

10 December 2021

Santos and Oil Search merger becomes effective

- **The merger of Santos and Oil Search is now effective following approval of Oil Search's Scheme of Arrangement by the National Court of PNG**
- **Oil Search shareholders to receive 0.6275 new Santos shares for each Oil Search share held**
- **The merger creates a regional champion of size and scale, with a market capitalisation of approximately A\$22 billion¹**
- **The merged company would have pro-forma 2021 production of approximately 117 million barrels of oil equivalent² (mmboe) and pro-forma 2P+2C resource base of 4,867 mmboe³**
- **Santos expects the merger to unlock pre-tax synergies of US\$90-115 million⁴ per annum (excluding integration and other one-off costs)**

Santos is pleased to announce that the merger with Oil Search is now effective following the approvals by Oil Search shareholders and the National Court of Papua New Guinea.

Oil Search shareholders will receive 0.6275 new Santos shares for each Oil Search share held on the record date of 14 December 2021.

Santos Chairman Keith Spence said: "The merger combines two industry leaders to create a regional champion of quality, size and scale with a unique and diversified portfolio of long-life, low-cost oil and gas assets.

"We look forward to integrating our businesses to create one high performing team – with a vision of becoming a global leader in the energy transition," Mr Spence said.

Santos Managing Director and Chief Executive Officer Kevin Gallagher said: "Santos and Oil Search are stronger together and will have increased scale and capacity to drive a disciplined, low-cost operating model and unrivaled growth opportunities over the next decade.

"The merger creates a company with strong and diversified cash flows, providing a platform to deliver shareholder returns and successfully navigate the transition to a lower carbon future.

"Additionally, the merger builds on our industry-leading approach to ESG through the combination of Santos' leading carbon capture and storage capabilities with Oil Search's social programs in PNG and North America," Mr Gallagher said.

Following the implementation of the merger, three non-executive directors from Oil Search will join the Santos Board. Santos' head office will remain in Adelaide.

Media enquiries

James Murphy
+61 (0) 478 333 974
james.murphy@santos.com

Investor enquiries

Andrew Nairn
+61 8 8116 5314 / +61 (0) 437 166 497
andrew.nairn@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

The remaining dates for implementation of the Scheme of Arrangement and other key dates are set out below*:

Event	Estimated date*
Last trading day for Oil Search shares on ASX and PNGX	10 December 2021
New Santos shares commence trading on ASX and PNGX ⁵ on a deferred settlement basis	13 December 2021
Record Date	14 December 2021
Implementation Date	17 December 2021
Despatch of holding statements for New Santos Shares	20 December 2021
New Santos shares commence trading on ASX and PNGX ⁵ on normal settlement basis	20 December 2021

*All dates are indicative only and subject to change.

Citigroup and JB North & Co are acting as financial advisers and Herbert Smith Freehills and Dentons are acting as legal advisers to Santos.

Ends.

This ASX announcement was approved and authorised for release by Kevin Gallagher, Managing Director and Chief Executive Officer.

Notes

¹ Based closing price of \$4.14 for Oil Search and \$6.62 for Santos on 9 December 2021.

² Based on the midpoint of each company's 2021 production guidance.

³ 2P reserves and 2C resources as at 31 December 2020.

⁴ Please refer to the Scheme Booklet dated 11 November 2021 in relation to the calculation of the expected pre-tax synergies and the risks in relation to realisation of such synergies. The potential synergy numbers represent current expectations, and are subject to a number of assumptions, including as to future events which involve inherent uncertainties and contingencies. The final synergy value will only be determined following implementation of the Scheme and completion of the merged group's detailed review of its operations.

⁵ Subject to the PNGX accepting Santos' listing application.

This release 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.

The estimates of petroleum reserves and contingent resources contained in this release are as at 31 December 2020. Unless otherwise stated, the pro-forma petroleum reserve and resource estimates in this release are expressed as a combination of (by arithmetic summation): a) Santos' petroleum resource estimates sourced from, and quoted as at the balance date (i.e. 31 December) of the Reserves Statement in Santos' most recent Annual Report released to the Australian Securities Exchange (ASX), b) Oil Search resource estimates sourced from, and quoted as at the balance date (i.e. 31 December) of the Reserves Statement in Oil Search's most recent Annual Report released to ASX. Santos is not aware of any new information or data that materially affects the estimates of reserves and contingent resources, and the material assumptions and technical parameters underpinning the estimates continue to apply and have not materially changed.

Santos has conducted due diligence in relation to Oil Search's petroleum estimates but has not independently verified all such information and expressly disclaims any responsibility for it, to the maximum extent permitted by law. No representation or warranty, express or implied, is made as to the fairness, currency, accuracy, adequacy, reliability or completeness of Oil Search's petroleum estimates. Given Santos has not independently validated Oil Search's petroleum estimates, it should not be regarded as reporting, adopting or otherwise endorsing those estimates.

Santos prepares its petroleum reserves and contingent resources estimates in accordance with the 2018 Petroleum Resources Management System (PRMS) sponsored by the Society of Petroleum Engineers (SPE). Unless otherwise stated, all references to petroleum reserves and contingent resources quantities in this release are 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. Petroleum reserves replacement ratio is the ratio of the change in petroleum reserves (excluding production) divided by production. Organic reserves replacement ratio excludes net acquisitions and divestments. 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.

The estimates of Santos' petroleum reserves in this release are based on and fairly represent information and supporting documentation prepared by, or under the supervision of Mr Paul Lyford who is a full-time employee of Santos and a member of the SPE. Mr. Lyford 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 release.