



Chim Sáo FPSO *Lewek Emas*. First oil is expected in September 2011.

2011 Half-year Results

19 August 2011

Santos
We have the energy.

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

The logo for Santos, featuring the word "Santos" in white serif font on a blue rectangular background.

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2011 Half-year Results

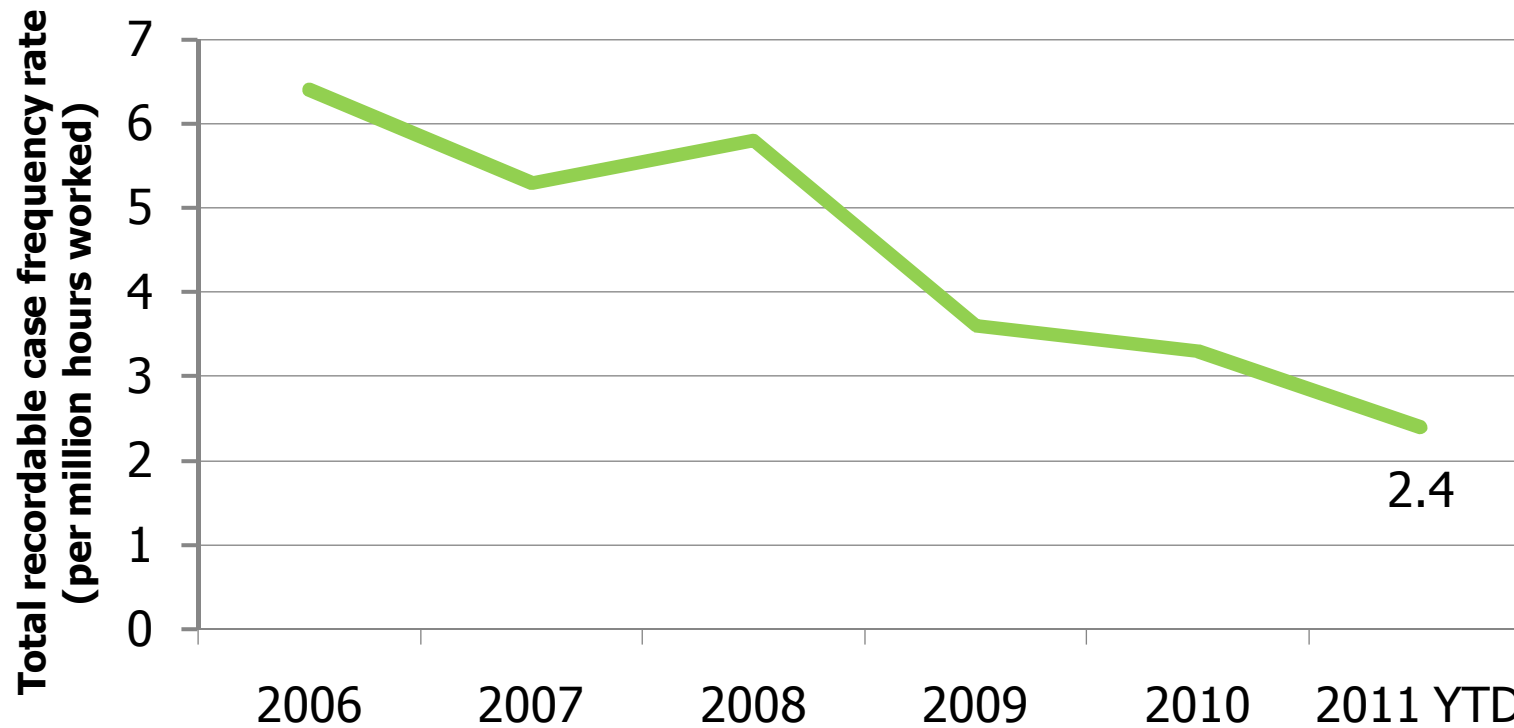
David Knox
Managing Director & CEO

First-half overview

- Safety: 60% improvement in three years
- Reported half-year profit up 155% to \$504 million
- Two-train GLNG project sanctioned in January
- Halyard/Spar project on-line ahead of schedule
- Chim Sao, Reindeer and Wortel projects on track for start-up in the second half of 2011
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- Production recovering from adverse weather
- Strong balance sheet: \$6.7 billion of funding capacity
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Safety performance

Santos TRCFR performance (Employees & Contractors)



Half-year net profit up 155%

2011 Half-year result

			Change on 2010 first-half
Production	22.9 mmboe		(5%)
Sales revenue	\$1,101 million		1%
EBITDAX	\$1,089 million		66%
Net profit after tax	\$504 million		155%
Underlying net profit	\$236 million		12%
Operating cash flow	\$681 million		27%
Interim dividend	15 cents per share		7 cents

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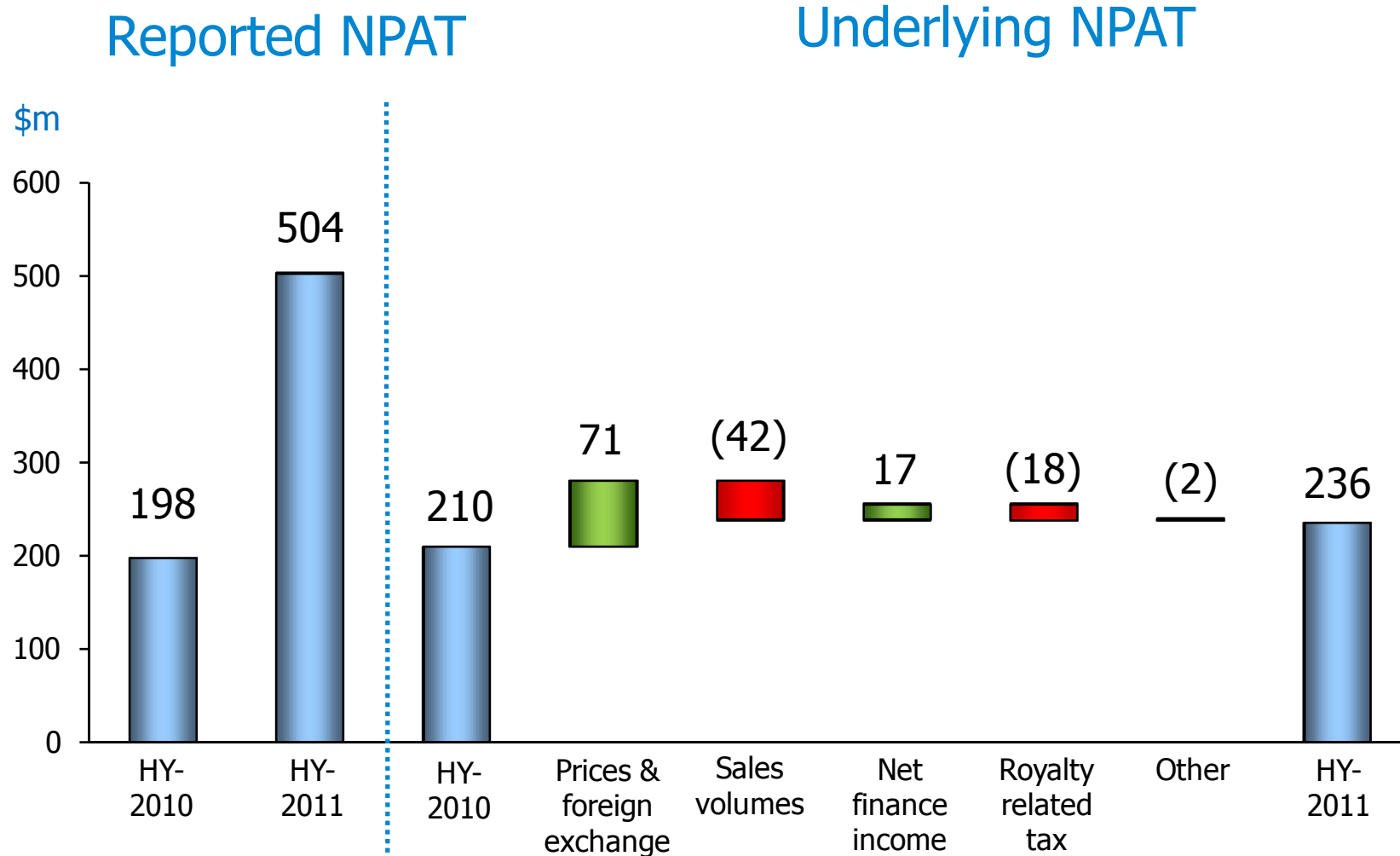
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2011 Half-year Results

Andrew Seaton

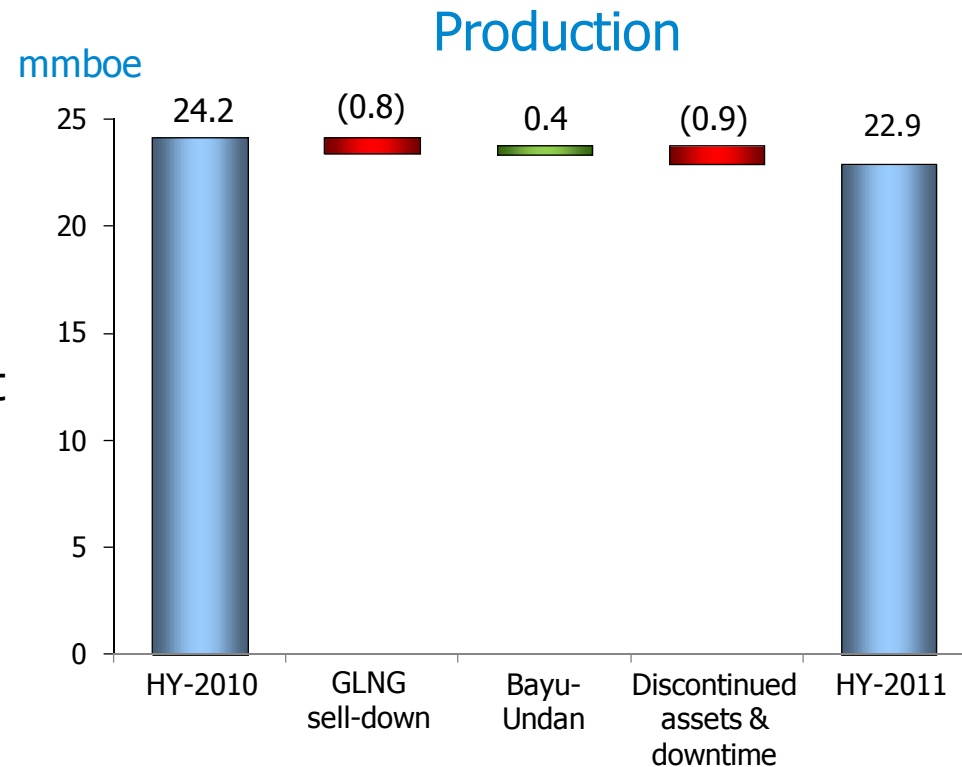
CFO

Reported & underlying profits



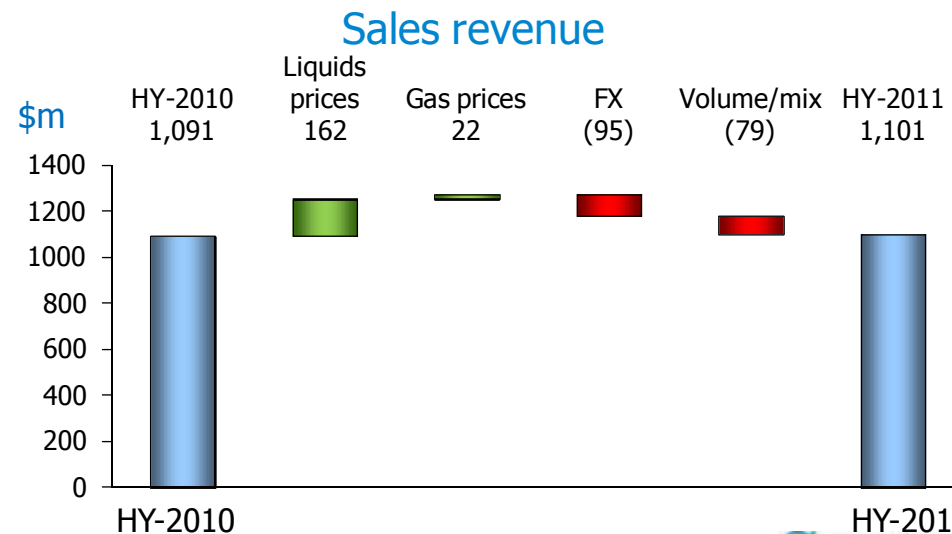
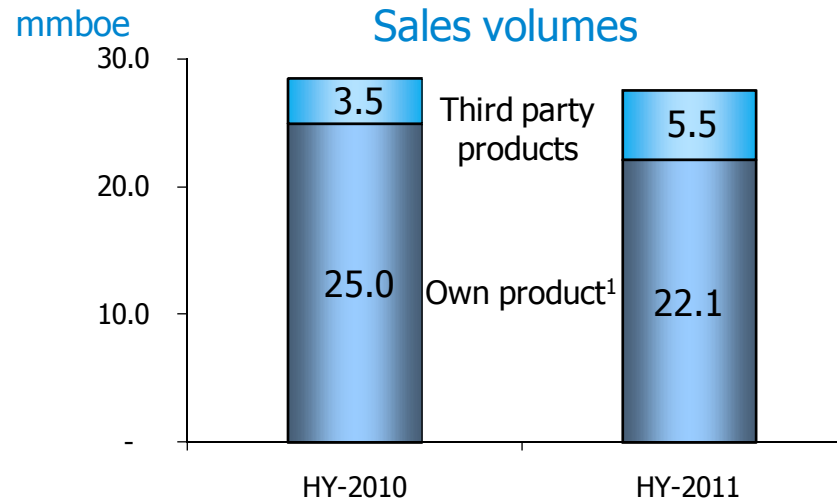
Production lower due to GLNG sell-down

- Santos interest in GLNG production reduced from 60% to 30% following the sale of interests to Total and KOGAS
- Higher Bayu-Undan production due to shutdown in previous first half
- Jabiru Challis and Legendre ceased production in 2010
- Full-year 2011 guidance unchanged at 47 to 50 mmboe

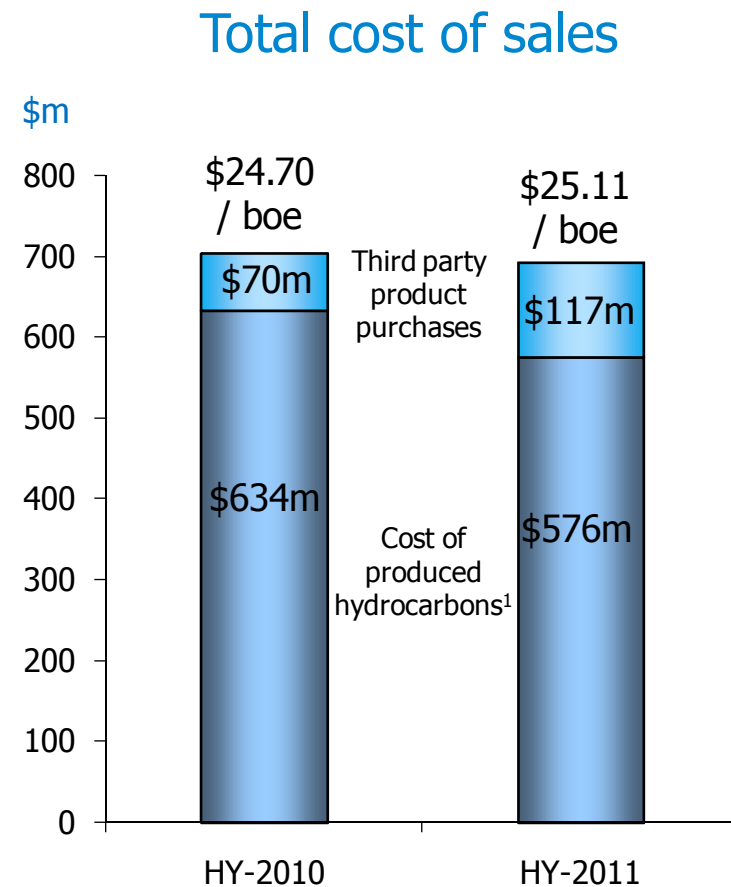
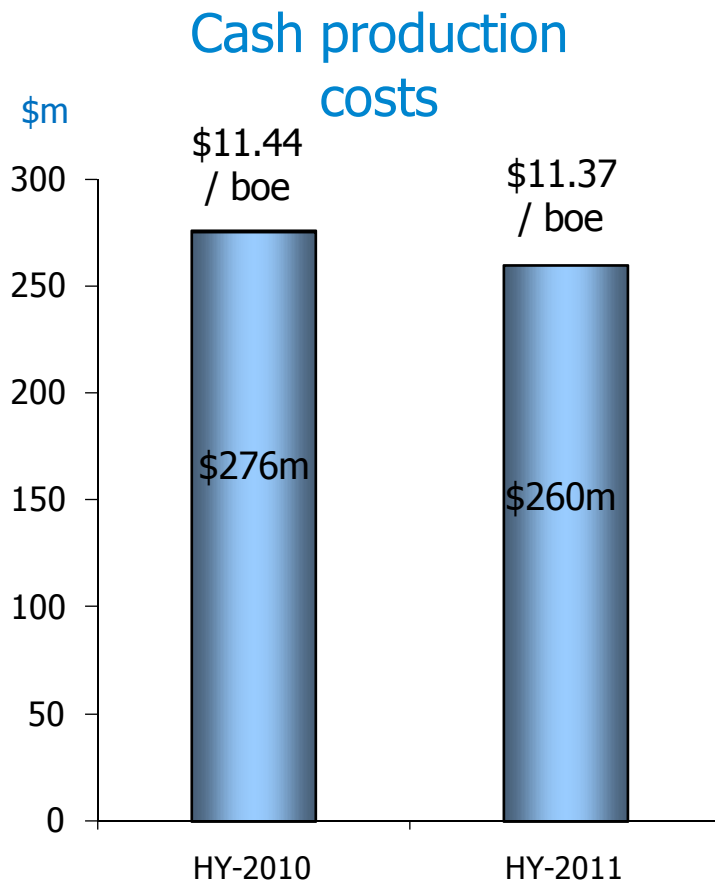


Sales volumes and revenue

- Higher commodity prices offset by stronger AUD
- Higher volumes of third party products offset lower own product volumes
- 595k bbl crude oil underlift in first half expected to be recovered in second half
- Third party products revenue \$144 million

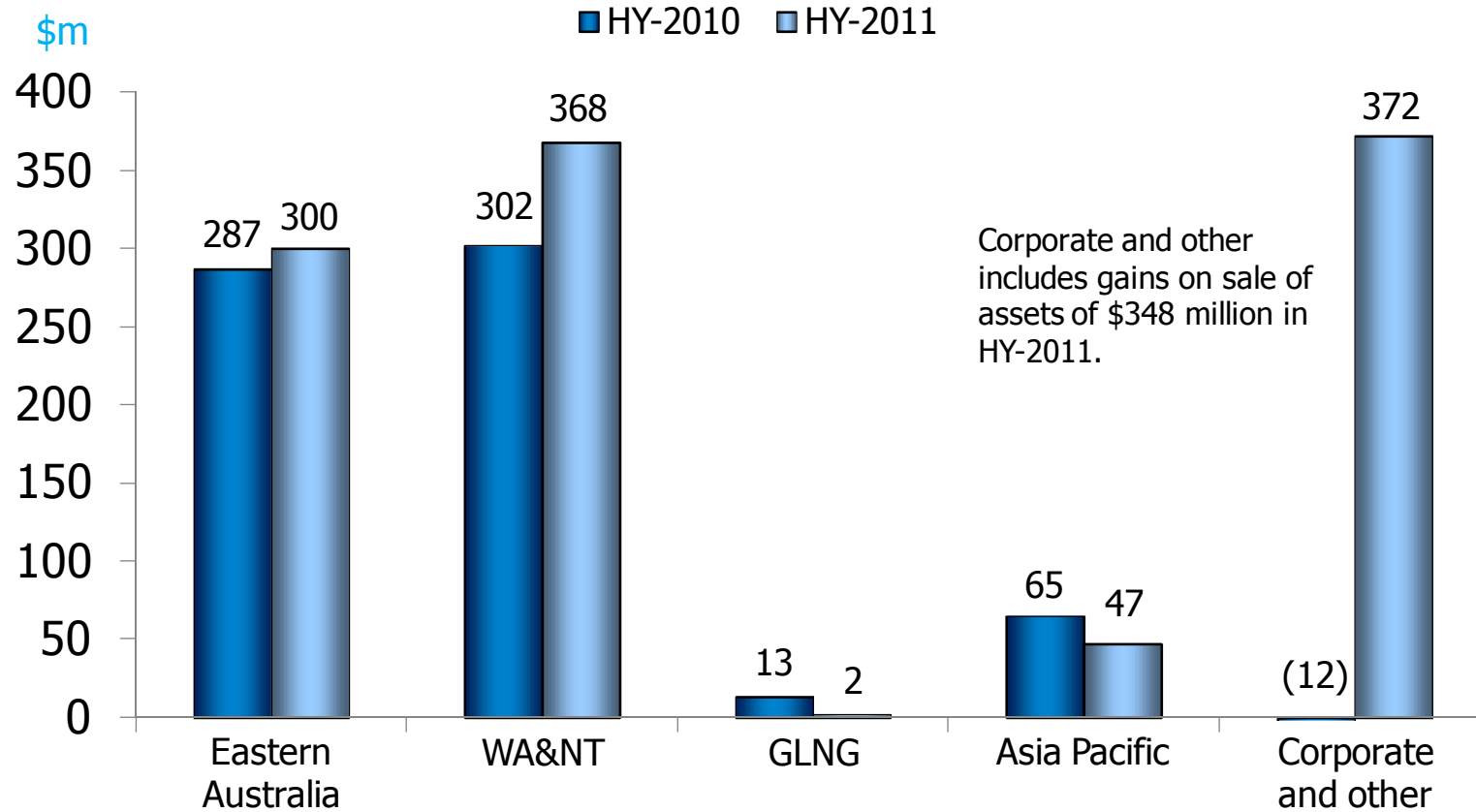


Production cost and cost of sales



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

Business unit EBITDAX



Eastern Australia

| Higher product prices and tolling revenue partially offset by lower liquids volumes

WA&NT

| Lower production costs and higher other income, offset by lower liquids volumes

GLNG

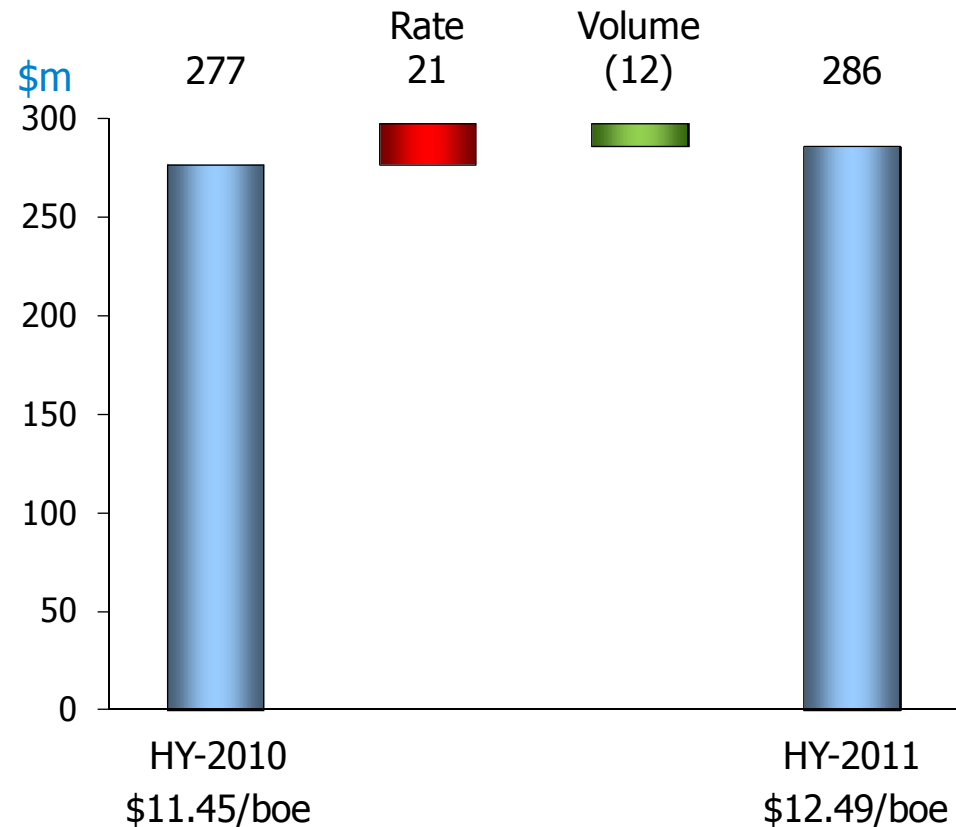
| Lower revenue and production costs offset by FX loss due to GLNG sell-down

Asia Pacific

| Lower product sales revenues due to stronger AUD and lower liquids volumes, offset by higher liquids prices

DD&A

- Higher DD&A primarily due to asset additions and year end 2010 reserve revisions
- Partially offset by impact of lower production volumes
- Full year 2011 guidance unchanged at \$12-13/boe



Interest and tax

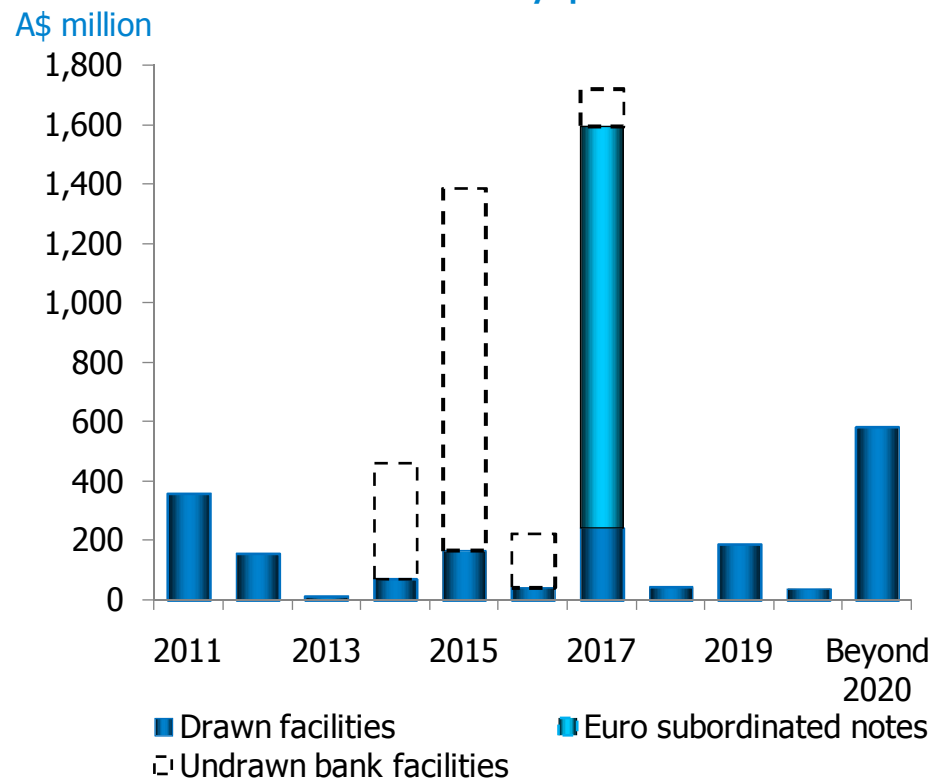
\$m	Half-year 2011	Half-year 2010
EBIT	766	283
Net finance income		
Interest income	100	55
Interest paid	(110)	(26)
Less borrowing costs capitalised	63	-
	(47)	(26)
Unwind of the effect of discounting on provisions	(19)	(19)
Total net finance income	34	10
Profit before tax	800	293
Income tax expense	(239)	(81)
Royalty-related taxation expense	(57)	(14)
Net profit after tax	504	198

Strong balance sheet to fund growth

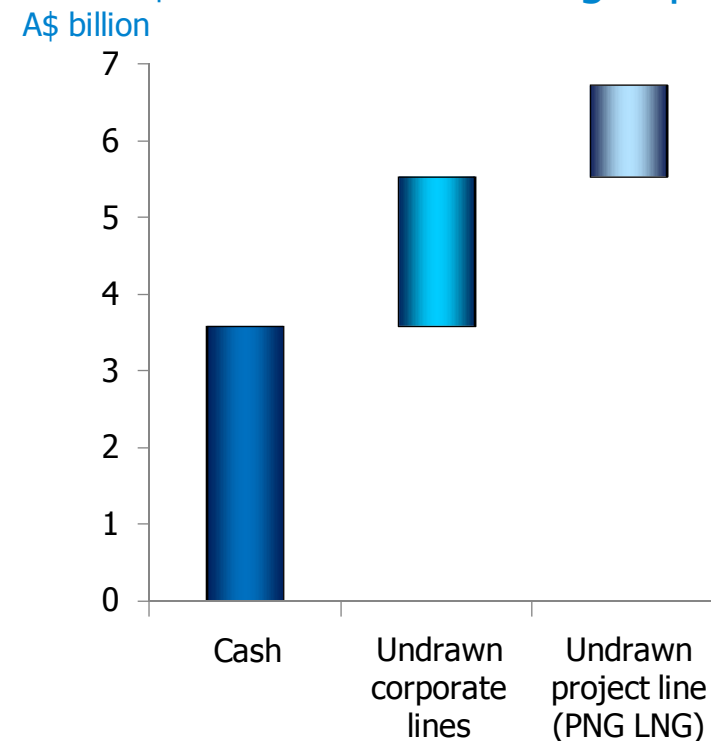
Funding position ensures balance sheet capacity to:

- fund execution of business strategy
- minimise refinancing risk

Debt maturity profile



\$6.7 billion of funding capacity

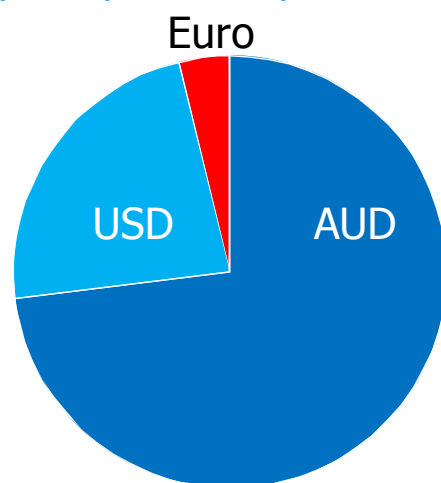


The Euro subordinated notes mature in 2020. *Charts as at 30 June 2011.*
 Santos has the option to redeem the notes in 2017.

GLNG capex effectively hedged

70% A\$ capex, hedged by A\$ cashflows & A\$3bn cash

GLNG US\$16 billion budget capex by currency¹



Santos net share of GLNG capex		
USD at FID ⁽¹⁾ \$bn	AUD at FID ⁽¹⁾ \$bn	AUD at spot ⁽²⁾ \$bn
4.8	5.5	5.3

- 1 Based on project weighted average exchange rate assumptions (A\$/US\$ 0.87 and US\$/€ 0.76) over 2011-2015 at FID.
- 2 Spot FX rates (A\$/US\$ 1.04 and A\$/€ 0.73) as at 15 August 2011. *Source: Bloomberg.*

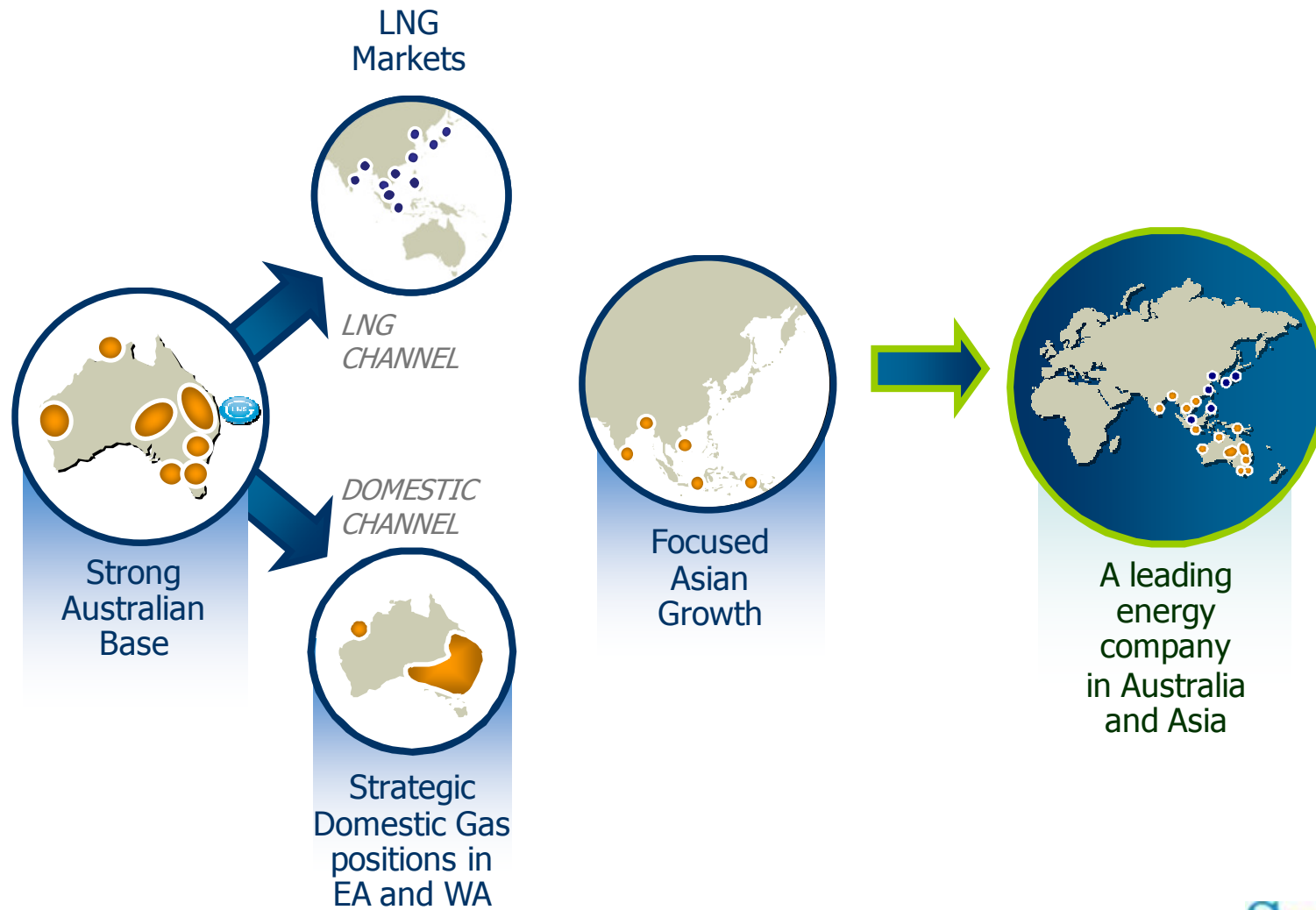
The logo for Santos, featuring the word "Santos" in white serif font on a blue rectangular background.

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2011 Half-year Results

David Knox
Managing Director & CEO

Santos vision and strategy



Halyard/Spar, WA

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

Project	Halyard/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">▪ First stage (Halyard well) commenced production in June 2011 ahead of schedule and on budget▪ Second stage (Spar well) expected online in 2013
First gas	2 June 2011



John Brookes platform with Spar wing deck module

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) ¹
Project status	<ul style="list-style-type: none">▪ All offshore installation work complete▪ Pipelay complete▪ Devil Creek gas plant pre-commissioning underway
First gas	On schedule for fourth quarter 2011

1 Gross processing capacity of Devil Creek gas plant. Plant is initially planned to operate at 120TJ/d sales.



Reindeer wellhead platform



Devil Creek gas plant

Devil Creek gas plant, WA



Chim Sáo, Vietnam

Chim Sáo – September first oil

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 platform and field pipelines installed▪ FPSO conversion complete and vessel arrived in field▪ Development drilling program continues in accordance with project schedule
First oil	On schedule for September 2011



Chim Sáo wellhead platform and drilling rig

Chim Sáo FPSO in the field



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">▪ Jacket and deck fabrication progressing on schedule
First gas	On schedule for the end of 2011



Oyong wellhead platform

LNG is a key component of Santos' growth strategy

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

Bonaparte LNG

- 2 mtpa FLNG
- Santos 40% with carry to FID

Darwin LNG

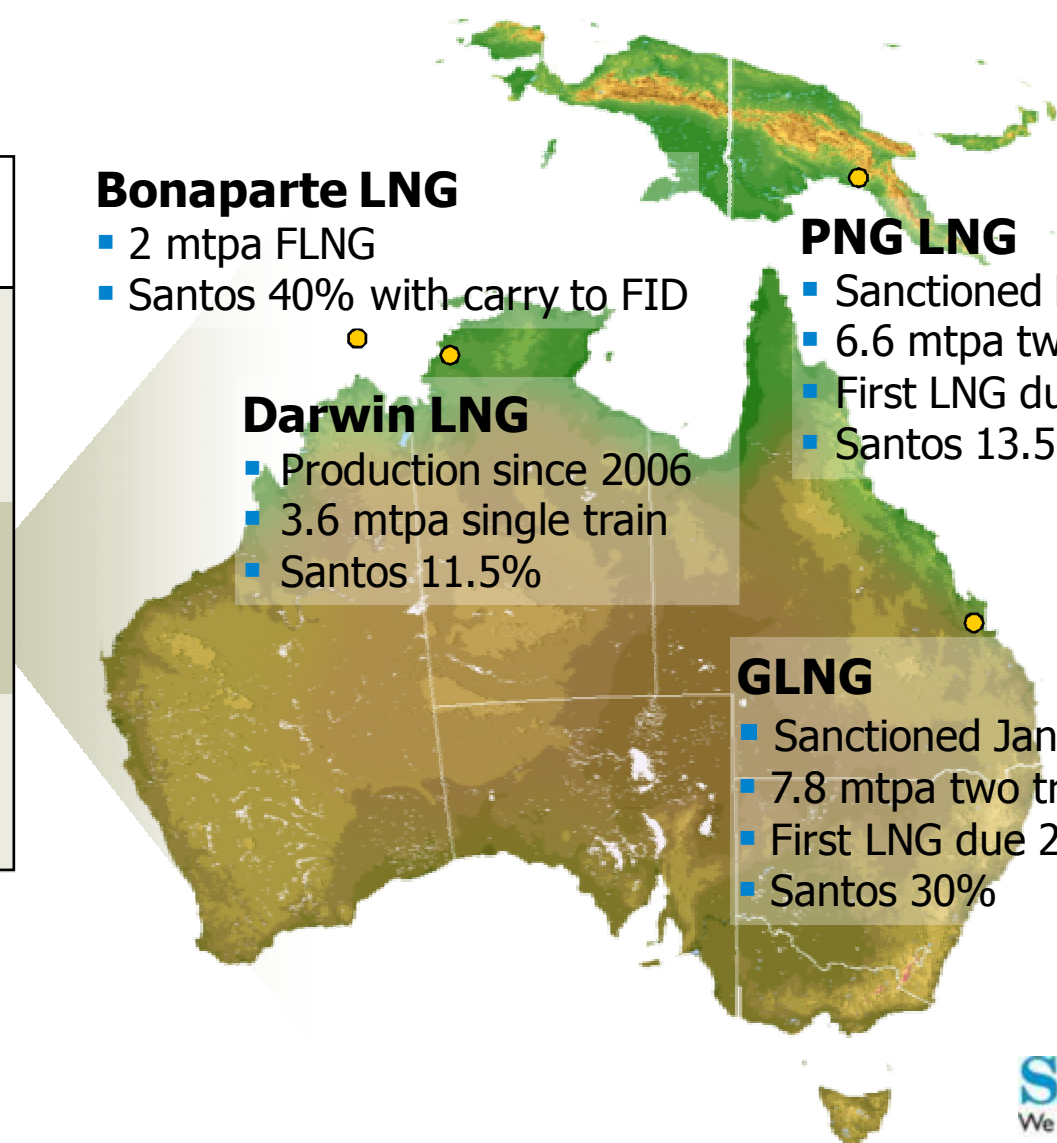
- Production since 2006
- 3.6 mtpa single train
- Santos 11.5%

PNG LNG

- Sanctioned Dec 2009
- 6.6 mtpa two trains
- First LNG due 2014
- Santos 13.5%

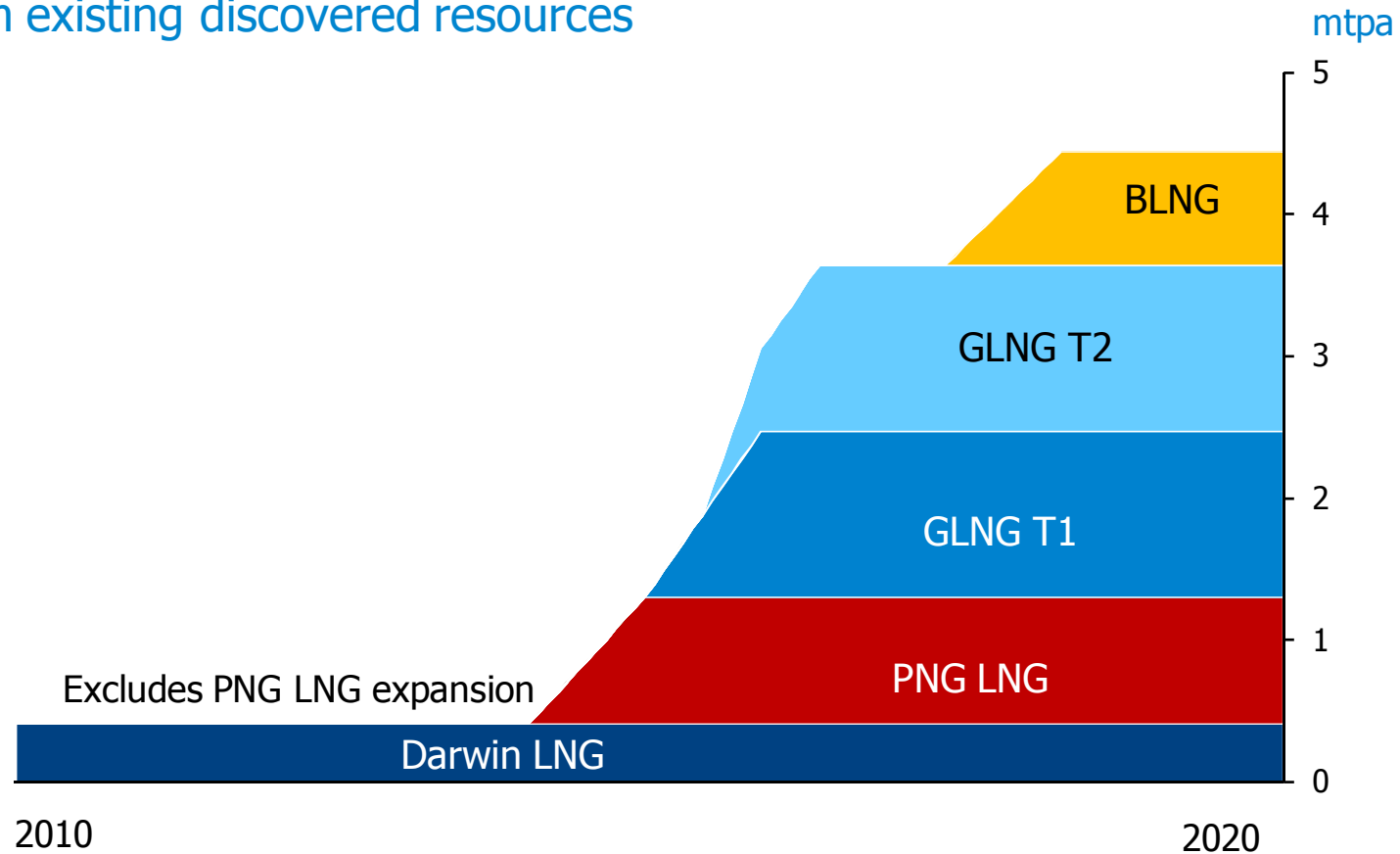
GLNG

- Sanctioned Jan 2011
- 7.8 mtpa two trains
- First LNG due 2015
- Santos 30%

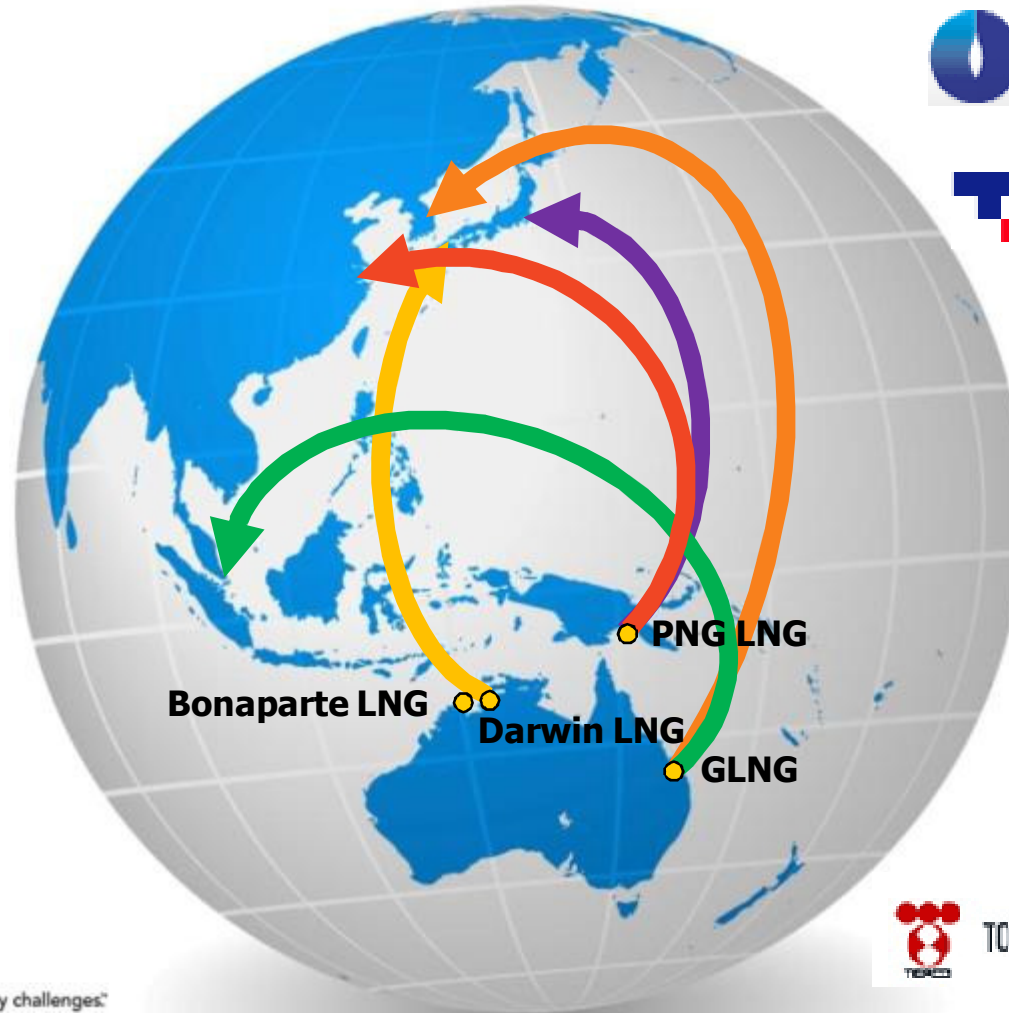


Strategy delivers material LNG growth

Santos equity LNG production
from existing discovered resources



Santos' LNG customers & partners



GLNG

Construction progressing to schedule and budget

- FID Jan 2011
- 7.8 mtpa, two trains
- Santos 30%
- LNG off-take agreements with PETRONAS & KOGAS
- Clearing of LNG plant site on Curtis Island 60% complete
- Bulk earthworks underway
- Production of line-pipe commenced
- Capital expenditure US\$16 billion gross includes US\$2 billion in contingencies
- First LNG due in 2015



First batch of GLNG line-pipe



Culvert installation, Curtis Island

GLNG plant site, Curtis Island



9 August 2011

GLNG material offloading facility site



9 August 2011

PNG LNG

Progressing towards first LNG in 2014

- FID Dec 2009
- 6.6 mtpa, two trains
- Santos 13.5%
- Four Asian LNG buyers
- Design for major EPC contracts nearing completion, procurement well underway
- LNG train foundations, structural steel and LNG tank foundations commenced
- Delivery of line-pipe nearing completion
- Piling for marine jetty commenced
- First LNG due in 2014



Line-pipe at Kopi shore base



Mubi River bridge, southern logistics route

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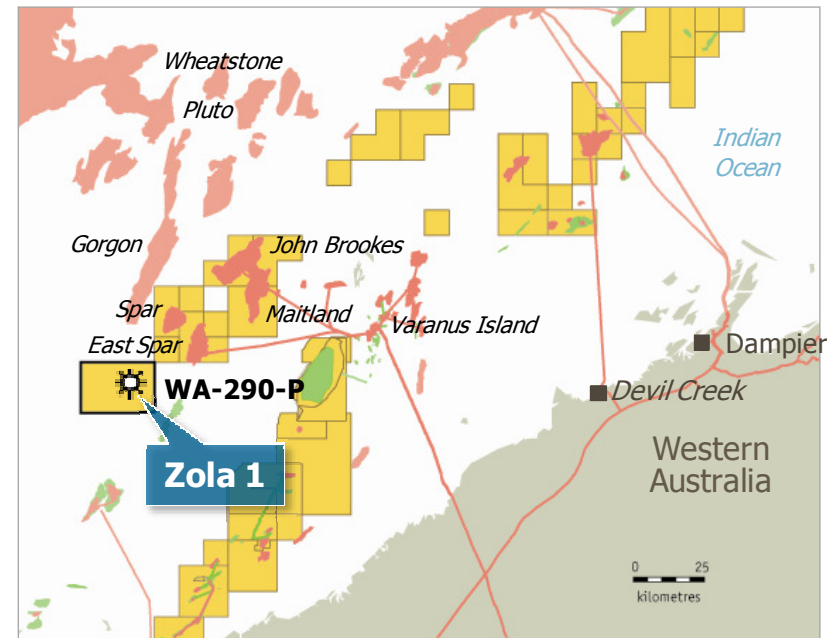
PNG LNG plant site



Zola discovery

Significant gas discovery in strategic location

- Zola-1 successful gas test of Triassic horst block on trend from Gorgon field
- Over 100m of net gas pay over a 400m gross interval in excellent quality reservoir
- New high resolution 3D recorded and being processed
- Follow-up appraisal drilling scheduled in 2012
- Santos increased its equity to 24.75% pre-drill



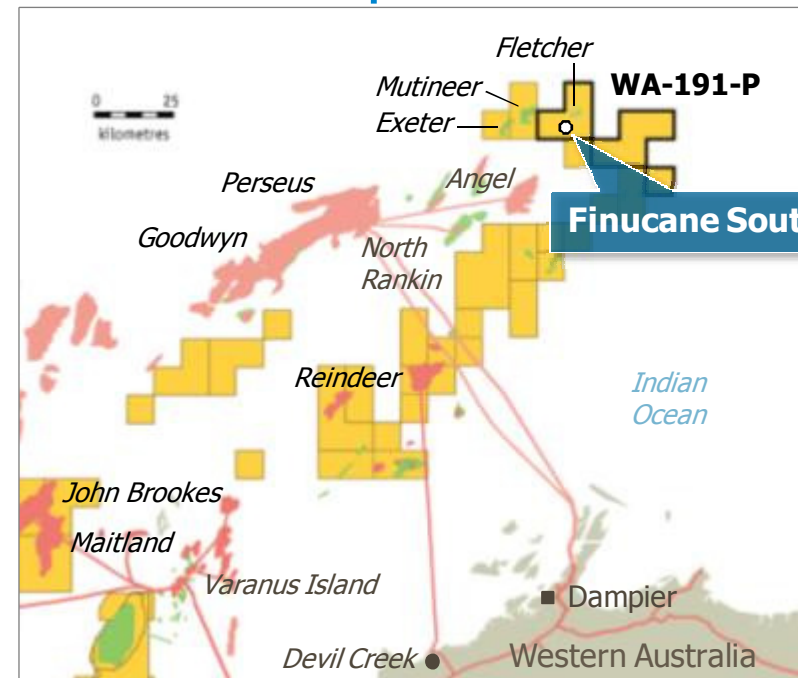
- Legend
- Santos acreage
 - Oil field
 - Gas field
 - Oil pipeline
 - Gas pipeline



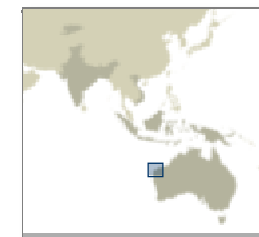
Finucane South discovery

Oil discovery with quick cycle time to first production

- Finucane South-1 oil discovery
- 18 metre net oil column in excellent Angel formation reservoir sands
- Proximity to Fletcher oil field supports a dual-field development
- Potential tie-back to existing FPSO at Mutineer-Exeter
- FEED studies well advanced
- FID targeted for early 2012
- First oil by the end of 2013
- Santos 33.4% and operator



- Legend
- Santos acreage
 - Oil field
 - Gas field
 - Oil pipeline
 - Gas pipeline



Summary

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Reference slides

Significant items (after tax)

\$m	1st Half 2011	1 st Half 2010
Underlying profit	236	210
Significant items	268	(12)
Net profit after tax	<u>504</u>	<u>198</u>

Significant items included:

Net gains/(losses) on asset sales	246	(2)
Impairments reversals/(losses)	9	(25)
Foreign currency gains	10	3
Fair value adjustment on embedded derivatives and hedges	7	(9)
Insurance Recoveries	-	4
Investment Allowance	-	17
Other	(4)	-
Total	<u>268</u>	<u>(12)</u>

2011 Guidance

Item	2011 Guidance
Production	47 – 50 mmboe
Production costs	\$550 – \$590m
DD&A expense	\$12 – 13/boe
Royalty related taxation expense (after tax) ¹	\$80 – \$100m
Capital expenditure (including exploration & evaluation) ²	\$3 billion

- 1 Royalty related taxation expense guidance for 2011 assumes an oil price of A\$90 per barrel for the remainder of the year.
- 2 Capital expenditure guidance for 2011 includes \$2 billion for LNG projects, \$400 million for other sanctioned growth projects (Reindeer, Spar, Chim São, Wortel and Kipper) and \$150 million for conventional exploration. Excludes capitalised interest.

2011 Exploration schedule

Well Name	Basin / Area	Target	Santos Interest %	Timing
Zola-1	Carnarvon	Gas	24.8	Gas discovery
Cana-1	Gunnedah	CSG	25.0	CSG discovery
Finucane South-1	Carnarvon	Oil	33.4	Oil discovery
Tuy Hoa-1X	Phu Khanh	Oil	50.0	Q3
Tardrum-4	Bowen-Surat	CSG	50.0	Q4
Tonderburine-1	Gunnedah	CSG	100	Q4
Green Hills-1	Gunnedah	CSG	35.0	Q4
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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