

Santos Ltd

March 2019

Santos



This presentation 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.

EBITDAX (earnings before interest, tax, depreciation, depletion, exploration, evaluation and impairment), EBIT (earnings before interest and tax), underlying profit and free cash flow (operating cash flows less investing cash flows net of acquisitions and disposals) are non-IFRS measures that are presented to provide an understanding of the performance of Santos' operations. Underlying profit excludes the impacts of asset acquisitions, disposals and impairments, commodity hedging as well as items that are subject to significant variability from one period to the next. The non-IFRS financial information is unaudited however the numbers have been extracted from the audited financial statements.

The estimates of petroleum reserves and contingent resources in the presentation are based on and fairly represent information and supporting documentation prepared by, or under the supervision of Ms. Barbara Pribyl who is a full time employee of Santos and a member of the SPE. Ms. Pribyl meets the requirements of QPRRE as defined in Chapter 19 and rule 5.41 of the ASX Listing Rules and consents to the inclusion of this information in the form and context in which they appear in this presentation.

This presentation refers to estimates of petroleum reserves and contingent resources contained in Santos' Annual Report released to the ASX on 21 February 2019 (Annual Reserves Statement). Santos confirms that it is not aware of any new information or data that materially affects the information included in the Annual Reserves Statement and that all the material assumptions and technical parameters underpinning the estimates in the Annual Reserves Statement continue to apply and have not materially changed.

The estimates of petroleum reserves and contingent resources contained in this presentation are as at 31 December 2018. Santos prepares its petroleum reserves and contingent resources estimates in accordance with the Petroleum Resources Management System (PRMS) sponsored by the Society of Petroleum Engineers (SPE). Unless otherwise stated, all references to petroleum reserves and contingent resources quantities in this presentation are Santos' net share. Reference points for Santos' petroleum reserves and production are defined points within Santos' operations where normal exploration and production business ceases, and quantities of produced product are measured under defined conditions prior to custody transfer. Fuel, flare and vent consumed to the reference points are excluded. Petroleum reserves are aggregated by arithmetic summation by category and as a result, proved reserves may be a very conservative estimate due to the portfolio effects of arithmetic summation. Petroleum reserves are typically prepared by deterministic methods with support from probabilistic methods. Petroleum reserves replacement ratio is the ratio of the change in petroleum reserves (excluding production) divided by production. Organic reserves replacement ratio excludes net acquisitions and divestments. Conversion factors: 1PJ of sales gas and ethane equals 171,937 boe; 1 tonne of LPG equals 8.458 boe; 1 barrel of condensate equals 0.935 boe; 1 barrel of crude oil equals 1 boe.

Cover image: Varanus Island, WA

Santos' purpose is to provide sustainable returns for our shareholders by supplying reliable, affordable and cleaner energy to improve the lives of people in Australia and Asia

DIVERSIFIED AND BALANCED PORTFOLIO

5 core long-life natural gas assets

MARKET CAPITALISATION

US\$10.5 billion¹

TARGETING 2019 FREE CASH FLOW BREAKEVEN <\$35/bbl²

Strong, stable cash flows

SUSTAINABLE DIVIDEND POLICY

Targets a 10% to 30% payout of free cash flow

DISCIPLINED OPERATING MODEL

Each core asset free cash flow positive at <\$40/bbl, pre major growth spend

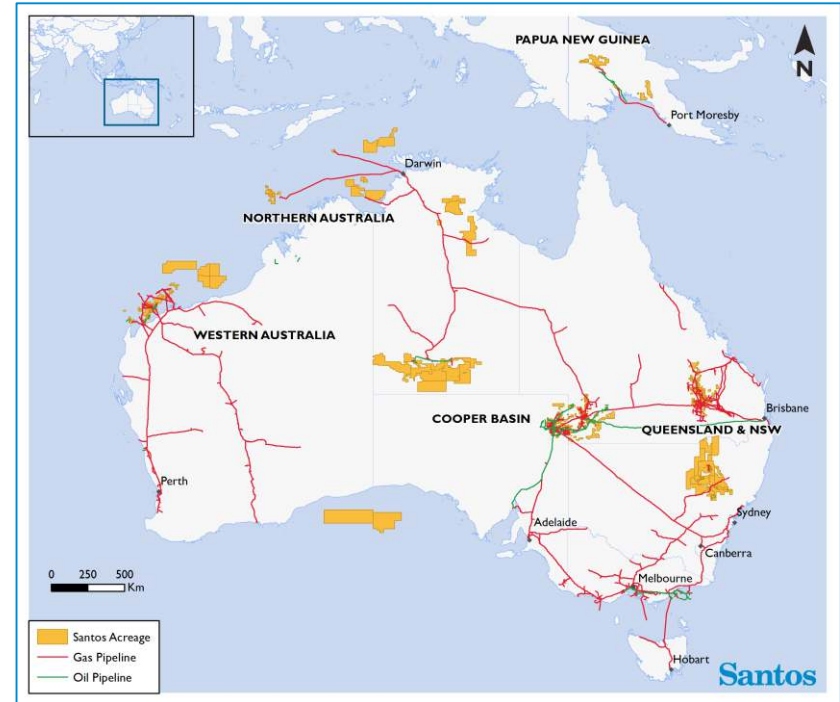
PRODUCTION

2018 production **58.9** mmboe

2025 production targeting **>100** mmboe

¹ As at 19 March 2019

² Free cash flow breakeven is the average annual oil price in 2019 at which cash flows from operating activities (including hedging) equals cash flows from investing activities. Forecast methodology uses corporate assumptions. Excludes one-off restructuring and redundancy costs, asset divestitures and acquisitions, and major growth capex.



Five core long-life natural gas assets

Significant growth opportunities within each core asset

Santos operated assets

Western Australia



Cooper Basin



Queensland & New South Wales



- + Low cost conventional oil and domestic natural gas assets backed by medium to long-term CPI linked contracts providing strong and stable cash flows
- + 100% ownership and operatorship of two strategic gas hubs
- + 4-well offshore program in 2019 including the 2-well Dorado oil appraisal program

- + Australia's largest onshore oil and gas field development
- + Produces sales gas, ethane, crude oil and gas liquids
- + Strategic processing infrastructure position at Moomba supported by substantial underground storage facilities
- + High-value swing producer supporting domestic and Asian LNG markets via GLNG

- + GLNG incorporates the development of onshore CSG fields, a 420 km gas transmission pipeline and a two-train liquefaction and storage facility (Santos 30% and operator)
- + GLNG on track to meet ~6 mtpa annualised sales run-rate by the end of 2019
- + Discussions underway for partners to access surplus capacity at GLNG plant

Non-operated assets

Northern Australia



Papua New Guinea



- + Darwin LNG joint-venture partner (Santos 11.5%)
- + Barossa project to backfill Darwin LNG currently in FEED. FID expected late 2019 / early 2020 (Santos 25%)
- + Significant discovered resource base across Northern Australia well-positioned for backfill or expansion of existing infrastructure

- + PNG LNG incorporates 700 km of onshore and offshore pipelines, the Hides gas conditioning plant and a two-train liquefaction and storage facility (Santos 13.5%)
- + 8.7 mtpa 4Q 2018 annualised rate of production
- + Brownfield LNG plant expansion includes one train for PNG LNG (T3) and two trains for Papua LNG (T4 & T5)

2018 Full-year highlights

Clear strategy and disciplined Operating Model driving strong cash flow and financial strength

RECORD FREE CASH FLOW¹

\$1,006  63%

million

RECORD UNDERLYING NPAT

\$727  129%

million

RECORD EBITDAX

\$2,160  51%

million

RECORD SALES REVENUE

\$3,660  18%

million

FINAL DIVIDEND

6.2  6.2c

US9.7 cps full-year

2P RESERVES

1,022  395%
RRR

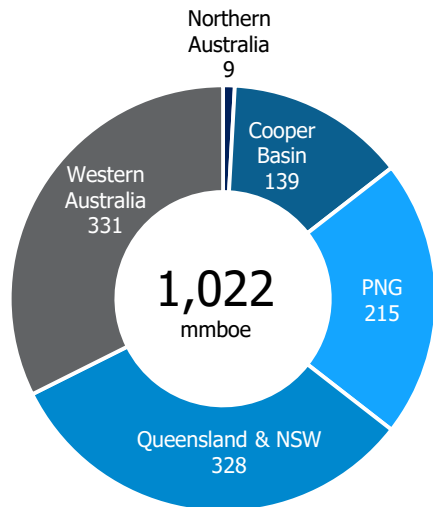
mmboe

¹ Operating cash flows less investing cash flows net of acquisitions and disposals

Balanced portfolio generates strong cash flows through the oil price cycle

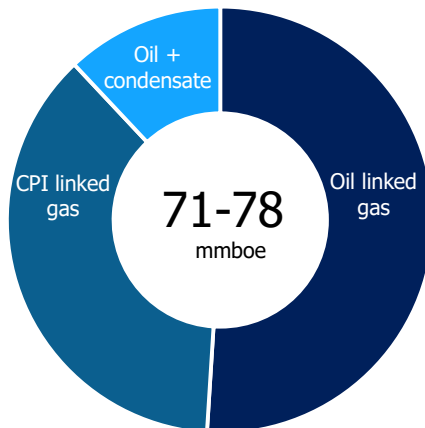
2018 2P reserves

mmboe



2019F Production

mmboe



- + Portfolio play of five core long-life assets
 - + All assets free cash flow positive at <US\$40/bbl
 - + Significant growth opportunities in all five core assets
- + Portfolio revenue streams balanced between:
 - + CPI-linked gas contracts - ~35% of 2019F production
 - + Oil-linked contracts - ~65% of 2019F production
- + Targeting 2019 free cash flow breakeven <\$35/bbl¹
 - + Includes all 2019 forecast capex except Barossa FEED and long leads
 - + Every \$10/bbl increment in oil price above free cash flow breakeven increases free cash flow by \$300-350 million per annum

¹ Free cash flow breakeven is the average annual oil price in 2019 at which cash flows from operating activities (including hedging) equals cash flows from investing activities. Forecast methodology uses corporate assumptions. Excludes one-off restructuring and redundancy costs, asset divestitures and acquisitions, and major growth capex.

Low-cost operations maintained

Disciplined Operating Model delivering improved capital efficiency and more activity leading to higher production and reserves additions

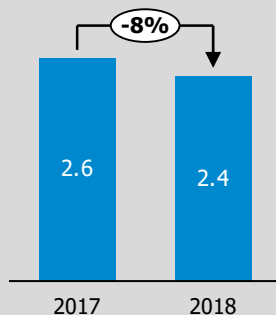
DISCIPLINED OPERATING MODEL

Core portfolio free cash flow breakeven at <\$40/bbl oil price through the oil price cycle

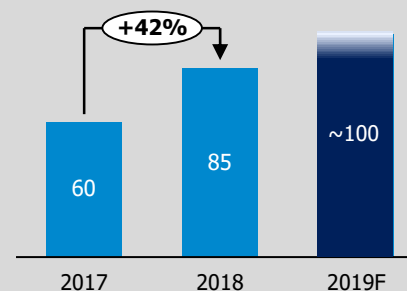
Each core asset free cash flow positive at <\$40/bbl, pre-major growth spend

Cooper Basin

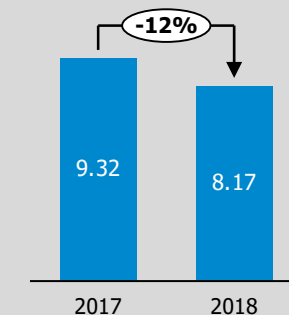
Well cost discipline maintained^{1,2}
\$million



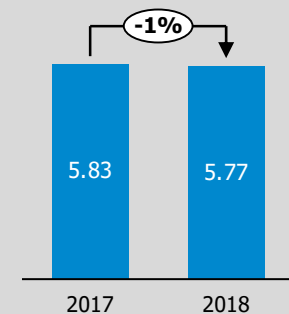
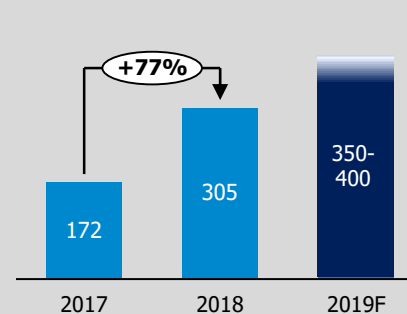
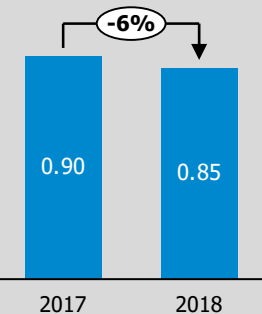
Activity levels increasing³
No of wells



Cost and efficiency focus⁴
\$/boe



Queensland

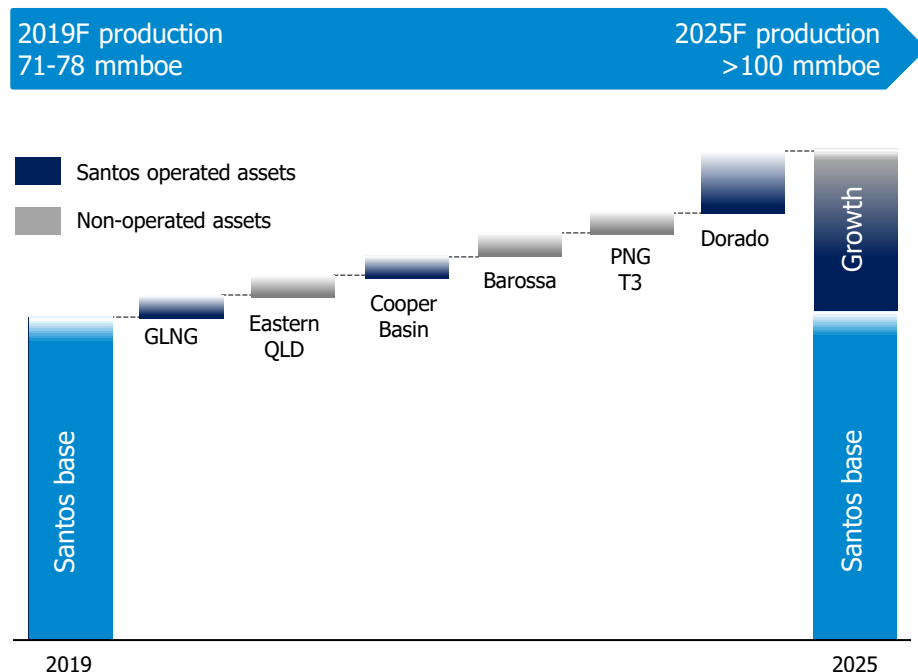


Targeting portfolio production of >100 mmboe by 2025

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Strong base platform. Significant growth opportunities in all five core assets

Stable, cash generative base production.
Disciplined growth leveraging existing infrastructure



- + Cash generative, disciplined Operating Model
 - + Each core asset free cash flow positive at <\$40/bbl, pre-major growth spend
- + Able to fund growth out of free cash flow at a US\$65/bbl long-term oil price
 - + Includes all sustaining capex and dividends
- + Additional growth opportunities include Narrabri, McArthur, Petrel-Tern-Frigate and the greater Bedout Basin

This chart should not be construed as production guidance from the Company now or into the future. Potential production is subject to a range of contingencies which may affect performance, including necessary permits, regulatory requirements and Board approvals.

Growth projects include 1 x 2.7 mtpa PNG LNG T3 expansion train (Santos 13.5%), Barossa (Santos 25%) backfill to Darwin LNG, Dorado oil development 50,000 bbl per day gross (Santos 80%), Eastern Queensland non-operated projects, and Cooper Basin and GLNG growth. Barossa growth shown is net of Bayu Undan reaching end of field-life.

Our vision is to be the safest and lowest-cost operator

Safety

- + Implementation of Santos Safety Strategy
- + 2018 saw significant improvement in safety performance despite major ramp-up in activity levels
- + Process safety focus reducing loss of containment incidents

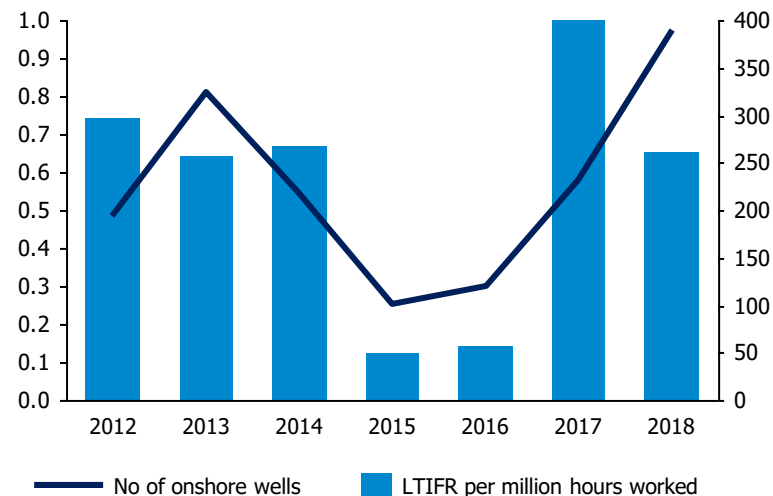
Sustainability – Climate Change

- + Santos' strategy, which focuses on long-life natural gas assets in Australia and PNG, recognises the transition to a lower-carbon future
- + We have released our second annual Climate Change Report, aligned with the recommendations of the G20's TCFD guidelines, addressing Santos' approach to climate change, including strategy, metrics and targets, governance and risk management
- + Our aspiration is to achieve net-zero emissions from our operations by 2050, in line with global ambitions to limit temperature rise to well below 2C
- + Executive KPI scorecards include emissions reductions targets

Lost time injury frequency rate (LTIFR)

Rate per million hours worked

No of onshore wells



Finance & capital management

Santos

Strong financial and operating performance driving shareholder value

Continued cost efficiencies

- + Excluding the impact of shutdowns, production costs down 6% to \$7.62/boe
- + Cooper Basin production costs down 12% to \$8.17/boe
- + Average onshore well costs continue to decline

Strong free cash flow generation

- + Record free cash flow \$1,006 million
- + Target 2019 forecast free cash flow breakeven <\$35/bbl¹ includes increased drilling activity in the onshore business and appraisal of Dorado
- + Every \$10/bbl increment in oil price above free cash flow breakeven increases free cash flow by \$300 - \$350 million per annum

Balance sheet supportive of growth strategy

- + \$2 billion net debt target achieved ahead of Quadrant acquisition
- + Gearing ratio 33% at year-end 2018. Expected to decline to <30% by the end of 2019².
- + US6.2cps final dividend brings full-year dividend to US9.7cps, consistent with policy

¹ Free cash flow breakeven is the average annual oil price at which cash flows from operating activities (including hedging) equals cash flows from investing activities. Forecast methodology uses corporate assumptions. Excludes one-off restructuring and redundancy costs, asset divestitures and acquisitions, and major growth capex.

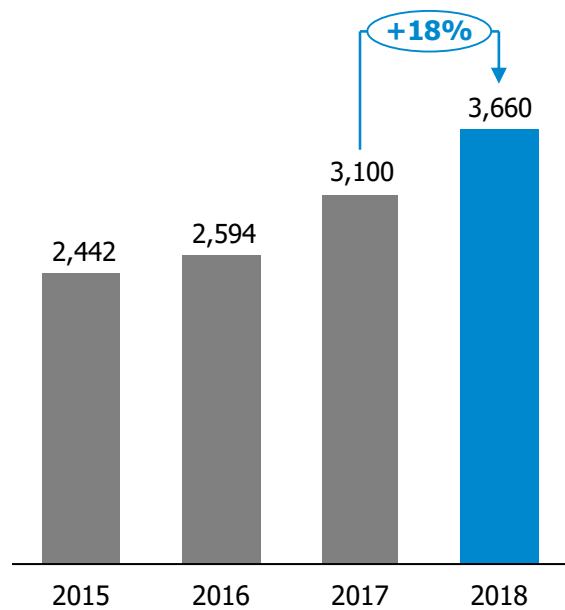
² Assumes \$65 per barrel oil price in 2019.

Strong underlying earnings

Underlying NPAT up 129% to \$727 million

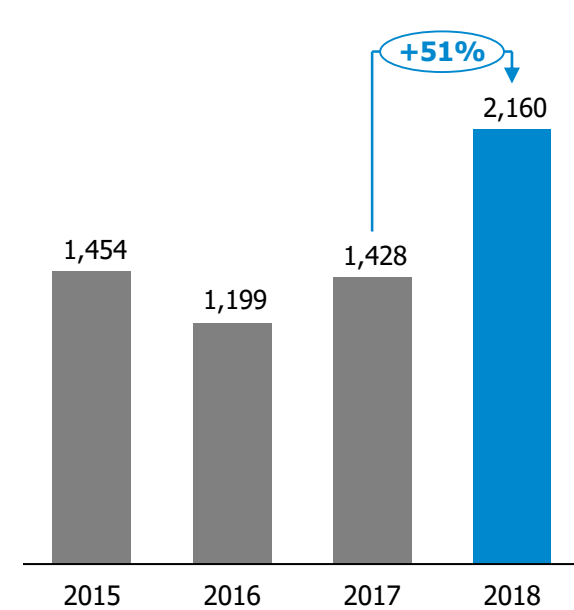
Product sales revenue

\$ million



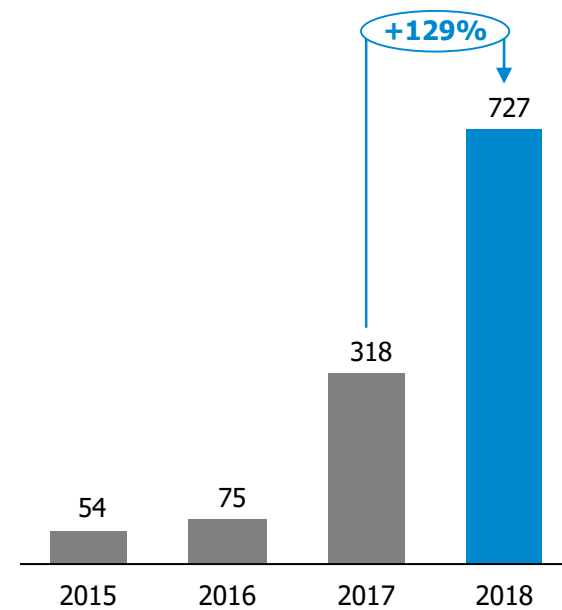
EBITDAX

\$ million



Underlying NPAT¹

\$ million



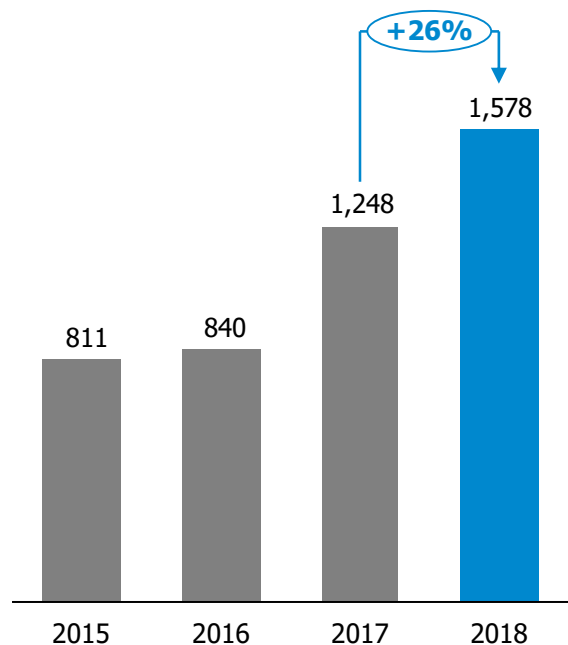
¹ The calculation of underlying profit has changed from prior periods to simplify the definition of underlying profit and enhance comparability to peer companies. Prior period underlying profit has been restated to a like-for-like basis for comparability.

Strong free cash flow generation

Free cash flow up 63% to \$1,006 million

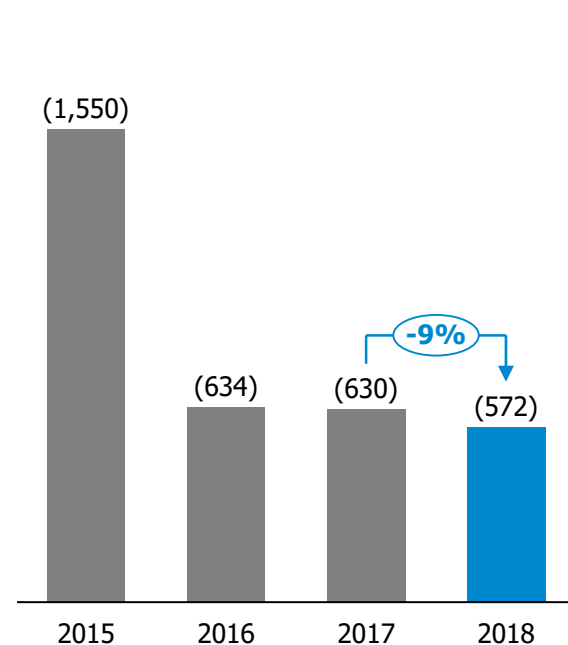
Operating cash flow

\$ million



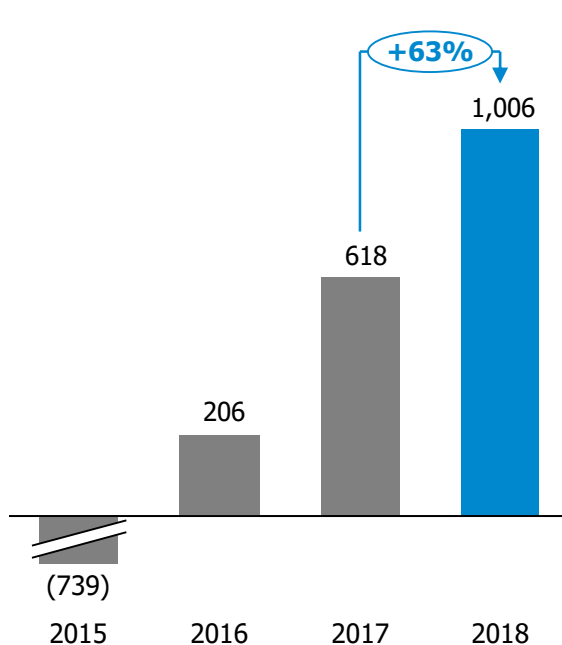
Investing cash flow¹

\$ million



Free cash flow¹

\$ million



Cash generative Operating Model continues to drive value

Santos

Diversified portfolio delivering EBITDAX growth and strong margins across all assets

2018 Full-year results summary¹

	Cooper Basin	Qld & NSW	PNG	Nth Aust	WA	Santos
Revenue \$million	1,146	1,016	630	183	422	3,773
Production cost \$/boe	8.17	5.77	5.26 ²	16.46 ³	8.69	7.62 ⁴
Capex \$million	245	244	39	66	93	759
EBITDAX \$million	518	570	506	116	283	2,160
EBITDAX margin	45%	56%	80%	63%	67%	57%

¹ Asia and Corporate segments not shown

² Normalised for impact of PNG earthquake

³ Normalised for impact of one-month planned maintenance shutdown

⁴ Normalised for above impacts

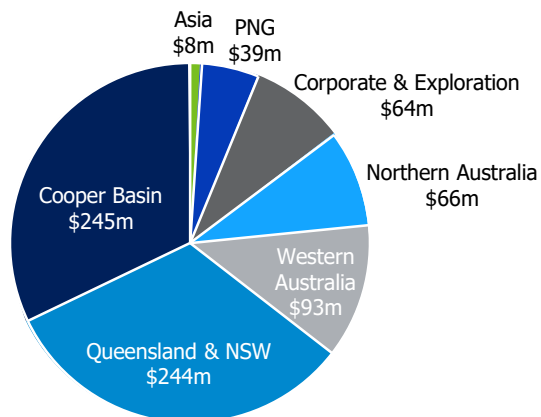
- + Sales revenue up 18% due to a strong operating performance and higher commodity prices
- + Normalised unit production costs down 6% to \$7.62/boe
- + Capex 11% higher within the disciplined Operating Model, supportive of production growth and reserve adds
- + All assets free cash flow positive at <US\$40/bbl
- + EBITDAX up 51% with growth across all assets despite the impact of the earthquake in PNG and one month planned maintenance shutdown at Bayu Undan / Darwin LNG
- + All assets have EBITDAX margins >45%
- + Quadrant Energy contribution from completion on 27 November 2018
 - + Sales revenue \$80 million
 - + EBITDAX \$60 million

Capital expenditure

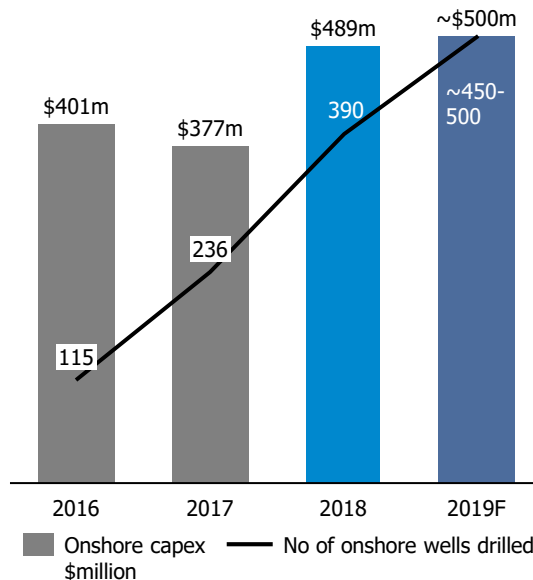
2018 full-year capex \$759 million. 2019 guidance ~\$1.1 billion

2018 capital expenditure¹ \$759 million

- + Cooper Basin 4-rig program drilled 85 wells
- + GLNG drilled a record 305 wells
- + Northern Australia Bayu-Undan 3-well infill program and Barossa FEED

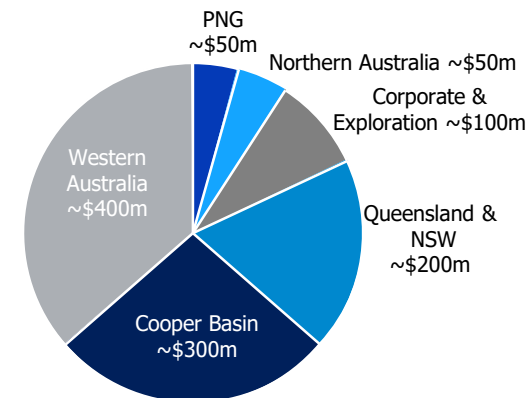


Onshore efficiencies. More wells for less capex per well



2019 capex guidance¹ ~\$1.1 billion

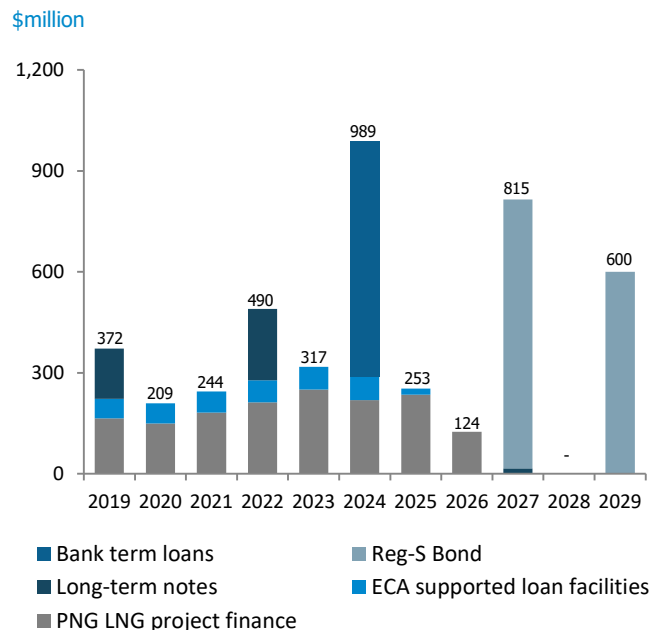
- + Cooper Basin ~100 wells
- + GLNG 350-400 wells
- + 4-well WA offshore program including Dorado oil appraisal
- + Barossa FEED and long-leads
- + NT onshore drilling (3 wells)



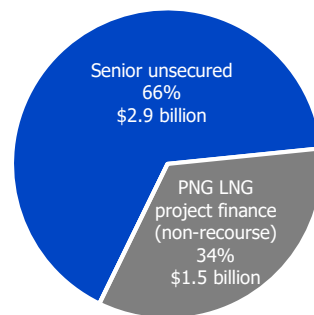
Drawn debt maturity profile

Gross debt of \$4.4 billion down from \$4.9 billion at 31 December 2018 following recent refinancing and repayments. Strong liquidity with undrawn debt facilities of \$2.0 billion. No material near-term maturities

Drawn debt maturity profile¹

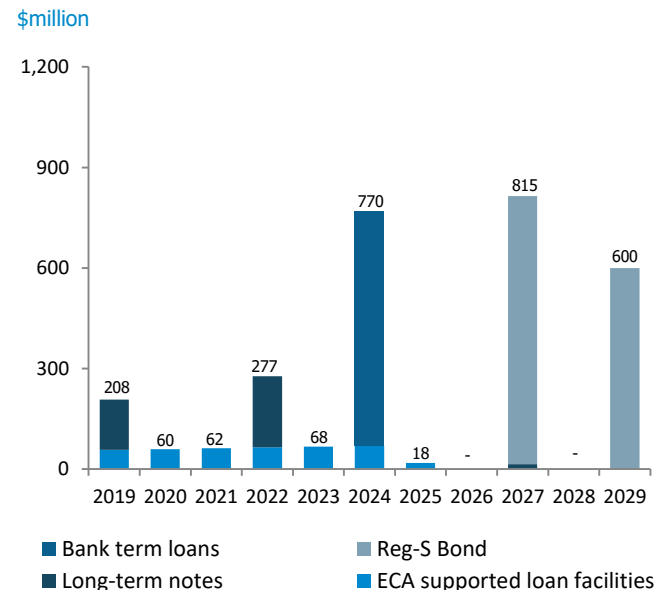


Breakdown of drawn debt facilities¹



+ Weighted average term to maturity ~5.6 years

Drawn debt maturity profile excluding PNG LNG project finance¹



¹ As at 21 March 2019. Excludes finance leases and derivatives.

Operations overview

Santos

Cooper Basin production growing again

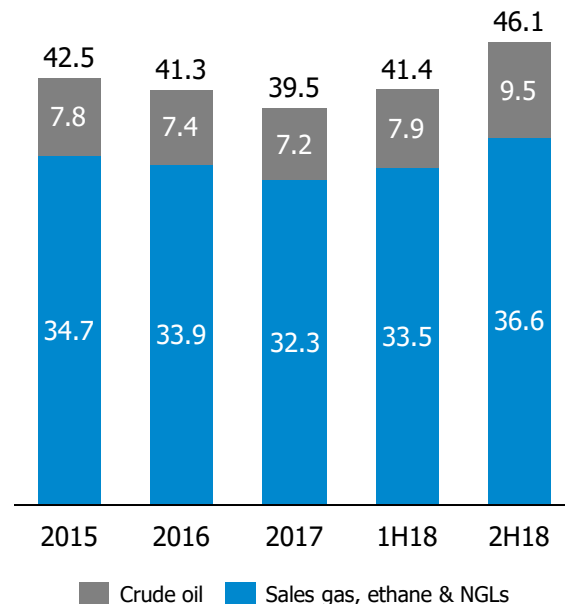
- + Production up 8% to 15.5 mmboe
 - + Achieved highest monthly average oil production rates since 2009
- + Disciplined focus on sustainable cost reduction and efficiencies
 - + Unit production costs down 12% to \$8.17/boe
- + Increasing focus on horizontal wells
- + Diverse and growing inventory of exploration and appraisal opportunities
 - + 3 wildcat wells and 16 NFE wells drilled in 2018
 - + Successful Moomba South appraisal program

Energy Solutions

- + Project to convert beam pumps on oil wells to solar and batteries commenced to increase efficiencies and free up more product for sale
- + Carbon capture utilisation and storage (CCUS) appraisal program in 1H 2019
 - + Enhanced oil recovery benefits to be tested in pilot phase

Average daily net production

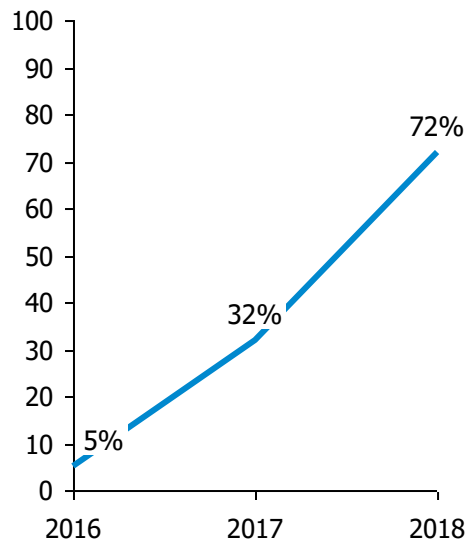
mboepd



Disciplined low-cost Operating Model enables improved capital efficiency and more wells leading to higher production and improved reserves replacement

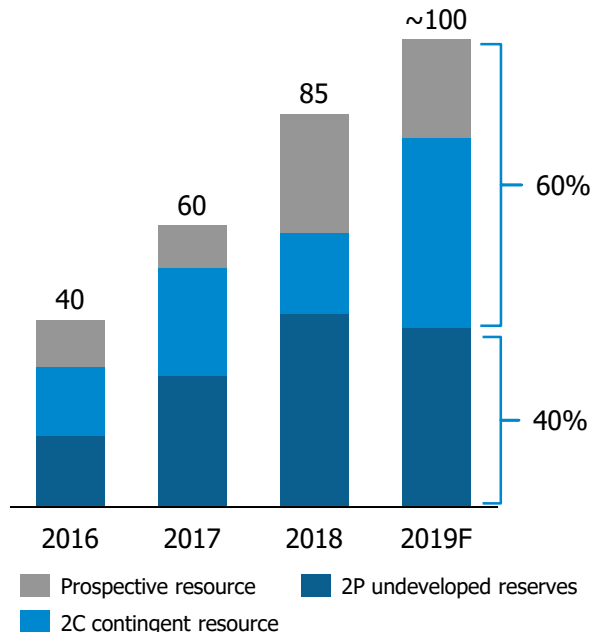
2P reserves replacement ratio

%



Wells drilled

No of wells per year



Drilling program

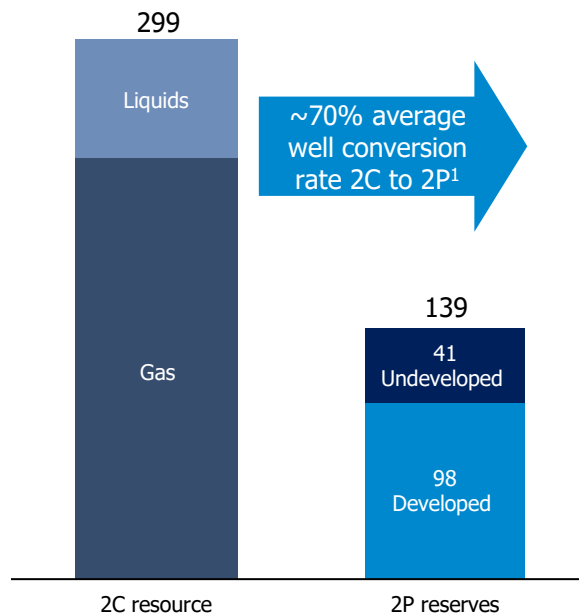
- + Activity levels increasing within the disciplined Operating Model
- + Renewed subsurface focus targeting
 - + 2C to 2P resource maturation
 - + Wildcat and near field exploration wells
 - + Improved well recovery
- + ~60% of planned 2019 drill program focused on resource maturation of prospective and 2C contingent resource projects

Deep inventory of contingent and prospective resource project opportunities provides the foundation for ongoing development of the Cooper Basin

Moomba South appraisal

- + Moomba South appraisal is the first of several large-scale project appraisal programs focused on contingent resource maturation
- + Eight appraisal wells drilled, all intersected gas pay in the target Patchawarra formation (41 mmboe 2C)
- + Five wells online, one well P&A, two waiting on testing
- + Emerging opportunity in the Granite Wash: appraisal wells tested and flowed gas from this new play (2018 2C add 12 mmboe)
- + 2019 activities will progress through pre-FEED / FEED to planned project FID by year-end

2C contingent resource to 2P reserve maturation (mmboe as at 31 Dec 2018)



Cooper Basin more than 2P

- + 2P field life ~9 years
- + 2P + 2C field life >20 years
- + Unrisked prospective resource >3x 2C resource adds further potential opportunity through the expanding exploration program
- + 2018 prospective resource maturation added 29 mmboe 2C contingent resources
- + ~70% near-field exploration well prospective to 2C conversion success rate (2016-18)

¹ Average annual appraisal well success rate over 2016-18.

GLNG on track to meet ~6 mtpa annualised sales run-rate including LNG volumes redirected to the domestic market by the end of 2019

GLNG equity gas production building

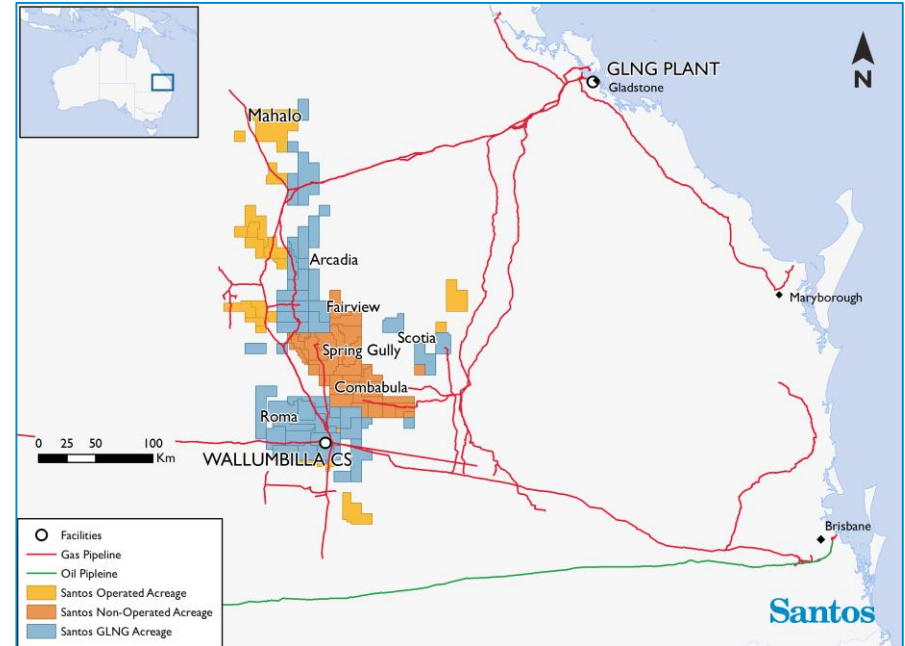
- + 2018 LNG equivalent production ~5.5 mt
- + First gas from Roma East 480-well project
 - + 86 wells online. Forecast 380 wells online by year-end
- + Arcadia field development on track
 - + 56 of 136 wells drilled, ahead of schedule
 - + First well expected online end 1Q 2019
- + Discussions underway for partners to access surplus capacity at GLNG plant

Eastern Queensland

- + Horizon contract obligations (~33% in 2018) increasingly being met by the ramp-up of Combabula and banked gas withdrawals

Narrabri Gas Project

- + Currently being assessed by the NSW Department of Planning
- + 100% of Narrabri gas earmarked for the domestic market
- + MOU signed with manufacturer for gas supply supporting local jobs



Quadrant acquisition adds scale, operatorship and increased exposure to CPI-linked gas contracts

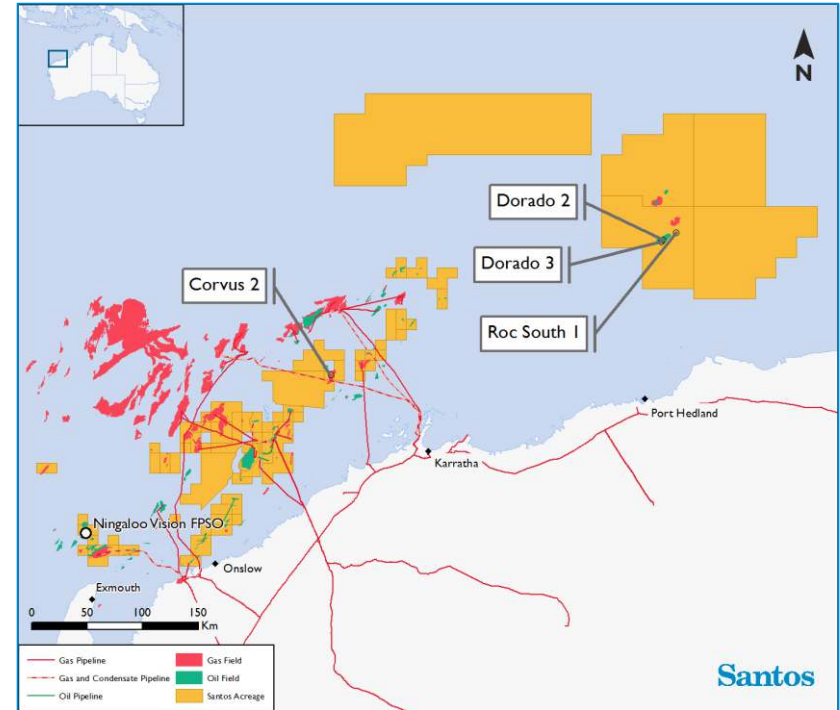
- + On a 2018 pro-forma basis, Quadrant significantly increases the scale of Santos' WA business
 - + Production up by 168% to 28.7 mmboe
 - + EBITDAX up by 265% to \$813 million
- + Adds operatorship and 100% ownership of Varanus Island and Devil Creek domestic gas hubs
 - + combined gross capacity 610 TJ/day
- + Macedon non-operated gas (28.6% interest)
- + Ningaloo Vision operated oil (52.5% interest)
- + Pyrenees non-operated oil (28.6% interest)
- + Opportunities to create value through strategic partnering in key assets and ongoing portfolio optimisation

Pro-forma 2018	Santos WA	Quadrant	Total
Production mmboe	10.7	18.0	28.7
Revenue \$million	339	762	1,101
EBITDAX \$million	223	590	813

Quadrant 2018 pro-forma results shown in the table above represent the acquired business' contribution to the consolidated pro-forma results for the year ended 31 December 2018. Santos WA pro-forma results exclude the contribution of the acquired business for the period 27 November to 31 December 2018.

Significant near-term development opportunities in shallow, shelf waters of the Carnarvon and Bedout Basins

- + Van Gogh (Ningaloo Vision) infill program successfully completed (Santos 52.5%)
 - + Two new dual-lateral wells online January 2019 provided significant boost to oil production
 - + Success has de-risked a number of short-cycle production growth opportunities
- + Corvus-2 gas appraisal well, Dampier sub-basin (Santos 100%)
 - + Reindeer backfill candidate
 - + Well spudded March 2019
 - + Low development cost, higher return opportunity within tie-back distance to existing infrastructure
- + Dorado oil appraisal program, Bedout Basin (Santos 80%)
 - + 2-well oil appraisal program expected to commence after Corvus-2
 - + FEED targeted for 2020
 - + Shallow-water, development concept is jack-up drilled deviated wells tied back to an FPSO
- + Roc South-1 near field exploration well (Santos 80%)
 - + Targets an oil and gas prospect analogous and adjacent the Dorado field
 - + Expected to spud early 2H 2019



Successful delivery of the Bayu Undan infill well project. Barossa FEED progressing

Bayu Undan / Darwin LNG

- + 3-well Bayu Undan infill project delivered 40% under budget and the final well brought on-line more than three months ahead of schedule
- + Increased liquids production

Barossa backfill to Darwin LNG

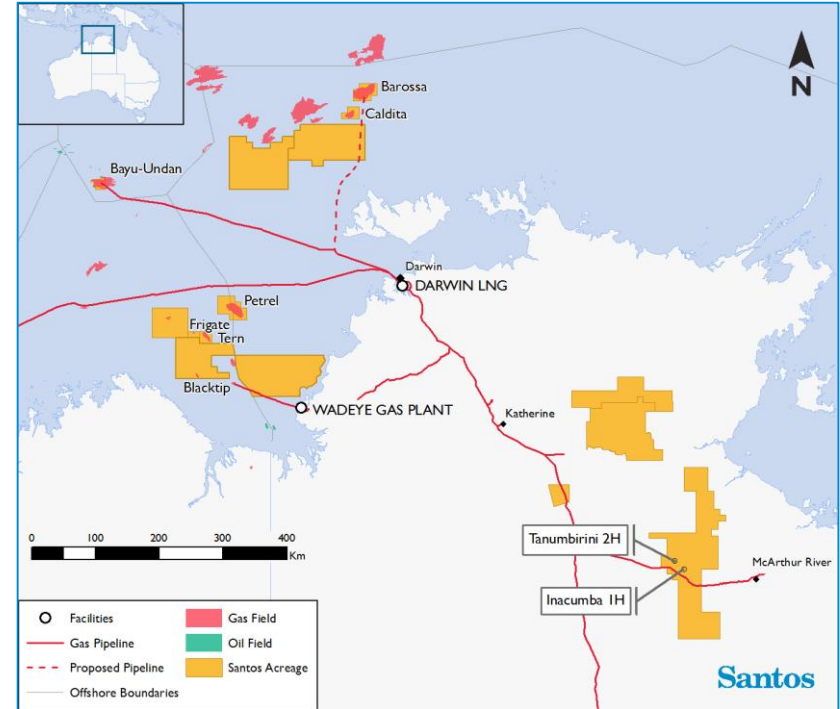
- + FEED being advanced to support FID in late 2019 / early 2020
- + FPSO design competition technical and commercial bids due 2Q 2019
- + Bids for gas export pipeline due 1Q 2019
- + Subsea Production System contract award expected 1H 2019
- + Positive response from potential buyers for Barossa volumes

McArthur

- + 2-well program planned for 2019 subject to regulatory approval

Amadeus Basin

- + Conventional sub-salt play; multi-TCF potential
- + Wildcat exploration well, Dukas-1, scheduled spud Q1 2019



PNG growth through expansion

Potential expansion involves the construction of three additional trains at the PNG LNG site

Upstream expansion

- + Santos farm-in to P'nyang proposal received and under negotiation
 - + Potential P'nyang development to utilise existing PNG LNG infrastructure plus proposed Train 3
- + Opportunity to utilise existing PNG LNG field ullage for early years for Train 3
 - + Studies underway to determine optimised development phasing

Brownfield LNG plant expansion

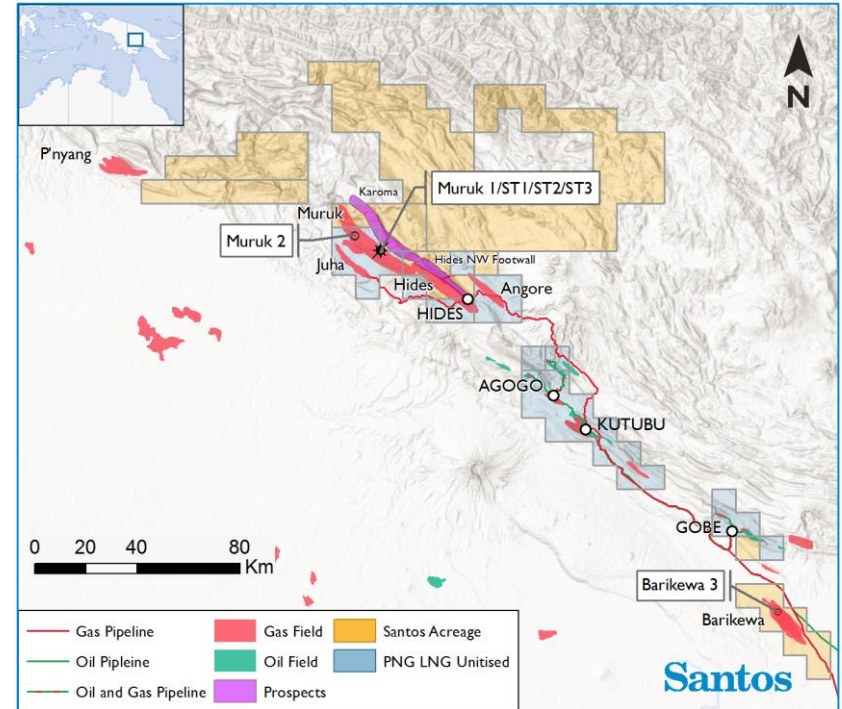
- + Three ~2.7mtpa trains proposed for the PNG LNG plant site
- + One train for PNG LNG/P'nyang (T3); two trains for Papua LNG (T4-5)

Muruk-2 appraisal

- + Provisional results indicate the objective Toro reservoir is likely hydrocarbon bearing

Barikewa-3 appraisal success

- + Significant increase in contingent gas resource
- + Located 10 km from the PNG LNG gas pipeline



Low-cost, diversified portfolio generating strong cash flow. Balance sheet supportive of growth strategy and sustainable dividends

Record free cash flow and underlying profit	✓
Cost discipline maintained	✓
Strong reserves add	✓
Dividend reinstated	✓
Quadrant Energy acquisition complete. Integration synergies advancing	✓
Progressing major growth projects	✓
Non-core Asian asset portfolio sold	✓

Appendix

Santos

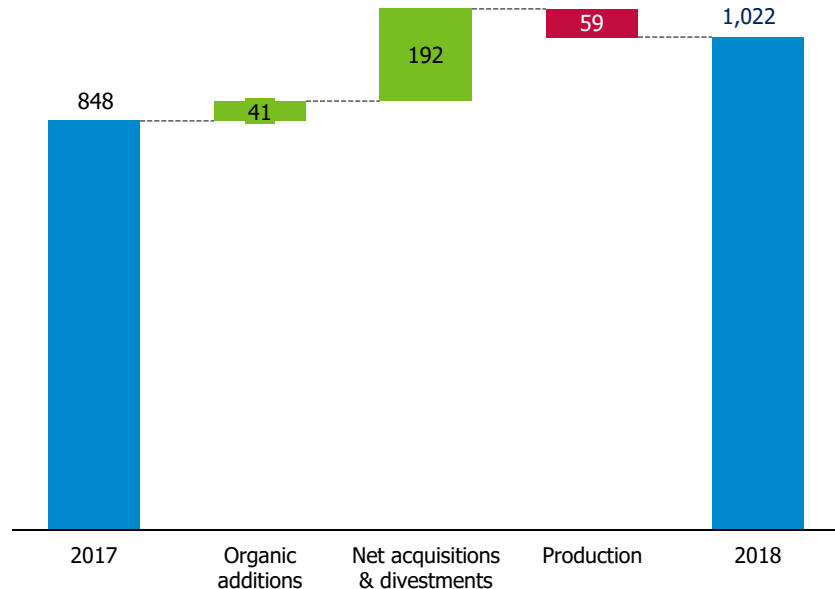
Reserves and resources

2P reserves increased by 20% to 1,022 mmboe after production (395% RRR)

Near-term major growth project FIDs potential to commercialise >300 mmboe 2C to 2P reserves

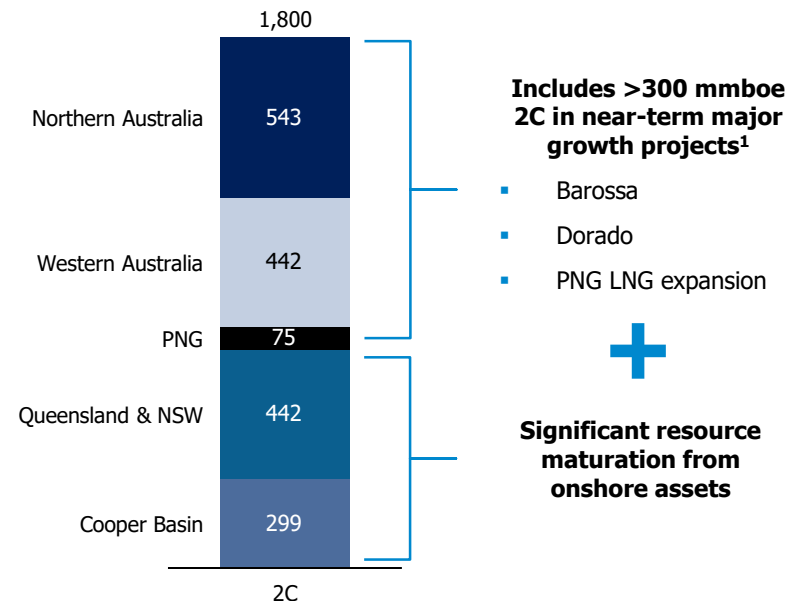
2P Reserves

mmboe



2C Contingent resources








mmboe



¹ Subject to FID. Growth projects include Barossa (Santos 25%) backfill to Darwin LNG, Dorado oil development (Santos 80%) and PNG LNG T3 expansion train (Santos 13.5%).

2018 Full-year financial snapshot

Underlying profit up 129% to \$727 million

\$ million	2018	2017	Change
Product sales revenue	3,660	3,100	 18%
EBITDAX	2,160	1,428	 51%
Underlying profit ¹	727	318	 129%
Net profit (loss) after tax	630	(360)	 nm
Operating cash flow	1,578	1,248	 26%
Free cash flow ²	1,006	618	 63%
Full-year dividend (UScps) ³	9.7	-	 9.7 cps

¹ For a reconciliation of 2018 Full-year net profit to underlying profit, refer to Appendix.

² Operating cash flow less investing cash flows net of acquisitions and disposals.

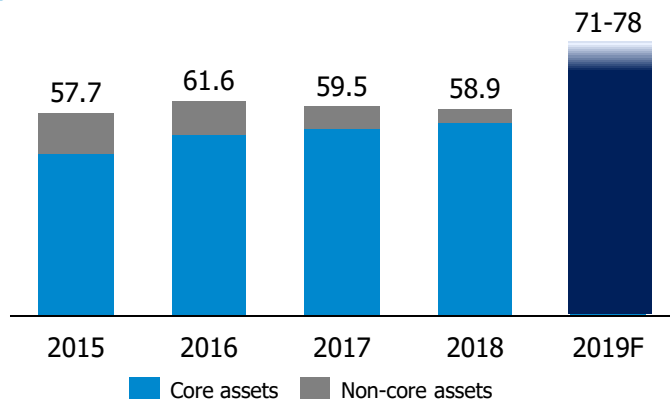
³ Incorporates final dividend of US6.2 cents per share.

Production and sales volumes

Core asset production higher in 2018. Quadrant acquisition provides significant boost in 2019

Production

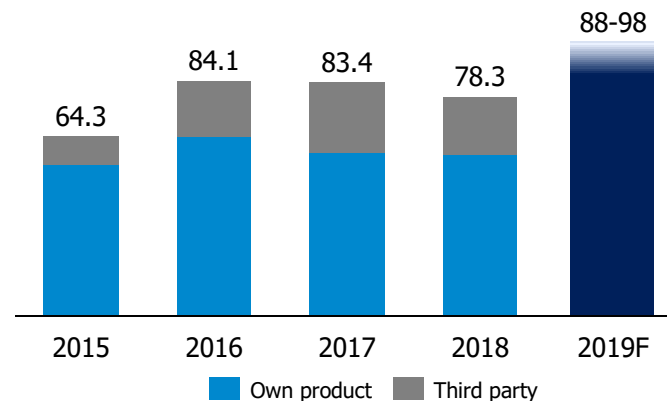
mmboe



- + Total production of 58.9 mmboe reflected stronger Cooper Basin and Queensland (+1.6 mmboe) combined with the Quadrant acquisition (+1.8 mmboe) offset by the earthquake in PNG and major planned shutdown at Darwin LNG (-2 mmboe) and Asia asset sale (-2.4 mmboe)

Sales volume

mmboe



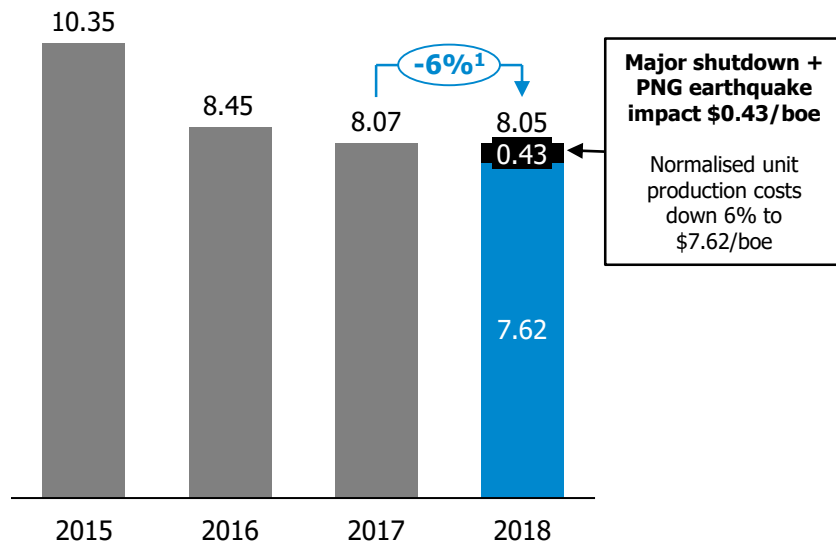
- + Sales volumes of 78.3 mmboe impacted by the earthquake in PNG, major planned shutdown at Darwin LNG, Asia asset sale and lower third party volumes due to contract expiry, partially offset by Quadrant Energy acquisition
- + Cooper crude oil sales volumes 17% higher as result of increased liftings due to strong field performance and higher third party product sales

Continued cost discipline. Normalised unit production costs down 6% to \$7.62/boe

- + Sustained cost improvement and operating efficiencies
- + Unit upstream production costs \$8.05/boe impacted by shutdowns at PNG LNG and Bayu Undan / Darwin LNG
 - + excluding the effect of major shutdowns, normalised unit production costs were down 6% to \$7.62/boe
- + Cooper Basin unit production costs down 12% to \$8.17/boe
- + 2019 upstream unit production cost guidance \$7.50-8.00/boe

Upstream unit production costs

\$/boe



Sales revenue

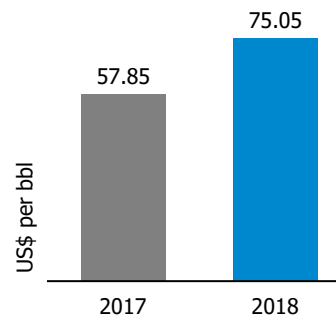
Low cost, diversified portfolio buoyed by higher commodity prices

\$million	2018	2017	Var
Sales Revenue (incl. third party)			
Gas, ethane and liquefied gas	2,518	2,198	15%
Crude oil	757	579	31%
Condensate and naphtha	300	235	28%
Liquefied petroleum gas	85	88	(3)%
Total¹	3,660	3,100	18%

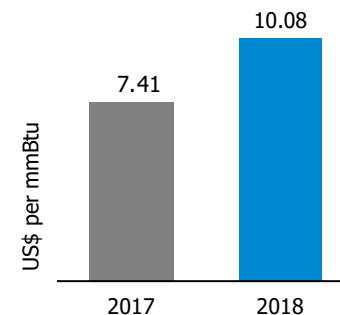
¹ Total product sales include third-party product sales of \$997 million (2017: \$926 million)

- + Sales revenue up 18% to \$3.66 billion
- + Average realised LNG price up 36% to \$10.08/mmBtu
- + Crude oil sales revenue significantly higher due to a 30% average realised oil price increase and strong Cooper Basin production
- + Higher average condensate and LPG prices offset lower sales volumes

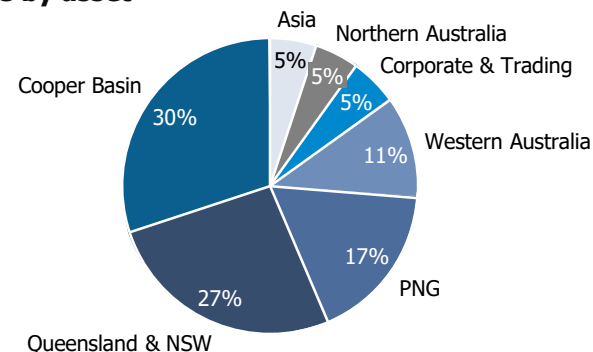
Average realised crude oil price up 30%



Average realised LNG price up 36%



2018 sales revenue by asset



EBITDAX up 51% to \$2.2 billion. Underlying NPAT up 129% to \$727 million

\$million	2018	2017	Var
Total revenue	3,773	3,198	18%
Production costs	(474)	(481)	(1)%
Other operating costs	(315)	(310)	2%
Third party product purchases	(847)	(727)	17%
Other ¹	(56)	(36)	56%
Foreign exchange gains/(losses)	146	(153)	nm
Fair value losses on commodity hedges	(67)	(63)	6%
EBITDAX	2,160	1,428	51%
Exploration and evaluation expense	(105)	(94)	12%
Depreciation and depletion	(667)	(742)	(10)%
Impairment losses	(100)	(938)	(89)%
Change in future restoration	46	31	48%
EBIT	1,334	(315)	nm
Net finance costs	(228)	(270)	(16)%
Profit/(Loss) before tax	1,106	(585)	nm
Tax benefit/(expense)	(476)	225	nm
Profit/(Loss) after tax	630	(360)	nm
Underlying profit	727	318	129%

- + Total revenue up 18% to \$3.8 billion due to higher oil and LNG prices, and higher crude oil volumes
- + Higher third party product purchases reflect higher volumes mainly from higher oil, gas and ethane purchases in the Cooper Basin and higher oil prices
- + Foreign exchange gains in 2018 primarily represent FX movements on revaluations of tax bases and foreign currency cash balances (\$146m) offset by \$99m in tax expense
- + Fair value losses on commodity hedges represent the movement in mark-to-market valuation of oil hedge contracts
- + Net impairment charge of \$100 million before tax primarily due to the Asian asset sale and PNG exploration assets
- + Lower net finance costs due to lower net debt levels
- + Tax rate impacted by FX movements (\$99m) and net impairments

Purchase price allocation

- + Under AASB 3, all assets acquired and liabilities assumed in a business combination are recognised at acquisition date fair value, known as purchase price allocation (PPA).
- + Santos has provisionally recognised the fair values of the identifiable assets and liabilities of Quadrant based upon information available at reporting date as shown in **Notes 6.2 (a) and 2.2** to the 2018 Consolidated Financial Statements.
- + Gas sales contracts are fair valued on acquisition. This results in a contract assets of \$104 million which will be amortised to the profit and loss over the life of the contracts.
- + Deferred revenue of \$136 million represents obligations to deliver gas in future periods for which payment has been received. This will be recognised as revenue once contract deliveries commence.
- + Goodwill on acquisition of \$628 million has been recognised. The goodwill has arisen due to the net deferred tax liability generated on acquisition.
- + Exploration and evaluation assets recognised of \$610 million primarily relate to the Bedout Basin and near-field exploration to existing production assets.
- + Restoration provision of \$903 million has been recognised for the Quadrant assets based on the most recent information, assumptions and forecasts.

Income statement

Year-ended 31 Dec 2018	Quadrant post-acquisition	Santos standalone	Consolidated
Production volume (mmboe)	1.8	57.1	58.9
Sales volume (mmboe)	2.0	76.3	78.3
Product sales (\$million)	80	3,580	3,660
EBITDAX (\$million)	60	2,100	2,160

Balance sheet

\$million As at 31 Dec 2018	Quadrant fair value post-PPA	Santos standalone	Consolidated ¹
Current assets	264	1,934	2,198
Non current assets ¹	4,277	12,233	14,936
Total assets¹	4,541	14,167	17,134
Current liabilities	(580)	(1,268)	(1,848)
Non current liabilities	(2,384)	(5,623)	(8,007)
Total liabilities	(2,964)	(6,891)	(9,885)
Net assets¹	1,577	7,276	7,279

¹ Consolidated total shown is net of elimination on consolidation of purchase consideration of \$1,574 million per note 6.2 (a) to the 2018 Consolidated Financial Statements

Key metrics

US\$ million, year-ended 31 December	2016	2017	2018
Product sales	643	726	714
Other revenue			
(+) Tolling revenue	-	19	27
(+) Other revenue	2	15	23
(+) Hedging gain	137	63	(13)
Total revenue	782	823	751
(-) Production costs	(138)	(138)	(149)
(-) Other operating costs	(18)	(33)	(2)
(+) Other income	26	14	14
(-) Corporate costs	(12)	(21)	(21)
(-) Other expenses / movements	(47)	(25)	(3)
EBITDAX	593	620	590
EBITDAX (excl. hedging gain)	456	557	577
Depreciation, depletion & amortisation (DDA)	(323)	(276)	(250)

For comparative purposes only. Not consolidated in Santos results

Reconciliation of full-year net profit to underlying profit

\$million	2018	2017
Net profit/(loss) after tax	630	(360)
Add/(deduct) significant items after tax		
Impairment losses	94	703
Net gains on asset sales	(94)	(59)
Fair value adjustments on hedges	48	34
One-off acquisition and disposal costs	49	-
Underlying profit¹	727	318

¹ The calculation of underlying profit has changed from prior periods to simplify the definition of underlying profit to enhance comparability to peer companies. Prior period underlying profit has been restated to a like for like basis for comparability.

2019 guidance	
Sales volumes	88-98 mmboe
Production	71-78 mmboe
Upstream production costs	\$7.50-8.00/boe
Capital expenditure	~\$1.1 billion

2019 capex guidance

- + Western Australia ~\$400m including
 - + Corvus-2 appraisal
 - + Dorado 2-well appraisal
 - + Roc South-1 NFE
 - + Thevenard abandonment
- + Cooper Basin ~\$300m including
 - + Drilling ~100 wells
- + Queensland & NSW ~\$200m including
 - + Drilling GLNG 350-400 wells
- + Northern Australia ~\$50m including
 - + Barossa FEED and long-leads
- + PNG ~\$50m
- + Corporate & Exploration ~\$100m

Oil price hedging provides protection to oil price downside

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

1. 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. When price below the strike price, Santos realises fixed swap price.
2. 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.