

First Quarter Activities Report

For period ending 31 March 2017

Santos

20 April 2017

Key highlights

Costs reduced

- 2017 forecast free cash flow breakeven reduced to US\$34/bbl¹, down from US\$36.50/bbl in 2016.

Balance sheet strengthened

- Net debt reduced to US\$3.1 billion at the end of the quarter, down from US\$3.5 billion at the end of 2016.
- Early repayment of US\$250 million in 2019 Export Credit Agency (ECA) debt.
- US\$860 million of undrawn bilateral bank loan facilities due to mature in 2018 extended to 2022.

GLNG performance

- GLNG LNG production increased to 1.4 million tonnes for the quarter as continued strong production from Fairview and improved Roma field performance boosted equity gas supply.

Growth in PNG and Northern Australia

- PNG: Muruk gas discovery appraisal continuing.
- Northern Australia: Barossa appraisal underway.

Santos Managing Director and Chief Executive Officer Kevin Gallagher said today's release of the first quarter results was further evidence the Santos turnaround strategy was delivering positive results.

"Our costs have again been reduced, we have improved our free cash flow position and our net debt has been lowered," Mr Gallagher said.

"Our 2017 forecast free cash flow breakeven now stands at US\$34 per barrel.¹ This is a significant reduction from the \$47 per barrel mark at the beginning of 2016.

"Strong free cash flow combined with cash proceeds from asset sales and the Share Purchase Plan enabled us to reduce net debt by US\$380 million in the first quarter. This is strong progress towards our target of a US\$1.5 billion reduction in net debt by the end of 2019. We will continue to prioritise free cash flow for debt reduction.

"GLNG produced higher LNG volumes in the first quarter, as strong upstream field performance delivered higher volumes of equity gas to the LNG plant," Mr Gallagher said.

Total first quarter production of 14.8 mmboe was down slightly on the previous quarter, primarily due to sale of the Victorian, Mereenie and Stag assets, partially offset by higher GLNG equity production. Total sales volumes of 18.6 mmboe were lower due to asset sales, lower third party volumes and the timing of liftings.

All guidance for 2017 is maintained.

¹ Free cash flow breakeven is the average annual oil price in 2017 at which cash flows from operating activities equals cash flows from investing activities. Forecast methodology uses corporate assumptions. Excludes one-off restructuring and redundancy costs and asset divestitures.

Comparative performance

| Santos share | Units | Q1 2017 | Q4 2016 | Change | YTD 2017 | YTD 2016 | Change |
|----------------------------------|-------------|---------|---------|--------|----------|----------|--------|
| Production | mmboe | 14.8 | 15.0 | -2% | 14.8 | 15.6 | -6% |
| Sales volume | mmboe | 18.6 | 21.9 | -15% | 18.6 | 21.3 | -13% |
| Average realised oil price | US\$/bbl | 57.6 | 52.8 | +9% | 57.6 | 37.1 | +56% |
| Sales revenue | US\$million | 684 | 753 | -9% | 684 | 600 | +14% |
| Capital expenditure ¹ | US\$million | 134 | 187 | -28% | 134 | 150 | -11% |

¹ Capital expenditure including restoration expenditure but excluding capitalised interest.

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Sales volumes (Santos share)

| Product | Unit | Q1 2017 | Q4 2016 | Q1 2016 | YTD 2017 | YTD 2016 |
|---------------------------|--------------|-------------|-------------|-------------|-------------|-------------|
| LNG | 000 t | 729.0 | 741.9 | 664.5 | 729.0 | 664.5 |
| Sales gas and ethane | PJ | 47.8 | 61.5 | 60.8 | 47.8 | 60.8 |
| Crude oil | 000 bbls | 2,086.6 | 2,931.2 | 3,513.7 | 2,086.6 | 3,513.7 |
| Condensate | 000 bbls | 1,046.5 | 1,108.8 | 875.4 | 1,046.5 | 875.4 |
| LPG | 000 t | 42.8 | 37.7 | 23.7 | 42.8 | 23.7 |
| Sales | | | | | | |
| Own product | mmboe | 14.1 | 16.3 | 16.1 | 14.1 | 16.1 |
| Third party | mmboe | 4.5 | 5.6 | 5.2 | 4.5 | 5.2 |
| Total sales volume | mmboe | 18.6 | 21.9 | 21.3 | 18.6 | 21.3 |

Sales revenues (Santos share)

| Product | Unit | Q1 2017 | Q4 2016 | Q1 2016 | YTD 2017 | YTD 2016 |
|-------------------------------|--------------|------------|------------|------------|------------|------------|
| LNG | US\$m | 272 | 270 | 216 | 272 | 216 |
| Sales gas and ethane | US\$m | 212 | 255 | 216 | 212 | 216 |
| Crude oil | US\$m | 120 | 155 | 130 | 120 | 130 |
| Condensate | US\$m | 58 | 56 | 29 | 58 | 29 |
| LPG | US\$m | 22 | 17 | 9 | 22 | 9 |
| Sales | | | | | | |
| Own product | US\$m | 504 | 555 | 451 | 504 | 451 |
| Third party | US\$m | 180 | 198 | 149 | 180 | 149 |
| Total sales revenue | US\$m | 684 | 753 | 600 | 684 | 600 |
| Third party product purchases | US\$m | 119 | 166 | 128 | 119 | 128 |

First quarter sales volumes and revenues were impacted by the timing of the delivery of three PNG LNG DES cargoes shipped late March but still on water at the end of the month, asset sales, the expiration of a domestic sales gas contract in the Cooper Basin and lower crude oil sales reflecting lower third party volumes and the timing of liftings.

Production (Santos share)

| Product | Unit | Q1 2017 | Q4 2016 | Q1 2016 | YTD 2017 | YTD 2016 |
|-------------------------|--------------|-------------|-------------|-------------|-------------|-------------|
| Sales gas to LNG plant | PJ | 31.2 | 28.2 | 27.8 | 31.2 | 27.8 |
| Sales gas and ethane | PJ | 38.7 | 41.9 | 44.4 | 38.7 | 44.4 |
| Crude oil | 000 bbls | 1,627.0 | 1,948.9 | 2,068.9 | 1,627.0 | 2,068.9 |
| Condensate | 000 bbls | 855.7 | 833.9 | 885.7 | 855.7 | 885.7 |
| LPG | 000 t | 35.9 | 32.3 | 35.8 | 35.9 | 35.8 |
| Total production | mmboe | 14.8 | 15.0 | 15.6 | 14.8 | 15.6 |

First quarter production was 2% lower than the previous quarter, primarily due to the sale of the company's Victorian and Mereenie assets, and the Stag oil field in Western Australia, partially offset by stronger GLNG equity gas production.

Average realised prices

| | Unit | Q1 2017 | Q4 2016 | Q1 2016 | YTD 2017 | YTD 2016 |
|------------------|------------|---------|---------|---------|----------|----------|
| LNG price | US\$/mmBtu | 7.09 | 6.94 | 6.19 | 7.09 | 6.19 |
| Gas price | US\$/GJ | 4.45 | 4.17 | 3.55 | 4.45 | 3.55 |
| Oil price | US\$/bbl | 57.63 | 52.79 | 37.06 | 57.63 | 37.06 |
| Condensate price | US\$/bbl | 55.68 | 50.00 | 33.40 | 55.68 | 33.40 |
| LPG price | US\$/t | 503.75 | 433.69 | 374.38 | 503.75 | 374.38 |

Oil price hedging

2.7 million barrels of oil hedging expired in the first quarter of 2017 under the zero-cost three way collar hedges. As the realised Brent price was within the US\$50-\$62.85 per barrel Brent participation range, there was no cash settlement. The following oil price hedging positions were in place as at 31 March 2017.

| Open oil price positions | 2017 |
|--|-----------|
| Zero-cost three-way collars (barrels) ¹ | 8,250,000 |
| Brent short call price (\$/bbl) | US\$62.85 |
| Brent long put price (\$/bbl) | US\$50.00 |
| Brent short put price (\$/bbl) | US\$40.00 |

¹ When Brent price is above the weighted average US\$62.85 short call price, Santos realises short call price. When Brent price is between US\$50.00 long put price and the weighted average US\$62.85 short call price, Santos realises Brent price. When Brent price is between the US\$50.00 long put price and the US\$40.00 short put price, Santos realises long put price. When Brent price is below US\$40.00 short put price, Santos realises Brent price plus the US\$10.00 difference between the US\$50.00 long put price and the US\$40.00 short put price.

2017 Guidance

All guidance for 2017 is maintained, as shown in the table below.

| Item | Guidance |
|---|-------------------------|
| Sales volumes | 73-80 mmbobe |
| Production | 55-60 mmbobe |
| Upstream production costs | US\$8-8.50/boe produced |
| Depreciation, depletion and amortisation (DD&A) | US\$700-750 million |
| Capital expenditure (including exploration, evaluation and restoration, excluding capitalised interest) | US\$700-750million |

Further detail of 2017 full-year capital expenditure, including exploration and evaluation expenditure, is reported in the table on page 9 of this report.

Strengthening the balance sheet

Net debt reduced to US\$3.1 billion as at 31 March 2017, down from US\$3.5 billion at the start of the year, through a combination of free cash flow, previously announced asset sales and proceeds from the Share Purchase Plan.

In April the company announced the early repayment of US\$250 million of its US\$1.2 billion Export Credit Agency supported Uncovered Syndicated Facility, scheduled to mature in 2019. The repayment was made on 18 April and will generate annual gross interest savings of approximately US\$5.5 million. Following the repayment, the outstanding balance of the facility was reduced to US\$950 million.

Santos also extended the term of US\$860 million of bilateral bank loan facilities. The facilities were due to mature in 2018 and have been extended to 2022 on favourable terms. The facilities are currently undrawn.

Core assets

Cooper Basin

| Santos share | Units | Q1 2017 | Q4 2016 | Q1 2016 | 2017 YTD | 2016 YTD |
|----------------------------|--------------------|------------|------------|------------|------------|------------|
| Sales volume | | | | | | |
| Sales gas and ethane | | | | | | |
| Own product | PJ | 18.2 | 21.1 | 18.1 | 18.2 | 18.1 |
| Third party | PJ | 0.6 | 0.3 | 3.4 | 0.6 | 3.4 |
| Total | PJ | 18.8 | 21.4 | 21.5 | 18.8 | 21.5 |
| Condensate | | | | | | |
| Own product | 000 bbls | 371.6 | 391.1 | 160.5 | 371.6 | 160.5 |
| Third party | 000 bbls | 38.5 | 37.0 | 21.8 | 38.5 | 21.8 |
| Total | 000 bbls | 410.1 | 428.1 | 182.3 | 410.1 | 182.3 |
| LPG | | | | | | |
| Own product | 000 t | 32.5 | 29.0 | 14.2 | 32.5 | 14.2 |
| Third party | 000 t | 2.0 | 3.9 | 1.6 | 2.0 | 1.6 |
| Total | 000 t | 34.5 | 32.9 | 15.8 | 34.5 | 15.8 |
| Crude oil | | | | | | |
| Own product | 000 bbls | 412.8 | 590.5 | 652.6 | 412.8 | 652.6 |
| Third party | 000 bbls | 730.2 | 1,130.3 | 1,372.1 | 730.2 | 1,372.1 |
| Total | 000 bbls | 1,143.0 | 1,720.8 | 2,024.7 | 1,143.0 | 2,024.7 |
| Total sales volume | mmboe | 5.0 | 6.1 | 6.0 | 5.0 | 6.0 |
| Total sales revenue | US\$million | 175 | 208 | 164 | 175 | 164 |
| Production | | | | | | |
| Sales gas and ethane | PJ | 14.7 | 14.7 | 15.5 | 14.7 | 15.5 |
| Condensate | 000 bbls | 215.7 | 238.6 | 243.5 | 215.7 | 243.5 |
| LPG | 000 t | 27.3 | 26.8 | 29.0 | 27.3 | 29.0 |
| Crude oil | 000 bbls | 649.7 | 724.5 | 681.9 | 649.7 | 681.9 |
| Total production | mmboe | 3.6 | 3.7 | 3.8 | 3.6 | 3.8 |
| Capital expenditure | US\$million | 38 | 47 | 51 | 38 | 51 |

Sales gas and ethane sales volumes were lower than the prior quarter primarily due to the expiration of a domestic gas sales contract. Lower crude oil sales volumes primarily reflect timing of liftings and lower third party volumes.

Sales gas and ethane production was in line with the previous quarter as production capacity additions offset natural field decline.

Efficiency and productivity gains continue to be made delivering improvements to both well and plant availability and reliability.

Four appraisal and seven development gas wells were drilled during the quarter, all of which were cased and suspended for future production.

GLNG

| Santos share | Units | Q1 2017 | Q4 2016 | Q1 2016 | 2017 YTD | 2016 YTD |
|--|--------------------|--------------|--------------|--------------|--------------|--------------|
| Sales volume | | | | | | |
| GLNG Project | | | | | | |
| LNG - own product | 000 t | 172.9 | 153.7 | 106.8 | 172.9 | 106.8 |
| LNG - third party | 000 t | 228.0 | 246.0 | 182.6 | 228.0 | 182.6 |
| LNG – total | 000 t | 400.9 | 399.7 | 289.4 | 400.9 | 289.4 |
| Domestic contracts | PJ | 3.3 | 4.3 | 6.3 | 3.3 | 6.3 |
| Other ¹ | PJ | 3.8 | 4.2 | 4.3 | 3.8 | 4.3 |
| Total sales volume² | mmboe | 5.0 | 5.3 | 4.6 | 5.0 | 4.6 |
| Total sales revenue² | US\$million | 167 | 162 | 116 | 167 | 116 |
| Production | | | | | | |
| GLNG Project | | | | | | |
| Sales gas to LNG | PJ | 9.8 | 8.5 | 6.6 | 9.8 | 6.6 |
| Domestic contracts | PJ | 0.9 | 1.4 | 1.4 | 0.9 | 1.4 |
| Other ¹ | PJ | 5.1 | 5.3 | 4.7 | 5.1 | 4.7 |
| Total production² | mmboe | 2.7 | 2.6 | 2.2 | 2.7 | 2.2 |
| Capital expenditure | US\$million | 28 | 72 | 56 | 28 | 56 |

¹ Combabula, Ramyard, Spring Gully, Denison and Tardrum

² Total sales volume, sales revenue and production include minor condensate production from Denison

| GLNG operational data (gross) | Units | Q1 2017 | Q4 2016 | Q1 2016 | 2017 YTD | 2016 YTD |
|-------------------------------------|-----------|-------------|-------------|-------------|-------------|-------------|
| Production | | | | | | |
| LNG ¹ | 000 t | 1,367 | 1,261 | 958 | 1,367 | 958 |
| Sales gas to LNG plant | | | | | | |
| Own product | PJ | 34.2 | 29.6 | 22.0 | 34.2 | 22.0 |
| Third party | PJ | 49.0 | 47.4 | 37.3 | 49.0 | 37.3 |
| Total sales gas to LNG plant | PJ | 83.2 | 77.0 | 59.3 | 83.2 | 59.3 |
| LNG cargoes shipped | | 21 | 22 | 16 | 21 | 16 |

¹ Includes indigenous production from the GLNG Project, Santos' portfolio and third-party quantities

LNG sales volumes were in-line with the prior quarter. Higher equity gas supply increased LNG own product sales by 12%. Total GLNG sales revenue increased to US\$167 million.

Fairview production continues to build and well availability has been high. Gross daily production from the Fairview field at the end of the quarter was 474 TJ/d.

The Roma field continues to de-water and gas production is ahead of expectations. Gross daily production from the Roma field at the end of the quarter was 36 TJ/d, up 22% compared to the average for December 2016.

Scotia production is also ahead of expectations largely due to good well availability and continued dewatering in the area. The Scotia CF1 project is progressing ahead of plan. Gross daily production from the Scotia field at the end of the quarter was 28 TJ/d.

Arcadia is producing ahead of expectations largely due to good well availability and continued dewatering in the area. Gross daily production from the Arcadia field at the end of the quarter was 7 TJ/d.

The planned statutory inspection shutdown of LNG train 2 is planned to commence in June and a scheduled maintenance shutdown of LNG train 1 is planned to commence in July.

PNG

| Santos share | Units | Q1 2017 | Q4 2016 | Q1 2016 | 2017 YTD | 2016 YTD |
|-------------------------------|--------------------|------------|------------|------------|------------|------------|
| Sales volume | | | | | | |
| PNG LNG | | | | | | |
| LNG ¹ | 000 t | 232.8 | 279.0 | 282.1 | 232.8 | 282.1 |
| Condensate | 000 bbls | 374.7 | 453.5 | 422.7 | 374.7 | 422.7 |
| Crude oil | 000 bbls | 5.0 | 6.5 | 9.1 | 5.0 | 9.1 |
| Total sales volume | mmboe | 2.6 | 3.1 | 3.1 | 2.6 | 3.1 |
| Total sales revenue | US\$million | 121 | 127 | 116 | 121 | 116 |
| Production | | | | | | |
| PNG LNG | | | | | | |
| Sales gas to LNG ¹ | PJ | 16.1 | 16.2 | 16.0 | 16.1 | 16.0 |
| Condensate | 000 bbls | 377.1 | 387.6 | 382.4 | 377.1 | 382.4 |
| Crude oil | 000 bbls | 5.0 | 6.1 | 7.6 | 5.0 | 7.6 |
| Total production | mmboe | 3.1 | 3.2 | 3.1 | 3.1 | 3.1 |
| Capital expenditure | US\$million | 4 | 4 | 5 | 4 | 5 |

¹ Includes SE Gobe

| PNG LNG operational data (gross) | Units | Q1 2017 | Q4 2016 | Q1 2016 | 2017 YTD | 2016 YTD |
|----------------------------------|----------|---------|---------|---------|----------|----------|
| Production | | | | | | |
| LNG | mt | 2.1 | 2.1 | 2.0 | 2.1 | 2.0 |
| Sales gas to LNG plant | PJ | 117 | 117 | 115 | 117 | 115 |
| Condensate ¹ | 000 bbls | 2,786 | 2,863 | 2,826 | 2,786 | 2,826 |
| Sales gas (SE Gobe) ² | PJ | 4 | 5 | 3 | 4 | 3 |
| LNG cargoes shipped | | 27 | 28 | 26 | 27 | 26 |

¹ Measured at the Kutubu entry point

² Purchased by PNG LNG

During the quarter, PNG LNG operated at an annualised rate of approximately 8.3 mtpa.

LNG sales volumes were lower than the prior quarter primarily due to timing of delivery of cargoes. Three DES cargoes shipped late March and were still on the water at end of month.

Sales gas and condensate production was consistent with the prior quarter.

LNG plant scheduled compressor maintenance is planned for May, which is expected to result in reduced LNG production rates for approximately three weeks.

Northern Australia

| Santos share | Units | Q1 2017 | Q4 2016 | Q1 2016 | 2017 YTD | 2016 YTD |
|----------------------------|--------------------|------------|------------|------------|------------|------------|
| Sales volume | | | | | | |
| Darwin LNG | | | | | | |
| LNG | 000 t | 95.3 | 63.2 | 93.0 | 95.3 | 93.0 |
| Bayu Undan | | | | | | |
| Condensate | 000 bbls | 187.5 | 45.5 | 167.2 | 187.5 | 167.2 |
| LPG | 000 t | 8.3 | 4.9 | 7.8 | 8.3 | 7.8 |
| Total sales volume | mmboe | 1.2 | 0.7 | 1.1 | 1.2 | 1.1 |
| Total sales revenue | US\$million | 42 | 38 | 36 | 42 | 36 |
| Production | | | | | | |
| Darwin LNG | | | | | | |
| Sales gas to LNG | PJ | 5.3 | 3.5 | 5.2 | 5.3 | 5.2 |
| Bayu Undan | | | | | | |
| Condensate | 000 bbls | 155.7 | 93.7 | 130.2 | 155.7 | 130.2 |
| LPG | 000 t | 8.6 | 5.5 | 6.8 | 8.6 | 6.8 |
| Total production | mmboe | 1.1 | 0.7 | 1.1 | 1.1 | 1.1 |
| Capital expenditure | US\$million | 17 | 9 | 0 | 17 | 0 |

| Darwin LNG / Bayu Undan operational data (gross) | Units | Q1 2017 | Q4 2016 | Q1 2016 | 2017 YTD | 2016 YTD |
|--|----------|---------|---------|---------|----------|----------|
| Production | | | | | | |
| LNG | 000 t | 897 | 907 | 928 | 897 | 928 |
| Sales gas to LNG plant | PJ | 54 | 55 | 56 | 54 | 56 |
| Condensate | 000 bbls | 1,673 | 1,815 | 1,483 | 1,673 | 1,483 |
| LPG | 000 t | 88 | 91 | 72 | 88 | 72 |
| LNG cargoes shipped | | 14 | 15 | 14 | 14 | 14 |

Santos' net entitlement to production was higher as a result of higher cost recovery during the quarter.

The Barossa field continues to be progressed for Darwin LNG backfill. During the first quarter, a two-well appraisal campaign began on the Barossa field. The first well, Barossa-5, was successfully completed and analysis is ongoing. The well is currently being plugged and abandoned as planned and once complete, the rig will move across to the second well, Barossa-6.

Western Australia Gas

| Santos share | Units | Q1 2017 | Q4 2016 | Q1 2016 | 2017 YTD | 2016 YTD |
|----------------------------|--------------------|------------|------------|------------|------------|------------|
| Sales volume | | | | | | |
| Sales gas | PJ | 11.3 | 14.0 | 12.6 | 11.3 | 12.6 |
| Condensate | 000 bbls | 73.1 | 181.6 | 99.9 | 73.1 | 99.9 |
| Total sales volume | mmboe | 2.0 | 2.6 | 2.3 | 2.0 | 2.3 |
| Total sales revenue | US\$million | 51 | 59 | 44 | 51 | 44 |
| Production | | | | | | |
| Sales gas | PJ | 11.4 | 11.2 | 12.7 | 11.4 | 12.7 |
| Condensate | 000 bbls | 106.3 | 106.7 | 120.9 | 106.3 | 120.9 |
| Total production | mmboe | 2.1 | 2.0 | 2.3 | 2.1 | 2.3 |
| Capital expenditure | US\$million | 2 | 3 | 8 | 2 | 8 |

Sales volumes were lower than the previous quarter due to lower nominations on Varanus Island and cyclone activity impacting Reindeer customer nominations.

Other assets

Asia, New South Wales and Western Australia oil

| Santos share | Units | Q1 2017 | Q4 2016 | Q1 2016 | 2017 YTD | 2016 YTD |
|----------------------------|--------------------|------------|------------|------------|------------|------------|
| Sales volume | | | | | | |
| Sales gas ¹ | PJ | 6.7 | 9.2 | 9.7 | 6.7 | 9.7 |
| Condensate ¹ | 000 bbls | 0.9 | 1.3 | 2.7 | 0.9 | 2.7 |
| Crude oil ² | 000 bbls | 955.0 | 1,217.7 | 1,501.5 | 955.0 | 1,501.5 |
| Total sales volume | mmboe | 2.1 | 2.8 | 3.2 | 2.1 | 3.2 |
| Total sales revenue | US\$million | 88 | 106 | 99 | 88 | 99 |
| Production | | | | | | |
| Sales gas ¹ | PJ | 6.6 | 9.3 | 10.1 | 6.6 | 10.1 |
| Condensate ¹ | 000 bbls | 0.8 | 7.0 | 8.6 | 0.8 | 8.6 |
| Crude oil ² | 000 bbls | 972.3 | 1,218.3 | 1,379.4 | 972.3 | 1,379.4 |
| Total production | mmboe | 2.1 | 2.8 | 3.1 | 2.1 | 3.1 |
| Capital expenditure | US\$million | 22 | 25 | 17 | 22 | 17 |

¹ Indonesia, Victoria and Mereenie. Santos sold its Victorian assets and Mereenie effective 1 January 2017.

² Mutineer Exeter / Fletcher Finucane (Western Australia), Barrow Island (Western Australia) and Indonesia. Stag sold effective 11 November 2016.

Sales gas and condensate production was lower than the previous quarter due to the disposal of Victoria and Mereenie.

Santos' share of oil production was lower than the previous quarter due to a decrease in production from Mutineer Exeter / Fletcher Finucane due to cyclone interruptions as well as the disposal of the Stag and Mereenie assets.

In New South Wales, Santos submitted the State Significant Development Application and associated Environmental Impact Statement (EIS) for its Narrabri Gas Project to the NSW Department of Planning and Environment on 1 February 2017.

The sale of the company's Victorian assets to Cooper Energy was announced in October 2016 and completed (excluding Minerva) in early January 2017. The sale of the Minerva asset completed in early April 2017.

In December 2016, Santos entered into an agreement to sell its remaining 50% interest in the Mereenie oil and gas assets in the Northern Territory to a subsidiary of Macquarie Group Limited. The sale of the Mereenie asset completed in March 2017 with an effective date of 1 January 2017.

Corporate, exploration and eliminations

| Santos share | Units | Q1 2017 | Q4 2016 | Q1 2016 | 2017 YTD | 2016 YTD |
|----------------------------|--------------------|---------|---------|---------|----------|----------|
| Total sales volume | mmboe | 0.7 | 1.3 | 1.0 | 0.7 | 1.0 |
| Total sales revenue | US\$million | 40 | 53 | 25 | 40 | 25 |
| Capital expenditure | US\$million | 23 | 27 | 14 | 23 | 14 |

Sales volumes and revenues in the corporate segment primarily represent gas trading activities. Capital expenditure primarily represents exploration and evaluation activities not recorded against assets.

Capital expenditure

Total exploration, evaluation and development expenditure is summarised in the table below.

| US\$million | Q1 2017 | Q4 2016 | Q1 2016 | YTD 2017 | YTD 2016 |
|--|------------|------------|------------|------------|------------|
| Capital expenditure | | | | | |
| Exploration | 30 | 32 | 16 | 30 | 16 |
| Evaluation | 17 | 23 | 26 | 17 | 26 |
| Development and other capex (including restoration) | 87 | 132 | 108 | 87 | 108 |
| Capital expenditure excl capitalised interest | 134 | 187 | 150 | 134 | 150 |
| Capitalised interest | 2 | 2 | 7 | 2 | 7 |
| Total capital expenditure | 136 | 189 | 157 | 136 | 157 |
| Exploration and evaluation expensed | | | | | |
| Exploration | 30 | 54 | 13 | 30 | 13 |
| Evaluation | 4 | 11 | 10 | 4 | 10 |
| Total current year expenditure | 34 | 65 | 23 | 34 | 23 |
| Write-off of amounts capitalised in prior years | 4 | 11 | 1 | 4 | 1 |
| Total expensed | 38 | 76 | 24 | 38 | 24 |

Exploration activity

The table below details wells drilled during the first quarter and their status.

| Well name | Basin/area | Target | Santos % | Well status |
|-------------------------|---------------------------------|--------|----------|---|
| Magnama-2 | Bangladesh / Magnama / Block 16 | Gas | 51% | P&A; sub-commercial gas discovery |
| Muruk 1ST1 [#] | PNG Southern Highlands | Gas | 20% | Plugged back and side-tracked; gas well |
| Muruk 1ST2 [#] | PNG Southern Highlands | Gas | 20% | Plugged back and side-tracked; gas well |
| Muruk 1ST3 [#] | PNG Southern Highlands | Gas | 20% | Drilling |

[#] Not operated by Santos.

Following the gas and condensate discovery in Muruk-1, two side-tracks have been drilled and a third side-track (Muruk 1ST3) is currently drilling ahead. Muruk 1ST1 and Muruk 1ST2 were drilled to the north-east of Muruk 1, where the Toro Sandstone intercepted by ST2 may be water bearing. Muruk 1ST3 is being drilled to the south-west of Muruk 1 and will help constrain the structural configuration of the southern flank of the Muruk structure and further define field fluid limits.

Drilling summary

Appraisal/evaluation wells

| Well name | Basin/area | Target | Santos % | Well status |
|-----------------|----------------------|--------|-----------------------|--------------------------------------|
| Barossa-5# | Bonaparte Basin - NT | Gas | 25% | P&A; re-spud |
| Barossa-5A# | Bonaparte Basin - NT | Gas | 25% | P&A; gas well |
| Caraka-2 | Cooper - SA | Gas | 66.6% | C&S; successful gas |
| Dunadoo East-1* | Cooper - QLD | Gas | 66.06% | P&A (correction from Q4 2016 report) |
| Ranger-1 | Cooper - QLD | Gas | 60.06% | C&S; successful gas |
| Raffle-2 | Cooper - QLD | Gas | 60.06 | C&S; successful gas |
| Strzelecki-32 | Cooper - SA | Gas | 79.79% (cost, LTAP)** | C&S; successful gas |

Not operated by Santos

* Spud in Q4 2016, completed in Q1 2017

** LTAP = Less than all parties

Development wells

| Well name | Basin/area | Target | Santos % | Well status |
|-------------|--------------|--------|---------------------|---------------------|
| Avalon-5 | Scotia – QLD | CSG | 30% | C&S; successful CSG |
| Avalon-6 | Scotia – QLD | CSG | 30% | C&S; successful CSG |
| Avalon-7 | Scotia – QLD | CSG | 30% | C&S; successful CSG |
| Avalon-8 | Scotia – QLD | CSG | 30% | C&S; successful CSG |
| Avalon-16 | Scotia – QLD | CSG | 30% | C&S; successful CSG |
| Avalon-17 | Scotia – QLD | CSG | 30% | C&S; successful CSG |
| Avalon-18 | Scotia – QLD | CSG | 30% | C&S; successful CSG |
| Daldowie-2 | Scotia – QLD | CSG | 30% | C&S; successful CSG |
| Daldowie-3 | Scotia – QLD | CSG | 30% | C&S; successful CSG |
| Daldowie-8* | Scotia – QLD | CSG | 30% | C&S; successful CSG |
| Daldowie-9 | Scotia – QLD | CSG | 30% | C&S; successful CSG |
| Daldowie-10 | Scotia – QLD | CSG | 30% | C&S; successful CSG |
| Daldowie-11 | Scotia – QLD | CSG | 30% | C&S; successful CSG |
| Daldowie-12 | Scotia – QLD | CSG | 30% | C&S; successful CSG |
| Glen Evis-1 | Scotia – QLD | CSG | 30% | C&S; successful CSG |
| Kanowana-12 | Cooper - SA | Gas | 66.6% | C&S, successful gas |
| Kanowana-13 | Cooper - SA | Gas | 66.6% | C&S, successful gas |
| Kanowana-14 | Cooper - SA | Gas | 66.6% | C&S, successful gas |
| Moomba-213 | Cooper - SA | Gas | 100% (cost, LTAP)** | C&S, successful gas |
| Moomba-214 | Cooper - SA | Gas | 100% (cost, LTAP)** | C&S, successful gas |
| RM01-16-1 | Roma - QLD | CSG | 30% | C&S; successful CSG |
| RM02-44-1 | Roma - QLD | CSG | 30% | C&S; successful CSG |
| RM02-45-1 | Roma - QLD | CSG | 30% | C&S; successful CSG |
| RM02-48-1 | Roma - QLD | CSG | 30% | C&S; successful CSG |
| RM02-49-1 | Roma - QLD | CSG | 30% | C&S; successful CSG |
| RM02-50-1 | Roma - QLD | CSG | 30% | C&S; successful CSG |
| RM02-51-1 | Roma - QLD | CSG | 30% | Drilling |

| Well name | Basin/area | Target | Santos % | Well status |
|--------------|--------------|--------|----------|---------------------|
| Scotia-49* | Scotia – QLD | CSG | 30% | C&S; successful CSG |
| Scotia-69 | Scotia – QLD | CSG | 30% | C&S; successful CSG |
| Toolachee-53 | Cooper - SA | Gas | 60.6% | C&S, successful gas |
| Toolachee-54 | Cooper - SA | Gas | 60.6% | C&S, successful gas |

* Spud in Q4 2016, completed in Q1 2017

** LTAP = Less than all parties

Seismic activity

The table below details seismic activity during the first quarter and status.

| Permit | Basin/area | Survey | Type | km/km ² | Status |
|---|------------|--------------------------|------|-----------------------|--|
| EP112 and EP125 | Amadeus | 2016 Southern Amadeus 2D | 2D | 762 km ² | 72% complete (933 km ² / 1,300 km ²) |
| WA290P, WA49R, WA214P, WA13L, WA33R, and WA510P | Carnarvon | Bianchi-Hockey 3D | 3D | 1,720 km ² | Complete |

Abbreviations and conversion factors

| Abbreviations | | Conversion factors | |
|---------------|---|----------------------------|-------------------------------|
| C&C | cased and completed | Sales gas and ethane, 1 PJ | 171.937 boe x 10 ³ |
| C&S | cased and suspended | Crude oil, 1 barrel | 1 boe |
| CSG | coal seam gas | Condensate, 1 barrel | 0.935 boe |
| FPSO | floating production, storage and offloading | LPG, 1 tonne | 8.458 boe |
| GJ | gigajoules | LNG, 1 PJ | 18,040 tonnes |
| kbbbls | thousand barrels | LNG, 1 tonne | 52.54 mmBtu |
| kt | thousand tonnes | | |
| LNG | liquefied natural gas | | |
| LPG | liquefied petroleum gas | | |
| m | million | | |
| mmbbl | million barrels | | |
| mmboe | million barrels of oil equivalent | | |
| mmBtu | million British thermal units | | |
| mmscf | million standard cubic feet | | |
| mt | million tonnes | | |
| mtpa | million tonnes per annum | | |
| NFE | near-field exploration | | |
| P&A | plugged and abandoned | | |
| pa | per annum | | |
| PJ | petajoules | | |
| PSC | production sharing contract | | |
| t | tonnes | | |
| TJ | terajoules | | |