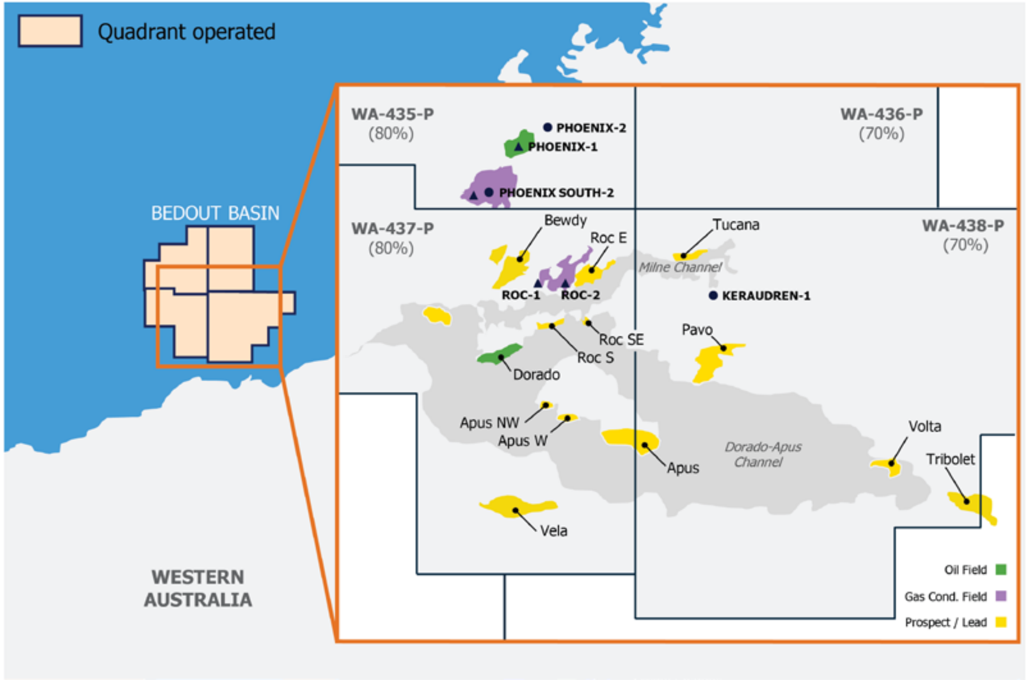
Operatorship provides the ability to leverage existing capabilities to quickly commercialise recent Bedout Basin discoveries

Bedout Basin

- Quadrant 70-80% interest and operator across 22,000 km^2 area
- Extensive petroleum system now emerging with discoveries at Phoenix (oil), Phoenix South (gas condensate), Roc (gas condensate) and Dorado (oil and gas condensate)
- 100% (5 out of 5 wells) exploration success with drill ready inventory and material upside

Recent discoveries

- Dorado oil discovery in July 2018 opens an extensive oil-prone play fairway
- 4 high graded prospects mapped within this Dorado play fairway and significant additional running room
- Roc (gas condensate) field discovered in 2015, appraised in 2016



Dorado discovery

Dorado discovery provides significant near term oil development opportunity and unlocks material oil exploration potential in the shallow, shelf waters of the Bedout Basin

Dorado-1 oil discovery[1]

+ Estimated hydrocarbon net pay of 132 metres
  + Initial 80 metre net oil pay discovery in the high quality Caley sandstone reservoir in July 2018
  + Subsequent confirmation of oil in the deeper Crespin and Milne Members in August 2018
  + Gas and condensate column in the Baxter Member

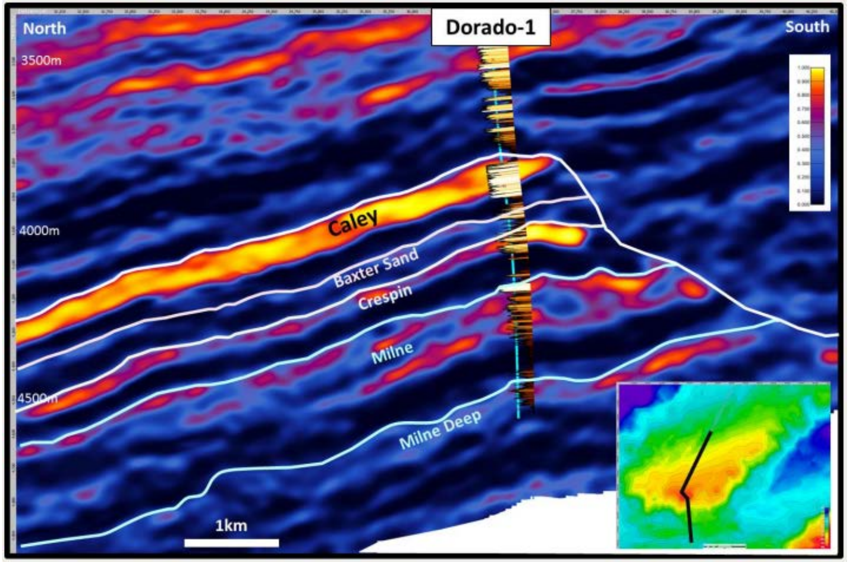
Exploration appraisal

+ 2 appraisal wells planned in advance of potential 2020 FEED
+ Low risk program for sizing the development

Preliminary development concept

+ Jack-up drilled, deviated wells tied-back to an FPSO

Dorado-1 well path



Source: Quadrant Energy.

[1] Based on ASX releases from Carnarvon Petroleum.

Value creation from synergies and operatorship

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Targeting combination synergies of \$30 to \$50 million per annum (pre-tax)[1]

Material combination synergies available

- Targeting combination synergies of \$30 to \$50 million per annum (pre-tax)[1]
  - Removal of duplication from acquisition of existing JV partner and operator
  - Optimise operations across the combined asset footprint
  - Corporate and overhead savings
  - Full synergy potential to be assessed during integration
- Wholly-owned assets and infrastructure provides opportunity to create value through strategic partnering and portfolio optimisation

Operatorship and offshore capabilities

- Value creation through scale and operating capabilities
  - Clear route to commercialisation of discoveries
  - Ability to optimise timing and allocation of capital expenditure
- Leverage offshore operating capabilities to capitalise on other growth opportunities particularly in Western Australia and Northern Australia
- Combined upstream capabilities strengthen platform for sustainable growth

[1] Excluding integration and other one-off costs.

Fully aligned with Transform, Build, Grow strategy

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Acquisition fully aligned with Santos' strategy to leverage existing infrastructure around our core long-life natural gas assets

Grow

- ✓ Significant development and exploration upside
- ✓ Offshore operating capability to drive growth across Western Australia and Northern Australia assets
- ✓ Strong liquidity, balance sheet and cash flows to fund major growth projects[1]

Build

- ✓ Increased ownership and offshore operatorship
- ✓ Scale, flexibility and optionality across multiple infrastructure positions
- ✓ Multiple low-risk infill drilling opportunities adjacent to existing hubs
- ✓ Increased scale and exposure to WA gas market

Transform

- ✓ Adds low cost, high margin conventional production and reserves
- ✓ CPI-linked contracts provide stability and diversification in a period of major growth delivery
- ✓ Improved free cash flow generation expected
- ✓ Significant combination synergies

[1] PNG LNG expansion, Barossa-Caldita backfill to Darwin LNG and Dorado oil.

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1	Transaction overview
2	Investment highlights
3	Financial impact
	Appendix

Materially value per share accretive

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Financially compelling acquisition expected to deliver substantial accretion on all key metrics to shareholders

Strong production and reserves growth	+ ~32% increase in 2017 proforma annual production + ~26% increase in 2017 proforma 2P reserves + Estimated $4 per barrel decrease in 2018 proforma free cash flow breakeven to ~$32 per barrel
Material earnings per share accretion	+ ~5% expected earnings per share accretion in 2019[1] + ~30% expected EBITDAX accretion in 2019[1]
Strong cash flow accretion	+ ~17% expected free cash flow per share accretion in 2019[1] + No change to stated dividend policy, targeting a range of 10% to 30% payout of free cash flow generated per annum + Stronger cash flows to enhance dividends
Material potential value uplift	+ Material value per share accretion + Significant combination synergies of $30 to $50 million per annum (pre-tax) available[2]

[1] Assumes US$65 per barrel oil price in 2019 (2018 real) and full year of ownership.
[2] Excluding integration and other one-off costs.

Acquisition funding

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Acquisition fully funded from existing cash and new committed debt facilities

Acquisition fully funded from cash and new debt	+ Fully funded from existing cash resources and committed debt facilities
	+ Acquisition financing comprising:
	    + $0.95 billion in existing cash (of total cash at 30 June 2018 of $1.5 billion)
	    + $1.2 billion in committed debt facilities

Committed debt facilities	+ New committed debt facilities of $1.2 billion:
	    + a $600 million 5.5 year bank term loan facility
	    + a $600 million two-year bridge facility intended to be re-financed post-completion

Investment grade credit rating	+ Expect to maintain a strong financial profile consistent with an investment grade credit rating
Hedging	+ Quadrant has hedged ~1.5 million barrels of oil in 2019 at a weighted average floor price of ~$65/bbl

Strong liquidity	+ ~$2.5 billion liquidity based on proforma 30 June 2018[1]
	    + ~$0.5 billion in cash
	    + ~$2.0 billion of bilateral facilities

[1] Proforma assuming acquisition of Quadrant occurred on 30 June 2018. Does not include Quadrant cash on hand.

Strong stable cash flows underpin a rapid de-gearing profile

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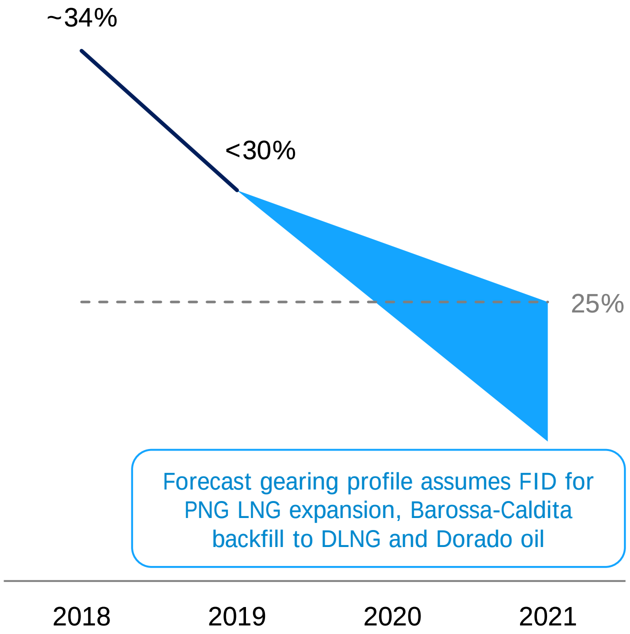
Gearing ratio target of less than 25% addressing all future capital expenditure requirements for the combined business and dividends

Gearing post growth funding and dividends[1]

Net debt / (Net debt + Equity)



[1] Assumes US$65 per barrel flat real oil price (2018 real) and full year of ownership in 2019.

Disciplined capital management

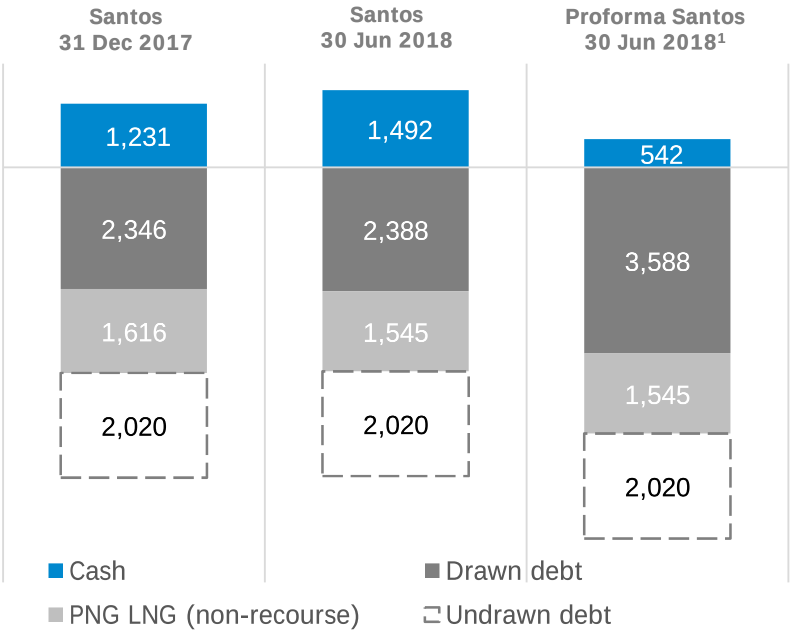
+ Gearing ratio target of less than 25%
+ Priorities for cash allocation remain unchanged
  + Debt repayment
  + Fund exploration
  + Fund growth projects
  + Return to shareholders
+ Current funding plan addresses all future requirements for the combined business
  + Funding exploration activity across our core assets and growth projects that meet our disciplined investment criteria
  + Dividends in the range of 10% to 30% of free cash flow
+ Acquisition delivers stable free cash flows underpinned by CPI-linked contracts allowing for a rapid de-gearing profile
  + Gearing of ~34% expected at end of 2018 and expected to decline to <30% by the end of 2019[1]
+ Portfolio provides flexibility to divest a minority stake in certain Quadrant assets for value

Strong liquidity maintained to provide flexibility

Santos

Ample liquidity of $2.5 billion expected at completion of acquisition

Cash, debt and undrawn debt facilities
($ million)



Liquidity

- ~$2.5 billion liquidity based on proforma 30 June 2018[1]
  - Existing $2.0 billion in undrawn bi-lateral bank facilities
  - 2019 ECA maturity ($600 million) to be funded from existing cash and free cash flow
  - Cash proceeds from sale of Asian assets sale due in 2H 2018

Net debt

- Proforma net debt of $4.6 billion ($3.0 billion excluding PNG LNG project finance)[1]
- ~40% of Santos' debt outstanding pre-Quadrant acquisition (as at 30 June 2018) is the non-recourse PNG LNG project finance facility which is repaid from project cash flows

[1] Proforma assuming acquisition of Quadrant occurred on 30 June 2018. Does not include Quadrant cash on hand.

Quadrant summary financials

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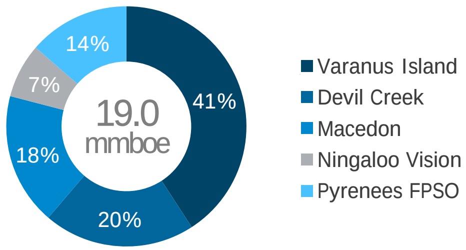
Key metrics

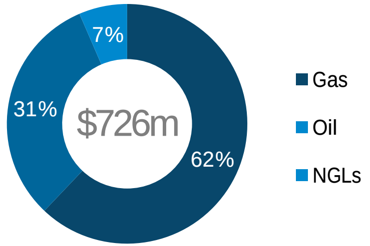
US$ million, year-ended 31 December	2016	2017
Product sales	642	726
Other revenue		
(+) Tolling revenue	-	19
(+) Other revenue	2	15
(+) Hedging gain	137	63
Total revenue	**782**	**823**
(-) Production costs	(138)	(138)
(-) Other operating costs	(18)	(33)
(+) Other income	26	14
(-) Corporate costs	(12)	(21)
(-) Other expenses / movements	(47)	(25)
EBITDAX	**592**	**620**
EBITDAX (excl. hedging gain)	**455**	**557**
Depreciation, depletion & amortisation (DDA)	(323)	(276)
Operating cash flow	588	552
Capital expenditure (cash outflows)	(416)	(189)

[1] Product sales shown excludes other revenue attributed to tolling ($19m), other ($15m) and hedging/derivative gain ($63m).

Production by asset (2017)



Product sales by commodity[1] (2017)

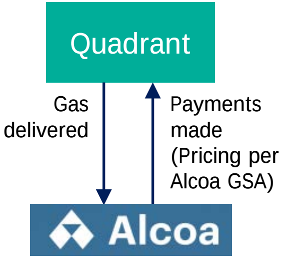


Alcoa GSA and Prepay – additional information

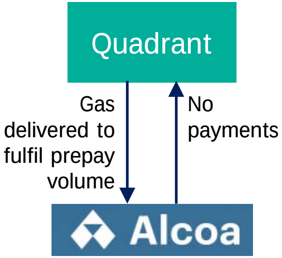
Summary

- In April 2015, Alcoa of Australia entered into a US$ 12-year gas supply agreement ("Alcoa GSA") with Quadrant
  - 12 year contract for an initial supply of 120 TJ per day commencing in 2020. Volume steps down in late contract life
- As part of the Alcoa GSA, Alcoa also made a prepayment of US$500 million ("Alcoa Prepay") to Quadrant
  - Represents a relatively small portion of the overall contract volume
  - Gas will be delivered from 2020 to fulfil this obligation

Alcoa GSA



Alcoa Prepay



Treatment of Alcoa Prepay

Balance sheet

- Prepaid gas treated as deferred revenue (non-current liability)
  - US$500m prepayment recognised at fair value on acquisition
  - Liability to increase each year as discounting is unwound
  - Liability to decrease as gas is delivered (in proportion of total prepay volume)

Income statement

- Prepaid gas deliveries starting in 2020 will be recognised as product sales and flow through the income statement
- Finance costs to increase for unwinding of the discount (non-cash impact)

Cash flow statement

- Prepaid gas deliveries do not generate operating cash flows, however they will impact on corporate tax and PRRT payments

Quadrant key assets overview

Santos

Asset	Asset Ownership Pre-Transaction	Asset Ownership Post-Transaction	Product	Key Fields/Permits
Varanus Island Gas Hub				
John Brookes	Santos (45%) Quadrant (55%)*	Santos (100%)*	Domestic gas and condensate	WA 214-P, WA-29-L, WA-50-R
Spar-Halyard	Santos (45%) Quadrant (55%)*	Santos (100%)*	Domestic gas and condensate	WA-13-L, WA-45-L
Spartan	Santos (45%) Quadrant (55%)*	Santos (100%)*	Domestic gas and condensate	WA-33-R
Harriet	Quadrant (100%)*	Santos (100%)*	Domestic gas, oil and condensate	TL/1, TL/5, TL/6, TL/8, TL/9, TL/10
Devil Creek Gas Hub				
Reindeer	Santos (45%) Quadrant (55%)*	Santos (100%)*	Domestic gas and condensate	WA-41-L, WA-18-PL, PL 81, PL 86, TPL/20
Macedon Gas Hub				
Macedon	BHP Billiton (71.43%)* Quadrant (28.57%)	BHP Billiton (71.43%)* Santos (28.57%)	Domestic gas	WA-42-L
Ningaloo Vision				
Van Gogh Coniston-Novara	Quadrant (52.5%)* INPEX (47.5%)	Santos (52.5%)* INPEX (47.5%)	Oil	WA-35-L WA-55-L
Pyrenees				
Pyrenees	BHP Billiton (71.43%)* Quadrant (28.57%)	BHP Billiton (71.43%)* Santos (28.57%)	Oil	WA-42-L
Ravensworth	BHP Billiton (40.0%)* Quadrant (31.5%) INPEX (28.5%)	BHP Billiton (40.0%)* Santos (31.5%) INPEX (28.5%)	Oil	WA-43-L
Bedout Basin	Quadrant (70-80%)* Carnarvon Petroleum (20-30%)	Santos (70-80%)* Carnarvon Petroleum (20-30%)	Domestic gas, oil and condensate	WA-435-P, WA-436-P, WA-437-P, WA-438-P

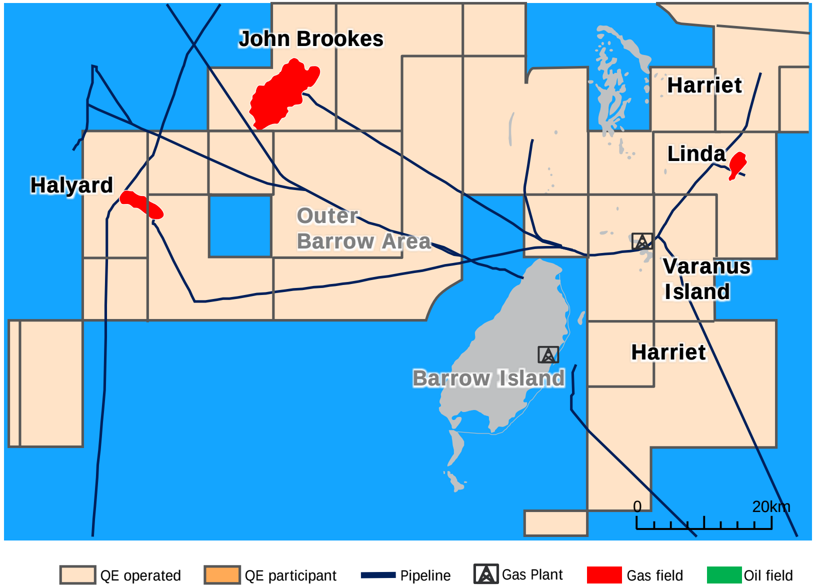
* Denotes operator.

Varanus Island and associated gas fields

Santos

Quadrant operated 55%[1] / Santos 45%

- 2017 production: 7.8 mmboe (QE share)
- 2017 year-end 2P reserves: 111 mmboe (QE share: John Brookes, Spar-Halyard, Harriet and Spartan fields)
- Varanus Island facilities
  - Nameplate capacity 390 TJ/day
  - Two low temperature separation gas plants (3 trains)
  - CO_2 remove plant (2 trains)
  - Two 39,750kL crude oil storage tanks
  - Crude oil export pipeline and marine load-out terminal
  - Two sales gas pipelines to the mainland metering station
  - Camp and mess facilities (150 person capacity)



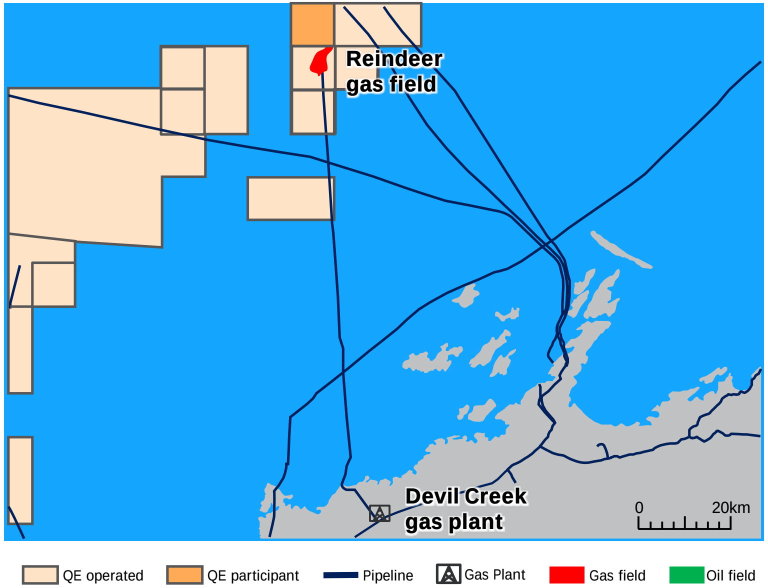
[1] Quadrant own a 100% interest in Harriet.

Devil Creek and Reindeer gas field

Santos

Quadrant operated 55% / Santos 45%

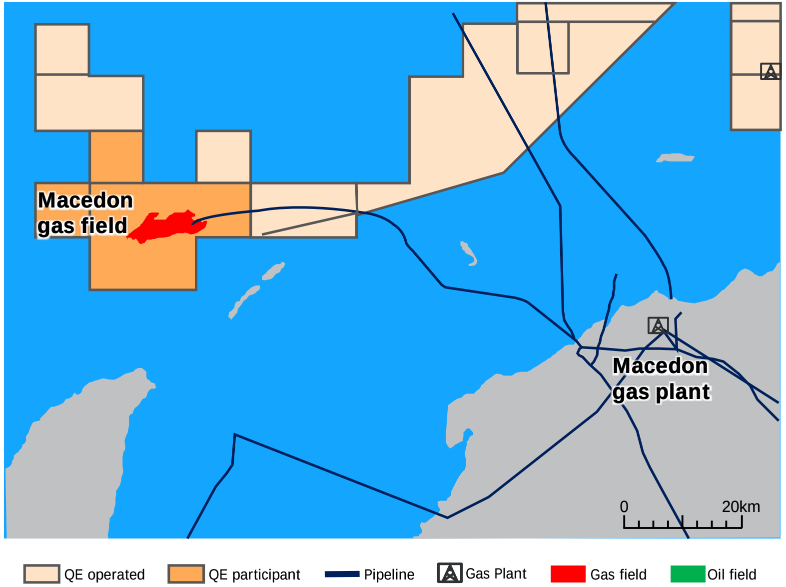
- 2017 production: 3.9 mmboe (QE share)
- 2017 year-end 2P reserves: 38 mmboe (QE share)
- Devil Creek facilities
  - Nameplate capacity: 220 TJ/day
  - Includes Reindeer gas field and wellhead platform, and 3 x production wells (103km offshore)
  - Raw gas pipeline, gas plant and sales export pipeline
  - All produced gas flows to Dampier to Bunbury pipeline
  - Produced condensate transported via road to Kwinana Refinery
  - Two x 110 TJ/day gas processing trains onshore
  - Two 190kL condensate storage tanks
  - Accommodation village (200 person capacity)



Macedon and associated gas field

BHP operated 71.43% / Quadrant 28.57%

- 2017 production: 3.4 mmboe (QE share)
- 2017 year-end 2P reserves: 48 mmboe (QE share)
- Macedon facilities
  - Nameplate capacity 220 TJ/day
  - Four subsea wells
  - Subsea pipeline and umbilical to bring gas to shore
  - 15km wet gas pipeline from shore to plant
  - Single train gas treatment and compression plant
  - 67km gas pipeline to Dampier to Bunbury Pipeline

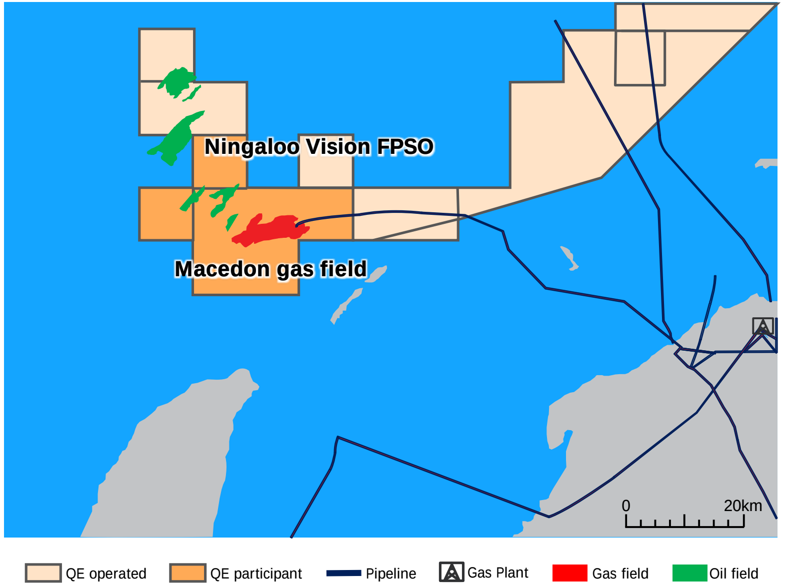


Ningaloo Vision and associated oil fields

Santos

Quadrant operated 52.5% / INPEX 47.5%

- 2017 production: 1.4 mmboe (QE share)
- 2017 year-end 2P reserves: 9 mmboe (QE share: Van Gogh, Coniston-Novara fields)
- Facilities
  - Storage capacity: 540,000 bbls
  - Processing capacity
    - Oil: 63,000 bbl/d
    - Water injection: 140,000 bbl/d
    - Gas lift/injection: 80,000 Mcf/d
  - Double-sided tanker with internal turret mooring system
  - Water depth: 382m
  - JV-owned FPSO purchased in 2012
  - Phase 1 Van Gogh infill program approved for 2018

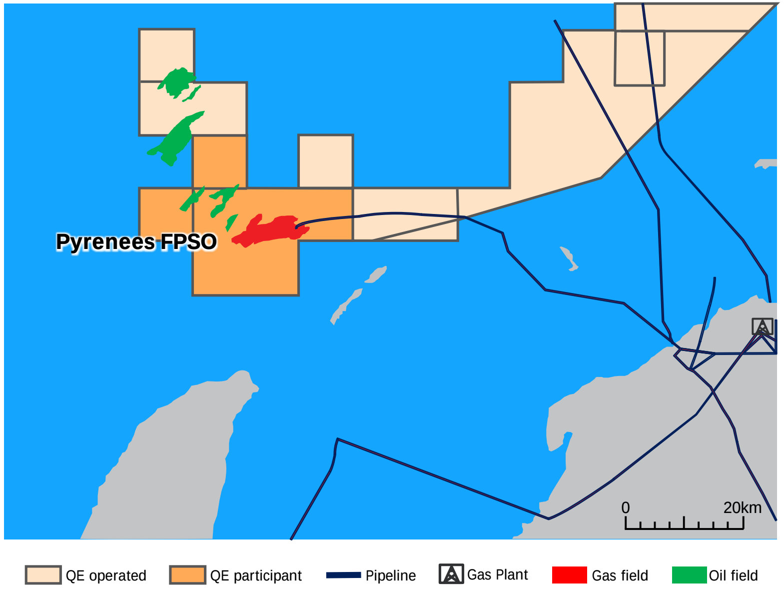


Pyrenees and associated oil fields

Santos

BHP operated 71.43%[1] / Quadrant 28.57%

- 2017 production: 2.6 mmboe (QE share)
- 2017 year-end 2P reserves: 14 mmboe (QE share)
- Facilities
  - Storage capacity: 850,000 bbls
  - Processing capacity:
    - Oil: 96,000 bbl/day
    - Water injection: 110,000 bbl/day
    - Gas lift/injection: 60,000 Mcf/day
  - FPSO owned by JV and operated under contract by MODEC
  - Water depth: 200m

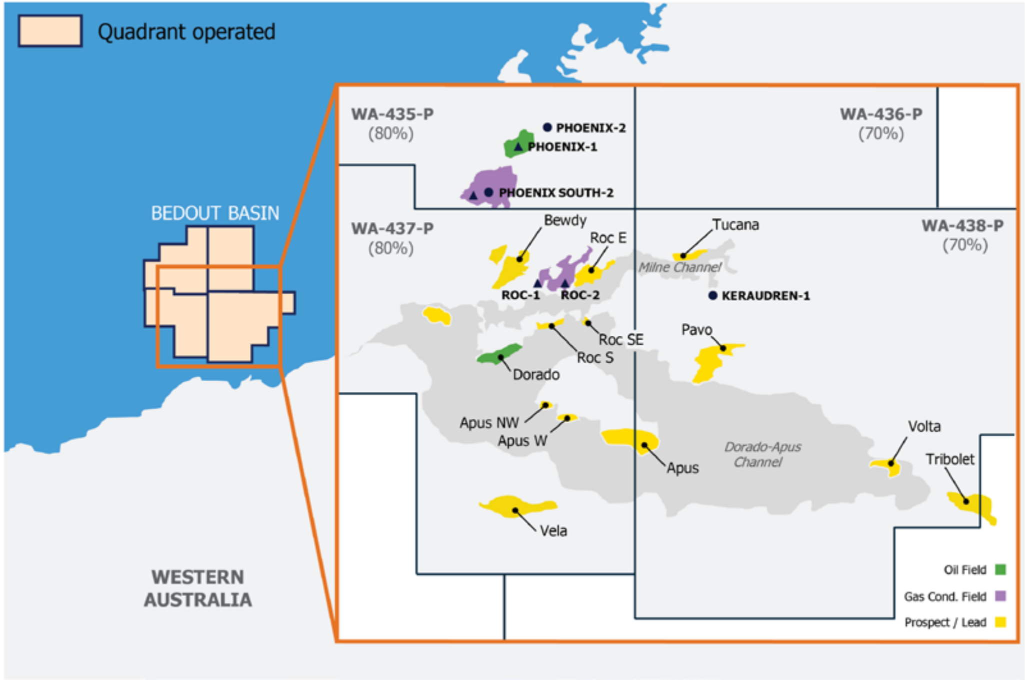


[1] WA-43-L joint venture is owned by BHP Billiton (40.0%), Quadrant (31.5%) and INPEX (28.5%).

Bedout Basin

Quadrant operated 70-80% / Carnarvon Petroleum 20-30%

+ Permit ownership summary:
  + WA-435-P Quadrant 80% / Carnarvon 20%
  + WA-436-P Quadrant 70% / Carnarvon 30%
  + WA-437-P Quadrant 80% / Carnarvon 20%
  + WA-438-P Quadrant 70% / Carnarvon 30%
+ Exploration involves a low risk program for sizing the development following the Dorado-1 oil discovery
+ 2 appraisal wells planned in advance of potential 2020 Dorado FEED
+ Preliminary development concept for Dorado is jack-up drilled and deviated wells tied-back to an FPSO



Disclaimer and important notice

Cautionary statement regarding reserve estimates

This presentation contains forward looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, geotechnical factors, drilling and production results, gas commercialisation, development progress, operating results, engineering estimates, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial markets conditions in various countries, approvals and cost estimates.

Notes on reserve statements

The estimates of petroleum reserves have been prepared in accordance with the Petroleum Resources Management System (PRMS) sponsored by the Society of Petroleum Engineers (SPE). All estimates of petroleum reserves reported by Santos are prepared by, or under the supervision of, a qualified petroleum reserves and resources evaluator (QPRRE).

Unless otherwise stated, references in this presentation to reserves are as at 31 December 2017. The estimates of reserves included in this presentation are an aggregate of both developed and undeveloped reserves. Information on petroleum reserves quoted in this presentation is rounded to the nearest whole number. Some totals may not add due to rounding. Petroleum reserves replacement ratio is the ratio of the change in petroleum reserves (excluding production) divided by production.

Notes on reserves and resources statements – Santos

The estimates of petroleum reserves in the presentation are based on and fairly represent information and supporting documentation prepared by, or under the supervision of Ms. Barbara Pribyl who is a full time employee of Santos and a member of the SPE. Ms. Pribyl meets the requirements of QPRRE as defined in Chapter 19 and rule 5.41 of the ASX Listing Rules and consents to the inclusion of this information in the form and context in which they appear in this presentation.

Unless otherwise stated, all references to petroleum reserve quantities in this presentation are Santos' net share. Reference points for Santos' petroleum reserves and production are defined points within Santos' operations where normal exploration and production business ceases, and quantities of produced product are measured under defined conditions prior to custody transfer. Fuel, flare and vent consumed to the reference points are excluded. Petroleum reserves are aggregated by arithmetic summation by category and as a result, proved reserves may be a very conservative estimate due to the portfolio effects of arithmetic summation. Petroleum reserves are typically prepared by deterministic methods with support from probabilistic methods.

Conversion factors: 1PJ of sales gas and ethane equals 171,937 boe; 1 tonne of LPG equals 8.458 boe; 1 barrel of condensate equals 0.935 boe; 1 barrel of crude oil equals 1 boe.

Disclaimer and important notice

Cautionary statement regarding reserve estimates

Notes on reserves statements – Quadrant Energy

Information on the reserves in this presentation relating to the Quadrant Energy assets are based and fairly represent an independent assessment conducted by RISC Advisory in July 2018. The assessment was carried out in accordance with the SPE Reserves Auditing Standards under the supervision of Mr. Peter Stephenson, an employee of RISC Advisory and a member of the SPE and the Society of Petroleum Evaluation Engineers. Mr. Stephenson meets the requirements of QPRRE as defined in Chapter 19 and rule 5.41 of the ASX Listing Rules and consents to the inclusion of this information in the form and context in which they appear in this presentation. Mr. Stephenson is independent with respect to Quadrant Energy and Santos.

Petroleum reserves estimates of Quadrant Energy have been prepared using a combination of deterministic and probabilistic methods. The reference point for reserves determination is the custody transfer point for the products. Fuel, flare and vent consumed to the reference points are excluded. Petroleum reserves are aggregated by arithmetic summation by category.

Conversion factors used by RISC Advisory to evaluate oil equivalent quantities for the Quadrant Energy reserves are 1PJ of sales gas and ethane equals 162,293 boe; 1 barrel of condensate equals 1 boe; 1 barrel of crude oil equals 1 boe.

In accordance with ASX Listing Rules, Santos expects to announce its assessment of reserves attributable to the Quadrant Energy assets after completion of the acquisition. Differences in assumed heating values, energy equivalents, and fuel, flare and vent assumptions between RISC Advisory and Santos could result in changes in reserves estimates.