

Australian LNG: Asia's natural supplier of LNG

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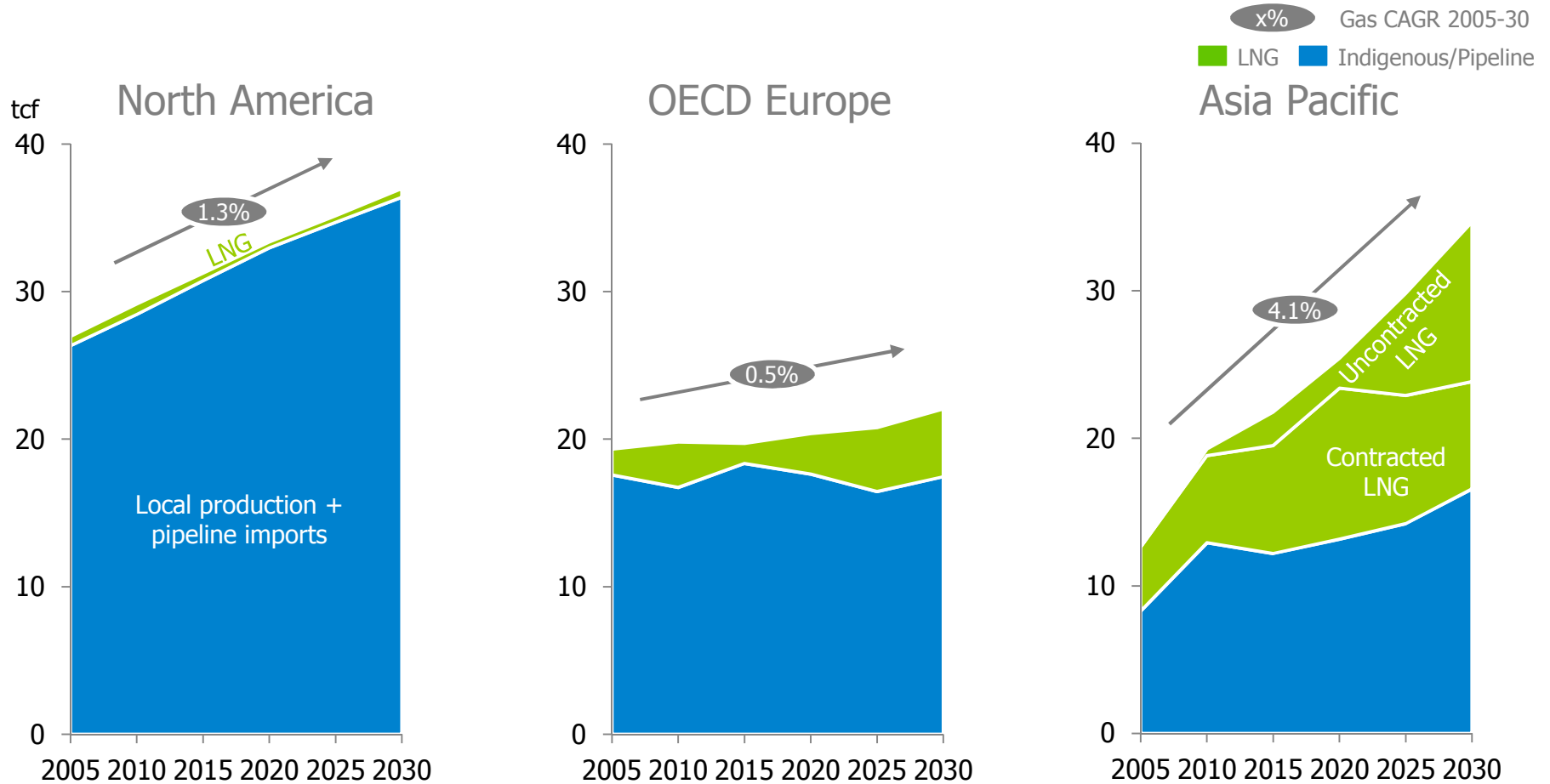
Santos
We have the energy.

GLNG, 2014



Gas and LNG demand growth

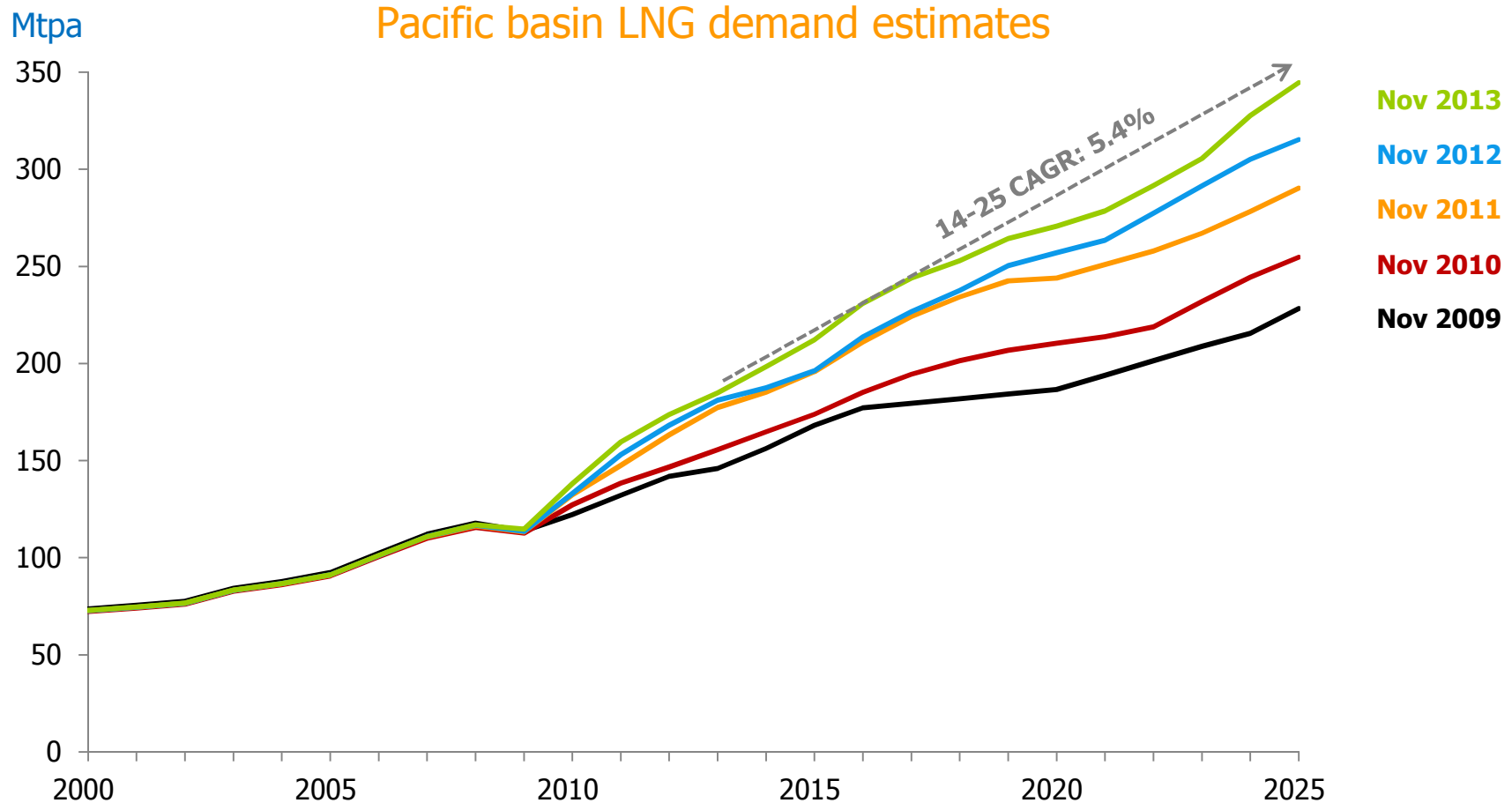
Asia's appetite for gas grows with LNG meeting over half of gas demand by 2030



Source: EIA; Wood Mackenzie, contracted LNG represents supply volumes from operating, under construction and planned projects

Asia Pacific LNG demand revisions

Multiple upward revisions, driven by higher gas use in developing economies and traditional exporters turning to LNG imports

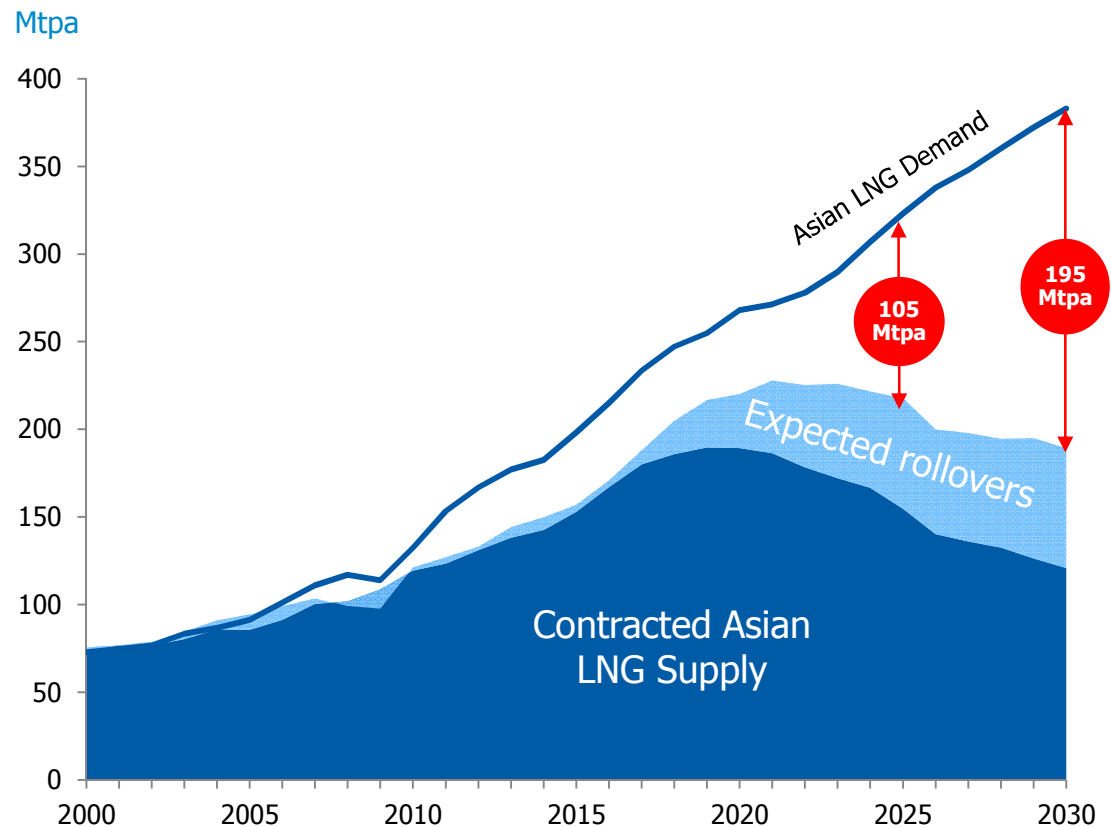


Source: Wood Mackenzie

Strong Asian demand for LNG

Large opportunity exists for new projects to supply into the Asian market

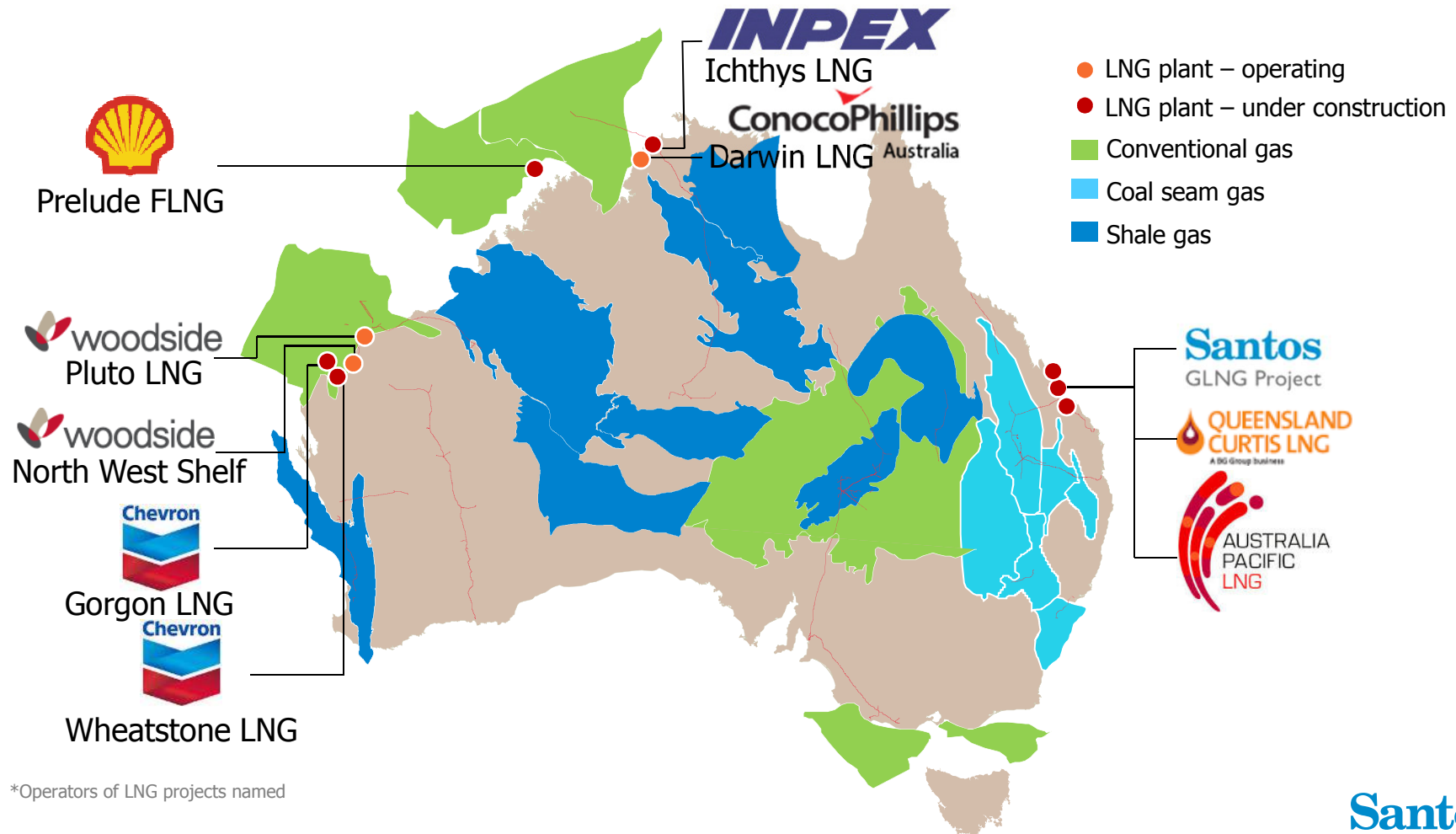
- › Asian LNG demand grows at CAGR of 5.7% from 2000 to 2030
 - By 2030, over 70% of global LNG demand comes from Asia
- › Large opportunity for new LNG supply
 - Over 105 Mtpa of uncontracted demand by 2025 (~ 25 new LNG trains)
 - Over 195 Mtpa of uncontracted demand by 2030 (~ 2.5 x Australia's total LNG output in 2018)



Source: Wood Mackenzie, contracted LNG supply and expected rollovers from operational and under construction projects, from SPAs, HOAs and MOUs.

Australian LNG

Australian LNG projects offer buyers diversity of project ownership, upstream gas feedstock and geographic diversity

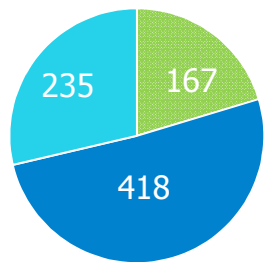


*Operators of LNG projects named

Australian gas resources

Australia's abundant gas resources could underpin future LNG exports, but we must create the right conditions for investment

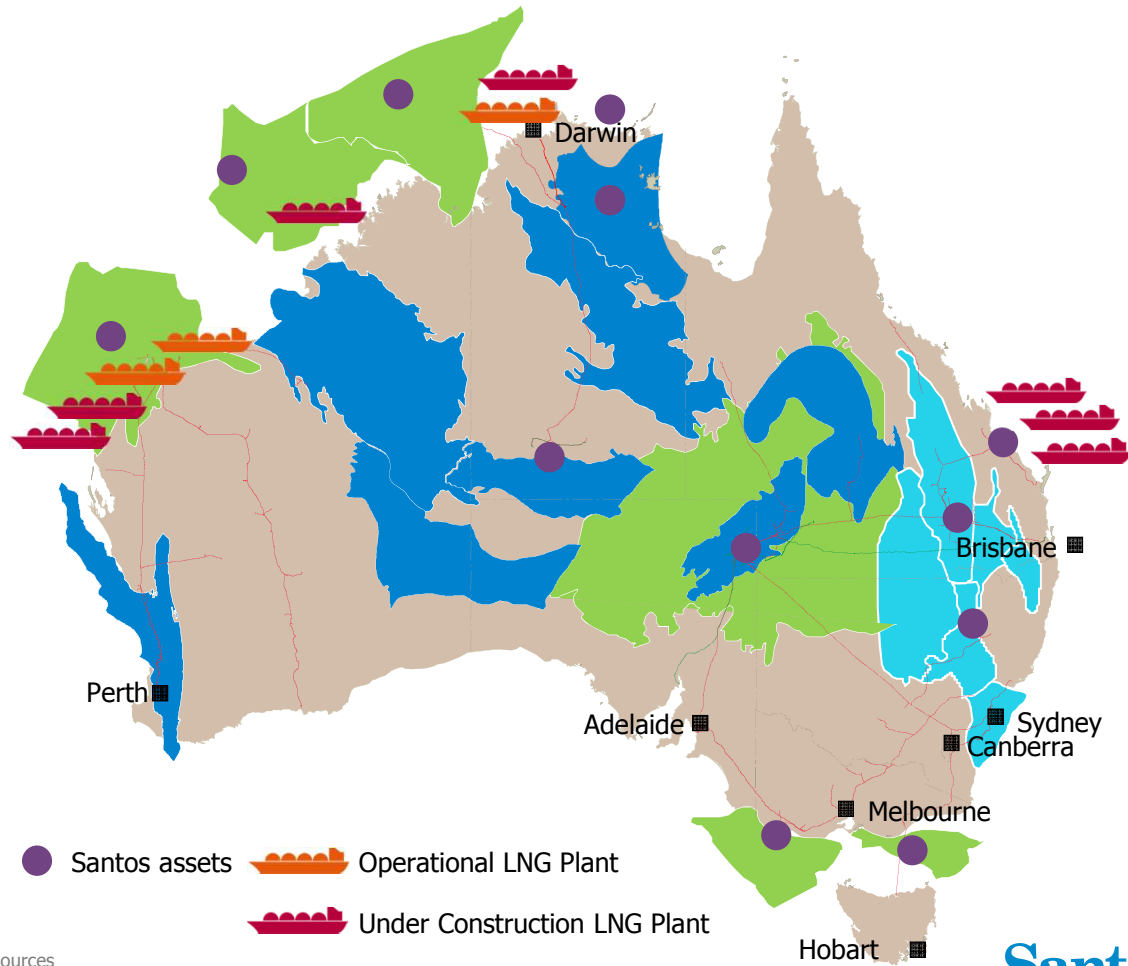
Australia's Gas Resources (tcf)¹



- Conventional
- Unconventional
- Coal bed methane



Australian domestic gas demand ~1 tcf/year

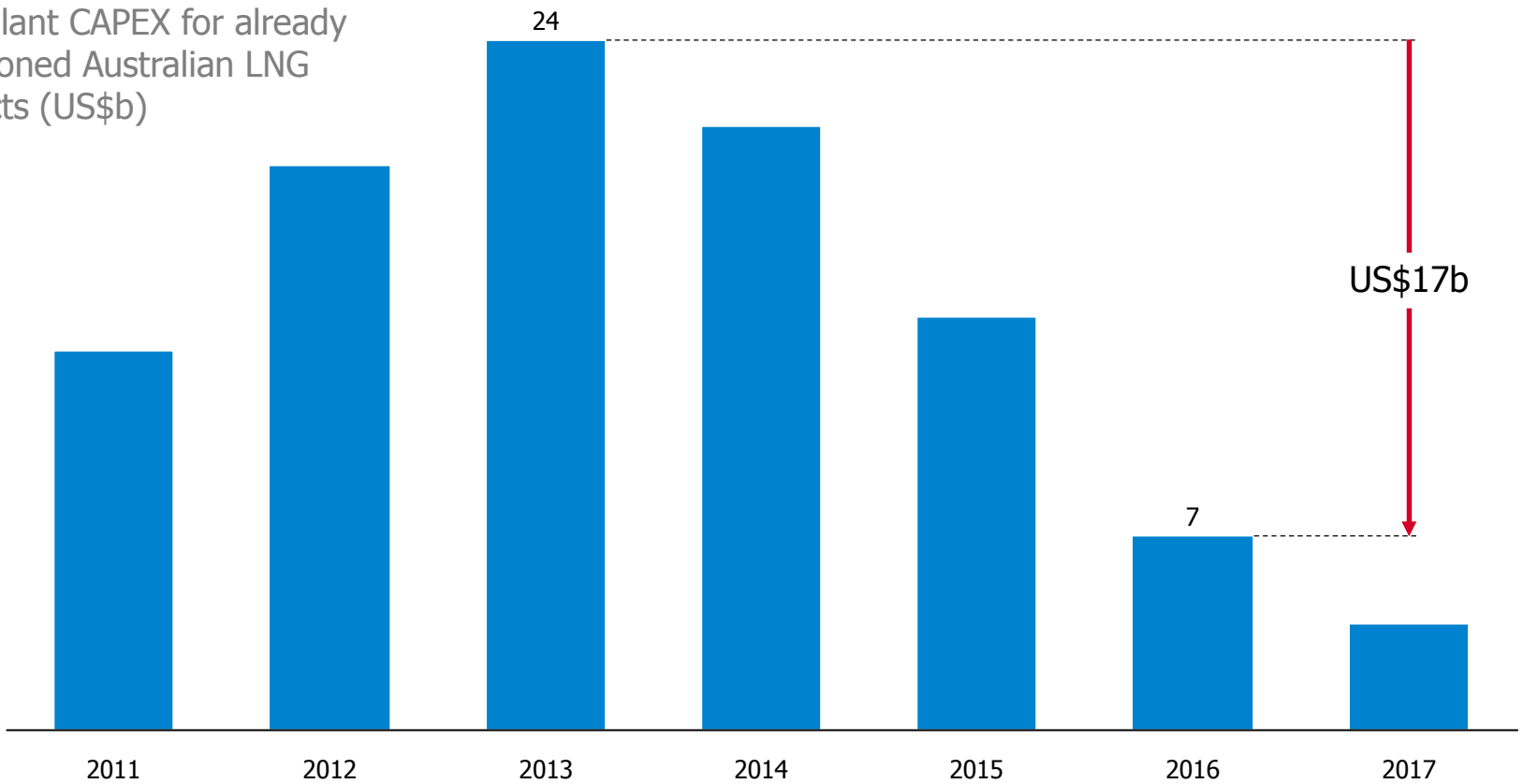


Source: BREE 2012 Gas Resource Assessment 1. Total demonstrated resources

Australian LNG costs

As LNG projects reach completion, cost pressures should abate from 2015 onwards

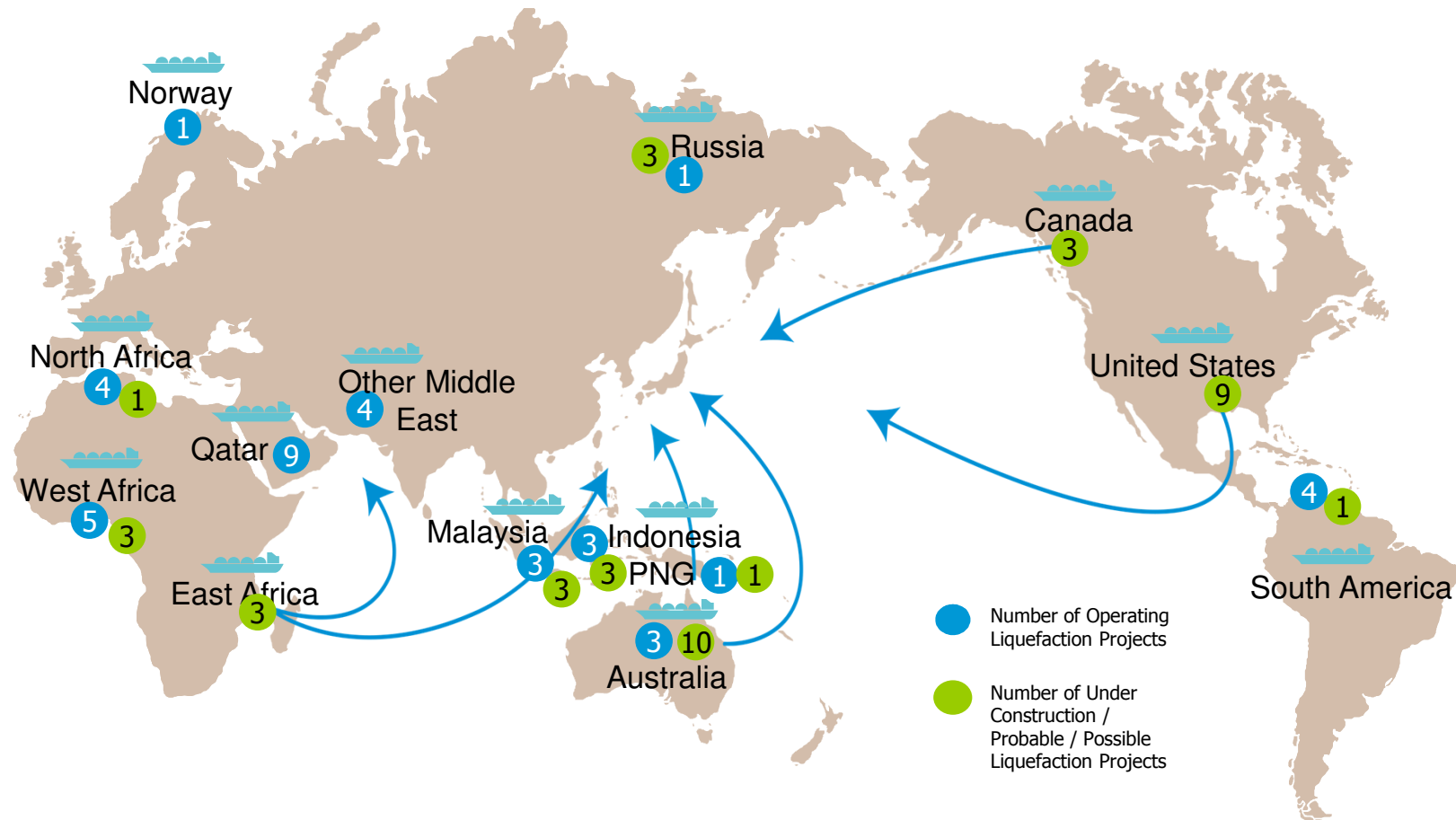
LNG plant CAPEX for already sanctioned Australian LNG projects (US\$b)



Source: Wood Mackenzie, May 2014

LNG supply

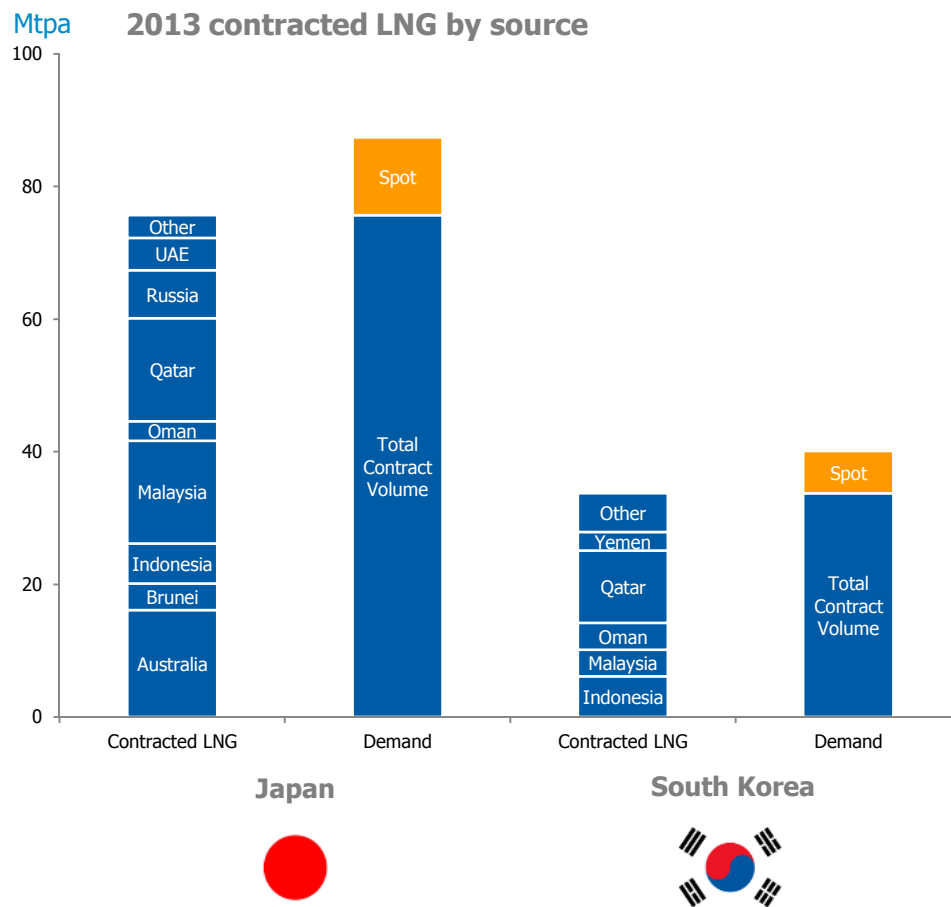
Market flexibility and liquidity offers energy security, but timely support for new LNG supply is key



Source: Wood Mackenzie, non-exhaustive and indicative.

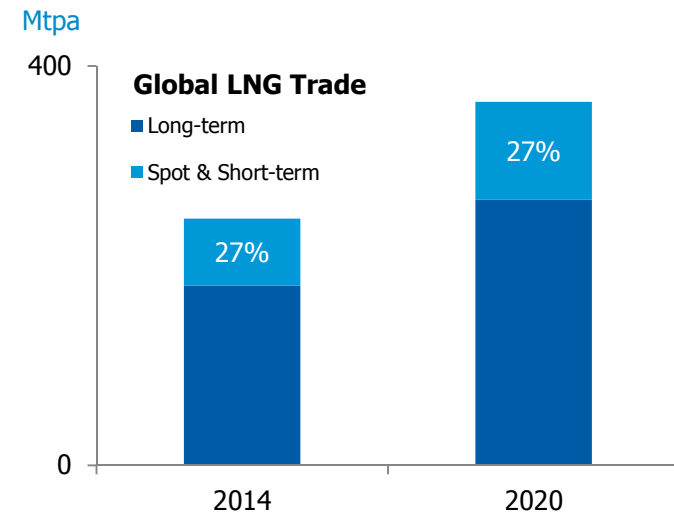
LNG demand

LNG demand is met by both long-term supply contracts and short/spot market volumes



> LNG delivers energy security

- Buyers rely on the spot market or short term market to meet their LNG needs
- Traditional buyers will continue to rely on LNG to deliver energy security; diversity of supply will remain a priority

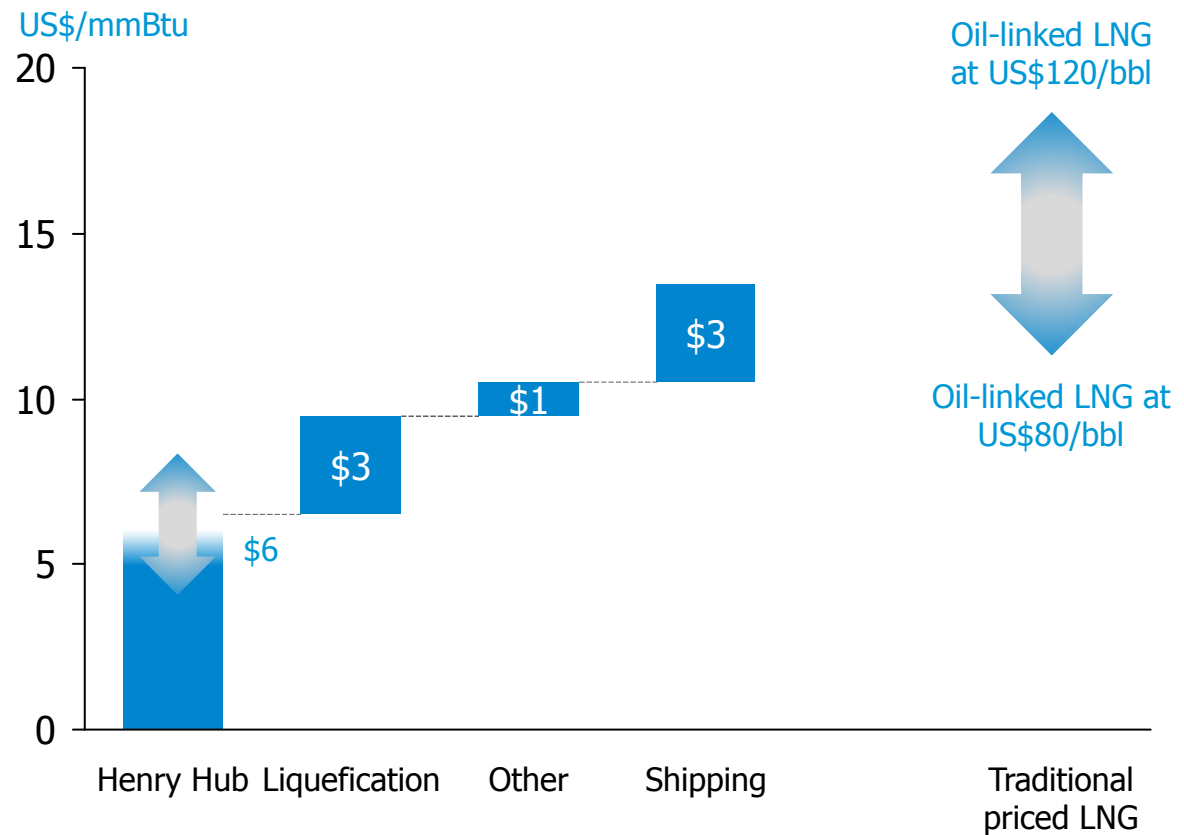


Source: Poten & Partners.

Source: Wood Mackenzie, contracted LNG volume versus demand

LNG pricing

Henry Hub-linkage vs oil-linkage



Source: Henry Hub 2020 forecast from PIRA, "other" includes pipeline and fuel

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