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To: Company Announcements Office
ASX Limited

From: Company Secretary

Date 5 May 2011

Subject: 2011 Annual General Meeting

Please find attached the Chairman's and the CEO & Managing Director's addresses to the 2011 Annual General Meeting held in Adelaide today.

David Lim
Company Secretary

**ANNUAL GENERAL MEETING
OF SANTOS LIMITED**

CHAIRMAN'S ADDRESS

AND

CEO & MANAGING DIRECTOR'S ADDRESS

5 MAY 2011

Address by Peter Coates AO, Chairman

Good morning ladies and gentlemen.

I am your Chairman, Peter Coates and I am pleased to welcome you to this Annual General Meeting of Santos Limited.

I would also like to inform you that today's meeting will be recorded and made available as a live webcast.

Santos made great progress in delivering its growth strategy during 2010.

This progress culminated in the final investment decision on the Gladstone LNG project in January. This project will develop coal seam gas resources for export as liquefied natural gas from the port of Gladstone in Queensland.

Santos is already Australia's largest domestic gas producer and the approval of the Gladstone LNG project confirms our position as a major energy supplier to the growing economies of Asia.

Whilst our LNG strategy remains a key focus, we have not forgotten the importance of our base business which performed well during 2010 with excellent project delivery and good cost control. This, together with growth in reserves and a strong balance sheet, places Santos in a great position for the future.

However, we did face some challenges during the year. As you would be aware, there was significant rainfall in the Cooper Basin throughout 2010. Early in the year, the region experienced its worst flooding in 30 years. Rainfall and floods continue to affect our operations in central Australia today.

I would like to take this opportunity to recognise our employees and contractors who worked hard to overcome these challenges and also to thank our Queensland employees who rallied to support their local communities during flooding at the beginning of 2010 and again this year.

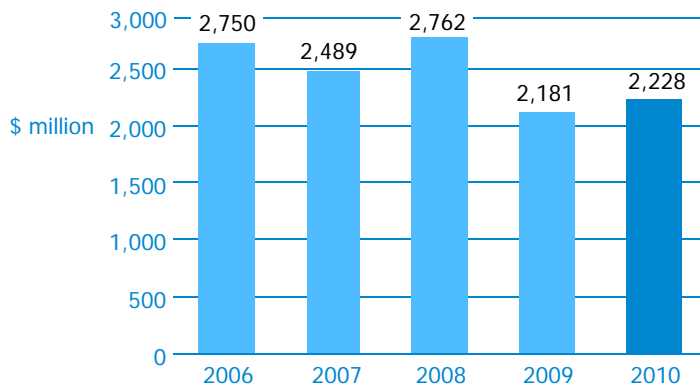
Santos is in a strong financial position. The company delivered higher profit in 2010 and has a sound balance sheet to fund growth.

Let's look at our 2010 performance.

Production of just under 50 million barrels of oil equivalent was 8% lower than the previous year mainly due to the floods which reduced Cooper Basin production by three million barrels. Strong gas production in Western Australia and Indonesia helped to offset the lower Cooper production.

Sales revenue

\$2,228 million

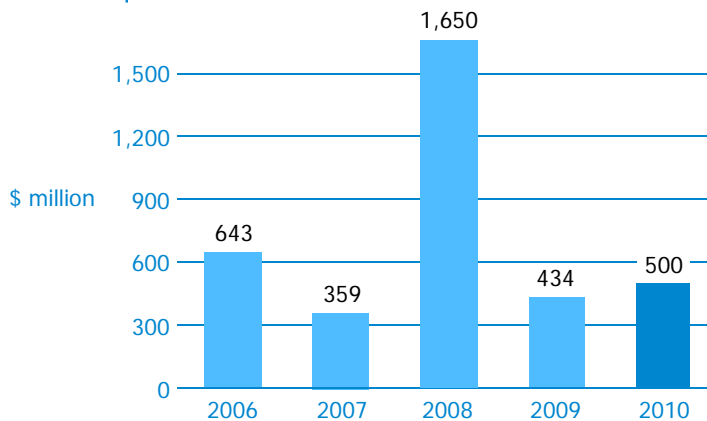


Santos
We have the energy.

Despite lower production, we were able to maintain sales revenue at \$2.2 billion. We achieved this through a combination of improved product prices and our ability to withdraw gas from storage to meet customer contracts. At Moomba, we have Australia's largest underground gas storage facility, giving Santos a significant competitive advantage.

Net profit after tax

\$500 million



Santos
We have the energy.

Net profit after tax of \$500 million was a 15% improvement on 2009. I remind you that our 2008 profit shown on the chart was boosted by the gain on sale of a 40% interest in the GLNG project to PETRONAS.

2010 reported net profit includes the gain on sale of a 15% interest in the GLNG project to Total. This gain was offset by some asset impairments. Excluding these one-off items, underlying net profit was up a strong 46% due to higher prices and good cost control.

Overall, the performance in 2010 was strong. David will speak to you in more detail about our performance shortly.

I would now like to talk about our LNG growth strategy.

The growing demand for natural gas in Asia is driven by the region's need for secure, safe and reliable energy – and a desire to reduce the carbon intensity of power generation.

Analysts Wood Mackenzie forecast total Asia-Pacific LNG demand will more than double to 237 million tonnes by 2025. They forecast that in meeting about a quarter of this demand, Australia has the potential to become the world's largest LNG producer.

The expanding demand for LNG provides a great opportunity for Australia and companies, such as Santos, to meet this demand.

We have significant involvement in four LNG projects: one in production at Darwin, two more in construction in Queensland and Papua New Guinea, and a fourth floating LNG project just beginning its early engineering studies.

The portfolio has the potential to deliver a 20 million barrel increase in our production by the end of 2015. Once these projects come on line, Santos will have 70% of total sales linked to the oil price, which is up from about 30% today.

This outlook is not without its challenges.

Greater use of natural gas in the global energy economy is one of the lowest cost ways to reduce greenhouse gas emissions. Measures which restrain the use of natural gas either domestically or as LNG will result in the world paying much more for emission reductions than is necessary.

When used to generate electricity, natural gas produces less than half the carbon emissions associated with coal-fired power. As a fuel source that is both abundant and available today to provide baseload power, natural gas serves as the perfect partner to support growth in renewable energy.

Australian climate change policies must not compromise the international competitiveness of its exports – particularly when those exports can help reduce Asia's carbon emissions.

The global LNG market is highly competitive. At a time when demand for natural gas appears set to increase after the catastrophic events in Japan, a carbon tax that does not recognise Australia's international trade exposure would put our LNG projects at a competitive disadvantage.

It is critical that any policy to put a price on carbon recognises the need to maintain the international competitiveness of Australia's trade exposed industries such as LNG.

Another challenge is access to necessary labour and skills.

Australia faces enormous demand for skilled labour that comes with the sheer number of big resource projects underway and planned.

Whilst there are many hurdles to overcome before a project makes it from the drawing board to production, labour is a critical factor.

Meeting this labour challenge requires companies and the Government to work together. Companies must invest in training our future workforce and the Government must put in place policies which support this training and, at the same time, provide easy access to offshore skilled labour. The appropriate policy settings will ensure that the Australian economy continues to grow for the benefit of all Australians.

I look forward to seeing the Government's plans when the Federal Budget is brought down next Tuesday.



Santos is at the forefront of the growth in natural gas production from coal seam reservoirs in Queensland and New South Wales. We began coal seam gas exploration in Queensland 15 years ago. More recently, we have gained exploration interests in the Gunnedah Basin.

We acknowledge that there is some community concern about the potential impacts of coal seam gas exploration and production. Whilst we believe that a lot of this community concern is based on misinformation and a lack of understanding of the processes involved, we also recognise that we are guests in the community and for our long term success, we must respect the rights and views of these communities and it is our job to respond in a positive and constructive manner.

To this end, company representatives hold regular community meetings to provide information about our operations and to receive community feedback on

our performance. At the same time, we also are working with state and local governments, landholders and the broader community to identify and address issues that might impact these stakeholders and the environment.

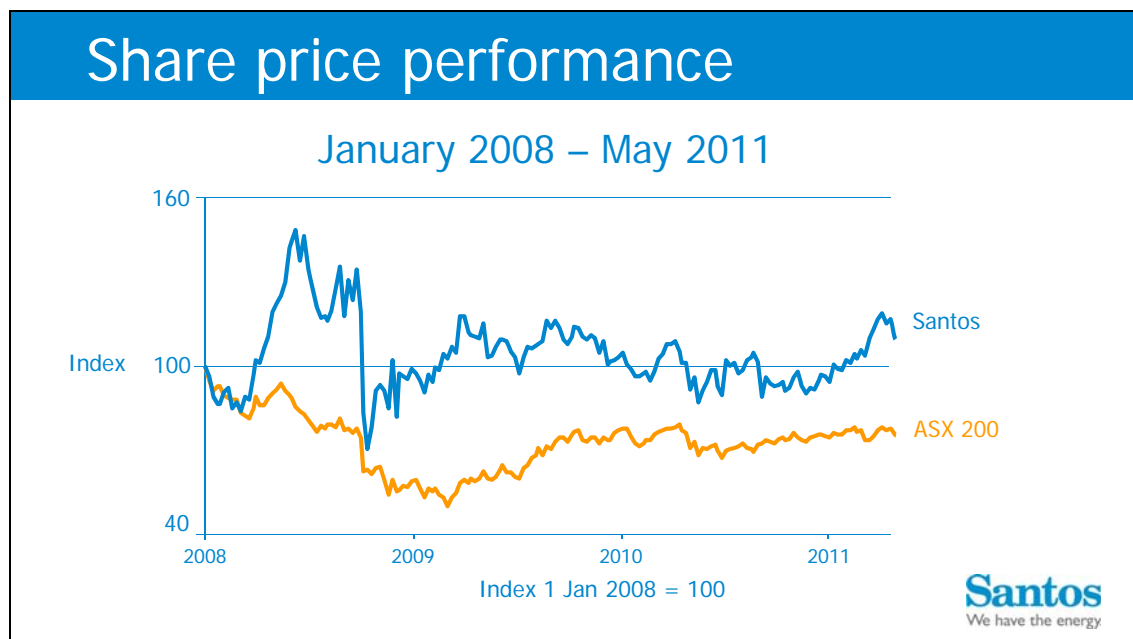
Shareholders can be assured that your company will make a positive contribution to the communities in which it operates.

Santos successfully executed a comprehensive funding strategy in 2010.

This funding strategy culminated in a \$500 million equity raising in December. The equity raising was conducted by way of a placement of shares to institutional shareholders at a very small discount.

A number of shareholders have asked why the placement was not made available to all shareholders.

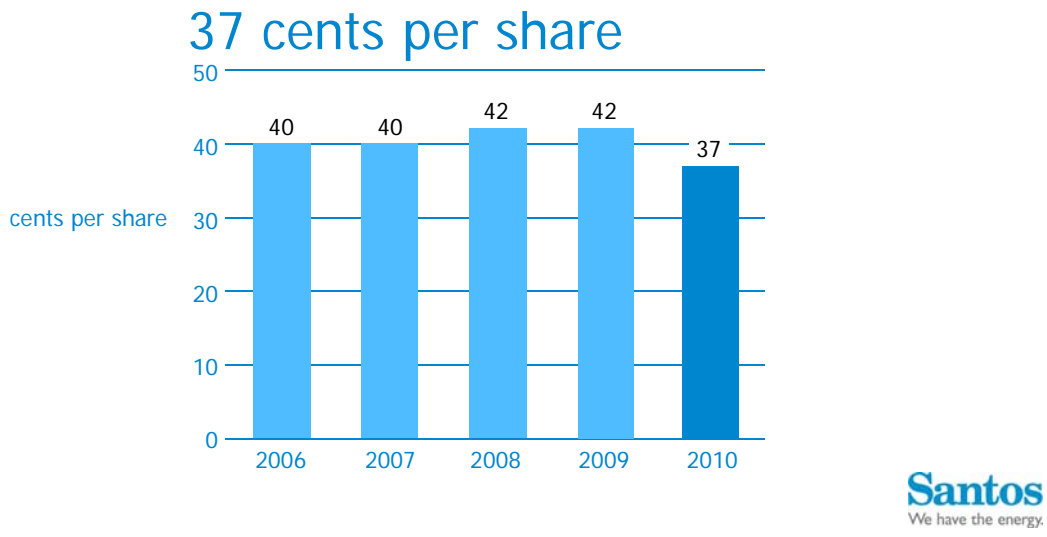
The Board's duty is to act in the best interests of all shareholders and, in this case, raising the \$500 million quickly and with minimum risk, which allowed a fully funded final commitment to the Gladstone LNG project. This was in the best interests of all shareholders.



Since the final investment decision, the share price has risen 14% compared to a 1% rise in the broader market. This is clearly in the interests of all shareholders.

As this chart confirms, whilst financial markets have shown higher than normal volatility, your Santos shares have strongly outperformed the benchmark ASX200 index over the past three years.

Dividends



Another key element which the Board considers in determining the right funding strategy is the level of dividends.

Given the significant commitment to funding our key LNG growth projects over the next few years, the Board took the decision in February to reduce the dividend.

We did this to strike an appropriate balance between funding growth and continuing to pay a meaningful dividend to shareholders.

In line with this policy, the dividend for the year ending December 2011 is expected to be 30 cents per share fully franked. All things being equal, the Board anticipates that the reduced dividend will remain during our capital intensive growth phase between now and 2015. Following that, the Board will look to increase the dividend as soon as is appropriate.

I remind shareholders that Santos continues to offer a dividend reinvestment plan and this year we introduced a 2.5% discount on DRP shares.

Before I hand over to our CEO, David Knox to address the operational aspects of our performance, I would like to acknowledge the hard work and dedication of all Santos employees.

I would also like to thank my fellow directors for their support and guidance.

And finally, on behalf of the Board, I would like to thank shareholders for their support and stress that we, your Board, are fully focussed on actively growing shareholder value.

I will now ask David to address the meeting.

Address by David Knox, CEO & Managing Director

Thank you Peter, and to all of you good morning.

Peter has outlined our vision and our strategy. As he highlighted, 2010 was a very significant year in the delivery of our strategic objectives.

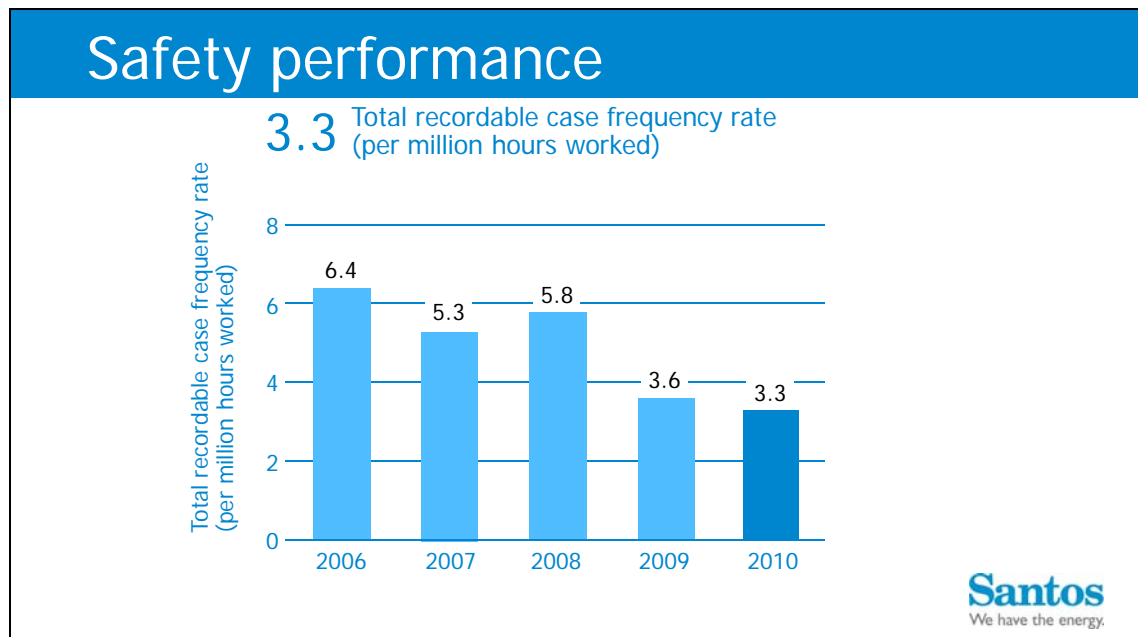
I want to begin by talking to you about what we are doing, operationally, to deliver on those objectives.

First, we start with safety.

Great companies are safe companies. Operating safely means we are well on the way to operating efficiently.

I have now worked in the industry for almost 30 years and have come to fully understand the importance of safety, both to our own employees and contractors, but also for the communities in which we operate. As Santos expands our onshore operations, the community interaction becomes increasingly important.

Our vision is that we all go home from work without injury or illness. This is a constant reminder of the responsibility that all employees and contractors share to look after our work mates and the communities with which we interact.



In 2010, Santos achieved its best ever safety record. We finished the year with a total recordable case frequency rate of 3.3 injuries per million hours worked. This equates to a 50% reduction in our injury rate since 2008. Santos' injury rate remains well below the Australian industry average of 5.2 recordable injuries per million hours worked.

Despite this good progress, our journey to a safer workplace is not complete. All at Santos were deeply saddened when a contractor employee was killed in a road accident in the Cooper Basin last year.

While the safety of personnel is critically important, the second key aspect is keeping the liquids and gasses in the pipes. This is commonly referred to as process safety.

This focuses on establishing systems, standards and behaviours that will minimise the risk of high consequence incidents such as fire and explosion. Such incidents have the potential to harm people and the environment, and clearly could also impact supply continuity and therefore revenue and earnings for shareholders.

Audits undertaken indicate a continued strong commitment to process safety at all levels in the organisation. We must maintain our vigilance and continuously challenge ourselves to demonstrate that our kit and practices are both safe and reliable.

Turning to the environment and climate change.

With the ever-increasing demand for energy and the need to reduce global greenhouse emissions, it is more important than ever to manage our energy resources effectively. Santos believes that natural gas has a key role to play in meeting the challenges ahead.

Australia's abundant reserves of natural gas provide a lower carbon alternative to coal, and have the capacity to generate substantial employment and investment opportunities.

The potential of Australia's natural gas extends well beyond domestic energy security. Australia's LNG projects are supplying the growing economies of Asia with low carbon energy to drive their industry and their economic development.

We support action on climate change, however the introduction of any carbon pricing policy must be well designed and provide permits to trade exposed industries such as LNG.

Climate change policy must not compromise the competitiveness of Australia's exports.

While we await a resolution on the public policy matters, Santos is taking positive action to lower the carbon intensity of its operations. Through our energy efficiency program we have implemented a range of projects that will save approximately 250,000 tonnes per annum of CO₂.

We will continue to identify potential energy savings.

Santos seeks to build transparent, lasting and mutually beneficial relationships with the communities in which it operates. While we have legal title to the hydrocarbon which lies deep underground, we are guests in the community. For long-term success we need to respect the rights and views of the communities in which we operate.

I would now like to show a short film on some aspects of our community engagement in the area around Roma, the centre of our coal seam gas operations in Queensland.

The film titled Community Benefits of CSG is available on the Company's website at <http://www.santos.com/company-profile/videos-webcasts.aspx>

Let me assure everyone in this room that I am firmly committed to, and passionate about, working in the community to make a difference.

We began coal seam gas exploration in Queensland 15 years ago. In New South Wales, we have exploration and operating interests in the Gunnedah Basin.

I am fully aware of the questions being asked by the communities in both states. Santos is working collaboratively with state and local governments, landowners and the broader community to explain what we are doing and to identify and address any issues of concern.

As the film highlighted, we hold regular consultation meetings to provide information about Santos' operations and to obtain feedback on our performance.

There is one key issue which is raised with us in these meetings.

This is water management.

Santos has an innovative approach to coal seam gas water management. Our principle is that we find beneficial uses for water from our operations, and I will give you two fine examples: aquifer recharge and pasture irrigation.

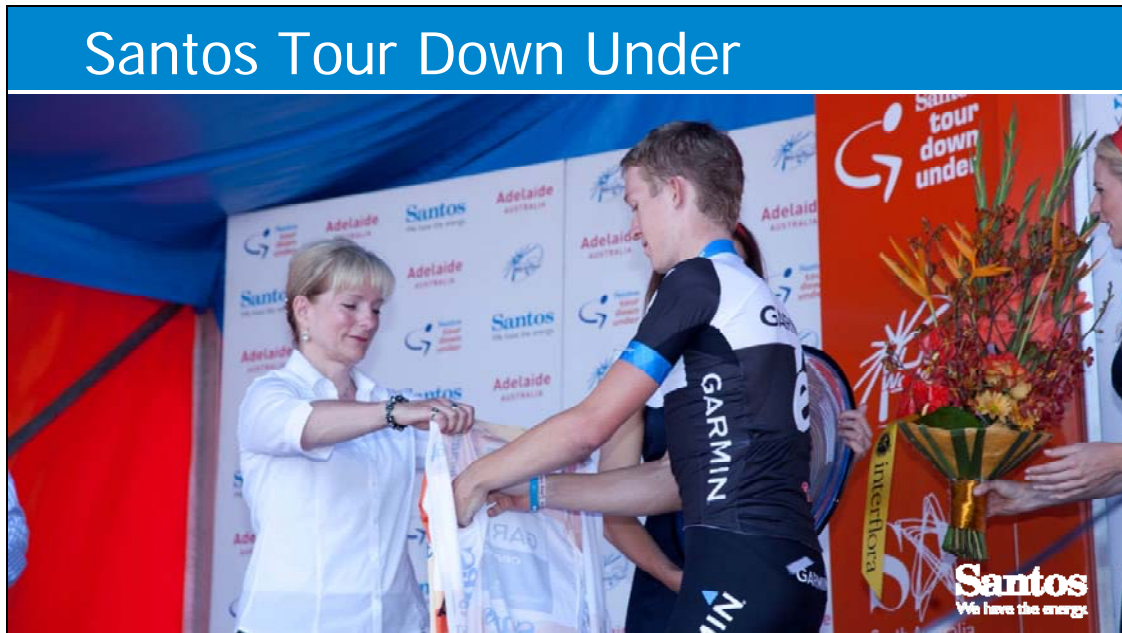


At Roma, Santos has taken the lead in an innovative study of the potential to inject treated coal seam gas water to replenish underground aquifer systems that have been depleted through long term use.

The project is being undertaken by Santos in cooperation with CSIRO, the Queensland Department of Environment and Resource Management and the Maranoa Regional Council. If the trial is successful, the project has the potential to provide a major boost to Roma's current underground water supply.

At our Fairview and Springwater stations in Queensland, Santos has established a large-scale irrigation project. We have planted over one million trees which are irrigated by coal seam gas water.

In addition, 230 hectares of forage crops have been planted. In early 2010, the first 500 local cattle were released into the plantation and have since been grazing on rotation. These cattle are doing very well and the project is proving that our CSG operations can provide highly productive, supplementary support for local cattle producers.



Our community investment philosophy is to support organisations, initiatives and events that have real and meaningful impacts in the communities in which we operate.

Santos proudly supports organisations and events that contribute to education, environment, arts and culture, health and indigenous communities. In 2010, Santos contributed over 10 million dollars to over 200 events and organisations.

I am proud to lead a company which seeks to make a difference to the communities in which we operate.

Let me now turn to our business performance.

2010 more than anything was about delivery on our objectives in the base business. We did this despite enormous challenges thrown at us by flooding in Central Australia.

It was also about delivering the last piece of the jigsaw that enabled our final investment decision on the \$16 billion GLNG project.

Flooding in the Cooper Basin



In the Cooper Basin, wet weather continues to impact operations today. I want to echo Peter's acknowledgement of the tremendous commitment by our employees and contractors to mitigate the impact of adverse weather which has hit our areas of operation.

In the short term, 2011 production is expected to be in the range of 47 to 50 million barrels of oil equivalent. This is four per cent below our original forecast for the year, due to the adverse effects of weather in central and Western Australia.

Delivery on the growth projects in our base business is, on a whole, pleasing. Four projects - Reindeer, Chim Sao, Spar and Wortel – are on schedule to commence production this year. These projects will drive production growth from 2012.

Reindeer, WA



In Western Australia, we are developing a new domestic gas hub with the Reindeer project. This project will give Santos shareholders additional exposure to growth in the Western Australian resources sector.

Reindeer is on schedule. The photo on the left shows the Reindeer offshore platform. The photo on the right shows construction progress at the onshore gas processing plant, located at Devil Creek, south-west of Dampier.

Spar, WA



Our second domestic gas project in WA, Spar, is proceeding following an excellent result from the Spar-2 appraisal well drilled last year. The picture on the left shows the drilling rig testing the well.

The Spar wells will be controlled from the existing John Brookes platform. The picture on the right shows the platform following the successful installation of the new Spar control module.

We are on schedule for first production by the middle of this year. A second well should follow in early 2013.

In April, we announced a significant gas discovery offshore Western Australia with the Zola exploration well. Zola is located south-west of Spar and intersected over one hundred metres of net pay in high quality reservoir.

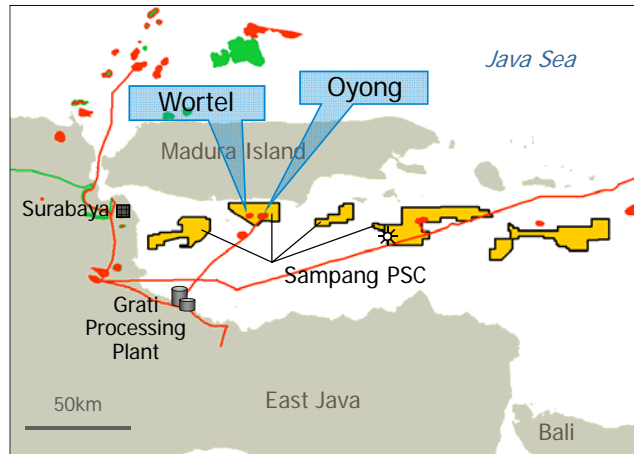


In Vietnam, our Chim Sao oil project is also on schedule.

The offshore platform is installed, and infield flowlines and export pipeline are complete. The drilling and completions program is also progressing to schedule.

The picture shows the Chim Sao floating production, storage and offloading vessel under construction in Singapore. The vessel will soon move to the field. First oil is due in the second half of this year.

Wortel, Indonesia



Legend

- Santos acreage
- Oil field
- Gas field
- Oil pipeline
- Gas pipeline



Santos
We have the energy.

In November last year, we sanctioned Wortel, our third operated asset in Indonesia.

Wortel is a tie-back to the existing Santos-operated Oyong asset and will increase the combined gross gas production from the two fields to 90 terajoules per day.

GLNG partnership



Turning to LNG growth, we delivered the final investment decision on the two-train GLNG project in January this year. This followed the signing of a binding off-take agreement with KOGAS, who also joined the project as a fully integrated partner.

GLNG delivers on the strategic vision to transform Santos into a significant exporter of LNG.



It really is a game-changer for Santos. Not only will it provide production and cash for decades to come, it also exposes our eastern Australian gas resources to Asian LNG prices.

Our confidence in delivering GLNG on-time and on-budget is reinforced by the strength of our partners, our world-class contractors and our dedicated project team.

The project is off to a good start. Orders have already been placed for long-lead items totaling more than half a billion dollars. We have access to the Curtis Island site at Gladstone on schedule and our contractors are preparing to commence work on the site.

We are targeting first LNG in 2015.

I would like to acknowledge the strong commitment of our partners PETRONAS, Total and Kogas, and the Queensland and Federal governments to making the GLNG project a reality.

PNG LNG



Turning to PNG, the project achieved financial close in March last year and is now in full execution mode led by our operator ExxonMobil.

Construction continues for supporting infrastructure at the LNG plant site and upstream locations.

The photo shows the LNG plant site outside Port Moresby. Construction work will continue to ramp up throughout 2011.

We are continuing to target first LNG from the Papua New Guinea plant in 2014.

With the approval of GLNG, the four new projects coming on stream this year and the discovery of a new gas resource at Zola, the Santos team has demonstrated its ability and commitment to fulfill our growth strategy and achieve success.

I thank our employees for these achievements. Their excellence and drive have put us in an outstanding position for the years to come.

This is an exceptional company with a valuable portfolio of current and future projects. We remain proudly Australian, delivering high quality energy products, not just for Australia, but also the growing Asian region.

We are committed to doing that safely and sustainably to deliver maximum value for our shareholders.

Thank you and I will now hand back to Peter.