

# Fourth Quarter Activities Report

For period ending 31 December 2018

ASX: STO | ADR: SSLZY

# Santos

24 January 2019

## Record sales revenue and strong production

- Record quarterly sales revenue of \$1,043 million, up 7% and including record quarterly LNG sales revenue of \$449 million, up 11%
- Record annual sales revenue of \$3,696 million, up 19%
- Fourth quarter production up 6% to 15.9 mmbœ due to sustained strong performance from the core portfolio and acquisition of Quadrant Energy, partially offset by the sale of the non-core Asian assets

## Onshore activity levels increasing within disciplined operating model

- A record 305 wells in GLNG drilled in 2018, up 77%. Expect to drill 350-400 wells in 2019
- 85 wells drilled in the Cooper Basin in 2018, up 40%. Expect to drill ~100 wells in 2019, including up to 16 exploration wells

## Cooper Basin exploration and appraisal success

- The Cooper Basin exploration program resulted in five new field discoveries (four gas and one oil) and at Moomba South, four appraisal wells targeting a significant 2C resource have been brought on-line
- The Moomba South program also discovered new plays in the Granite Wash and Tirrawarra sandstone which are being assessed for further appraisal

## Quadrant Energy acquisition completed on 27 November 2018

- On completion, Santos paid an amount of \$1.93 billion, comprising the purchase price of \$2.15 billion less completion adjustments and cash acquired

## Cash generative core portfolio. Balance sheet supportive of growth profile

- As at 31 December 2018, Santos had cash and cash equivalents of \$1.3 billion and total debt of \$4.9 billion, resulting in net debt of \$3.6 billion and gearing of approximately 33%

Santos Managing Director and Chief Executive Officer Kevin Gallagher said: "In 2018, Santos delivered higher production in the onshore business and acquired Quadrant Energy which will provide a significant boost to our production in 2019."

"Our cash generative asset portfolio set new records for quarterly and annual sales revenues, notwithstanding the divestment of our non-core Asian assets during the year, while our low cost and disciplined operating model enabled more investment in exploration and appraisal to improve ongoing organic resource and reserve replacement."

"With the completion of the value accretive Quadrant Energy acquisition in November, we are now focused on integrating these low cost, long-life conventional assets and realising the \$30-50 million combination synergies per annum."

"I am pleased that Brett Darley, previously Quadrant's CEO, has joined Santos to lead our Australian offshore business."

"In 2019, we will focus on our disciplined growth portfolio, including PNG LNG expansion, Barossa backfill to Darwin LNG, appraisal of the exciting Dorado oil discovery and lifting the drilling activity to grow production and appraisal activity in our onshore business."

"Santos is positioned for growth across each of our five core assets and we are targeting production of more than 100 mmbœ by 2025, almost double 2018's level," Mr Gallagher said.

## Comparative performance (Santos share including Quadrant Energy)<sup>1</sup>

Santos share	Units	Q4 2018	Q3 2018	Change	2018	2017	Change
Production	mmbœ	15.9	15.0	6%	58.9	59.5	-1%
Sales volume	mmbœ	20.9	20.3	3%	79.2	83.4	-5%
Ave. realised oil price	\$/bbl	68.8	81.1	-15%	75.1	57.9	30%
Sales revenue	\$million	1,043	973	7%	3,696	3,107	19%
Capital expenditure <sup>2</sup>	\$million	272	180	51%	759	682	11%

<sup>1</sup> Quadrant Energy included from completion of the acquisition on 27 November 2018.

<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 including Quadrant Energy)<sup>1</sup>

Product	Unit	Q4 2018	Q3 2018	Q4 2017	2018	2017
LNG	000 t	779.3	738.6	839.5	2,791.2	3,066.9
Domestic sales gas & ethane	PJ	54.6	55.7	56.5	216.4	224.4
Crude oil	000 bbls	2,493.9	2,296.7	2,639.9	10,088.4	10,000.5
Condensate	000 bbls	1,226.7	1,063.3	1,064.2	4,179.5	4,304.8
LPG	000 t	51.6	41.3	51.7	158.2	183.9
<b>Sales</b>						
Own product	mboe	16.3	15.0	14.1	58.6	58.4
Third party	mboe	4.6	5.3	7.7	20.6	25.0
<b>Total sales volume</b>	<b>mboe</b>	<b>20.9</b>	<b>20.3</b>	<b>21.8</b>	<b>79.2</b>	<b>83.4</b>

<sup>1</sup> Quadrant Energy included from completion of the acquisition on 27 November 2018.

Fourth quarter sales volumes were higher than the prior quarter due primarily to the completion of the acquisition of Quadrant Energy on 27 November 2018, partially offset by completion of the sale of Santos' non-core Asian asset portfolio on 6 September 2018.

## Sales revenues (Santos share including Quadrant Energy)<sup>1</sup>

Product	Unit	Q4 2018	Q3 2018	Q4 2017	2018	2017
LNG	\$m	449	405	323	1,453	1,178
Domestic sales gas & ethane	\$m	313	272	265	1,101	1,027
Crude oil	\$m	171	186	179	757	579
Condensate	\$m	85	84	65	300	235
LPG	\$m	25	26	29	85	88
<b>Sales</b>						
Own product	\$m	818	724	563	2,699	2,181
Third party	\$m	225	249	298	997	926
<b>Total sales revenue</b>	<b>\$m</b>	<b>1,043</b>	<b>973</b>	<b>861</b>	<b>3,696</b>	<b>3,107</b>
3 <sup>rd</sup> party product purchases	\$m	227	197	229	831	696

<sup>1</sup> Quadrant Energy included from completion of the acquisition on 27 November 2018.

Fourth quarter sales revenues were higher than the prior quarter primarily due to higher average LNG and domestic sales gas prices and the completion of the acquisition of Quadrant Energy on 27 November 2018, partially offset by lower crude oil and liquids prices and completion of the sale of Santos' non-core Asian asset portfolio on 6 September 2018.

## Average realised prices

	Unit	Q4 2018	Q3 2018	Q4 2017	2018	2017
LNG price	US\$/mmBtu	10.96	10.43	7.33	9.91	7.31
Domestic gas price	US\$/GJ	5.73	4.90	4.68	5.09	4.57
Oil price	US\$/bbl	68.81	81.09	67.85	75.05	57.85
Condensate price	US\$/bbl	69.11	78.78	61.33	71.87	54.59
LPG price	US\$/t	488.12	616.89	567.71	537.61	479.78

## Production (Santos share including Quadrant Energy)<sup>1</sup>

Product	Unit	Q4 2018	Q3 2018	Q4 2017	2018	2017
Sales gas to LNG plant	PJ	31.7	32.4	31.6	115.0	125.7
Domestic sales gas & ethane	PJ	46.5	40.2	40.3	170.5	158.0
Crude oil	000 bbls	1,222.0	1,457.8	1,504.0	5,870.2	6,379.9
Condensate	000 bbls	929.4	865.9	888.4	3,208.5	3,350.7
LPG	000 t	39.0	34.5	37.8	145.7	145.2
<b>Total production</b>	<b>mmboe</b>	<b>15.9</b>	<b>15.0</b>	<b>15.0</b>	<b>58.9</b>	<b>59.5</b>

<sup>1</sup> Quadrant Energy included from completion of the acquisition on 27 November 2018.

Fourth quarter production was higher than the prior quarter due primarily to the completion of the of acquisition of Quadrant Energy on 27 November 2018, partially offset by completion of the sale of Santos' non-core Asian asset portfolio on 6 September 2018.

## 2018 Guidance (excluding Quadrant Energy)

Excluding the acquisition of Quadrant Energy, 2018 sales volumes of 77.2 mmboe were above the upper end of guidance (74-76 mmboe) and production of 57.1 mmboe was within guidance (56-58 mmboe). Upstream production costs of approximately \$8.00/boe were at the lower end of guidance (\$8.0-8.6/boe) and capital expenditure of \$732 million was toward the lower end of guidance (\$725-775 million).

Updated 2018 guidance shown in the table below excludes the acquisition of Quadrant Energy.

2018 Guidance Item	Previous guidance (excluding Quadrant)	Updated guidance (excluding Quadrant)
Sales volumes	74-76 mmboe	77.2 mmboe
Production	56-58 mmboe	57.1 mmboe
Upstream production costs	\$8.0-8.6/boe	~\$8/boe
Depreciation, depletion and amortisation (DD&A)	\$650-700 million	No change
Capital expenditure	\$725-775 million	\$732 million

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

Guidance on 2018 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 2018 may differ from the guidance given in this update.

Santos will announce its results for the year ended 31 December 2018 on 21 February 2019. 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 2019.

## 2019 Guidance

Santos expects 2019 sales volumes to be in the range of 88-98 mmboe and production to be in the range of 71-78 mmboe. Further 2019 guidance will be provided at Santos' 2018 full-year results on 21 February 2019.

The 2019 first quarter activities report will be released on Wednesday 17 April 2019.

## 2019 Annual General Meeting

The 2019 Annual General Meeting will be held on Thursday 2 May 2019 at the Adelaide Oval commencing at 10:00am ACST.

## Oil price hedging

3.2 million barrels of oil hedging expired in the fourth quarter under the zero-cost three way collar hedges.

As a result of the Quadrant acquisition, 1.4 million barrels of 2019 oil hedges were novated to Santos. The following oil price hedging positions were in place as at 14 January 2019.

2019 Open oil price positions	2019
Swaps (barrels)	990,000
Brent fixed swap price (\$/bbl)	US\$63.23
Re-participating swaps (barrels) <sup>1</sup>	480,000
Brent fixed swap price (\$/bbl)	US\$67.39
Brent long call price (\$/bbl)	US\$76.00
Zero-cost collars (barrels) <sup>2</sup>	3,431,000
Ceiling (\$/bbl)	US\$79.27
Floor (\$/bbl)	US\$45.00

<sup>1</sup> When Brent price is below the weighted average long call price, Santos realises fixed swap price. When Brent price is above the call strike price, Santos realises Brent price less the difference between the long call price and the fixed swap price.

<sup>2</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 2018	Q3 2018	Q4 2017	2018	2017
<b>Sales volume</b>						
Sales gas and ethane						
Own product	PJ	16.3	17.8	14.0	63.7	66.6
Third party	PJ	0.9	1.3	0.6	3.6	2.6
Total	PJ	17.2	19.1	14.6	67.3	69.2
Condensate						
Own product	000 bbls	376.7	429.3	314.6	1,561.4	1,556.8
Third party	000 bbls	30.2	58.0	8.6	240.2	172.6
Total	000 bbls	406.9	487.3	323.2	1,801.6	1,729.4
LPG						
Own product	000 t	30.3	33.8	40.2	112.0	134.4
Third party	000 t	13.5	4.2	5.2	26.6	16.5
Total	000 t	43.8	38.0	45.4	138.6	150.9
Crude oil						
Own product	000 bbls	709.3	558.2	511.4	2,344.3	2,175.2
Third party	000 bbls	1,098.1	1,205.2	1,131.5	4,848.7	3,981.1
Total	000 bbls	1,807.4	1,763.4	1,642.9	7,193.0	6,156.3
<b>Total sales volume</b>	<b>mmboe</b>	<b>5.5</b>	<b>5.8</b>	<b>4.9</b>	<b>21.6</b>	<b>21.0</b>
<b>Total sales revenue</b>	<b>\$million</b>	<b>272</b>	<b>306</b>	<b>212</b>	<b>1,080</b>	<b>803</b>
<b>Production</b>						
Sales gas and ethane	PJ	15.6	15.3	15.4	60.6	58.4
Condensate	000 bbls	231.5	253.1	247.9	933.4	881.7
LPG	000 t	32.7	30.2	27.9	125.7	110.4
Crude oil	000 bbls	845.7	901.9	647.8	3,175.5	2,624.4
<b>Total production</b>	<b>mmboe</b>	<b>4.0</b>	<b>4.0</b>	<b>3.7</b>	<b>15.5</b>	<b>14.4</b>
Capital expenditure	\$million	<b>80</b>	<b>57</b>	<b>61</b>	<b>245</b>	<b>199</b>

2018 Cooper Basin production was up 8% year-on-year to 15.5 mmboe, demonstrating the success in arresting production decline and returning the asset to growth.

With four rigs in operation in the fourth quarter, 26 wells were drilled comprising seven exploration wells, twelve appraisal wells and seven development wells. A record spud to oil on-line time of 28 days was achieved with Cooroo North West 2 as the onshore business continues to set new operating limits to efficiently commercialise the vast discovered resource that remains undeveloped. A total of 85 wells were drilled in 2018 and Santos expects to drill ~100 wells in 2019.

The eight well Moomba South appraisal program continued during the quarter with four wells successfully brought on-line at the end of the quarter and two new plays discovered. A summary of exploration and appraisal activity is included on page 12 of this report.

Also during the quarter, Santos announced a project to convert beam pumps on oil wells to solar and batteries at 56 sites. The solar beam pump will reduce emissions and waste from oil production, saving 140 barrels of oil per day which is required to fuel the pumps and instead will be sold for beneficial use. The A\$16 million project will be partially funded by a grant of A\$4.2 million from the Australian Renewable Energy Agency (ARENA).

In January, Santos announced it had executed binding agreement extensions with Beach Energy and Senex Energy for gas processing and related gas liquids purchases at the Moomba gas facilities. The gas processing agreement extensions are expected to result in the production of up to 18 TJ of sales gas per day, or 20 PJ over the three year term.

## Queensland & NSW<sup>1</sup>

Santos share	Units	Q4 2018	Q3 2018	Q4 2017	2018 YTD	2017 YTD
<b>Sales volume</b>						
GLNG Joint Venture						
LNG	000 t	378.1	343.5	477.1	1,452.3	1,630.7
Domestic contracts	PJ	5.5	7.0	7.5	25.5	26.4
Eastern Qld (non-GLNG) <sup>2</sup>	PJ	6.1	6.1	4.2	23.6	17.7
<b>Total sales volume<sup>3</sup></b>	<b>mmboe</b>	<b>5.5</b>	<b>5.5</b>	<b>6.4</b>	<b>22.0</b>	<b>22.6</b>
<b>Total sales revenue<sup>3</sup></b>	<b>\$million</b>	<b>282</b>	<b>259</b>	<b>216</b>	<b>1,004</b>	<b>758</b>
<b>Production</b>						
GLNG Joint Venture						
Sales gas to LNG	PJ	9.7	9.6	10.7	37.8	41.8
Domestic contracts	PJ	2.7	2.6	0.7	9.9	3.1
Eastern Qld (non-GLNG) <sup>2</sup>	PJ	5.8	5.8	5.6	22.6	22.1
NSW <sup>1</sup>	PJ	0.2	0.2	0.2	0.8	0.7
<b>Total production<sup>3</sup></b>	<b>mmboe</b>	<b>3.2</b>	<b>3.1</b>	<b>3.0</b>	<b>12.2</b>	<b>11.7</b>
Capital expenditure	\$million	70	64	59	244	190

<sup>1</sup> New South Wales entered the core portfolio on 1 January 2018.

<sup>2</sup> Combabula, Scotia (Santos legacy domestic volumes), Spring Gully and Denison.

<sup>3</sup> Total sales volume, sales revenue and production include minor condensate production from Denison and sales gas from NSW assets. Denison conventional assets were sold in April 2018.

GLNG operational data (gross)	Units	Q4 2018	Q3 2018	Q4 2017	2018	2017
Sales gas to domestic market	PJ	25	29	35	108	127
LNG produced <sup>1</sup>	000 t	1,198	1,178	1,585	4,832	5,431
Sales gas to LNG plant						
GLNG equity gas	PJ	36	37	29	143	124
Santos portfolio gas	PJ	15	15	15	59	62
Third-party	PJ	26	19	44	94	120
<b>Total sales gas to LNG plant</b>	<b>PJ</b>	<b>77</b>	<b>71</b>	<b>88</b>	<b>297</b>	<b>306</b>
LNG cargoes shipped		20	20	26	80	89

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

Annual LNG production was lower than the prior year primarily due to the GLNG joint venture partners diverting about 40 PJ of gas to the domestic market. The diverted gas, originally slated for export cargoes and equivalent to ~0.7 million tonnes of LNG, was sold to east coast domestic customers. When combined with 4.8 million tonnes of LNG exported, annual LNG-equivalent production was ~5.5 million tonnes.

Gross GLNG-operated upstream sales gas production increased to 585 TJ/d at the end of the quarter, supported by growth in Scotia production and continued steady incline in Roma.

Gross daily production from Fairview increased to 431 TJ/day at the end of the quarter. Focus continues to be on improving well availability. Gross daily production from Roma increased to 82 TJ/day at the end of the quarter. Field production is expected to continue building as new development areas come online. Drilling continues in the Roma East project with 121 wells drilled to date. 80 wells are now on flare with early dewatering continuing.

Gross daily production from the Scotia field grew to 63 TJ/d at the end of the quarter. Production from the field continues to grow as the reservoir de-pressures. Production from the Arcadia field remained steady. Drilling continues in the Arcadia Valley project with 39 wells drilled to date. First production from this next phase of development is expected in late 2019.

Santos' share of production from the non-operated Combabula and Spring Gully fields was 42 TJ/day.

92 wells were drilled across the GLNG acreage in the fourth quarter with a record number of wells drilled (305) and connected (300) in 2018. In 2019, 350-400 wells are expected to be drilled.

58 development wells were drilled across Santos' non-operated Eastern Queensland acreage in the quarter.

Also during the quarter, Santos as operator was appointed preferred tenderer to explore new acreage in a 50-50 joint venture with Shell. The PLR201718-2-5 licence covers approximately 400 square kilometres, 19 kilometres east of the town of Surat and was released by the Queensland Government exclusively to boost domestic gas supply on the east coast.

## PNG

Santos share	Units	Q4 2018	Q3 2018	Q4 2017	2018	2017
<b>Sales volume</b>						
PNG LNG						
LNG <sup>1</sup>	000 t	314.0	303.5	282.6	1,001.8	1,101.2
Condensate	000 bbls	460.4	327.3	378.1	1,289.8	1,608.4
Crude oil	000 bbls	4.1	2.7	3.4	12.1	15.3
<b>Total sales volume</b>	<b>mmboe</b>	<b>3.4</b>	<b>3.2</b>	<b>3.0</b>	<b>10.8</b>	<b>12.0</b>
<b>Total sales revenue</b>	<b>\$million</b>	<b>215</b>	<b>191</b>	<b>139</b>	<b>621</b>	<b>526</b>
<b>Production</b>						
PNG LNG						
Sales gas to LNG <sup>1</sup>	PJ	17.1	17.8	16.4	58.5	65.3
Condensate	000 bbls	363.6	378.9	354.4	1,250.5	1,474.2
Crude oil	000 bbls	3.3	3.7	4.1	12.0	19.1
<b>Total production</b>	<b>mmboe</b>	<b>3.3</b>	<b>3.4</b>	<b>3.1</b>	<b>11.2</b>	<b>12.6</b>
Capital expenditure	\$million	8	16	10	39	32

<sup>1</sup> Includes SE Gobe

PNG LNG operational data (gross)	Units	Q4 2018	Q3 2018	Q4 2017	2018	2017
<b>Production</b>						
LNG	Mt	2.2	2.2	2.1	7.4	8.3
Sales gas to LNG plant	PJ	129	133	123	439	491
Condensate <sup>1</sup>	000 bbls	2,664	2,818	2,611	9,243	10,887
Sales gas (SE Gobe) <sup>2</sup>	PJ	2	2	4	7	17
LNG cargoes shipped		30	30	29	98	110

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

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

Continued strong performance from PNG LNG during the quarter saw sales volumes and production in-line with the prior quarter. The LNG plant operated at an annualised rate of 8.7 mtpa during the fourth quarter and achieved daily rates in excess of 9 mtpa annualised. Annual production in 2018 was however lower than the prior year primarily due to the impact of a severe earthquake in the first half.

PNG LNG expansion opportunities continue to be progressed with a proposal for Santos to farm-in to PRL 3 (P'nyang) under negotiation.

Santos along with the other PNG LNG parties and the Papua LNG Joint Venture are also continuing discussions to build alignment for the proposed construction of three additional LNG trains at the PNG LNG site, with two trains to process gas from the Papua LNG project and one train for the proposed PNG LNG expansion.

## Northern Australia

Santos share	Units	Q4 2018	Q3 2018	Q4 2017	2018	2017
<b>Sales volume</b>						
Darwin LNG						
LNG	000 t	87.2	91.6	79.8	337.1	334.8
Bayu Undan						
Condensate	000 bbls	76.5	54.3	157.1	283.5	538.0
LPG	000 t	8.0	3.6	6.3	19.9	33.0
<b>Total sales volume</b>	<b>mmboe</b>	<b>1.0</b>	<b>1.0</b>	<b>1.0</b>	<b>3.6</b>	<b>4.0</b>
<b>Total sales revenue</b>	<b>\$million</b>	<b>57</b>	<b>51</b>	<b>41</b>	<b>183</b>	<b>153</b>
<b>Production</b>						
Darwin LNG						
Sales gas to LNG	PJ	4.8	5.1	4.4	18.7	18.5
Bayu Undan						
Condensate	000 bbls	97.0	66.3	155.8	307.0	511.5
LPG	000 t	6.3	4.4	9.9	20.0	34.8
<b>Total production</b>	<b>mmboe</b>	<b>1.0</b>	<b>1.0</b>	<b>1.1</b>	<b>3.7</b>	<b>4.0</b>
Capital expenditure	\$million	13	24	7	66	63

Darwin LNG / Bayu-Undan operational data (gross)	Units	Q4 2018	Q3 2018	Q4 2017	2018	2017
<b>Production</b>						
LNG	000 t	921	934	902	3,343	3,315
Sales gas to LNG plant	PJ	57	57	55	205	200
Condensate	000 bbls	1,241	808	1,299	3,588	5,606
LPG	000 t	66	52	77	213	312
LNG cargoes shipped		16	14	14	54	51

Darwin LNG sales volumes and production were consistent with prior quarter, in-line with the delivery schedule.

Santos announced on 3 December 2018 that the 3-well Bayu Undan infill program was delivered 40% under budget and the final well brought on-line during the quarter, over three months ahead of schedule. The program's success has resulted in delivery of higher liquids production and increased offshore well capacity. As a result, condensate and LPG production were significantly higher than the previous quarter.

Following FEED entry in April 2018, detailed engineering design for the Barossa development is being advanced across a number of fronts with a final investment decision targeted towards the end of 2019. Bids for the Subsea Production System have been evaluated and contract award is expected in the first quarter of 2019. The FPSO design competition between Modec and the TechnipFMC/Samsung consortium is progressing well.

The successful development of Barossa would extend the operating life of Darwin LNG for more than 20 years and deliver ~9 mmboe average annual net production to Santos.



## Western Australia<sup>1</sup> (excluding Quadrant Energy acquisition)

Santos share	Units	Q4 2018	Q3 2018	Q4 2017	2018	2017
<b>Sales volume</b>						
Sales gas	PJ	14.0	13.5	12.2	56.3	52.2
Condensate	000 bbls	176.8	193.8	203.5	694.4	422.7
Crude oil	000 bbls	111.4	110.0	416.6	661.2	1,401.7
<b>Total sales volume</b>	<b>mmboe</b>	<b>2.7</b>	<b>2.6</b>	<b>2.7</b>	<b>11.0</b>	<b>10.8</b>
<b>Total sales revenue</b>	<b>\$million</b>	<b>79</b>	<b>82</b>	<b>96</b>	<b>328</b>	<b>324</b>
<b>Production</b>						
Sales gas	PJ	13.9	12.9	13.6	54.8	51.2
Condensate	000 bbls	142.2	165.8	128.0	615.6	472.7
Crude oil	000 bbls	118.9	118.3	279.0	712.9	1,310.0
<b>Total production</b>	<b>mmboe</b>	<b>2.6</b>	<b>2.5</b>	<b>2.7</b>	<b>10.7</b>	<b>10.5</b>
Capital expenditure	\$million	38	11	22	66	79

<sup>1</sup> Includes Western Australia oil assets. The comparative periods have been restated accordingly. Excludes Quadrant Energy.

Sales gas sales volumes and production were higher than the prior quarter primarily due to higher customer nominations.

## Quadrant Energy (27 November to 31 December 2018)

Santos share	Units	Q4 2018 <sup>1</sup>
<b>Sales volume</b>		
Sales gas	PJ	7.6
Condensate	000 bbls	106.8
Crude oil	000 bbls	570.9
<b>Total sales volume</b>	<b>mmboe</b>	<b>2.0</b>
<b>Total sales revenue</b>	<b>\$million</b>	<b>80</b>
<b>Production</b>		
Sales gas	PJ	8.3
Condensate	000 bbls	95.0
Crude oil	000 bbls	254.1
<b>Total production</b>	<b>mmboe</b>	<b>1.8</b>
Capital expenditure	\$million	27

<sup>1</sup> 27 November to 31 December 2018

On 27 November 2018, Santos announced the completion of the acquisition of Quadrant Energy. On completion Santos paid an amount of \$1.93 billion, comprising the purchase price of \$2.15 billion less completion adjustments and cash acquired. The completion amount was fully funded from Santos' existing cash resources and \$1.2 billion of new debt facilities.

2018 full-year production from the Quadrant Energy assets was approximately 18 mmboe.

During the fourth quarter, the Van Gogh infill project saw the drilling and completion of two subsea wells and connection into existing offshore infrastructure. The wells were brought online in January 2019.

## Asia<sup>1</sup>

Santos share	Units	Q4 2018	Q3 2018	Q4 2017	2018	2017
<b>Sales volume</b>						
Sales gas	PJ	-	3.0	4.9	11.5	21.6
Condensate	000 bbls	-	0.9	2.3	5.7	5.1
Crude oil	000 bbls	-	420.6	577.0	1,651.2	2,400.7
<b>Total sales volume</b>	<b>mmboe</b>	<b>-</b>	<b>0.9</b>	<b>1.4</b>	<b>3.6</b>	<b>6.1</b>
<b>Total sales revenue</b>	<b>\$million</b>	<b>-</b>	<b>47</b>	<b>65</b>	<b>181</b>	<b>256</b>
<b>Production</b>						
Sales gas	PJ	-	3.3	4.9	11.7	21.6
Condensate	000 bbls	-	1.8	2.1	6.7	5.0
Crude oil	000 bbls	-	433.9	573.0	1,715.7	2,409.6
<b>Total production</b>	<b>mmboe</b>	<b>-</b>	<b>1.0</b>	<b>1.4</b>	<b>3.7</b>	<b>6.1</b>
Capital expenditure	\$million	1	3	17	8	34

<sup>1</sup>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.

Santos announced the completion of the sale of its producing Asian assets on 7 September 2018.

Santos completed the sale of its exploration assets in Malaysia during the fourth quarter. Completion for certain exploration assets in Vietnam and Bangladesh remains subject to customary consents and regulatory approvals.

Santos has agreed to sell its 50% interest in the Northwest Natuna Production Sharing Contract in Indonesia, which contains the undeveloped Ande Ande Lumut oil field, to AWE Holdings Singapore Pte Ltd (an entity held by Mitsui). Completion of the sale is subject to customary consents and regulatory approvals and is expected in the coming months.

## Corporate, exploration and eliminations

Santos share	Units	Q4 2018	Q3 2018	Q4 2017	2018	2017
<b>Total sales volume</b>	<b>mmboe</b>	<b>0.8</b>	<b>1.2</b>	<b>2.3</b>	<b>4.6</b>	<b>6.6</b>
<b>Total sales revenue</b>	<b>\$million</b>	<b>58</b>	<b>37</b>	<b>92</b>	<b>219</b>	<b>287</b>
Capital expenditure	\$million	35	6	15	64	85

Sales volumes and revenues in the corporate segment primarily represents gas trading activities.

Fourth quarter capital expenditure included \$18 million for seismic acquisition and \$14 million for exploration and evaluation activities, primarily in the NT, not recorded against core assets.

## Capital expenditure (including Quadrant Energy)

Total exploration, evaluation and development expenditure, including Quadrant Energy from 27 November 2018, is summarised in the table below.

\$million	Q4 2018	Q3 2018	Q4 2017	2018	2017
<b>Capital expenditure</b>					
Exploration <sup>1</sup>	26	14	27	78	113
Evaluation	34	34	29	92	99
Development and other capex (inc restoration)	211	132	148	589	470
<b>Capital expenditure excl capitalised interest</b>	<b>272</b>	<b>181</b>	<b>194</b>	<b>759</b>	<b>682</b>
Capitalised interest	4	(0)	1	6	6
<b>Total capital expenditure<sup>1</sup></b>	<b>275</b>	<b>181</b>	<b>195</b>	<b>766</b>	<b>688</b>
<b>Exploration and evaluation expensed</b>					
Exploration	18	13	15	67	64
Evaluation	25	4	12	38	29
<b>Total current year expenditure</b>	<b>43</b>	<b>17</b>	<b>27</b>	<b>105</b>	<b>93</b>
Write-off of amounts capitalised in prior years	-	-	(2)	-	3
<b>Total expensed</b>	<b>43</b>	<b>17</b>	<b>25</b>	<b>105</b>	<b>96</b>

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

## Exploration and appraisal activity

### Cooper Basin

During the quarter, seven near field exploration wells and 12 appraisal wells were drilled, with a further appraisal well drilling ahead at year end.

The exploration program resulted in five new field discoveries (four gas and one oil).

Six of eight planned Moomba South appraisal wells had been completed to the end of December. Four wells were fracture stimulated and brought online by the end of the quarter, and a further well has been cased and suspended and awaits fracture stimulation and testing. Two wells remain to be drilled in the current campaign. The program seeks to delineate and establish initial FEED input to the potential development of a large unexploited gas contingent resource in the Patchawarra reservoirs on the southern flanks of the Moomba high. Secondary exploration targets include the Granite Wash and Tirrawarra sandstones. An update on the outcome of the appraisal will be made following the program completion.

Elsewhere in the Cooper, seven appraisal wells (four gas and three oil) were drilled resulting in six being cased and suspended for future production.

### Eastern Queensland

In the Mahalo JV (ATP 1191), five appraisal wells were drilled, cased and suspended – the Straun Pilot (Straun-2 vertical corehole, Straun-3 lateral), the Sirius Road pilot (Sirius Road-1 vertical corehole, Sirius Road 2 lateral) and the Memooloo corehole. These wells are designed to convert significant remaining contingent and prospective resource potential to reserves category. All wells are on-line and flowing water at encouraging initial rates.

ATP2040, a 393km<sup>2</sup> block in the Bowen Basin was granted to Santos (50% and operator). Exploration will target Early Permian sandstones and commence on 1 January 2019 for a six year term.

### Western Australia

During the quarter, preparations continued for a multi-well Santos-operated drilling program that will commence in March 2019 with Corvus-2 in the Dampier Sub-basin, before moving to the Bedout Basin to drill the Dorado-2 and Dorado-3 wells, appraising the 2018 Dorado-1 oil and gas discovery. In addition, the Roc South-1 near field exploration well will test an oil and gas prospect analogous and adjacent to the Dorado field.

Planning for the 3,326km<sup>2</sup> Keraudren 3D dual purpose (exploration delineation and Dorado development preparation) seismic survey in the Bedout Sub-basin progressed, with acquisition anticipated to commence in March 2019.

### Northern Australia

In the McArthur Basin two water monitoring bores were installed during the quarter and monitoring commenced to support applications for multi-well exploration activity in 2019.

In the Amadeus Basin final approvals and agreements were progressed to support the drilling of the planned 2019 Dukas 1 wildcat well. Dukas will test the gas-bearing potential of a large pre-salt prospect in the southern Amadeus basin.

In the offshore Bonaparte Basin, processing of the Beehive 3D seismic survey has commenced.

### PNG

The Muruk-2 appraisal well spudded 10 November. At 31 December the well had reached a depth of 3,127m MD. The primary target Toro Sandstone, is prognosed to be 350-400m below current depth at the end of the quarter.

## Seismic activity

No new seismic acquisitions were undertaken in the fourth quarter of 2018.

## Drilling summary

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

Cooper Basin oil			
Well name	Basin/area	Santos	Well status
Cooroo North West 2	QLD	55.5%	C&C, successful
Jarrar 4	QLD	55.5%	C&S, successful
Jarrar 5	QLD	55.5%	C&S, successful
Pallano East 1	QLD	55.5%	P&A
Wallis 1	QLD	55.5%	C&S, successful
Wenda 1	QLD	55.5%	P&A

Cooper Basin gas			
Well name	Basin/area	Santos	Well status
Anna North 1	QLD	60.06%	C&S, successful
Barrolka 18	QLD	60.06%	Drilling
Bolah 3	QLD	60.06%	C&S, successful
Bolah 4	QLD	60.06%	C&S, successful
Lane 1	QLD	60.06%	C&S, successful
Lois 1	QLD	60.06%	C&S, successful
Tillamook 1*	QLD	60.06%	C&S, successful
Moomba 228	SA	66.6%	C&C, successful
Moomba 229	SA	66.6%	C&C, successful
Moomba 230	SA	66.6%	C&C, successful
Moomba 231	SA	66.6%	C&C, successful
Moomba 232	SA	66.6%	C&S, successful
Moomba 233	SA	66.6%	P&A
Moorari 17	SA	66.6%	C&S, successful

Queensland - Eastern Queensland gas (EQ)			
Well name	Basin/area	Santos	Well status
Memooloo 2 <sup>##</sup>	Mahalo	30%	C&C, successful
Sirius Road 1 <sup>##</sup>	Mahalo	30%	C&C, successful
Sirius Road 2 <sup>##</sup>	Mahalo	30%	C&C, successful
Struan 2 <sup>##</sup>	Mahalo	30%	C&C, successful
Struan 3 <sup>##</sup>	Mahalo	30%	C&C, successful

Papua New Guinea gas			
Well name	Basin/area	Santos	Well status
Muruk 2 <sup>#</sup>	Southern Highlands PNG	**	Drilling

<sup>#</sup> Not operated by Santos

<sup>##</sup> Initial Operator Comet Ridge on behalf of Santos

\* Spud in Q3, completed in Q4

\*\* Muruk-2 is being drilled in PDL 9. Santos will have an interest in any Muruk hydrocarbons located in PDL 9 and is funding a share of the appraisal well.

### Development wells

Cooper Basin gas			
Well name	Basin/area	Santos	Well status
Big Lake 147*	SA	66.6%	C&C, successful
Moorari 15	SA	66.6%	C&S, successful
Moorari 16	SA	66.6%	C&S, successful
Moorari 18	SA	66.6%	C&S, successful
Namur 11	SA	66.6%	C&S, successful
Namur 12	SA	66.6%	C&S, successful
Namur 13	SA	66.6%	C&S, successful
Namur 14	SA	66.6%	C&S, successful

Northern Australia gas			
Well name	Basin/area	Santos	Well status
Bayu Undan D10 <sup>#</sup> **	Bonaparte	11.49%	C&C, successful

Queensland - GLNG gas			
Well name	Basin/area	Santos	Well status
AC21-42-1	Arcadia	30%	C&S, successful
AC21-43-1	Arcadia	30%	C&S, successful
AC21-47-1	Arcadia	30%	C&S, successful
Mount Kingsley 11	Arcadia	30%	C&S, successful
Mount Kingsley 24	Arcadia	30%	C&S, successful
Mount Kingsley 30	Arcadia	30%	C&S, successful
Sunnyholt 15	Arcadia	30%	C&S, successful
Sunnyholt 17	Arcadia	30%	C&S, successful
Sunnyholt 22	Arcadia	30%	C&S, successful
Sunnyholt 23	Arcadia	30%	C&S, successful
Sunnyholt 24	Arcadia	30%	C&S, successful
Sunnyholt 26	Arcadia	30%	C&S, successful
Sunnyholt 27	Arcadia	30%	C&S, successful
Sunnyholt 28	Arcadia	30%	C&S, successful
Sunnyholt 29	Arcadia	30%	C&S, successful
Sunnyholt 30	Arcadia	30%	C&S, successful
Sunnyholt 31	Arcadia	30%	C&S, successful
Sunnyholt 32	Arcadia	30%	C&S, successful

Sunnyholt 33	Arcadia	30%	C&S, successful	RM06-46-1	Roma	30%	C&S, successful
Sunnyholt 34	Arcadia	30%	C&S, successful	RM06-47-1	Roma	30%	C&S, successful
Sunnyholt 35	Arcadia	30%	C&S, successful	RM06-48-1	Roma	30%	C&S, successful
Sunnyholt 36	Arcadia	30%	C&C, successful	RM06-49-1	Roma	30%	C&S, successful
Sunnyholt 37	Arcadia	30%	C&S, successful	RM06-50-1	Roma	30%	C&S, successful
Sunnyholt 38	Arcadia	30%	C&S, successful	RM06-51-1	Roma	30%	C&S, successful
Sunnyholt 39	Arcadia	30%	C&S, successful	RM49-15-1	Roma	30%	C&C, successful
Sunnyholt 40	Arcadia	30%	C&S, successful	RM49-22-1	Roma	30%	C&C, successful
Sunnyholt 41	Arcadia	30%	C&S, successful	RM49-22-2	Roma	30%	C&C, successful
Sunnyholt 42	Arcadia	30%	C&S, successful	RM49-34-2	Roma	30%	C&C, successful
Sunnyholt 43	Arcadia	30%	C&S, successful	RM49-75-1	Roma	30%	C&C, successful
Sunnyholt 44	Arcadia	30%	C&S, successful	RM49-75-2	Roma	30%	C&C, successful
Sunnyholt 45	Arcadia	30%	C&S, successful	RM49-80-1	Roma	30%	C&S, successful
Sunnyholt 46	Arcadia	30%	C&S, successful	RM49-81-1	Roma	30%	C&C, successful
Sunnyholt 47	Arcadia	30%	C&S, successful	RM49-92-1	Roma	30%	C&C, successful
Sunnyholt 48	Arcadia	30%	C&S, successful	RM50-49-1	Roma	30%	C&C, successful
Fairview 212	Fairview	23.85%	C&S, successful	RM50-50-1	Roma	30%	C&C, successful
FV06-46-3	Fairview	23.85%	C&S, successful	RM50-54-1	Roma	30%	C&S, successful
FV06-47-1	Fairview	23.85%	C&S, successful	RM50-57-1	Roma	30%	C&S, successful
FV08-01-1	Fairview	23.85%	C&S, successful	RM50-60-1	Roma	30%	C&C, successful
FV08-11-1	Fairview	23.85%	C&S, successful	RM50-64-1	Roma	30%	C&S, successful
FV08-18-1	Fairview	23.85%	C&S, successful	RM50-65-1	Roma	30%	C&S, successful
FV11-79-21	Fairview	23.85%	C&S, successful	RM50-66-1	Roma	30%	C&S, successful
FV11-87-1A	Fairview	23.85%	C&S, successful	RM50-67-1	Roma	30%	C&S, successful
FV11-92-1	Fairview	23.85%	C&S, successful	RM50-68-1	Roma	30%	C&S, successful
FV12-52-1	Fairview	23.85%	C&S, successful	RM50-69-1	Roma	30%	C&S, successful
FV12-54-1	Fairview	23.85%	C&S, successful	RM50-70-1	Roma	30%	C&S, successful
FV12-57-21	Fairview	23.85%	C&S, successful	RM50-71-1	Roma	30%	C&S, successful
FV16-26-2	Fairview	23.85%	C&S, successful	RM50-75-1	Roma	30%	C&S, successful
FV16-51-1	Fairview	23.85%	C&S, successful	RM50-76-1	Roma	30%	C&S, successful
FV16-55-1	Fairview	23.85%	C&S, successful	RM50-77-1	Roma	30%	C&S, successful
FV16-56-1	Fairview	23.85%	C&S, successful	RM50-81-1	Roma	30%	C&C, successful
FV16-57-1	Fairview	23.85%	C&S, successful	Wyena 4	Roma	30%	C&S, successful
FV16-58-1	Fairview	23.85%	C&S, successful	Wyena 5	Roma	30%	C&S, successful
FV16-59-1	Fairview	23.85%	C&S, successful	Collingwood 7	Scotia	30%	C&S, successful
FV18-48-1	Fairview	23.85%	C&C, successful	Scotia 59A	Scotia	30%	C&C, successful
Moonah East 5	Fairview	23.85%	C&S, successful	Woodroyd 3A	Scotia	30%	C&C, successful
RM06-40-1	Roma	30%	C&S, successful				
RM06-41-1	Roma	30%	C&S, successful				
RM06-42-1	Roma	30%	C&S, successful				
RM06-43-1	Roma	30%	C&S, successful				
RM06-44-1	Roma	30%	C&S, successful				
RM06-45-1	Roma	30%	C&S, successful				

Queensland - Eastern Queensland gas (EQ)			
Well name	Basin/area	Santos	Well status
Combabula 90#	Combabula	7.28%	C&S, successful
Combabula 388#	Combabula	7.28%	C&S, successful
Combabula 433#	Combabula	7.28%	C&S, successful
Pine Hills 154#	Combabula	7.28%	C&S, successful
Pine Hills 175#	Combabula	7.28%	C&S, successful
Pine Hills 206#	Combabula	7.28%	C&S, successful
Pine Hills 354#	Combabula	7.28%	C&S, successful
Pine Hills 377#	Combabula	7.28%	C&S, successful

Pine Hills 380 <sup>#</sup>	Combabula	7.28%	C&S, successful	Reedy Creek South 63 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 13 <sup>#</sup>	Combabula	7.28%	C&S, successful	Reedy Creek South 64 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 22 <sup>#</sup>	Combabula	7.28%	C&S, successful	Reedy Creek South 65 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 179 <sup>#</sup>	Combabula	7.28%	C&S, successful	Reedy Creek South 66 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 205 <sup>#</sup>	Combabula	7.28%	C&S, successful	Reedy Creek South 67 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 241 <sup>#</sup>	Combabula	7.28%	C&S, successful	Reedy Creek South 68 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 242 <sup>#</sup>	Combabula	7.28%	C&S, successful	Reedy Creek South 75 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 271 <sup>#</sup>	Combabula	7.28%	C&S, successful	Reedy Creek South 76 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 273 <sup>#</sup>	Combabula	7.28%	C&S, successful	Reedy Creek South 77 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek 219 <sup>#</sup>	Combabula	7.28%	C&S, successful	Reedy Creek South 78 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek South 6 <sup>#</sup>	Combabula	7.28%	C&S, successful	Reedy Creek South 79 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek South 7 <sup>#</sup>	Combabula	7.28%	C&S, successful	Reedy Creek South 80 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek South 8 <sup>#</sup>	Combabula	7.28%	C&S, successful	Reedy Creek South 81 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek South 25 <sup>#</sup>	Combabula	7.28%	C&S, successful	Reedy Creek South 82 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek South 26 <sup>#</sup>	Combabula	7.28%	C&S, successful	Reedy Creek South 83 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek South 27 <sup>#</sup>	Combabula	7.28%	C&S, successful	Reedy Creek South 84 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek South 28 <sup>#</sup>	Combabula	7.28%	C&S, successful	Reedy Creek South 85 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek South 40 <sup>#</sup>	Combabula	7.28%	C&S, successful	Reedy Creek South 87 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek South 41 <sup>#</sup>	Combabula	7.28%	C&S, successful	Reedy Creek South 91 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek South 42 <sup>#</sup>	Combabula	7.28%	C&S, successful	Reedy Creek South 92 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek South 43 <sup>#</sup>	Combabula	7.28%	C&S, successful	Reedy Creek South 93 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek South 45 <sup>#</sup>	Combabula	7.28%	C&S, successful	Reedy Creek South 98 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek South 46 <sup>#</sup>	Combabula	7.28%	C&S, successful	Reedy Creek South 104 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek South 47 <sup>#</sup>	Combabula	7.28%	C&S, successful	Reedy Creek South 177 <sup>#</sup>	Combabula	7.28%	C&S, successful
Reedy Creek South 57 <sup>#</sup>	Combabula	7.28%	C&S, successful	Durham Ranch 894 <sup>#</sup>	Spring Gully	4%	Drilling
Reedy Creek South 60 <sup>#</sup>	Combabula	7.28%	C&S, successful				
Reedy Creek South 61 <sup>#</sup>	Combabula	7.28%	C&S, successful				
Reedy Creek South 62 <sup>#</sup>	Combabula	7.28%	C&S, successful				

### Western Australia gas

Well name	Basin/area	Santos	Well status
VGB 15H*	Carnarvon	52.5%	C&C, successful
VGB 15HL1	Carnarvon	52.5%	C&C, successful

<sup>#</sup> Not operated by Santos

\* Spud in Q3, completed in Q4

## 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
kbbls	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		

## Disclaimer

This report contains forward looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, geotechnical factors, drilling and production results, gas commercialisation, development progress, operating results, engineering estimates, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial markets conditions in various countries, approvals and cost estimates.

All references to dollars, cents or \$ in this document are to United States currency, unless otherwise stated.