

# Fourth Quarter Report

For period ending 31 December 2020

ASX: STO | ADR: SSLZY

Santos

21 January 2021

## Record annual production at top end of upgraded guidance

- Record annual production of 89 mmboe, 18% above the prior year and at the top end of upgraded guidance provided in December
- Record quarterly production of 25.4 mmboe, 1% above the prior quarter
- Record quarterly sales volumes of 31.1 mmboe, 7% above the prior quarter
- Record annual sales volumes of 107.1 mmboe generated annual sales revenue of US\$3.4 billion
- Fourth quarter sales revenue of US\$922 million, up 16%, primarily due to stronger LNG sales volumes (up 23%) and prices (up 25%)
- Santos' disciplined operating model continues to drive costs lower, with 2020 upstream unit production costs of ~US\$8/boe at the lower end of the US\$8.00-8.50/boe guidance range

## Strong free cash flow and low breakeven oil price

- Santos generated over US\$725 million in free cash flow in 2020 despite lower commodity prices
- Delivered 2020 free cash flow breakeven oil price of less than US\$25 per barrel (before hedging) and less than US\$20 per barrel (after hedging)
- Net debt at the end of the year (including leases) was US\$3.7 billion

## Growth project milestones achieved

- Significant milestones were achieved on the Barossa LNG project during the fourth quarter, including execution of a long-term LNG offtake agreement with Mitsubishi for 1.5 mtpa of Santos equity LNG, execution of agreements to transport and process Barossa gas through Darwin LNG, and regulator and joint venture consents for the sell-down of interests in Bayu-Undan and Darwin LNG
- Moomba CCS project is FID-ready, subject to eligibility for Australian Carbon Credit Units
- Work continues on the pre-FEED phase for the Dorado project, with FEED entry planned for the first half of 2021 for the Phase 1 oil project. Potential additional liquids tie-backs to be assessed with 2021/22 drilling

Santos Managing Director and Chief Executive Officer Kevin Gallagher said Santos delivered record annual production and sales volumes in 2020, and strong free cash flow of over US\$725 million despite lower commodity prices.

"Our consistent and successful strategy combined with the disciplined, low-cost operating model continues to drive strong performance across our diversified asset portfolio and position us for disciplined growth.

"Significant milestones were achieved on the Barossa project during the fourth quarter, including the signing of a binding long-term LNG offtake agreement with Mitsubishi at a price based on JKM and execution of the gas transportation and processing agreements with Darwin LNG. Consents were also received for our sell-downs to SK E&S. Barossa is on-track for a final investment decision in the first half of 2021.

"2020 saw us ride through the bottom of the cycle while still generating free cash flow and deliver a record 4.3 million tonnes of Santos-equity LNG sales. We remain focused on controlling our costs and living by our disciplined operating model so we are set up to sustain our base business and remain resilient through the cycle even as we see the welcomed strengthening in prices over the past months. Our LNG projects currently have 10 spot cargoes scheduled in Q1.

"We also announced in December an ambitious roadmap to net-zero emissions by 2040, new emissions reduction targets and a commitment to work with our customers to reduce their emissions. Our Moomba carbon capture and storage project is now FID-ready, subject to eligibility for Australian Carbon Credit Units," Mr Gallagher said.

## Comparative performance

Santos share	Unit	Q4 2020	Q3 2020	Change	2020	2019	Change
Production	mmboe	25.4	25.1	1%	89.0	75.5	18%
Sales volume	mmboe	31.1	29.1	7%	107.1	94.5	13%
Ave. realised price	\$/bbl	46.76	48.42	-3%	47.70	71.99	-34%
Sales revenue	\$million	922	797	16%	3,387	4,033	-16%
Capital expenditure <sup>1</sup>	\$million	267	219	22%	858	1,016	-16%

<sup>1</sup> Capital expenditure including restoration expenditure but excluding capitalised interest.

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## Sales volumes (Santos share)

Product	Unit	Q4 2020	Q3 2020	Q4 2019	2020	2019
LNG	000 t	1,382.2	1,124.5	736.5	4,278.8	2,951.0
Domestic sales gas & ethane	PJ	76.5	78.3	65.1	275.1	272.4
Crude oil	000 bbls	2,818.2	2,574.1	3,755.5	11,120.6	12,872.6
Condensate	000 bbls	1,451.3	1,924.3	1,801.2	6,329.1	5,488.8
LPG	000 t	73.9	66.9	49.4	235.7	182.0
<b>Sales</b>						
Own product	mmboe	25.6	24.7	18.6	87.6	73.5
Third-party	mmboe	5.5	4.4	5.5	19.5	21.0
<b>Total sales volume</b>	<b>mmboe</b>	<b>31.1</b>	<b>29.1</b>	<b>24.1</b>	<b>107.1</b>	<b>94.5</b>

Fourth quarter sales volumes were higher than the prior quarter primarily due to stronger LNG sales volumes and timing of crude oil liftings, partially offset by timing of condensate liftings.

## Sales revenues (Santos share)

Product	Unit	Q4 2020	Q3 2020	Q4 2019	2020	2019
LNG	\$million	388	252	351	1,437	1,514
Domestic sales gas & ethane	\$million	303	309	270	1,068	1,172
Crude oil	\$million	132	125	276	531	927
Condensate	\$million	66	88	109	256	335
LPG	\$million	33	23	23	95	85
<b>Sales</b>						
Own product	\$million	721	653	735	2,634	3,012
Third-party	\$million	201	144	294	753	1,021
<b>Total sales revenue</b>	<b>\$million</b>	<b>922</b>	<b>797</b>	<b>1,029</b>	<b>3,387</b>	<b>4,033</b>
Third-party purchase costs	\$million	151	152	264	612	885

Fourth quarter sales revenues were higher than the prior quarter reflecting significantly increased LNG sales volumes and prices, and timing of liquids liftings.

## Average realised prices

Product	Unit	Q4 2020	Q3 2020	Q4 2019	2020	2019
LNG price	US\$/mmBtu	5.34	4.27	9.07	6.39	9.77
Domestic gas price	US\$/GJ	3.97	3.94	4.14	3.88	4.30
Crude oil price	US\$/bbl	46.76	48.42	73.49	47.70	71.99
Condensate price	US\$/bbl	45.82	45.90	60.72	40.50	61.09
LPG price	US\$/t	443.37	345.06	457.80	401.52	464.54

The average realised LNG price was higher than the prior quarter reflecting the linkage of sales contracts to a lagged Japan Customs-cleared Crude (JCC) price. Three-month lagged JCC averaged US\$41/bbl in the fourth quarter compared to US\$31/bbl in the third quarter. Santos' LNG projects shipped 73 cargoes in the fourth quarter, of which six were spot cargoes (PNG LNG 3, DLNG 2 and GLNG 1). JKM spot prices have increased significantly in early 2021 reflecting strong market demand due to colder weather in North Asia and temporary supply reductions. Santos' LNG projects currently have 10 spot cargoes scheduled in the first quarter of 2021.

## Production by asset (Santos share)

Product	Unit	Q4 2020	Q3 2020	Q4 2019	2020	2019
Western Australia	mmboe	8.9	8.8	7.4	31.1	30.9
Cooper Basin	mmboe	4.0	4.3	4.1	16.8	15.8
Queensland & NSW	mmboe	3.4	3.4	3.4	13.4	13.0
PNG	mmboe	3.3	3.4	3.3	13.2	12.8
Northern Australia & Timor-Leste	mmboe	5.8	5.2	0.7	14.5	3.1
<b>Total production</b>	<b>mmboe</b>	<b>25.4</b>	<b>25.1</b>	<b>18.7</b>	<b>89.0</b>	<b>75.5</b>

## Production by product (Santos share)

Product	Unit	Q4 2020	Q3 2020	Q4 2019	2020	2019
Sales gas to LNG plant	PJ	62.1	57.2	32.7	198.0	129.6
Domestic sales gas & ethane	PJ	68.2	69.4	58.2	249.6	233.7
Crude oil	000 bbls	1,136.2	1,206.4	1,760.6	5,093.3	7,736.3
Condensate	000 bbls	1,505.6	1,605.8	1,061.0	5,460.6	4,263.2
LPG	000 t	61.3	66.8	40.1	220.9	151.0
<b>Total production</b>	<b>mmboe</b>	<b>25.4</b>	<b>25.1</b>	<b>18.7</b>	<b>89.0</b>	<b>75.5</b>

Fourth quarter production was higher than the prior quarter primarily due to strong Bayu-Undan gas production to Darwin LNG and higher domestic gas production in Western Australia.

A data worksheet containing unaudited quarterly sales, revenue, production and capital expenditure tables in Excel format is available on Santos' website.

## 2020 Guidance

2020 production volumes were at the top end of the upgraded guidance provided at the Investor Day in December and sales volumes exceeded the top end of guidance. Upstream unit production costs are expected to be at the lower end of the guidance range. All guidance is shown in the table below.

2020 Guidance item	Previous guidance	Updated guidance
Production (mmboe)	87-89 mmboe	89.0
Sales volumes (mmboe)	103-105 mmboe	107.1
Capital expenditure – base (\$m)	~\$750 million	\$748 million
Capital expenditure – major growth (\$m)	~\$150 million	\$110 million
Upstream production costs (incl COP acquisition) <sup>1</sup>	\$8.00-8.50/boe	Lower end, approx. US\$8/boe

<sup>1</sup> Santos portfolio total including ConocoPhillips acquisition (Bayu-Undan/Darwin LNG at 68.4% interest from 28 May 2020) and all planned shutdown activity and PNG LNG earthquake recovery costs.

Guidance on 2020 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 2020 may differ from the guidance given in this update.

Santos will announce its results for the year ended 31 December 2020 on 18 February 2021. 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 11:30am AEDT on 18 February 2021.

## 2021 Guidance

All 2021 guidance provided at Santos' Investor Day in December is maintained. Production is expected to be in the range of 84-91 mmboe and sales volumes in the range of 98-105 mmboe. Capital expenditure is expected at approximately \$900 million in the base business and approximately \$700 million for major growth. All 2021 guidance assumes sell-down of 25% interests in Bayu-Undan and Darwin LNG to SK E&S occurs in the first half of 2021.

## 2021 Annual General Meeting

The 2021 Annual General Meeting will be held on Thursday 15 April 2021. The closing date for receipt of nominations from persons wishing to be considered for election as director is 8 February 2021.

## Western Australia

Santos share	Unit	Q4 2020	Q3 2020	Q4 2019	2020	2019
<b>Sales volume</b>						
Sales gas	PJ	48.3	46.7	34.1	158.8	141.4
Condensate	000 bbls	368.0	406.4	649.9	1,393.8	1,449.8
Crude oil	000 bbls	807.0	574.0	1,292.5	2,523.4	4,710.0
<b>Total sales volume</b>	<b>mmboe</b>	<b>9.4</b>	<b>9.0</b>	<b>7.8</b>	<b>31.1</b>	<b>30.4</b>
<b>Total sales revenue</b>	<b>\$million</b>	<b>233</b>	<b>216</b>	<b>243</b>	<b>723</b>	<b>922</b>
<b>Production</b>						
Sales gas	PJ	46.7	46.5	34.9	159.0	145.0
Condensate	000 bbls	381.5	376.3	334.6	1,452.3	1,507.6
Crude oil	000 bbls	497.5	494.3	1070.5	2,448.6	4,540.1
<b>Total production</b>	<b>mmboe</b>	<b>8.9</b>	<b>8.8</b>	<b>7.4</b>	<b>31.1</b>	<b>30.9</b>
Capital expenditure	\$million	82	37	64	171	270

Domestic gas production and sales increased in the fourth quarter, reflecting strong contract and spot demand. Santos currently supplies approximately 45% of Western Australia's domestic gas requirements.

Work continues on the pre-FEED phase for the Dorado project, with FEED entry planned for the first half of 2021 and FID in the first half of 2022 for the Phase 1 oil project. Further technical definition across both the FPSO and wellhead platform is being completed with key contractors. Regulatory approvals to support the Offshore Project Proposal and Field Development Plan are also being advanced.

Seismic processing has identified a number of exploration opportunities in close proximity to Dorado. The Pavo and Apus opportunities have been high graded as material tieback development opportunities and are being progressed for drilling in late 2021 / early 2022.

The Ningaloo Vision FPSO (Van Gogh and associated oil fields) is expected back on station from the Singapore shipyard in the first quarter of 2021 as planned with production due to recommence around the end of the quarter. First oil production from the phase two infill drilling project on the Van Gogh field is still expected in late 2021.

## Cooper Basin

Santos share	Unit	Q4 2020	Q3 2020	Q4 2019	2020	2019
<b>Sales volume</b>						
Sales gas and ethane <sup>1</sup>	PJ	17.1	18.9	16.6	72.4	67.9
Condensate <sup>1</sup>	000 bbls	397.8	513.4	598.4	1,914.0	2,143.7
LPG <sup>1</sup>	000 t	45.8	39.5	42.7	166.9	158.3
Crude oil						
Own product	000 bbls	529.5	900.2	694.9	3,267.2	2,849.6
Third-party	000 bbls	1,479.7	1,098.2	1,765.7	5,320.6	5,300.6
Total	000 bbls	2,009.2	1,998.4	2,460.6	8,587.8	8,150.2
<b>Total sales volume</b>	<b>mmboe</b>	<b>5.7</b>	<b>6.0</b>	<b>6.3</b>	<b>24.2</b>	<b>23.2</b>
<b>Total sales revenue</b>	<b>\$million</b>	<b>199</b>	<b>208</b>	<b>317</b>	<b>847</b>	<b>1,102</b>
<b>Production</b>						
Sales gas and ethane	PJ	16.2	17.5	16.2	68.5	61.5
Condensate	000 bbls	268.6	281.7	308.7	1,149.8	1,012.7
LPG	000 t	36.7	39.1	35.0	150.3	127.0
Crude oil	000 bbls	637.5	710.8	687.5	2,637.0	3,184.7
<b>Total production</b>	<b>mmboe</b>	<b>4.0</b>	<b>4.3</b>	<b>4.1</b>	<b>16.8</b>	<b>15.8</b>
Capital expenditure	\$million	87	83	100	313	308

<sup>1</sup> Sales volumes include own product and third-party volumes.

Cooper Basin annual production increased by 6% to 16.8 mmboe in 2020, the third consecutive annual rise in production due to consistent application of Santos' disciplined operating model. Fourth quarter gas production was lower than the prior quarter due to planned and unplanned outages and natural field decline.

Fifteen wells were spudded in the fourth quarter, including eight development wells, five appraisal wells and two exploration wells. Eighty-eight wells were drilled in 2020, including 48 development wells, 25 appraisal wells and 15 exploration wells.

The Cooper Basin gas horizontal well pilot program continues to deliver positive results. The wells online to date are achieving on average five times greater initial production rate and forecast reserves outcomes, compared to relevant offset vertical wells, for on average three times cost. During the fourth quarter, one additional horizontal well was drilled (Moomba 257). This well will be brought online in Q1 2021. Further horizontal drilling is planned in 2021 as part of an ongoing horizontal drilling program.

FEED and project assurance are complete for the 1.7 mtpa Moomba carbon capture and storage (CCS) project. Eligibility for Australia Carbon Credit Unit (ACCU) methodology for CCS is the key remaining milestone that would enable an FID decision on the project.

Studies are underway on options to produce and distribute emissions-free hydrogen at Moomba utilising CCS.

## Queensland & NSW

Santos share	Unit	Q4 2020	Q3 2020	Q4 2019	2020	2019
<b>Sales volume</b>						
GLNG Joint Venture						
LNG	000 t	536.8	358.3	394.0	1,801.6	1,562.5
Domestic contracts	PJ	1.5	2.2	4.9	8.8	21.7
Eastern Qld (non-GLNG) <sup>1</sup>	PJ	6.9	5.4	8.5	22.7	23.2
<b>Total sales volume<sup>2</sup></b>	<b>mmboe</b>	<b>6.1</b>	<b>4.7</b>	<b>6.0</b>	<b>22.0</b>	<b>22.4</b>
<b>Total sales revenue<sup>2</sup></b>	<b>\$million</b>	<b>181</b>	<b>102</b>	<b>239</b>	<b>785</b>	<b>1,022</b>
<b>Production</b>						
GLNG Joint Venture						
Sales gas to LNG	PJ	14.8	14.4	12.6	56.0	48.2
Domestic contracts	PJ	0.1	0.1	1.1	1.5	3.8
Eastern Qld (non-GLNG) <sup>1</sup>	PJ	5.1	5.0	5.9	19.9	22.6
NSW	PJ	0.2	0.2	0.1	0.8	0.8
<b>Total production<sup>2</sup></b>	<b>mmboe</b>	<b>3.4</b>	<b>3.4</b>	<b>3.4</b>	<b>13.4</b>	<b>13.0</b>
Capital expenditure	\$million	39	61	63	193	260

<sup>1</sup> Combabula, Scotia (Santos legacy domestic volumes), Spring Gully and Denison.

<sup>2</sup> Total sales volume, sales revenue and production include sales gas from NSW assets.

GLNG operational data (gross)	Unit	Q4 2020	Q3 2020	Q4 2019	2020	2019
Sales gas to domestic market	PJ	8.0	19	20	58	90
LNG produced <sup>1</sup>	000 t	1,752	1,296	1,391	5,992	5,163
Sales gas to LNG plant						
GLNG equity gas	PJ	50	50	42	192	160
Santos portfolio gas	PJ	15	11	14	50	58
Third-party	PJ	41	17	26	119	95
<b>Total sales gas to LNG plant</b>	<b>PJ</b>	<b>106</b>	<b>78</b>	<b>83</b>	<b>361</b>	<b>314</b>
LNG cargoes shipped		30	20	22	101	87

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

Gross GLNG-operated upstream sales gas production increased to 660 TJ/day at the end of the fourth quarter. Consistent production growth from the Roma and Arcadia fields drove the increase, supported by reliable production from the Arcadia and Fairview fields.

The Roma field reached sustained production of over 180 TJ/day driven by growth in Roma East and good legacy field performance. Arcadia also continues to perform well, exceeding 50 TJ/day by year end and recovering strongly from the planned compression plant outage. Scotia field produced a steady 70 TJ/day of production and Fairview was delivering 360 TJ/day at year end in line with expected reservoir decline. Fifty-six wells were spudded and fifty-one connected across the GLNG acreage in the fourth quarter for a total of 302 drilled and 355 connected in 2020.

LNG production of 1.75 million tonnes in the fourth quarter was a record since plant start-up and higher than the prior quarter due to strong customer demand. Full-year LNG sales were in-line with guidance at six million tonnes.

Santos' share of production from the non-operated Combabula and Spring Gully fields was 47 TJ/day, in line with production in the prior quarter.

Following EIS approval by the NSW Independent Planning Commission, the Narrabri Gas Project received Federal approval under the EPBC Act in November 2020. This allows Santos to address EIS and EPBC consent conditions and plan the appraisal drilling program, required to inform the phased development at Narrabri. Workover activities on existing wells progressed through the fourth quarter to optimise gas supply to the Wilga Park Power Station.

## PNG

Santos share	Unit	Q4 2020	Q3 2020	Q4 2019	2020	2019
<b>Sales volume</b>						
PNG LNG						
LNG <sup>1</sup>	000 t	296.6	313.6	286.2	1,163.2	1,123.6
Condensate	000 bbls	372.0	346.4	459.7	1,443.3	1,471.6
Crude oil	000 bbls	1.9	1.8	2.5	9.4	12.4
<b>Total sales volume</b>	<b>mmboe</b>	<b>3.2</b>	<b>3.3</b>	<b>3.2</b>	<b>12.5</b>	<b>12.1</b>
<b>Total sales revenue</b>	<b>\$million</b>	<b>97</b>	<b>80</b>	<b>168</b>	<b>444</b>	<b>652</b>
<b>Production</b>						
PNG LNG						
Sales gas to LNG <sup>1</sup>	PJ	17.6	17.7	17.0	69.7	67.0
Condensate	000 bbls	306.9	326.3	331.0	1,276.9	1,330.9
Crude oil	000 bbls	1.2	1.3	2.4	7.7	11.4
<b>Total production</b>	<b>mmboe</b>	<b>3.3</b>	<b>3.4</b>	<b>3.3</b>	<b>13.2</b>	<b>12.8</b>
Capital expenditure	\$million	5	8	23	39	51

<sup>1</sup> Includes SE Gobe

PNG LNG operational data (gross)	Unit	Q4 2020	Q3 2020	Q4 2019	2020	2019
<b>Production</b>						
LNG	000 t	2,194	2,230	2,149	8,767	8,490
Sales gas to LNG plant	PJ	130	132	127	519	502
Condensate <sup>1</sup>	000 bbls	2,275	2,404	2,444	9,434	9,838
Sales gas (SE Gobe) <sup>2</sup>	PJ	2	2	2	8	8
LNG cargoes shipped		29	29	28	115	111

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

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

Strong LNG production was maintained in-line with the prior quarter. Record production since project start-up was achieved in 2020 with 8.8 million tonnes of LNG produced and 115 cargoes loaded during the year. The operator continues to implement COVID-19 management plans to support stable production and shipping.



## Northern Australia & Timor-Leste

Santos share	Unit	Q4 2020	Q3 2020	Q4 2019	2020	2019
<b>Sales volume</b>						
Darwin LNG						
LNG	000 t	548.7	452.6	56.3	1,313.9	264.9
Bayu-Undan						
Condensate	000 bbls	311.2	658.3	93.6	1,577.0	426.7
LPG	000 t	26.9	27.6	6.9	67.9	24.3
<b>Total sales volume</b>	<b>mmboe</b>	<b>5.8</b>	<b>5.1</b>	<b>0.7</b>	<b>14.6</b>	<b>3.1</b>
<b>Total sales revenue</b>	<b>\$million</b>	<b>173</b>	<b>147</b>	<b>38</b>	<b>466</b>	<b>165</b>
<b>Production</b>						
Darwin LNG						
Sales gas to LNG	PJ	29.9	25.0	3.1	72.4	14.4
Bayu-Undan						
Condensate	000 bbls	548.7	621.5	86.7	1,581.6	412.0
LPG	000 t	24.6	27.6	5.2	70.6	24.1
<b>Total production</b>	<b>mmboe</b>	<b>5.8</b>	<b>5.2</b>	<b>0.7</b>	<b>14.5</b>	<b>3.1</b>
Capital expenditure	\$million	36	20	21	93	50

Darwin LNG / Bayu-Undan operational data (gross)	Unit	Q4 2020	Q3 2020	Q4 2019	2020	2019
<b>Production</b>						
LNG	000 t	875	769	652	3,035	2,939
Sales gas to LNG plant	PJ	53	47	40	184	178
Condensate	000 bbls	1,079	1,167	1,236	4,064	5,909
LPG	000 t	44	51	63	179	298
LNG cargoes shipped		14	12	11	48	46

Fourth quarter sales and production volumes were 14% and 12% respectively higher than the prior quarter, with two spot cargoes loaded at Darwin LNG. The fourth spot cargo for 2020 was loaded in December and was the largest ever loaded at Darwin LNG, surpassing the previous largest loaded in September 2020. In January 2021, Santos, as operator of the Bayu-Undan and Darwin LNG joint ventures, awarded the sale of a strip of seven 2021 Darwin LNG cargoes at a price based on the Platts Japan Korea Marker (JKM), with one cargo to be delivered each month commencing in February 2021.

Also in January, Santos announced a final investment decision for the US\$235 million Phase 3C infill drilling program at the Bayu-Undan field. The program comprises three production wells (two platform and one subsea) and will develop additional natural gas and liquids reserves, extending field life as well as production from the offshore facilities and the Darwin LNG plant.

A final investment decision on the Barossa project to backfill Darwin LNG is targeted for the first half of 2021. Barossa is a world-class LNG project targeting a cash cost of production of approximately US\$2.00/mmBtu. Capital expenditure to develop Barossa is estimated at US\$3.6 billion gross from FID to first gas, including a leased FPSO with upfront pre-payment and option to buy-out. In December 2020, the Processing and Services Agreement, Pipeline Tie-in Agreement and Gas Transportation Agreement were executed by Darwin LNG and the Barossa-Caldita Joint Venture parties, enabling gas produced from the Barossa field to be processed through the Darwin LNG plant. The agreements are subject to a final investment decision on Barossa. Santos has also signed a Letter of Intent to sell a 12.5% interest in Barossa to JERA, subject to FID.

In December 2020, Santos signed a binding long-term LNG Supply and Purchase Agreement (SPA) with Diamond Gas International (DGI), a wholly-owned subsidiary of Mitsubishi Corporation, for the supply of LNG from the Barossa project.

The long-term SPA is for 1.5 million tonnes per annum of Santos equity LNG from Barossa for a period of ten years with extension options, at a price based on JKM. Santos also has options to pursue further LNG transactions through commercial flexibilities negotiated with DGI.

Santos currently has a 68.4% interest and operatorship in Bayu-Undan and Darwin LNG, which will reduce to 43.4% upon completion of a planned 25% sell down to SK E&S. Completion of the SK E&S sell-down is well advanced with consent from Bayu-Undan/DLNG Joint Venture parties and Timor-Leste regulator received. Australian regulatory approvals are also well progressed. The sell-down will complete once the final investment decision on Barossa is taken, which is targeted for the first half of 2021.

Production testing at the Tanumbirini-1 vertical well in the McArthur Basin concluded as planned on 9 October 2020, following successful logging program. Results of the production test significantly exceeded expectations, with an initial peak gas flow rate more than 10 mmscf/d and an average rate of 1.1 mmscf/d during the 19-day test period. The results at Tanumbirini-1 provide critical data to inform the next phase of appraisal, which is expected to include the drilling and multi-stage stimulation of two horizontal wells in 2021.

## Corporate, exploration and eliminations

Santos share	Unit	Q4 2020	Q3 2020	Q4 2019	2020	2019
<b>Total sales volume</b>	<b>mmboe</b>	<b>0.9</b>	<b>1.0</b>	<b>0.3</b>	<b>2.7</b>	<b>3.4</b>
<b>Total sales revenue</b>	<b>\$million</b>	<b>40</b>	<b>43</b>	<b>25</b>	<b>122</b>	<b>171</b>
Capital expenditure	\$million	18	9	28	48	75

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

## Capital expenditure

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

\$million	Q4 2020	Q3 2020	Q4 2019	2020	2019
<b>Capital expenditure</b>					
Exploration <sup>1</sup>	26	8	15	65	105
Evaluation	41	29	60	113	207
Development and other capex (inc restoration)	200	182	226	680	704
<b>Capital expenditure excl capitalised interest</b>	<b>267</b>	<b>219</b>	<b>301</b>	<b>858</b>	<b>1,016</b>
Capitalised interest	10	9	9	29	15
<b>Total capital expenditure<sup>1</sup></b>	<b>277</b>	<b>228</b>	<b>310</b>	<b>887</b>	<b>1,031</b>
<b>Exploration and evaluation expensed</b>					
Exploration	19	9	13	48	91
Evaluation	4	2	6	11	12
<b>Total current year expenditure</b>	<b>23</b>	<b>11</b>	<b>19</b>	<b>59</b>	<b>103</b>
Write-off of amounts capitalised in prior years	-	-	-	-	-
<b>Total expensed</b>	<b>23</b>	<b>11</b>	<b>19</b>	<b>59</b>	<b>103</b>

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

Capital expenditure in the fourth quarter comprised \$221 million in the base business and \$46 million for major growth projects. Full-year capital expenditure was \$748 million in the base business and \$110 million for major growth.

## Oil price hedging

4.9 million barrels of hedging matured during the fourth quarter. Oil hedge net proceeds received in 2020 were US\$54 million before tax. Fifteen million barrels of oil are currently hedged for 2021 using zero cost collars, with an average floor price of US\$42 per barrel and an average ceiling price of US\$55 per barrel.

## Seismic activity

Acquisition of the Kanook East 3D seismic survey covering ~135 square kilometres across the southwestern Queensland section of the Cooper Basin commenced in the fourth quarter and was nearing completion at year-end.

## Drilling summary

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

Cooper Basin gas			
Well name	Area	Santos	Well status
Moon North West 1	QLD	60.06%	C&S, successful
Yanda South 1*	QLD	60.06%	C&S, successful
Brumby 14	SA	66.6%	C&S, successful
Kowloon 1	SA	66.6%	C&S, successful
Moomba 263	SA	100%	C&S, successful

\*Spud in Q3, completed in Q4

Cooper Basin oil			
Well name	Area	Santos	Well status
Alwyn 8	SA	66.6%	C&S, successful
Alwyn North 2	SA	66.6%	C&S, successful
Warumpi 2	SA	66.6%	C&S, successful

Queensland – Eastern Queensland gas			
Well name	Area	Santos	Well status
Kia Ora 2	QLD	50%	C&S, monitoring

### Development wells

Cooper Basin oil			
Well name	Area	Santos	Well status
Amyema 2	SA	66.6%	C&S, successful
Beckler 6	SA	66.6%	C&S, successful
Coopers Creek 8*	SA	100%	C&S, successful
Coopers Creek 9	SA	100%	C&S, successful
Dullingari North 23	SA	66.6%	Drilling
Dullingari North 24	SA	66.6%	P&A
Ficus 2	SA	100%	C&S, successful
Ficus 3	SA	100%	C&S, successful
Moomba 257ST1	SA	100%	C&S, successful

\*Spud in Q3, completed in Q4

Queensland - GLNG gas			
Well name	Area	Santos	Well status
FV06-26-7	Fairview	23.85%	C&C, successful
FV11-38-2	Fairview	23.85%	C&C, successful
FV12-74-1	Fairview	23.85%	C&C, successful
FV15-41-1	Fairview	23.85%	C&C, successful
FV16-69-1	Fairview	23.85%	C&S, successful
FV17-58-1	Fairview	23.85%	C&S, successful
RM09-66-2	Roma	30%	C&C, successful
RM09-70-1	Roma	30%	C&S, successful
RM09-71-1	Roma	30%	C&S, successful
RM09-72-1	Roma	30%	C&S, successful
RM09-73-1	Roma	30%	C&S, successful
RM09-78-1	Roma	30%	C&S, successful
RM09-78-2	Roma	30%	C&S, successful
RM09-78-3	Roma	30%	C&S, successful
RM09-80-1	Roma	30%	C&S, successful
RM09-80-2	Roma	30%	C&S, successful
RM12-13-5	Roma	30%	C&S, successful
RM13-50-1	Roma	30%	C&C, successful
RM14-24-1	Roma	30%	C&S, successful
RM14-25-1	Roma	30%	C&S, successful
RM15-25-1	Roma	30%	C&S, successful
RM15-27-2	Roma	30%	C&C, successful
RM22-16-1	Roma	30%	C&S, successful
RM22-18-1	Roma	30%	C&S, successful
RM23-09-1	Roma	30%	C&S, successful
RM23-10-1	Roma	30%	C&S, successful
RM23-11-1	Roma	30%	C&S, successful
RM23-12-1	Roma	30%	C&S, successful
RM23-13-1	Roma	30%	C&S, successful
RM23-14-1*	Roma	30%	C&C, successful
RM23-15-1	Roma	30%	C&S, successful
RM23-16-1	Roma	30%	C&S, successful
RM68-26-2	Roma	30%	C&C, successful
RM68-114-1	Roma	30%	C&C, successful
RM68-115-2	Roma	30%	C&C, successful
RM68-125-1	Roma	30%	C&C, successful
RM68-126-1	Roma	30%	C&S, successful
RM68-127-1	Roma	30%	C&S, successful

Queensland - GLNG gas			
Well name	Area	Santos	Well status
RM68-128-1	Roma	30%	C&S, successful
RM68-133-1	Roma	30%	C&S, successful
RM68-134-1	Roma	30%	C&S, successful
RM68-135-1	Roma	30%	C&S, successful
RM68-136-1	Roma	30%	C&S, successful
RM68-145-1	Roma	30%	C&S, successful
RM68-146-1	Roma	30%	C&S, successful
Alrush 1	Scotia	30%	C&S, successful
Avalon 19	Scotia	30%	C&S, successful
Avalon 22	Scotia	30%	C&S, successful
Avalon 23	Scotia	30%	C&S, successful
Avalon 25	Scotia	30%	C&S, successful
Avalon 26	Scotia	30%	C&S, successful
The Rock 12*	Scotia	30%	C&S, successful
The Rock 17	Scotia	30%	C&S, successful
The Rock 18	Scotia	30%	C&S, successful
The Rock 19	Scotia	30%	C&S, successful
The Rock 20	Scotia	30%	C&S, successful
The Rock 21	Scotia	30%	C&S, successful
The Rock 21DW1	Scotia	30%	C&S, successful

\*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	natural gas	Condensate, 1 barrel	0.935 boe
DES	delivered ex-ship	LPG, 1 tonne	8.458 boe
FEED	front-end engineering and design	LNG, 1 PJ	18,040 tonnes
FID	final investment decision	LNG, 1 tonne	52.54 mmBtu
FPSO	floating production, storage and offloading		
GJ	gigajoules		
JCC	Japan Customs-cleared Crude		
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		

## 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. Totals in the tables may not add due to rounding.

Free cash flow (operating cash flows less investing cash flows net of acquisitions and disposals and major growth capital expenditure, less lease liability payments) is a non-IFRS measure that is presented to provide an understanding of the performance of Santos' operations.

This ASX announcement was approved and authorised for release by Kevin Gallagher, Managing Director and Chief Executive Officer.