



2010 Full-year Results

17 February 2011

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All references to dollars, cents or \$ in this document are to Australian currency, unless otherwise stated.

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2010 Full-year Results

David Knox
Managing Director & CEO

Underlying net profit up 46%

2010 Full-year Result

		Change on 2009	
Production	49.9 mmboe	↓	(8%)
Sales Revenue	\$2,228 million	↑	2%
EBITDAX	\$1,672 million	↑	5%
Net Profit After Tax	\$500 million	↑	15%
Underlying Net Profit	\$376 million	↑	46%
Operating Cash Flow	\$1,267 million	↑	10%
Final Dividend	15 cents per share	↓	5 cents

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The Santos strategy

Using quality assets, Santos will safely deliver:

Base business

- **Eastern Australia:** Margin growth and resource conversion
- **Indonesia:** Established business with incremental growth
- **WA:** Growing a material domestic gas business

LNG growth

- **GLNG:** FID Jan-2011, first LNG production 2015
- **PNG LNG:** FID Dec-2009, first LNG production 2014
- **Darwin LNG:** Mature brownfield LNG growth
- **Bonaparte LNG:** Innovative floating LNG project

Focused growth in Asia

- **Vietnam:** Deliver Chim Sáo and exploration-led growth
- **India/ Bangladesh:** Bay of Bengal exploration-led growth

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Delivery in 2010

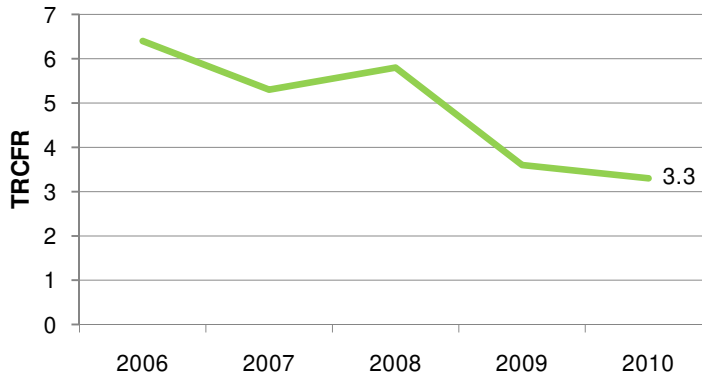
	Target	Delivery
Base	Production	<ul style="list-style-type: none"> ▪ 49.9 mmbob total in-line with revised guidance issued in March 2010 ▪ 2.9 mmbob lost due to wet weather impacts on Cooper Basin production, offset by stronger production in WA gas and Indonesia
	Next phase of projects on schedule	<ul style="list-style-type: none"> ▪ Reindeer on schedule for 2H 2011 production ▪ 2010 FID on Spar & Wortel projects – on schedule for 2H 2011 and end-2011 production respectively ▪ Kipper under review
LNG Growth	GLNG	<ul style="list-style-type: none"> ▪ Total and KOGAS join the GLNG project – Santos at 30% ▪ 7 mtpa of binding off-take agreements with PETRONAS (3.5 mtpa) and KOGAS (3.5 mtpa) ▪ Federal environmental approval received in October 2010 ▪ FID on 7.8 mtpa 2-train project on 13 January 2011
	PNG LNG	<ul style="list-style-type: none"> ▪ Financial close in March 2010 ▪ Construction ramping-up
	Funding for growth	<ul style="list-style-type: none"> ▪ Comprehensive funding plan executed: \$7.8 billion funding capacity ▪ Over \$800 million of cash proceeds from asset disposals
Asia	India / Bangladesh	<ul style="list-style-type: none"> ▪ Acquisition of Cairn's interests in Bangladesh
	Vietnam	<ul style="list-style-type: none"> ▪ Chim Sáo on schedule for 2H 2011 production

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Safety performance

**Santos TRCFR performance
(Employees & Contractors)**

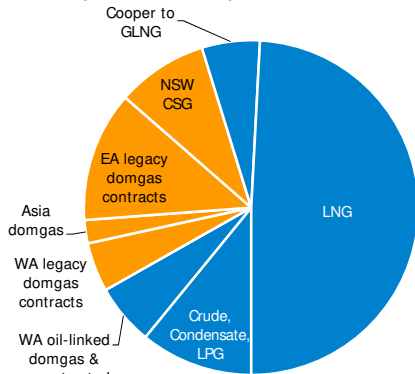


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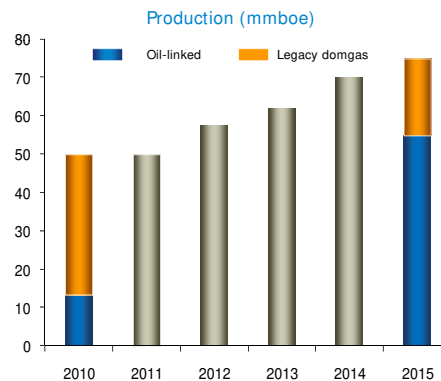
Transforming to oil-linked pricing

70% of 1.4bn boe 2P reserves exposed to oil prices



Contingent resources of 2.3bn boe has a similar pattern

Asset base is transformed through sanctioned projects



Production exposed to oil price rises from 27% in 2010 to 70% in 2015

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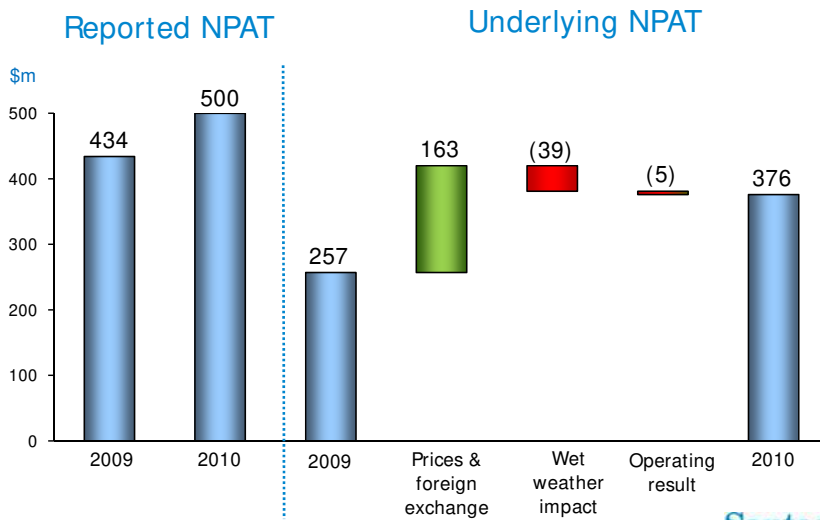
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2010 Full-year Results

Andrew Seaton
CFO

Reported & underlying profits

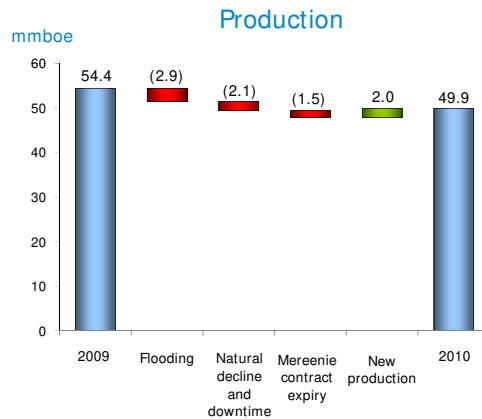


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Production impacted by flooding

- Production in line with guidance
- Total wet weather and flood impact on Cooper Basin was 2.9 mmboe
- Stronger gas production in WA and Indonesia
- Mereenie (NT) gas sales contract expired end-2009

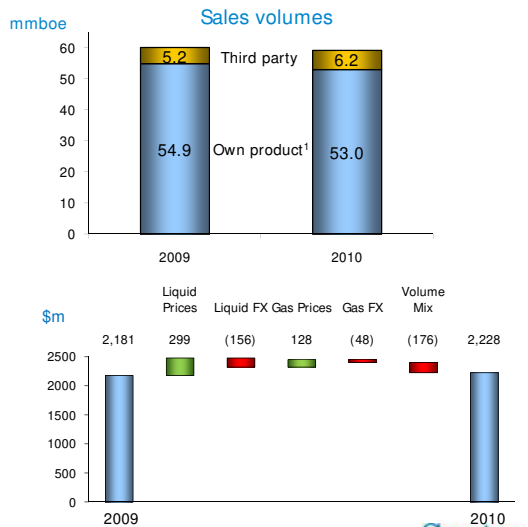


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Sales volumes and revenue

- Higher realised prices for all products
- Cooper gas volumes met by production and gas from storage
- Higher volumes of third party gas offset lower own product volumes
- Third party gas revenue \$185 million

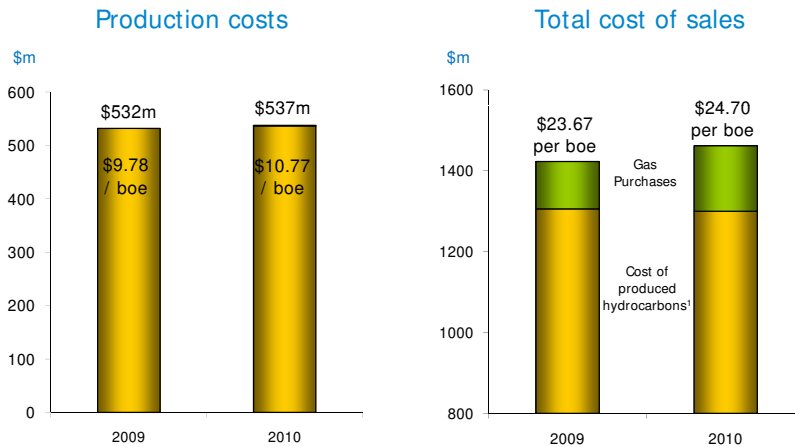


¹ Includes gas from storage

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Production cost and cost of sales



¹ Includes production costs, tariffs, tolls and pipeline costs, royalties, inventory and DD&A

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Business Unit EBITDAX

Segment	2010	2009	Change %
Eastern Australia	565	616	(8)
WA&NT	653	629	4
GLNG	48	29	66
Asia Pacific	111	95	17
Gains on sale of assets	313	246	27
Corporate and unallocated items	(18)	(27)	33
TOTAL EBITDAX	1,672	1,588	5

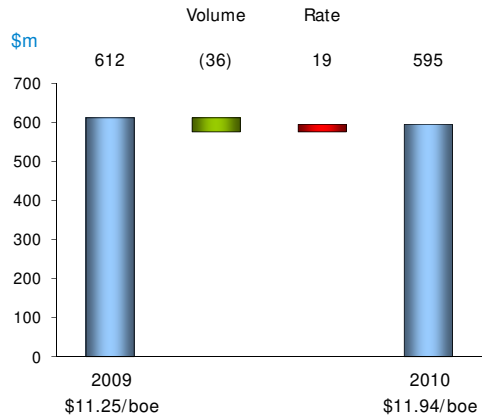
Eastern Australia | Higher prices offset by lower liquids volumes due to wet weather
 WA&NT | Higher prices offset by lower volumes
 GLNG | Higher volumes and lower costs
 Asia Pacific | Higher volumes and lower costs

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DD&A declines by \$17 million

- Lower depletion primarily due to lower production volumes
- Partially offset by impact of higher rates
- 2011 guidance \$12/boe



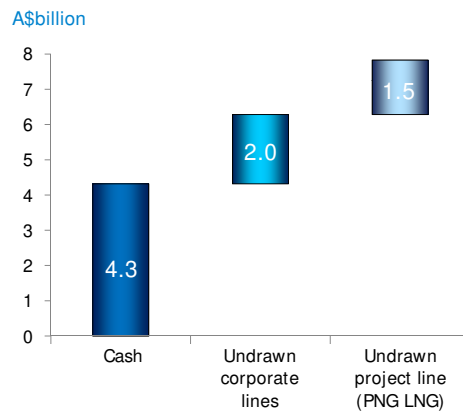
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\$7.8 billion of funding capacity

Comprehensive funding plan executed in 2010, including:

- A\$2 billion bilateral bank facility
- €1 billion hybrid with 100% equity credit from S&P
- A\$500 million institutional placement to complete equity funding required for GLNG

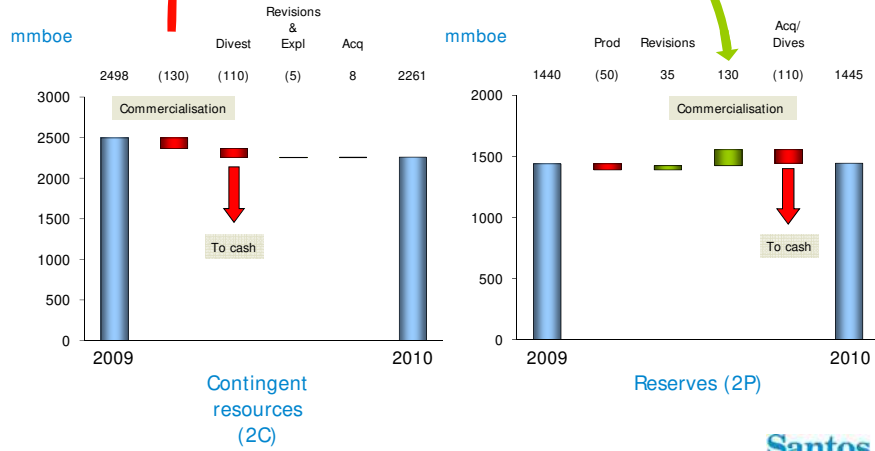


Cash balance of \$4.3 billion excludes proceeds from the sale of a 15% interest in GLNG to Total and KOGAS announced in December 2010 – transactions due to complete by the end of February 2011.

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Reserves growth and resource conversion



2011 Guidance

Item	2010 Actual	2011 Guidance
Production	49.9 mmboe	48 – 52 mmboe
Production costs	\$537m	\$550 – \$590m
DD&A expense	\$11.94/boe	\$12.00/boe
Royalty related taxation expense (after tax) ¹	\$51m	\$80 – \$100m
Capital expenditure (including exploration & evaluation) ²	\$1.9 billion	\$3 billion

¹ Royalty related taxation expense guidance for 2011 assumes an oil price of A\$90 per barrel.

² Capital expenditure guidance for 2011 includes \$2 billion for LNG projects, \$400 million for other sanctioned growth projects (Reindeer, Spar, Chim São, Wortel & Kipper) and \$150 million for conventional exploration.

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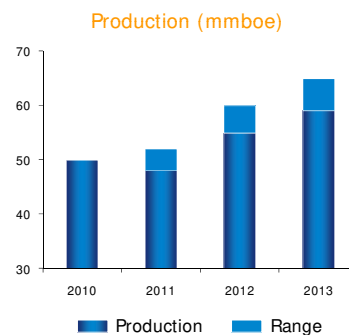
David Knox
Managing Director & CEO

Base production grows to record levels

Four projects in the base commence production in 2011

Project	Santos interest	Gross production capacity	First production
Reindeer/ Devil Creek WA	45%	215 TJ/d ¹	2H 2011
Spar WA	45%	50 TJ/d ²	Mid 2011
Chim Sáo Vietnam	31.875%	25,000 bbl/d	2H 2011
Wortel Indonesia	45%	90 TJ/d ³	End 2011

- 1 Gross processing capacity of Devil Creek gas plant.
- 2 Gross capacity from Halyard well. Capacity to increase to 100 TJ/d gross in early-2013 with the tie-in of Spar-2 well.
- 3 Combined gross production from the Oyong and Wortel fields.



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Reindeer/Devil Creek, WA

Reindeer/Devil Creek – WA's new domestic gas hub

Project	Reindeer/Devil Creek
Location	Carnarvon Basin, offshore WA
Santos interest	45%
Partner	Apache 55%, operator
Project scope	<ul style="list-style-type: none"> Unmanned, minimum facility wellhead platform 105-km pipeline to shore Devil Creek gas plant
Gross production capacity	215 TJ/day (Devil Creek gas plant)
Project status	<ul style="list-style-type: none"> Reindeer jacket and deck complete and mobilised for installation Pipeline complete Devil Creek gas plant construction continues with all modules delivered to site
First gas	On schedule for second half 2011



Reindeer jacket ready for installation



Devil Creek gas plant

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Spar, WA

Spar – Development of Halyard (WA-13-L) and Spar (WA-4-R)

Project	Spar
Location	Carnarvon Basin, offshore WA
Santos interest	45%
Partner	Apache 55%, operator
Project scope	<ul style="list-style-type: none"> Tie-back of Halyard and Spar wells to Varanus Island via existing East Spar pipeline Modifications to John Brookes platform
Gross production capacity	50 TJ/day (Halyard) 100 TJ/day (Halyard + Spar)
Project status	<ul style="list-style-type: none"> Halyard well drilled and completed Spar-2 well drilled and completed Fabrication and testing of wing deck module for John Brookes platform complete Flowline and umbilical fabrication complete
First gas	On schedule for mid-2011



Wing deck module for John Brookes platform assembled for testing (subsea tree adjacent)

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Chim Sáo, Vietnam

Chim Sao – New oil production for Santos

Project	Chim Sáo
Location	Block 12W, offshore Vietnam
Santos interest	31.875%
Partners	Premier 53.125% , operator PetroVietnam 15%
Project scope	<ul style="list-style-type: none"> Unmanned, minimum facility wellhead platform Liquids processing and export via FPSO Gas export via 100-km pipeline
Gross production capacity	25,000 bbl/day
Project status	<ul style="list-style-type: none"> Wellhead and field pipelines installed Development drilling program and FPSO conversion continue in accordance with project schedule
First gas	On schedule for second half 2011



Lewek Emas FPSO under conversion in Singapore

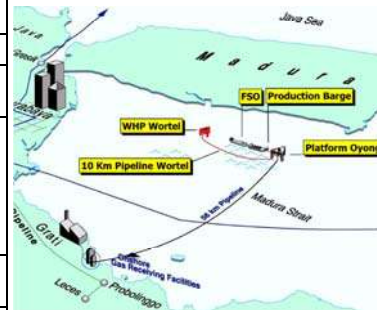


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Wortel, Indonesia

Wortel – Third operated project in Indonesia

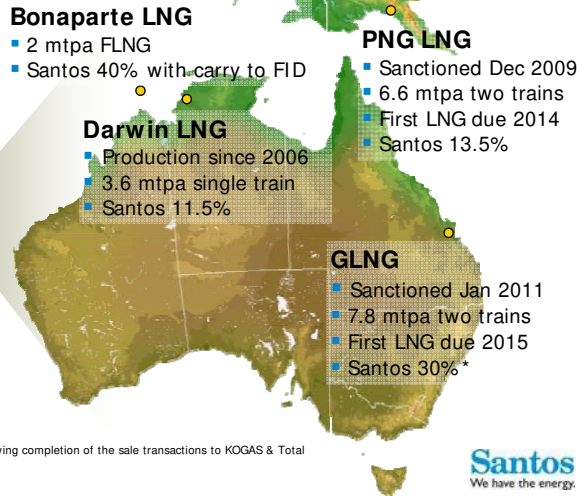
Project	Wortel
Location	Sampang PSC, offshore East Java, Indonesia
Santos interest	45% , operator
Partners	SPC 40% Cue Energy Resources, 15%
Project scope	<ul style="list-style-type: none"> Unmanned, minimum facility wellhead platform 10-km gas pipeline to existing Oyong platform Gas export via existing 60-km pipeline to Grati
Gross production capacity	90 TJ/day from combined Oyong/Wortel fields
Project status	<ul style="list-style-type: none"> Sanctioned November 2010 Jacket fabrication underway
First gas	On schedule for the end of 2011



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LNG is a key component of Santos' growth strategy

Strategy Components
Deliver the Base Business
LNG Growth
Focused growth in Asia

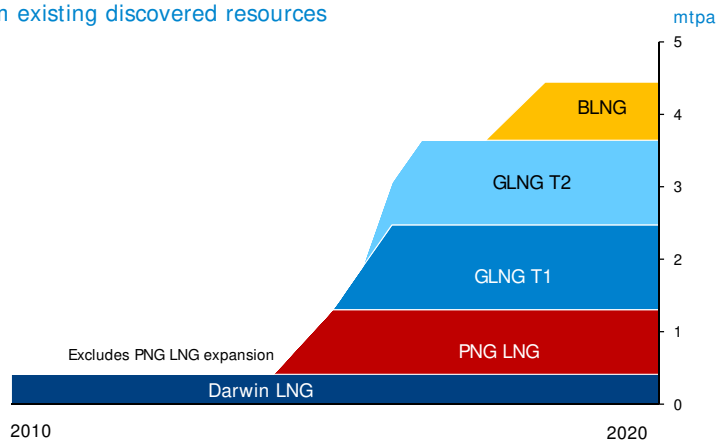


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Strategy delivers material LNG growth

Santos equity LNG production
from existing discovered resources



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GLNG

7.8 mtpa 2-train GLNG project sanctioned January 2011

- FID 13 Jan 2011
- 7.8 mtpa, two trains
- Santos 30%
- Binding LNG off-take agreements with PETRONAS & KOGAS for 7mtpa in aggregate
- Major EPC contracts awarded to Fluor, Saipem and Bechtel
- Orders placed for long lead items
- Capital expenditure US\$16 billion gross
- First LNG due in 2015



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World-class GLNG contractors

Predominantly fixed price EPC contracting strategy

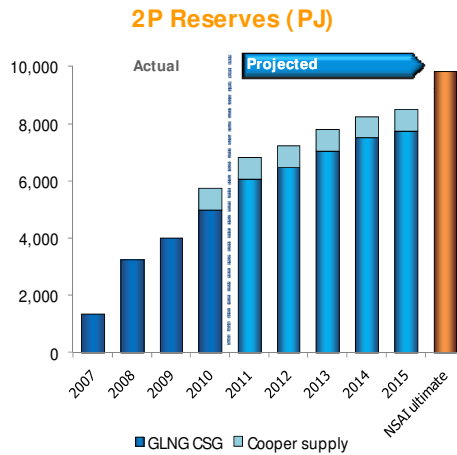
Project Component	Description	Contractor	Contract Type
Upstream surface facilities	All coal seam gas and water gathering and processing infrastructure	FLUOR	EPC contract with material level of fixed price
Gas transmission pipeline	420-kilometre gas transmission pipeline from the gas fields to Gladstone	Eni Saipem	Fixed price lump sum turnkey EPC contract
LNG Plant	7.8mtpa 2-train LNG plant plus associated infrastructure	BECHTEL	Fixed price lump sum turnkey EPC contract

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GLNG 2P reserves for two trains

- 5,009 2P CSG reserves at Dec-10¹
 - NSAI estimated higher 2P reserves of 5,377 PJ as at end Oct-10¹
- In addition to CSG reserves, Santos to supply 750 PJ of portfolio gas, primarily from the Cooper Basin
- NSAI estimates GLNG ultimate 2P CSG reserves maturation of 9,848 PJ from existing acreage¹



¹ Excludes 750 PJ of Santos portfolio supply

NSAI: Netherland, Sewell & Associates, Inc. Based on their analysis, NSAI believe that continued development and appraisal drilling in the GLNG dedicated areas has a reasonable likelihood of extending the 2P reserves area into most of the regions now categorized as possible reserves or 2C contingent resources.

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PNG LNG

PNG LNG Project construction continues to ramp-up

- FID approved Dec 2009
- 6.6 mtpa two trains
- Santos 13.5%
- Four Asian buyers
- Design and procurement for major EPC contracts in progress
- Construction underway for supporting infrastructure at the LNG plant site and upstream locations
- First LNG due in 2014
- Plateau production of ~9 mmboe pa net to Santos



Pipeline stringing



LNG plant site construction camp

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Summary

Continued delivery of Santos' growth strategy

- Sound operating performance despite Central Australia flooding
- FID on 7.8 mtpa 2-train GLNG delivered in January
- PNG LNG construction ramping-up
- Four projects in the base business commence production in 2011
- Strong financial position to fund growth: \$7.8 billion of funding capacity
- Business is transforming: 70% of 2P reserves exposed to liquids prices

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Reference slides

Significant items (after tax)

\$m	2010	2009
Underlying profit	376	257
Significant items	124	177
Net profit after tax	500	434
Significant items included:		
Net gains on asset sales	214	180
Impairment of non-current assets	(101)	(17)
Impairment of receivables	(22)	-
Provision of contract losses: rigs and offices	-	(17)
Foreign currency losses	(7)	(21)
Remediation and related costs of incidents	4	19
Change in fair value of embedded derivatives	-	3
Net profit/(loss) impact of fair value hedges	(5)	3
Investment Allowance	4	21
Other income tax	37	6
Total	124	177

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2011 Forward exploration schedule

Well Name	Basin / Area	Target	Santos Interest %	Timing
Zola-1	Carnarvon	Gas	24.8	Drilling
PEL 1 corehole	Gunnedah	CSG	25.0	Drilling
Finucane South-1	Carnarvon	Oil	33.4	Q2
Beam-1	Carnarvon	Gas	45.0	Q2
Little Joe-1	Carnarvon	Oil	31.3	Q3
Tuy Hoa-1	Phu Khanh	Oil	50.0	Q3
PEL 462 corehole	Gunnedah	CSG	100	Q3
PEL 433 corehole	Gunnedah	CSG	35.0	Q3
ATP685P corehole	Surat	CSG	50.0	Q3
South Sangu Exploration	Bay of Bengal	Gas	100	Q4
Sangu Exploration	Bay of Bengal	Gas	100	Q4

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

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2011 Sensitivities

Sensitivity	Change	NPAT Impact A\$m
US dollar oil price	US\$1/bbl	9
Gas price	10 cent/GJ	17
A\$/US\$ exchange rate	1 cent	8

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Contact information

Head office

Adelaide

Ground Floor, Santos Centre
60 Flinders Street
Adelaide, South Australia 5000
GPO Box 2455
Adelaide, South Australia 5001
Telephone: +61 8 8116 5000
Facsimile: +61 8 8116 5050

Useful email contacts

Share register enquiries:
webqueries@computershare.com.au

Investor enquiries:
investor.relations@santos.com

Andrew Nairn

Group Executive Investor Relations
Level 10, Santos Centre
Direct: + 61 8 8116 5314
Facsimile: +61 8 8116 5131
Email: andrew.nairn@santos.com

Brooke Hann

Investor Relations Analyst
Level 10, Santos Centre
Direct: + 61 8 8116 7227
Facsimile: +61 8 8116 5131
Email: brooke.hann@santos.com

Website:
www.santos.com

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