

18 March 2014

Resolution under section 249N of Corporations Act for consideration at AGM

In accordance with ASX Listing Rule 3.17A, attached is a copy of a notice received under section 249N of the Corporations Act on 14 March 2014 from 161 shareholders representing approximately 0.0475% of the Company's shares on issue requesting a resolution for consideration at the Company's Annual General Meeting on 16 May 2014.

The Board respects the right of shareholders to requisition the resolution which seeks to move that the Company withdraw from the Narrabri Gas Project. The Board will address the resolution at the Annual General Meeting on 16 May 2014 to assure all shareholders including those who have signed the requisition that the Narrabri Gas Project is in the interests of the Company, its shareholders and the broader community.

The Board understands that the requisition has been promoted by The Wilderness Society as part of its anti-fossil fuels campaign. The Wilderness Society's website states, *"Our fossil fuels campaign seeks to keep globally significant reserves of oil, gas and coal in the ground by halting new large projects proposed in marine and terrestrial wilderness areas throughout Australia"* <https://www.wilderness.org.au/campaigns/fossil-fuels>.

The Board considers that it is in the interests of the Company, its shareholders and the broader community to continue with the Narrabri Gas Project for reasons which include the following:

- Natural gas is a safe and sustainable source of energy that is vital to the Australian economy and Santos has a proud 60 year history of extracting natural gas in a safe and responsible manner. Santos has environmental plans in place to protect the Pilliga and to ensure that the Narrabri Gas Project is developed in accordance with industry leading standards.
- The Narrabri Gas Project is an important part of Santos' future pipeline of projects, providing an additional source of domestic gas supply, revenue and ultimately returns to shareholders.
- Development of new supplies of natural gas from coal seams (CSG) is an important part of the Company's future growth plans with the great majority of existing natural gas reserves on the east coast of Australia being CSG. Failure to develop additional supplies of CSG will result in increased energy pricing to homes and businesses with a flow on impact on everyday standards of living and manufacturing competitiveness and sustainability to the detriment of NSW residents.
- Santos is, and continues to seek to remain, a leading supplier of natural gas to the domestic market. The Narrabri Gas Project is a key element of this strategy as it endeavours to supply

Media enquiries

Chandran Vigneswaran
+61 8 8116 5856 / +61 (0) 467 775 055
chandran.vigneswaran@santos.com

Investor enquiries

Nicole Walker
+61 8 8116 5302 / +61 (0) 418 842 770
nicole.walker@santos.com

Santos Limited ABN 80 007 550 923

GPO Box 2455, Adelaide SA 5001
T: +61 8 8116 5000 / F: +61 8 8116 5131
www.santos.com

between 25% and 50% of the natural gas used in NSW by homes, small businesses, major industries and electricity generators.

- The Narrabri Gas Project will generate significant revenue and value for shareholders as well as substantial economic benefits to Narrabri and the region through the creation of jobs, royalty payments to the State and via a Regional Community Benefit Fund that will invest millions of dollars in regional programs and infrastructure.
- Santos has broad support in the Narrabri region due to the community's increased understanding of our ability to operate this project in a way that minimises the impact on both the environment, landowners and the broader community while delivering real benefits to the State and the region. The Narrabri Gas Project has been designated a "*Strategic Energy Project*" by the New South Wales Government recognising its importance to the New South Wales' economy.
- The Narrabri Gas Project is currently subject to a substantial fear and misinformation campaign. The recent legacy holding pond incident at Bibblewindi is an example where the NSW Government and the EPA found that the leak was "*small, localised and contained*" and there was no harm to either humans or animals yet the incident has been portrayed as a major pollution event threatening drinking and irrigation water supplies. The NSW Government's summary of the incident and its impacts can be found on its website http://www.csg.nsw.gov.au/_data/assets/pdf_file/0018/41535/FactSheet.pdf

The Board of Directors of your Company unanimously recommends that shareholders VOTE AGAINST the proposed resolution.

ENDS.

**NOTICE OF RESOLUTION FOR CONSIDERATION
AND PASSING AT THE ANNUAL GENERAL MEETING OF SANTOS IN MAY 2014**

Resolution: As Santos shareholders, we are concerned by the ongoing reputational, regulatory and investment risks associated with our company's Narrabri Gas Project (Gunnedah Basin Project). We move that the Narrabri Gas Project in North West NSW be withdrawn from Santos' portfolio.

Santos has built a strong and positive brand over many years. The Narrabri coal seam gas project presents too many risks to that brand and to investors' confidence in our company's portfolio. Concerns include unacceptable risk to the region's groundwater and the Great Artesian Basin.

The Santos Narrabri Gas Project is facing continued community opposition and according to Australian Mining, protests at the site remain commonplace with locals regularly blockading company access roads. Santos has been forced to face court and plead guilty in NSW regarding the legacy of environmental damage in the Pilliga forest.

Aboriginal Traditional Owners have rejected unconventional coal seam gas drilling in the Narrabri region and the Gomeroi Native Title claimants currently refuse to sign off on the project.

The Narrabri Gas Project threatens Santos' reputation and makes our company look like a rogue operator. Significant and ongoing community and scientific concern threatens not just our reputation, but also adds regulatory risk in a State that has maintained a flip-flop approach to coal seam gas and has shown significant responsiveness to community objections.

We believe the long term success of our company is best served by returning to a portfolio of investments focused on environmentally, socially and economically acceptable projects and growth strategies. Our company is now in its 60th year and we have a great legacy to respect.

We believe our company's success is linked to its strong standing in the Australian community and that it is important that our company demonstrates that it will not pursue projects in the absence of a strong social licence from relevant local communities.

We feel it would be a powerful statement by our company to walk away from this contentious Narrabri Gas Project and return to a more conservative portfolio.