Form 604
Corporations Act 2001
Section 671B

Notice of change of interests of substantial holder

To Company Name/Scheme: Eastern Star Gas Limited (ESG)

ACN/ARSN: 094 269 780

1. Details of substantial holder (1)

Name: Santos Limited (ACN 007 550 923) **(Santos)** and each of the entities listed in Annexure "A" **(Santos Group Entities)**

ACN/ARSN (if applicable): See above

There was a change in the interests of the substantial holder on: 18/07/11

The previous notice was given to the company on: 17/07/09

The previous notice was dated: 16/07/09

2. Previous and present voting power

The total number of votes attached to all the voting shares in the company or voting interests in the scheme that the substantial holder or an associate (2) had a relevant interest (3) in when last required, and when now required, to give a substantial holding notice to the company or scheme, are as follows:

Class of securities (4)	Previous notice		Present notice	
	Person's votes	Voting power (5)	Person's votes	Voting power (5)
Ordinary shares	175,519,143	19.99%	253,314,642	24.68%

3. Changes in relevant interests

Particulars of each change in, or change in the nature of, a relevant interest of the substantial holder or an associate in voting securities of the company or scheme, since the substantial holder was last required to give a substantial holding notice to the company or scheme are as follows:

Date of change	Person whose relevant interest changed	Nature of change (6)	Consideration given in relation to change (7)	Class and number of securities affected	Person's votes affected
23/09/2009	Santos	Issue of ESG ordinary shares on exercise of 25,000 options	$3,750 (being an exercise price of $0.15 per option)	25,000	25,000
23/11/09	Santos	Acquisition of ESG ordinary shares under ESG's share purchase plan	$15,000.80 (being $0.85 per share)	17,648	17,648
See Annexure "B"	Santos	Acquisition of ESG ordinary shares through on-market purchases in the ordinary course of trading on the ASX	See Annexure "B"	See Annexure "B"	See Annexure "B"
06/08/10	Santos	Acquisition of shares under ESG institutional placement	$24,431,603.28 (being $0.84 per share)	29,085,242	29,085,242

18/07/11	Santos	Acquisition of a relevant interest (for the purpose of section 671B of the Corporations Act only) in ESG ordinary shares held by TRUenergy Investments Pty Ltd (TRU) pursuant to agreement attached as Annexure "C".	$34,691,630.40 (being $0.90 per share)	38,546,256	38,546,256

4. Present relevant interests

Particulars of each relevant interest of the substantial holder in voting securities after the change are as follows:

Holder of relevant interest	Registered holder of securities	Person entitled to be registered as holder (8)	Nature of relevant interest (6)	Class and number of securities	Person's votes
Santos	Santos	Santos	Registered holder of shares	214,768,386	214,768,386
Santos	TRU	Subject to the performance of the agreement as Annexure "C", Santos	Relevant interest (for the purpose of section 671B of the Corporations Act only) in ESG ordinary shares held by TRU under s608(8) of the Corporations Act pursuant to agreement attached as Annexure "C".	38,546,256	38,546,256

5. Changes in association

The persons who have become associates (2) of, ceased to be associates of, or have changed the nature of their association (9) with, the substantial holder in relation to voting interests in the company or scheme are as follows:

Name and ACN/ARSN (if applicable)	Nature of association
TRU	Santos and TRU are associates pursuant to the agreement attached as Annexure "C".

6. Addresses

The addresses of persons named in this form are as follows:

Name	Address
Santos and each Santos Group Entity	Ground floor, 60 Flinders Street, Adelaide, South Australia 5000
TRU	Level 33, 385 Bourke Street, Melbourne 3000

Signature

print name David John Wissler Knox   capacity Managing Director

sign here David Knox   date 20/07/11

DIRECTIONS

(1) If there are a number of substantial holders with similar or related relevant interests (eg. a corporation and its related corporations, or the manager and trustee of an equity trust), the names could be included in an annexure to the form. If the relevant interests of a group of persons are essentially similar, they may be referred to throughout the form as a specifically named group if the membership of each group, with the names and addresses of members is clearly set out in paragraph 6 of the form.

(2) See the definition of "associate" in section 9 of the Corporations Act 2001.

(3) See the definition of "relevant interest" in sections 608 and 671B(7) of the Corporations Act 2001.

(4) The voting shares of a company constitute one class unless divided into separate classes.

(5) The person's votes divided by the total votes in the body corporate or scheme multiplied by 100.

(6) Include details of:

(a) any relevant agreement or other circumstances because of which the change in relevant interest occurred. If subsection 671B(4) applies, a copy of any document setting out the terms of any relevant agreement, and a statement by the person giving full and accurate details of any contract, scheme or arrangement, must accompany this form, together with a written statement certifying this contract, scheme or arrangement; and

(b) any qualification of the power of a person to exercise, control the exercise of, or influence the exercise of, the voting powers or disposal of the securities to which the relevant interest relates (indicating clearly the particular securities to which the qualification applies).

See the definition of "relevant agreement" in section 9 of the Corporations Act 2001.

(7) Details of the consideration must include any and all benefits, money and other, that any person from whom a relevant interest was acquired has, or may, become entitled to receive in relation to that acquisition. Details must be included even if the benefit is conditional on the happening or not of a contingency. Details must be included on any benefit paid on behalf of the substantial holder or its associate in relation to the acquisitions, even if they are not paid directly to the person from whom the relevant interest was acquired.

(8) If the substantial holder is unable to determine the identity of the person (eg. if the relevant interest arises because of an option) write "unknown".

(9) Give details, if appropriate, of the present association and any change in that association since the last substantial holding notice.

Annexure "A"

This is Annexure "A" of 2 pages referred to in the Form 604 (Notice of Change of interest of Substantial Holder), signed by me and dated 20 July 2011.

David Knox

Name: David John Wissler Knox
Santos Limited

Santos Group Entities

Alliance Petroleum Australia Pty Ltd
Barracuda Limited
Basin Oil Pty Ltd
Bonaparte Gas & Oil Pty. Limited
Boston L.H.F. Pty Ltd
Bridge Oil Developments Pty Ltd
Bridge Oil Exploration Pty Limited
Bridgefield Pty. Ltd.
Bronco Energy Pty Limited
Canso Resources Pty Ltd
CJSC South Petroleum Company
Coveyork Pty. Limited
Doce Pty. Ltd.
Fairview Pipeline Pty Ltd
Farmout Drillers Pty Ltd
Gidgealpa Oil Pty Ltd
Kipper GS Pty Ltd
Lavana Limited
Moonie Oil Pty Ltd
Moonie Pipeline Company Pty Ltd
Petromin Pty Ltd
Reef Oil Pty Ltd
Sanro Insurance Pte Ltd
Santos (299) Pty Ltd (*in liquidation*)
Santos Americas and Europe Corporation
Santos Asia Pacific Pty Ltd
Santos Australian Hydrocarbons Pty Ltd
Santos Bangladesh Limited Santos (BBF) Pty Ltd
Santos (BOL) Pty Ltd
Santos Carbon Pty Ltd
Santos CSG Pty Ltd
Santos Darwin LNG Pty Ltd
Santos Direct Pty Ltd
Santos (Donggala) Pty Ltd
Santos Egypt Pty Ltd
Santos EOM Pty Ltd
Santos Exploration Pty. Ltd.
Santos Facilities Pty Ltd
Santos Finance Ltd
Santos GLNG Corp
Santos GLNG Pty Ltd
Santos (Globe) Pty Ltd
Santos Gnuco Pty Ltd
Santos Hides Ltd
Santos International Holdings Pty Ltd
Santos International Operations Pty Ltd
Santos International Pte. Ltd.
Santos International Ventures Pty Ltd
Santos (JBJ1) Pty Ltd
Santos (JBJ2) Pty Ltd
Santos (JPDA 06-104) Pty Ltd
Santos (JPDA 91-12) Pty Ltd
Santos (Madura Offshore) Pty Ltd
Santos Niugini Exploration Limited
Santos (N.T.) Pty Ltd
Santos (NARNL Cooper) Pty Ltd
Santos Offshore Pty Ltd
Santos OIG Pty Ltd
Santos (Papalang) Pty Ltd
Santos Petroleum Management Pty Ltd
Santos Petroleum Operations Pty Ltd
Santos Petroleum Pty Ltd
Santos Petroleum Ventures B.V.
Santos (Popodi) Pty Ltd
Santos QNT Pty. Ltd.
Santos QNT (No. 1) Pty. Ltd.
Santos QNT (No. 2) Pty. Ltd.
Santos Queensland Corp
Santos Resources Pty Ltd
Santos (Sampang) Pty Ltd
Santos Sangu Field Limited
Santos (SPV) Pty Ltd

Santos (TGR) Pty Ltd
Santos Timor Sea Pipeline Pty Ltd
Santos TOG Corp
Santos TOGA Pty Ltd
Santos TPC Pty Ltd
Santos TPY Corp
Santos TPY CSG Corp
Santos Upstream Pty Ltd
Santos Vietnam Pty Ltd
Santos (Warim) Pty Ltd
Santos Wilga Park Pty Ltd
SB Jethro Pty Ltd
Sesap Pty Ltd
Shaw River Power Station Pty Ltd
TMOC Exploration Proprietary Limited
Vamgas Pty Ltd
Zhibek Resources Limited

Annexure "B"

This is Annexure "B" of 1 page referred to in the Form 604 (Notice of Change of interest of Substantial Holder), signed by me and dated 20 July 2011.

Name: David John Wissler Knox
Santos Limited

Date of Change	Consideration given in relation to the change (7)	Number of ordinary shares and votes affected
15/06/10	$161,778	200,000
16/06/10	$20,500	25,000
17/06/10	$541,475.64	650,000
18/06/10	$117,300	138,000
22/06/10	$510,000	600,000
23/06/10	$415,753.75	500,000
24/06/10	$84,250.75	100,000
25/06/10	$180,021.65	215,000
28/06/10	$247,260	300,000
29/06/10	$266,360.25	325,000
30/06/10	$521,757.54	650,000
1/07/10	$479,729.35	600,000
2/07/10	$275,570	340,000
5/07/10	$320,324	400,000
7/07/10	$123,771.76	156,376
8/07/10	$186,837.80	232,005
9/07/10	$439,920.72	522,375
12/07/10	$15,374.80	18,088
16/07/10	$425,000	500,000
19/07/10	$499,859.65	600,000
20/07/10	$134,884.80	160,000
21/07/10	$34,698.35	40,979
22/07/10	$51,106.56	60,434
27/07/10	$147,003.43	170,199
28/07/10	$213,680.45	243,450
29/07/10	$177,801.29	205,510
30/07/10	$183,379.09	213,937
2/08/10	$285,981.30	330,000
3/08/10	$880,000.34	1,000,000
4/08/10	$351,000	400,000
5/08/10	$198,000	225,000

Annexure "C"

This is Annexure "C" of 13 pages referred to in the Form 604 (Notice of Change of interest of Substantial Holder), signed by me and dated 20 July 2011.

Name: David John Wissler Knox
Santos Limited

Execution Version

Project Omega

Memorandum of Understanding

Santos Limited

TRUenergy Holdings Pty Ltd

Memorandum of Understanding

Date ▸ 18 July 2011

Between the parties	**Santos Limited** ABN 80 007 550 923 of 60 Flinders Street, Adelaide, South Australia **(Santos)**
	TRUenergy Holdings Pty Ltd ABN 57 101 876 135 of Level 33, 385 Bourke Street, Melbourne, Victoria **(TRUenergy)**

Recitals	1 Santos and TRUenergy wish to establish an arrangement to pursue a transaction (**Transaction**) to give effect to the objectives set out below. 2 This memorandum of understanding sets out the parties' agreement to work together to pursue the Transaction.

The parties agree as follows:

1 Objectives

(a) Santos and TRUenergy will work together on an exclusive basis to acquire 100% of Eastern Star Gas Limited ABN 29 094 269 780 (**ESG**) and divide ownership of ESG's assets on the basis set out in this memorandum of understanding.

(b) The acquisition will take the form of a scheme of arrangement (**Scheme**) under which Santos will acquire the issued shares in ESG (other than those shares held by TRUenergy, which will be dealt with as proposed in clause 4 below) in consideration for the issue of shares in Santos to ESG shareholders.

(c) Immediately following the implementation of the Scheme, subject to any necessary regulatory approvals, TRUenergy will procure that its wholly owned subsidiary TRUenergy Mallee Solar Park Pty Ltd (ABN 80 147 609 729) (**TRUenergy Subsidiary**) purchases from ESG, in aggregate, 30.76923077% of ESG's interest in the following assets (and related liabilities) for a total cash consideration of $284,274,565.20:

(1) NSW permits PEL 238 (including PAL 2 and PPL 3);

(2) NSW permits PEL 433 and 434;

(3) NSW permits PEL 6, PEL 427 and PEL 428 and the farm-in Orion agreements;

(4) SA permits PEL 117, PEL 121 and PEL 122 and the farm-in SAPEX agreements;

(5) the assets associated with the Wilga Park power station and that form part of the joint property under the Wilga Park power station joint venture;

(6) PPL 3 operations centre land;

(7) shares in Orion Petroleum Limited; and

(8) the proceeds from the sale of the land identified as Lot 1 and 2 in deposited plan 1117013 at Kooragang Island, Newcastle,

with the cash consideration to be paid on completion as contemplated in clause 3.2(a) of this memorandum of understanding, subject to any adjustment necessary as contemplated in the formal sale documents. The parties will agree to the purchase price allocation between individual assets prior to implementation of the Scheme.

(d) Santos will remain the owner of the issued shares in ESG and, thereby, continue as the indirect owner of the remaining interests in ESG's current assets.

(e) Santos and TRUenergy propose that title to ESG's Newcastle land will be retained by ESG. With effect from completion of the transfer the interests in the assets described in clause 1(c) to TRUenergy Subsidiary as contemplated in clause 3.2(a), TRUenergy Subsidiary will indemnify ESG for 30.76923077% of all liabilities in relation to the Newcastle land. From implementation of the Scheme, Santos will use reasonable endeavours to procure ESG to sell the Newcastle land and, upon completion of the sale, will remit 30.76923077% of the net proceeds of sale (after deduction of related costs) to TRUenergy Subsidiary. This payment will be treated as a further adjustment to the purchase price paid for the Sale Assets by TRUenergy Subsidiary.

2 Preliminary actions

(a) Upon agreement being reached with ESG, Santos will enter into a scheme implementation agreement with ESG (**Scheme Implementation Agreement**) for implementation of the Scheme which Santos will seek to ensure restricts ESG from incurring material liabilities or making material disposals, including entering into any agreement relating to the sale or purchase of gas to or from ESG.

(b) The parties will consult each other regarding the form of their respective public announcements regarding the Transaction or the relationship of the parties.

(c) The parties will make any disclosure required by Part 6C.1 of the Corporations Act and co-operate to ensure that any substantial holder obligations are discharged.

(d) If, pursuant to the Scheme Implementation Agreement agreed with ESG, Santos receives any break fee or reimbursement fee (or equivalent) from ESG, Santos will pay to TRUenergy a sum equal to 30.76923077% of that fee in immediately available funds within two business days of Santos receiving the fee from ESG.

3 Asset transfers

3.1 Sale assets

By no later than the date falling two business days after the implementation of the Scheme, subject to satisfaction of the other conditions precedent under the sale and purchase deed between the parties (**Sale and Purchase Deed**), TRUenergy will procure that TRUenergy Subsidiary purchases from ESG the interests in the assets set out in clause 1(c) (collectively the **Sale Assets** and each a **Sale Asset**).

3.2 Terms of sale

The terms of sale will be governed by a Sale and Purchase Deed between the parties which provides for:

(a) cash consideration (which will be payable on delivery of the relevant transfers or novation documents to TRUenergy Subsidiary, subject to any subsequent adjustment required by the deed);

(b) subject to the terms of the Sale and Purchase Deed, no representations and warranties (meaning the sale is on an 'as is, where is' basis); and

(c) the conditions precedent to completion of the sale of the respective Sale Assets under the Sale and Purchase Deed.

4 Existing shareholdings

(a) A related company of TRUenergy, TRUenergy Investments Pty Ltd, is the holder of 38,546,256 shares in ESG, representing approximately 3.8% of issued shares (**TRUenergy Shares**).

(b) Santos will seek to include in the Scheme Implementation Agreement an obligation on ESG to propose and recommend to its shareholders a resolution in accordance with item 7 in the table in section 611 of the Corporations Act to approve the sale of all of the TRUenergy Shares to Santos under paragraph (c) below.

(c) If the Scheme Implementation Agreement includes the obligation on ESG to propose and recommend the necessary resolution, subject to the passing of that resolution and the Scheme becoming effective in law, Santos agrees to buy, and TRUenergy agrees to sell, all of the TRUenergy Shares (with all rights attaching to them as at the date of this memorandum) for a price of $0.90 per share, with completion to occur on the implementation of the Scheme. If the resolution is not passed by the record date for the Scheme, the TRUenergy Shares will be dealt with under the Scheme.

(d) If the Scheme Implementation Agreement does not include the obligation on ESG to propose and recommend the necessary resolution, subject to the Scheme becoming effective in law, Santos agrees to buy, and TRUenergy agrees to sell, the number of TRUenergy Shares (with all rights attaching to them as at the date of this memorandum) which is equal to 3% of the issued shares in ESG for a price of $0.90 per share, with completion to occur on the implementation of the Scheme. To the extent that TRUenergy remains the holder of any shares in ESG at the record date for the Scheme, those shares will be dealt with under the Scheme.

(e) The cash amount payable by Santos under paragraphs (c) or (d) will be set-off from (and thereby reduce) the amount payable by TRUenergy under clause 1(c).

(f) Subject to paragraph (g), TRUenergy must not, except as provided in this clause 4, dispose of or agree to dispose of any ESG shares.

(g) To the extent that TRUenergy hold shares in excess of 3% of the issued shares in ESG, the restriction in paragraph (f) will apply only until the earlier of:

(1) 3 months after the date of this memorandum of understanding;

(2) the date of termination of this memorandum of understanding; and

(3) the date at which the resolution submitted for approval by ESG shareholders fails to be passed.

(h) The parties acknowledge that, other than contained in this clause 4, nothing in this memorandum gives any party any control over the voting or disposal ESG shares or securities which it does not own.

(i) Even if not required under the Scheme Implementation Agreement, the parties will discuss in good faith the merits of themselves proposing a resolution under item 7 of section 611.

5 Scheme of arrangement

(a) Santos will consult with TRUenergy in relation to substantive issues arising under the Scheme Implementation Agreement, but Santos's rights under that agreement will not be otherwise constrained or restricted.

(b) Santos will give TRUenergy a copy of each material draft of the scheme booklet prepared by ESG and/or commented on by Santos and each draft of the booklet which revises any TRUenergy information in the booklet.

(c) TRUenergy must take all reasonable steps to ensure that the information in the scheme booklet relating to it is not misleading or deceptive in any material respect (whether by omission or otherwise).

(d) The parties must consult in good faith to agree on the form and content of information relating to TRUenergy and the Transaction as it appears in the scheme booklet and Santos will use reasonable endeavours to have ESG accept the form and content of information as agreed.

(e) To the extent that, pursuant to the Scheme Implementation Agreement (or otherwise), Santos obtains information (whether from ESG or third parties) relating to the ESG assets specified in clause 1(c) in which TRUenergy Subsidiary will acquire 30.76923077% of ESG's interest, Santos will provide that information to TRUenergy in a timely manner.

6 Exclusivity

(a) Each party agrees (on behalf of itself and its related bodies corporate) to work with the other party on an exclusive basis for the purpose of pursuing the Transaction as contemplated by, and for the term of, this memorandum of understanding.

(b) Other than as contemplated by this memorandum or an arrangement with the other party, each party will not, and will procure that its related bodies corporate do not:

(1) acquire or agree to acquire any asset of ESG or any of its related bodies corporate;

(2) enter into any agreement relating to the sale or purchase of gas to or from ESG;

(3) directly or indirectly solicit, initiate or encourage any inquiries, proposals or discussions regarding any transaction in relation to ESG or the ESG assets (whether from a person with whom that party has previously been in discussions or not);

(4) directly or indirectly participate in any discussions or negotiations regarding any transaction in relation to ESG or the ESG assets;

(5) accept or enter into, or offer to accept or enter into, any agreement, arrangement or understanding regarding any transaction in relation to ESG or the ESG assets; or

(6) approve, recommend or implement any transaction in relation to ESG or the ESG assets or announce an intention to do so; and

(c) If clause 6(b)(3) is complied with, nothing in clauses 6(b)(4) prevents any action by or on behalf of a party or its directors to respond to any approach by a third party if failure to do so would, in the reasonable opinion of that party's board of directors, be likely to involve a breach of the duties of the directors of that party. The reasonable opinion of a party's board of directors must be based on specific legal and any other appropriate advice.

(d) The restrictions in paragraph (b) apply until termination of this memorandum of understanding, but, if this memorandum is terminated under clause 13(a), the restrictions apply to the party in breach for 3 months after termination.

(e) Nothing in this clause affects or restricts Santos' ability to manage and deal with its existing joint ventures with ESG.

7 Process

Each party:

(a) agrees to deal with each other in good faith in relation to the Transaction; and

(b) agrees to provide dedicated resources sufficient to allow the Transaction to be implemented efficiently and promptly.

8 Costs

(a) Subject to paragraph (b), each party will bear its own costs (including the costs of its advisers) in respect of this memorandum of understanding, any further agreements and any other documents required in relation to the Transaction.

(b) Stamp duty and taxes in relation to matters under this memorandum will be borne where they lie.

9 GST

9.1 Definitions and interpretation

(a) **Definitions**

In this clause 9:

GST Law means the same as "GST Law" means in the *A New* Tax *System (Goods and Services Tax) Act 1999* (Cth).

(b) **Interpretation**

Terms defined in the GST Law have the same meaning in this clause unless the context otherwise requires.

9.2 GST pass on

If GST is or will be payable on a supply made under or in connection with this document, to the extent that the consideration otherwise provided for that supply under this document is not stated to include an amount in respect of GST on the supply:

(a) the consideration otherwise provided for that supply under this document is increased by the amount of that GST; and

(b) the recipient must make payment of the increase as and when the consideration otherwise provided for, or relevant part of it, must be paid or provided or, if the consideration has already been paid or provided, within 7 days of receiving a written demand from the supplier.

9.3 Tax invoices/adjustment notes

The right of the supplier to recover any amount in respect of GST under this document on a supply is subject to the issuing of the relevant tax invoice or adjustment note to the recipient within the time period within which the recipient is otherwise entitled to the relevant input tax credit.

10 Regulatory matters

(a) Santos will file all notices and applications for regulatory approvals required by it in relation to the Transaction and TRUenergy will provide all information and assistance reasonably requested by Santos in connection with any such regulatory approvals.

(b) TRUenergy will file all notices and applications for regulatory approvals required by it in relation to the Transaction and Santos will provide all information and assistance reasonably requested by TRUenergy in connection with any such regulatory approvals.

(c) The parties will work together in good faith to obtain all necessary or desirable approvals and each party will use all reasonable endeavours to obtain those approvals as soon as possible.

11 Confidentiality

Except as agreed, or as required by law, any regulatory authority or stock exchange, each party will use all reasonable endeavours to ensure that it and each of its officers, employees and advisers maintains the confidentiality of any non-public information provided by the other party in relation to the proposed Transaction, the business of that party and its related bodies corporate.

12 Notices

12.1 Form of notice and how notice to be given

A notice or other communication to a party under this memorandum of understanding (**Notice**) must be:

(a) given by one of the methods set out in the table in clause 12.3 below;

(b) in writing;

(c) addressed to that party in accordance with the details nominated in clause 12.2 (or any alternative details nominated to the sending party by Notice);

(d) (in the case of hand delivery) must be signed by the party making it or (on that party's behalf) by the solicitor for, or any attorney, director, secretary or authorised agent of that party; and

(e) (in the case of email) must be in pdf or other format that is a scanned image of the original communication, including a handwritten signature, and be attached to an email that states that the attachment is a communication under this deed.

12.2 Notice details

(a) Santos

Name:	Santos Limited
Address:	60 Flinders Street, Adelaide, South Australia
Email	david.lim@santos.com
For the attention of:	Company Secretary

(b) TRUenergy

Name:	TRUenergy Holdings Pty Ltd
Address:	Level 33, 385 Bourke Street, Melbourne, Victoria
Email:	David.lambert@truenergy.com.au
For the attention of:	Company Secretary

12.3 When notice taken to be received

A Notice is regarded as given and received at the time set out in the table below. However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a business day (**business hours period**), then the Notice will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By email to the nominated email address	when the email was sent, unless the party sending the email knows or reasonably ought to suspect that the email and the attachment communication were not delivered to the addressee's domain specified in the email address notified for the purposes of this clause.

13 Termination

(a) This memorandum of understanding can be terminated by written notice by each party if the other party is in breach of clause 6(a).

(b) This memorandum of understanding terminates if the Scheme Implementation Agreement is terminated or the Scheme becomes effective in law.

14 Dispute resolution

(a) If a dispute arises between the parties in relation to any provision of this memorandum of understanding, either party may by written notice refer the matter to its chief executive officer (being in the case of Santos, Mr David Knox, and, in the case of TRUenergy, Mr Richard McIndoe) within 7 days of such dispute arising and must inform the other party of such referral. Upon being notified of such referral, the party receiving the notification must immediately refer the dispute to its chief executive officer and shall notify the notifying party that it has done so.

(b) Each party shall procure that its chief executive officer makes reasonable attempts to resolve the dispute with the other party's chief executive officer as soon as practicable but in any event within 5 days of the matter being escalated to him or her provided that nothing in this clause 14 obliges any chief executive officer, to act contrary to, or compromise, the commercial interests of his employer in attempting to resolve the dispute.

(c) A party must not start court proceedings (except proceedings seeking interlocutory relief or protection of Confidential Information) until 30 days after the dispute has been referred to the chief executive officers pursuant to clause 14(a).

15 Further agreements

The parties acknowledge that this memorandum of understanding will need to be supplemented by further agreements to give effect to the parties' intentions and will seek to negotiate further legally binding formal agreements reflecting the principles agreed in this memorandum of understanding (as supplemented by further discussions between the parties) as soon as possible and prior to the date of implementation of the Scheme.

16 Remedies

Each party acknowledges that:

(a) monetary damages alone would not be adequate compensation to the other party for breach by a party of clause 3 or 6; and

(b) a party may seek an injunction from a court of a competent jurisdiction if the other party fails to comply or threatens to fail to comply with clause 3 or 6 or the party has reason to believe that the other party will not comply with clause 3 or 6.

17 General

(a) If any provision of this memorandum of understanding is invalid under the law of any jurisdiction the provision is enforceable in that jurisdiction to the extent that it is not invalid, whether it is in severable terms or not.

(b) Clause 17 does not apply where enforcement of the provision of this memorandum of understanding in accordance with clause 17 would materially affect the nature or effect of the parties' obligations under this deed.

(c) No party to this memorandum of understanding may rely on the words or conduct of any other party as a waiver of any right unless the waiver is in writing and signed by the party granting the waiver.

(d) A variation of any term of this memorandum of understanding must be in writing and signed by the parties.

(e) Rights arising out of or under this memorandum of understanding are not assignable by a party without the prior written consent of the other party.

18 Legal effect

(a) This memorandum of understanding is intended to be legally binding on the parties.

(b) Clauses 6 (Exclusivity) and 11 (Confidentiality) and this clause 18 shall survive termination of this memorandum of understanding.

(c) This memorandum of understanding will be governed by the laws of Victoria.

Signing page

Executed as an agreement

Signed for
Santos Limited
by its attorney

sign here ▶ ______________________
Attorney

print name CHRISTIAN PALCH

in the presence of

sign here ▶ ______________________
Witness

print name ANDREW SEATON

Signed for
TRUenergy Holdings Pty Ltd
by

sign here ▸ ______________________
Director/Secretary

print name **DAVID LAMBERT**

sign here ▸ ______________________
Director

print name **RICHARD IAIN JAMES McINDOE**