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# Delivering the Strategy

David Knox  
Managing Director and Chief Executive Officer  
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## Disclaimer & 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 Australian currency, unless otherwise stated.

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## Securing our Energy Future

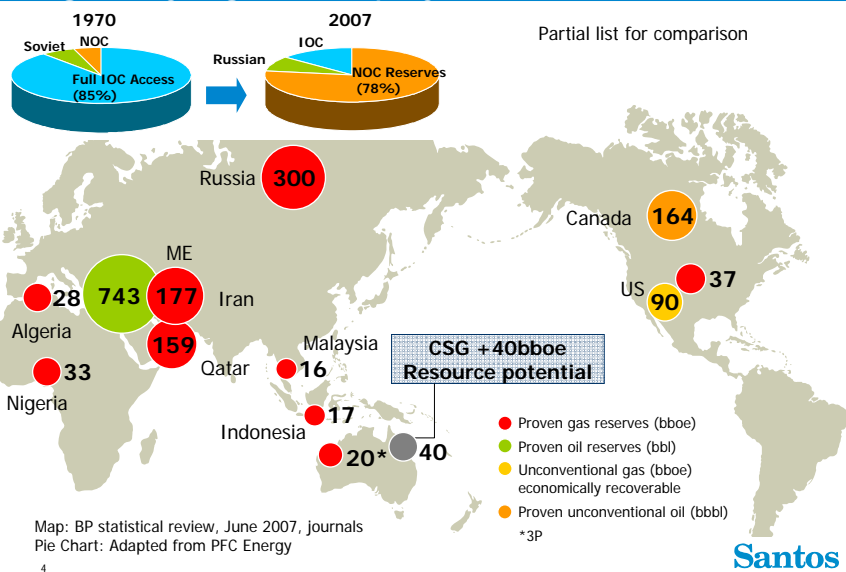
Natural Gas will play a vital role in meeting the energy requirements for Australia and the Asia Pacific region...

- Natural gas can meet new base load power generation requirements in Eastern Australia:
  - Lowering the carbon intensity of power generation by up to 70%
  - Significantly lowering power generation's water use by up to 99% that of coal
- Eastern Australian gas reserves continue to grow:
  - A global resource base in close proximity to key markets, situated within an integrated energy market
- Australia will be a key player in meeting Asian LNG growth
  - Enhancing Australia's role as a strategic supplier of energy resources

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## Eastern Australia Coal Seam gas: A globally significant play



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## The Santos strategy

Using quality assets, Santos will safely deliver:

### Base business

- **Eastern Australia:** price and volume growth
- **Indonesia:** steady business with incremental growth
- **WA & NT:** exploit asset position

### Significant growth in LNG

- **GLNG:** transformational growth
- **PNG:** project underpinned by high quality gas reserves
- **DLNG:** mature brownfield LNG growth

### Focused growth in Asia

- **India/Bangladesh:** Bay of Bengal exploration-led growth
- **Vietnam:** develop Chim Sao and exploration-led growth

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## Strategy delivery in 2008

### Base Business – Australia & Indonesia

Target	Delivery
Production 54 – 56 mboe	✓ 54.4 mboe in line with guidance
Progress next phase of projects to schedule	✓ Kipper – on track for first gas 1H11
	✓ Oyong Phase 2 – on track for first gas 3Q09
	● Reindeer – market leading gas prices achieved, first gas now targeted for 2H11
Better performance from Cooper Oil	● Henry – first gas delayed from 1H09, no material impact on 2009 production outlook
	● Production up 19% to 10,800bbl/day net, 2009 production target 10,000bbl/day net
First booking of Cooper unconventional gas	✓ Jackson to Moomba pipeline commissioned
Commence Gunnedah Basin exploration	✓ 590mboe 2C resource booked at year end for Cooper Basin unconventional reservoir gas
Banjar Panji resolution	✓ First CSG exploration wells drilled in Gunnedah
	✓ Brantas PSC interest transferred

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## Strategy delivery in 2008

### Significant growth in LNG

Target	Delivery
Introduce a partner into GLNG and FEED entry	✓ Sale of 40% interest in GLNG to PETRONAS for US\$2.5 billion*
	✓ Bechtel appointed downstream FEED contractor
	✓ GLNG dedicated CSG 2P reserves increase by 142%
	✓ Fairview Phase 2 capacity expansion complete
PNG LNG into FEED	✓ Government agreement signed and project entry to FEED

\*US\$2 billion was received in 2008, US\$500 million to be paid upon reaching FID of a second LNG train of 3mtpa capacity.

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## Strategy delivery in 2008

### Focused Growth in Asia

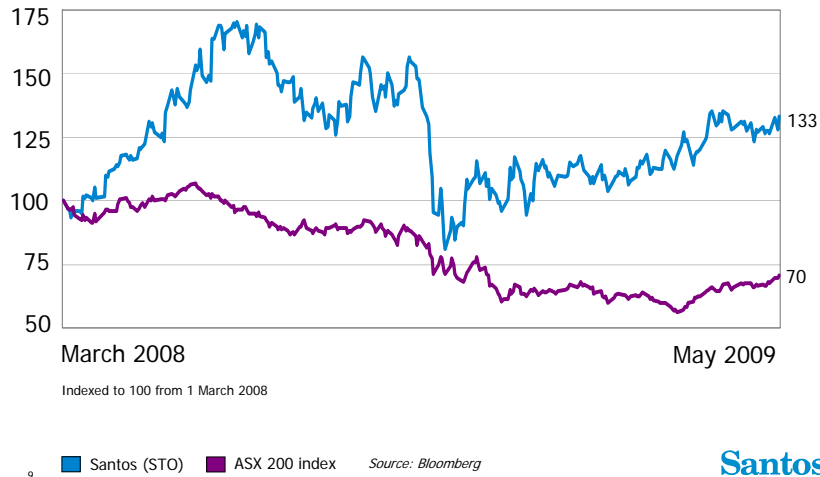
Target	Delivery
Vietnam: Chim Sao	✓ Successful test of Chim Sao North appraisal well
	⦿ Deferral of first oil into 2011
Bay of Bengal: progress exploration program	✓ 2D seismic survey complete
	✓ 3D seismic survey underway

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## Santos' strategy has delivered outperformance

### Santos share price performance since 1 March 2008



## Strong operating performance

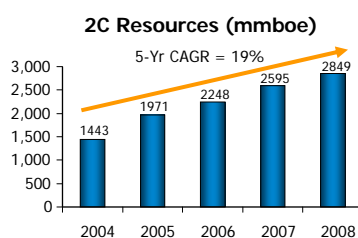
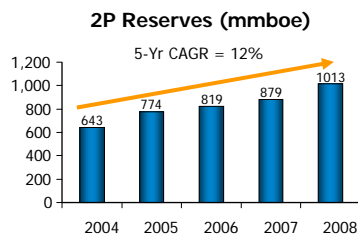
### 2008 Full Year Result

		Change on 2007	
Production	54.4 mmbob	↓	(8%)
Sales Revenue	\$2.8 billion	↑	11%
EBITDAX	\$3.7 billion	↑	99%
Net Profit After Tax	\$1.7 billion	↑	359%
Underlying Net Profit	\$572 million	↑	42%
Operating Cash Flow	\$1.5 billion	↑	21%
Total Dividends	42 cents per share	↑	5%

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## Track record of reserves growth



### Impressive & consistent growth in both 2P and 2C

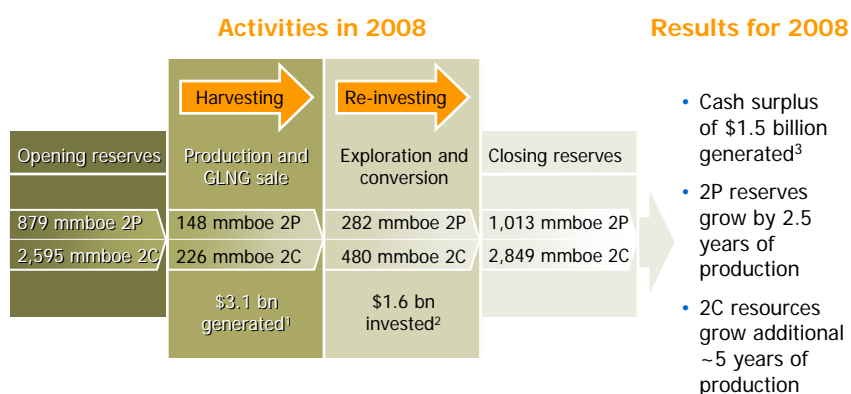
- Proven and probable (2P) reserves now exceed 1 billion barrels of oil equivalent (boe)
- 2008 2P reserves replacement ratio of 347%, or 517% if GLNG sell-down excluded
- 2P reserves replacement cost \$5.90/boe
- Contingent resources increased by 254 million boe to 2.85 billion boe
- Major contingent resource booking in the Cooper Basin for unconventional reservoir gas and closer spaced drilling into conventional reservoirs
- Material size of resources "cupboard" relative to company size

Management team focused on continuing track record of contingent resource commercialisation

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## 2008 Reserves: Strong growth and a rich harvest



<sup>1</sup> After tax sale proceeds and after tax operating cash flow

<sup>2</sup> Total capital expenditures

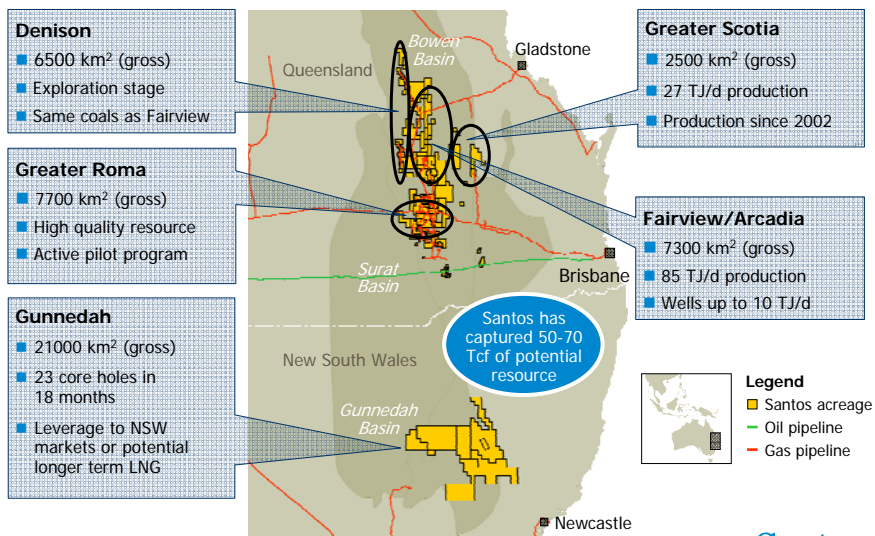
<sup>3</sup> Applied to net debt reduction, and share buyback

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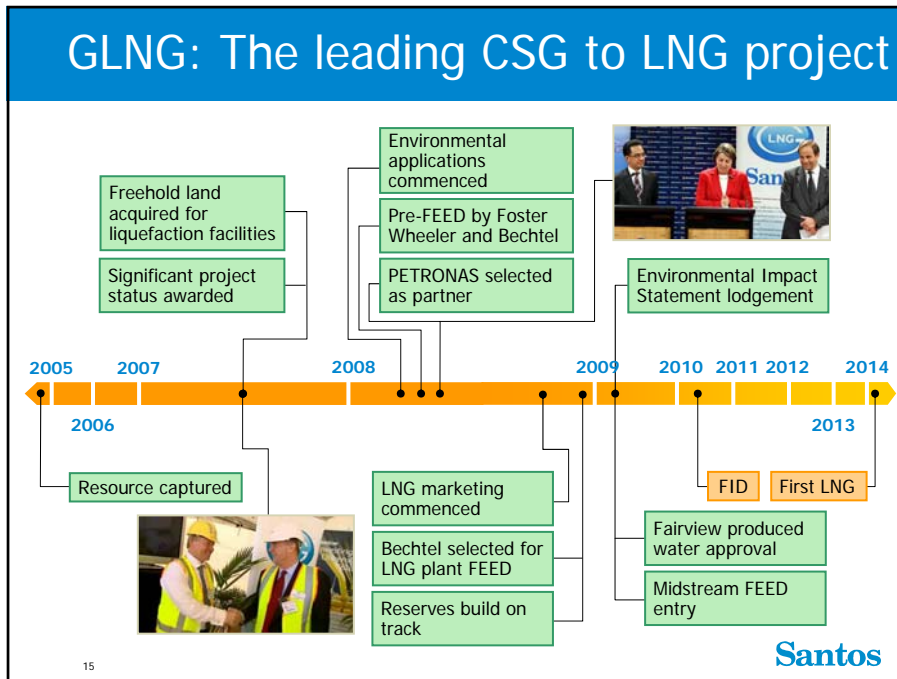
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# CSG Assets & Gladstone LNG

## Santos' leading CSG acreage position



## GLNG: The leading CSG to LNG project



## GLNG: Building the team

- Growth in GLNG team to 220 employees
- Senior secondees from PETRONAS into GLNG including:
  - Project Director Downstream
  - GM LNG Operations
  - GM Marketing
- Plans for an additional 120 new employees in 2009
- Organisation in place to deliver
- New Brisbane office opens mid-2009



Howard Keith, Engineering Manager and Rozitah Abu Bakar, Principal Process Engineer

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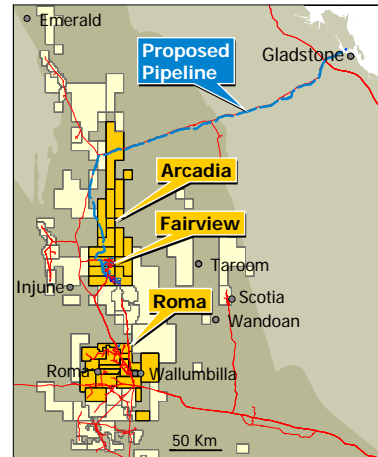
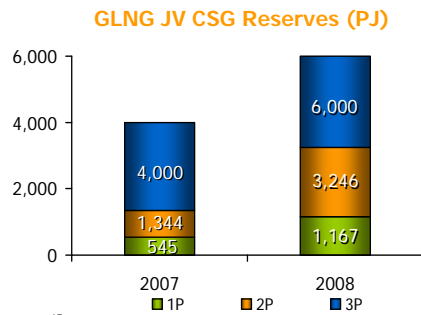




## GLNG: Building the reserves

### 2P reserves up 142% to 3,246PJ

- 95% of 2P reserves uncontracted and available for GLNG project
- 2008 program successful in converting resources to reserves, and conversion of possible to proved and probable



■ GLNG JV acreage  
■ Other Santos acreage

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## GLNG: Upstream update

- Wells**
  - 60 CSG wells spudded so far this year
  - On track for 100+ wells spudded by mid-year
- Production**
  - Phase 2 Fairview expansion commissioned
  - Fairview exceeded 100TJ/d for first time
- Environment**
  - EIS submitted 30 March 2009
  - EPA approval for innovative Fairview irrigation project for forage cropping and hardwood plantation
- Upstream FEED**
  - Bids received, FEED award 2Q09



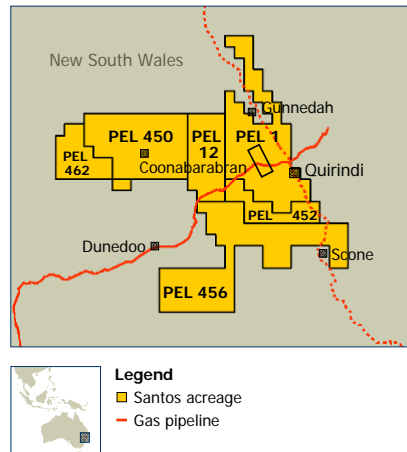
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## Gunnedah Basin

### 40 TCF prospective resource

- Secured access to majority acreage positions (up to 21,000 km<sup>2</sup> gross)
- Farmin agreements with
  - Australian Coalbed Methane
  - Gunnedah Gas
  - Macquarie Energy
- Quality and material land position to allow building of major new business
- All Santos operated
- Coreholes and seismic over next 18 months
- First contingent gas resource booking expected in 2009

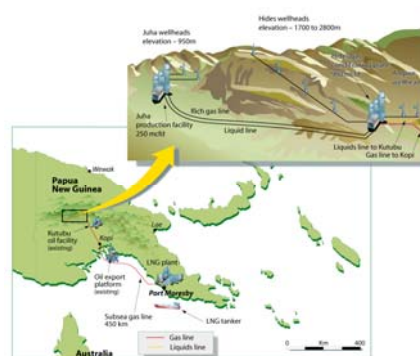


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## PNG LNG on track for 4Q09 FID

- Pre FEED work on two train 6.3 mtpa plant ✓
- Marketing Representative Agreement ✓
- Coordinated Development and Operating Agreement ✓
- Gas Agreement ✓
- Front End Engineering Design (FEED) Entry Decision ✓
- Marketing & finance underway ✓
- EIS submitted ✓
- Key terms of non-binding HOA agreed for 2mtpa ✓
- Landowner Agreements 3Q 09
- Final Investment Decision (FID) 4Q 09
- Santos 17.7% interest in FEED



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