



Dividend Reinvestment Plan Information Booklet

Santos

Santos Limited
ABN 80 007 550 923

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Updated as at July 2017

Important notice

No responsibility can be taken for any advice expressed or implied in this document, given the complex nature of the laws governing companies and the taxation of dividends. The contents of this document have not been reviewed by regulatory authorities in the relevant jurisdictions.

You are urged to seek your own independent professional advice about the financial and taxation implications for you of participating in the Dividend Reinvestment Plan in your specific circumstances.

What is the Dividend Reinvestment Plan (Plan)?

The Plan enables you, as a shareholder in Santos Limited (the **Company**) to reinvest all or part of any Dividend Paid on your Shares in additional Santos Shares instead of receiving that Dividend in cash.

Your participation in the Plan is entirely optional.

If you elect to reinvest your Dividends, additional Shares will be allocated to you immediately following the Dividend Payment Date. You will receive a Dividend notice setting out the number of Shares allocated to you, the price per Share and other information relevant to the Dividend.

Terms defined in the rules of the Plan have the same meaning when used in this booklet, unless otherwise indicated.

Am I eligible to participate?

All Australian, New Zealand, UK, Hong Kong and Singapore, resident holders of Shares may participate in the Plan unless you hold Shares for the account or benefit of another person who resides in the United States.

If you are a shareholder with an address outside of Australia, New Zealand, UK, Hong Kong or Singapore, you may not, at this time, participate under the Plan.

In addition, by lodging a Dividend Reinvestment Plan Form you will be deemed to have warranted that you are not acting for the account of or benefit of another person who resides in the United States.

How do I join the Plan?

If you wish to participate in the Plan, we encourage you to use our online election option available at www.investorserve.com.au. Alternatively, please complete and sign the Dividend Reinvestment Plan Form and return it to the Company's share registry at the address below. If a Dividend Reinvestment Plan Form does not accompany this booklet, please contact the Company's share registry:

Boardroom Pty Limited
Grosvenor Place
Level 12, 225 George Street
Sydney NSW 2000
GPO Box 3993
Sydney NSW 2001
Telephone: 1300 096 259 (within Australia)
+61 2 8016 2832 (outside Australia)
Facsimile: +61 2 9279 0664
Email: santos@boardroomlimited.com.au

Your participation in the Plan will, in general, commence with the first Dividend Payment after receipt of your completed Dividend Reinvestment Plan Form. If your form is received on or before the first Business Day after the record date for a Dividend (or such other date as determined by the Board), it will be effective in respect of that Dividend and all subsequent Dividends, unless the Board determines otherwise. Forms received after this time will not be effective for that Dividend but will be effective for all subsequent dividends.

If I participate, do all my shares participate in the Plan?

If you wish to participate in the Plan, you will complete the Dividend Reinvestment Plan Form and return it to the Company's share registry.

When you complete the Dividend Reinvestment Plan Form you have two options:

(a) Full Participation

If you elect **Full Participation**, Dividends on all of your Shares will be reinvested in acquiring new Shares. Dividends on any Shares you may acquire in the future will also be reinvested in this way.

(b) Partial Participation

If you elect **Partial Participation**, you nominate a number of your Shares which participate in the Plan. Only the Dividends paid on those Shares that you nominate will be reinvested in acquiring new

Shares. You will receive cash Dividends on the rest of your Shares in the normal way.

If you buy more Shares, those Shares will NOT participate in the Plan unless you lodge a Dividend Reinvestment Plan Form specifically in relation to those Shares.

If you hold less Shares than the number of Shares you have specified in the Dividend Reinvestment Plan Form, then the Dividends on the Shares that you actually hold will be reinvested.

If a Dividend Reinvestment Plan Form does not clearly indicate the level of participation in the Plan, it will be deemed to be an application for Full Participation.

If you have more than one shareholding in Santos, you must lodge a Dividend Reinvestment Plan Form for each shareholding that is to participate in the Plan.

What type of shares will I get under the Plan?

You will be allocated with fully paid ordinary shares in Santos Limited under the Plan, which may be existing Shares transferred to you or newly issued Shares.

If new Shares are allocated to you, they will be listed on the ASX and will, in general, rank equally with the Company's existing ordinary shares.

What is the allocation price of shares under the Plan?

Shares will be allocated to you at the Average Market Price over a Pricing Period. The Average Market Price and Pricing Period will be determined by the Board for each Dividend in accordance with the Plan Rules. Details are announced to the ASX in relation to each Dividend.

The Board may determine in relation to all or any Dividends paid, that Shares will be allocated under the Plan subject to a discount below the Average Market Price.

How is my entitlement calculated and how are shares allocated?

Following the payment of a Dividend by the Company, the Dividend payable on your participating Shares (less any withholding tax) will be paid into a "DRP account" that the Company will establish for you.

The Company will then determine the maximum whole number of Shares that will be allocated to you under the Plan, by dividing the amount of your Dividend by the Allocation Price (determined as set out above).

In the case of fractional entitlements, the number of Shares that you will be entitled to under the Plan will be rounded 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. This may result in you either gaining or losing up to the value of half a Share.

What record do I have of my participation in the Plan?

After each Dividend Payment, you will receive a statement that details the level of your participation (ie full or partial) in the Plan, the amount and date of the Dividend paid, the number of Shares allocated to you under the Plan and the Allocation Price of those Shares under the Plan. The statement will also set out information required for completion of your tax return regarding the Dividend paid.

Can I sell shares that participate in the Plan or that are allocated to me under the Plan?

If you elect for 'Full Participation' and then sell some of your Shares, the Dividends on your remaining Shares will continue to be reinvested under the Plan.

If you elect for 'Partial Participation' and then sell some of your Shares, the number of Shares sold will be deemed first to be non-Participating Shares and, once they are all deemed to be sold, then second Participating Shares under the Plan.

What are the taxation implications of participating?

These comments are general in nature only and are made in relation to the jurisdictions indicated only. The comments do not constitute advice. Santos Limited will in no way be responsible for your reliance on any information expressed or implied in this document. The contents of this document have not been reviewed by regulatory authorities in the relevant jurisdictions.

Given the complex nature of the laws governing companies and the taxation of dividends, you are urged to seek your own independent professional advice about the financial and taxation implications for you of participating in the Plan in your specific circumstances.

The tax laws applying to the payment of dividends may change from time to time.

If the tax position in your jurisdiction is not discussed below, you should similarly seek professional taxation advice as to the taxation position in your jurisdiction in relation to your individual circumstances.

Australian shareholders

Dividends that are reinvested under the Plan will be assessable for income tax and will carry franking credits to the same extent as any cash dividend. Shares allocated under the Plan may be subject to either income tax or capital gains tax when you sell them depending on your circumstances.

If you hold your shares for more than 12 months then any capital gain derived on disposal of the shares may be reduced as follows:

- (a) by 50% if you are an individual or trustee of a trust; and
- (b) by one-third if you are a trustee of a complying superannuation fund.

New Zealand shareholders

Dividends received by New Zealand resident shareholders which are reinvested in the Plan will be taxable to the shareholder to the same extent as a cash dividend. The shareholder will be entitled to a credit for any Australian non-resident withholding tax deducted from the dividend and any New Zealand imputation credits attached to the dividend up to the amount of New Zealand tax otherwise payable on the dividend.

Any profit derived on the sale of shares allocated under the Plan will only be subject to New Zealand tax if the shareholder is in the business of dealing in shares, if the shares were purchased for the purpose of sale or if the shares are sold as part of a profit-making undertaking or scheme.

United Kingdom shareholders

Dividends that are reinvested in the Plan for UK resident shareholders will be assessable for income tax (or corporation tax on income in the case of corporate shareholders). The liability will arise at the time the dividend is declared. The cash amount of the dividend which is credited to your DRP account, and subsequently reinvested into Santos shares, would then form the capital gains base of these new shares.

Hong Kong shareholders

Hong Kong shareholders will not be subject to any Hong Kong tax on the dividend in the form of shares of the Company. However, if the receipt and subsequent realisation of such shares is, or forms part of a trade, profession or business carried on in Hong Kong, gains realised by the relevant Hong Kong shareholder may attract Hong Kong profits tax. Shares in the Company may attract Hong Kong estate duty.

Singapore shareholders

Dividends that are reinvested in the Plan for Singapore resident shareholders will be assessable for income tax. Australian tax on dividends, being dividends paid by a company which is a resident of Australia, derived by a Singapore resident who is beneficially entitled to the dividends, will not exceed 15% of the gross amount of dividends.

How do I change my participation or withdraw from the Plan?

You may vary your level of participation in the Plan or withdraw from the Plan at any time by giving a Dividend Reinvestment Plan Form to the Company's share registry.

You can obtain a Dividend Reinvestment Plan Form by contacting the Company's share registry.

The variation or termination will be effective in relation to a Dividend if your Dividend Reinvestment Plan Form is received on or before the first Business Day after the Dividend Record Date for that Dividend.

Termination of the Plan by the directors

The Rules of the Plan may be varied, by the Directors at any time by notice on the Company's website www.santos.com and to ASX.

The Board may also suspend or terminate the operation of the Plan at any time by notice on the website or to the ASX.

If the DRP is suspended, any elections of participation will be suspended. Unless otherwise determined by the Board, upon re-commencement of the DRP, all prior elections are re-instated unless you provide a Dividend Reinvestment Plan Form which validly varies or terminates your participation on or before the first Business Day after the next Dividend Record Date after reinstatement of the DRP.

Are there any minimum or maximum levels for participation?

The Board may, from time to time, set minimum or maximum participation limits (whether in respect of a particular dividend or dividends generally) which will limit the number of shares that you may nominate to participate in the Plan. However, at this time the Board has not set any minimum or maximum limits.

What happens if I exceed any maximum or minimum participation limit?

At present, the Board has not set any maximum or minimum participation limit.

However:

- + if the number of your Participating Shares exceed any maximum limit set by the Board, you are deemed to have elected to participate to that limit. Any of your Shares in excess of the limit will not participate in the Plan and you will receive cash Dividends in the usual way in respect of those Shares;
- + if the number of your Shares which are participating in the Plan is less than any Minimum Participating Holding set by the Board, you will be deemed to have no Shares participating in the Plan. Instead you will receive cash Dividends on all of your Shares.

If any Maximum or Minimum Participating Holding is set and then later lifted, your participation in the Plan will revert back to the levels you elected on your original Dividend Reinvestment Plan Form.

Enquiries

A copy of the most recent annual report is available on request from Santos Limited or on the Company's website.

If you wish to enquire further about the Plan, please contact the Company's share registry:

Boardroom Pty Limited
Grosvenor Place
Level 12, 225 George Street
Sydney NSW 2000
GPO Box 3993
Sydney NSW 2001
Telephone: 1300 096 259 (within Australia)
 +61 2 8016 2832 (outside Australia)
Facsimile: +61 2 9279 0664
Email: santos@boardroomlimited.com.au

Under the Corporations Act, a prospectus is not required to be lodged or registered in relation to Shares to be issued under the Plan described in this booklet. If you are in any doubt as to whether to participate in the Plan, you should consult your own financial adviser.

Registered and Head Office

Ground Floor, Santos Centre
60 Flinders Street
Adelaide South Australia 5000
GPO Box 2455
Adelaide South Australia 5001
Telephone 61 8 8116 5000
Facsimile 61 8 8116 5050

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