



2013 Half-year results

16 August 2013



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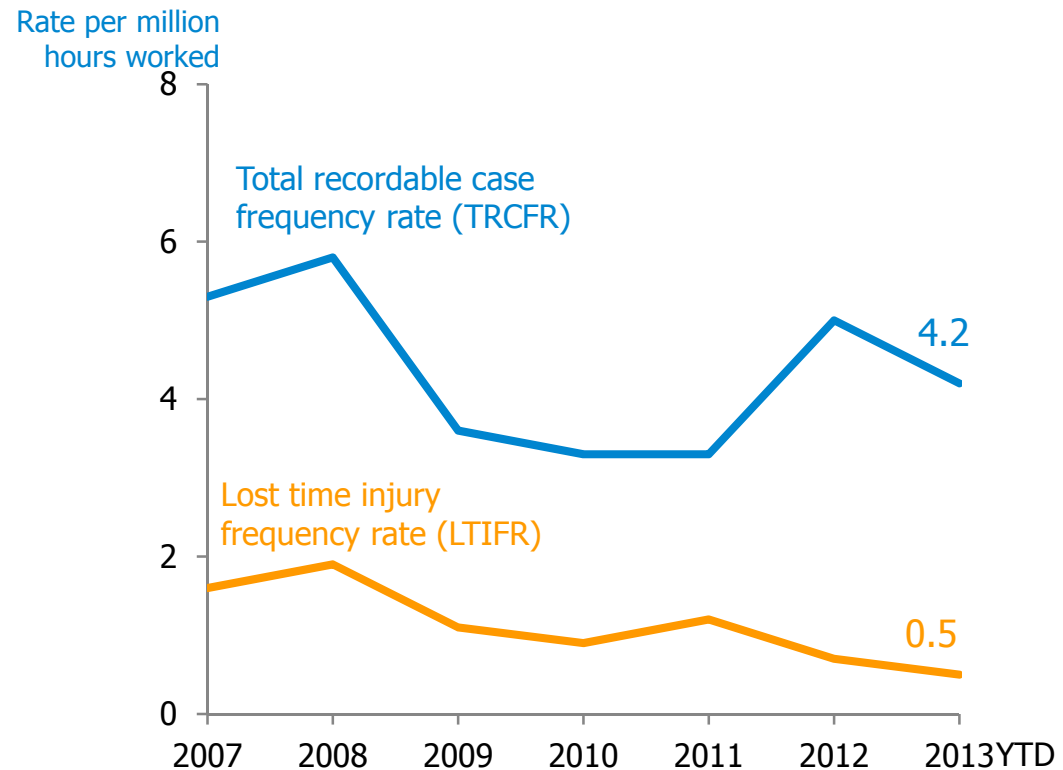
This presentation contains forward looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends 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.

Safety performance

- Fatality on Saxon CSG drilling rig 185 on 23 June 2013
 - Drilling operations immediately stopped
 - Internal and external investigations conducted
- Lost time injury frequency rate of 0.5
- Safety critical maintenance at 99.7% at operated sites

Safety performance
(employees and contractors)



Growth projects on track; record first-half sales revenue

- First-half production of 24.5 mmboe
- Record first-half sales revenue of \$1.5 billion
- Net profit up 3% to \$271 million
- All projects on schedule and capital cost estimates unchanged
- Fletcher Finucane first oil in May 2013 ahead of schedule and under budget
- PNG LNG 90% complete and on track for first LNG in 2014
- GLNG over 60% complete and on track for first LNG in 2015
- Four consecutive gas discoveries offshore Western Australia: Crown, Bassett West, Bianchi, Winchester





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2013 Half-year results

Andrew Seaton
CFO

Transformation becoming reality

Production growth

- Clear growth outlook to 2016 and beyond
- 2H 2013 Fletcher Finucane, Cooper infill
- 2014 Dua, Peluang, PNG LNG
- 2015 GLNG

Margin growth







- Revenues increasingly oil price linked
- Clear evidence of rising domestic gas prices
- Benefits of falling Australian dollar

Capital management

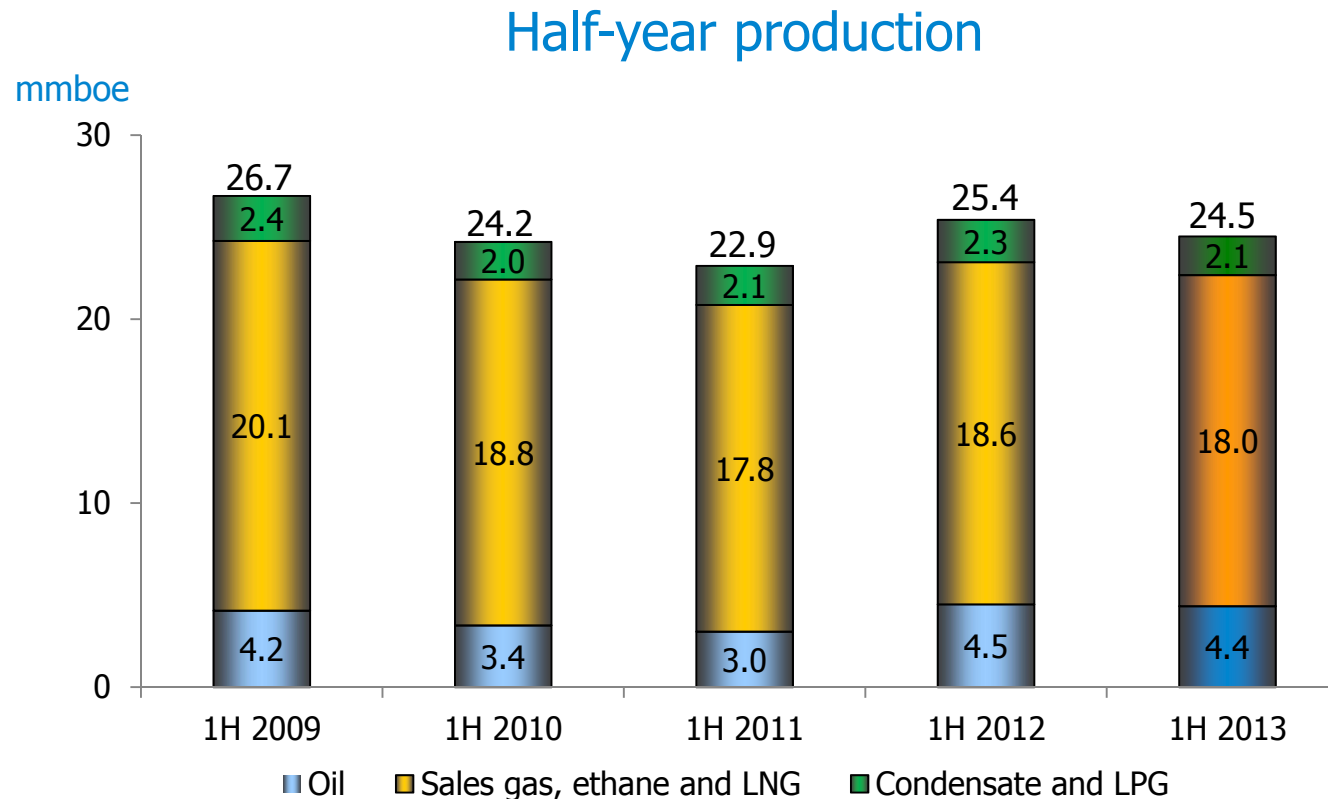
- Robust funding position provides the capacity to fund execution of strategy
- Committed to increasing returns to shareholders
- Intent to review capital management options as PNG LNG production approaches

First half net profit up 3%

2013 Half-year result

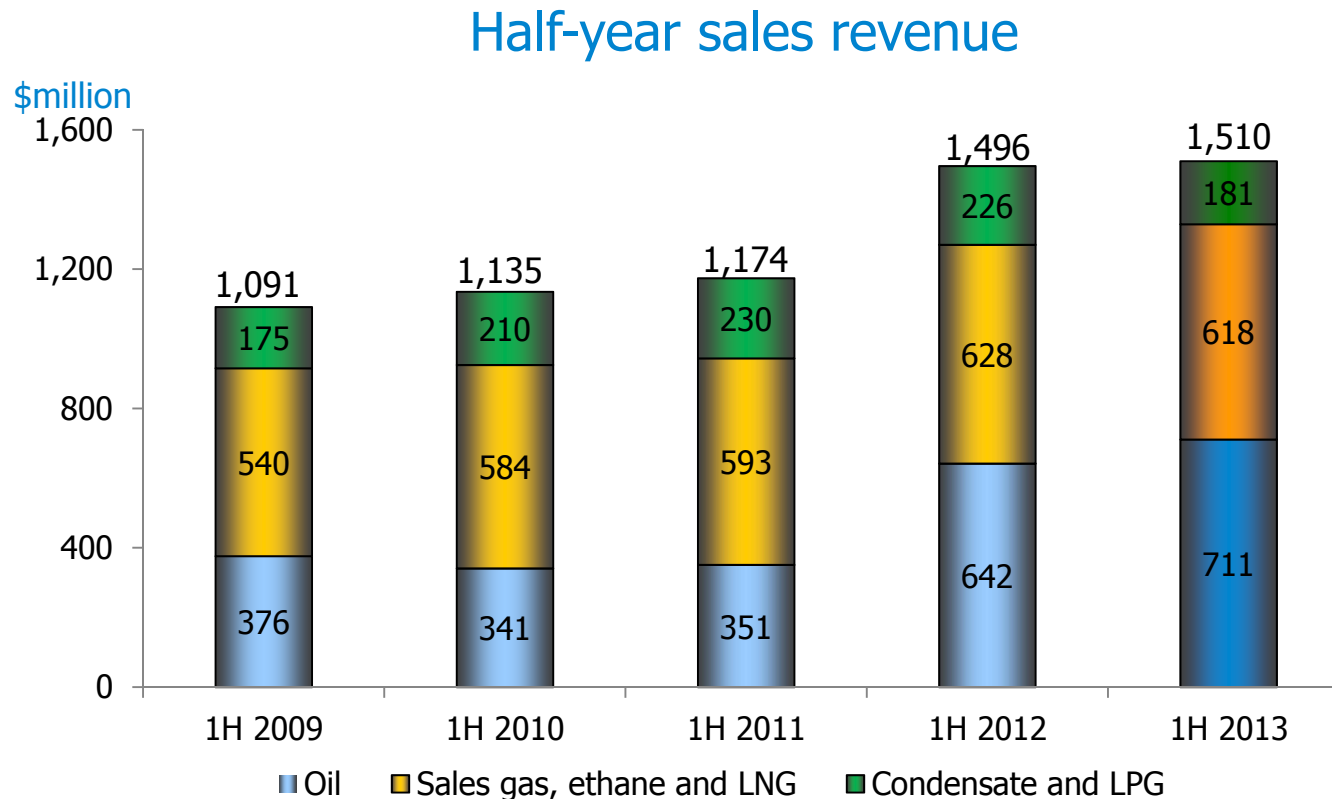
			Change on 2012 first half
Production	24.5 mmboe		-4%
Sales revenue	\$1,510 million		1%
EBITDAX	\$844 million		-4%
Net profit after tax	\$271 million		3%
Underlying net profit	\$251 million		-11%
Operating cashflow	\$629 million		-13%
Interim dividend	15 cents per share		-

First half production of 24.5 mmboe



- First-half production down 4%, primarily due to higher level of planned maintenance in the Cooper Basin
- Expect stronger second half; full-year guidance maintained at 52-55 mmboe

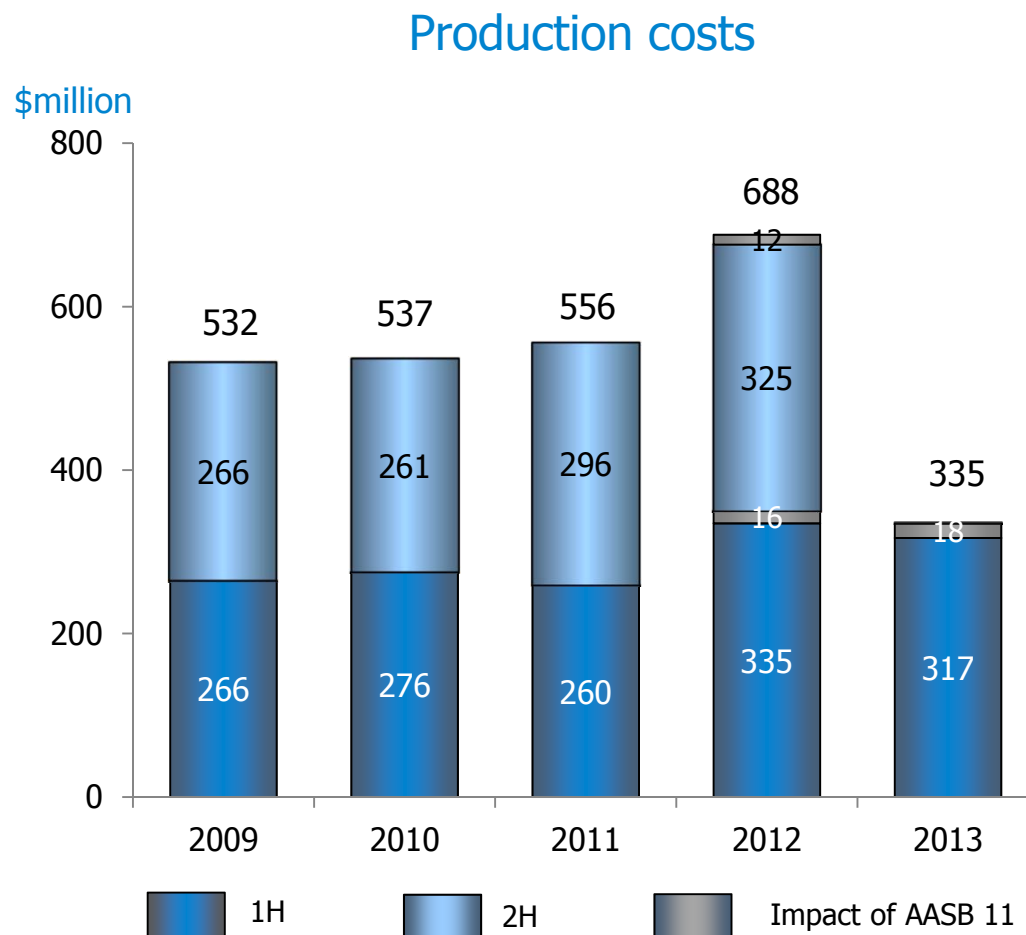
Record first-half sales revenue



- Record first-half sales revenue, driven by higher oil sales and stronger gas prices
- 2013 first half includes third party products revenue of \$273 million (1H 2012: \$277 million)

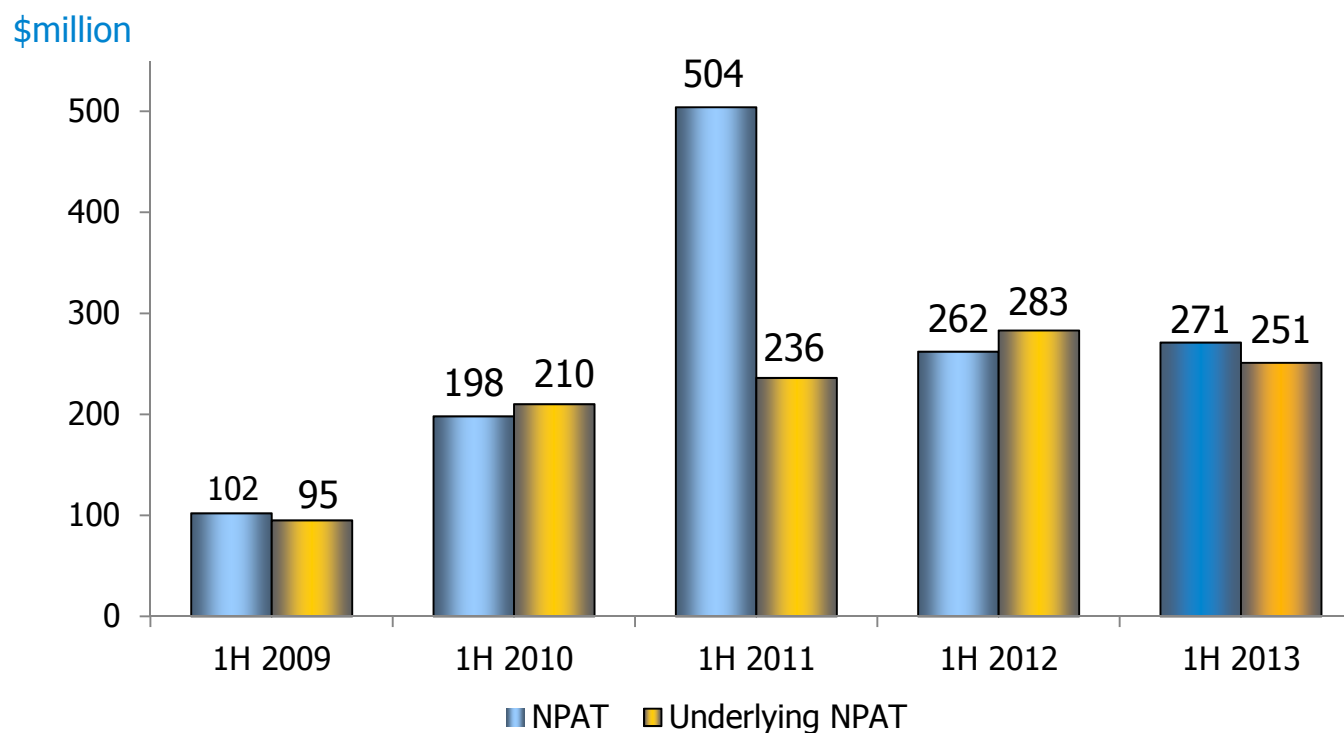
Production costs down 5%

- First-half production costs down 5% primarily due to cost savings combined with statutory shutdowns in 1H 2012 (Bayu-Undan, Varanus Island)
- 2012 and 2013 production costs adjusted for adoption of AASB 11 Joint Arrangements
 - Equity account rather than proportionally consolidate certain jointly-controlled entities (refer slide 41)
 - On application of AASB 11 the increase in production costs is primarily due to costs incurred by Bayu-Undan which were previously eliminated on consolidation
 - There is no impact on NPAT
- 2013 full-year guidance revised to \$670-\$690 million to take into account AASB 11 impact, estimated at \$30 million per annum, no NPAT impact



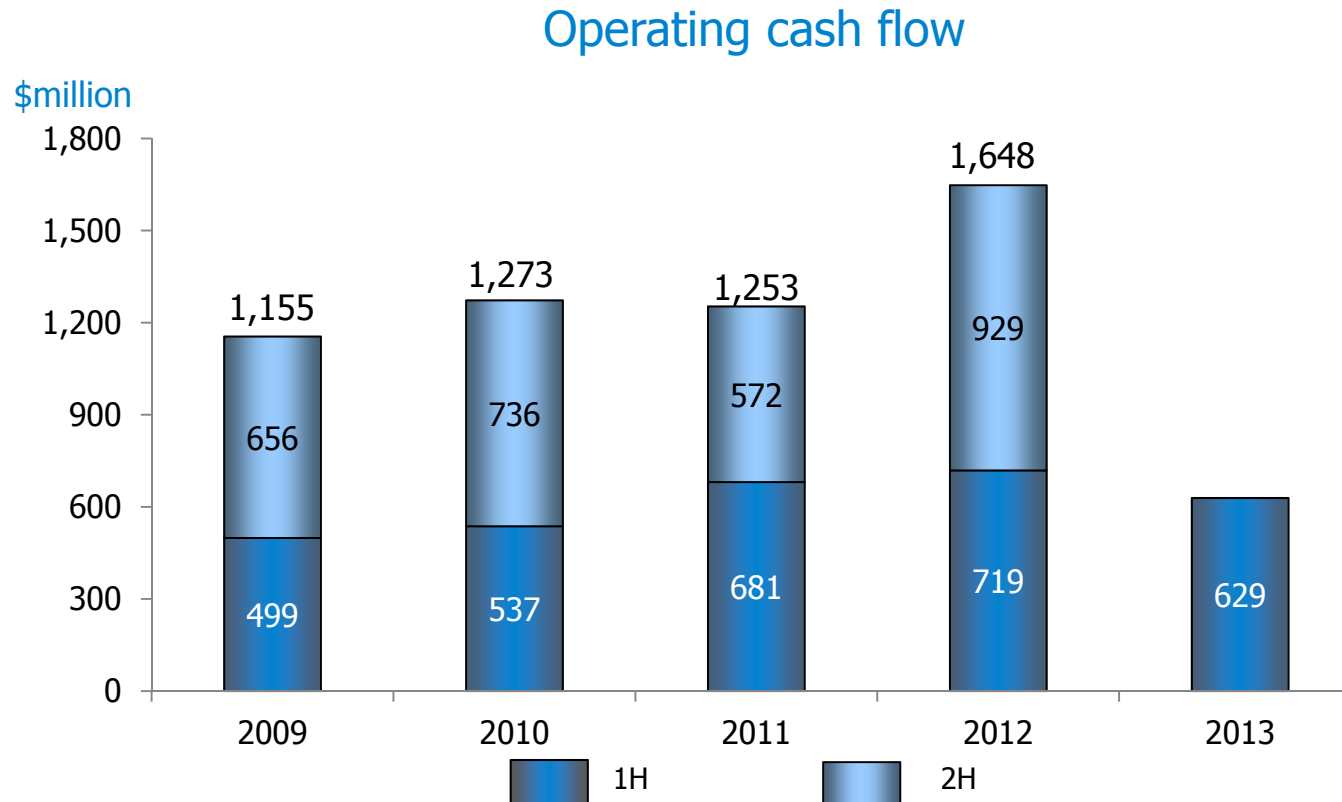
Net profit up 3%

Half-year net and underlying net profit after tax



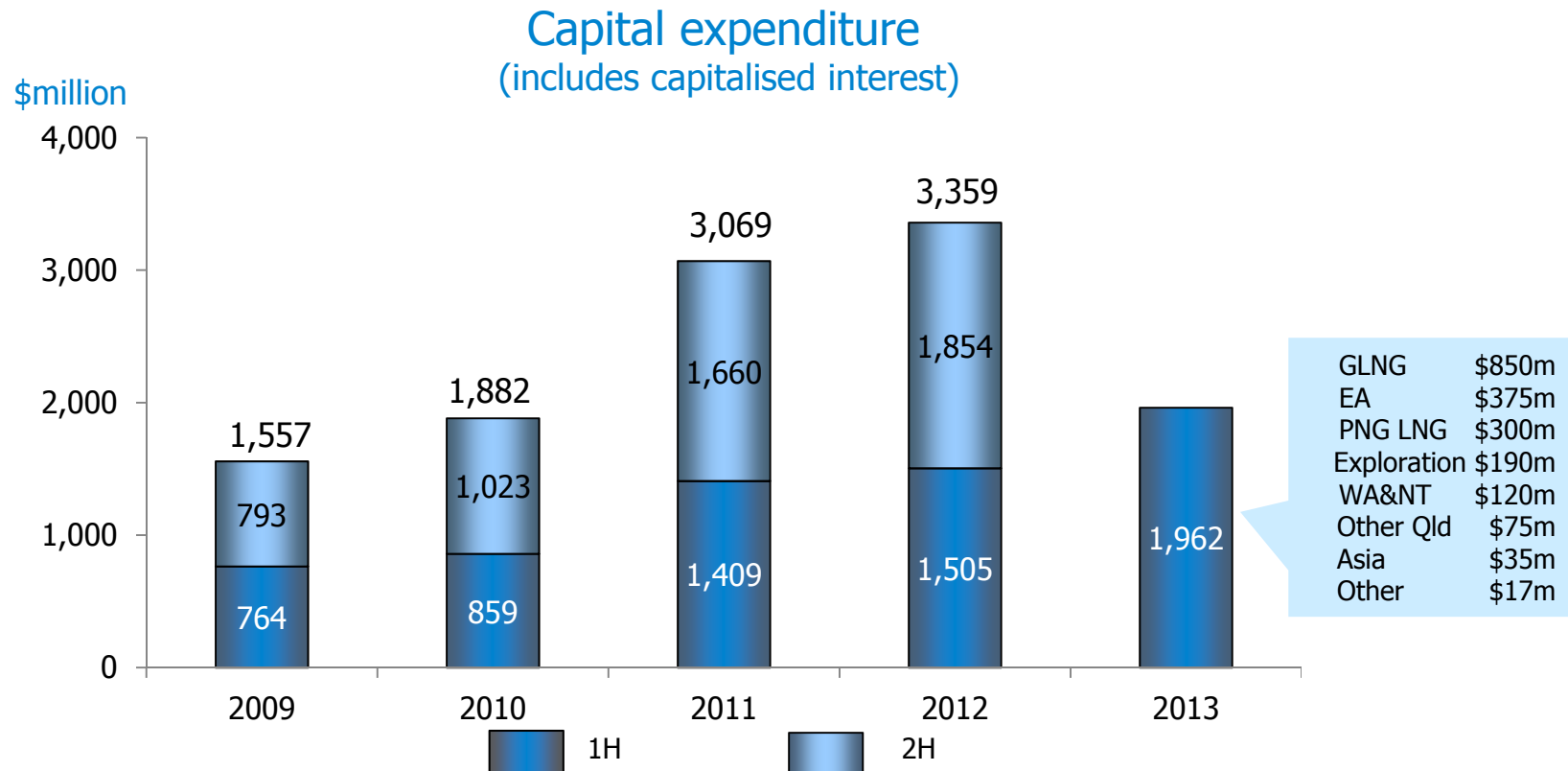
- First-half net profit up 3% due to higher sales revenue combined with impairment reversals and lower production costs, partially offset by lower interest income

Operating cash flow of \$629 million impacted by higher tax payments



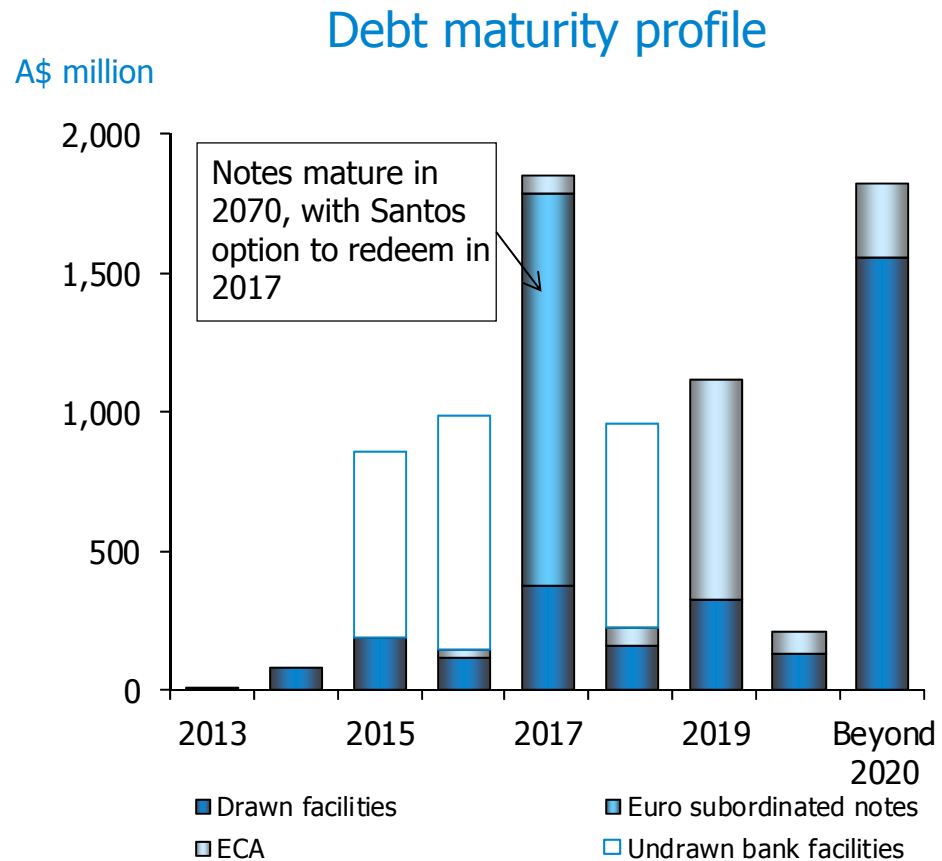
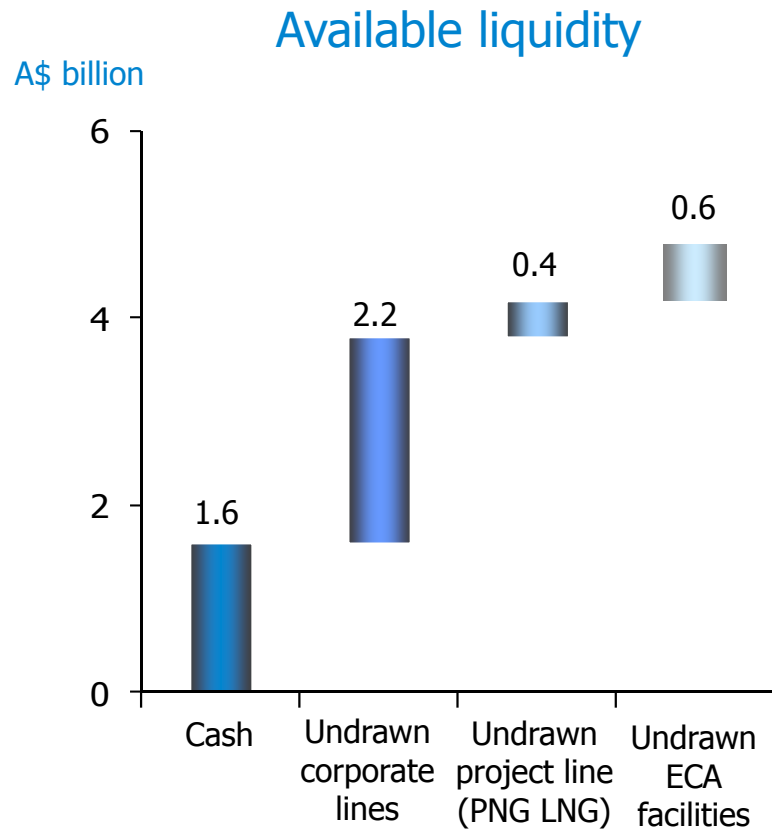
- First-half operating cash flows 13% lower due to higher income tax payments, lower interest received and first time payment of carbon costs

Capital expenditure of \$2 billion driven by investment in GLNG and PNG LNG projects



- 2013 is peak year of capex as investment in LNG growth projects continues
- 2013 guidance unchanged at \$4 billion (excluding capitalised interest)

\$4.8 billion of liquidity provides the capacity to fund the execution of our strategy



Charts as at 30 June 2013



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Delivering major projects

David Knox
Managing Director & CEO

Fletcher Finucane project has already produced over 1.5 million barrels of oil since 20 May 2013

- First oil delivered ahead of schedule and only 16 months after the project was sanctioned
- Final cost of \$470 million, 4% under budget
- Forecast average gross production rate of 15,000 bbl/day in the first 12 months
- Rig secured to drill adjacent Vanuatu prospect
 - If successful, could tie-back to existing subsea facilities



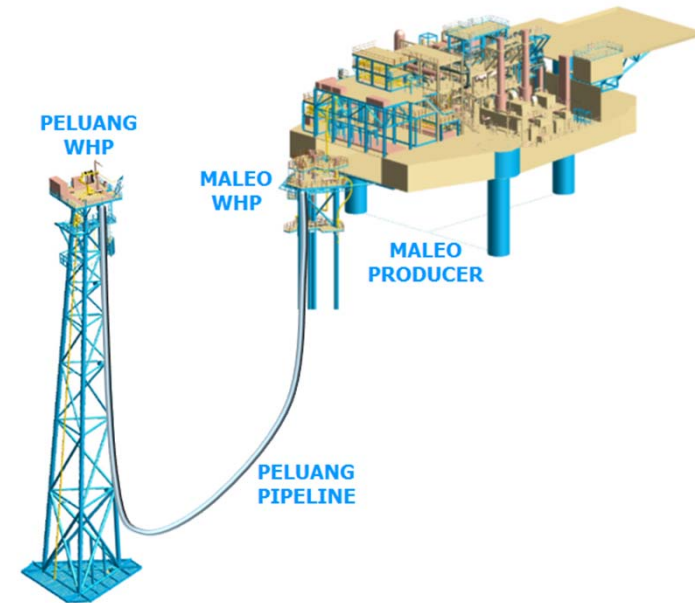
Dua is over 55% complete and on track for first oil in first half of 2014

- Santos 31.875%, Premier Oil operator
- Located 17km north-east of Chim São
- Three-well subsea tie-back to Chim São FPSO
- Fabrication of equipment packages to be installed on the FPSO complete
- Development drilling to commence early Q4 2013
- Forecast average gross production rate of 8,000 bbl/day in the first 12 months
- Gross capital cost estimate US\$307 million



Peluang is 22% complete and on track for first gas in first half of 2014

- Santos 67.5% and operator
- Located in the Maleo gas field, offshore East Java in Indonesia
- One-well tieback to the existing facilities at Maleo
- Procurement for long-lead items has been completed
- Fabrication of the wellhead platform and equipment skid packages is progressing
- Forecast gross peak production rate of 25 mmscf/day
- Gross capital cost estimate US\$100 million



PNG LNG is 90% complete and on track for first LNG in 2014; commissioning gas expected in Q3 2013

- Santos 13.5%, ExxonMobil 33.2% and operator
- Recent milestones include:
 - Drilling of the first four wells underway; the first two wells have been drilled to total depth and completed; third well drilling ahead in the reservoir section
 - Construction of Hides Gas Conditioning plant progressing, with the Komo airfield in operation since early May
 - 40 kilometres remaining to be welded on the onshore pipeline
 - LNG plant scheduled to receive commissioning gas in Q3 2013
- LNG plant capacity of 6.9 mtpa
- Gross capital cost estimate US\$19 billion



Construction at Hides is progressing to plan as equipment is delivered via Komo



Hides Gas Conditioning Plant

LNG plant is transitioning from construction to commissioning



LNG plant site, Cautin Bay

GLNG is over 60% complete and remains on track for first LNG in 2015; US\$18.5 billion capex maintained

- Santos 30% and operator
- 2013 milestones to date include:
 - Over 18 million work hours worked across the project by over 6,000 people
 - 119 wells spudded in the first half; on track to drill more than 200 wells in 2013
 - Marine crossing tunnel ahead of schedule; over 2.1km completed
 - Pipeline interconnection agreement signed with QGC
 - First LNG tank roof lift completed
 - MOF complete; 25 modules delivered to site
 - Sales and Purchase Agreements signed with PETRONAS and KOGAS for 7.2 mtpa of LNG
- LNG plant capacity of 7.8 mtpa
- Gross capital cost estimate US\$18.5 billion¹ from FID to end 2015

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



CSG drilling – on target to drill more than 200 wells in 2013 with continued cost performance gains

- Nine drilling rigs and four completion rigs
- Drilled 119 wells in the first half of 2013, on target to drill over 200 wells by year end
- Average 2013 drilling and completion costs of \$1.4 million per development well
 - Average drilling cost of \$1.1 million
 - Average completion cost of \$0.3 million
- Fairview average optimum gas capacity per well of 1.6 TJ/day
- Roma pilot data confirming individual well potential capacity of 0.5 TJ/day



Drilling rig, Roma

Upstream construction continues to ramp up at the Fairview and Roma hubs



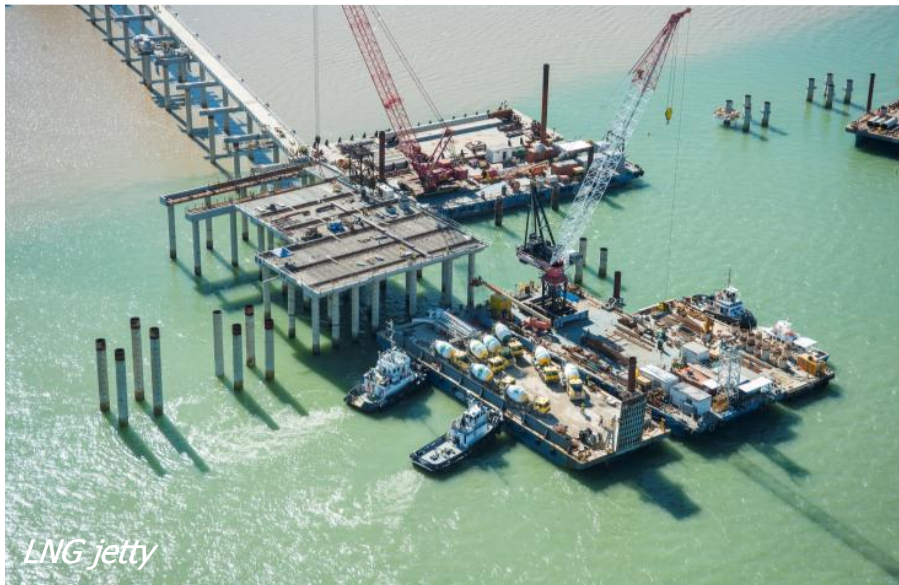
Fairview Hub 4

Pipeline on track for Q2 2014 completion; marine crossing tunnelling ahead of schedule

- Construction of 420-kilometre pipeline well underway
 - All private landholder approvals have been obtained
 - Clearing and grading is 84% complete
 - Stringing is 75% complete
 - 67% of the total pipeline length has been welded
 - 39% of the pipeline has been buried
- Tunnelling works on the marine crossing continue to progress ahead of schedule
 - Over 2.1 kilometres of the 4.3-kilometre tunnel is complete
- Agreement signed with QGC to interconnect both projects' pipelines
 - Allows for gas to flow from one project to the other, enabling projects to buy, sell or swap gas



Significant milestones in downstream construction: first LNG tank roof raise, MOF complete, 25 modules delivered





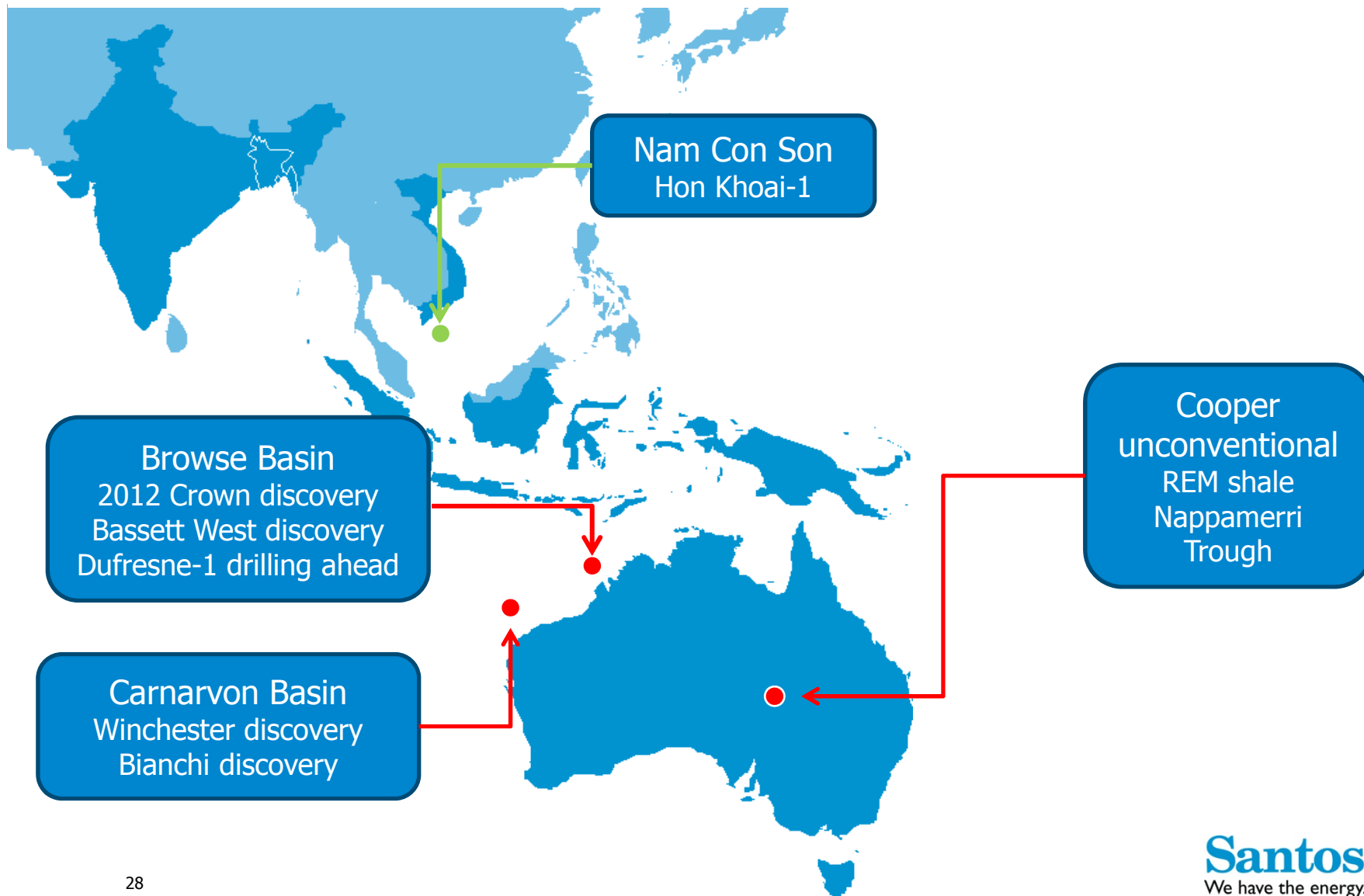
Jack Bates, Browse Basin

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Exploration

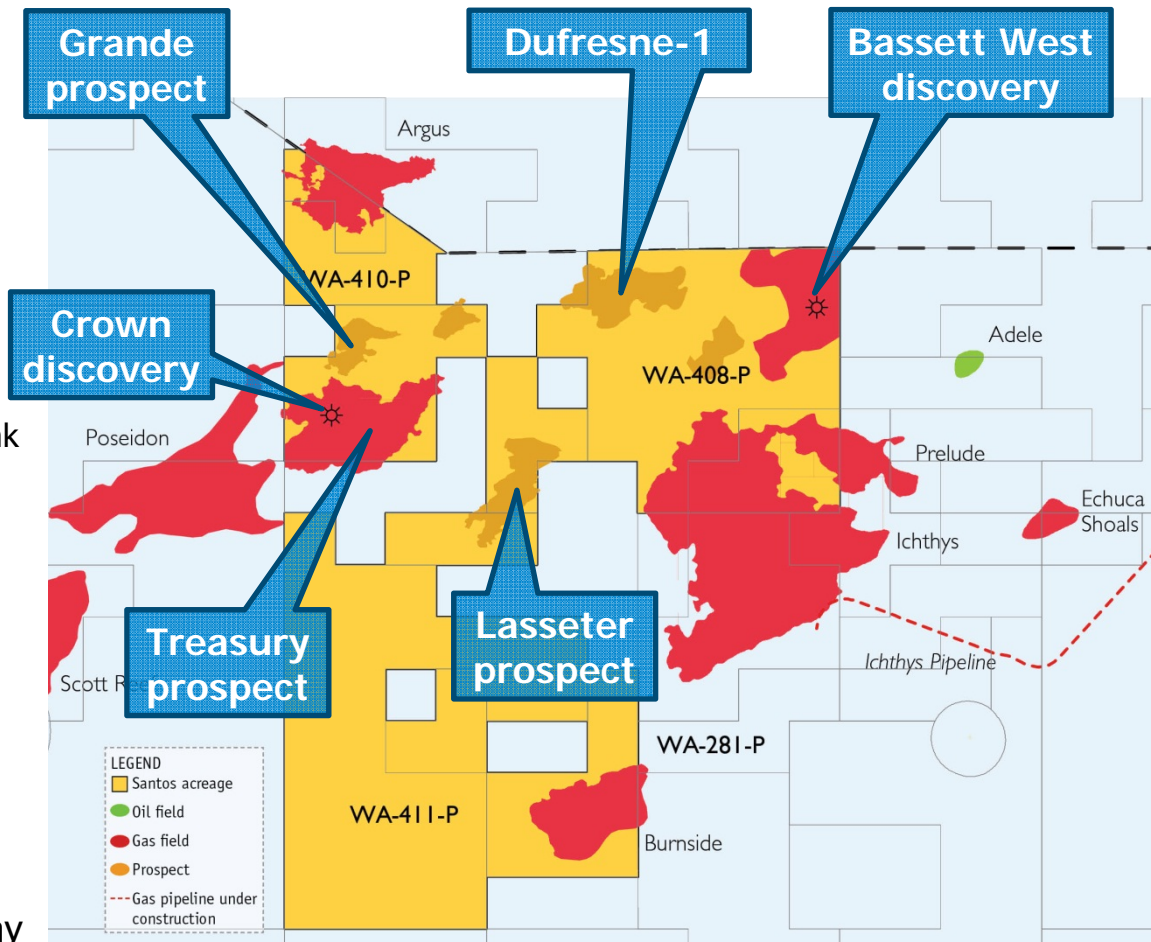
David Knox
Managing Director & CEO

Material exploration program in key basins



Browse Basin – Crown and Bassett West successes unlock material play; Dufresne drilling ahead

- Crown gas–condensate discovery (Santos 30%)
 - 61 metres net gas pay in Jurassic-aged Montara, Plover and Malita sandstones
- Bassett West discovery (Santos 30%)
 - 7.5 metres gas pay in Jurassic sandstones on the western flank of the large Bassett structure
- Dufresne-1 (Santos 30%) drilling ahead
 - Targeting Jurassic aged gas, analogous to Crown and Bassett West
- Material follow-up opportunities across acreage
- Planning for appraisal of discovered resource underway



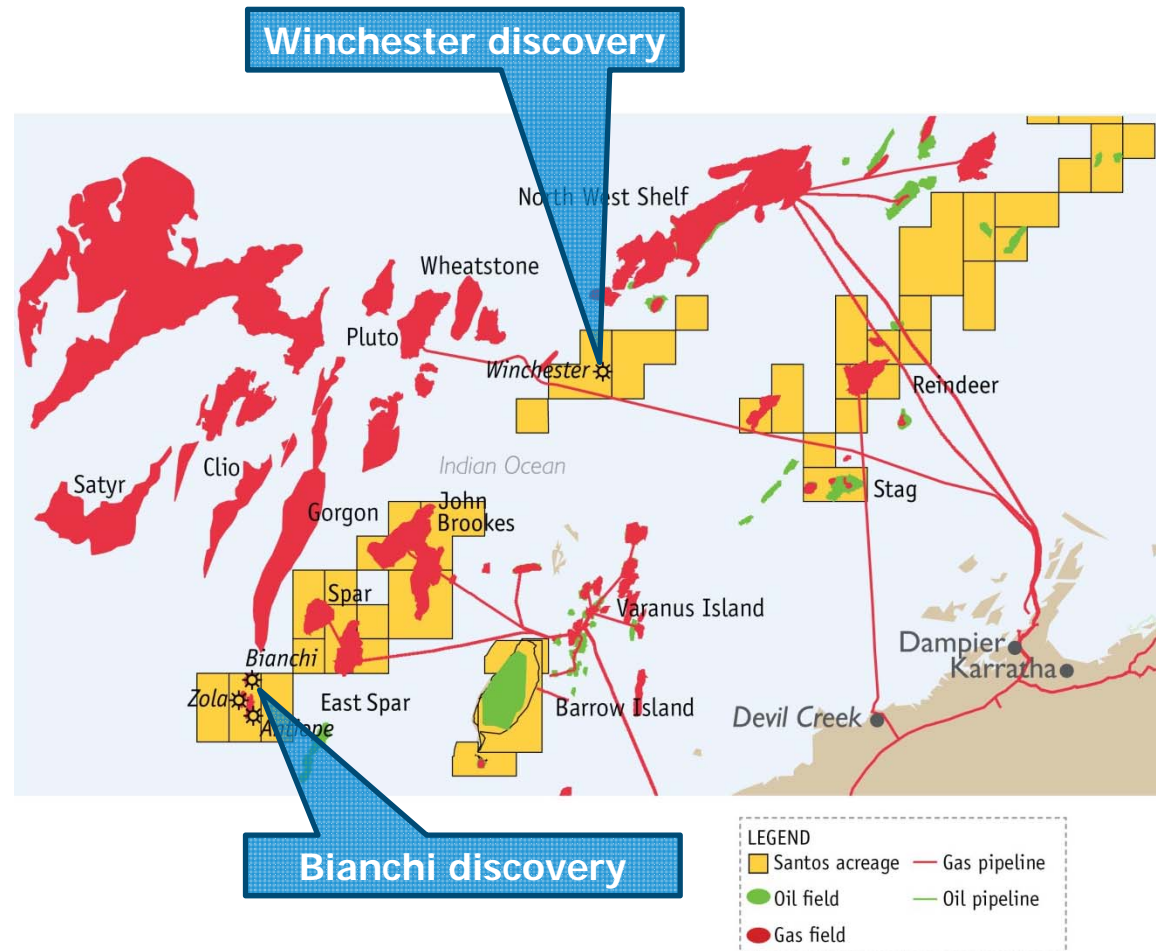
Carnarvon Basin - Winchester and Bianchi discoveries adjacent to key infrastructure

Winchester gas discovery

- Santos 75% and operator
- 58 metres of net gas pay in the Jurassic Angel and Triassic Mungaroo formations with excellent reservoir quality
- Multiple gas samples recovered
- Unlocking exploration potential throughout WA-323-P and WA-330-P

Bianchi gas discovery

- Santos 24.75%
- 112 metres of net stacked gas pay in Triassic formations
- Adding materiality to existing discoveries on block, including Zola
- Multiple follow-up prospects undrilled
- On trend to Gorgon, Clio, and Satyr



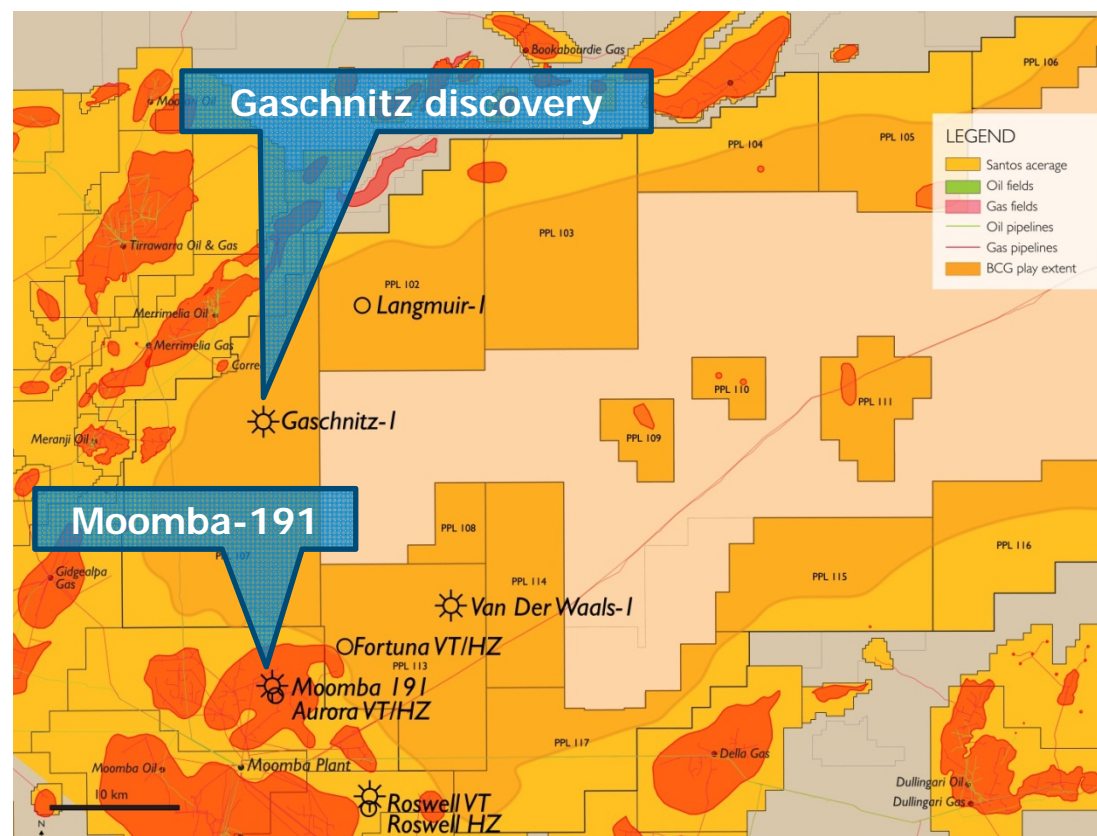
Cooper unconventional

REM shale play

- Moomba-191 currently flowing at 2 mmscf/day
- Three follow-up vertical/horizontal pairs to further appraise the play

Basin Centred Gas play

- Gaschnitz-1 well confirmed a continuous gas accumulation in the Nappamerri Trough
- Initial post frac clean-up flows of >1 mmscf/day
- Van der Waals-1 also confirmed gas outside of closure
- A third well, Langmuir-1 is currently drilling to further appraise the extent of the Basin Centred Gas accumulation play





Train 1 construction, Curtis Island

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Summary

David Knox
Managing Director & CEO

2013 first-half summary

- Solid first half, expect stronger second half
- Fletcher Finucane first oil delivered ahead of schedule and under budget
- PNG LNG and GLNG projects on schedule; capital cost estimates unchanged
- Exploration success – four consecutive gas discoveries offshore Western Australia
- Strong balance sheet to fund growth; PNG LNG cash flows from next year
- Intent to review capital management options as PNG LNG production approaches
- Committed to safe delivery and growing shareholder value





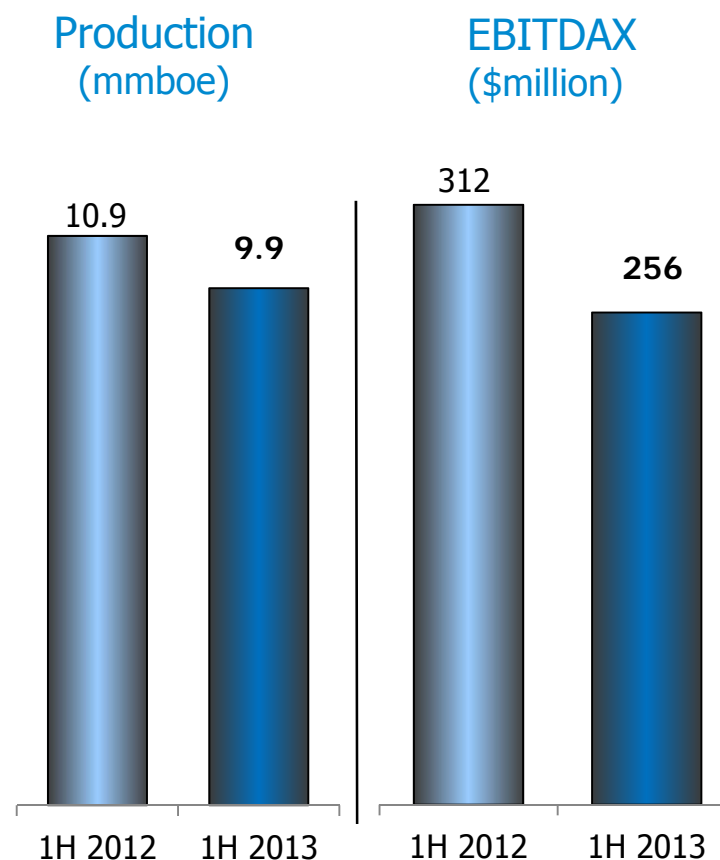
PNG LNG jetty

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Reference slides

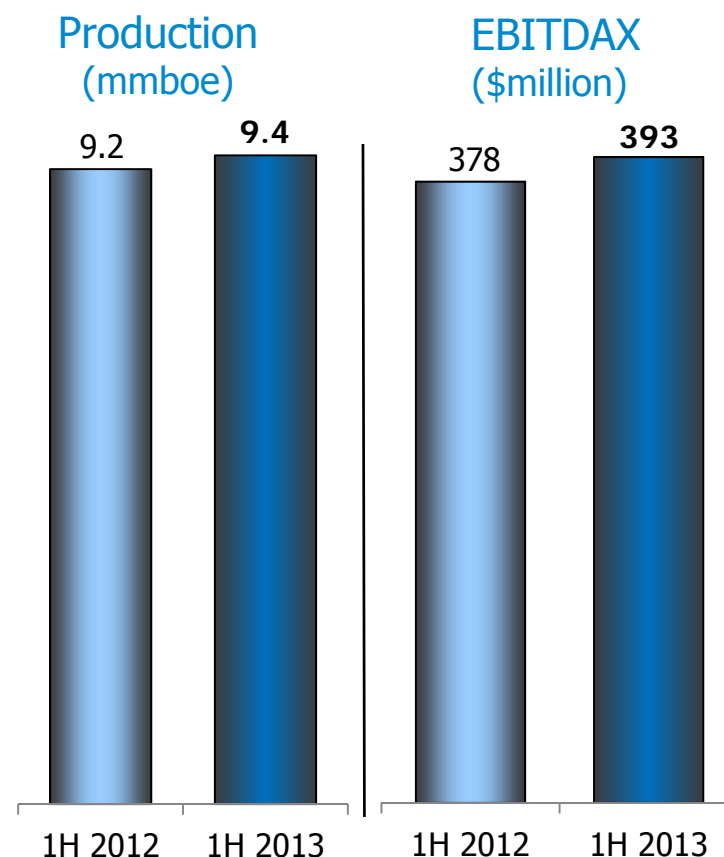
Eastern Australia – first half impacted by planned Cooper Basin maintenance; gas capacity build on track

- Production down 9% primarily due to planned Cooper Basin maintenance and natural field decline
- Gas production rate increased as planned towards the end of the half due to increased field capacity: 13 new gas wells brought on line in June
- EBITDAX lower due to lower gas and ethane sales volumes and weaker liquids prices



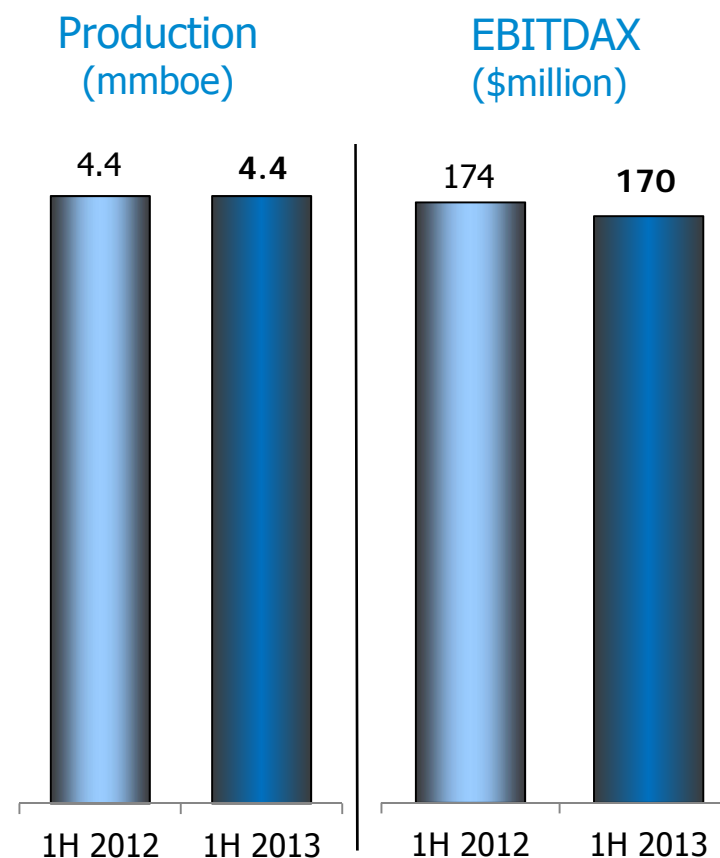
WA&NT – Consistent EBITDAX contribution; Fletcher Finucane will drive stronger second half

- Production in line with higher efficiency and capacity at Bayu-Undan and higher volumes at Reindeer offset by lower Varanus Island Hub production
- EBITDAX up 4% primarily due to higher gas and oil sales volumes
- Fletcher Finucane first oil in May 2013 ahead of schedule and under budget will drive stronger second half
- Four consecutive exploration gas discoveries offshore WA: Crown, Bassett West, Bianchi and Winchester



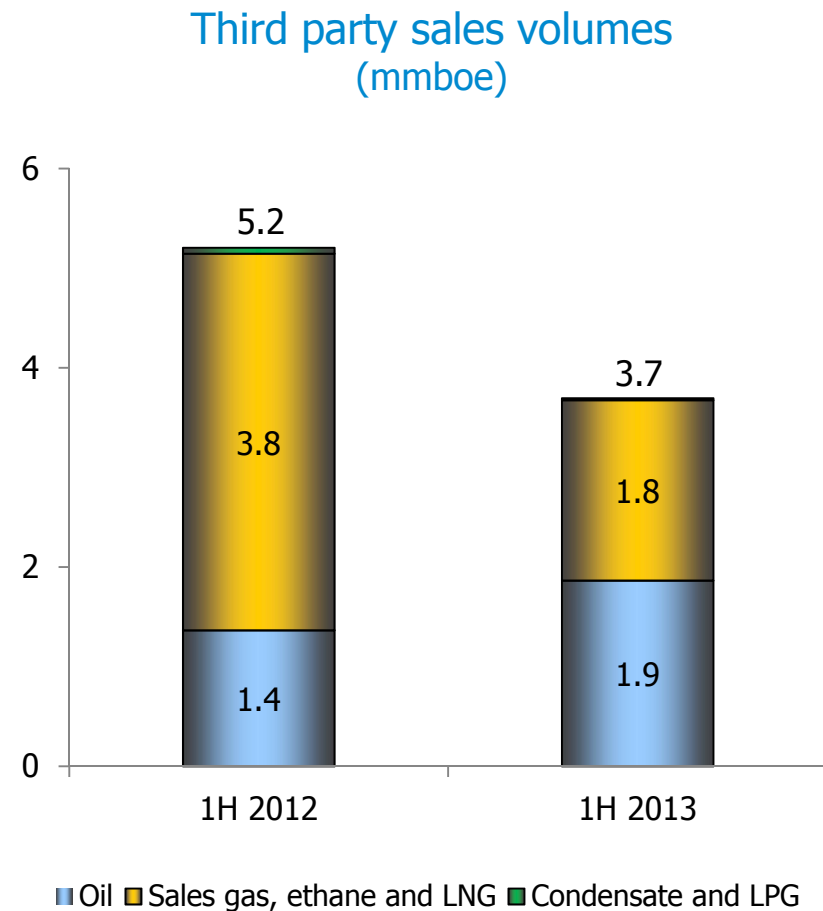
Asia Pacific – Consistent production and EBITDAX; growth projects on track

- Production in line with higher Chim Sáo, Oyong and Wortel offset by lower Maleo nominations
- EBITDAX also in line with higher oil sales volumes offset by higher production costs
- Dua oil and Peluang gas projects on schedule for first production in 1H 2014
- PNG LNG on budget and schedule for first LNG in 2014



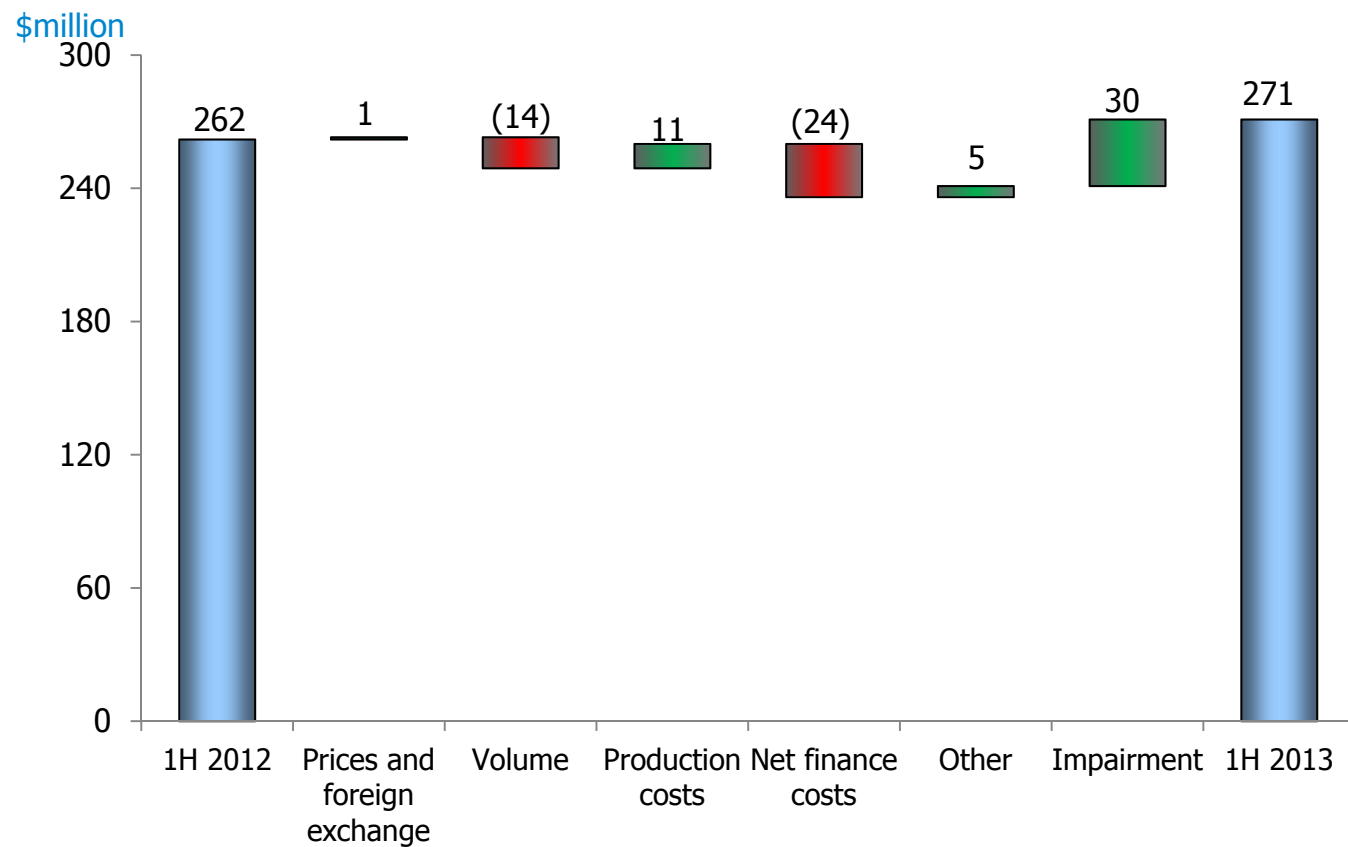
Third party product sales revenue in line with 1H 2012, despite lower sales volumes

- Higher volumes of third party crude offset by lower volumes of third party gas primarily due to Longtom outage
- Third party products sales revenue of \$273 million
- Third party products purchase cost of \$263 million includes a 0.3 mmbbl build in third party crude oil inventory
- Sources of third party product include:
 - Third party Cooper Basin oil and gas
 - Gas produced from the Longtom field
 - Non-Santos share of gas produced in the GLNG acreage sold domestically



Net profit reconciliation

Half-year net profit after tax



Significant items after tax

\$million	Half-year 2013	Half-year 2012
Net profit after tax	271	262
Add/(deduct) significant items		
Net gains on asset sales	(6)	(6)
Net impairment (reversal)/loss	(8)	22
Other	(6)	5
Underlying net profit	251	283

- 2013 net impairment reversal includes reversal of prior impairments of the Kipper and Sampang assets, partially offset by an impairment of the Tintaburra asset

Application of AASB 11 Joint Arrangements

AASB 11 Joint Arrangements became effective from 1 January 2013. Previously, Santos accounted for incorporated joint ventures using the proportionate consolidation method.

Under AASB 11, several incorporated joint ventures are accounted for using the one line equity method.

Accordingly, revenues and expenses associated with the operations of downstream Darwin LNG Pty Ltd and Easternwell Drilling Services Holdings Pty Ltd are now recorded as "share of profit of joint ventures".

The effect of AASB 11 on the 2012 half-year and full-year financial statements is shown in the table below.

	Half year ended 30 June 2012			Year ended 31 December 2012 *		
	2012 Restated \$million	2012 Original \$million	Variance \$million	2012 Restated \$million	2012 Original \$million	Variance \$million
Increase in sales volumes (mmboe)	29.0	28.9	0.1	61.3	61.0	0.3
Increase in sales revenue	1,496	1,493	3	3,223	3,220	3
Increase in production costs	(351)	(335)	(16)	(688)	(660)	(28)
Decrease in DD&A	(369)	(374)	5	(755)	(768)	13
Decrease in product stock	(60)	(62)	(2)	(35)	(35)	-
Total increase in cost of sales	(981)	(968)	(13)	(2,104)	(2,089)	(15)
Decrease in other revenue	25	29	(4)	66	79	(13)
Decrease in other expenses	(162)	(165)	3	(381)	(390)	9
Increase in share of profit of joint ventures	8	-	8	12	-	12
Decrease in income tax expense	(180)	(183)	3	(393)	(397)	4
Impact on 2012 net profit	262	262	-	519	519	-

* Preliminary numbers subject to year-end audit

2013 guidance

Item	2013 guidance
Production (mmboe)	52-55
Production costs (\$million) ¹	670-690
DD&A expense (\$/boe)	16.50
Royalty related taxation expense ² (\$million after tax)	50
Capital expenditure (including exploration & evaluation) ³	\$4 billion

¹ Including the impact AASB 11 on production costs, estimated at \$30 million per annum

² Royalty related taxation expense guidance based on an average realised oil price of A\$100 per barrel

³ Capital expenditure guidance excludes capitalised interest, which is forecast at approximately \$220 million in 2013

2013 full-year sensitivities

Sensitivity	Change	NPAT impact A\$million
US\$ oil price	+/-US\$1/bbl	+/-12
A\$ gas price	+/-10 cents/GJ	+/-13
A\$/US\$ exchange rate	+/-1 cent	-/+12

2013 exploration schedule

Well name	Basin / area	Target	Santos Interest %	Timing / result
Bassett West-1	Browse	Gas	30	Gas discovery
Bianchi-1	Carnarvon	Gas	24.75	Gas discovery
Winchester-1	Carnarvon	Gas	75	Gas discovery
Dufresne-1	Browse	Gas	30	Drilling
Cooper unconventional	Cooper	Gas	66.6	Q1 – Q4
Indonesia CSG	South Sumatra	CSG	60	Q2 – Q4
Mereenie unconventional cores	Amadeus	Gas	100	Q3
Queensland CSG	Denison	CSG	50	Q3 – Q4
Cooper NFE	Cooper	Gas	Various	Q3 – Q4
Hon Khoai-1	Nam Con Son	Oil	65	Q4
NSW CSG	Gunnedah	CSG	Various	Q4

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

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