2016 Half-year results

19 August 2016

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Disclaimer and important notice

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) and underlying profit/loss are non-IFRS measures that are presented to provide an understanding of the performance of Santos' operations. Underlying profit/loss excludes the impacts of asset acquisitions, disposals and impairments, as well as items that are subject to significant variability from one period to the next, including the effects of fair value adjustments and fluctuations in exchange rates. The non-IFRS financial information is unaudited however the numbers have been extracted from the audited financial statements.

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2016 Half-year performance overview

Kevin Gallagher

Managing Director and Chief Executive Officer

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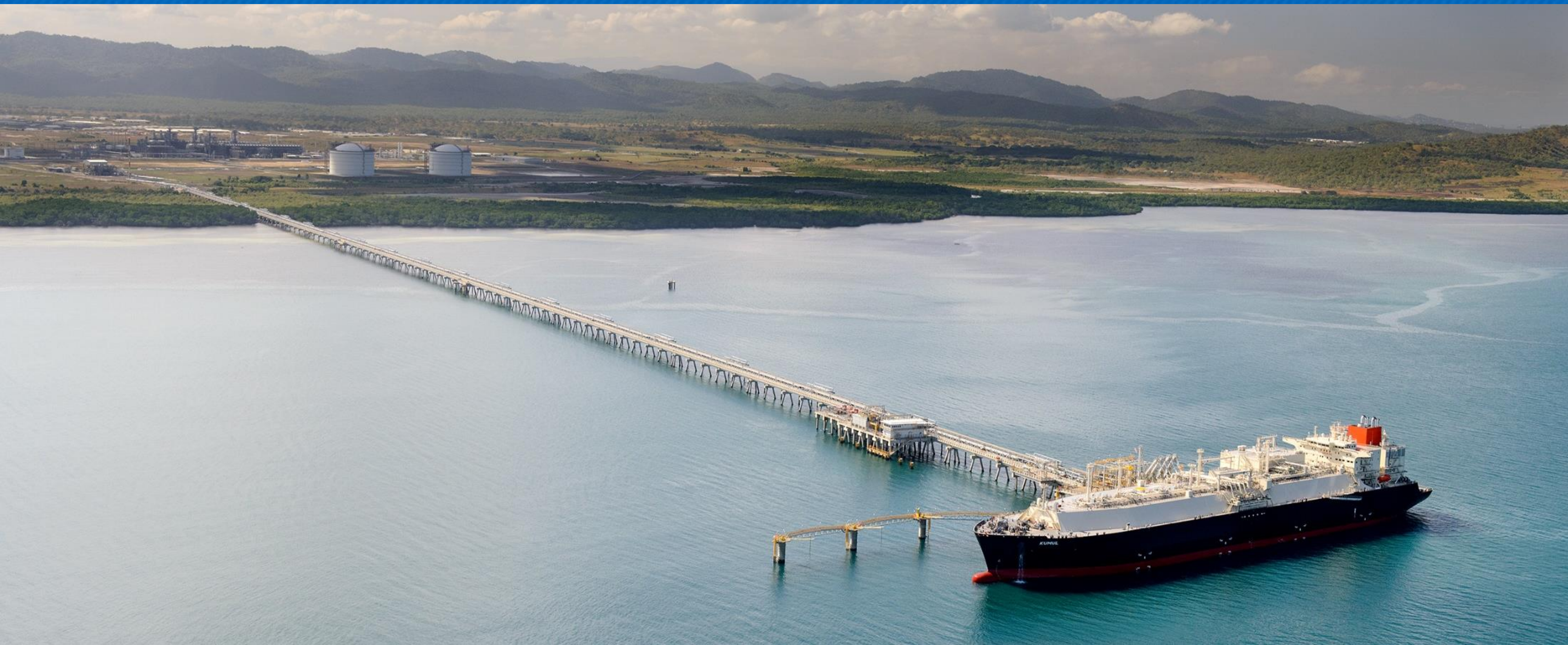

Strategic priorities

Create sustainable shareholder value by becoming a low-cost, reliable and high performance business

- Short-term priority is to stabilise the business and increase operating cash flow
- Aim to be free cash flow breakeven at US$35-40/bbl on a portfolio basis
- Good progress on operating framework and cost reduction but more work to be done
- Enhanced technical capabilities and process to overhaul operating culture
- Centralised asset portfolio management
- Disciplined approach to capital allocation
- Optimise portfolio and prioritise opportunities to provide stable returns throughout the cycle

GLNG control centre, Curtis Island

PNG LNG

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2016 first-half financial performance

Net loss of US$1,104 million including GLNG impairment

Net loss	Underlying net loss	EBITDAX
US$1,104 million reflects previously announced GLNG impairment of US$1,050 million after tax and lower realised oil prices	US$5 million ↓ US$30 million on 1H15	US$491 million ↓ US$309 million on 1H15

Operating cash flow	Net debt reduced	Capital management
US$291 million ↓ US$125 million on 1H15	US$4.5 billion ↓ US$220 million on YE15	Nil interim dividend ↓ A$0.15 on 1H15

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2016 first-half operational performance

Record first-half production.

Costs lower and new centralised operating model established

2016 forecast free cash flow breakeven[1]

US$47.00/bbl

US$43.50/bbl

Targeting free cash flow breakeven of US$35 to US$40 per barrel on a portfolio basis

- Record first-half production of 31.1 mmboe, up 10% on 1H15
- Capital expenditure[2]
  - US$283 million, down 58% on 1H15
- Upstream unit production costs
  - US$8.80 per boe, down 15% on 1H15
- Gross labour cost savings
  - US$35 million per annum from 253 positions removed in 1H16
- Gross supply chain savings
  - US$110 million identified in CY16 to date
- Significant reduction in drilling costs
  - Cooper Basin vertical gas well cost A$5.3 million
  - GLNG full Roma vertical well cost A$2.2 million

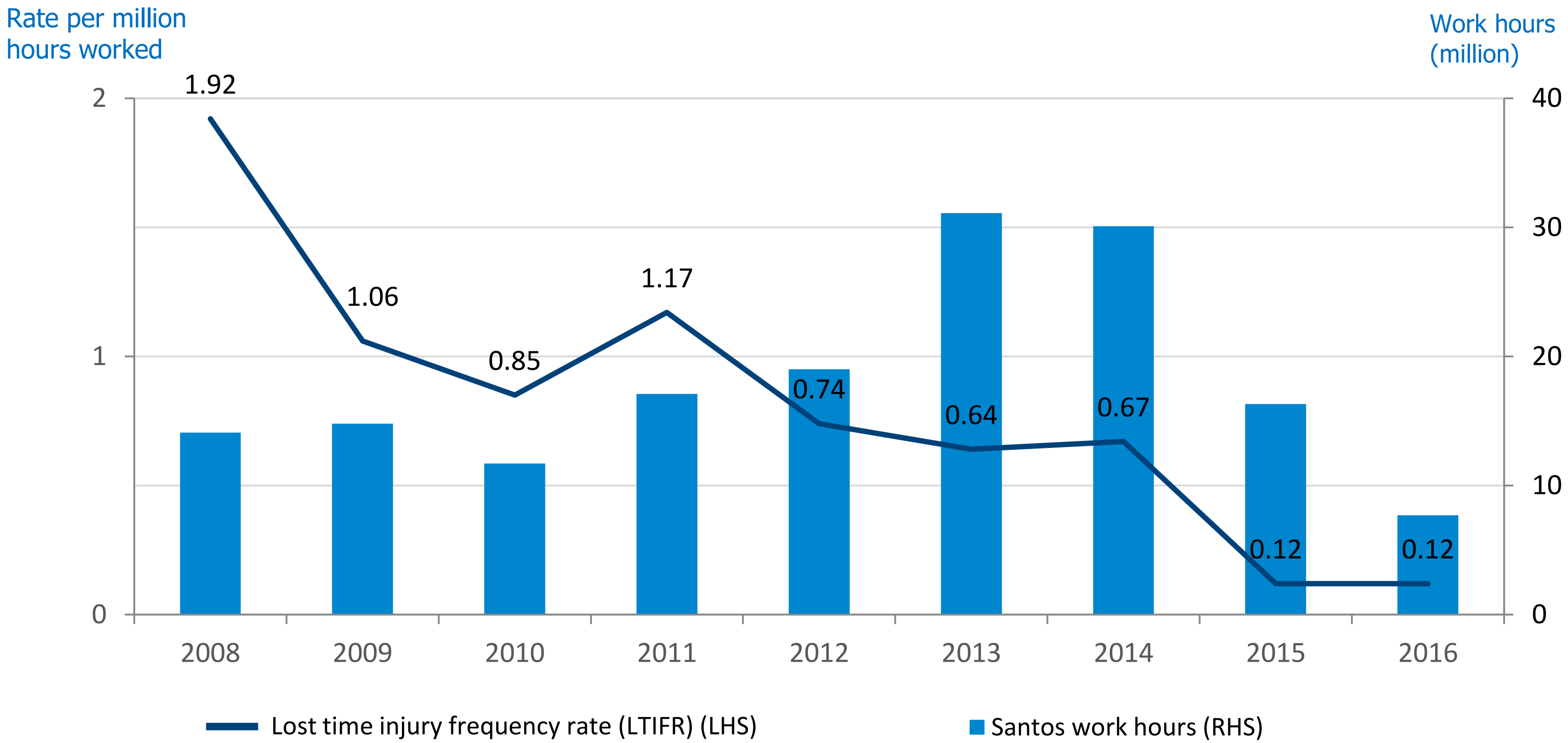
1 Free cash flow breakeven is the average annual oil price at which cash flows from operating activities equals cash flows from investing activities. Forecast methodology uses corporate assumptions. Excludes one-off restructuring and redundancy costs and asset divestitures.
2 Includes restoration expenditure but excludes capitalised interest

Safety performance

Lost time injury frequency rate of 0.12 per million hours worked to 30 June 2016.

Strong safety performance maintained

Safety performance (employees and contractors)



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2016 Half-year financial results

Andrew Seaton

Chief Financial Officer

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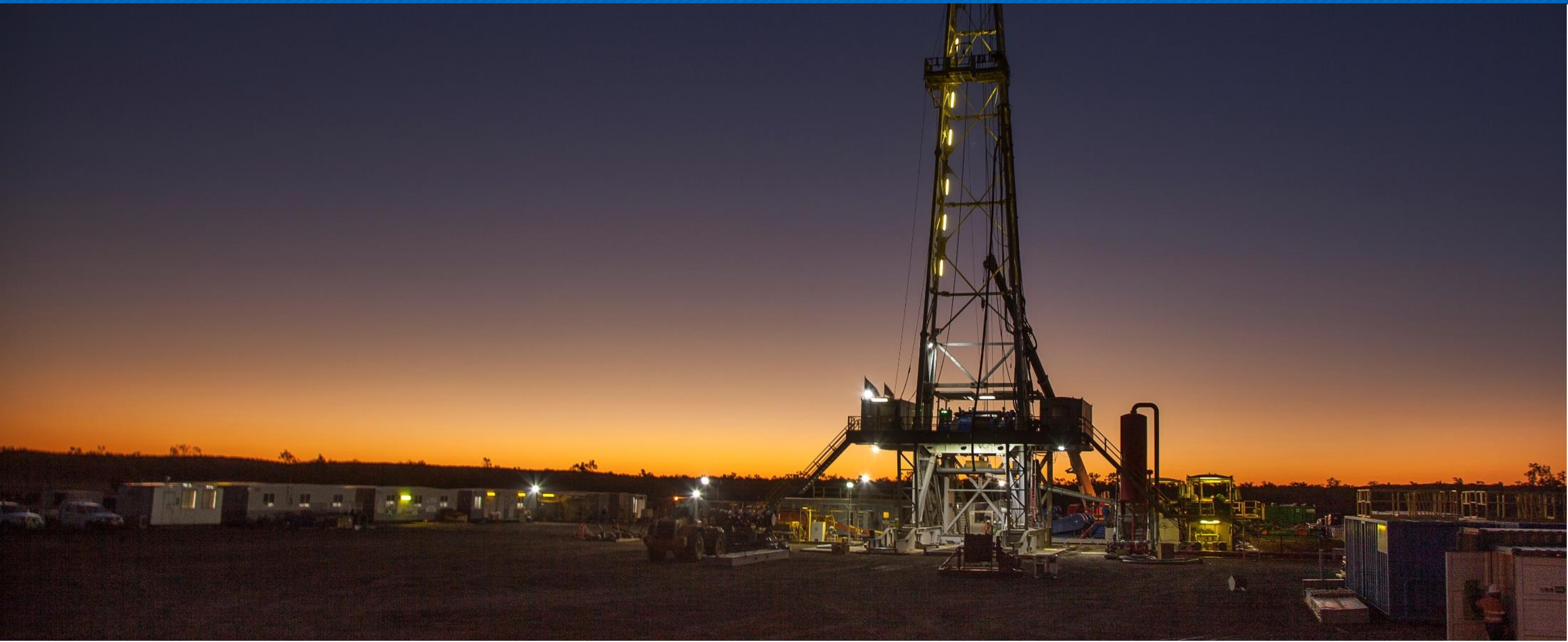

Financial summary

Focus remains on improving cash flow and debt reduction

GLNG plant, Curtis Island

- Stabilised the business to reflect the low oil price environment
- Operations performing well, record first half production and lower cost base
- GLNG train 2 commissioning marks end of six year major LNG investment phase
- Free cash flow breakeven lowered to US$43.50/bbl
- Operating cash flow leverage US$30 million per annum for each US$1/bbl oil price movement
- Net debt reduced to US$4.5 billion

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Financial performance

EBITDAX down 39% to US$491 million.

Net loss of US$1,104 million, reflecting asset impairments of US$1,061 million after tax

US$ million	First-half 2016	First-half 2015	Var
Revenue (inc. third party)	1,205	1,277	(6)%
Production costs	(273)	(293)	(7)%
Other operating costs	(170)	(90)	89%
Third party product purchases	(250)	(187)	34%
Other[1]	(21)	93	nm
EBITDAX	**491**	**800**	**(39)%**
Exploration and evaluation expense	(47)	(152)	(69)%
Depreciation and depletion	(399)	(376)	6%
Impairment losses	(1,516)	-	nm
EBIT	**(1,471)**	**272**	**nm**
Net finance costs	(131)	(98)	34%
Profit/(loss) before tax	**(1,602)**	**174**	**nm**
Tax benefit/(expense)	498	(144)	nm
Net profit/(loss) after tax	**(1,104)**	**30**	**nm**
Underlying profit/(loss)	**(5)**	**25**	**(120)%**

- Higher sales volumes more than offset by lower oil and LNG prices
- Pre-tax impairment charge of US$1,516 million
- Higher net finance costs reflect lower average debt levels more than offset by lower capitalised interest

[1] Includes product stock movement, SG&A expenses, FX and share of profit of joint ventures
nm = not meaningful

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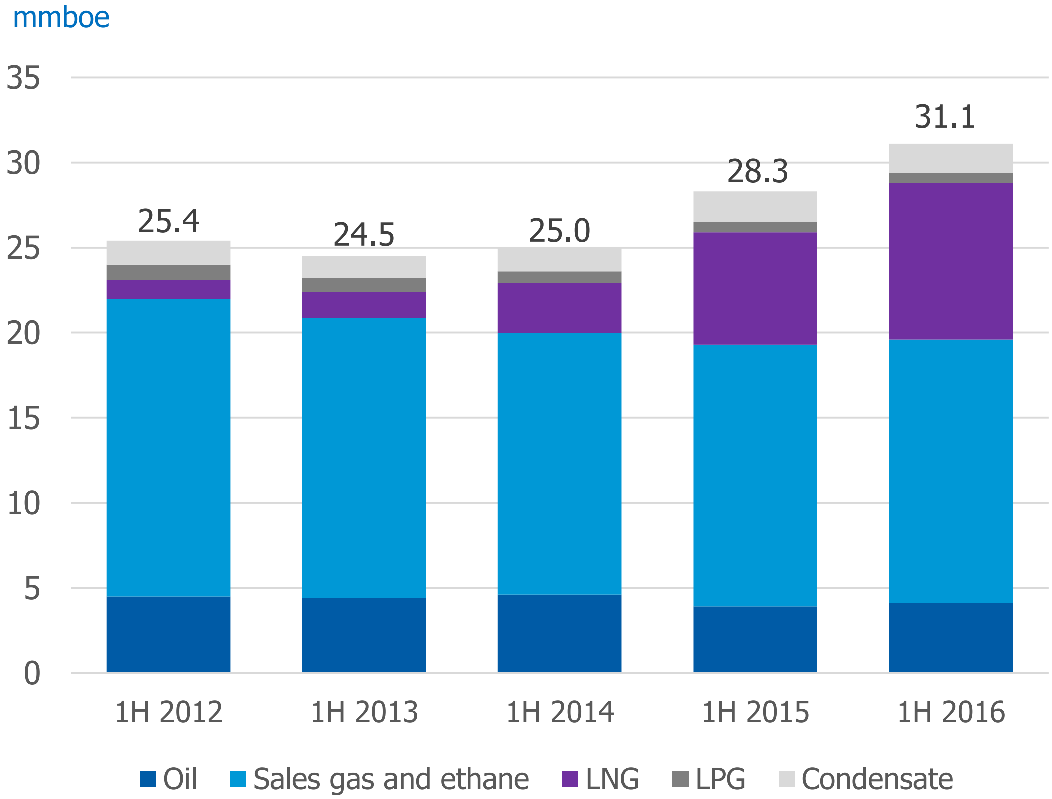
Production

Strong operational performance resulting in record first-half production

Production



- First-half production up 10%
- 37% increase in LNG production reflecting start-up of GLNG train 1 in September 2015 and GLNG train 2 in May 2016
- 2016 guidance maintained at 57 – 63 mmboe

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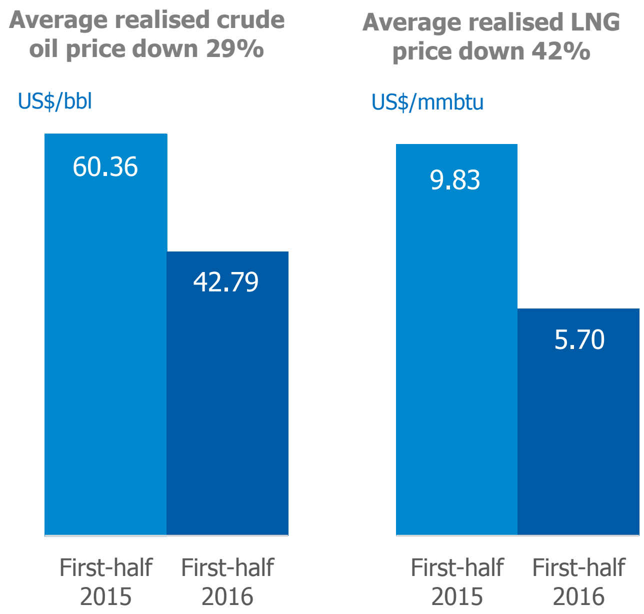
Sales revenue

Sales revenue lower due to lower realised oil and LNG prices

- Lower sales revenue as a result of lower oil prices and LNG prices, partially offset by increased LNG sales volumes predominantly from the start-up of GLNG

US$ million	First-half 2016	First-half 2015	Var
Sales Revenue (incl. third party)			
Sales gas and ethane	416	377	10%
LNG	390	351	11%
Crude oil	285	389	(27)%
Condensate	76	103	(26)%
LPG	24	41	(41)%
Total	**1,191**	**1,261**	**(6)%**



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Production costs

Upstream unit production costs down 15%

US$ million	First-half 2016	First-half 2015	Var
Total production costs	273	293	(7)%
Upstream unit production cost (US$/boe)	**8.8**	**10.4**	**(15)%**
Other operating costs			
LNG plant costs	26	10	160%
Pipeline tariffs, processing tolls & other	85	44	93%
Onerous contract	26	-	nm
Royalty and excise	19	24	(21)%
Shipping costs	14	12	17%
Total other operating costs	**170**	**90**	**89%**
Total cash cost of production	**443**	**383**	**16%**

- Upstream unit production costs down 15% to US$8.80 per boe
  - Cooper Basin down 15%
  - PNG LNG down 16%
  - Bayu-Undan down 12%
  - 2016 guidance reduced to US$9-10/boe
- Pipeline tariffs, processing tolls and other expenses are US$67 million higher due to
  - higher pipeline capacity charges following an increase in supply of Santos portfolio gas to GLNG
  - increased Wallumbilla compression costs following increased third party gas throughput
  - recognition of an onerous contract for gas pipeline capacity (US$26 million)

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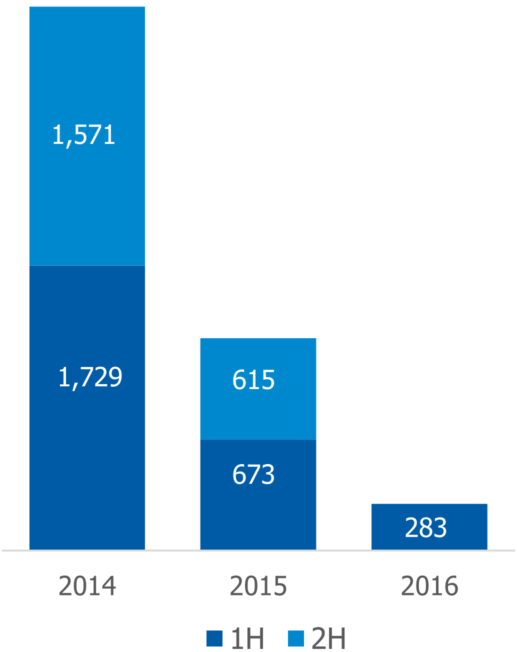
Capital expenditure

Capital expenditure US$283 million, down 58%.

2016 capex guidance US$750 million

Full-year capital expenditure
US$ million



US$ million	First-half 2016	First-half 2015
Cooper Basin	88	212
GLNG	90	172
PNG LNG	1	35
WA&NT	15	46
Asia	37	12
Exploration	40	156
Other	12	40
Total	283	673

Capital expenditure excludes capitalised interest which is forecast at approximately US$16 million in 2016

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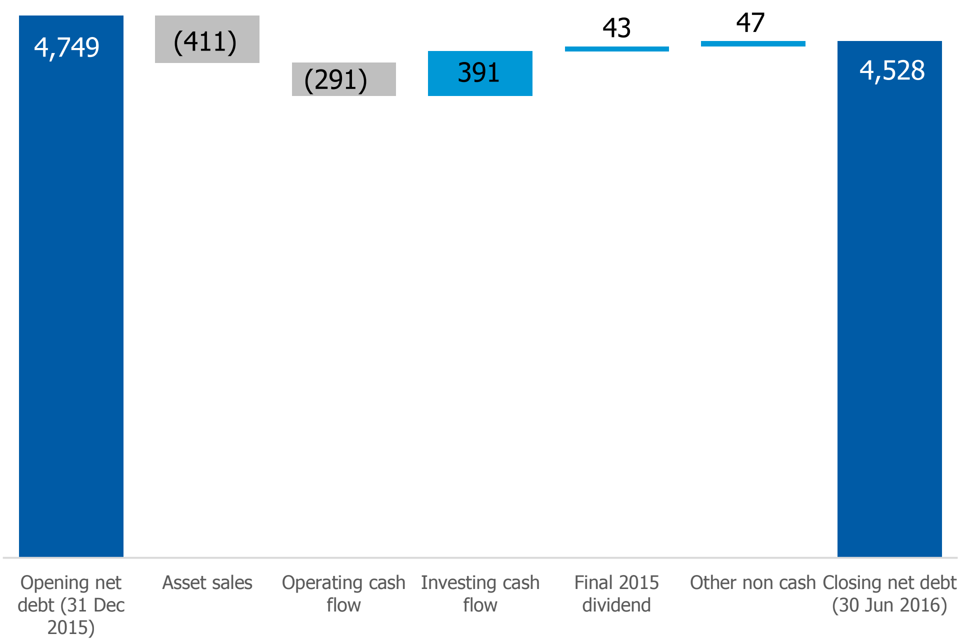
Net debt

Net debt reduced to US$4.5 billion

- Net debt US$4.5 billion at 30 June 2016
- US$3.3 billion in liquidity
  - US$1.0 billion in cash
  - US$2.3 billion in undrawn bilateral facilities
- No material drawn debt maturities until 2019

Reconciliation of net debt
US$ million



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2016 Half-year operational results

Kevin Gallagher

Managing Director and Chief Executive Officer

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Building shareholder value

Framework established to become a low-cost, reliable and high performance business

Stability

'One Santos' operating model established

- Framework supportive of disciplined, low-cost, efficient operations
- Deliver strong and co-ordinated corporate oversight
- Exploit synergies and learnings across assets to lower the cost structure and promote innovation
- Optimise capital allocation across the portfolio

Efficiency

Targeting free cash flow breakeven of US$35 to US$40 per barrel on a portfolio basis[1]

- Focus on debt reduction
- Increase operating cash flow through cost reduction and productivity improvements
- Maximise value of producing assets
- Review shape of portfolio
- Rationalise operations

Growth

Funds prioritised to deliver an optimal return on capital employed

- Disciplined allocation of capital
- Leverage the portfolio

1 Free cash flow breakeven is the average annual oil price at which cash flows from operating activities equals cash flows from investing activities. Forecast methodology uses corporate assumptions. Excludes one-off restructuring and redundancy costs and asset divestitures.

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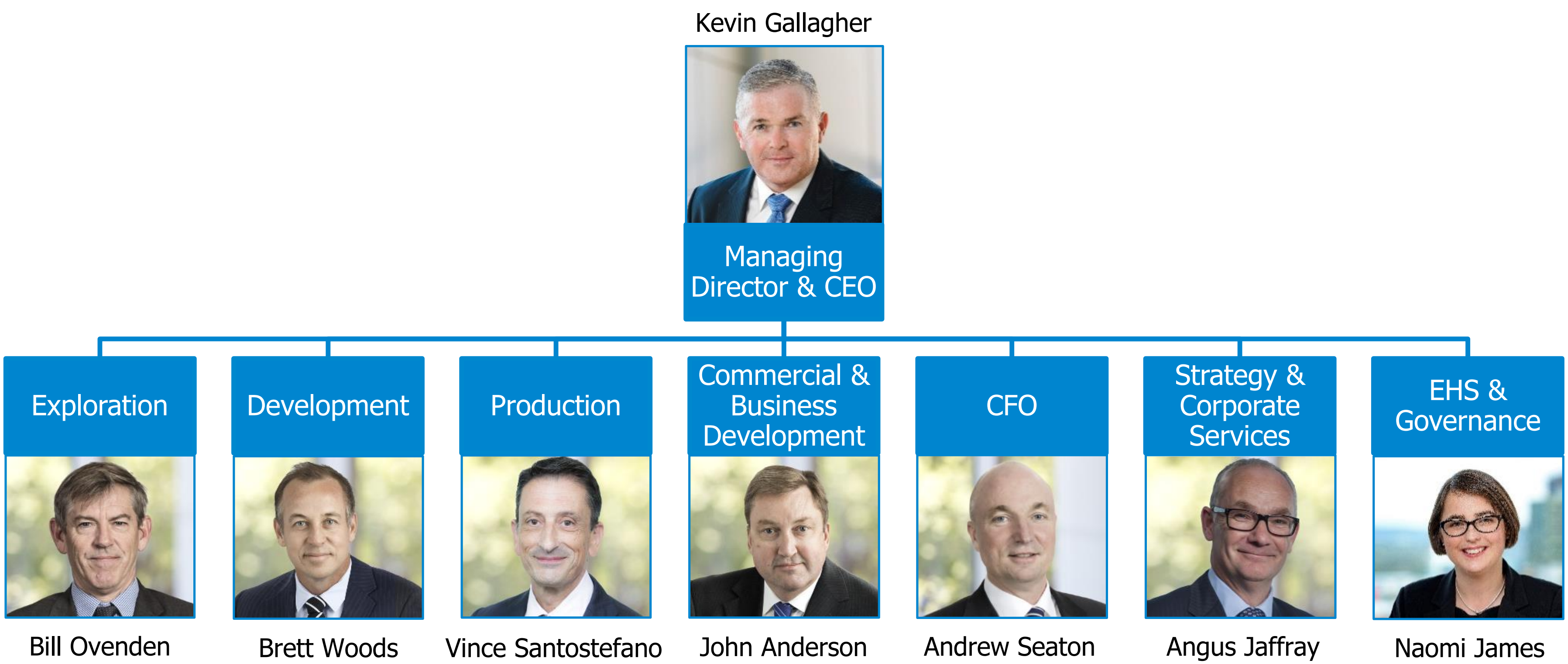
New leadership team

Asset based management structure.

Decision making and planning processes centralised



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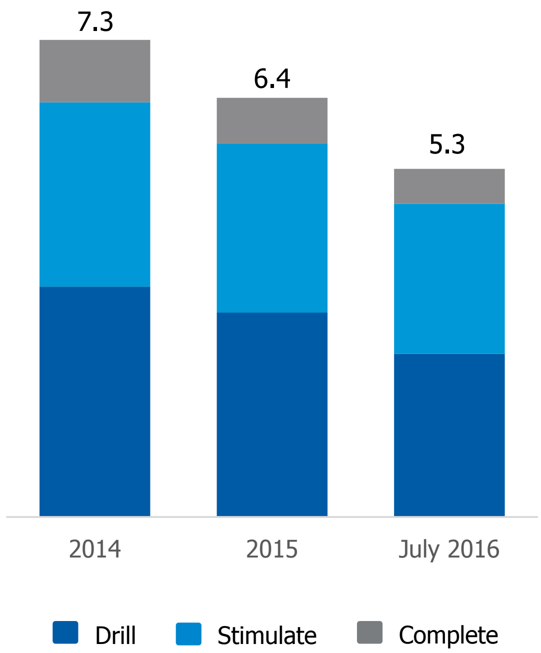
Cooper Basin

Maximise value, improve margins and de-risk exposure

Cooper Basin gas well costs
A$ million



- Significant cost reductions achieved but more to be done
- Cooper Basin unit production costs US$11.10/boe, down 15% on 1H15
- Cooper Basin gas well D&C costs down to A$5.3 million per well
  - utilisation of fit for purpose technology
  - supplier / contractor pricing reviews
  - stabilised well inventory driving execution efficiencies
  - work-flow prioritised and high-graded based on a rigorous and consistent economic framework
- Frequency and scope of maintenance and support functions optimised

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GLNG

Successful start-up and commissioning.

50 LNG cargoes shipped to date


GLNG plant, Curtis Island


Scotia hub, Queensland

- Successful start-up and commissioning of trains 1 and 2
  - train 2 first LNG May 2016; practical completion July 2016
  - 50 cargoes shipped since start-up in September 2015
  - 3 million tonnes of LNG produced
- Aim is to be an industry leader in low cost onshore operations
  - full cost Roma vertical well A$2.2 million (full cost includes drill, stimulate, complete and connect)
  - project partners strongly aligned to optimise operations and maximise efficiencies
- Scotia central flank 1 (CF1) development sanctioned
  - first gas expected 2018
- Learnings applied to Arcadia pilot wells resulting in increased gas rates
  - first phase of field development expected on line by year end

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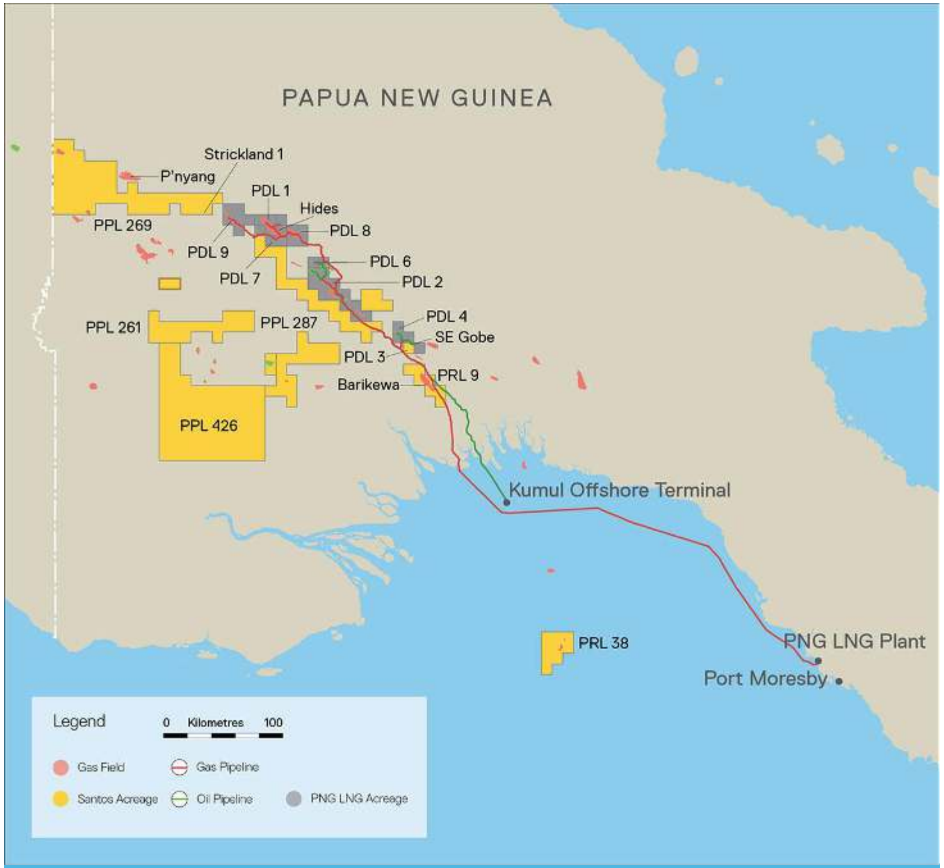
Papua New Guinea

PNG continues to deliver with expansion opportunities opening up



Papua New Guinea

- Strengthen and consolidate position
  - footprint supportive of long-term commitment to the region
- PNG LNG production continues to exceed expectations
  - 7.7 mtpa annualised production rate in 2016
  - 214 cargoes delivered through to 31 July 2016 from start-up in May 2014
  - progress toward the tie-in of the two completed Angore production wells is underway
- Exploration continues with Strickland-1 well in PPL269 testing a large Toro structure in the foot-hill area

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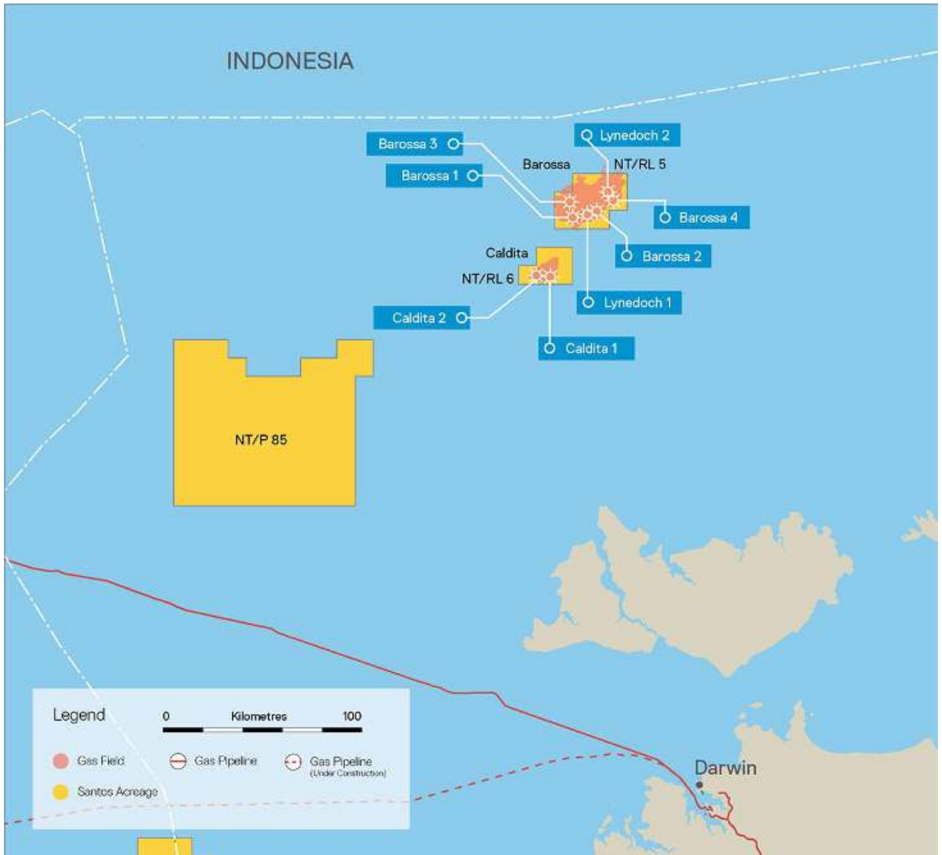
Northern Australia

Significant resource base across Northern Australia is well positioned for brownfield backfill opportunities



Barossa Caldita, offshore Northern Territory

- Strong performance from Bayu Undan and Darwin LNG
- Successful three well appraisal campaign in Barossa completed in 2015
  - project partners have committed to an extensive engineering and subsurface programme to progress development of the resource back to Darwin
- Extensive discovered resource base that includes Crown-Lasseter and Petrel-Tern, and spans the Browse and Bonaparte Basins

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2016 First-half summary

Create sustainable shareholder value by becoming a low-cost, reliable and high performance business

Moomba plant, Cooper Basin

- Full review of asset portfolio completed
- Business restructured and new operating model implemented
- Leadership team established
- Disciplined approach to the allocation of capital instilled
- Cost out program starting to deliver real results
- Focus on increasing operating cash flow and further debt reduction
- Identifying opportunities to optimise and shape the asset portfolio

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Reference Slides

19 August 2016

Liquidity and net debt position as at 30 June 2016

US$3.4 billion in cash and committed undrawn debt facilities.

Net debt US$4.5 billion

Liquidity (US$ million)		30 June 2016
Cash		1,034
Undrawn bilateral bank debt facilities		2,339
Total liquidity		**3,373**
Debt (US$ million)		
Export credit agency supported loan facilities	Senior, unsecured	1,739
US Private Placement	Senior, unsecured	620
PNG LNG project finance	Non-recourse	1,809
Euro-denominated hybrid notes	Subordinated	1,153
Other	Finance leases and derivatives	241
Total debt		**5,562**
Total net debt		**4,528**

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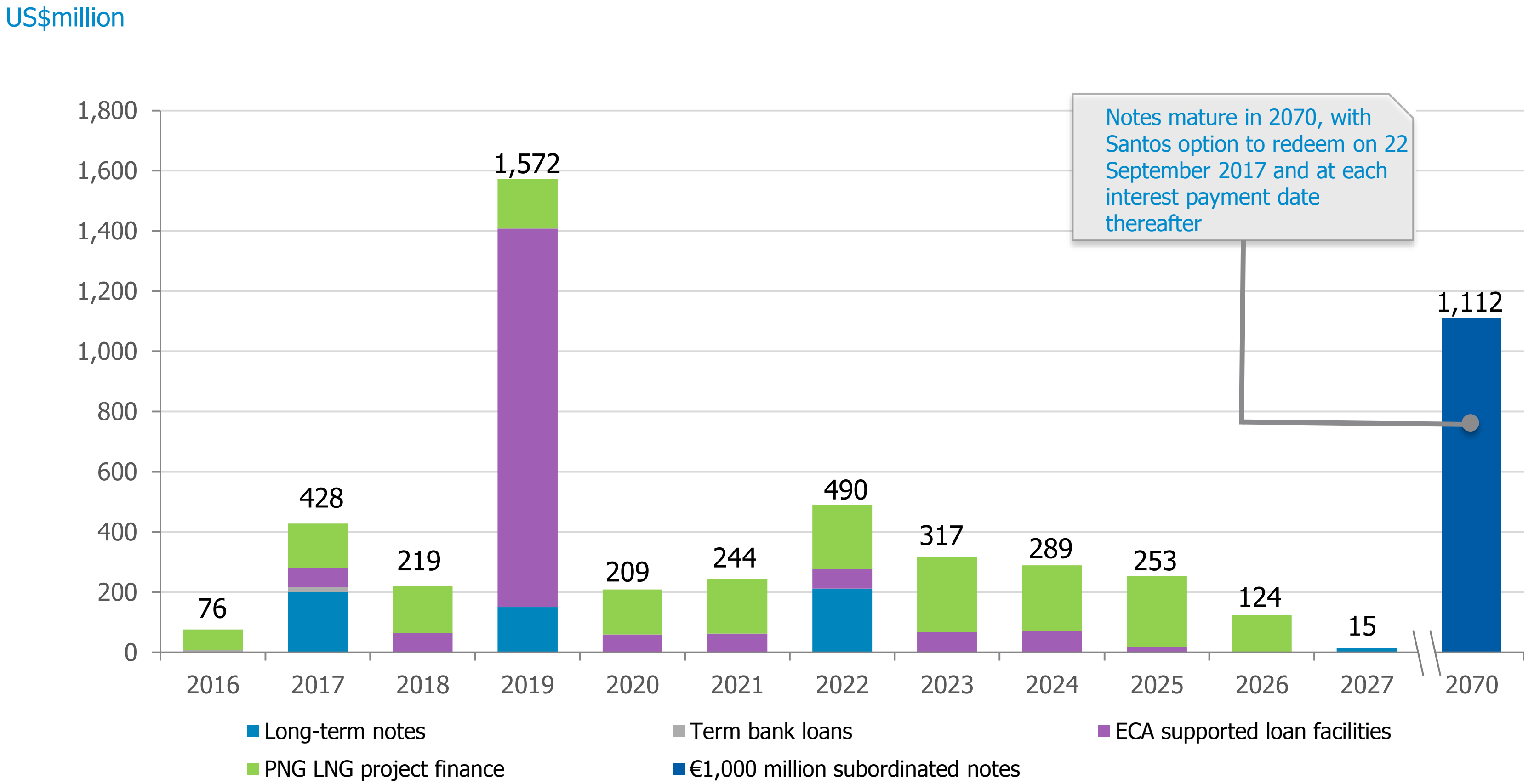
Debt maturity profile

Santos has limited drawn debt maturities until 2019

Drawn debt maturity profile as at 30 June 2016



Significant items after tax

Reconciliation of full-year net loss to underlying profit

$million	1H 2016	1H 2015
Net profit/(loss) after tax	(1,104)	30
Add/(deduct) significant items		
Impairment losses	1,061	-
Redundancy and restructuring costs	17	7
Onerous contract	18	-
Other	3	(12)
Underlying profit/(loss)	(5)	25

Underlying profit/(loss) is a non-IFRS measure that is presented to provide an understanding of the performance of Santos' operations. Underlying profit/(loss) excludes the impacts of asset acquisitions, disposals and impairments, as well as items that are subject to significant variability from one period to the next, including the effects of fair value adjustments and fluctuations in exchange rates. The non-IFRS financial information is unaudited however the numbers have been extracted from the audited financial statements.

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2016 Guidance

Item	2016 guidance
Production	57-63 mmboe
Sales volumes (including third party product sales)	76-83 mmboe
Upstream production costs (excl. LNG plant costs)	US$9-10/boe produced
Depreciation, depletion & amortisation (DD&A) expense	US$800 million
Capital expenditure (incl. exploration, evaluation and abandonment, excluding capitalised interest)	US$750 million

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