Notice of Annual General Meeting

Notice is hereby given that the 2019 Annual General Meeting of members of Santos Limited ("Santos" or "the Company") will be held in the William Magarey Room at Adelaide Oval, War Memorial Drive, North Adelaide on Thursday 2 May 2019 at 10.00 am.

Santos Limited ABN 80 007 550 923
Dear Shareholder

I am pleased to invite you to attend the 2019 Annual General Meeting (AGM) of Santos Limited. This year’s AGM will be held at Adelaide Oval on Thursday 2 May 2019, at 10:00am (Adelaide time). Registration will open from 9:00am.

The items of business on this year’s agenda include the consideration of the 2018 Annual Report, the re-election of Directors, the advisory vote on the Remuneration Report and approval of Kevin Gallagher’s long-term incentive award. Details are provided in the enclosed Notice of Meeting.

The Directors standing for re-election this year are Mr Hock Goh and Mr Peter Hearl. Mr Eugene Shi will retire from the Board at the conclusion of the AGM. The Board has benefited from Eugene’s contribution since his appointment in June 2017 and we have appreciated his insights. We expect to appoint a new ENN nominee as a Director to replace Eugene and the new Director will seek election by shareholders at the 2020 AGM.

Kevin and I also look forward to addressing shareholders at the AGM in relation to important Environmental, Social and Governance issues that Santos has engaged with shareholders about in advance of the meeting.

Shareholders who wish to appoint a proxy may do so by lodging their proxy form using one of the methods specified in the Notice of Meeting. If you plan to attend the meeting, please bring your personalised proxy form with you as it will assist with your registration. The AGM will be webcast live from a link on the Santos website.

On behalf of the Board, I look forward to welcoming you to Santos’ 2019 AGM.

KEITH SPENCE
Chairman
Notice of Annual General Meeting

ORDINARY BUSINESS

1. Financial Report
   To receive and consider the Financial Report for the year ended 31 December 2018 and the reports of the Directors and the Auditor, as set out in the 2018 Annual Report.

2. To re-elect Directors
   (a) Mr Hock Goh retires by rotation in accordance with Rule 34(c) of the Company’s Constitution and, being eligible, offers himself for re-election.
   (b) Mr Peter Hearl retires by rotation in accordance with Rule 34(c) of the Company’s Constitution and, being eligible, offers himself for re-election.

3. Remuneration Report
   To consider, and if thought fit, pass the following non-binding resolution as an ordinary resolution:

   “That the Remuneration Report for the year ended 31 December 2018 be adopted.”

   Note: The vote on this resolution is advisory only and does not bind the Directors or the Company.

SPECIAL BUSINESS

4. Grant of Share Acquisition Rights to Mr Kevin Gallagher
   To consider, and if thought fit, pass the following resolution as an ordinary resolution:

   “That approval is given for the Company to grant to the Company’s Managing Director and Chief Executive Officer, Mr Kevin Gallagher, Share Acquisition Rights under the Santos Employee Equity Incentive Plan on the terms set out in the Explanatory Notes to this Notice of Meeting.”

VOTING ENTITLEMENT

The Board has determined, in accordance with the Company’s Constitution and the Corporations Regulations, that a person’s entitlement to vote at the Annual General Meeting will be taken to be the entitlement of that person shown in the Register of Members at 6.30 pm (Adelaide time) on Tuesday 30 April 2019.

Voting restrictions apply to the Company’s key management personnel and their closely related parties, which also affect proxy voting. Full details are included in the Notes Relating to Voting commencing on page 11. In particular, please note that if the Chairman of the meeting is appointed as your proxy, and you have not directed him how to vote, then by completing and returning the proxy form you will be expressly authorising the Chairman of the meeting to exercise your undirected proxy on resolutions 3 and 4 even though the resolutions are connected with the remuneration of the Company’s key management personnel.

The Explanatory Notes and Notes Relating to Voting form part of this Notice of Meeting.

By Order of the Board

Christian Paech
Company Secretary

Ground Floor
Santos Centre
60 Flinders Street
Adelaide, South Australia, 5000
1 April 2019
EXPLANATORY NOTES

1. FINANCIAL AND STATUTORY REPORTS

As required by section 317 of the Corporations Act 2001 (Cth) ("Corporations Act"), the Financial Report and the reports of the Directors and the Auditor for the financial year ended 31 December 2018 will be laid before the meeting.

During this item of business, shareholders will be given a reasonable opportunity to ask questions and make comments about the reports and the business and management of the Company. Shareholders will also be given a reasonable opportunity to ask a representative of the Company’s Auditor, Ernst & Young, questions in relation to the conduct of the audit (including the independence of the Auditor), and the accounting policies adopted by the Company.

2. RE-ELECTION OF DIRECTORS

Rule 34 of the Company’s Constitution specifies that at every Annual General Meeting of the Company, one third of the Directors (disregarding any fractions) who have been longest in office since the date of their last election or appointment (excluding the Managing Director and any Director not yet elected) must retire.

In addition, no Director may hold office without re-election beyond the third Annual General Meeting following the meeting at which the Director was last elected or re-elected.

Accordingly, Mr Hock Goh and Mr Peter Hearl will retire and seek re-election.

Brief biographical details of each Director standing for re-election follow.

Mr Hock Goh
BEng (Hons) Mech Eng

Mr Goh is an independent non-executive Director. He joined the Board on 22 October 2012 and is a member of the Environment, Health, Safety and Sustainability Committee, Audit and Risk Committee and Nomination Committee.

Mr Goh has more than 35 years’ experience in the global oil and gas industry, having spent 25 years with Schlumberger Limited, including as President of Network and Infrastructure Solutions division in London, President of Asia, and Vice President and General Manager of China. He previously held managerial and staff positions in Asia, the Middle East and Europe. Mr Goh commenced his career as a field engineer working on rigs in Indonesia and subsequently in Roma and Sale in Australia.

Mr Goh is a non-executive Director of Stora Enso Oyj (Finland) (since 2012), AB SKF (Sweden) (since 2014), and Vesuvius PLC (UK) (since 2015) where he is a member of the Audit and Risk Committee, Remuneration Committee and Nomination Committee.

He was previously non-executive Chairman of MEC Resources (2005–2018), and also non-executive Director of BPH Energy Ltd (2007–2015) and Harbour Energy (2015–2018), an Operating Partner of Baird Capital Partners Asia, based in China, (2007–2012), and a

RECOMMENDATION

The Board (with Mr Goh abstaining) recommends that shareholders vote IN FAVOUR of the re-election of Mr Hock Goh.

Mr Peter Hearl
BComm. (UNSW With Merit), FAICD

Mr Hearl is an independent non-executive Director. He joined the Board on 10 May 2016 and is Chair of the Environment, Health, Safety and Sustainability Committee, a member of the People and Remuneration Committee and the Nomination Committee, having earlier served on the Company’s Audit and Risk Committee.

During an 18-year career in the oil industry with Exxon in Australia and the USA, he held a variety of senior marketing, operations, logistics and strategic planning positions. Mr Hearl joined YUM Brands (formerly PepsiCo) as KFC Australia’s Director of Operations in 1991 and subsequently had several senior international leadership roles as well as being President of Pizza Hut USA, before assuming the global role of YUM Brands’ Chief Operations and Development Officer in 2006, based in Dallas, Texas and Louisville, Kentucky, and from where he retired in 2008.

He is currently a non-executive Director of Australia’s largest telecommunications company, Telstra Ltd (since 2014), and chairs its Remuneration Committee. He also serves on the Investment Committee of the Stepping Stone Foundation, a Sydney based not-for-profit aimed at providing accommodation and life skills support for homeless youth.

Mr Hearl is a former non-executive Director of the Australian listed global wine company, Treasury Wine Estates (2012–2017), where he chaired the Remuneration Committee and served on the Audit and Risk Committee. He was also a non-executive Director of Goodman Fielder Ltd from 2010 until that company was sold to overseas interests in 2015.

RECOMMENDATION

The Board (with Mr Peter Hearl abstaining) recommends that shareholders vote IN FAVOUR of the re-election of Mr Peter Hearl.
3. REMUNERATION REPORT

Shareholders are asked to adopt the Company’s Remuneration Report. The Remuneration Report is set out on pages 31 to 56 of the 2018 Annual Report and is also available from the Company’s website (www.santos.com).

The Remuneration Report:

• outlines the key developments that impacted on Santos’ remuneration strategy during 2018;
• explains the Board’s policies in relation to the objectives and structure of remuneration;
• highlights the links between the Company’s performance and the remuneration received by Directors and other key management personnel (KMP);
• explains the components of remuneration for Directors and other KMP, including relevant performance conditions; and
• sets out the remuneration details for the Directors and other KMP of the Group.

A reasonable opportunity for discussion of the Remuneration Report will be provided at the Annual General Meeting.

The shareholder vote on the Remuneration Report is advisory only and does not bind the Directors or the Company, in accordance with section 250R of the Corporations Act. Voting restrictions apply in relation to this resolution and are described in the Notes Relating to Voting on page 11.

RECOMMENDATION

The Board recommends that shareholders vote IN FAVOUR of adopting the Remuneration Report.

4. GRANT OF SHARE ACQUISITION RIGHTS TO MR KEVIN GALLAGHER

The Company is seeking the approval of shareholders for the grant of Share Acquisition Rights (“SARs”) to the Managing Director and Chief Executive Officer, Mr Kevin Gallagher, under the Santos Employee Equity Incentive Plan (“SEEIP”) on the terms set out below.

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1 Formerly known as the Santos Employee Share Purchase Plan which was approved by shareholders at the Annual General Meeting held on 5 May 2000.
TERMS AND CONDITIONS

Performance period  Four years commencing on 1 January 2019 and ending on 31 December 2022.

Date of grant  If approval is obtained, the SARs will be granted to Mr Gallagher as soon as practicable after the Annual General Meeting. In any event, they will not be granted more than 12 months after the date of the Annual General Meeting.

Performance conditions  The Board has determined that the SARs to be granted to Mr Gallagher will be divided into four tranches, each of which will comprise 25% of the SARs. The performance conditions for the vesting of the SARs in each tranche are set out below.

Tranche 1: Relative TSR against ASX 100  25% of the SARs will be subject to the Company’s Total Shareholder Return (“TSR”) performance relative to the TSR performance of the companies comprising the ASX 100 index as at 1 January 2019.

At the end of the performance period, the TSR of the Company and the other companies in the ASX 100 will be calculated and the Company’s relative TSR ranking determined.

Once the Company’s relative TSR ranking is determined, the SARs will vest according to the following vesting scale:

<table>
<thead>
<tr>
<th>TSR percentile ranking</th>
<th>% of tranche vesting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 51st percentile</td>
<td>0%</td>
</tr>
<tr>
<td>51st percentile</td>
<td>50%</td>
</tr>
<tr>
<td>Straight-line pro-rata vesting in between</td>
<td></td>
</tr>
<tr>
<td>76th percentile and above</td>
<td>100%</td>
</tr>
</tbody>
</table>
Tranche 2: Relative TSR against S&P Global Energy Index

25% of the SARs will be subject to the Company’s TSR performance relative to the TSR performance of the companies comprising the S&P Global Energy Index as at 1 January 2019.

At the end of the performance period, the TSR of the Company and the other companies in the S&P Global Energy Index will be calculated and the Company’s relative TSR ranking determined.

Once the Company’s relative TSR ranking is determined, the SARs will vest according to the following vesting scale:

<table>
<thead>
<tr>
<th>TSR percentile ranking</th>
<th>% of tranche vesting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 51st percentile</td>
<td>0%</td>
</tr>
<tr>
<td>51st percentile</td>
<td>50%</td>
</tr>
<tr>
<td>76th percentile and above</td>
<td>100% vesting</td>
</tr>
</tbody>
</table>

Tranche 3: Free Cash Flow Breakeven Point

25% of the SARs will be subject to the Company’s performance on its Free Cash Flow Breakeven Point (FCFBP).

FCFBP is the US$ oil price at which cash flows from operating activities equal cash flows from investing activities, as published in the Company’s financial statements.

This condition has been chosen in order to drive the underlying business to be an operationally efficient low-cost producer focused on delivering shareholder value throughout the oil price cycle. As the aim of the condition is to measure the performance of the underlying business, the Board will have discretion to adjust the FCFBP for individually material items including asset acquisitions and disposals that may otherwise distort the measurement.

The Company’s FCFBP will be calculated each year and will be an average over the four-year performance period, and the SARs will vest in accordance with the following vesting scale:

<table>
<thead>
<tr>
<th>FCFBP</th>
<th>% of tranche vesting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above US$40/bbl</td>
<td>0%</td>
</tr>
<tr>
<td>Equal to US$40/bbl</td>
<td>50%</td>
</tr>
<tr>
<td>Equal to or below US$35/bbl</td>
<td>100% vesting</td>
</tr>
</tbody>
</table>
Tranche 4: Return on Average Capital Employed

25% of the SARs will be subject to the Company’s performance in relation to Return on Average Capital Employed (ROACE).

ROACE is measured as underlying earnings before interest and tax (EBIT) divided by average capital employed, being shareholders’ equity plus net debt, as published in the Company’s financial statements. Average capital employed is calculated as the simple average of opening and closing balances.

This condition has been chosen in order to drive the underlying business to be an operationally efficient low-cost producer focused on delivering shareholder value throughout the oil price cycle. As the aim of the condition is to measure the performance of the underlying business, the Board will have discretion to adjust the ROACE for individually material items that may otherwise distort the measurement.

The Company’s ROACE will be calculated as an average over the full four-year performance period from 2019 to 2022 and compared to the Company’s weighted average cost of capital (WACC) over the four-year performance period, in order to determine whether the SARs will vest in accordance with the following vesting scale:

<table>
<thead>
<tr>
<th>ROACE</th>
<th>% of tranche vesting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below 100% of WACC</td>
<td>0%</td>
</tr>
<tr>
<td>Equal to 100% of WACC</td>
<td>50%</td>
</tr>
<tr>
<td>Straight-line pro-rata vesting in between</td>
<td></td>
</tr>
<tr>
<td>Equal to or above 120% of WACC</td>
<td>100% vesting</td>
</tr>
</tbody>
</table>
The number of SARs to be granted to Mr Gallagher has been determined using the “face value” methodology, that is, by dividing an amount equivalent to 150% of Mr Gallagher’s total fixed remuneration of $1,956,150 by $5.48, being the share price at the start of the performance period (the price on Monday 31 December 2018 was used, as 1 January 2019 was not a trading day). This was the same face value methodology that was used to calculate the number of SARs awarded to other executives of the Company as part of the Company’s long-term incentive program.

Based on the above formula, it is proposed that Mr Gallagher be granted 535,442 SARs.

The SARs will be granted at no cost to Mr Gallagher, and no amount is payable on vesting of the SARs if the performance conditions are met. Each SAR entitles Mr Gallagher to one fully paid ordinary share in the Company which, when allocated, will rank equally with shares in the same class. At Santos’ election, cash to the same value can be paid as an alternative to providing shares.

SARs granted under the SEEIP do not carry any dividend or voting rights until they vest. The SARs lapse if the performance conditions are not met. There is no re-testing.

- Mr Gallagher is the only Director entitled to participate in SEEIP.
- There is no loan in relation to the SARs.
- The ASX Listing Rules require this Notice of Meeting to state the number and price of securities received by Mr Gallagher since the last shareholder approval. Since the last approval at the 2018 Annual General Meeting, 520,183 SARs were issued to Mr Gallagher (at no cost) in accordance with that approval.
- If this grant is approved, some or all of the SARs granted to Mr Gallagher may vest or lapse on cessation of employment, subject to the Board’s discretion. Under the SEEIP, the Board also has discretion to vest or lapse the CEO’s SARs if there is a change of control.
- If approval is given by shareholders under ASX Listing Rule 10.14, approval will not be required under ASX Listing Rule 7.1.
Voting restrictions apply in relation to this resolution and are described in the Notes Relating to Voting below.

**RECOMMENDATION**

The non-executive Directors consider the grant of SARs to Mr Gallagher to be reasonable and appropriate in all the circumstances. The non-executive Directors recommend that shareholders vote **IN FAVOUR** of resolution 4.

**NOTES RELATING TO VOTING**

1. **ENTITLEMENT TIME**

The Board has determined in accordance with the Rules of the Company’s Constitution and the Corporations Regulations that a person’s entitlement to vote at the Annual General Meeting will be taken to be the entitlement of that person shown in the Register of Members as at 6.30 pm Adelaide time on Tuesday 30 April 2019.

2. **VOTING EXCLUSIONS**

**Resolution 3**

The Company will disregard any votes cast on resolution 3:

- by or on behalf of a member of the Company’s KMP named in the Company’s Remuneration Report for the year ended 31 December 2018 or their closely related parties, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Company’s KMP at the date of the meeting or their closely related parties, unless the vote is cast as proxy for a person entitled to vote on resolution 3:

- in accordance with a direction in the proxy form; or
- by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy.

**Resolution 4**

The Company will disregard any votes cast on resolution 4:

- in favour of the resolution by or on behalf of Mr Gallagher or any of his associates, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the Company’s KMP at the date of the meeting or their closely related parties, unless the vote is cast as proxy for a person entitled to vote on resolution 4:

- in accordance with a direction in the proxy form; or
- by the Chairman of the meeting pursuant to an express authorisation to exercise the proxy.

3. **VOTING ENTITLEMENT ON A POLL**

On a poll, every member has one vote for every fully paid ordinary share held.

4. **PROXIES**

The following information is relevant if you wish to appoint a proxy to vote on your behalf on resolutions at the Annual General Meeting.
Notice of Annual General Meeting
continued

The Chairman of the Annual General Meeting acting as proxy

You may appoint the Chairman of the Annual General Meeting as your proxy. In addition, the Chairman of the meeting is deemed to be appointed where a signed proxy form is returned which does not contain the name of the proxy or where the person appointed on the form is absent.

If a member directs the Chairman how to vote on an item of business, the Chairman must vote in accordance with the direction.

For proxies without voting instructions that are exercisable by the Chairman, the Chairman intends to vote all available proxies in favour of resolutions 2 to 4.

In relation to each of the remuneration-related resolutions (being resolutions 3 and 4), if the Chairman of the meeting is appointed as your proxy, and you have not directed your proxy how to vote on the relevant resolution, please note that by completing and returning the proxy form accompanying this Notice you will be expressly authorising the Chairman of the meeting to exercise your undirected proxy on these resolutions even though they are connected with the remuneration of the Company’s key management personnel.

Directing your proxy how to vote

If you wish to indicate how your proxy should vote, please mark the appropriate boxes on the proxy form.

If you mark the “abstain” box for a particular item, you are directing your proxy not to vote on your behalf and your shares will not be counted in computing the required majority on a poll.

If you do not mark a voting instructions box in respect of a resolution, your proxy can vote as he or she decides, subject to any voting exclusions that apply to the proxy.

Does the proxy you appoint need to be a member?

A proxy may be an individual or a body corporate, and need not be a member of the Company.

Appointing two proxies

A member entitled to attend and vote is entitled to appoint not more than two proxies. If you wish to appoint two proxies please obtain a second proxy form by telephoning the Share Registry on 1300 096 259 (within Australia) or +61 2 8016 2832 (outside Australia) or by sending a fax to +61 2 9290 9655. Both forms should be completed specifying the nominated percentage or number of your votes given to each proxy. Please return both proxy forms together. If the proxy forms do not specify the proportion or number of your votes, each proxy may exercise half of the votes. Where more than one proxy is appointed and both attend the meeting, neither proxy is entitled to vote on a show of hands.
Appointment of a body corporate representative as a proxy

Where a member appoints a body corporate as proxy, that body corporate will need to ensure that:

- it appoints an individual as its corporate representative to exercise its powers at the meeting, in accordance with section 250D of the Corporations Act (the “Certificate of Appointment of Corporate Representative” that can be obtained from the Share Registry can be used for this purpose); and

- the instrument appointing the corporate representative is received by the Company at its registered office by the time referred to below.

Completing the proxy form

A proxy form must be signed by the member or his/her attorney or, in the case of a corporation, executed in accordance with section 127 of the Corporations Act or signed by an authorised officer or attorney. If the proxy form is signed by an attorney or by the authorised officer of a corporation, the power of attorney or other authority (or a notarially certified copy) must accompany the form unless it has previously been provided to the Company. If the proxy form is sent electronically or by fax, any accompanying power of attorney or other authority must be certified.

Lodgement of proxy forms

Proxy forms must be received by the Company by 10.00 am Adelaide time on Tuesday 30 April 2019. You may lodge your proxy form:

- electronically by email to santos@boardroomlimited.com.au;
- by fax to 02 9290 9655 (within Australia) or +61 2 9290 9655 (outside Australia);
- by post to Boardroom Pty Limited, GPO Box 3993, Sydney, NSW 2001; or
- in person to Boardroom Pty Limited, Level 12, 225 George Street, Sydney, NSW 2000.

5. APPOINTING AN ATTORNEY TO VOTE ON YOUR BEHALF

Where a member appoints an attorney to act on his/her behalf at the meeting, such appointment must be made by a duly executed power of attorney. The power of attorney must be received by the Company at Boardroom Pty Limited by hand or post as set out in section 4 above, by the time referred to in section 4 above.

6. APPOINTING A CORPORATE REPRESENTATIVE

Where a member is a corporation and appoints a representative under section 250D of the Corporations Act, appropriate evidence of the appointment must be produced. A “Certificate of Appointment of Corporate Representative” can be obtained from the Share Registry. It should be completed prior to the Annual General Meeting and presented at the registration desk on the day of the meeting.
AGM venue location
Adelaide Oval

GETTING TO THE AGM

AGM venue
The AGM will be held in the William Magarey Room on Level 3 of the Riverbank Stand at Adelaide Oval, War Memorial Drive, North Adelaide. We suggest, for your convenience, entering via the South Gate.

Car parking
Car parking is available in the Wilson Adelaide Oval East Car Park and the Wilson Adelaide Oval North Car Park.

The map on the following page shows access to car-parking facilities.

Public transport
• The Adelaide Railway Station is located on North Terrace, approximately a five-minute walk across the Riverbank footbridge or via King William Street.

• The Adelaide Festival Centre tram stop is located a short walk from the Adelaide Oval. The trams operate between Glenelg and the city.