

First Quarter Activities Report

For period ending 31 March 2018

19 April 2018

Key highlights

Strong free cash flow generation

- Santos is now reaping the benefits of its new low cost, high efficiency operating model, with forecast free cash flow breakeven remaining at ~\$36/bbl¹ in 2018 and free cash flow generation strong.
- During the quarter, Santos generated \$246 million in free cash flow. Surplus cash is being applied to reduce net debt and Santos is well ahead of plan to achieve its end-2019 net debt target of \$2 billion.
- First quarter production of 13.8 million barrels of oil equivalent (mmboe) was 1.2 mmboe lower than the prior quarter due to planned maintenance at facilities in Moomba and in Queensland, and the temporary outage of PNG LNG following major earthquake activity in February. Production at PNG LNG recommenced ahead of forecast and Santos has revised 2018 production guidance to 55-58 mmboe.
- As at 31 March 2018, Santos had cash and cash equivalents of \$1.5 billion and total debt of \$4 billion, resulting in net debt of \$2.5 billion.
- Net debt has reduced by 8% since the start of 2018 and by 47% since the start of 2016.

Growth project updates

- The Barossa Caldita Offshore Project Proposal was approved by NOPSEMA. A FEED decision is imminent. Barossa Caldita is the lead candidate to underpin the long-life extension of Darwin LNG and would more than double Santos' current Northern Australian production.
- In PNG, Santos along with the other PNG LNG parties has commenced discussions with both the PRL 3 (P'nyang) and PRL 15 (Papua LNG) joint ventures to build alignment for the proposed construction of three additional LNG trains at the PNG LNG site.
- In Queensland, the Scotia CF1 project is in the final stages of commissioning, we commenced the 430-well Roma East development and positive drilling results were announced at Mahalo.

Unsolicited, indicative, non-binding proposal from Harbour Energy

- Indicative and non-binding US\$4.98 per share (A\$6.50² per share) cash acquisition proposal (Harbour Proposal) to acquire 100% of Santos shares received from Harbour Energy, as previously announced on 3 April 2018.
- Harbour Energy has commenced confirmatory due diligence as part of an engagement process to determine if a proposal can be developed that is capable of being recommended by the Santos Board to shareholders.
- No certainty that the Harbour Proposal will result in an offer for Santos capable of being recommended by the Board for consideration by shareholders. Santos Directors reiterate that shareholders should take no action in relation to the Harbour Proposal.

Santos Managing Director and Chief Executive Officer Kevin Gallagher said: "Santos' first quarter results highlight the benefits of a diversified portfolio of natural gas assets underpinned by a disciplined operating model focused on cash generation."

"In the first quarter of 2018, we generated \$246 million in free cash flow, reduced net debt by 8% to \$2.5 billion and maintained our 2018 forecast free cash flow breakeven at ~US\$36/bbl, despite the significant increase in drilling activity in Queensland and the Cooper Basin, and the temporary shutdown in PNG following major earthquake activity."

"This clearly demonstrated the resilience of our diversified portfolio of core assets and we are now beginning to enjoy the sustained benefits of our low cost, high efficiency operating model, with strong free cash flow generation further strengthening our balance sheet and setting us up for future growth."

¹ Free cash flow breakeven is the average annual oil price in 2018 at which cash flows from operating activities (including hedging) equals cash flows from investing activities. Excludes one-off restructuring costs and asset divestitures and acquisitions.

² Based on an AUD/USD exchange rate of 0.7662 as referenced in the Harbour Proposal.

Media enquiries

Joanna Vaughan
+61 (0) 419 111 779
joanna.vaughan@santos.com

Investor enquiries

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

Santos Limited ABN 80 007 550 923

GPO Box 2455, Adelaide SA 5001
T +61 8 8116 5000 F +61 8 8116 5131
www.santos.com

“As a result of our strong cash flows that enabled net debt to be reduced by a further 8% to \$2.5 billion over the quarter, Santos is now set up to reap the benefits of higher oil prices and continue to build value for our shareholders. If current oil price levels continue throughout 2018 then we will achieve our end-2019 net debt target sometime in the second half of 2018, more than a year ahead of plan.”

“In late February, we were deeply saddened by the loss of life and personal injury suffered by communities in Papua New Guinea as a result of the severe earthquake in the region. Our PNG LNG expertise and resources were deployed to assist the humanitarian relief effort and Santos donated US\$200,000 to help provide urgently needed food, water and medical supplies to more than 30,000 people isolated in remote villages.”

“PNG LNG has now safely resumed LNG production, ahead of ExxonMobil’s eight-week estimate, with LNG exports expected to resume shortly. Santos carries appropriate property damage and business interruption insurance for its assets.”

“I would like to thank ExxonMobil, our joint venture partners and the PNG Government for all their efforts in safely resuming production. Santos looks forward to continuing to work with our local communities in PNG who still have a long road to recovery following the loss of life, homes and crops caused by the earthquake,” Mr Gallagher said.

The temporary PNG LNG shutdown, combined with planned maintenance at our facilities in Moomba and in Queensland, reduced first quarter production by 1.2 mmbob to 13.8 mmbob. Excluding these shutdowns, production would have been in line with the prior quarter.

On 3 April 2018, Santos announced it had received an unsolicited, non-binding and indicative proposal from Harbour Energy to acquire 100 percent of Santos shares by way of a scheme of arrangement.

“We will engage with Harbour Energy on its proposal to determine whether an offer for the company that is capable of recommendation by the Board for consideration by shareholders, can be developed,” Mr Gallagher said.

“Regardless of the outcome of engagement with Harbour, our strong free cash flows, sustainable low cost base, stable production out to at least 2025 and the resilience of our diverse natural gas asset portfolio mean Santos is very well positioned to drive value for our shareholders going forward. When combined with the continued progress of our key growth projects in Northern Australia and PNG and our strong opportunity set built around existing infrastructure and our core natural gas assets, Santos is in a great position to increase its value over the medium and longer term.”

Board renewal

Mr Keith Spence was appointed an independent non-executive Director on 1 January 2018 and became Chairman on 19 February 2018 following the retirement of Mr Peter Coates AO.

Mr Spence has over 40 years’ experience in managing and governing oil and gas operations in Australia, Papua New Guinea, the Netherlands and Africa. His full biography can be viewed at www.santos.com/who-we-are/leadership-team/

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. Registrations for the webcast are now open at www.santos.com

Comparative performance

Santos share	Units	Q1 2018	Q4 2017	Change	2018 YTD	2017 YTD	Change
Production	mmboe	13.8	15.0	-8%	13.8	14.8	-7%
Sales volume	mmboe	18.9	21.8	-13%	18.9	18.6	+2%
Average realised oil price	US\$/bbl	71.6	67.8	+6%	71.6	57.63	+24%
Sales revenue	US\$million	794	861	-8%	794	684	+16%
Capital expenditure ¹	US\$million	139	204	-32%	139	134	+4%

¹ Capital expenditure including restoration expenditure and acquisition of exploration assets but excluding capitalised interest.

Sales volumes (Santos share)

Product	Unit	Q1 2018	Q4 2017	Q1 2017	2018 YTD	2017 YTD
LNG	000 t	642.5	839.5	729.0	642.5	729.0
Domestic sales gas and ethane	PJ	53.6	56.5	47.8	53.6	47.8
Crude oil	000 bbls	2,433.9	2,639.9	2,086.6	2,433.9	2,086.6
Condensate	000 bbls	1,068.6	1,064.2	1,046.5	1,068.6	1,046.5
LPG	000 t	21.5	51.7	42.8	21.5	42.8
Sales						
Own product	mmboe	13.8	14.1	14.1	13.8	14.1
Third party	mmboe	5.1	7.7	4.5	5.1	4.5
Total sales volume	mmboe	18.9	21.8	18.6	18.9	18.6

First quarter sales volumes were lower than the prior quarter due primarily to the temporary outage at PNG LNG as a result of a severe earthquake in the region, combined with lower third party sales volumes from GLNG due to gas purchases from QGC during the fourth quarter of 2017 and the cessation of a GLNG third party gas supply contract.

Sales revenues (Santos share)

Product	Unit	Q1 2018	Q4 2017	Q1 2017	2018 YTD	2017 YTD
LNG	US\$m	276	323	272	276	272
Domestic sales gas and ethane	US\$m	261	265	212	261	212
Crude oil	US\$m	174	179	120	174	120
Condensate	US\$m	71	65	58	71	58
LPG	US\$m	11	29	22	11	22
Sales						
Own product	US\$m	559	563	504	559	504
Third party	US\$m	235	298	180	235	180
Total sales revenue	US\$m	794	861	684	794	684
Third party product purchases	US\$m	199	229	119	199	119

First quarter sales revenues were lower than the prior quarter primarily due to lower sales from PNG LNG combined with lower third party sales revenues from GLNG, partially offset by higher commodity prices.

Average realised prices

	Unit	Q1 2018	Q4 2017	Q1 2017	2018 YTD	2017 YTD
LNG price	US\$/mmBtu	8.19	7.33	7.09	8.19	7.09
Domestic sales gas price	US\$/GJ	4.87	4.68	4.45	4.87	4.45
Oil price	US\$/bbl	71.56	67.85	57.63	71.56	57.63
Condensate price	US\$/bbl	66.79	61.33	55.68	66.79	55.68
LPG price	US\$/t	529.82	567.71	503.75	529.82	503.75

Production (Santos share)

Product	Unit	Q1 2018	Q4 2017	Q1 2017	2018 YTD	2017 YTD
Sales gas to LNG plant	PJ	27.0	31.6	31.2	27.0	31.2
Domestic sales gas and ethane	PJ	38.4	40.3	38.7	38.4	38.7
Crude oil	000 bbls	1,634.5	1,504.0	1,627.0	1,634.5	1,627.0
Condensate	000 bbls	708.6	888.4	855.7	708.6	855.7
LPG	000 t	34.5	37.8	35.9	34.5	35.9
Total production	mmboe	13.8	15.0	14.8	13.8	14.8

First quarter production was lower than the prior quarter due to the PNG LNG outage and lower Cooper gas production due to planned maintenance at the Moomba plant. Excluding the 1.2 mmboe impact of these shutdowns, total production would have been in-line with the prior quarter.

2018 Guidance

The shutdown of the PNG LNG project during the quarter as a result of the significant earthquake is expected to reduce 2018 full-year production and sales volumes by approximately 2 mmboe. The upper ends of production and sales volume guidance has been revised accordingly while the lower ends have been maintained.

Cost saving initiatives and efficiencies coupled with a diversified portfolio of assets has resulted in no change to upstream unit production cost guidance. Capital expenditure guidance has been lowered as a result of cost saving initiatives and some changes to the timing of exploration activity in PNG and the Northern Territory.

Guidance is subject to PNG LNG earthquake recovery impacts and costs still being assessed, and potential insurance recoveries.

Item	Previous guidance	Updated guidance
Sales volumes	72-78 mmboe	72-76 mmboe
Production	55-60 mmboe	55-58 mmboe
Upstream production costs	US\$8.2-8.8/boe	No change
Depreciation, depletion and amortisation (DD&A)	US\$725-775 million	No change
Capital expenditure (including exploration, evaluation and restoration, excl cap. int.)	US\$825-875 million	US\$800-850 million

Further detail of 2018 year-to-date capital expenditure, including exploration and evaluation expenditure, is reported in the table on page 11 of this report.

Oil price hedging

3.1 million barrels of oil hedging expired in the first quarter under the zero-cost three way collar hedges. The following oil price hedging positions were in place as at 11 April 2018.

2018 Open oil price positions	2018
Zero-cost three-way collars (barrels) ¹	9,418,750
Brent short call price (\$/bbl)	US\$60.30
Brent long put price (\$/bbl)	US\$48.48
Brent short put price (\$/bbl)	US\$40.80

¹ 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.

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

¹ 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	Q1 2018	Q4 2017	Q1 2017	2018 YTD	2017 YTD
Sales volume						
Sales gas and ethane						
Own product	PJ	15.4	14.0	18.2	15.4	18.2
Third party	PJ	0.9	0.6	0.6	0.9	0.6
Total	PJ	16.3	14.6	18.8	16.3	18.8
Condensate						
Own product	000 bbls	440.7	314.6	371.6	440.7	371.6
Third party	000 bbls	99.3	8.6	38.5	99.3	38.5
Total	000 bbls	540.0	323.2	410.1	540.0	410.1
LPG						
Own product	000 t	6.3	40.2	32.5	6.3	32.5
Third party	000 t	6.0	5.2	2.0	6.0	2.0
Total	000 t	12.3	45.4	34.5	12.3	34.5
Crude oil						
Own product	000 bbls	472.7	511.4	412.8	472.7	412.8
Third party	000 bbls	1,055.5	1,131.5	730.2	1,055.5	730.2
Total	000 bbls	1,528.2	1,642.9	1,143.0	1,528.2	1,143.0
Total sales volume	mmboe	4.9	4.9	5.0	4.9	5.0
Total sales revenue	US\$million	224	212	175	224	175
Production						
Sales gas and ethane	PJ	14.3	15.4	14.7	14.3	14.7
Condensate	000 bbls	230.8	247.9	215.7	230.8	215.7
LPG	000 t	27.7	27.9	27.3	27.7	27.3
Crude oil	000 bbls	658.8	647.8	649.7	658.8	649.7
Total production	mmboe	3.6	3.7	3.6	3.6	3.6
Capital expenditure	US\$million	60	61	38	60	38

The structural transformation of the Cooper Basin continues to deliver lean, efficient, low-cost operations. Average drill-stimulate-complete gas well costs are down 42% to \$2.8 million from the beginning of 2016 and drilling cycle times have halved over the same period. The asset now generates significant free cash flow and is set to increasingly benefit from the substitution of Santos Eastern Queensland gas into the Horizon contract, thereby making more Cooper Basin gas available for domestic east coast customers.

First quarter sales gas and ethane volumes of 15.4 PJ were 10% higher than prior quarter due to higher sales to domestic gas customers. Condensate sales volumes of 540,100 barrels were higher than the previous quarter due to the timing of liftings.

Sales gas and ethane production, condensate and LPG production were lower than the previous quarter due to scheduled Moomba plant maintenance in March. Excluding the impact of the scheduled maintenance, production would have been in line with the previous quarter with gas production above the average run rate for 2017 as a result of the increased drilling activity.

Lean well design and low cost shallow oil development led to an increase in crude oil production to 658,800 barrels.

Eighteen wells were drilled in the quarter. Eight gas development wells were cased and suspended for future production. Two oil development wells were cased and suspended for future production and one plugged and abandoned. Three near-field exploration (NFE)/appraisal gas wells were cased and suspended for future production and one suspended for further evaluation. Three NFE/appraisal oil wells were cased and suspended for future production.

Santos is now targeting to drill up to 80 wells in 2018, including up to 20 exploration wells. With lower costs, increased exploration investment and gas being delivered into domestic east coast markets, ongoing reserve replenishment and additions are anticipated over time.

Queensland & NSW¹

Santos share	Units	Q1 2018	Q4 2017	Q1 2017	2018 YTD	2017 YTD
Sales volume						
GLNG Joint Venture						
LNG - own product	000 t	167.4	155.5	172.9	167.4	172.9
LNG – third-party ²	000 t	180.7	321.6	228.0	180.7	228.0
LNG – total	000 t	348.1	477.1	400.9	348.1	400.9
Domestic contracts	PJ	7.0	7.5	3.3	7.0	3.3
Eastern Queensland (non-operated) ³	PJ	5.5	3.6	3.8	5.5	3.8
Total sales volume⁴	mmboe	5.5	6.5	5.0	5.5	5.0
Total sales revenue⁴	US\$million	210	216	167	210	167
Production						
GLNG Joint Venture						
Sales gas to LNG	PJ	10.3	10.7	9.8	10.3	9.8
Domestic contracts	PJ	0.9	0.7	0.9	0.9	0.9
Eastern Queensland (non-operated) ³	PJ	5.5	5.5	5.1	5.5	5.1
NSW ¹	PJ	0.2	0.2	0.2	0.2	0.2
Total production⁴	mmboe	2.9	2.9	2.7	2.9	2.7
Capital expenditure	US\$million	47	59	30	47	30

¹ New South Wales entered the core portfolio on 1 January 2018. NSW was previously reported as part of 'Other' assets.

² Includes LNG produced from Santos portfolio gas and third-party quantities.

³ Combabula, Ramyard, Spring Gully, Denison and Tardrum.

⁴ Total sales volume, sales revenue and production include minor condensate production from Denison.

GLNG operational data (gross)	Units	Q1 2018	Q4 2017	Q1 2017	2018 YTD	2017 YTD
Production						
LNG ¹	000 t	1,217	1,542	1,367	1,217	1,367
Sales gas to LNG plant						
GLNG equity gas	PJ	33	40	34	33	34
Santos portfolio gas	PJ	15	15	15	15	15
Third-party	PJ	26	39	34	26	34
Total sales gas to LNG plant	PJ	74	94	83	74	83
LNG cargoes shipped		19	27	21	19	21

¹ Includes LNG produced from GLNG equity gas, Santos portfolio gas and third-party quantities.

LNG production in the first quarter of 1.2 million tonnes was lower than the previous quarter primarily due to high-volume gas purchases from QGC in the previous quarter during their LNG plant shutdown, combined with the expiration of a third-party gas supply contract in December 2017. Nineteen LNG cargoes were loaded in the first quarter.

Forty-five development wells were drilled across the GLNG acreage and 36 development wells across Santos' non-operated Eastern Queensland acreage.

GLNG upstream equity sales gas production remained steady relative to the previous quarter supported by stronger Roma production. Gross daily production from Fairview decreased slightly to 457 TJ/day at the end of the quarter due to lower well availability. An additional rig was mobilised and well availability has returned to ~94%.

Gross daily production from Roma increased to 61 TJ/day at the end of the quarter. Roma field production is expected to grow as the reservoir continues to depressure and new areas of Roma come online. The Roma East project has commenced and two drilling rigs have drilled 15 wells to date.

Gross daily production from the Scotia field at the end of the quarter remained steady at 27 TJ/day. The Scotia CF1 project is 85% complete, with 47 wells now online and facilities being commissioned. Production from the field is expected to grow as the reservoir depressures. Production from the Arcadia field remained steady.

The successful Mahalo Mira-6 pilot well was brought online in December 2017 (Santos 30% non-operator). Production rates are very encouraging and the joint-venture is currently reassessing potential volumes, well designs, appraisal programs and development plans to determine the commerciality of the Mahalo area.

PNG

Santos share	Units	Q1 2018	Q4 2017	Q1 2017	2018 YTD	2017 YTD
Sales volume						
PNG LNG						
LNG ¹	000 t	180.9	282.6	232.8	180.9	232.8
Condensate	000 bbls	240.4	378.1	374.7	240.4	374.7
Crude oil	000 bbls	3.3	3.4	5.0	3.3	5.0
Total sales volume	mmboe	2.0	3.0	2.6	2.0	2.6
Total sales revenue	US\$million	100	139	121	100	121
Production						
PNG LNG						
Sales gas to LNG ¹	PJ	10.4	16.4	16.1	10.4	16.1
Condensate	000 bbls	221.3	354.4	377.1	221.3	377.1
Crude oil	000 bbls	2.7	4.1	5.0	2.7	5.0
Total production	mmboe	2.0	3.1	3.1	2.0	3.1
Capital expenditure	US\$million	6	22	10	6	10

¹ Includes SE Gobe

PNG LNG operational data (gross)	Units	Q1 2018	Q4 2017	Q1 2017	2018 YTD	2017 YTD
Production						
LNG	Mt	1.3	2.1	2.0	1.3	2.0
Sales gas to LNG plant	PJ	78	123	121	78	121
Condensate ¹	000 bbls	1,635	2,611	2,786	1,635	2,786
Sales gas (SE Gobe) ²	PJ	3	4	4	3	4
LNG cargoes shipped		17	28	26	17	26

¹ Measured at the Kutubu entry point.

² Purchased by PNG LNG.

PNG LNG sales volumes and production were lower than the prior quarter due to the temporary shutdown of facilities following a severe earthquake in the region on 26 February 2018. Production recommenced in April, ahead of ExxonMobil's previously estimated eight week timeframe, with one LNG train operating at the LNG plant near Port Moresby. It is expected that the second train will restart as gas production is ramped up over time.

During the period in which PNG LNG operations were shut down, maintenance work at the LNG plant site, which had previously been scheduled for April and October, was conducted. Planned modifications to the Hides Gas Conditioning Plant, including some Angore tie-in work, were also brought forward.

Santos carries appropriate property damage and business interruption insurance cover for its assets.

Santos along with the other PNG LNG parties has commenced discussions with both the PRL 3 (P'nyang) and PRL 15 (Papua LNG) joint ventures to build alignment for the proposed construction of three additional LNG trains at the PNG LNG site. Alignment may be achieved in a number of ways, including the potential for Santos to farm-in to the P'nyang field.

Northern Australia

Santos share	Units	Q1 2018	Q4 2017	Q1 2017	2018 YTD	2017 YTD
Sales volume						
Darwin LNG						
LNG	000 t	113.5	79.8	95.3	113.5	95.3
Bayu Undan						
Condensate	000 bbls	108.3	157.1	187.5	108.3	187.5
LPG	000 t	9.2	6.3	8.3	9.2	8.3
Total sales volume	mmboe	1.3	1.0	1.2	1.3	1.2
Total sales revenue	US\$million	48	41	42	48	42
Production						
Darwin LNG						
Sales gas to LNG	PJ	6.3	4.4	5.3	6.3	5.3
Bayu Undan						
Condensate	000 bbls	109.7	155.8	155.7	109.7	155.7
LPG	000 t	6.8	9.9	8.6	6.8	8.6
Total production	mmboe	1.2	1.1	1.1	1.2	1.1
Capital expenditure	US\$million	9	7	17	9	17

Darwin LNG / Bayu-Undan operational data (gross)	Units	Q1 2018	Q4 2017	Q1 2017	2018 YTD	2017 YTD
Production						
LNG	000 t	947	902	899	947	899
Sales gas to LNG plant	PJ	57	55	54	57	54
Condensate	000 bbls	1,004	1,299	1,647	1,004	1,647
LPG	000 t	63	77	86	63	86
LNG cargoes shipped		15	14	14	15	14

Darwin LNG continued its strong operating performance with sales volumes and production higher than the previous quarter and in-line with the delivery schedule.

The successful completion of the two-well appraisal campaign over Barossa (Santos 25%) in 2017 firmed its position as the lead candidate for Darwin LNG backfill and resulted in a significant increase in 2C resource.

On 21 March 2018, Santos announced that the National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) had assessed and accepted the Barossa joint venture's project proposal. This approval milestone confirms Barossa as the most likely gas supply source able to deliver gas when Bayu Undan production ends in the early 2020s.

The Barossa joint venture remains on track to take a FEED-entry decision in the second quarter of 2018, with FID targeted for late 2019.

Western Australia¹

Santos share	Units	Q1 2018	Q4 2017	Q1 2017	2018 YTD	2017 YTD
Sales volume						
Sales gas	PJ	13.8	12.2	11.3	13.8	11.3
Condensate	000 bbls	177.4	203.5	73.1	177.4	73.1
Crude oil	000 bbls	300.3	416.7	341.5	300.3	341.5
Total sales volume	mmboe	2.8	2.7	2.4	2.8	2.4
Total sales revenue	US\$million	87	96	71	87	71
Production						
Sales gas	PJ	13.3	13.6	11.4	13.3	11.4
Condensate	000 bbls	144.3	128.0	106.3	144.3	106.3
Crude oil	000 bbls	323.8	279.0	337.4	323.8	337.4
Total production	mmboe	2.8	2.7	2.4	2.8	2.4
Capital expenditure	US\$million	2	23	18	2	18

¹ Western Australia oil assets are now reported under the segment 'Western Australia'. They were previously reported as part of 'Other' assets.

Santos' low-cost Western Australia conventional gas assets are well positioned against other suppliers, with the capacity and significant uncontracted 2P reserves to meet demand.

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

Condensate production was higher due to a greater proportionate share of production being sourced from the condensate rich Spar 2 and Halyard 1 wells.

Asia¹

Santos share	Units	Q1 2018	Q4 2017	Q1 2017	2018 YTD	2017 YTD
Sales volume						
Sales gas ¹	PJ	4.2	4.9	6.7	4.2	6.7
Condensate	000 bbls	2.4	2.3	0.9	2.4	0.9
Crude oil	000 bbls	602.0	577.0	613.5	602.0	613.5
Total sales volume	mmboe	1.3	1.4	1.8	1.3	1.8
Total sales revenue	US\$million	64	65	68	64	68
Production						
Sales gas	PJ	4.2	4.9	6.4	4.2	6.4
Condensate	000 bbls	2.4	2.1	0.8	2.4	0.8
Crude oil	000 bbls	649.2	573.0	635.0	649.2	635.0
Total production	mmboe	1.4	1.5	1.7	1.4	1.7
Capital expenditure	US\$million	1	17	14	1	14

¹ As at 1 January 2018, the 'Other' reporting segment was restructured to comprise Santos' Asian assets only. New South Wales entered the core portfolio and is now reported under the segment 'Queensland and NSW' and WA Oil is now reported under the segment 'Western Australia'. The comparative periods have been restated accordingly.

Gains in operating efficiencies and a strong production performance see Santos' Asian assets continuing to deliver strong free cash flows. Santos is currently in advanced discussions with a number of parties regarding a potential sale of the assets.

In Indonesia, average daily gross gas production increased to 93TJ/d during the quarter. Reported production was lower however due to lower net entitlements.

In Vietnam, average daily gross oil and gas production volumes increased to 25,000 bbls/d and 25 TJ/d, respectively.

Corporate, exploration and eliminations

Santos share	Units	Q1 2018	Q4 2017	Q1 2017	2018 YTD	2017 YTD
Total sales volume	mmboe	1.2	2.3	0.7	1.2	0.7
Total sales revenue	US\$million	61	92	40	61	40
Capital expenditure	US\$million	14	15	7	14	7

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	Q1 2018	Q4 2017	Q1 2017	2018 YTD	2017 YTD
Capital expenditure					
Exploration ¹	17	27	30	17	30
Evaluation	12	29	17	12	17
Development and other capex (including restoration)	110	148	87	110	87
Capital expenditure excl capitalised interest	139	204	134	139	134
Capitalised interest	1	1	2	1	2
Total capital expenditure¹	140	205	136	140	136
Exploration and evaluation expensed					
Exploration	17	15	30	17	30
Evaluation	3	12	4	3	4
Total current year expenditure	20	27	34	20	34
Write-off of amounts capitalised in prior years	-	(2)	4	-	4
Total expensed	20	25	38	20	38

¹ Includes acquisition of exploration assets

Exploration activity

Well name	Basin/ area	Target	Santos %	Well status
Red Rock Gully 1	Comet Ridge - QLD	Gas	50.5%	C&S, successful gas

Drilling summary

Near-field exploration (NFE) / Appraisal wells

Well name	Basin/ area	Target	Santos %	Well status
Bantam 1	Cooper - QLD	Gas	60.06%	C&S, successful gas
Casimir 1	Cooper - SA	Gas	75%	C&S for further evaluation
Kooroopa 4	Cooper - QLD	Oil	60%	C&S, successful oil
Napowie 3	Cooper - SA	Gas	66.6%	C&S, successful gas
Takyah 6	Cooper - QLD	Oil	60%	C&S, successful oil
Wackett 17	Cooper - QLD	Gas	60.06%	C&S, successful gas
Cocinero 6	Cooper - QLD	Oil	55%	C&S, successful oil

Development wells

Well name	Basin/ area	Target	Santos %	Well status
Avalon 4 (re-entry)	Scotia - QLD	Gas	30%	C&C, successful gas
Balcaminga 3	Cooper - SA	Gas	66.6%	C&S, successful gas
Cocinero 5	Cooper - QLD	Oil	55%	P&A
Cocinero 7	Cooper - QLD	Oil	55%	C&S, successful oil
Cocinero 8	Cooper - QLD	Oil	55%	C&S, successful oil
Combabula 269#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 289#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 308#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 309#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 310#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 311#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 335#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 336#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 354#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 355#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 356#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 357#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 358#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 381#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 382#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 383#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 403#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 404#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 426#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 453#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 466#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 467#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 468#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 469#	Combabula - QLD	Gas	7.28%	C&S, successful gas

Well name	Basin/ area	Target	Santos %	Well status
Combabula 470#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 471#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 472#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Combabula 473#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Coonatie 25* *	Cooper - SA	Gas	100%	C&S, successful gas
Durham Ranch 876#	Spring Gully - QLD	Gas	4%	C&S, successful gas
FV10-42-21	Fairview - QLD	Gas	23.85%	C&S, successful gas
FV11-69-21	Fairview - QLD	Gas	23.85%	C&C, successful gas
FV11-70-21	Fairview - QLD	Gas	23.85%	C&C, successful gas
Gooranie 8	Cooper - SA	Gas	66.6%	C&S, successful gas
Gooranie 9	Cooper - SA	Gas	66.6%	C&S, successful gas
Gooranie 10	Cooper - SA	Gas	66.6%	C&S, successful gas
Gooranie 11	Cooper - SA	Gas	66.6%	C&S, successful gas
Kelsall 3	Scotia - QLD	Gas	30%	C&S, successful gas
Muggleton 225#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Muggleton 33#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Pine Hills 299#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Reedy Creek 24#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Reedy Creek 45#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Reedy Creek 91#	Combabula - QLD	Gas	7.28%	C&S, successful gas
Reedy Creek 119#	Combabula - QLD	Gas	7.28%	C&S, successful gas
RM02-02-2	Roma - QLD	Gas	30%	C&S, successful gas
RM02-60-1	Roma - QLD	Gas	30%	C&S, successful gas
RM03-26-1	Roma - QLD	Gas	30%	C&S, successful gas
RM03-99-1	Roma - QLD	Gas	30%	C&S, successful gas
RM08-17-5	Roma - QLD	Gas	30%	C&S, successful gas
RM08-92-1	Roma - QLD	Gas	30%	C&S, successful gas
RM08-94-1	Roma - QLD	Gas	30%	C&S, successful gas
RM13-41-1	Roma - QLD	Gas	30%	C&S, successful gas
RM13-43-1	Roma - QLD	Gas	30%	C&S, successful gas
RM13-61-1	Roma - QLD	Gas	30%	C&S, successful gas
RM15-04-1	Roma - QLD	Gas	30%	C&S, successful gas
RM15-05-1	Roma - QLD	Gas	30%	C&S, successful gas
RM15-11-1	Roma - QLD	Gas	30%	C&S, successful gas
RM50-14-1	Roma - QLD	Gas	30%	C&S, successful gas
RM50-15-1	Roma - QLD	Gas	30%	C&S, successful gas
RM50-16-1	Roma - QLD	Gas	30%	C&S, successful gas
RM50-17-1	Roma - QLD	Gas	30%	C&S, successful gas
RM50-24-1	Roma - QLD	Gas	30%	C&S, successful gas
RM50-25-1	Roma - QLD	Gas	30%	C&S, successful gas
RM50-26-1	Roma - QLD	Gas	30%	C&S, successful gas

Well name	Basin/ area	Target	Santos %	Well status
RM50-27-1	Roma - QLD	Gas	30%	C&S, successful gas
RM50-33-1	Roma - QLD	Gas	30%	C&S, successful gas
RM50-34-1	Roma - QLD	Gas	30%	C&S, successful gas
RM50-36-1	Roma - QLD	Gas	30%	C&S, successful gas
RM50-38-1	Roma - QLD	Gas	30%	C&S, successful gas
RM50-44-1	Roma - QLD	Gas	30%	C&S, successful gas
RM50-46-1	Roma - QLD	Gas	30%	C&S, successful gas
RM50-47-1	Roma - QLD	Gas	30%	C&S, successful gas
RM50-58-1	Roma - QLD	Gas	30%	C&S, successful gas
Scotia 47 (re-entry)	Scotia - QLD	Gas	30%	C&C, successful gas
Scotia 54	Scotia - QLD	Gas	30%	C&S, successful gas
Scotia 57 (re-entry)	Scotia - QLD	Gas	30%	C&C, successful gas
Scotia 59	Scotia - QLD	Gas	30%	C&S, successful gas
Scotia 60 (top hole)	Scotia - QLD	Gas	30%	Suspended for later deepening
Scotia 60 (re-entry)	Scotia - QLD	Gas	30%	C&S, successful gas
Scotia 66	Scotia - QLD	Gas	30%	C&S, successful gas
Scotia 67 (re-entry)	Scotia - QLD	Gas	30%	C&C, successful gas
Scotia 68 (re-entry)	Scotia - QLD	Gas	30%	C&C, successful gas
Scotia 70 (re-entry)	Scotia - QLD	Gas	30%	C&C, successful gas
The Rock 7	Scotia - QLD	Gas	30%	C&S, successful gas
Tirrawarra 89	Cooper - SA	Gas	66.6%	C&S, successful gas
Varanus 4	Cooper - SA	Gas	66.6%	C&S, successful gas

Not operated by Santos

** 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 ²	Status
EP82, EP112, EP125	Amadeus	Southern Amadeus 2D Phase 2	2D	124.7 km ² of 402 km ²	31% 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
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		