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The Santos logo is displayed in a bold, blue, serif font.

TO: ASX Market Announcements
FROM: Company Secretary
DATE: 30 April 2015
SUBJECT: 2015 Annual General Meeting

Please find attached the Chairman, Managing Director and Chief Executive Officer, and Chairman-Elect's addresses to the 2015 Annual General Meeting held in Adelaide today.

David Lim
Company Secretary

CHAIRMAN'S ADDRESS

Ladies and gentlemen, 2014 was a year of rapid change and great contrast.

We started the year with confidence in the overall state of the world's economies and global commodity prices. This confidence was further reflected in the sheer progress made by our company both at home and abroad as we continued to deliver key growth projects.

The year ended with considerable uncertainty across our industry. This uncertainty was reflected in the significant fall in the Santos share price, and we have continued to see considerable volatility and uncertainty in the oil price since the beginning of 2015.

The Board and I are all shareholders and we are acutely aware of the impact of the price decline on all of our shareholders. While it does not mitigate the impact of the share price decline, it is important to explain the full context of this change.

Santos' business is commodities based. The commodities we sell – oil, LNG and gas - are priced against similar commodities in global markets. In recent times there has been significant downward pressure on the oil price.

This downward pressure has been triggered by a number of forces:

- The growth in production of shale oil in the US - which has led to a sharp increase in the global supply of oil;
- The geopolitical environment has and remains turbulent; and
- Very significantly for oil prices, there has been a material change in OPEC oil supply behaviour.

These downward forces on the price of oil rapidly affected the price we receive for oil and LNG.

Not only are prices significantly down - they are also increasingly volatile.

On page 47 of your Annual Report which is available at today's meeting, you will see a chart of the oil price over the last 5 years. The extended period of stability, compared to recent volatility, is clear.

Ultimately price weakness and volatility translates to lower sales revenues and cash flow for oil and gas producers. These forces are reflected in our share price today.

While we clearly cannot control the price of oil, we were cognizant that global pressures were building towards the end of last year, and took appropriate measures to address the situation, and we have continued to respond appropriately.

We ensured the company's balance sheet remained strong and today have approximately A\$2.6 billion in available liquidity to meet the company's current operating and growth commitments.

We also cut capital expenditure for 2015 by 44% - that's around one and a half billion dollars.

Production expenditure has been reduced as well. Across the business we are driving efficiencies and eliminating costs. As a result, we are forecasting at least a 10% reduction in production costs this year. And in December we put in place a \$1 billion bi-lateral debt facility which we can draw upon if required to further support our liquidity profile, and act as a further buffer.

In addition to these proactive responses, the company's diverse portfolio of assets will also play an important role. Our asset base is capable of providing healthy returns in a range of oil price scenarios. This demonstrates the strength a diverse portfolio can provide.

The Board and management are working hard to ensure that the company's entire suite of assets is performing well, delivering their highest production levels in five years.

The Board's confidence in the long-term return potential of our assets has been endorsed by two recent and significant transactions.

The global Shell / BG merger this month has been driven by a long-term view of the role of LNG as a transitional fuel for advanced and emerging economies.

It further validates Santos' growth strategy in the LNG sector, and the company's confidence in the long-term revenue streams that will be realised from assets such as PNG LNG and GLNG.

The multi-billion dollar acquisition of Apache's Australian assets by the private equity funds of Macquarie Capital and Brookfield Asset Management, also supports the position Santos has taken in Western Australia's domestic energy sector. That deal gives the buyers a 55% share in two significant gas hubs supplying the West Australian market. And Santos owns the other 45%.

The valuation in both these transactions reflect long-term confidence in oil, LNG and gas prices.

Your Board believes that as a result of the actions we have taken, Santos is well prepared to meet the likely challenges of the changed oil price environment – both operationally and financially.

This brings me to our strategic setting.

The long-term history of the oil price shows not only considerable volatility, but the capacity of the oil price to recover after steep downward pressure.

This long-term history, together with our outlook for oil supply and prices, reinforces our confidence in the strategy that Santos has put in place and progressed over recent years.

This strategy recognises the opportunity presented by the rapidly growing demand for energy across Asia. Becoming a regional energy player, supplying oil, but particularly LNG, to Asian markets remains a key underpinning for this company's future.

By 2030, the global population is forecast to grow by another 1.3 billion people. This will drive a 50% increase in energy demand over the next 15 years – a great deal of it in Asia.

It's worth noting that today around 1.3 billion people in the world are currently without electricity.

Santos has significant onshore gas resources on the East Coast of Australia, but domestic gas demand was, and will remain, insufficient to justify development of this vast resource. The price we could obtain in the domestic market would not provide the company with an appropriate level of return for developing these resources.

As a result, the growth in energy demand in Asia remains a key medium to long term opportunity for Santos - and for that matter also for Australia and PNG, which have abundant resources but comparatively small population and industry bases.

Indeed in May of last year, PNG LNG exported its first LNG cargo ahead of schedule. We have since shipped a further 87 cargoes. This is a significant achievement for the project and for Santos, marking a considerable increase in the company's LNG production and cash flows.

This year, our GLNG project is expected to produce first LNG around the end of the third quarter – a milestone that signals a change in the company that will ultimately bring our LNG exports to over 3 million tonnes of LNG per annum, from just 300,000 tonnes in 2013. This will be the company's most important milestone in realising the strategy we embarked on a decade ago.

The Board's confidence in the company's strategy is founded on the progress the company has made to date and bolstered by our views on:

- The long-term strength of Asia's economies;
- The corresponding growth in energy demand and specifically LNG demand that this is creating;
- The quality of our reserves and resources that we will seek to unlock to meet that growing demand; and
- The experience and technical skills of the team at Santos.

It is the combination of these factors that will ensure that Santos is able to deliver improving returns to shareholders.

I want to now address the topic of dividends.

When we announced the adoption of a progressive dividend policy last year...we made it clear that when we determine the dividend it is necessary that the Board strike a balance between higher dividends; the level of funding the company

requires; the appropriate levels of gearing - as well as the ongoing investment required to operate our projects and deliver future growth.

With the start-up of PNG LNG in the first-half of 2014 and receipt of first cash from the project, we were pleased to announce a 33% increase in the interim dividend from 15 cents per share to 20 cents per share, fully franked.

In light of the current oil price environment, the Board elected to maintain a cautious approach and set the final dividend at 15 cents per share, fully franked. This is the responsible course of action and a decision that allows us to remain well-funded to continue with the execution of our strategy.

In terms of the business going forward, the Board has adopted a cautious and conservative approach for the oil price outlook and our budget and business plans reflect this.

This outlook for oil prices was recognised in a non-cash impairment of approximately \$1.6 billion after tax, which David will refer to in his address. It is worth noting that this impairment has not impacted Santos' investment grade credit rating.

It should be recognised that as a result of our actions the full-year 2014 dividend was increased to 35 cents per share, up 17% on the prior year.

Both the interim and final dividend were also fully franked - increasing the returns available to shareholders and distributing more franking credits to shareholders.

When I addressed you at our Annual General Meeting last year I stressed the importance of our retail shareholder base. Our retail shareholder base has grown by 30% to around 150,000 individual and family shareholders today. We believe this is a reflection of the confidence our retail shareholders have in the company's prospects for long-term growth and overall shareholder returns.

Ladies and Gentleman, the final item I wish to address is my retirement as Chairman and member of the Board which I announced in March this year.

It has been a great privilege to serve as Chairman for the past two years, and as a Board Member for more than eight years. Over this time I have seen the company transform into the internationally relevant energy company it is today.

My decision to retire from the Board is based on a decision to lighten the overall level of board responsibilities that I have.

After 8 years with the company, and in the knowledge that we have a strong and experienced Board I am pleased to hand over to Mr Peter Coates, who will resume the role of Chairman from the end of the meeting. Many of you will know that Peter previously served as Chairman from 2009 until 2013.

I also wish to welcome Yasmin Allen to the Board. Yasmin was appointed to the Board in October last year. She has more than 20 years' experience in finance and

investment banking and brings extensive governance, leadership and risk management skills to the table.

Yasmin is also a Director of Insurance Australia Group Limited, Cochlear Limited and ASX Limited.

In conclusion, I would like to thank my fellow Board Members for their counsel and support, and all of the Santos team for their dedication and hard work.

The Board acknowledges the impact of the share price decline on all shareholders and shareholder disappointment in the share price.

And the Board remains resolute in the delivery of our strategy and in delivering shareholder returns.

I now ask David Knox to present his operational review before we commence the formal business of the meeting. Thank you.

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER'S ADDRESS

Thank you Ken and good morning everyone.

Ken has made clear this morning that in the face of a rapidly changing oil price environment from the end of 2014. Santos has reacted effectively.

We have substantially reduced capital and operational spend and materially strengthened the Company's balance sheet:

- Capex has been cut by 44% compared to last year;
- Operational spend will be at least 10% lower this year; and
- Our balance sheet has been reinforced through a \$1 billion bilateral loan facility.

Your Board and senior management have extensive experience in the oil and gas and resources industries. We are adapting to the current cycle by reducing our spending controlling what we can and, I believe, doing it well.

The sharply changed conditions in global energy markets in recent months have rightly been the focus of news about our sector.

In this climate we should not forget the sound operational performance Santos achieved in 2014 so I want to take you through the highlights of that performance this morning.

Excellent safety outcomes underpin good operational performance.

Strong safety performance at a time of very high activity is especially important for our people and the successful delivery of our projects.

In 2014, Santos employees and contractors collectively worked for over 45 million hours and we again reduced the total recordable injury case frequency.

This is an important indicator of safety awareness and performance because it includes even the most minor injuries. It is the litmus test for company-wide attitudes towards safe work practices.

The lost time injury frequency rate – this is when someone misses a day or more from work because of an injury – also stayed at the lowest levels in the company's history.

This is an encouraging achievement, especially from our teams in the field.

I'm pleased to say that to date there has not been a Lost Time Injury this year. I believe it demonstrates how safety is embedded in everything we do.

I'm now going to talk about our financial performance.

The net loss of \$935 million for 2014 came as a result of the steep falls in global oil prices and the markedly changed global supply dynamics from the end of the year. Ken explained these to you earlier.

The net loss was incurred because of \$1.6 billion in non-cash impairment charges.

As you know, they do not impact our investment grade credit rating or any of our debt facilities.

When you look underneath those non-cash, balance sheet items the numbers show a continued sound operating and financial performance.

Sales revenues were up 12% from the previous year and surpassed \$4 billion for the first time in the company's history.

Underlying profit in 2014 was up 6% on the previous year, at more than half a billion dollars.

LNG revenues more than doubled during 2014.

This is an important point.

The LNG strategy that we have been developing over the past seven years through projects such as Darwin LNG, PNG LNG and GLNG...is beginning to transform the Company's revenues and cash flows.

The 2014 result reflects the start-up of PNG LNG and the strong continued operational performance from Darwin LNG.

In 2015, at a widely forecast average oil price of US\$60 per barrel, we expect to be free cash flow positive in the fourth quarter.

With GLNG also operational and shipping LNG cargoes we will be free cash flow positive - after capital expenditure - for the full year in 2016 using the same oil price assumptions.

This is clearly a substantial improvement in the Company's cash flow outlook despite the lower oil price environment that we are currently working within.

Ken has again clearly shown in his address this morning that our strategic setting to become a key energy supplier and partner to Asia remains the right path and we are making great progress in that direction.

But I want to assure you that neither the Board nor management plan to simply rely on our strategy or our assumptions or the capex and operating cost reductions that we have made to date.

I am committed to driving further efficiencies and relentlessly reducing costs right across the business. It is mine and this company's intention to ensure that this approach is embedded within our operations and that we are seen as a successful, low cost producer amongst our global peers.

In 2014, we saw quarter on quarter increases in production, and we ended the year 24% higher than where we started.

In fact, we delivered our highest annual production levels since 2009.

This reflects both the successful start-up of production from PNG LNG and the higher Cooper production.

On the topic of PNG LNG, I recall at last year's meeting I mentioned that the first cargo was being loaded.

Since then the project has delivered 87 cargoes to our customers in Asia.

This is an outstanding achievement underpinning a strong long-term cash flow stream for the company.

As I have said before, we are confident that PNG LNG production can be expanded beyond the current scope adding to the cash flow outlook.

While it remains too early to say exactly how and when that expansion will be achieved as an existing infrastructure owner and the holder of prospective acreage, Santos is very well placed to benefit from any expansion that may take place.

The successful ramp-up of PNG LNG capped off a positive year in terms of project delivery for Santos.

We also added two more assets to our portfolio – being Peluang in Indonesia and the Dua field in Vietnam.

All three projects were delivered on or before schedule, and on budget.

This is further evidence of our strong track record on project delivery and our relentless focus on costs.

On the screens you can see footage of progress at GLNG. Around the end of the third quarter of this year we expect to produce the first LNG.

GLNG is our most ambitious project to date. This is the final pillar of our transformation strategy which began in 2008.

I very recently visited both the upstream facilities and the LNG plant on Curtis Island and the pictures behind me don't fully show how advanced this project truly is today.

In short:

- The upstream production hubs are complete and are ready to go.
- The 420 kilometre pipeline is complete; and
- We are in the very final stages of construction and commissioning on Curtis Island.

We are clearly on track to meet our completion target date, within the US\$18.5 billion budget.

Furthermore, our upstream fields are performing better than expected which - combined with gas from third parties – will comfortably meet the requirement to fill train 1 and ramp-up train 2 on target.

We are very comfortable that we also have sufficient gas resources to fill both our trains for 20 years.

This project is a game-changer for Santos.

It underpins our strategy and once operational will confirm our position as a leading supplier of LNG into the Asian gas market with three operating LNG projects.

All three projects are backed by long-term off-take agreements to high quality Asian buyers. Darwin LNG, PNG LNG and GLNG will provide the company with strong cash flows for decades to come.

While accessing the Asian market is an important strategic achievement in itself, I think one thing not fully appreciated is the important role that GLNG has played in unlocking our vast resources in Australia.

GLNG has facilitated the development of our coal seam gas fields in Queensland but it has also been an essential catalyst for the development of our wider east coast resources.

It has exposed the Cooper Basin to new markets which has made continued development of the Cooper viable. This would not have been the case without GLNG.

If Santos had remained as heavily focused on the domestic market as it was just 10 years ago, those resources would not be commercially viable today.

In fact, the Cooper's new lease of life was very clearly evident in 2014 with increases in both oil and gas production.

Higher gas prices lead to higher investment and ultimately production. And that is what is happening in the Cooper today.

In the current climate our focus is on maximising efficiencies and operating only the best wells to ensure our investment continues at a pace consistent with prevailing market conditions.

We are scaling back our unconventional program in the short term.

However we have seen some very promising results from the 12 unconventional wells that have been drilled, so this will be a very exciting opportunity for us in the medium to long-term as the oil supply and price environment steadies and ultimately improves.

We have also been focusing on applying technology to create efficiencies in drilling operations.

One example is what you can see on the screens behind me.

This is the Ensign rig which has the remarkable ability to actually pick itself up and walk to each drilling location on a pad.

This innovative technology not only delivers meaningful time and therefore cost savings but also substantially improves safety in the field.

Turning to exploration, our organic growth as a company has been aided in the past 12 months thanks to some good exploration and appraisal success in our Western Australian, Northern Territory and our Asian acreage.

I'm pleased to say the recent Bestari discovery, which occurred earlier this month came as we made our first entry into Malaysian waters.

In Western Australia, the Lasseter discovery came off the back of the Crown discovery in 2012. We are excited to see the extent of the very high quality sandstone reservoirs that we have found in both of these wells.

In the Bonaparte Basin off the Northern Territory earlier this year we announced the further success with the Barossa appraisal program.

The result at Barossa 3 confirmed a much larger and better quality resource than was originally anticipated.

Overall, the Barossa success to date strengthens the field's position as a key contributor to the long-term gas supply for Darwin LNG.

In closing, notwithstanding the impact of the changed oil price environment, there is a lot to be excited about when you look at the Santos story going forward.

As I have shown you, we are transitioning from the focus of a high capital spend phase to a period of operations, focused on cost control and strong and stable cash flow.

Looking to the future as Ken highlighted by 2030 the world is going to need 50 per cent more energy driven by a population growth of 1.3 billion people.

This is a fundamental driver of demand for energy from all sources known to mankind, from fossil fuel to renewables.

It underpins the medium to long-term fundamentals for the energy sector – particularly in this region and particularly for gas which on any reasonable assessment is an essential energy source for a cleaner world environment.

That is why our portfolio of assets has us well positioned.

As we complete our major investment program, we have increasing flexibility and capability to focus on delivering growth in shareholder value.

Now before I finish, I did want to congratulate Ken on his retirement and thank him for his leadership and outstanding contribution to the company over the past 8 years.

Ken's contribution to Santos has been outstanding throughout his time on the Board, and for me in particular, his two years as Chairman.

I am forever grateful for his wise counsel and leadership and wish him and his wife, Karen, all the best for the future.

CHAIRMAN-ELECT ADDRESS

Good morning ladies, gentlemen, shareholders.

It is a great honour to be addressing this meeting again.

I am going to focus my short address today on the areas which I see as a priority for me as Chairman and for the entire Board as we continue to oversee the company's work to deliver and grow long-term shareholder value.

Firstly, we will work to ensure that Santos' share price more appropriately reflects the strong fundamentals and the positive value that the Board absolutely believes is inherent in the company.

I understand that the current volatile oil price has created some uncertainty for shareholders – both retail shareholders and our larger institutional shareholders.

However a greater recognition is needed on the value of the assets that Santos control, the value of the infrastructure that we have built, the value of the contracts we have put in place, and the considerable strength of the long-term energy demand in our region.

As incoming Chairman, I will devote my absolute attention to ensuring that the investments we have made and the returns they are capable of producing - are truly understood and reflected in the share price.

Secondly, while today's low oil price is a setback, it does create an opportunity which must not be missed, and we will capitalise on this opportunity to ensure the organisation is competitively positioned for the future. We will use this low point in the cycle to drive down costs and improve productivity.

We have already rebalanced our capital program and we have made good progress with our cost reduction, something both Ken Borda and David Knox have talked about today.

The next step as David emphasised in his address, is to drive productivity across the entire organisation. The Board is intent on ensuring Santos emerges from today's oil price challenge as a more productive, agile and leaner business - a business that is not only viable at US\$55 oil, but is competitive in any oil price environment. This will require a culture change within the organisation. It will require different decision making processes, and different ways of doing things. And this is something that the CEO and executive are focused on delivering.

Finally, I would like to make it clear that the Board remains confident in the path that we have chosen and the strategy that we have adopted. We believe we have the right strategy, the right access to resources, and the right team in place.

Before we end today's proceedings I would like to acknowledge Ken Borda.

Ken, it has been both a great pleasure and a privilege to work with you over your time as a Non-executive Director and as Santos' Chairman. On behalf of the Board, I would like to extend our thanks to you for your commitment and enormous contribution to our company.

Fellow shareholders, I thank you for your commitment to Santos and for your time today. I will be joining you in the foyer for refreshments following this meeting, and would be very pleased to answer any questions you may have at that time.

Thank you.