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Acquisition of a 50% interest in the Northwest Natuna PSC

Santos today announced the acquisition of a 50% interest in the Northwest Natuna Production Sharing Contract (PSC) offshore Indonesia from AWE Limited.

The Northwest Natuna PSC contains the undeveloped Ande Ande Lumut oil field which has been independently assessed to contain estimated gross proved and probable (2P) reserves of approximately 100 million barrels of oil.

Santos Vice President Asia Pacific Martyn Eames said the acquisition was consistent with Santos' strategy of focused growth in its core countries in Asia.

"Ande Ande Lumut is a near term oil development project located in Indonesia, a country where Santos has a long track record, deep experience and demonstrated capability."

"Our Jakarta based team has successfully delivered three offshore developments in recent years - Maleo, Oyong and Wortel - and is presently working on a fourth at Peluang."

"Santos also has considerable experience in developing and operating FPSO-based oil projects, most recently with the successful Fletcher Finucane development in Australia, which was delivered ahead of schedule and under budget."

"We are pleased to partner with AWE, which has made good progress in maturing the Ande Ande Lumut opportunity since acquiring a 100% interest in the PSC in early 2012," Mr Eames said.

The Ande Ande Lumut oil field was discovered in April 2000 and two subsequent appraisal wells were drilled in 2006. The proposed development plan contemplates the installation of a well-head platform and a permanently moored FPSO, with oil off-take via shuttle tankers. A final investment decision to develop the field is expected in 2014.

The key terms of Santos' acquisition of a 50% net entitlement interest in the PSC are:

- An initial payment of US\$100 million upon transaction completion;
- Following a final investment decision to develop the Ande Ande Lumut field, Santos will pay on behalf of AWE a capital carry up to a maximum of US\$88 million;
- Assumption of operatorship by Santos.

The acquisition is subject to Indonesian regulatory approval of the transfer of a 50% interest in the PSC and operatorship from AWE to Santos. Under the terms of the PSC, an Indonesian National Company (INC) is able to acquire a 10% undivided interest in the PSC. If an INC elects to participate in the PSC, Santos' and AWE's interests will reduce pro-rata.

About Santos in Indonesia

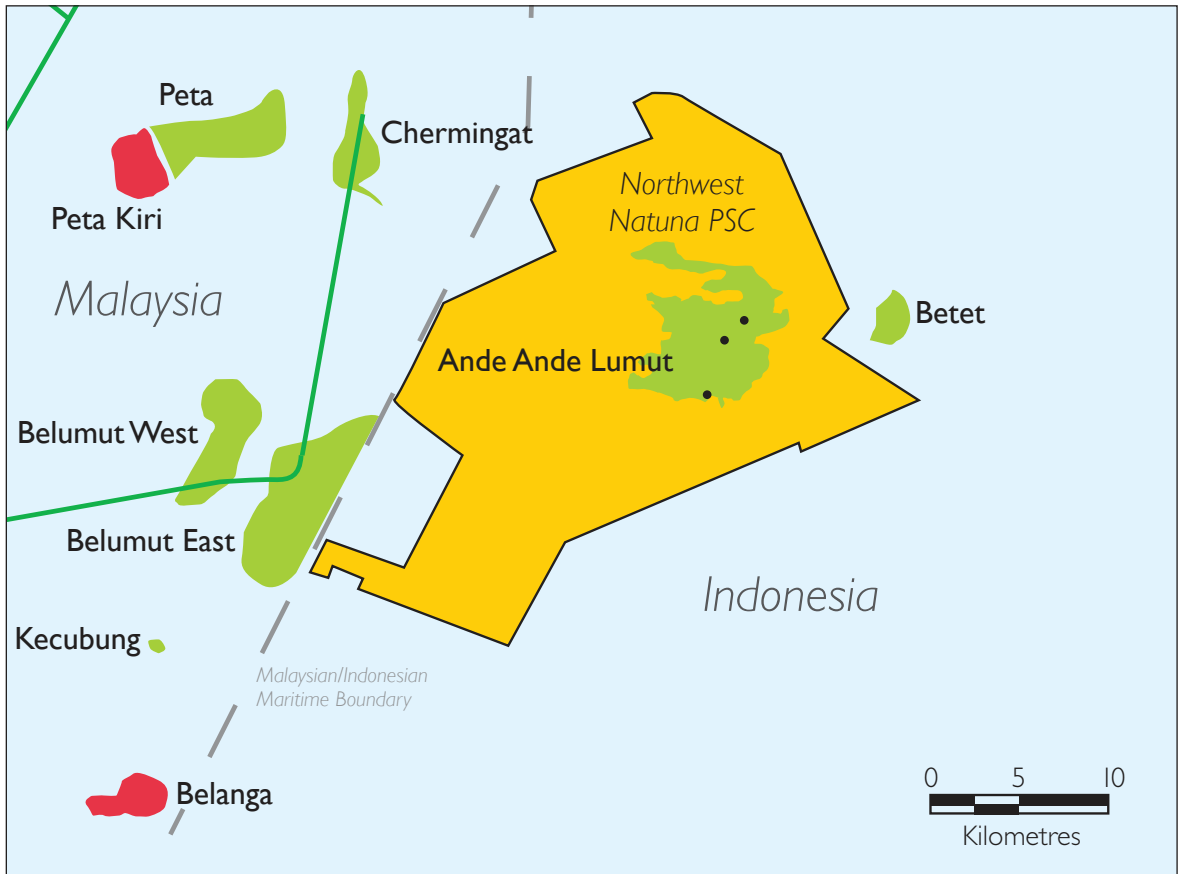
Santos commenced exploration in Indonesia in 1997 and today produces natural gas and oil from three operated assets: Maleo in the Madura Offshore PSC, and Oyong and Wortel in the Sampang PSC. Maleo commenced gas production in 2006, Oyong oil production in 2007 and gas production in 2009, and Wortel gas production in 2012. Santos is currently developing a fourth operated asset at Peluang (Madura Offshore PSC), which is expected to commence gas production in the first half of 2014.

Santos' net entitlement to production in Indonesia in 2012 was 14,100 barrels of oil equivalent per day, representing approximately 10% of Santos' total production. Santos has 170 employees in Indonesia based at its offices in Jakarta and Surabaya, and at its operated assets.

Map of the Northwest Natuna PSC is attached.

Ends.

Northwest Natuna PSC



LEGEND

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

