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To: Company Announcements Office
ASX Limited

From: Company Secretary

Date: 2 May 2008

Subject: **2008 Annual General Meeting**

Please find attached the Chairman's and Acting CEO's Addresses to the 2008 Annual General Meeting held in Adelaide today.

James Baulderstone
Company Secretary

**ANNUAL GENERAL MEETING
OF SANTOS LTD**

**CHAIRMAN AND ACTING CEO'S
ADDRESSES**

2 MAY 2008

Chairman's Address

Introduction

After record production and profits in 2006, Santos produced another solid performance in 2007.

2007 was also an important year for Santos in regard to our strategic positioning for growth as a business and growth in shareholder value.

There were a number of important operational and development highlights during the year as we progressed our strategy for growth. These highlights included:

- We announced our intention to develop the \$7.7¹ billion Gladstone LNG project. This project will underpin a fundamental transformation of the Company through significant volume growth and margin expansion.
- Continued growth in our very significant coal seam gas resources in Queensland which will underpin the Gladstone LNG project.
- Good progress on the Papua New Guinea LNG project.
- We sanctioned the Henry and Kipper gas projects offshore Victoria.
- Oil production commenced from the Oyong field in Indonesia.
- Continuing appraisal of our oil discoveries in Vietnam.
- We saw strong growth in our booked hydrocarbon reserves.

¹ 2007 Dollars

Shareholders benefitted from this solid performance in 2007 with total shareholder returns, including share price performance and dividends paid, of 48%. This placed Santos amongst the best performing stocks of leading Australian companies in 2007.

Financial Performance

Santos delivered sound operational and financial performance in 2007.

Our production of 59.1 million barrels of oil equivalent was within our target range, although slightly lower than 2006's record level.

Sales revenue of \$2.5 billion was 10 percent lower than 2006, primarily due to an unfavourable mix of sales compared to the previous year. 2007 was marked by the increasing contribution of lower margin gas in our product mix and a decline in higher margin oil production.

Sales revenue was also adversely impacted by a stronger Australian dollar which substantially offset the benefit of higher US\$ oil prices.

Reported net profit after tax of \$441 million was 32% lower than 2006, although this result was negatively impacted by a number of accounting adjustments and one-off expenses. Rising industry costs leading to higher depreciation and depletion charges, and higher taxes also negatively impacted reported profits.

For the fourth year in a row, we increased our proven and probable reserve base, with year end reserves of 879 million barrels of oil equivalent, an increase of seven percent. At current production rates, this provides a reserve life of 15 years.

Our contingent resource base, which is an important driver of our future growth, also increased and now stands at 2.6 billion barrels of oil equivalent – a very

significant position for a company of our size and a significant asset for Santos which will underpin strong long term growth in the business.

Dividend

Notwithstanding the lower reported profits for the year, the Board maintained the annual dividend at 40 cents per share fully franked. This continues an unbroken 17 year record of our progressive dividend policy.

Capital Management

Santos completed an off-market tender buy-back of approximately \$300 million of ordinary shares in June 2007. The buy-back reflected our significant franking credit balance and the Board's view that the Company's shares were being undervalued by the market.

Directors were pleased with the results of the buy-back which saw us acquire 4.1% of our issued capital at the maximum permitted discount of 14% to the prevailing market price.

The buy-back also demonstrated our continued attention to the capital management of the Company as a tool to enhance shareholder value.

United States Business Divested

Santos finalised the sale of its United States Businesses in July 2007, entering into agreements to sell these exploration and production interests for approximately US\$70 million.

The decision to sell these interests was part of Santos' broader strategy of focussing our international businesses in Asia, the region where energy demand is growing faster than anywhere else in the world.

Shareholder cap

You will recall that at the time of our AGM in 2007 we requested the South Australian Parliament to repeal the legislation which restricts any one shareholder from having an entitlement to more than 15% of Santos' shares. In November 2007 the Premier of South Australia announced that legislation would be introduced into Parliament to repeal that legislation and that was subsequently done.

The Board is extremely pleased with this outcome which reflects our view that the cap is no longer relevant. The cap's removal, which takes effect on 29 November 2008, will mark an exciting new era for Santos as we pursue our many growth initiatives, and it will, among other things, provide us with greater flexibility in implementing our capital management strategies.

The removal of the cap will also place the Company in a similar marketplace position to most other significant ASX listed companies.

At the same time, we have continued to demonstrate our strong commitment to South Australia through our corporate presence in Adelaide and our significant ongoing investment program in the Cooper Basin.

Safety

The safety of our workforce remains the highest priority for Santos.

The Board was therefore pleased that the Company's safety performance improved in 2007. The injury rate as measured by total recordable case frequency rate fell by 17% in 2007. This performance improvement was a good achievement and a reflection of the hard work put in by many people across the Company.

Our safety systems and performance were recognised during 2007, with Santos winning two awards at the Safe Work SA awards, including Employer of the Year. We also won four of the six categories at the Self Insurers of South Australia safety awards.

While we are pleased with these improvements and recognition of Santos' performance, there remains much to be done. Safety is, and will always be, a central focus of all our management processes.

Growth Strategy

2007 marked a pivotal year in the implementation of our growth strategy to gain exposure to global prices for our large scale gas resources. This strategy, as it is implemented, will transform the Company through significant volume growth and margin expansion.

It is now evident that sufficient coal seam gas exists in eastern Australia for Santos to develop a large-scale LNG export business.

Santos was the early mover in recognising and capturing this opportunity. We are committed to our goal of developing an export LNG project at Gladstone in Queensland.

We have noted this week's bid by BG Group for Origin Energy. Whilst we will not comment on the specifics of the bid, we believe that it represents further recognition of the value of Australian gas resources, and of coal seam gas resources in particular.

In addition to Gladstone LNG, we also have our other LNG projects in Northern Australia and Papua New Guinea.

LNG is not however our only channel for growth. Santos has continued to build a portfolio of growth opportunities in both oil and gas in new markets including Vietnam, India and Bangladesh. This is in addition to our expanding interests in Indonesia and Papua New Guinea.

CEO Transition

For several years, the Board has been working to identify and attract industry leading professionals to both the Board and executive management team.

In March we announced that John Ellice-Flint had retired from his position of Managing Director and Chief Executive Officer. On behalf of the Board, I would like to thank John for his very significant contribution to Santos.

Since his appointment in 2000, John has led Santos through a significant period of growth and development. His achievements include taking the Company from a domestic onshore oil and gas producer to become a leading regional oil and gas company as well as a producer of LNG and coal seam gas.

John had the vision to see the future of coal seam gas in Australia and its export potential and was responsible for Santos amassing its large and high quality coal seam gas resource position, an important legacy position for the future of Santos.

John has also been responsible for key projects such as the development of the Mutineer and Exeter offshore oil fields, the Bayu Undan LNG field, and recent initiatives such as the Gladstone LNG project, the Moomba Carbon Storage project and the agreement with the South Australian Government for the repeal of the 15% shareholding cap.

John has driven the transformation of Santos' reserves position and operations to underwrite a very promising long term growth outlook.

He has also brought about a remarkable cultural change throughout the Company to make it far more innovative and regionally focused, to make it a company committed to protecting the environment and embracing sustainability and to be a company which cares for its people.

On behalf of the Board and all shareholders I thank him for that important contribution to Santos.

Upon his retirement from the Company, John will receive benefits based upon the terms of his employment contract and in recognition of his significant contribution to Santos. The Company will advise the ASX when all legal and other matters are finalized in that regard.

David Knox has been appointed Acting Chief Executive Officer until the completion of an international search for a successor. I will ask David to address you shortly. David's extensive industry experience with Shell, ARCO and BP internationally and more recently his senior role within Santos meant he was very well placed to step into the Acting CEO position.

The Board has total confidence that David has the necessary skills and experience to lead the Company while we undertake a comprehensive international selection process for John's successor. We expect that David will be a strong candidate for that role and the Board is committed to completing that process as quickly as possible.

Board Renewal

During the year the Board continued with its commitment to reviewing the performance of the Board and its contribution to value adding for the Company. In addition it also continued to address the matter of Board renewal, as we have done over recent years, and was pleased to announce the appointment of Ken Borda to the Board early in 2007 and more recently the appointment of Peter Coates.

They are both very experienced businessmen and are already making a great contribution to the work of the Board.

Sustainability

Our vision is to become a leading energy company in South East Asia with a reputation for sustainability in our operations.

Santos has placed sustainability at the forefront of all corporate activity for many years and has been a leader among major Australian companies in arguing for immediate and meaningful action to combat climate change.

We are a founding member of the Australian Business & Climate Group, which comprised leading companies from the resource, energy, infrastructure and finance industries.

Santos won the Australian Petroleum Production and Exploration Association's Environment Award for 2007. This award recognised our five year partnership with university researchers, which has provided a valuable insight into how offshore exploration and whales can coexist.

This is the third year that we have published a Sustainability Report. By continuing to measure our sustainability performance across all aspects of our business, we have the right mechanisms in place to identify areas for improvement and recognise high performance.

2007 also saw the opening of our new head office in Adelaide. The building incorporates the Company's strong commitment to sustainability and the health and wellbeing of Santos' employees.

Governance

Best in class Corporate Governance continues to be a significant objective for the Board and Management and we continue to pursue that objective as part of our broader sustainability objectives. That matter is discussed in our Annual Report and Sustainability Report. Once again we received a five star rating for corporate governance from the Horwath – University of Newcastle review.

Outlook

The outlook for Santos is very exciting. We have a rich suite of LNG opportunities, from new projects in Gladstone and Papua New Guinea, to potential expansion at Darwin and exploration opportunities in the Browse Basin and Indonesia. These opportunities will transform the Company through significant volume growth and margin expansion.

In the immediate term, the production outlook for 2008 is for between 56 and 58 million barrels of oil equivalent, marginally down on 2007.

However, we look forward to a return to production growth in 2009 as volume gains from development projects such as Henry in Victoria and Oyong Phase 2 in Indonesia add to our production.

Conclusion

Before I hand over to David to address the specific project and operational aspects of our performance and growth strategy, I would like to conclude by reiterating your Board's focus on actively growing shareholder value.

Your Board is committed to taking appropriate steps to ensure that Santos continues to grow and prosper.

We have a sound base business on which to build, and very exciting growth options across our portfolio.

With that, I will ask David to address the meeting.

Acting CEO's Address

Thank you Stephen, and good morning.

I am very pleased to have the opportunity to address you at this very exciting time for Santos.

Before I talk about how the Company's strategy is positioning us for significant growth, I would like to start with why I decided to join Santos last year.

I have known and respected Santos for a long time and was excited by its vision. The company has built a strong base, with substantial long term growth potential. I'm especially excited by the LNG growth strategy and Gladstone LNG in particular.

In addition I saw a company with a lot of resources in the "store cupboard" which I believe can be progressed and add significant value for shareholders. Since I joined Santos, I have been part of the leadership team and fully support the strategy we are implementing. So rather than dramatic change, I see my role as continuing the transformation of Santos into a leading Australian-owned energy company in Asia.

Achievements

2007 was a year of significant achievement for Santos.

We have base businesses in the Cooper Basin, and in Western Australia, and an emerging base business in Indonesia.

Operating performance in 2007 from our base businesses in Eastern and Western Australia was sound and delivered production in line with our estimates.

Base Businesses - Eastern Australia Gas

Recent years have seen a significant transformation of the eastern Australia gas sector, including the emergence of coal seam gas as a large-scale, credible and reliable source of supply, for both domestic gas and export as Liquid Natural Gas or LNG from Australia's east coast. As Australia's largest producer of domestic gas, Santos is exceptionally well positioned to benefit from both of these emerging trends.

In coal seam gas (CSG), our Fairview asset in Queensland rates as one of the world's best CSG properties, and the Company is continuing to build on its leading position in this sector. We operate two of the five largest CSG fields and earlier this year, our operated CSG production passed 100 terrajoules per day, the first company in Australia to achieve this milestone.

Gas supply from Fairview underpins our Gladstone LNG project, which you saw in the video earlier. GLNG™ is transformational for Santos and exposes our substantial gas resources in Eastern Australia to international markets at premium LNG prices.

2007 also saw us sanction the next phase of conventional gas projects from our project pipeline. The Henry and Kipper projects, both offshore Victoria, will commence gas production in 2009 and 2011 respectively.

Gas is becoming the fuel of choice for the next generation of power stations in eastern Australia as concerns grow over carbon emissions and water use associated with coal fired power generation.

Natural gas fired power stations typically emit up to 60% less carbon dioxide than coal fired power generation. In addition, a gas fired power generator uses only 5% of the water that would be needed for a coal-fired power plant of equivalent

capacity. Santos is in a strong competitive position to be a prime beneficiary of these changes.

Our base eastern Australia gas business provides a sound platform for growth. In the immediate term, we are expanding production at Fairview with the Phase 2 expansion, which will increase gross production to 115 terrajoules per day by early next year.

Base Businesses – Cooper Oil

The Cooper Oil project met considerable challenges during 2007. Heavy rains in the first half of the year limited the movement of rigs and construction crew. Associated cooler weather also caused problems in the transportation by pipeline of viscous oil from some wells.

Another impediment was the closure of the Moonie to Brisbane pipeline after a leak was detected in suburban Brisbane in late July.

Overall, 2007 results from the program were below expectations, with production of 9,100 barrels per day net to Santos. A key focus for 2008 is to build a larger inventory of drilling opportunities to provide more flexibility, and to continue to optimise the portfolio. Production in the first quarter of 2008 increased to over 11,000 barrels per day net to Santos.

Base Businesses - Western Australia

In Western Australia, Santos is well placed to capture higher gas prices and volumes. Western Australia has benefited for many years from a major investment in LNG export infrastructure and associated domestic gas supply. However, further development of domestic supply has fallen behind the rapidly increasing demand to meet the state's booming economy.

This has resulted in higher domestic gas prices which signal the opportunity for further investment.

Santos is capitalising on this opportunity with the development of the Reindeer gas project offshore WA, which we announced in April. First gas is targeted by the end of 2010.

Asia

Our growth in Asia is focussed in two core areas – Indonesia and Vietnam – and the emerging areas in the Bay of Bengal in both India and Bangladesh.

Indonesia is a major focus for Santos, reflected in the fact that the Jakarta office is the Company's largest outside Australia. Oil production commenced at the Oyong field in September 2007 and continues in line with expectations at 8,000 barrels per day gross, adding to our existing production from the Maleo gas field.

Santos entered Vietnam in 2006 and has made very good progress since, with oil discoveries at Chim Sao and Dua. We are working closely with our partners towards project sanction this year. We are currently drilling an appraisal well on the Chim Sao field and expect to announce the results in the near term.

LNG Growth

I would now like to discuss our high growth LNG assets. Santos' plan to build an LNG business from its eastern Australian coal seam gas resources is transformational for the Company. For the first time, our significant eastern Australian gas resources will be exposed to the larger demand and higher margins available in Asia.

The \$7.7 billion¹ Gladstone LNG project augments our leadership position in the domestic Australian gas market. We have first mover advantage and will be the first company in the world to convert coal seam gas to LNG and market the gas to Asia.

Gladstone LNG has been declared a significant project by the Queensland Government. It has three major components, the development of the coal seam gas fields around Roma and Injune in Eastern Queensland, the construction of an LNG processing plant at Curtis Island, located in the Port of Gladstone, and the construction of a 430 km underground gas pipeline linking these fields to the Gladstone plant.

The project has made significant progress and is on schedule to begin exporting LNG in 2014. Santos sees scope to build a second LNG plant within a few years of starting the first and our aspiration is to ultimately be exporting 10mtpa to the premium markets in Asia Pacific.

Our LNG growth business is not just about Gladstone LNG however. During 2007, Santos increased its interest in the Darwin LNG project, which commenced production in 2006. Santos and its partners are discussing plans to expand the Darwin plant with a second processing train.

Good progress has also been made on the Papua New Guinea LNG Project in which Santos will have a 17.7% interest going into front end engineering and design. The project is on track for first LNG in 2013.

In summary Santos has built a world class portfolio of LNG opportunities that will underpin the Company's growth into the next decade and beyond.

¹ 2007 Dollars

Sustainability

Santos has placed sustainability at the forefront of all corporate activity for many years.

Our 2007 Sustainability Report outlines our fully integrated approach in this area and I commend the report to you.

Our commitment to environmental sustainability is evidenced by our continuing effort to build public policy support for carbon geosequestration generally, and the Moomba Carbon Storage project in particular.

The extensive gas processing, storage and transport infrastructure of eastern Australia has the potential to play a critical role in Australia's response to climate change.

Since 2006, Santos has been incubating Moomba Carbon Storage – a project that could transform Moomba from an iconic piece of Australia's energy infrastructure into a practical and world-leading climate change facility supporting clean energy throughout eastern Australia. We already have the technology to store carbon dioxide in depleted gas fields – we have been storing gas in central Australia for over 15 years. We have huge reservoirs that could store more than 20 million tonnes of carbon dioxide per annum. Over time, that stored carbon dioxide gas will stabilise into limestone, and be sequestered permanently.

Santos is continuing to discuss the project with a range of stakeholders, including federal and state governments, and relevant industry participants, including power generators, pipeliners and infrastructure funds.

As the Chairman mentioned, Santos relocated to a new Adelaide head office during 2007 in a move that is a tangible expression of the Company's commitment to sustainability.

Designed with a long-term horizon, the new Santos Centre provides a safe, environmentally-responsible workplace that helps employees work effectively together and reinforces an open culture.

The move to the new office was a significant undertaking to which many staff contributed a great deal to make the move a success.

While the mudflow from the Banjar Panji incident in East Java, Indonesia, continues to cause concern, there were a number of developments during 2007.

These included general containment of the mud within the existing dyke system, establishment of the Mud Mitigation Agency and continued active support and funding by the Government of Indonesia for relief efforts and infrastructure replacement.

A recent decision by the South Jakarta District Court in respect of responsibility for the incident found in favour of all defendants, including Santos.

It is likely that final resolution of all matters related to the incident will not be achieved for some time.

Safety

The safety of our contractors and staff continues to be a key priority at Santos. Last year there were 12 million man hours worked across the Company..

Whilst our safety performance, as measured by total recordable case frequency rate, improved in 2007, we must do better. 2008 has not started well and tragically we have suffered one contractor fatality in our operations.

I am personally committed to ensuring that safe operations are the hallmark of everything we do at Santos.

Looking forward

Let me conclude by looking to the outlook.

Shareholders can expect some significant milestones from the Company in the near term as we deliver our strategy for growth.

We have commenced a formal process to determine the merit of introducing a partner to the Gladstone LNG project. This has attracted significant interest from major companies involved in the global LNG industry. We expect to be able to announce the outcome of our review before the end of the year.

We will complete pre-FEED studies on Gladstone LNG by the end of this year.

We expect to sanction our first oil project in Vietnam by the end of this year.

And on November 29th, the shareholder cap will finally be lifted. The cap's removal will expose Santos to the full forces of the market and I believe we are ready to mark an exciting new era for Santos as we pursue our many growth initiatives.

Santos has a unique asset base and we are working hard to leverage this and maximize growth and shareholder value.

Our employees

I would like to pay tribute to all Santos employees and contractors. Since I joined the Company, I have been impressed with the drive and enthusiasm of all our people to get on with the job of transforming the Company.

I would like to thank each and every one of them for their hard work over the past year and look forward to working with them as we move our growth strategy forward.

Vision

Santos' vision is to become a leading energy company in Asia.

Santos is committed to exposing its shareholders to the strong demand for clean energy in Asia. We will achieve this by expanding existing interests in Darwin LNG, through investment in the Papua New Guinea LNG project and the successful development of the company's own Gladstone LNG project.

Our focus is to deliver the base business while creating the future. We are committed to doing this safely and in an environmentally responsible manner.

We are now on the cusp of the most exciting growth phase in Santos' history.

Thank you.