

# Fourth Quarter Activities Report

For period ending 31 December 2017

24 January 2018

## 2017 Key highlights

### Balance sheet strengthened

- Net debt reduced to US\$2.7 billion at the end of the year, down from US\$3.5 billion at the end of 2016
- Euro Hybrid redeemed and replaced with more efficient long-term debt funding
- US\$600 million of 2019 ECA supported loan facility prepaid

### Costs reduced

- Upstream unit production costs down 5% to US\$8.07/boe and toward the lower end of guidance
- Drilling efficiencies resulting in materially lower onshore well costs
- Capital expenditure US\$682 million, below guidance
- Free cash flow breakeven down 12% to US\$32/bbl<sup>1</sup>, from US\$36.50/bbl in 2016

### Strong annual sales and production

- Sales volumes of 83.4 mmboe, above the upper end of guidance
- Production of 59.5 mmboe, toward the upper end of guidance
- Record annual LNG sales volumes of 3.1 million tonnes, driving LNG sales revenues up 33% to US\$1.2 billion
- Total sales revenue up 20% to US\$3.1 billion

Santos Managing Director and Chief Executive Officer Kevin Gallagher said: "In 2017, our turnaround strategy to deliver a low-cost, reliable and high performance business progressed ahead of expectations. Santos is now a stronger, more resilient company with the capacity to execute and bring on-line growth opportunities across its core long-life natural gas assets.

"In 2017, we reduced net debt by 23% to \$2.7 billion, lowered our free cash flow breakeven oil price by 12% to \$32 per barrel and delivered Australia's lowest-cost onshore operations."

Strong operating performance across the core assets resulted in sales volumes of 83.4 million barrels of oil equivalent (mmboe) exceeding the top end of guidance and production of 59.5 mmboe being toward the top end of guidance.

LNG sales volumes were up 10% to a record 3.1 million tonnes following continued strong performance from PNG LNG and the ramp-up of GLNG. LNG sales revenues were up 33% to a record US\$1.2 billion.

"Santos' new operating model has set a disciplined framework to drive shareholder value as we seek to further reduce costs, build production and maximise operating cash flow," Mr Gallagher said.

"In 2018, we will increasingly focus on the Build and Grow phases of our strategy as we progress growth opportunities in Northern Australia, PNG and Narrabri, and ramp-up drilling in the Cooper Basin and GLNG."

## Comparative performance

Santos share	Units	Q4 2017	Q3 2017	Change	2017	2016	Change
Production	mmboe	15.0	15.0	+0%	59.5	61.6	-3%
Sales volume	mmboe	21.8	21.5	+1%	83.4	84.1	-1%
Average realised oil price	US\$/bbl	67.8	53.3	+27%	57.9	46.4	+25%
Sales revenue	US\$million	861	793	+9%	3,107	2,594	+20%
Capital expenditure <sup>2</sup>	US\$million	204	157	+30%	682	625	+9%

<sup>1</sup> Free cash flow breakeven is the average annual oil price in 2017 at which cash flows from operating activities (including hedging) equals cash flows from investing activities. Excludes one-off restructuring and redundancy costs, and asset divestitures and acquisitions.

<sup>2</sup> Capital expenditure including restoration expenditure and acquisition of exploration assets but excluding capitalised interest.

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## Sales volumes (Santos share)

Product	Unit	Q4 2017	Q3 2017	Q4 2016	2017	2016
LNG	000 t	839.5	743.4	741.9	3,066.7	2,799.5
Domestic sales gas and ethane	PJ	56.5	59.6	61.5	224.6	232.5
Crude oil	000 bbls	2,639.9	2,589.3	2,931.2	10,000.5	12,375.0
Condensate	000 bbls	1,064.2	1,202.3	1,108.8	4,304.8	4,228.5
LPG	000 t	51.7	62.7	37.7	183.9	137.4
<b>Sales</b>						
Own product	mmboe	14.1	15.2	16.3	58.4	64.0
Third party	mmboe	7.7	6.3	5.6	25.0	20.1
<b>Total sales volume</b>	<b>mmboe</b>	<b>21.8</b>	<b>21.5</b>	<b>21.9</b>	<b>83.4</b>	<b>84.1</b>

## Sales revenues (Santos share)

Product	Unit	Q4 2017	Q3 2017	Q4 2016	2017	2016
LNG	US\$m	323	293	270	1,178	887
Domestic sales gas and ethane	US\$m	265	271	255	1,027	897
Crude oil	US\$m	179	137	155	579	575
Condensate	US\$m	65	64	56	235	183
LPG	US\$m	29	27	17	88	52
<b>Sales</b>						
Own product	US\$m	563	557	555	2,181	1,951
Third party	US\$m	298	236	198	926	643
<b>Total sales revenue</b>	<b>US\$m</b>	<b>861</b>	<b>793</b>	<b>753</b>	<b>3,107</b>	<b>2,594</b>
Third party product purchases	US\$m	229	189	166	696	544

Fourth quarter sales volumes were in-line with the prior quarter, while sales revenues were up 8%, primarily due to higher gas, oil, condensate and LPG prices.

## Average realised prices

	Unit	Q4 2017	Q3 2017	Q4 2016	2017	2016
LNG price	US\$/mmBtu	7.33	7.50	6.94	7.31	6.03
Domestic sales gas price	US\$/GJ	4.68	4.56	4.17	4.57	3.86
Oil price	US\$/bbl	67.85	53.28	52.79	57.85	46.43
Condensate price	US\$/bbl	61.33	52.72	50.00	54.59	43.22
LPG price	US\$/t	567.71	421.27	433.69	479.78	375.56

## Production (Santos share)

Product	Unit	Q4 2017	Q3 2017	Q4 2016	2017	2016
Sales gas to LNG plant	PJ	31.6	32.0	28.2	125.7	112.0
Domestic sales gas and ethane	PJ	40.3	39.7	41.9	158.0	174.4
Crude oil	000 bbls	1,504.0	1,576.1	1,948.9	6,379.9	7,825.3
Condensate	000 bbls	888.4	795.9	833.9	3,350.7	3,539.2
LPG	000 t	37.8	36.8	32.3	145.2	147.2
<b>Total production</b>	<b>mmboe</b>	<b>15.0</b>	<b>15.0</b>	<b>15.0</b>	<b>59.5</b>	<b>61.6</b>

Fourth quarter production was in-line with the previous quarter. Higher production in the Cooper Basin and Northern Australia was offset by lower production in PNG due to planned maintenance at PNG LNG.

## 2017 Guidance

2017 sales volumes of 83.4 mmboe was above the upper end of guidance (79-82 mmboe) and production of 59.5 mmboe was toward the top end of guidance (58-60 mmboe). Upstream production cost of US\$8.07/boe was toward the lower end of guidance (US\$8-8.25/boe) and capital expenditure of US\$682 million was below the bottom end of guidance (US\$700-750 million).

Item	Previous guidance	Updated guidance
Sales volumes	79-82 mmboe	83.4 mmboe
Production	58-60 mmboe	59.5 mmboe
Upstream production costs	US\$8-8.25/boe produced	US\$8.07/boe produced
Depreciation, depletion and amortisation (DD&A)	US\$700-750 million	No change
Capital expenditure (including exploration, evaluation and restoration, excl cap. int.)	US\$700-750 million	US\$682 million

Further detail of 2017 full-year capital expenditure, including exploration and evaluation expenditure, is reported in the table on page 10 of this report.

Guidance on 2017 financial outcomes above is preliminary and subject to finalisation of the company's accounting and audit processes, and Board review. As such, actual results for the year ended 31 December 2017 may differ from the guidance given in this update.

Santos will announce its results for the year ended 31 December 2017 on 21 February 2018. The full-year report (incorporating Appendix 4E) and associated investor briefing presentation will be available on Santos' website at [www.santos.com](http://www.santos.com). A live webcast briefing, including analyst/investor questions, will be available on Santos' website from 11:00am AEDT on 21 February 2018.

## 2018 Guidance

As announced at the company's Investor Day on 9 November 2017, Santos expects 2018 sales volumes to be in the range of 72-78 mmboe and production to be in the range of 55-60 mmboe. 2018 capital expenditure is expected to be US\$825-875 million and upstream unit production costs to be US\$8.20-8.80/boe produced, primarily due to a number of one-off planned maintenance shutdowns in 2018 at PNG LNG, Moomba and Darwin LNG.

Guidance on DD&A will be provided with the full-year results on 21 February 2018.

The 2018 first quarter activities report will be released on 19 April 2018.

## 2018 Annual General Meeting

The 2018 Annual General Meeting will be held on Thursday 3 May 2018 at the Adelaide Convention Centre commencing at 10:00am ACST.

## Oil price hedging

The following oil price hedging positions for 2018 were in place as at 22 January 2018.

2018 Open oil price positions	2018
Zero-cost three-way collars (barrels) <sup>1</sup>	12,501,250
Brent short call price (\$/bbl)	US\$60.30
Brent long put price (\$/bbl)	US\$48.48
Brent short put price (\$/bbl)	US\$40.80

<sup>1</sup> When Brent price is above the weighted average short call price, Santos realises short call price. When Brent price is between the long put price and the weighted average short call price, Santos realises Brent price. When Brent price is between the long put price and the short put price, Santos realises the long put price. When Brent price is below the short put price, Santos realises Brent price plus the difference between the long put price and the short put price.

As at 31 December 2017, hedge contracts covering 12.5 million barrels of 2018 oil exposure were outstanding. These hedge positions will be marked-to-market as at 31 December 2017, which is expected to result in an approximately US\$80 million liability being recorded in the 2017 full-year accounts (2016: US\$15 million liability). This liability is included in the calculation of net debt. The expected movement in valuation through 2017 of approximately US\$65 million (before tax) will be charged to the profit and loss statement for the year ended 31 December 2017 and excluded from underlying earnings.

During January 2018, the following oil price hedging positions for 2019 were put in place. These positions will not impact the 2017 full-year accounts.

2019 Open oil price positions	2019
Zero-cost collars (barrels) <sup>1</sup>	3,431,000
Ceiling (\$/bbl)	US\$79.27
Floor (\$/bbl)	US\$45.00

<sup>1</sup> When Brent price is above the weighted average ceiling price, Santos realises ceiling price. When Brent price is between the floor and ceiling price, Santos realises Brent price. When Brent price is below the floor price, Santos realises floor price.

## Cooper Basin

Santos share	Units	Q4 2017	Q3 2017	Q4 2016	2017	2016
<b>Sales volume</b>						
Sales gas and ethane						
Own product	PJ	14.0	17.5	21.1	66.6	78.8
Third party	PJ	0.6	0.7	0.3	2.6	3.5
Total	PJ	14.6	18.2	21.4	69.2	82.3
Condensate						
Own product	000 bbls	314.6	534.5	391.1	1,556.8	1,174.7
Third party	000 bbls	8.6	85.4	37.0	172.6	153.3
Total	000 bbls	323.2	619.9	428.1	1,729.4	1,328.0
LPG						
Own product	000 t	40.2	42.6	29.0	134.4	93.1
Third party	000 t	5.2	7.3	3.9	16.5	10.5
Total	000 t	45.4	49.9	32.9	150.9	103.6
Crude oil						
Own product	000 bbls	511.4	583.7	590.5	2,175.2	2,431.2
Third party	000 bbls	1,131.5	1,048.8	1,130.3	3,981.1	4,808.2
Total	000 bbls	1,642.9	1,632.5	1,720.8	6,156.3	7,239.4
<b>Total sales volume</b>	<b>mmboe</b>	<b>4.9</b>	<b>5.7</b>	<b>6.1</b>	<b>21.0</b>	<b>23.5</b>
<b>Total sales revenue</b>	<b>US\$million</b>	<b>212</b>	<b>212</b>	<b>208</b>	<b>803</b>	<b>748</b>
<b>Production</b>						
Sales gas and ethane	PJ	15.4	14.4	14.7	58.4	61.2
Condensate	000 bbls	247.9	219.9	238.6	881.7	938.5
LPG	000 t	27.9	29.1	26.8	110.4	114.0
Crude oil	000 bbls	647.8	644.0	724.5	2,624.4	2,708.4
<b>Total production</b>	<b>mmboe</b>	<b>3.7</b>	<b>3.6</b>	<b>3.7</b>	<b>14.4</b>	<b>15.1</b>
Capital expenditure	US\$million	61	54	47	199	173

Sales gas and ethane sales volumes were lower than the previous quarter primarily due to lower GLNG nominations under the 'Horizon' contract during October when GLNG was taking high volumes of gas from QGC, combined with lower Santos portfolio sales. Condensate sales volumes were lower than the previous quarter due to the timing of liftings.

Sales gas and ethane production of 15.4 PJ was the highest in six quarters and 7% higher than the previous quarter due to new wells on line more than offsetting natural decline. Condensate production was higher due to increased yields. Crude oil production was in line with the previous quarter as natural field decline was offset by new wells on line.

Twenty-two development and NFE/appraisal wells (nine gas and thirteen oil) were drilled during the quarter.

Eight gas development and appraisal wells were cased and suspended for future production (89% success rate) and one appraisal well plugged and abandoned.

Nine development oil wells and four appraisal oil wells were drilled in the quarter and all were cased and suspended for future production.

In 2017, a total of 61 new wells were drilled. In 2018, drill activity is expected to ramp-up with 70-80 wells expected to be drilled, including up to 20 exploration wells.

## Queensland

Santos share	Units	Q4 2017	Q3 2017	Q4 2016	2017	2016
<b>Sales volume</b>						
GLNG Joint Venture						
LNG - own product	000 t	155.5	162.9	153.7	636.8	563.7
LNG - third party <sup>1</sup>	000 t	321.6	221.9	246.0	993.9	816.0
<b>LNG – total</b>	<b>000 t</b>	<b>477.1</b>	<b>384.8</b>	<b>399.7</b>	<b>1,630.7</b>	<b>1,379.7</b>
Domestic contracts	PJ	7.5	9.1	4.3	26.4	17.9
Eastern Queensland (non-operated) <sup>2</sup>	PJ	3.6	2.1	4.2	15.0	17.4
<b>Total sales volume<sup>3</sup></b>	<b>mmboe</b>	<b>6.5</b>	<b>5.6</b>	<b>5.3</b>	<b>22.7</b>	<b>19.2</b>
<b>Total sales revenue<sup>3</sup></b>	<b>US\$million</b>	<b>216</b>	<b>188</b>	<b>162</b>	<b>758</b>	<b>523</b>
<b>Production</b>						
GLNG Joint Venture						
Sales gas to LNG	PJ	10.7	10.9	8.5	41.8	30.2
Domestic contracts	PJ	0.7	0.7	1.4	3.1	4.9
Eastern Queensland (non-operated) <sup>2</sup>	PJ	5.5	5.7	5.3	22.1	19.9
<b>Total production<sup>3</sup></b>	<b>mmboe</b>	<b>2.9</b>	<b>3.0</b>	<b>2.6</b>	<b>11.5</b>	<b>9.5</b>
Capital expenditure	US\$million	53	50	72	178	228

<sup>1</sup> Includes LNG produced from Santos portfolio gas and third-party quantities

<sup>2</sup> Combabula, Ramyard, Spring Gully, Denison and Tardrum

<sup>3</sup> Total sales volume, sales revenue and production include minor condensate production from Denison

GLNG operational data (gross)	Units	Q4 2017	Q3 2017	Q4 2016	2017	2016
<b>Production</b>						
LNG <sup>1</sup>	000 t	1,542	1,230	1,261	5,212	4,519
Sales gas to LNG plant						
Own product	PJ	41	34	30	137	107
Santos & third party gas	PJ	54	40	47	180	170
<b>Total sales gas to LNG plant</b>	<b>PJ</b>	<b>94</b>	<b>74</b>	<b>77</b>	<b>317</b>	<b>277</b>
LNG cargoes shipped		27	20	22	89	75

<sup>1</sup> Includes LNG produced from GLNG equity gas, Santos portfolio gas and third-party quantities

LNG production rose 15% in 2017 to 5.2 million tonnes. During the fourth quarter, the plant reached a maximum day rate of 8.9 mtpa, 14% above nameplate capacity. LNG production and sales volumes were higher than the previous quarter primarily due to gas purchases from QGC during their planned LNG plant shutdown in October.

Upstream equity sales gas production remained steady relative to the previous quarter, as stronger Roma production offset slightly lower Fairview production. 172 new wells were drilled in 2017 and 200 new wells connected.

Gross daily production from Fairview increased over the year to 463 TJ/day at the end of December. All 12 Fairview infill wells drilled in 2017 are now online.

The Roma field continues to de-water with gross daily production of 56 TJ/day at the end of the quarter, 90% higher than December 2016. The Roma 2B project is 99% complete with all wells online and the first electric-drive hub compressor now operational saving ~3TJ/d of fuel gas, while the Roma 3A project is 100% complete with all 29 wells online.

Gross daily production from the Scotia field at the end of the quarter was steady at 27 TJ/d. The Scotia CF1 project is 71% complete, with 21 wells now online and 71 of 77 wells drilled. The final well is expected to be online by July 2018, 11 months ahead of schedule. Gross daily production from the Arcadia field at the end of the quarter was 8 TJ/d.

## PNG

Santos share	Units	Q4 2017	Q3 2017	Q4 2016	2017	2016
<b>Sales volume</b>						
PNG LNG						
LNG <sup>1</sup>	000 t	282.6	285.7	279.0	1,101.2	1,070.7
Condensate	000 bbls	378.1	503.3	453.5	1,608.4	1,699.4
Crude oil	000 bbls	3.4	1.4	6.5	15.3	27.0
<b>Total sales volume</b>	<b>mmboe</b>	<b>3.0</b>	<b>3.2</b>	<b>3.1</b>	<b>12.0</b>	<b>11.8</b>
<b>Total sales revenue</b>	<b>US\$million</b>	<b>139</b>	<b>139</b>	<b>127</b>	<b>526</b>	<b>438</b>
<b>Production</b>						
PNG LNG						
Sales gas to LNG <sup>1</sup>	PJ	16.4	17.1	16.2	65.3	62.5
Condensate	000 bbls	354.4	384.9	387.6	1,474.2	1,499.3
Crude oil	000 bbls	4.1	4.6	6.1	19.1	25.6
<b>Total production</b>	<b>mmboe</b>	<b>3.1</b>	<b>3.3</b>	<b>3.2</b>	<b>12.6</b>	<b>12.2</b>
Capital expenditure	US\$million	7	3	4	18	8

<sup>1</sup> Includes SE Gobe

PNG LNG operational data (gross)	Units	Q4 2017	Q3 2017	Q4 2016	2017	2016
<b>Production</b>						
LNG	Mt	2.1	2.2	2.1	8.3	7.9
Sales gas to LNG plant	PJ	123	128	117	491	470
Condensate <sup>1</sup>	000 bbls	2,611	2,832	2,863	10,887	11,076
Sales gas (SE Gobe) <sup>2</sup>	PJ	4	5	5	17	16
LNG cargoes shipped		28	29	28	110	108

<sup>1</sup> Measured at the Kutubu entry point

<sup>2</sup> Purchased by PNG LNG

During the quarter, PNG LNG continued to operate well above nameplate capacity at an annualised rate of approximately 8.3 mtpa. LNG and condensate sales volumes, and sales gas to LNG production, were all slightly lower than the previous quarter due to planned maintenance during October for LNG plant compressor upgrades.

A seismic acquisition program to assist in delineating the Muruk gas discovery and the adjacent Karoma prospect is planned for the first half of 2018. An appraisal well on the Muruk discovery is expected to be spudded in the second quarter.

On 7 December 2017, Santos announced it had acquired a 20 per cent equity in the PPL 339 licence via a farm-in agreement with Kina Petroleum Limited. The licence is located within the Aure Fold Belt, southeast of the Elk/Antelope fields in an area with active natural seeps and represents Santos' first entry into this new play in PNG.

## Northern Australia

Santos share	Units	Q4 2017	Q3 2017	Q4 2016	2017	2016
<b>Sales volume</b>						
Darwin LNG						
LNG	000 t	79.8	72.9	63.2	334.8	349.1
Bayu Undan						
Condensate	000 bbls	157.1	59.8	45.5	538.0	584.2
LPG	000 t	6.3	12.8	4.9	33.0	33.8
<b>Total sales volume</b>	<b>mmboe</b>	<b>1.0</b>	<b>0.8</b>	<b>0.7</b>	<b>4.0</b>	<b>4.2</b>
<b>Total sales revenue</b>	<b>US\$million</b>	<b>41</b>	<b>34</b>	<b>38</b>	<b>153</b>	<b>145</b>
<b>Production</b>						
Darwin LNG						
Sales gas to LNG	PJ	4.4	4.0	3.5	18.5	19.3
Bayu Undan						
Condensate	000 bbls	155.8	69.4	93.7	511.5	592.7
LPG	000 t	9.9	7.7	5.5	34.8	33.2
<b>Total production</b>	<b>mmboe</b>	<b>1.1</b>	<b>0.8</b>	<b>0.7</b>	<b>4.0</b>	<b>4.2</b>
Capital expenditure	US\$million	7	8	9	55	14

Darwin LNG / Bayu-Undan operational data (gross)	Units	Q4 2017	Q3 2017	Q4 2016	2017	2016
<b>Production</b>						
LNG	000 t	902	715	907	3,315	3,676
Sales gas to LNG plant	PJ	55	43	55	200	221
Condensate	000 bbls	1,299	1,345	1,815	5,606	7,262
LPG	000 t	77	78	91	312	375
LNG cargoes shipped		14	11	15	51	57

Darwin LNG sales volumes and production were higher than the previous quarter in-line with the delivery schedule.

Condensate sales volumes and production were higher than the previous quarter due to a prior period net entitlement adjustment and higher net entitlement in the fourth quarter. LPG sales volumes are lower than the prior quarter reflecting the timing of liftings.

As announced at Santos' Investor Day in November 2017, a successful two-well appraisal campaign on the Barossa field resulted in a 35% increase in the 2C resource base and strengthened the field's position as the lead candidate for Darwin LNG backfill. A FEED-entry decision on a Barossa development is targeted for the second quarter of 2018.

On 12 December 2017, Santos announced that it had entered into an agreement to partially fund and operate a 3D seismic survey over the undrilled Beehive prospect, earning the company a farm-in option for WA-488-P in the Bonaparte Basin offshore Western Australia.



## Western Australia Gas

Santos share	Units	Q4 2017	Q3 2017	Q4 2016	2017	2016
<b>Sales volume</b>						
Sales gas	PJ	12.2	14.6	14.0	52.2	47.9
Condensate	000 bbls	203.5	16.8	181.6	422.7	606.0
<b>Total sales volume</b>	<b>mmboe</b>	<b>2.3</b>	<b>2.6</b>	<b>2.6</b>	<b>9.4</b>	<b>8.8</b>
<b>Total sales revenue</b>	<b>US\$million</b>	<b>67</b>	<b>59</b>	<b>59</b>	<b>242</b>	<b>184</b>
<b>Production</b>						
Sales gas	PJ	13.6	13.7	11.2	51.2	49.3
Condensate	000 bbls	128.0	119.6	106.7	472.7	478.1
<b>Total production</b>	<b>mmboe</b>	<b>2.4</b>	<b>2.5</b>	<b>2.0</b>	<b>9.2</b>	<b>8.9</b>
Capital expenditure	US\$million	19	13	3	37	24

Sales gas volumes were lower than the prior quarter due to lower customer nominations from Reindeer. Condensate sales volumes were higher than the prior quarter due to the timing of liftings.

In November 2017, Santos announced that it had entered into two contracts to supply natural gas to Wesfarmers Chemicals, Energy & Fertilisers (WesCEF). Under the agreements, Santos will supply up to 34 PJ of gas to WesCEF over 4 years and approximately 28 PJ of gas to WesCEF over 3 years.

## Other assets

### Asia, New South Wales and Western Australia Oil (ANWO)

Santos share	Units	Q4 2017	Q3 2017	Q4 2016	2017	2016
<b>Sales volume</b>						
Sales gas <sup>1</sup>	PJ	4.9	5.0	9.2	22.2	37.9
Condensate <sup>2</sup>	000 bbls	2.3	2.5	1.3	6.1	9.1
Crude oil <sup>3</sup>	000 bbls	993.7	964.4	1,217.7	3,861.8	5,181.4
<b>Total sales volume</b>	<b>mmboe</b>	<b>1.8</b>	<b>1.9</b>	<b>2.8</b>	<b>7.7</b>	<b>11.7</b>
<b>Total sales revenue</b>	<b>US\$million</b>	<b>94</b>	<b>80</b>	<b>106</b>	<b>341</b>	<b>411</b>
<b>Production</b>						
Sales gas <sup>4</sup>	PJ	5.1	5.2	9.3	23.2	39.0
Condensate <sup>2</sup>	000 bbls	2.1	2.3	7.0	10.3	28.9
Crude oil <sup>3</sup>	000 bbls	852.1	927.5	1,218.3	3,736.4	5,091.3
<b>Total production</b>	<b>mmboe</b>	<b>1.7</b>	<b>1.8</b>	<b>2.8</b>	<b>7.7</b>	<b>11.8</b>
Capital expenditure	US\$million	27	15	25	81	84

<sup>1</sup> Indonesia, Vietnam, Victoria and Mereenie. Victorian assets and Mereenie sold effective 1 January 2017.

<sup>2</sup> Indonesia and Victoria. Victorian assets sold effective 1 January 2017.

<sup>3</sup> Mutineer-Exeter/Fletcher Finucane and Barrow Island (Western Australia), Vietnam, Indonesia and Mereenie. Mereenie sold effective 1 January 2017. Stag (Western Australia) sold effective 11 November 2016.

<sup>4</sup> Indonesia, Vietnam, NSW, Victoria and Mereenie. Victorian assets and Mereenie sold effective 1 January 2017.

Total production and sales volumes from the ANWO assets were lower than the previous corresponding period due to the sale of the Victorian and Mereenie assets.

Sales gas sales volumes in Indonesia were in-line with the previous quarter and in Vietnam, sales volumes were lower than the prior quarter due to a period of planned maintenance. Oil sales volumes were higher in Western Australia and lower in Vietnam than the previous quarter due to the timing of liftings.

Production from the Mutineer Exeter/Fletcher Finucane development offshore WA is expected to end during the first half of 2018, with the MV-11 FPSO expected to depart the field by mid-year.

## Corporate, exploration and eliminations

Santos share	Units	Q4 2017	Q3 2017	Q4 2016	2017	2016
<b>Total sales volume</b>	<b>mmboe</b>	<b>2.3</b>	<b>1.7</b>	<b>1.3</b>	<b>6.6</b>	<b>4.9</b>
<b>Total sales revenue</b>	<b>US\$million</b>	<b>92</b>	<b>81</b>	<b>53</b>	<b>284</b>	<b>145</b>
Capital expenditure	US\$million	30	14	27	114	93

Sales volumes and revenues in the corporate segment primarily represents 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	Q4 2017	Q3 2017	Q4 2016	2017	2016
<b>Capital expenditure</b>					
Exploration <sup>1</sup>	27	13	32	113	106
Evaluation	29	17	23	99	94
Development and other capex (including restoration)	148	127	132	470	425
<b>Capital expenditure excl capitalised interest</b>	<b>204</b>	<b>157</b>	<b>187</b>	<b>682</b>	<b>625</b>
Capitalised interest	1	(0)	2	6	20
<b>Total capital expenditure<sup>1</sup></b>	<b>205</b>	<b>157</b>	<b>189</b>	<b>688</b>	<b>645</b>
<b>Exploration and evaluation expensed</b>					
Exploration	15	9	54	64	90
Evaluation	12	9	11	29	37
<b>Total current year expenditure</b>	<b>27</b>	<b>18</b>	<b>65</b>	<b>93</b>	<b>127</b>
Write-off of amounts capitalised in prior years	(2)	-	11	3	11
<b>Total expensed</b>	<b>25</b>	<b>18</b>	<b>76</b>	<b>96</b>	<b>138</b>

<sup>1</sup> Includes acquisition of exploration assets

## Exploration activity

No exploration wells were drilled in the fourth quarter of 2017. Near-field exploration wells drilled during the quarter are included in the table on the following page.

## Drilling summary

### Near-field exploration (NFE) / Appraisal wells

Well name	Basin/ area	Target	Santos %	Well status
Bestari 3 <sup>#</sup>	Deepwater Block R, Sabah, East Malaysia	Oil	20%	P&A, oil discovery
Caraka 3	Cooper - SA	Gas	66.6%	C&S, unsuccessful on testing
Gooranie 1DW1	Cooper - SA	Gas	66.6%	P&A
Isoptera 1	Cooper - SA	Oil	66.6%	C&S, successful oil
Mira 6 <sup>#</sup>	Mahalo - Qld	Gas	30%	Plugged back and side-tracked
Mira 6ST1 <sup>#</sup>	Mahalo - Qld	Gas	30%	Plugged back and side-tracked
Mira 6ST2 <sup>#</sup>	Mahalo - Qld	Gas	30%	Plugged back and side-tracked
Mira 6ST3 <sup>#</sup>	Mahalo - Qld	Gas	30%	C&S, successful gas
Mulberry 37	Cooper - Qld	Oil	60%	C&S, water injector
Namur 5	Cooper - SA	Gas	66.6%	C&S, successful gas
Namur 6	Cooper - SA	Gas	66.6%	C&S, successful gas
Namur 7	Cooper - SA	Gas	66.6%	C&S, successful gas
Takyah 3	Cooper - Qld	Oil	60%	C&S, successful oil
Warumpi 1	Cooper - SA	Oil	66.6%	C&S, successful oil

### Development wells

Well name	Basin/ area	Target	Santos %	Well status
12WCS N51PST <sup>#*</sup>	Block 12W Chim Sao Vietnam	Oil	31.9%	C&S, successful oil
12WCS S20P <sup>#</sup>	Block 12W Chim Sao Vietnam	Oil	31.9%	C&C, successful oil
Bridge Creek 7	Scotia - QLD	Gas	30%	C&S, successful gas
Combabula 25 <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 50 <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 51 <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 67 <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 80 <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 81 <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 99 <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 113 <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 145 <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 146 <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 213 <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 222 <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 223 <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 251 <sup>#*</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 440 <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 441 <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 443 <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas

Well name	Basin/ area	Target	Santos %	Well status
Combabula 447#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 449#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 454#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 461#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 463#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 464#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Costa 2	Cooper - QLD	Gas	60.1%	C&S, successful gas
Durham Ranch 114#*	Spring Gully - QLD	Gas	4%	C&S, successful gas
Durham Ranch 114L1#	Spring Gully - QLD	Gas	4%	C&S, successful gas
Durham Ranch 114L2#	Spring Gully - QLD	Gas	4%	C&S, successful gas
Durham Ranch 169#	Spring Gully - QLD	Gas	4%	C&S, successful gas
Durham Ranch 170#	Spring Gully - QLD	Gas	4%	C&S, successful gas
Durham Ranch 170L1#	Spring Gully - QLD	Gas	4%	C&S, successful gas
Durham Ranch 170L1ST1#	Spring Gully - QLD	Gas	4%	C&S, successful gas
Durham Ranch 170L1ST2#	Spring Gully - QLD	Gas	4%	C&S, successful gas
Durham Ranch 184#	Spring Gully - QLD	Gas	4%	C&S, successful gas
Durham Ranch 188#	Spring Gully - QLD	Gas	4%	C&S, successful gas
Durham Ranch 377#*	Spring Gully - QLD	Gas	4%	C&S, successful gas
Durham Ranch 377L1#	Spring Gully - QLD	Gas	4%	C&S, successful gas
Durham Ranch 377L1ST1#	Spring Gully - QLD	Gas	4%	C&S, successful gas
Durham Ranch 377L2#	Spring Gully - QLD	Gas	4%	C&S, successful gas
Durham Ranch 840#	Spring Gully - QLD	Gas	4%	C&S, successful gas
Durham Ranch 846#	Spring Gully - QLD	Gas	4%	C&S, successful gas
FV11-55-1 (re-entry)	Fairview - QLD	Gas	23.85%	C&S, successful gas
FV11-58-1 (re-entry)	Fairview - QLD	Gas	23.85%	C&S, successful gas
FV12-22-4*	Fairview - QLD	Gas	23.85%	C&S, successful gas
Kelsall 1	Scotia - QLD	Gas	30%	C&S, successful gas
Kelsall 2	Scotia - QLD	Gas	30%	C&S, successful gas
Kelsall 17 (re-entry)	Scotia - QLD	Gas	30%	C&S, successful gas
McKinlay 12	Cooper - SA	Oil	66.6%	C&S, successful oil
McKinlay 13	Cooper - SA	Oil	66.6%	C&S, successful oil
McKinlay 14	Cooper - SA	Oil	66.6%	C&S, successful oil
McKinlay 15	Cooper - SA	Oil	66.6%	C&S, successful oil
McKinlay 16	Cooper - SA	Oil	66.6%	C&S, successful oil
McKinlay 17	Cooper - SA	Oil	66.6%	C&S, successful oil
Merrimelia 66*	Cooper - SA	Oil	66.6%	C&S, successful oil
Namur 8	Cooper - SA	Gas	66.6%	C&S, successful gas
Namur 9	Cooper - SA	Gas	66.6%	C&S, successful gas
Namur 10	Cooper - SA	Gas	66.6%	C&S, successful gas
Odonata 2	Cooper - SA	Oil	66.6%	C&S, successful oil
Pine Hills 26#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Pine Hills 27#	Combabula - QLD	Gas	7.28%	C&S, successful gas

Well name	Basin/ area	Target	Santos %	Well status
Pine Hills 28 <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Pine Hills 46 <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Pine Hills 47 <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Pine Hills 49 <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Pine Hills 66 <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Pine Hills 67 <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Pine Hills 88 <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Pine Hills 89 <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Pine Hills 90 <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Pine Hills 111 <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Pine Hills 112 <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Pine Hills 134 <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Pine Hills 178 <sup>#*</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
Reedy Creek 180R <sup>#</sup>	Combabula - QLD	Gas	7.28%	C&S, successful gas
RM01-11-1	Roma - QLD	Gas	30%	C&S, successful gas
RM01-12-1	Roma - QLD	Gas	30%	C&S, successful gas
RM01-14-1	Roma - QLD	Gas	30%	C&S, successful gas
RM01-15-1	Roma - QLD	Gas	30%	C&S, successful gas
RM01-19-1	Roma - QLD	Gas	30%	C&S, successful gas
RM02-57-1	Roma - QLD	Gas	30%	C&S, successful gas
RM02-58-1	Roma - QLD	Gas	30%	C&S, successful gas
RM02-59-1	Roma - QLD	Gas	30%	C&S, successful gas
RM07-100-1	Roma - QLD	Gas	30%	C&S, successful gas
RM07-74-1	Roma - QLD	Gas	30%	C&S, successful gas
RM07-75-1	Roma - QLD	Gas	30%	C&S, successful gas
RM07-76-1	Roma - QLD	Gas	30%	C&S, successful gas
RM07-77-1	Roma - QLD	Gas	30%	C&S, successful gas
RM07-79-1	Roma - QLD	Gas	30%	C&S, successful gas
RM07-80-1	Roma - QLD	Gas	30%	C&S, successful gas
RM07-83-1	Roma - QLD	Gas	30%	C&S, successful gas
RM07-88-1	Roma - QLD	Gas	30%	C&S, successful gas
RM07-89-1	Roma - QLD	Gas	30%	C&S, successful gas
RM07-94-1	Roma - QLD	Gas	30%	C&S, successful gas
RM07-99-1	Roma - QLD	Gas	30%	C&S, successful gas
RM09-33-1	Roma - QLD	Gas	30%	C&S, successful gas
RM09-47-1	Roma - QLD	Gas	30%	C&S, successful gas
RM09-62-1	Roma - QLD	Gas	30%	C&S, successful gas
RM09-63-1	Roma - QLD	Gas	30%	C&S, successful gas
RM09-64-1	Roma - QLD	Gas	30%	C&S, successful gas
Scotia 55	Scotia - QLD	Gas	30%	C&S, successful gas
Scotia 56	Scotia - QLD	Gas	30%	C&S, successful gas

Well name	Basin/ area	Target	Santos %	Well status
Spring Gully 506 <sup>#</sup>	Spring Gully - QLD	Gas	4%	C&S, successful gas
Teringie 3	Cooper - SA	Oil	100%	C&S, successful oil
The Rock 1	Scotia - QLD	Gas	30%	C&S, successful gas
The Rock 2	Scotia - QLD	Gas	30%	C&S, successful gas
The Rock 3	Scotia - QLD	Gas	30%	C&S, successful gas
The Rock 4	Scotia - QLD	Gas	30%	C&S, successful gas
The Rock 5	Scotia - QLD	Gas	30%	C&S, successful gas
Woodroyd 2 (re-entry)	Scotia - QLD	Gas	30%	C&S, successful gas
Woodroyd 3 (re-entry)	Scotia - QLD	Gas	30%	C&S, successful gas

# Not operated by Santos

\* Spud in Q3 2017, completed in Q4 2017

\*\* LTAP = Less than all parties

## Seismic activity

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

Permit	Basin/ area	Survey	Type	km/ km <sup>2</sup>	Status
ATP1189P, PL80, PL112, PL136, PL152, PL156, PL1013	Cooper	Bolah 3D	3D	Remaining 111.9 km <sup>2</sup> of 220.5 km <sup>2</sup>	100% complete
ATP655P	Bowen	Taringa East 2D	2D	24.86 km <sup>2</sup>	100% complete
ATP745P, ATP2012P	Bowen	ATP745 2D	2D	114.16 km <sup>2</sup>	100% complete

## Abbreviations and conversion factors

Abbreviations		Conversion factors	
C&C	cased and completed	Sales gas and ethane, 1 PJ	171.937 boe x 10 <sup>3</sup>
C&S	cased and suspended	Crude oil, 1 barrel	1 boe
gas	coal seam gas	Condensate, 1 barrel	0.935 boe
DES	delivered ex ship	LPG, 1 tonne	8.458 boe
FPSO	floating production, storage and offloading	LNG, 1 PJ	18,040 tonnes
GJ	Gigajoules	LNG, 1 tonne	52.54 mmBtu
kbbbls	thousand barrels		
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		