

15 August 2017

## Santos announces expected non-cash impairment

Santos today announced it expects to recognise a non-cash net impairment charge of approximately US\$690 million after tax in its 2017 half-year results to be released on 24 August 2017.

In determining the carrying value of its assets, Santos considers a range of asset and macro assumptions, including oil price, exchange rates, discount rates, production and costs. Since the last carrying value assessment at 31 December 2016, there has been a change in a number of relevant assumptions, including lower forecast US\$ oil prices.

Santos has lowered its Brent oil price forecasts to US\$50/bbl in 2017, US\$55/bbl in 2018, US\$60/bbl in 2019, US\$65/bbl in 2020, US\$70/bbl in 2021 and US\$70/bbl (real 2017) from 2022.

As a result of the changes in assumptions, Santos expects to recognise an impairment of GLNG of approximately US\$870 million after tax, predominantly due to lower oil prices.

Lower US\$ oil price assumptions also impacted the Cooper Basin assets, however this is more than offset by a continuation of the cost efficiencies and performance improvements achieved during 2016 allowing increased drilling activity and production. This has resulted in an expected positive net write-back to the Cooper Basin carrying value of approximately US\$330 million after tax.

Santos also expects to take an impairment charge against the non-core AAL asset in Indonesia of approximately US\$150 million after tax following an assessment of the impact of lower oil prices.

The expected net impairment charge is an after-tax, non-cash item with no impact on EBITDAX or cash flow, and is subject to the finalisation of Santos' half-year accounts, auditor processes and Board approval.

Ends.

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