

Macquarie Australia Conference

May 2014

Santos
We have the energy.



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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. All references to project completion percentages are on a value of work done basis, unless otherwise stated.

This presentation refers to estimates of petroleum reserves and contingent resources contained in Santos' Annual Reserves Statement released to the ASX on 21 February 2014 (Annual Reserves Statement). Santos confirms that it is not aware of any new information or data that materially affects the information included in the Annual Reserves Statement and that all the material assumptions and technical parameters underpinning the estimates in the Annual Reserves Statement continue to apply and have not materially changed.

The estimates of petroleum reserves and contingent resources contained in this presentation are as at 31 December 2013. Santos prepares its petroleum reserves and contingent resources estimates in accordance with the Petroleum Resources Management System (PRMS) sponsored by the Society of Petroleum Engineers (SPE). Unless otherwise stated, all references to petroleum reserves and contingent resources quantities in this presentation are Santos' net share. Reference points for Santos' petroleum reserves and contingent resources and production are defined points within Santos' operations where normal exploration and production business ceases, and quantities of produced product are measured under defined conditions prior to custody transfer. Fuel, flare and vent consumed to the reference points are excluded. Petroleum reserves and contingent resources are aggregated by arithmetic summation by category and as a result, proved reserves may be a very conservative estimate due to the portfolio effects of arithmetic summation. Petroleum reserves and contingent resources are typically prepared by deterministic methods with support from probabilistic methods. Conversion factors: 1PJ of sales gas and ethane equals 171,937 boe; 1 tonne of LPG equals 8.458 boe; 1 barrel of condensate equals 0.935 boe; 1 barrel of crude oil equals 1 boe.

Santos overview

- › One of Australia's largest domestic gas producers
- › 2013 production 140,000 boe/d (75% gas/25% liquids)
- › Top-20 Australian Securities Exchange listed company
- › Market capitalisation \$14 billion (May 2014)

Proved reserves	620 mmboe
Proved plus probable reserves	1,368 mmboe
2C Contingent resources	1,869 mmboe
2013 production	51 mmboe
Three-year organic reserve replacement ratio	102%

boe/d: barrels of oil equivalent per day
mmboe: million barrels of oil equivalent

A leading energy company in Australia and Asia



Our strategy

Strong LNG project delivery positions Santos to achieve 80 to 90 mmbobe of production by 2020



- › Growing Cooper Basin gas capacity to meet higher demand and capture higher prices
- › High margin Western Australian business performing strongly
- › Exploration success



- › First LNG production from PNG LNG in April 2014, ahead of schedule
- › GLNG 80% complete and on track for first LNG in 2015
- › Capital cost estimates unchanged

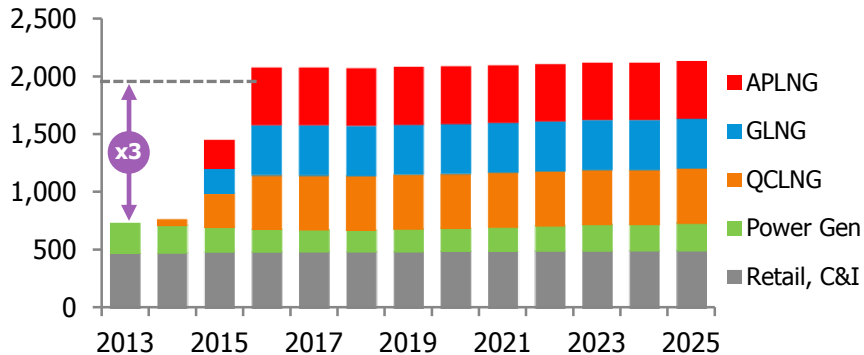


- › Peluang project delivered in March 2014 on budget and ahead of schedule
- › Dua project in Vietnam on track for first oil in mid-2014
- › Exploration drilling underway in PNG and Vietnam

Eastern Australia gas market transformation

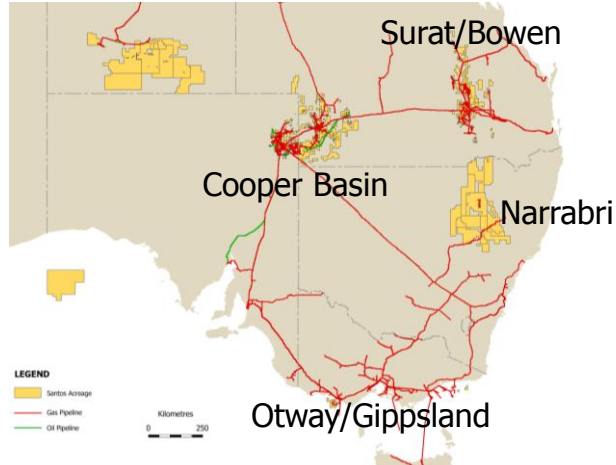
Additional supply is required to meet increased demand and Santos well placed to benefit

Eastern Australia gas demand (PJ)



- › Tripling of gas demand creating market tightness
- › Recent east coast gas contracts >\$8/GJ
- › New sources of gas required in 2015-2020 to meet supply challenge
- › Santos well placed to meet increased east coast gas demand with over 4,600 PJ of net 2P reserves, 6,700 PJ of 2C resources and existing infrastructure

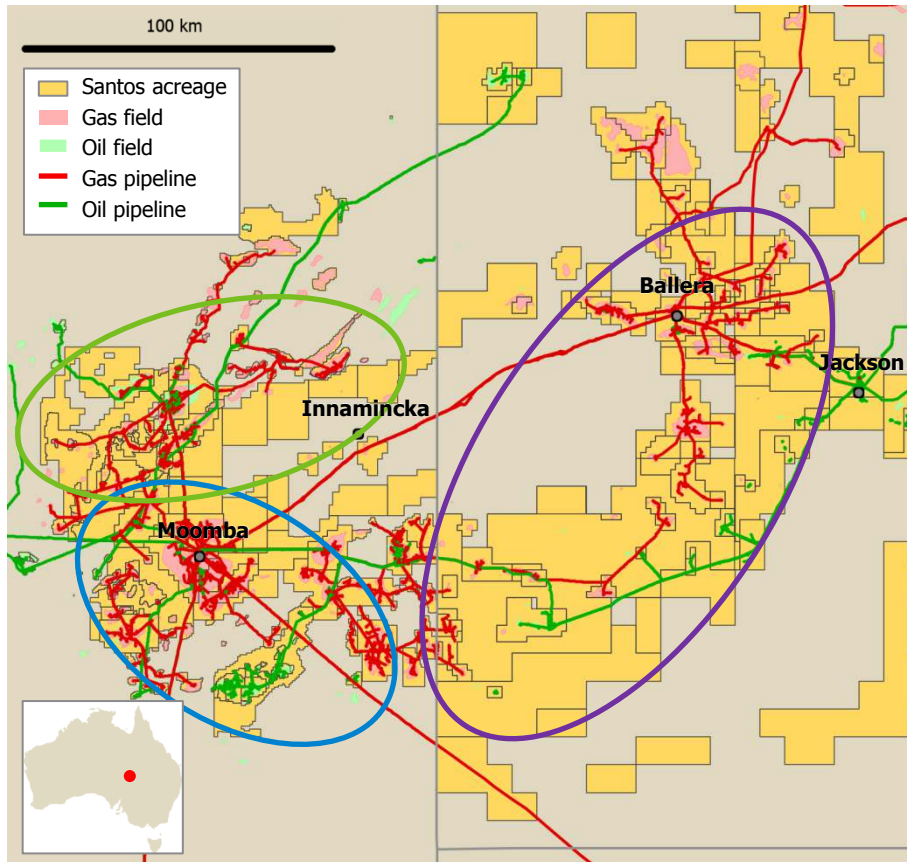
Santos asset footprint



- › Santos accelerating Cooper Basin supply
- › Poised to develop Narrabri Gas Project
- › Encouraging further unconventional exploration
- › Increasing infrastructure, transport and processing capability

Increasing Cooper Basin gas production

Targeting three key areas during 2014-16 enabling cost efficiencies from increased scale



Moomba Big Lake

- › 2 rig, pad development focus
- › High deliverability
- › ~70 wells

SWQ Unit

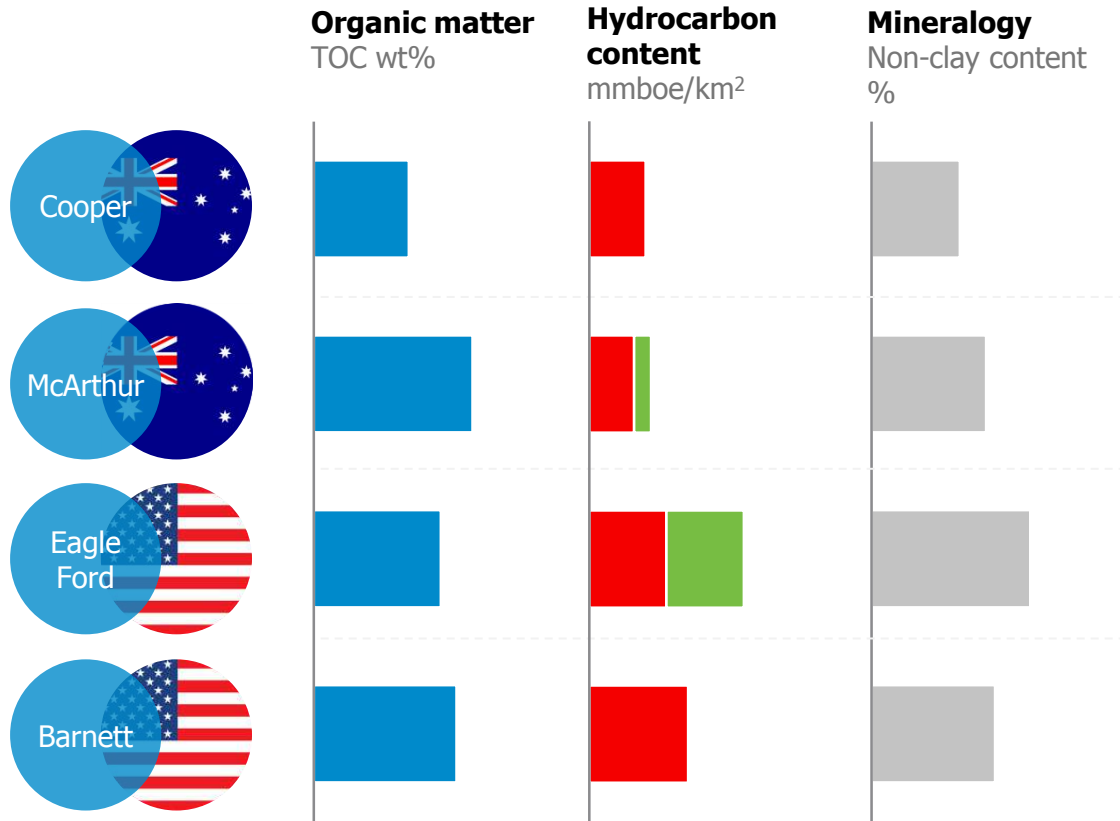
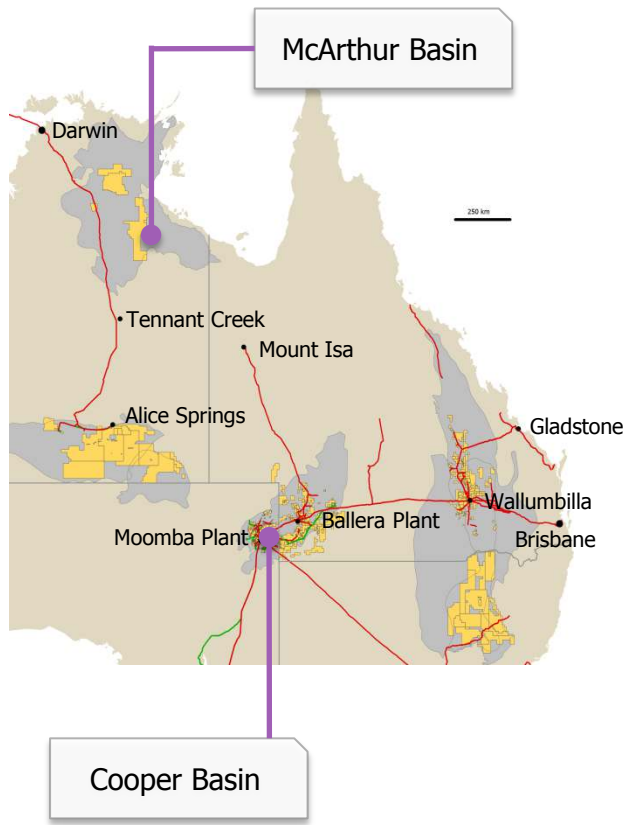
- › Extending infrastructure to commercialise resource
- › ~50 wells

Western Flank

- › High liquids, high value program
- › Includes Drillsearch farm-in
- › ~100 wells

Australian shale

Cooper and McArthur Basins have some key technical attributes comparable to successful US shale basins

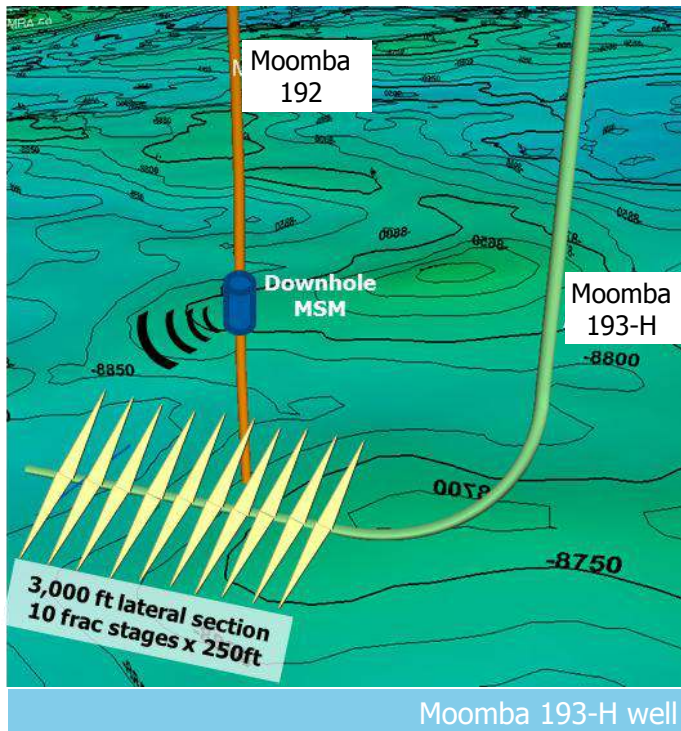


Source: EIA 2011, Warren et al 1998, Ryder Scott

■ Gas ■ Liquids

Cooper Basin unconventional exploration program

Building knowledge and technological capacity to “crack the code”; two shale wells now producing



Clear progress along commercialisation pathway:

- ✓ Confirmed prospective resource through coring, logs and other analysis
- ✓ Proved the Basin Centre Gas accumulation in the Nappamerri Trough; over 1,000 metres of gas saturated rock
- ✓ Proved flow from all unconventional lithologies - tight sand, shale and deep coal
 - Moomba-194 vertical well recorded a peak flow of 3.1 mmscf/day, and is now on line
- ✓ Drilled and fraced a horizontal well in a shale target and achieved flow
 - 550 metre horizontal section drilled in Roswell-2H and following five frac stages flowed at a rate of 0.75 mmscf/day
- ✓ Projects underway to improve flow rates through more frac stages and better production per stage
 - Utilising fracture diagnostics from Roswell 2H – micro seismic and flowback tracer surveys
 - Expect to frac Moomba 193-H in June, 10 frac stages planned

Santos' unique LNG portfolio

Interests in four LNG projects with growth opportunities

Producing



Darwin LNG

- › 11.5% equity
- › 3.7 mtpa plant capacity
- › Fully contracted to 2022



PNG LNG

- › 13.5% equity
- › 6.9 mtpa plant capacity
- › 6.6 mtpa contracted to 2034

Under construction



GLNG

- › 30% equity (operated)
- › 7.8 mtpa plant capacity
- › 7.2 mtpa contracted to 2035



Growth opportunities



Bonaparte LNG

- › Targeting FEED in mid-2014
- › Federal government environmental approval received

Darwin LNG expansion

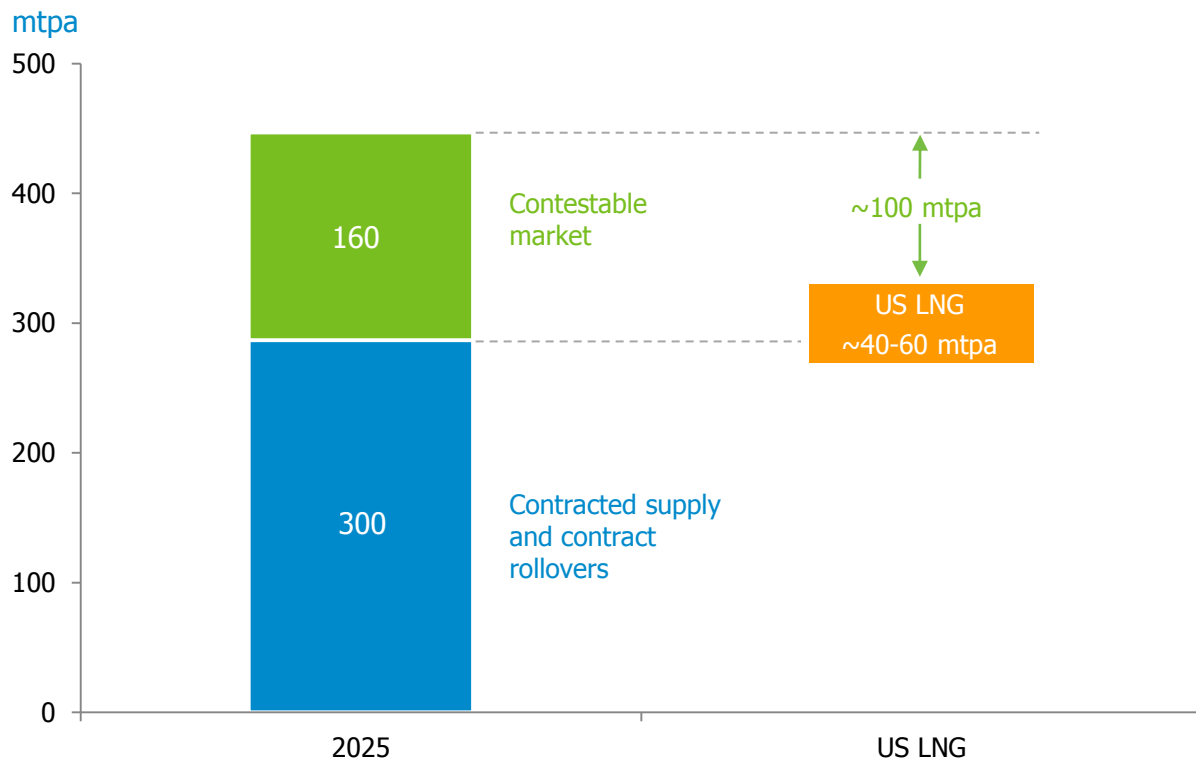
- › Government environmental approval in place for up to 10 mtpa

PNG LNG expansion

- › Owner of foundation infrastructure

Global LNG demand vs US LNG in 2025

US LNG alone will not fill the gap



> Constraints on US LNG exports

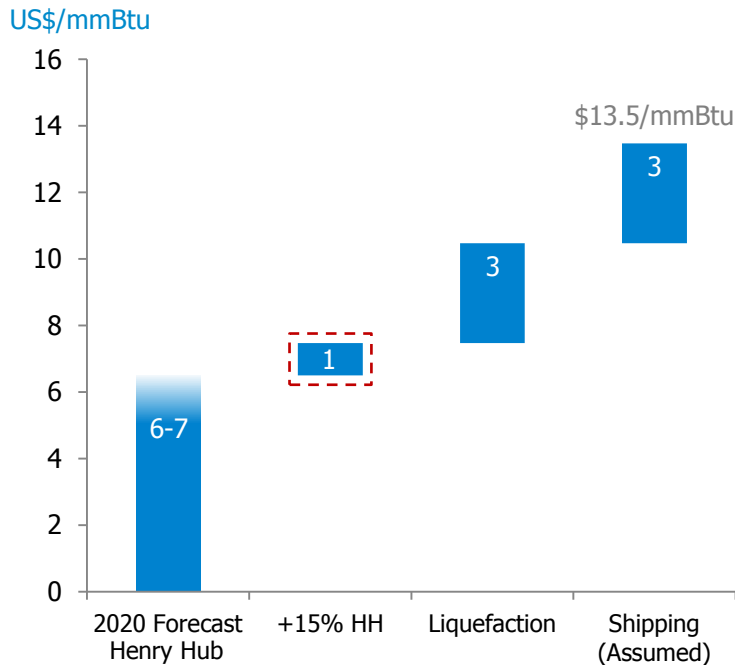
- Buyer appetite for diversity of supply
- Not all US LNG projects will secure financing
- LNG plant constructions and labour constraints
- Potential regulatory constraints on upstream gas supply
- Regulatory approvals

Source: Wood Mackenzie, Contracted supply and contract rollovers are for operational and under construction plants, includes SPAs, MOUs, and HOAs

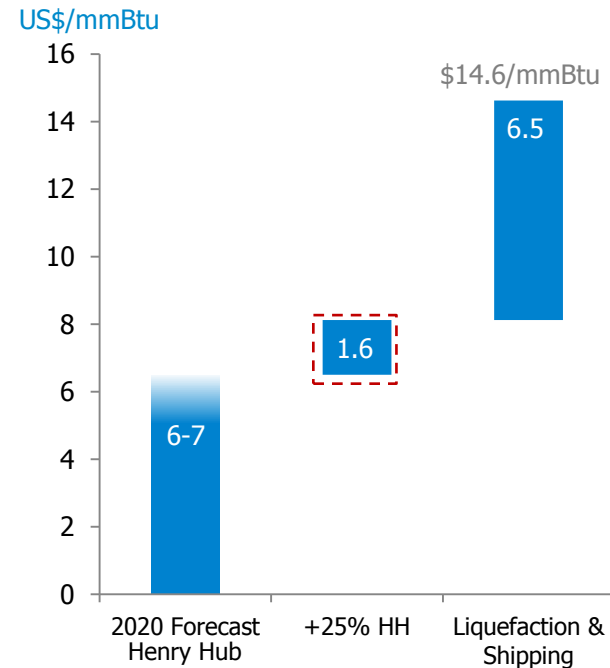
US LNG pricing

Portfolio players and trading houses dominate US LNG off-take with higher pricing

Sabine Pass LNG pricing - 2012



Portfolio player pricing terms for resale - 2013



Source: PIRA, Poten & Partners, PFC Energy

First LNG from PNG LNG, ahead of schedule

Production from the first LNG train will increase over coming weeks and the first cargo is expected to be shipped to Asian markets before mid-year.

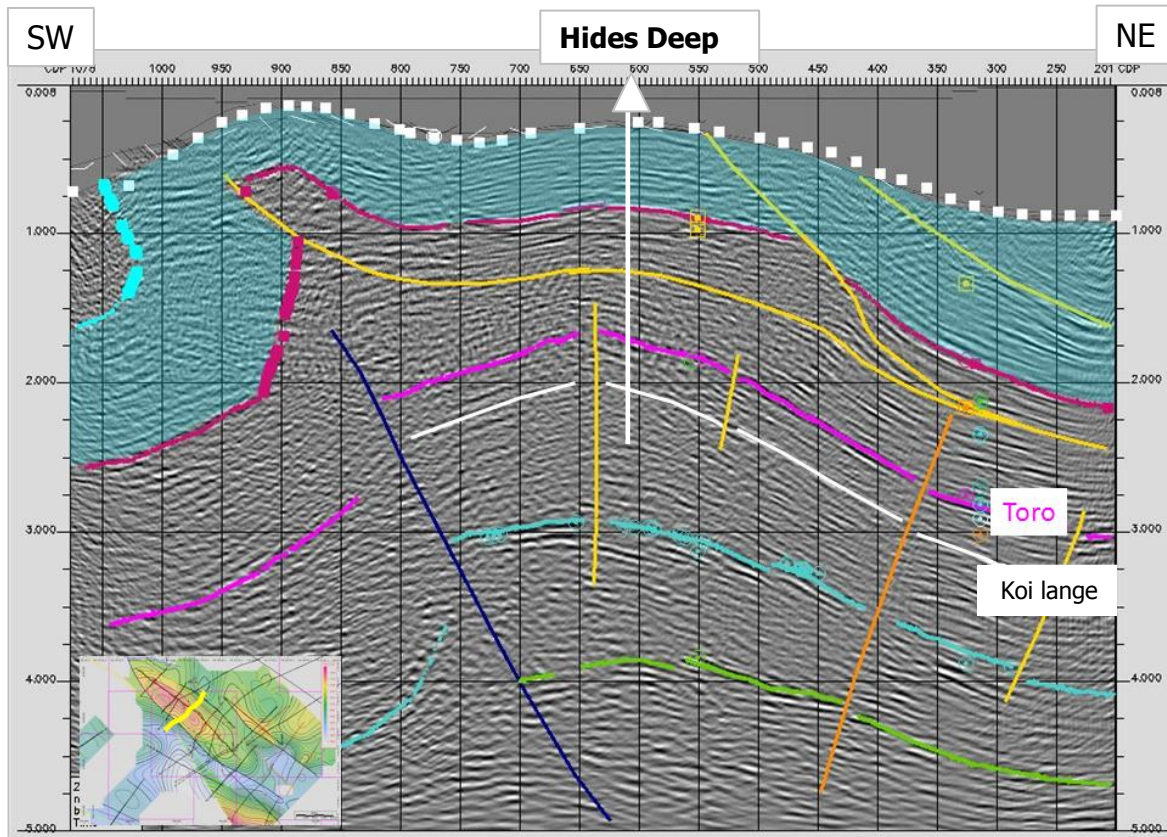


Hides Gas Conditioning Plant

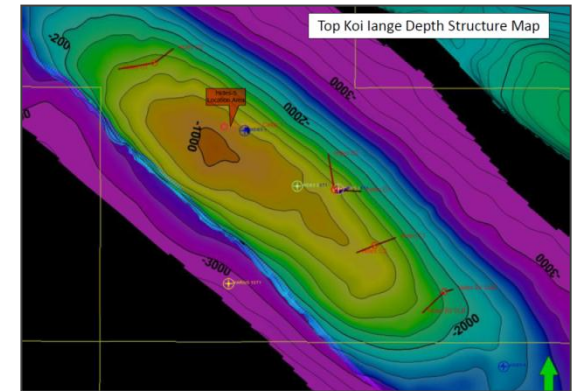
Location	Papua New Guinea
Project participants	Santos 13.5%, ExxonMobil, Oil Search, NPCP, JX Nippon, MRDC, Petromin PNG
LNG plant capacity	6.9 mtpa, sold to: CPC (1.2 mtpa) Osaka Gas (1.5 mtpa) Sinopec (2.1 mtpa) TEPCO (1.8 mtpa)
Gross capital cost estimate	US\$19 billion

PNG LNG potential expansion

Existing infrastructure can support potential future expansion. As an owner of the foundation project infrastructure, Santos is well placed



Hides Deep seismic transect



- › Hides Deep to be spudded in late-2014
- › Exploration prospect below the existing Hides field
- › Well constrained anticline approximately 700 metres beneath the proven Toro reservoir

GLNG project summary

The GLNG project is 80% complete and on track for first LNG in 2015



Location	Queensland, Australia
Project partners	Santos (30% and operator), PETRONAS, Total and KOGAS
LNG plant capacity	7.8 mtpa of LNG; 7.2 mtpa has been sold to PETRONAS and KOGAS
Gross capital cost estimate	US\$18.5 billion ¹ from FID to the end of 2015 when the second train is expected to be ready for start-up
LNG train ramp-up	Train 1 first LNG expected in 2015; LNG production expected to ramp-up over 3-6 months Train 2 first LNG expected 6-9 months after train 1; LNG production expected to ramp-up over 2-3 years

¹ Based on foreign exchange rates which are consistent with the assumptions used at FID (A\$/US\$ 0.87 average over 2011-15).

GLNG upstream



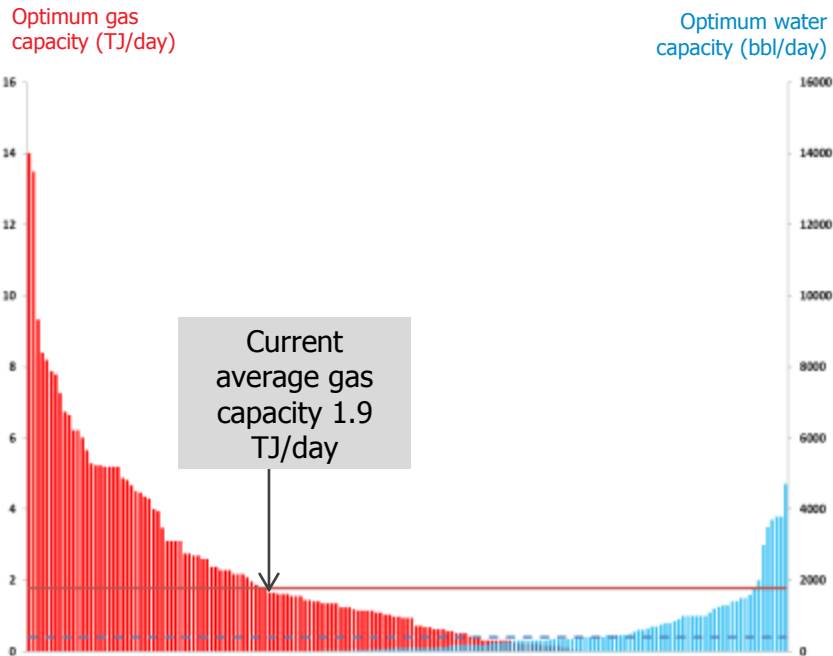
Continued focus on field development optimisation

- › Drilling performance in 2013 exceeded expectations
 - 237 wells drilled in the GLNG acreage in 2013; 500 wells drilled since project FID
 - Average 2013 drilling and completion costs of \$1.35 million per development well
- › First new development wells are on line and dewatering at Fairview and Roma
- › Continued field development optimisation, including:
 - Additional development focused on Fairview infill, Eastern Flank and Roma
 - Third party gas purchases
 - Collaboration with upstream proponents
- › Expect to drill ~300 wells over 2014-15
- › Expect to drill 200-300 wells per annum post 2015

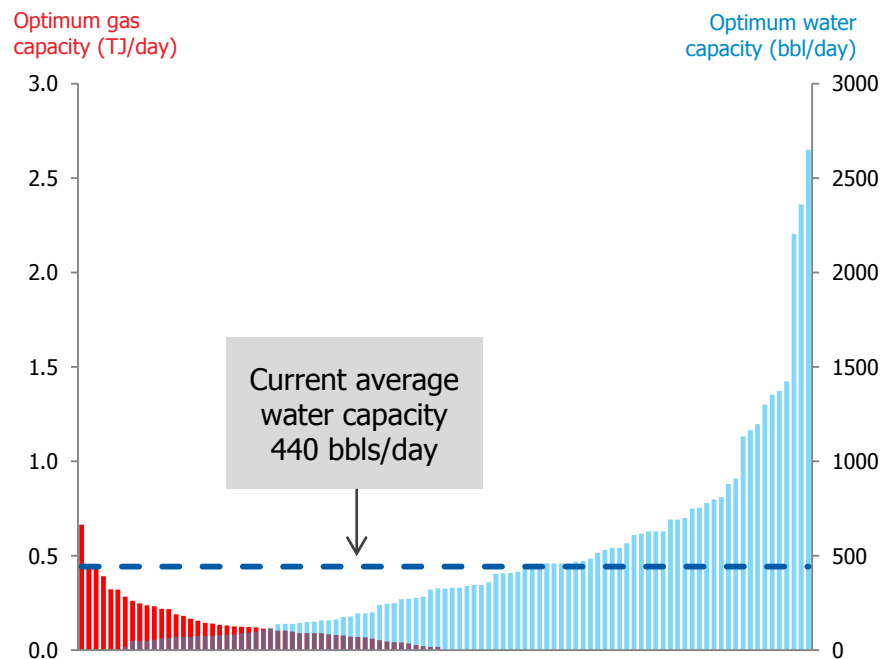
Fairview & Roma field development

Performance of Fairview wells continues to exceed expectations - average gas capacity of 1.9 TJ/day per well. Roma performing in line with expectations

Fairview well performance (171 producing wells)



Roma well performance (50 producing wells)



Upstream construction

Construction of the Fairview Hubs 4 and 5 and Roma Hub 2 is now over 85% complete.

Roma Hub 2, April 2014.



Gas transmission pipeline

The marine crossing tunnel is complete, and over half of the pipeline has been hydrotested



Marine crossing tunnel break-through on 3 February 2014

- › Marine crossing tunnel construction is complete and pipeline pushed through
- › All of the mainland and Curtis Island pipeline is in the ground
 - Reinstatement complete for over 90% of pipeline route
- › Pipeline pre-commissioning is well-underway:
 - Clean and gauge is nearing completion
 - Hydrotesting complete for over 50% of the pipeline

LNG trains

The installation of Train 1 modules is nearing completion and the first 7 of 29 Train 2 modules have been delivered to site and set on foundations

LNG trains, April 2014.



LNG jetty

The LNG jetty is over 95% complete.

LNG jetty, April 2014.



GLNG capex

US\$18.5 billion GLNG gross capital cost estimate unchanged

	2013 capex	FID to Dec 2013 capex	Capex estimate from FID until the end of 2015	
			US\$ ²	A\$ ³
\$billion	A\$¹	A\$¹	US\$²	A\$³
LNG project capex (100%)	5.7	13.7	18.5	20.7
Santos 30% share	1.7	4.1	5.6	6.2
Non-LNG project capex (Santos 30% share)				
Domestic stay in business	0.04	0.10	SIB capex for GLNG's domestic operations	
Exploration & appraisal	0.07	0.17	Appraisal & pre-development activities	
Capitalised stripping costs	<u>0.01</u>	<u>0.02</u>	Capitalised de-watering costs	
	0.12	0.29		
Santos-only costs (Santos 100%)				
Santos corporate costs	0.02	0.05	Governance, finance, head office	
Capitalised interest	<u>0.13</u>	<u>0.29</u>	Capitalised borrowing costs	
	0.15	0.34		
Capitalised restoration (non-cash)	0.03	0.09	Non-cash, accounting entry only	
Total Santos GLNG segment capex	2.0	4.8		

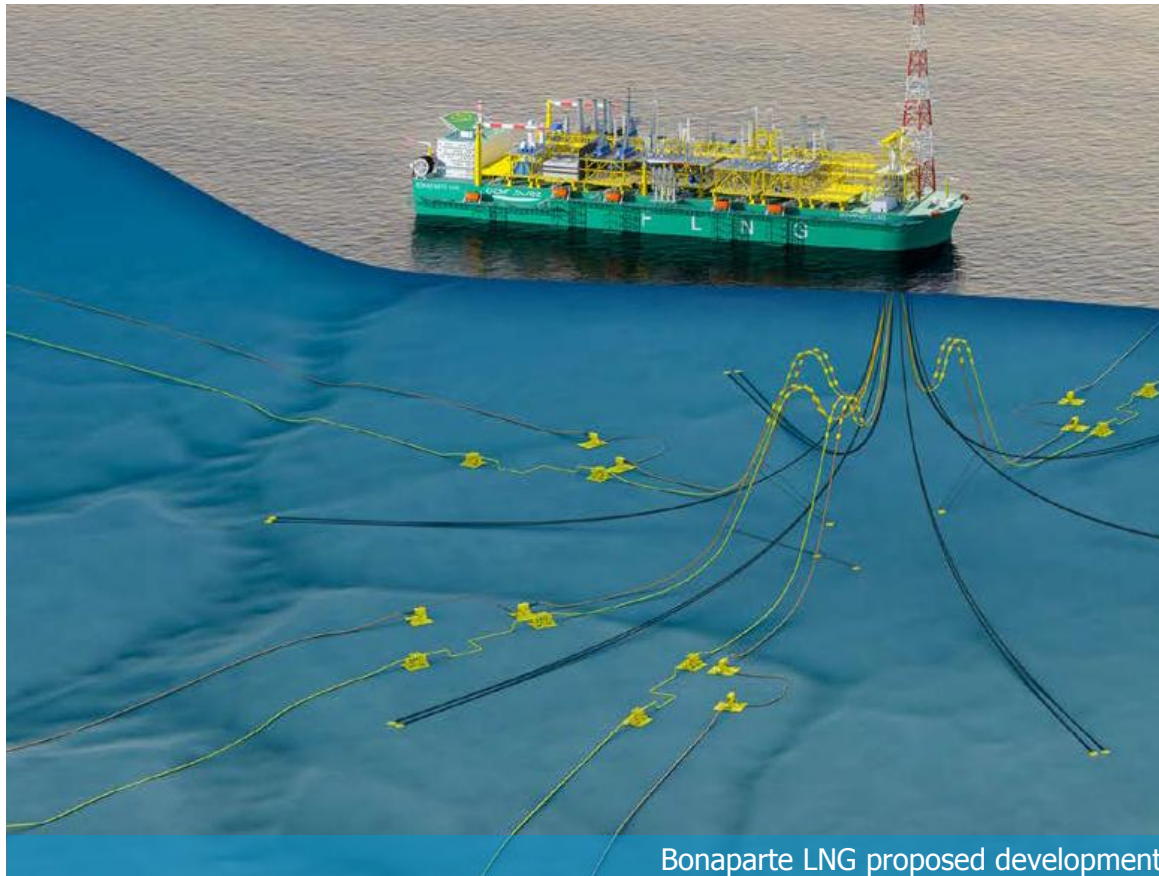
1 Actual realised FX.

2 FID average exchange rate assumptions (A\$/US\$ 0.87 and US\$/€0.76) over 2011-2015.

3 Average realised FX rates for 2011-2013 (A\$/US\$1.01 and US\$/€0.75) and assumes average rates of A\$/US\$0.87 and US\$/€0.80 over 2014-15.

Bonaparte LNG

Competitive concept definition has been completed with consortia FEED bids under evaluation. FEED targeted for mid-2014



- › Development of Petrel, Tern and Frigate fields, located 250km west of Darwin
- › Floating LNG capacity target 2.4mtpa
- › Federal Government Environmental Approval received
- › Competitive concept definition completed with Technip and KBR
 - Consortia FEED/EPCIC bids being evaluated
 - Technip/Daewoo and KBR/HHI
 - Significant front-end loading
- › Targeting FEED entry in mid-2014 and FID in 2015

Asian growth

Peluang project delivered on schedule and budget;
Dua on track for first oil in mid-2014.

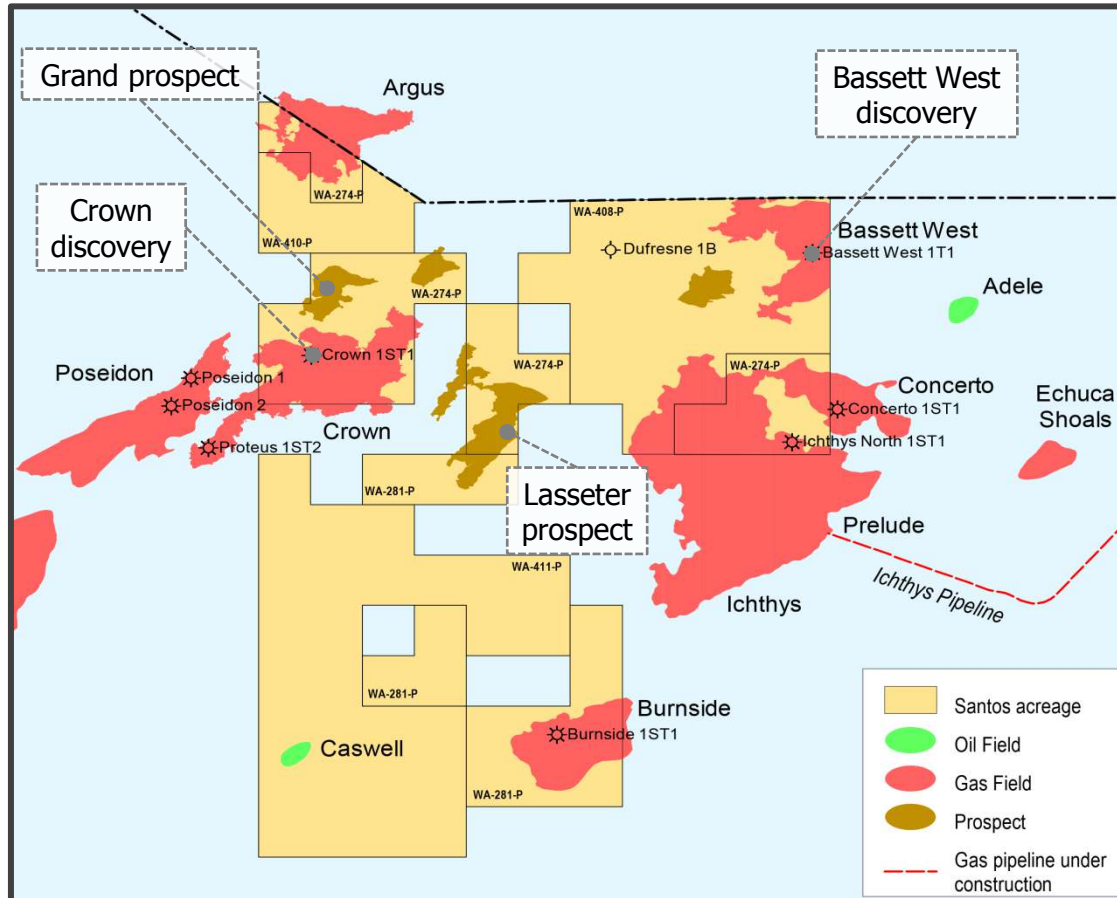


Peluang wellhead platform

- › Peluang, Indonesia (Santos 67.5%)
 - Project delivered in March 2014, on budget and ahead of schedule
 - Expected gross production rate of 25 mmscf/day
- › Dua, Vietnam (Santos 31.875%)
 - Over 80% complete and on track for first oil in mid-2014
 - Development drilling underway, with the first two wells spudded
 - Expected gross production rate of 8,000 barrels per day
- › Ande Ande Lumut, Indonesia (Santos 50%)
 - Focus on FPSO tender and detailed field development planning

Browse Basin

Material resource build to support multiple commercialisation options including collaboration with adjacent resource owners for brownfield expansion



- Significant resource build across the basin
 - Increase in Crown resource through integration of nearby wells
 - Concerto and Ichthys field extensions into WA-274-P
 - Bassett West gas discovery
 - Drilling of Lasseter-1 is underway; potential southern extension into WA-281-P
- Multiple commercialisation options
 - Brownfield expansion/backfill of existing projects
 - Standalone FLNG
 - Opportunity for upstream and downstream collaboration

Strong business outlook

Operating cash flow is expected to double by 2016, providing the foundation for further growth and increased shareholder returns

Clear production growth outlook

Growing margins

Robust funding position provides the capacity to fund execution of strategy

Committed to increasing returns to shareholders

Santos will adopt a progressive dividend policy



Appendix







May 2014

Santos
We have the energy.



2013 Full-year financial result

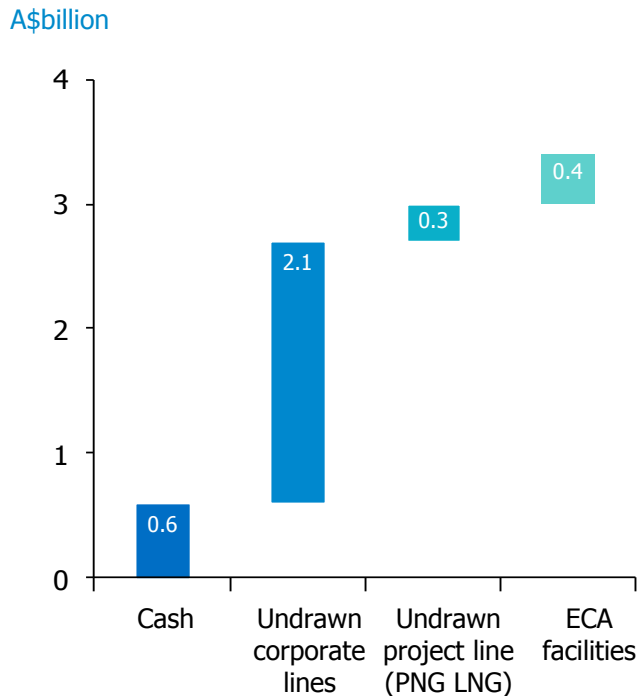
Growth in sales revenue, EBITDAX and EBIT.
Net profit after tax of \$516 million in line with 2012

	2013 Full-year		Change on 2012
Production	51 mmboe		-2%
Sales revenue	\$3,602 million		+12%
EBITDAX	\$1,992 million		+7%
EBIT	\$886 million		+6%
Net profit after tax	\$516 million		-0%
Underlying net profit after tax	\$504 million		-17%
Operating cash flow	\$1,628 million		-1%
Final dividend	15 cents per share		-

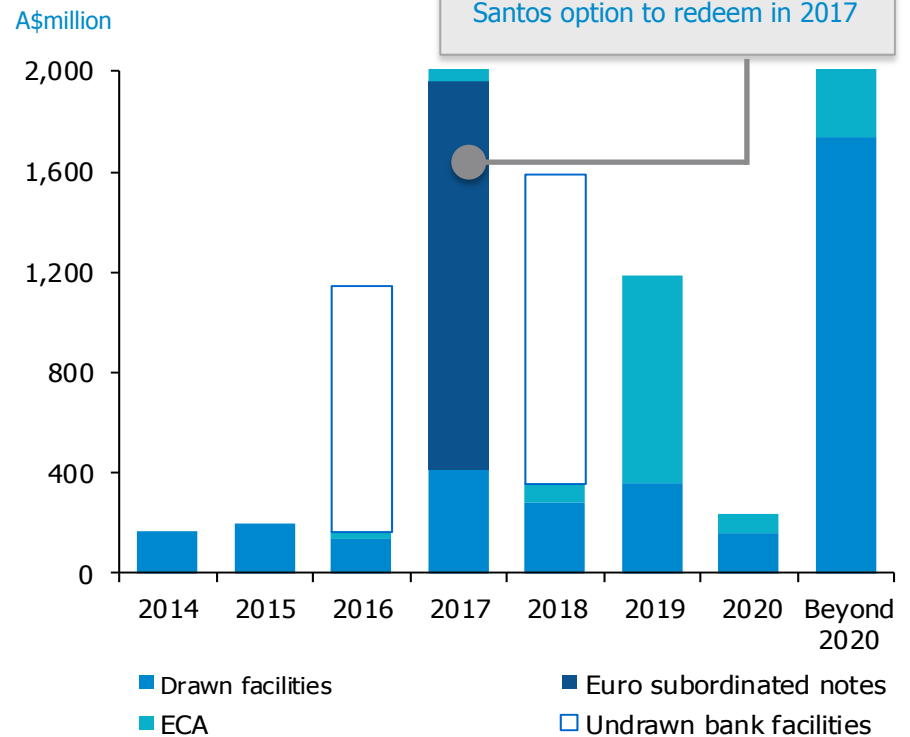
Strong funding position

\$3.4 billion in balance sheet capacity to fund execution of business strategy and minimise financing risk.
Minimal debt maturities to 2016

Available liquidity



Debt maturity profile



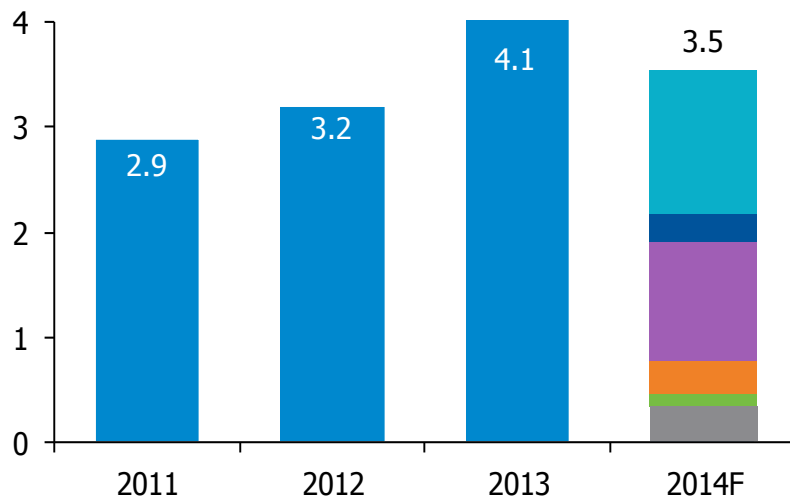
Charts as at 31 December 2013.

Capital expenditure

2013 was peak year for capex.
2014 guidance unchanged at \$3.5 billion

Capital expenditure (excludes capitalised interest)

A\$billion



› 2014 guidance of \$3.5 billion
(excluding capitalised interest)

- GLNG \$1.4 billion
- PNG LNG \$0.3 billion
- Eastern Australia \$1.1 billion
- WA&NT \$0.3 billion
- Asia Pacific \$0.1 billion
- Exploration \$0.3 billion

› 2014 capitalised interest forecast at
approximately \$0.25 billion

2014 guidance

Item	2014 guidance
Production	52-57 mmboe
Production costs	\$820-880 million
DD&A expense	\$18.50/boe
Royalty related taxation expense ¹ (after tax)	\$60 million
Capital expenditure (including exploration & evaluation) ²	\$3.5 billion

¹ Royalty related taxation expense guidance based on an average realised oil price of A\$110 per barrel

² Capital expenditure guidance excludes capitalised interest, which is forecast at approximately \$250 million in 2014

2014 exploration schedule

Delivers on our exploration strategy across super basins, frontier basins and unconventional basins

Well Name	Basin / Area	Target	Santos Interest %	Timing
Manta-1	PNG	Gas	30 ¹	C&S, pending testing
South Sumatra CSG wells	Sumatra	CSG	10 ²	1H 2014
Mt Kitty-1	Amadeus	Gas	70	Gas discovery, evaluation ongoing
NW Koko-1	PNG	Oil / gas	30 ¹	C&S, pending testing
Vanuatu-1	Carnarvon	Oil	37.5	P&A
Lasseter-1	Browse	Gas	30	Drilling
Hon Khoai-1	Nam Con Son	Oil	45 ¹	Drilling
Tanumbirini	McArthur	Shale oil / gas	50	Q3 2014
Hides Deep	PNG	Gas	24	Q4 2014

The exploration portfolio is continuously being optimised, therefore the above program may vary as a result of farmout, rig availability, drilling outcomes and maturation of new prospects

¹ Subject to Government approval

² Current interest is 10% but have the right to increase to 60%

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