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All references to dollars, cents or $ in this document are to Australian currency, unless otherwise stated.
Today’s key themes

Introduction
A. East coast market dynamics have shifted
B. Santos is ideally placed to capitalise
C. Driving efficiencies and maximising margins in central Australia
D. Delivering value in NSW CSG

Closing messages
Today’s key themes

**Introduction**

**A. East coast market dynamics have shifted**
- Unprecedented east coast gas demand
- Gas prices trending toward LNG netback

**B. Santos is ideally placed to capitalise**

**C. Driving efficiencies and maximising margins in central Australia**

**D. Delivering value in NSW CSG**

**Closing messages**

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**East Australian gas demand to triple by 2020**

Strong LNG demand + Australia’s transition to a low carbon economy is driving unprecedented east coast gas demand growth.

- Five LNG trains sanctioned
- Gas-fired power generation to triple by 2030

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Source: Santos
Higher demand will push gas prices higher

Gas prices will trend towards oil-linked international parity, circa $6–9 / GJ ...

Permanent structural shift in the east coast gas market

- LNG demand
- Carbon pricing
- Gas-fired power generation demand
- Higher development costs

... unlocking the next wave of development.

Gas price increases are affordable

Expected higher domestic gas prices consistent with other energy and commodity price movements over the past decade.

- Historically east coast domestic gas prices have been relatively flat
- Gas cost is a small percentage of end-user price of both gas and electricity – circa 20%
- East coast gas prices are low compared to other markets (UK, Europe and Asia)

Commodity price indices

Source: BMI
Today’s key themes

Introduction

A. East coast market dynamics have shifted

B. Santos is ideally placed to capitalise
   - Growing and diverse resource position – conventional, unconventional and CSG
   - Owner and operator of critical infrastructure – processing, gathering systems, transport and storage
   - Portfolio scale and diversity to leverage commercialisation

C. Driving efficiencies and maximising margins in central Australia

D. Delivering value in NSW CSG

Closing messages

Santos is ideally placed to capitalise

Key attributes ...

- A large, high-quality reserve and resource base to meet increased demand across eastern Australia
- Owner, operator with access to critical infrastructure – processing, gathering systems, transport and storage
- Portfolio scale and diversity to leverage commercialisation

... ensure Santos will capitalise on the transforming market dynamics and its strategic initiatives.
EABU has 10,600+ PJ of gas in eastern Australia (YE 2010)

A significant resource base with geographic and geological diversity, from which to build reserves and accelerate production.

- **Amadeus Basin**
  - 2P: 123 PJ
  - 2C: 121 PJ

- **SE Qld (Non-GLNG)**
  - 2P: 157 PJ
  - 2C: 1,056 PJ

- **Cooper Basin**
  - 2P: 868 PJ
  - 2C: 3,570 PJ

- **NSW CSG**
  - 2P: 1,216 PJ
  - 2C: 2,987 PJ

- **Victoria**
  - 2P: 369 PJ
  - 2C: 228 PJ

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**A proven record of strong reserve conversion**

Infill drilling has resulted in a substantial resource to reserve conversion in the Cooper Basin.

**Four years of continued Cooper gas 2P reserve**

*Targeting additional 2P reserve adds of circa 1,000* PJ from the Cooper Basin by 2015

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*All Santos share reserve and resource numbers are in PJ (as at 31 Dec 2010)*

*Excludes Santos reserves and resources held within GLNG project*

*Post Eastern Star Gas acquisition and subsequent 20% sell-down to Triton Energy (per ASX release 18 July 2011)*

*Post completion of the Mereenie acquisition and sell-down of Palm Valley/Dingo*
Significant conventional resource potential

Through infill drilling, Santos will unlock material upside in the Cooper Basin with potential to produce a further 5,700 PJ of conventional gas, based on US experiences.

Conventional resource pie
- Original gas in place >16 Tcf
- YE 2010 produced recovery factor of ~40%

US experience 75% recovery factor (RF)

Infill has been a 10-year journey

First tight gas fracture stimulation performed in Australia in 1983
Largest integrated reservoir study in Australia highlighting infill potential
New technology trials in Greater Tindilpie demonstrate commerciality
First independently certified* infill contingent resource booking
First infill 2P reserve booking and further 2C resource booking
20+ well pad planned – Australian first

* Certified by DeGolyer and MacNaughton

Successful application of micro-seismic in the Cooper
State-of-the-art on-shore drilling rigs introduced
Cowralli pad with 20-acre spacing
Successful application of micro-seismic in the Cooper

13/10/2011
Infill resource is conventional gas

The Cooper Basin remains materially under-drilled compared to North American standards.

Cowralli cross-section (50-100 acre spacing)

Cowralli cross-section demonstrates abundance of gas bearing sands throughout the field.

Rock outcropping of Mesaverde River deposits

10-acre spacing 20-acre spacing 40-acre spacing

Top continuous gas in subsurface
Top marine Mesaverde

The tighter drill spacing will access these conventional sands.

Infill is low risk and economically robust

Seven trials undertaken at 30-50 acre spacing have been successful, with the majority of the acreage yet to be evaluated ...

<table>
<thead>
<tr>
<th>Infill projects</th>
<th>2C resources</th>
<th>Target increase to 75% RF</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater Tindilpie</td>
<td>630</td>
<td></td>
</tr>
<tr>
<td>Tirrawarra</td>
<td>166</td>
<td></td>
</tr>
<tr>
<td>Moomba North</td>
<td>120</td>
<td></td>
</tr>
<tr>
<td>Moomba South</td>
<td>159</td>
<td></td>
</tr>
<tr>
<td>Big Lake Patchawarra</td>
<td>265</td>
<td></td>
</tr>
<tr>
<td>Big Lake Tirrawarra</td>
<td>102</td>
<td></td>
</tr>
<tr>
<td>Coonatie</td>
<td>60</td>
<td></td>
</tr>
<tr>
<td>Baryulah</td>
<td>92</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>254</td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>1,848</strong></td>
<td><strong>~4,368</strong></td>
</tr>
</tbody>
</table>

... while Coonatie-20 has been the best individual well result in the Cooper Basin for over 10 years at 20 mmscf/day.

*Gross volumes (as at 31 Dec 2010)
New well construction techniques are a game changer

Leading to 25%+ cost reduction

Key benefits include:

- On-site simultaneous operations
- Ability to undertake continuous frac logistics
- Reduced surface impact
- Cost reduction from shared surface facilities
- Work over rig operations

Low spacing deviated bores (10-15 degrees) with high spacing S-shape wellbores

Santos is leading the way on shale & other unconventional plays ...

<table>
<thead>
<tr>
<th>Prove gas content &amp; recoverable volumes</th>
<th>Achieve gas flow to surface</th>
<th>Demonstrate commercial flows</th>
<th>2P reserve bookings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developed the leading resource understanding</td>
<td>Vertical well technology trials &amp; optimisation</td>
<td>Horizontal well technology trials &amp; optimisation</td>
<td>Evaluation across broader Santos Cooper acreage</td>
</tr>
<tr>
<td>Australia's first shale fracture and coring program in 2006</td>
<td>Designing and acquiring further data for appraisal optimisation, specific to optimise shale fracture stimulation</td>
<td>Dedicated shale specific horizontal drilling trial</td>
<td>Multiple horizontal and vertical appraisal wells</td>
</tr>
<tr>
<td>Australia's first independently certified shale &amp; unconventional resource bookings achieved in 2008</td>
<td>Dedicated shale well including dedicated shale fracturing</td>
<td>Extensive fracturing trials beyond levels currently tested in the Cooper</td>
<td>Targeting initial shale reserve bookings in 2013, and production in 2015</td>
</tr>
</tbody>
</table>

2C* 2,345 PJ

2C* 2,600 PJ

2C* 4,000 PJ

2C* 4,800 PJ

* Santos share – total shale and other unconventional resources
... with the most comprehensive appraisal program

Key shale appraisal programs are adjacent to existing processing facilities.

**Moomba North REM* Shale A**
- Drill quarter 4 2011
- Dedicated vertical shale gas well and shale-specific fracture stimulation and micro-seismic monitoring and fracture mapping
- Fracture stimulation in quarter 1 2012, using of 80% Halliburton’s Australian fracture capability

**Moomba North REM* Shale B**
- Well design in progress for quarter 4 2012 drill and 2013 fracture stimulation
- First horizontal well, 1,500+ feet lateral length with 10-20+ fracture stages

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*REM – Roseneath, Epsilon and Muturee shales zones

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**Key technology trials specifically targeting shale**

Specifically targeted shale section frac's. We already know the tight sands above and below the REM shales produce gas.
Multiple unconventional gas plays exist

Numerous unconventional plays have provided Santos with the only independently certified 2C shale and unconventional resource bookings in the Cooper Basin.

<table>
<thead>
<tr>
<th>Resource potential* (PJ)</th>
<th>Booked 2C</th>
<th>2015 2C target</th>
</tr>
</thead>
<tbody>
<tr>
<td>REM shale</td>
<td>684 PJ</td>
<td></td>
</tr>
<tr>
<td>Tight sands and mixed lithology</td>
<td>1,075 PJ</td>
<td></td>
</tr>
<tr>
<td>Deep coal</td>
<td>586 PJ</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2,345 PJ</td>
<td>4,800 PJ</td>
</tr>
</tbody>
</table>

* Santos share

Existing infrastructure provides strategic advantage

Existing infrastructure reduces future capex and accelerates commercialisation timeframes for infill and shale developments when compared to greenfield developments.

- Owner-operator position
- 15 major satellite facilities incorporating field compression
- Gas storage facilities
- Extensive gathering systems and pipeline networks linking the fields (~6,000km)
- Moomba and Ballera have substantial sales gas processing capability ~550 TJ/d with ability to upgrade
NSW CSG – 12,000+ PJ opportunity

Gunnedah Basin coals are world-class with appraisal program confirming confidence and known resources in excess of 12,000 PJ.

<table>
<thead>
<tr>
<th>Field/region</th>
<th>Gas content (m³/t)</th>
<th>Permeability (md)</th>
<th>Flow rate (mmscfd)</th>
<th>Gas composition (CH₄%)</th>
<th>Net coal thickness (m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fairview</td>
<td>8 – 15</td>
<td>10 – 1000s</td>
<td>1 – 5</td>
<td>99%</td>
<td>5 – 15</td>
</tr>
<tr>
<td>Gunnedah</td>
<td>5 – 20</td>
<td>1 – 100+s</td>
<td>2+</td>
<td>75-98%</td>
<td>3 – 90</td>
</tr>
<tr>
<td>San Juan</td>
<td>9 – 19</td>
<td>5 – 100s</td>
<td>0.1 – 25</td>
<td>84-99%</td>
<td>12 – 30</td>
</tr>
<tr>
<td>Powder River</td>
<td>0.9 – 2</td>
<td>5 – 200</td>
<td>0.15</td>
<td>&gt;95%</td>
<td>12 – 80</td>
</tr>
</tbody>
</table>

* Post Eastern Star Gas acquisition and subsequent 20% sell-down to TRUenergy (per ASX release 18 July 2011)

Attractive commercialisation options

Value created by leveraging portfolio scale to accelerate development and meet customer demand.

- Consolidated Gunnedah position strengthens portfolio capability
- Conventional and unconventional fields in Cooper Basin and Victoria add further flexibility
- Dual channels to market provide ideal commercialisation flexibility, including gas swaps
Today’s key themes

Introduction

A. East coast market dynamics have shifted
B. Santos is ideally placed to capitalise
C. Driving efficiencies and maximising margins in central Australia
   - Accelerated drive on cost control and efficiency improvement
   - Application of North American technologies and development concepts
   - Oil continues to provide material upside
D. Delivering value in NSW CSG

Closing messages
Cooper Basin production outlook

A material resource remains to be produced from the Cooper Basin ...

- Santos’ 750 PJ (140 TJ/d) contract to GLNG underpins Moomba operations
- Oil continues to provide material value
- Key infill fields deliver liquids rich production

... underpinning a strong long-term business.

* Indicative Santos share

Driving reliability and cost efficiency gains ...

Pursuing multiple avenues to increase reliability and improve cost performance.

- Reliability improvement
  - Delivering improved uptime and maintenance cost reductions
  - Rationalising and extending the life of facilities to deliver further cost reductions

- Cost and labour efficiencies
  - Innovative contracting strategies delivering cost reductions
  - Labour efficiency programs increasing productivity

- Technology and automation
  - Advanced process control
  - Field telemetry
  - Collaboration environments

* Santos share
... with focus on labour and contracting efficiencies

Delivering a step-change in performance improvement.

**Efficient execution of work**
- Process improvements
- Increased labour utilisation
- Delivering $5m pa savings*

**Improved contract strategy**
- Supplier consolidation
- Increased resource flexibility
- Performance based contract

**Contractual savings**

* Santos share

**Down-hole efficiency improvements ...**

Contracted three new, state-of-the-art onshore drilling rigs.

Already achieved previous best drill time without benefit of full campaign style program:

- **Saxon drill rig performance exciting**
  - Equal best Cooper drill time after four wells
  - Substantial fuel savings (>25%)
  - Rig move times showing similar improvement

- **Implementing pad developments**
  - Two well pad underway
  - Six well pad late quarter 4 2011 and
  - Planning for 20+ well pad for mid-2012

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* Santos share
...providing material well construction cost savings

For both infill and shale drilling campaigns, scale and factory mindset will generate large savings.

### Key improvements
- Contracting strategies
- Latest generation equipment
- Automation
- Efficiency improvements

### Single well

- Old rigs: $7m
- New rigs: $6m (12% decrease)

### 10-pad well drilling campaign

- Old rigs: $80m
- New rigs: $60m (25% decrease)

35% - 50% based on US experiences

* Full cycle well construction and connection (~8,000-9,000 feet with 4-5 pin point fracs)

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Oil opportunities continue to deliver ...

Strong 2P oil reserve replacement in the Cooper Basin.

### Oil 2P reserves (2005-10)

- Exploration and development success rate over 75%
- Leveraging extensive existing infrastructure and efficiency improvements to:
  - Enable timely connection for new wells to optimise payback and rate of return
  - Incremental tolling revenue from third party crude producers
- Future flood mitigation through economically attractive new field pipeline networks

* Santos share

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Conversion to 2P reserves triggered by higher oil price technology success
... quality exploration and appraisal opportunities

Applying enhanced technology and recovery techniques creates material value to new, old and under-developed fields.

Charo field
- Nine well campaign in 2012
- Re-pressureising the reservoir through waterflood techniques to enhance oil recovery
- 4,500bbls/day trunkline increasing field uptime and reducing production costs

Cook field
- An old field re-invigorated through new techniques
- Six well campaign in 2012
- Evaluating trunkline investment to mitigate future flood events and field increase uptime

Mereenie field
- East produced 15 mmbbls (35 oil wells)
- Under developed field with potential to add up to 40mmbbls of 2P reserves
- New drilling program starting in 2012-13
- LPG stripping upside
- Exciting unconventional gas potential

Today’s key themes

Introduction
A. East coast market dynamics have shifted
B. Santos is ideally placed to capitalise
C. Driving efficiencies and maximising margins in central Australia

D. Delivering value in NSW CSG
- Significant resource base with material upside potential
- Strategically positioned in Eastern Australia
- Ability to prosecute NSW CSG

Closing messages
NSW CSG – high quality CSG assets

- Top quartile CSG asset: 14,619 PJ 3P + 3C contingent and 9,219 PJ prospective (gross)
- 2,797 PJ 3P reserves in PEL 238 (gross)

Multiple commercialisation options:
- Domestic and export markets
- Field development optimisation
- Pipeline routes

Key risks manageable:
- Stakeholder support (water, land access, approvals)
- Geological and environmental

Sound development capability:
- Dedicated team – combined Eastern Star Gas / Santos people
- Broader Santos support and experience
- Prudent work program ($500m over the next three years)

Strategically positioned to capture the changing market dynamics.

Sound geological understanding ...

Late permian play
- Depth: 200–1,200 m (outcrops at surface)
- Individual seams up to 19m thick
- Good gas content 4-15m³/t
- Thick net coal package: 2-90 m
- Methane rich fairway
- Limited appraisal

Early permian play
- Depth: 600–1,200 m
- Individual seams up to 30m thick
- High gas content
- Thick net coal package: 5-42 m
- Sound initial production performance from lateral pilots in PEL 238
...with favourable permeability and gas content

Existing PEL 238 appraisal pilots producing >2.5TJ/day.

Good to excellent permeability
- Permeability data derived from DSTs
- Interpreted permeability >1,000 mD
- Master cleating identified in PEL 238
- Good to excellent permeability consistent with results from PEL 238 lateral pilots

High gas content similar to Bowen and Surat Basins
- 4–20m³/t (daf)
- High saturation confirmed by early gas breakthrough in PEL 238 pilots

Focus on demonstrating continuous, growing production from the pilots.

Gunnedah Basin – PEL 238

World-class CSG assets resulting in competitive cost of production ...

- Excellent coal thickness
- High permeability
- High gas content
- High Bcf/km²
- Existing infrastructure
- Lateral technology

... Santos focus on maximising optimal efficient operations and demonstrate continuous production.
Exploration, appraisal and development pipeline

Narrabri (PEL 238):
- 1,520 PJ 2P reserves booked to date (gross)

Bando (PEL 1 and 12):
- Positive appraisal results
- First pilot commissioned – first gas after one week
- Targeting first 2P reserve bookings in 2012

Murrurundi (PEL 456 & 452):
- High GIP due to very thick net coal (up to 90m)
- First lateral pilot well early 2012

Tooraweenah (PEL 462 & 433):
- Exploration stage

Focussed 2012-13 work program

Deliverability and reserves growth focus ...

Narrabri (PEL 238):
- Demonstrate deliverability:
  - Continuous flows from existing pilots
  - New pilots to test drilling technology
- Build 2P reserves

Bando (PEL 1 & 12):
- Commence appraisal program targeting 2P reserve build
- Trial lateral technology via additional pilots and coreholes

... providing a strong basis for commercialisation.
Strategically positioned for market access

A number of pipeline options available to enable commercialisation.

**Northern options:**
- Several possible routes and connection points available
- Northern options traverse prospective CSG areas

**Southern routes:**
- Supplement existing pipeline infrastructure
- Major new power generation customers
- Potential link to Newcastle and Sydney

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**NSW CSG concerns**

Segments of the community have concerns, which are being addressed and managed.

<table>
<thead>
<tr>
<th>The questions</th>
<th>The facts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water</td>
<td>In Namoi Catchment, NSW, forecast CSG water extraction of 5GL pa (80% of which will be re-used) compares to industrial and private use of ~540GL pa. Proved drilling techniques isolate coal seam from aquifers. Hundreds of metres of impervious rock between coal seams and surface aquifers.</td>
</tr>
<tr>
<td>Land access</td>
<td>500 agreements signed in Qld, 40 in NSW, with no court action.</td>
</tr>
<tr>
<td>Impact on agriculture</td>
<td>CSG operations affect only ~1% of the surface area. Beneficial water sufficient to irrigate over 500 hectares. Land restored completely after operations cease.</td>
</tr>
<tr>
<td>Brine disposal</td>
<td>Re-inject in deep saline aquifers, dispose in registered facilities.</td>
</tr>
<tr>
<td>Fracture stimulation</td>
<td>Used by the Australian oil and gas industry safely for over 50 years, additives safe and approved.</td>
</tr>
<tr>
<td>Cumulative impact</td>
<td>NSW projects in discrete geographic and hydrogeological regions.</td>
</tr>
</tbody>
</table>

Through investment, royalties and jobs, the benefits to the local communities are significant.
Today’s key themes

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Closing messages

EABU portfolio can deliver 2x production within the next decade

Outlook reflects strong production growth with growing margins ...

Production by development phase

Revenue and costs per barrel

... whilst controlling increases in finding and development costs

* Assuming A$100/bbl oil price
Key take-aways

Market
Unprecedented east coast gas demand will cause higher gas prices and provide opportunity for commercialisation with increased margin capture

Resource captured
Santos has 10,000+ PJ of geographic and geologically diverse resources to supply the increased demand

Infrastructure
Santos is well placed due to its owner/operator position of key infrastructure to accelerate development at reduced cost

Capability
Santos has a proven track record of strong resource to reserve conversion and efficient operations to deliver the production and margin growth

Strategically positioned
Santos is strategically well placed to capitalise on the dual channel markets through its extensive east coast portfolio asset position

Eastern Australia Business Unit
Capturing the Future
Moomba Investor Trip: 26-27 September 2011