



Santos: Fuelling The Growth Engine

2002 Full Year Results
19 February 2003

Santos Delivers In 2002

A strong base business

- Record production
- Strong operating performance
- New gas contracts

Proven growth options

- Exploration success
- Esenjay delivers
- Bayu-Undan LNG

Strong Shareholder Returns

| Australian Peers (AUD) | 2001 | 2002 |
|-------------------------------|-------------|-------------|
| Santos | 10% | 2% |
| Woodside | -3 | -2 |
| ASX200 Energy Index | -5 | -3 |
| ASX200 Index | 10 | -9 |

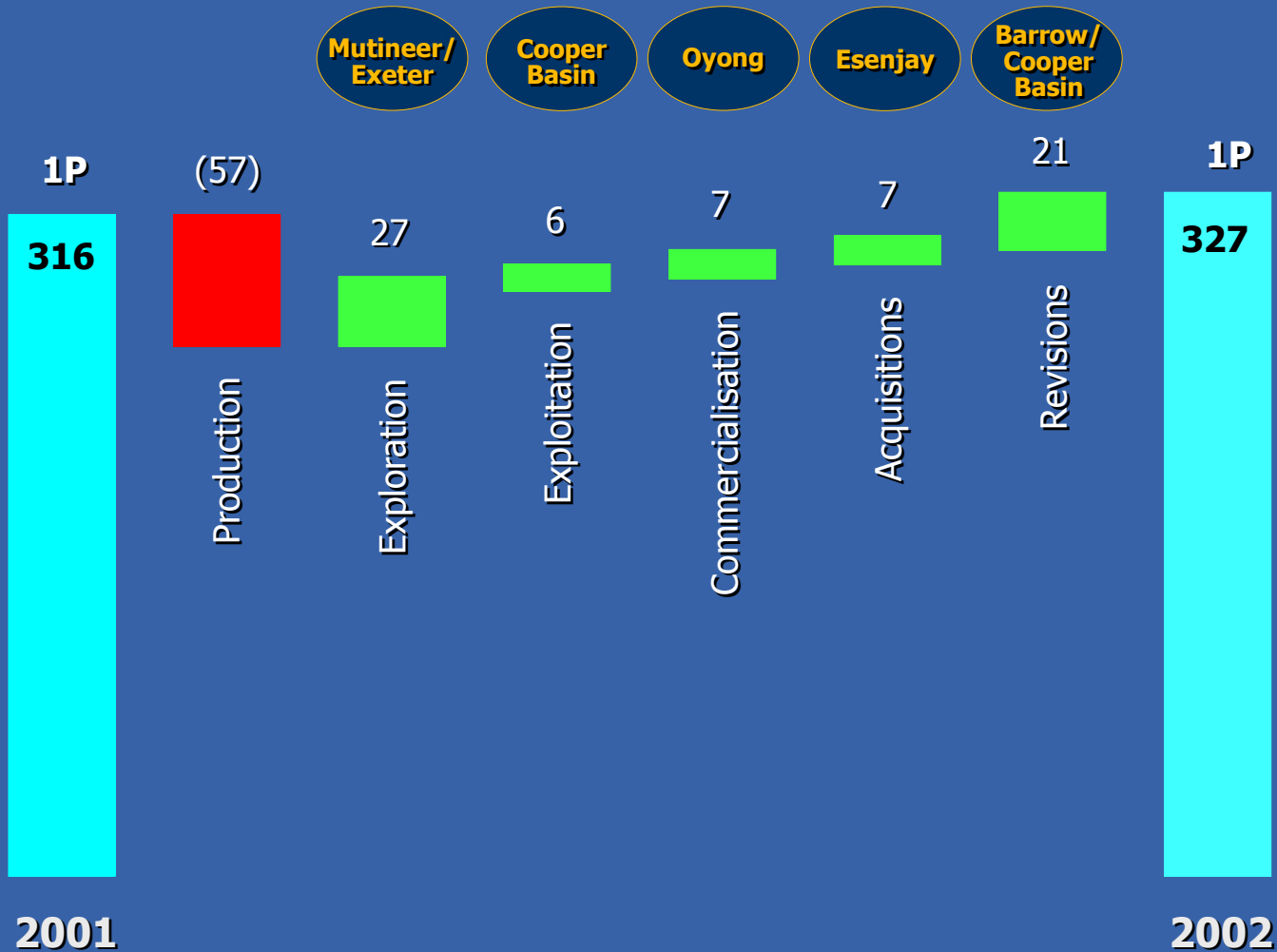
| International Peers (USD) | | |
|----------------------------------|-----------|------------|
| Santos | 0% | 18% |
| US Oil Producers Index | -13% | -10% |

Source: Bloomberg Total Return Analysis

Finance & Operations Scorecard

| | 2001 | 2002 |
|--|-------|-------|
| Safety (TRCFR) | 9 | 9 |
| EBITDA (\$m) | 1,117 | 1,084 |
| Profit before write-downs (\$m) | 450 | 392 |
| Exploration write-offs after tax (\$m) | 4 | 70 |
| Leverage (net debt/net debt + equity) | 28% | 29% |
| Return on capital | 14% | 9% |
| Dividends (cps) | 30 | 30 |

2002 Reserves Conveyor Belt



Santos: The Fuel To Grow

Long-term contracts,
customer relationships

Gas
Commercialisation

Cash flow
stability

**Strong
Base
Business**

**Identified
Growth
Options**

Exploration/
NV portfolio

Interests in
all major
basins

Building &
acquiring

**Demonstrated
Capacity**

Technical
strengths

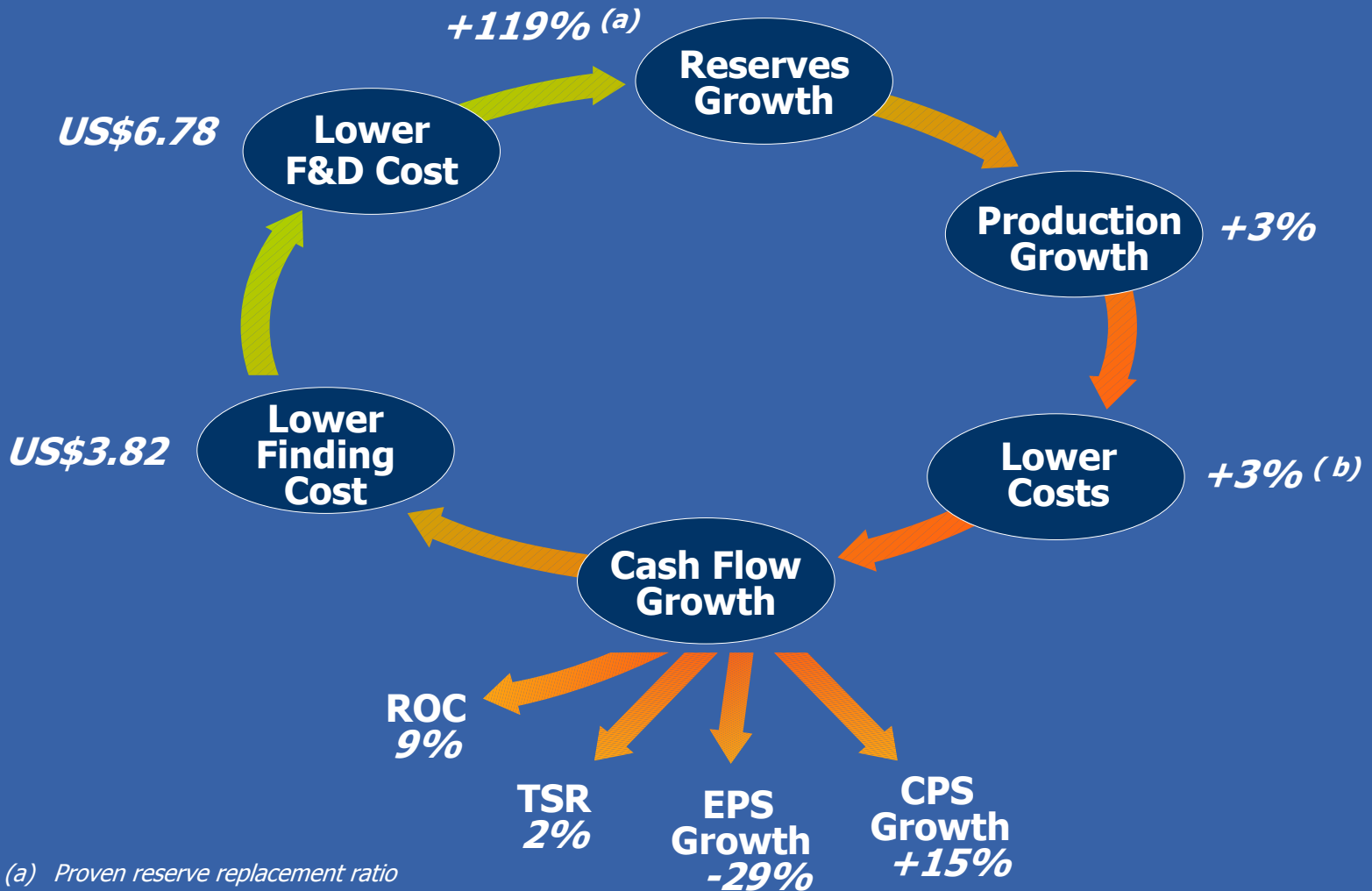
Low cost
operator

Balance sheet capacity

Demonstrated Capacity



Good Progress On Objectives



(a) Proven reserve replacement ratio

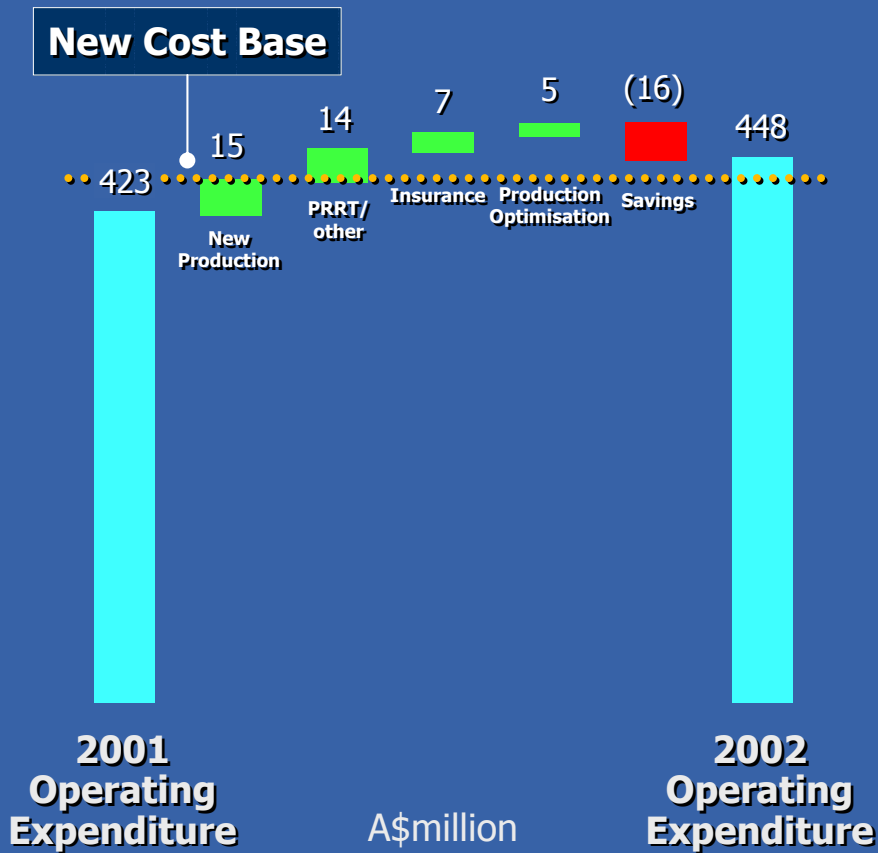
(b) Operating expenditure per boe

Sales Grow

2002 Sales volume analysis (mmboc)

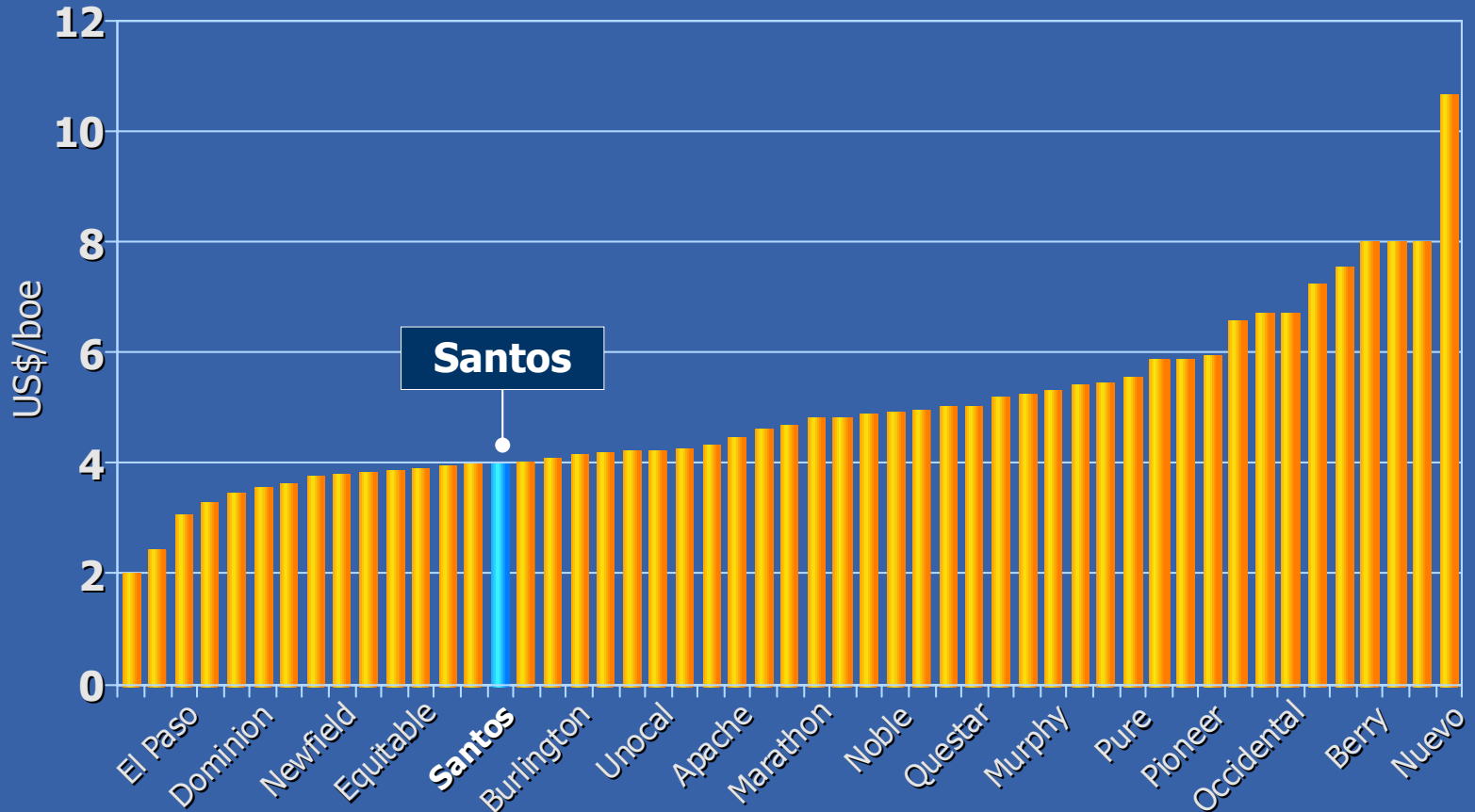


Operating Costs Under Control



Low Cost Operator

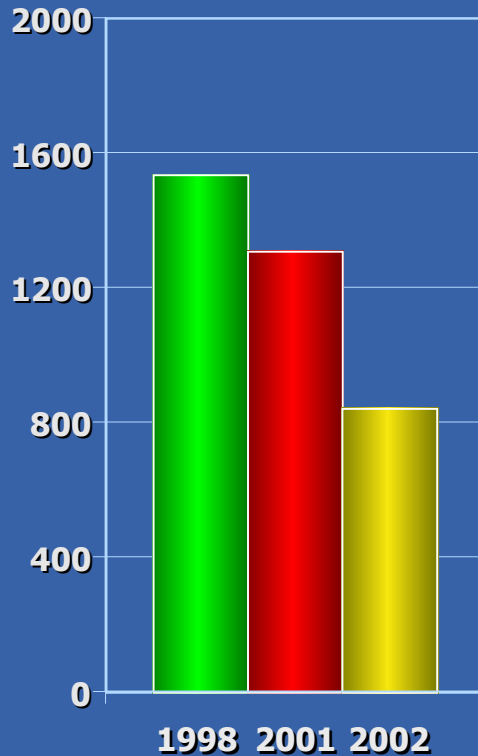
Production cost (US\$/boe)



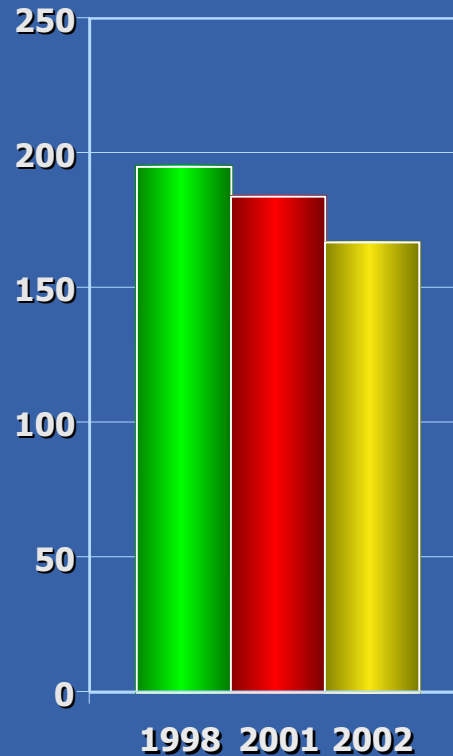
Source: JS Herold 35th Annual Reserve Replacement Cost Analysis Data for 2001, Santos 2002 costs in comparison with top fifty US E&P Companies

Drilling Continues To Improve

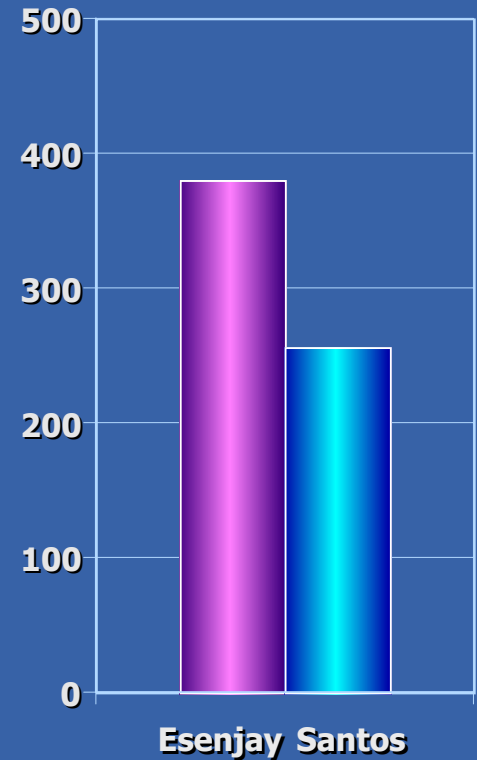
**Offshore
A\$/ft**



**Onshore
A\$/ft**

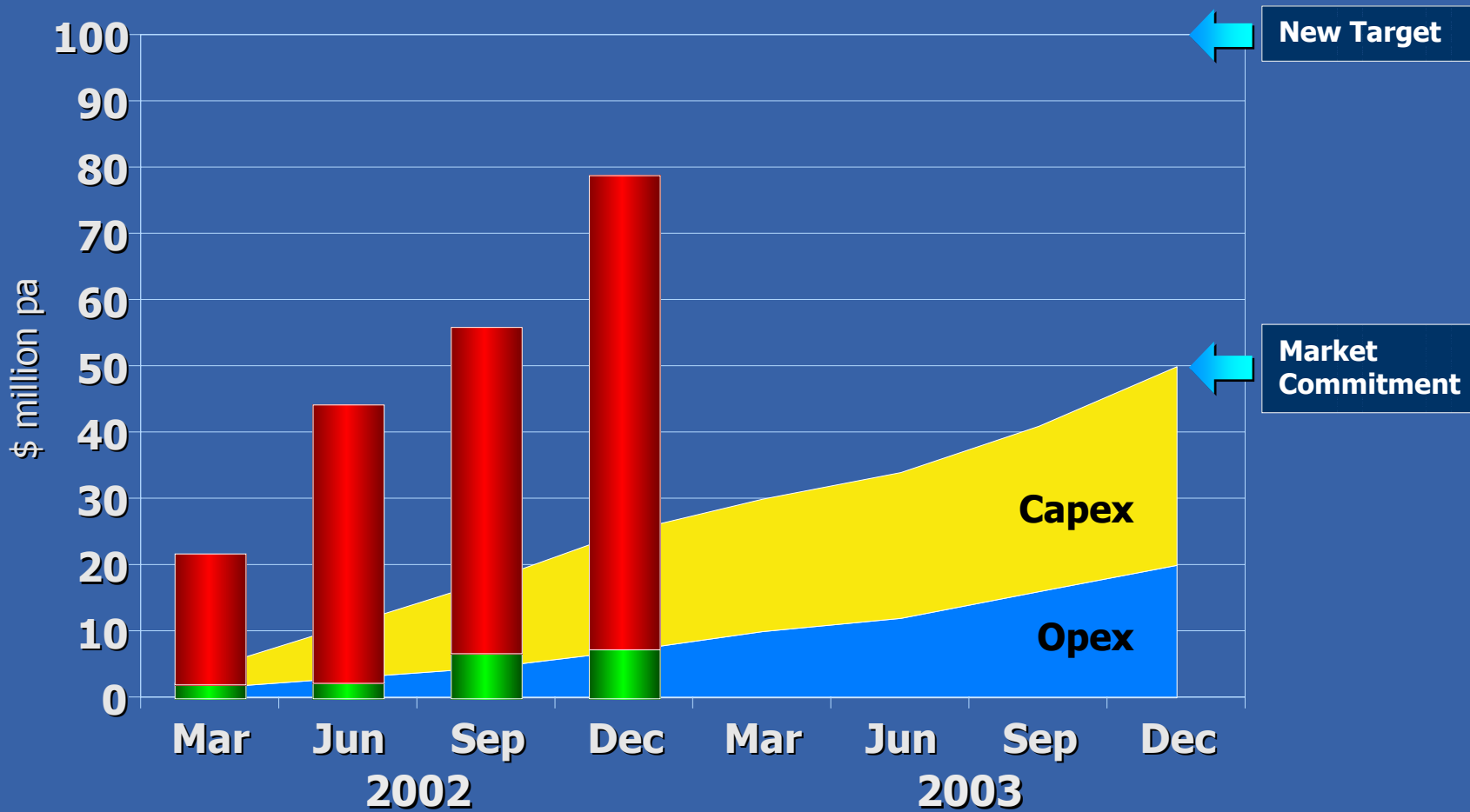


**USA
US\$/ft**



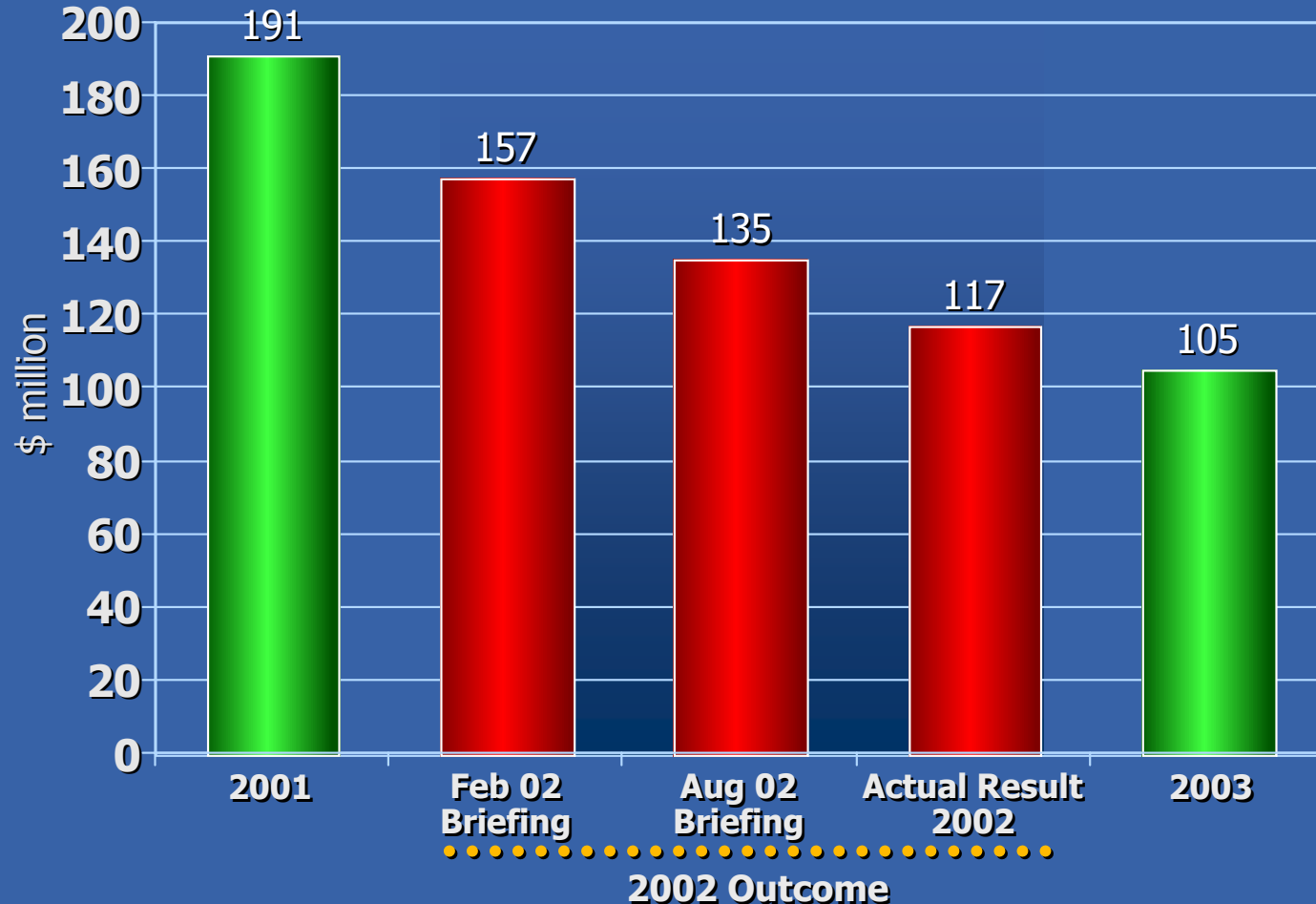
Improvement Program Delivers

Savings (A\$ million per annum)



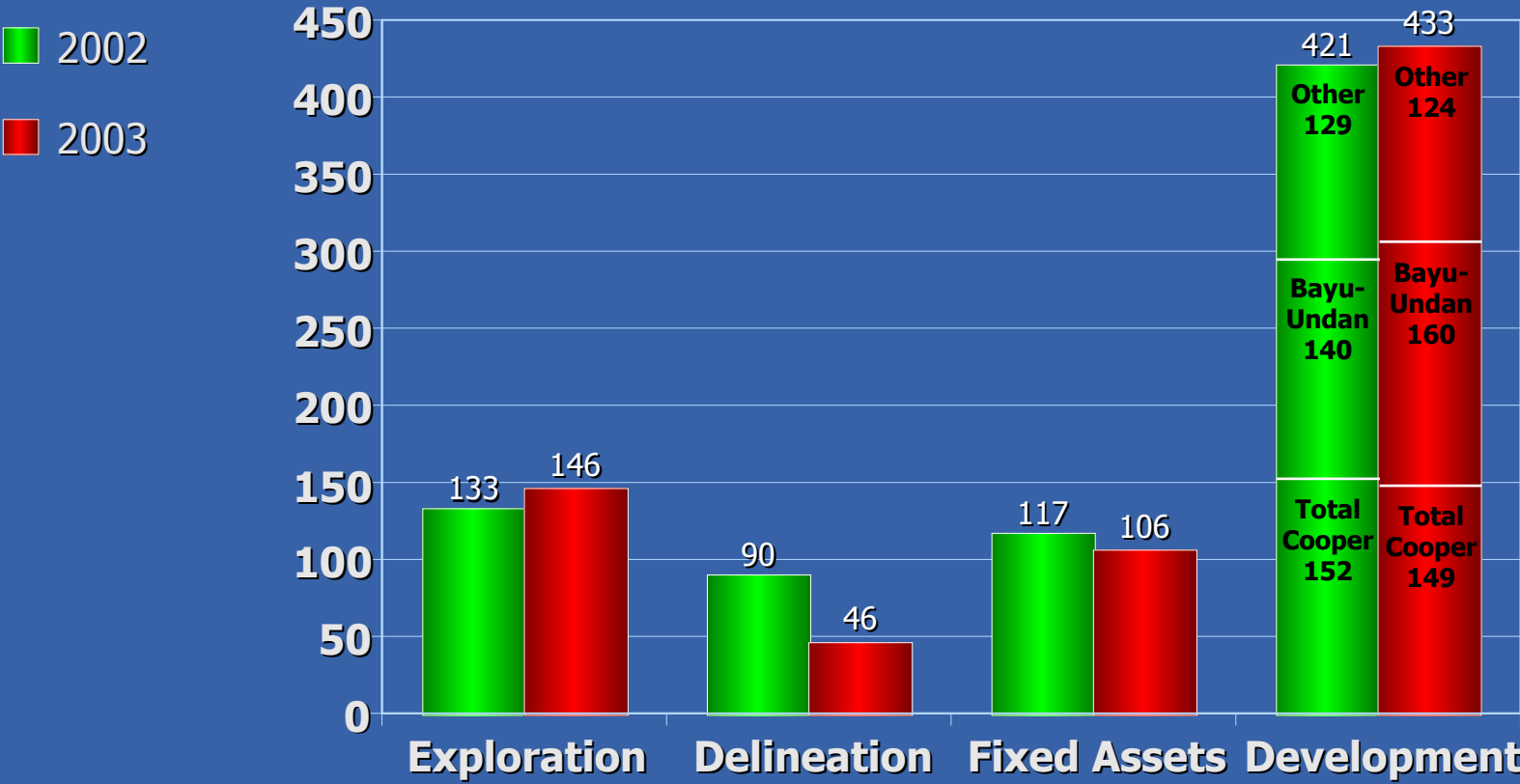
More Effective Capital Spending

Cooper gas development spending



Investment Program

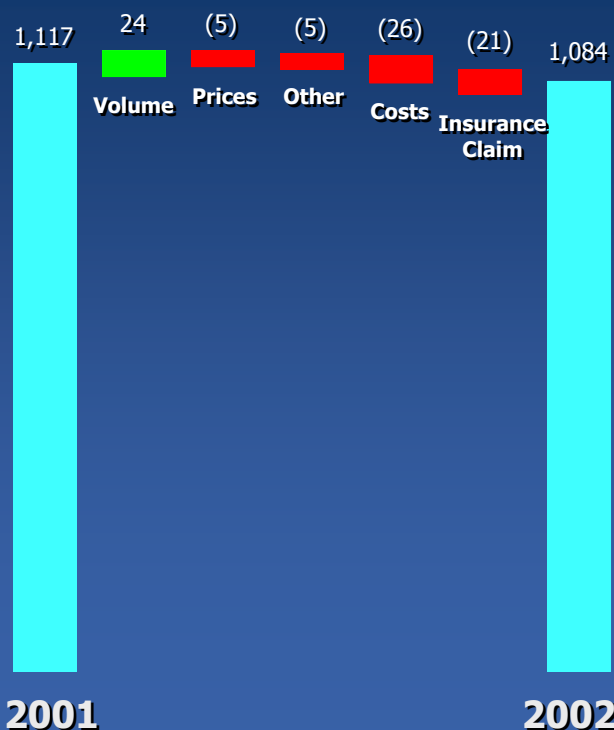
(A\$ million)



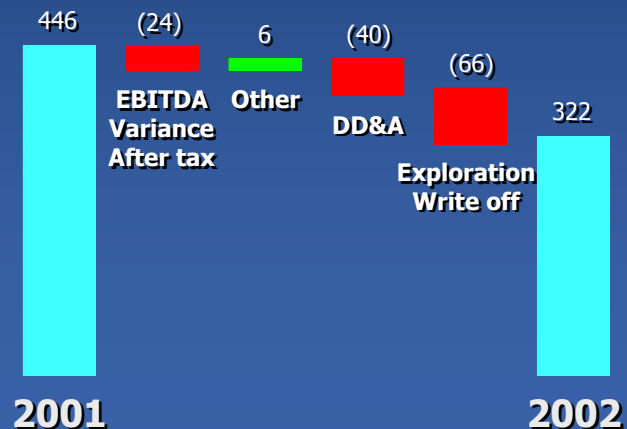
Underlying Profit Strength

(A\$ million)

Earnings Before Interest Tax Depreciation & Amortisation

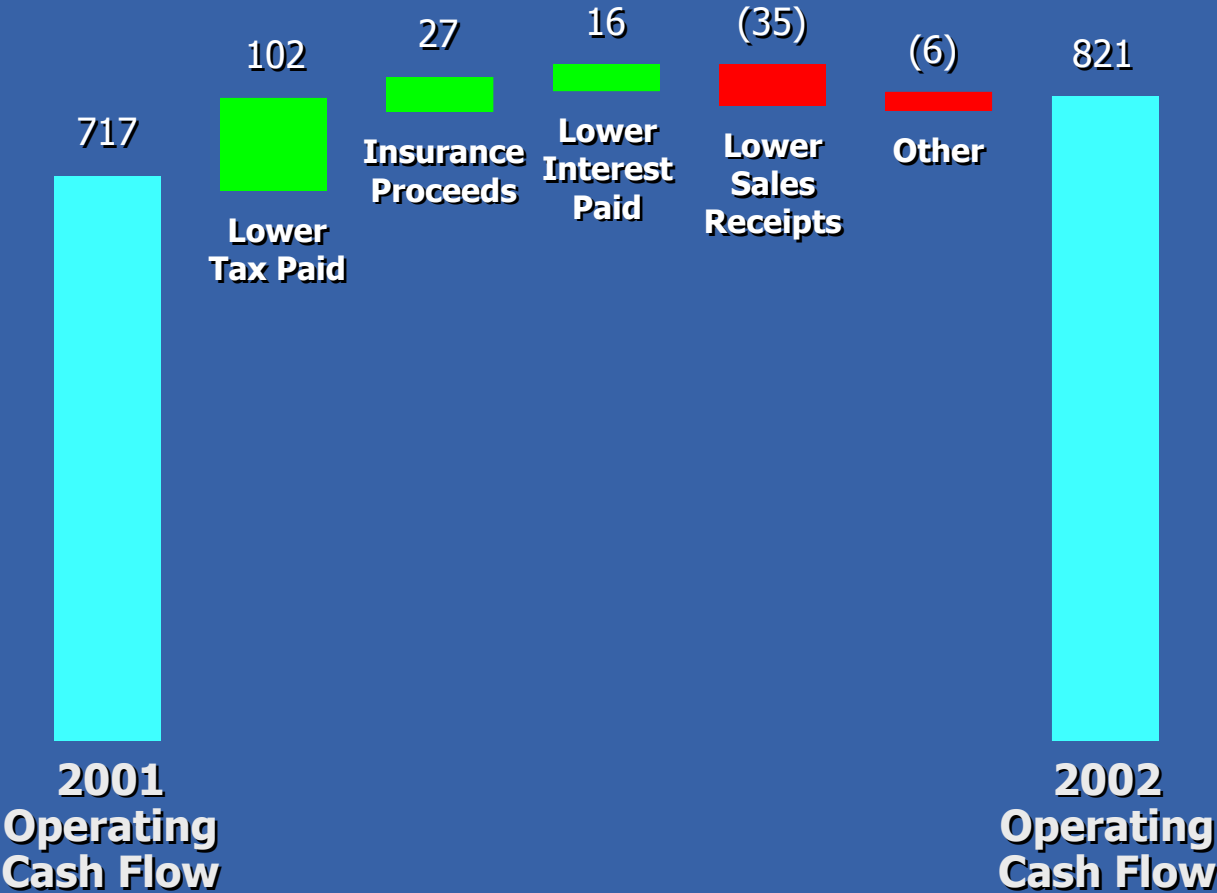


Net Profit After Tax



Strong Cash Generation

(A\$ million)

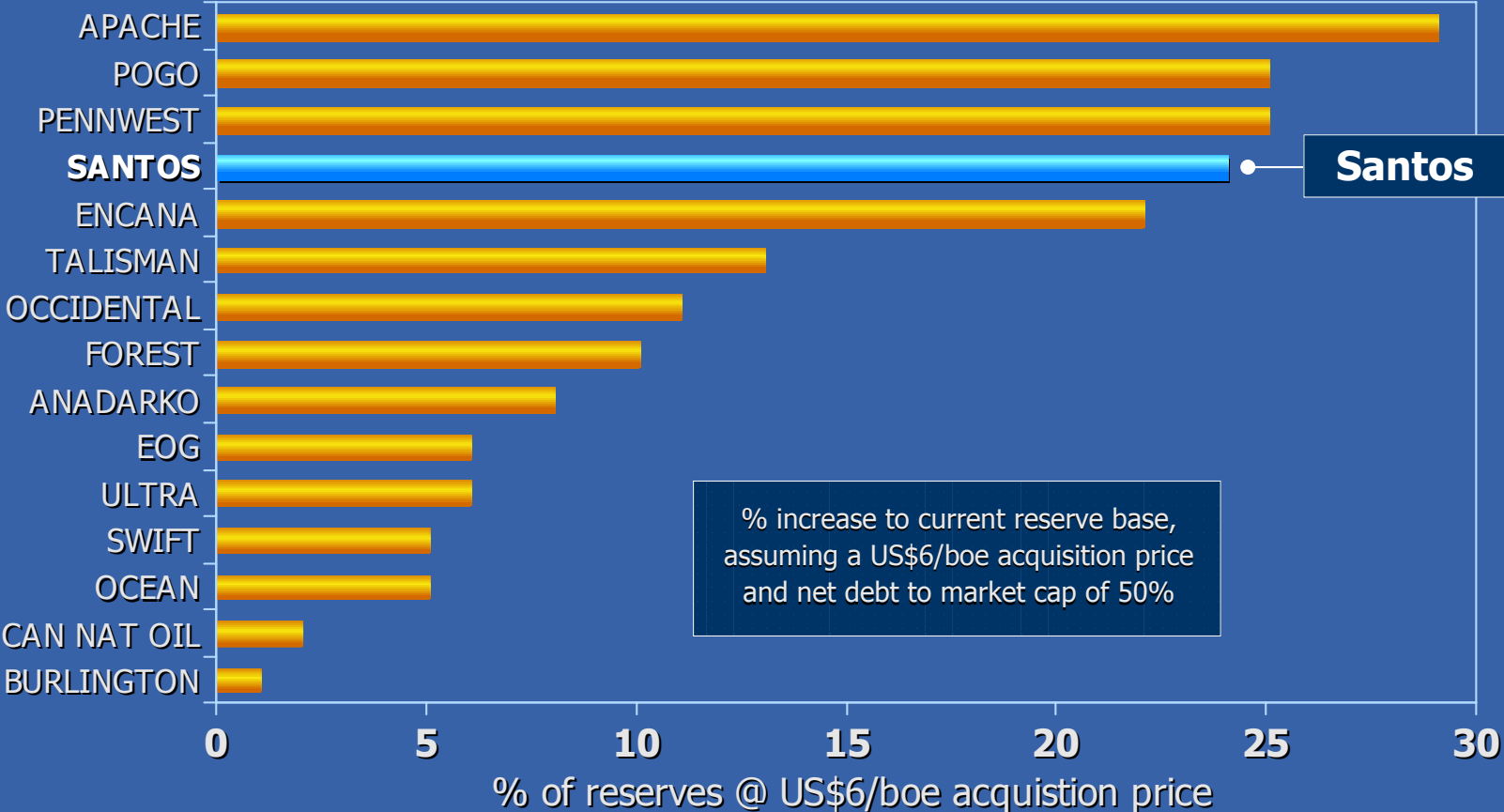


The Flexibility To Act

Debt to total capital



Capital Discipline



Source: Morgan Stanley Equity Research, Company data

Exploration Carried Forward

| | |
|---|---------------|
| Contingent resources carried forward | \$354m |
|---|---------------|

Hides

Evans Shoal

Bentu, Maleo, Oyong

Kipper, Casino

| | |
|---|--------------|
| Exploration assets carried forward | \$70m |
|---|--------------|

Otway

PNG

Browse

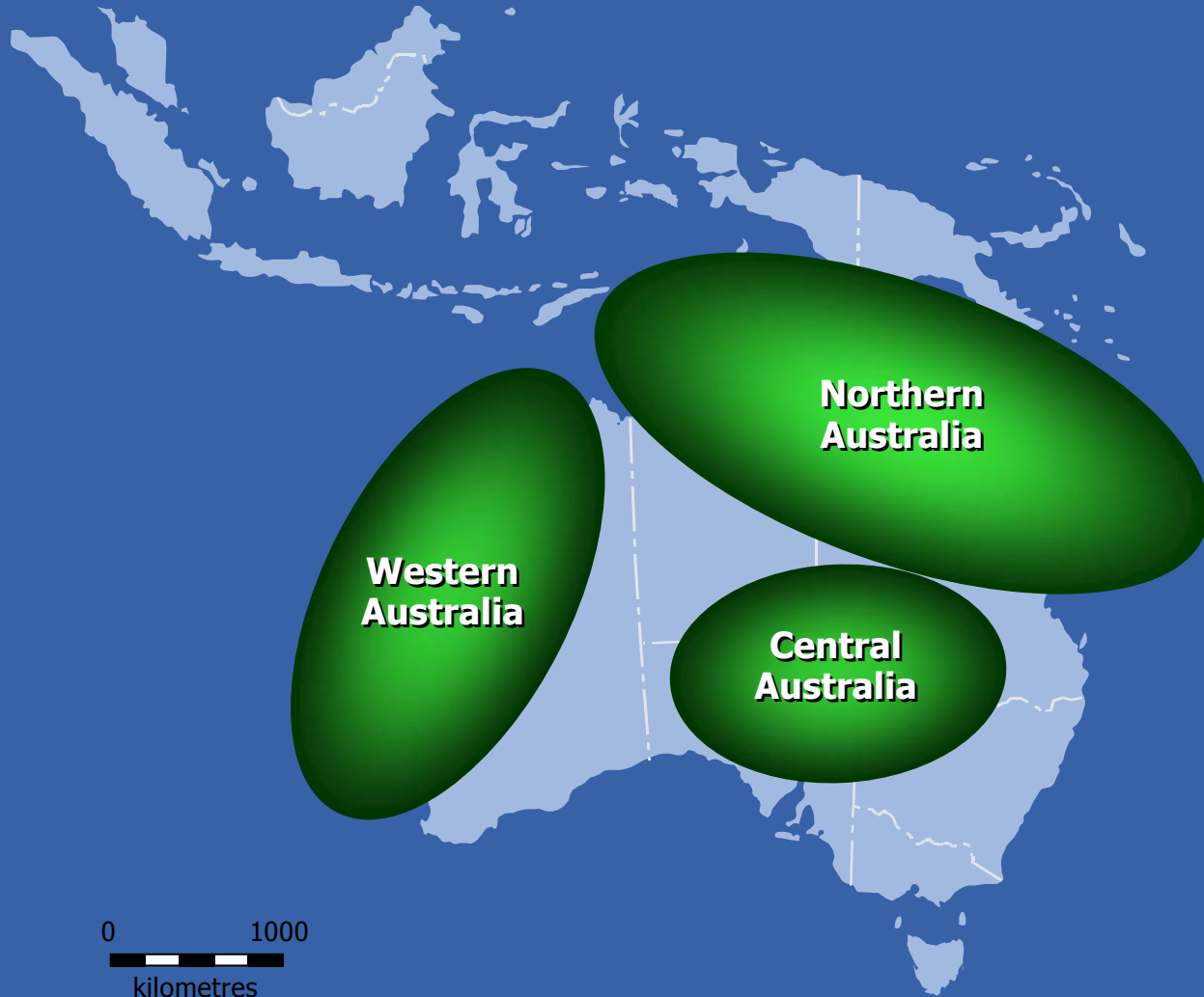
US Gulf Coast

| | |
|--------------|---------------|
| Total | \$424m |
|--------------|---------------|



Strong Base Business

A Strong Australian Franchise



Eastern Australian Gas Leader

(Petajoules)

| | 2001 | 2002 | %Change |
|--------|------|------|---------|
| Santos | 184 | 190 | 2.9 |
| Exxon | 158 | 153 | -3.0 |
| BHP | 103 | 98 | -4.4 |
| Origin | 63 | 64 | 1.9 |

Improving Our Base Business

Cooper Basin

| | 2001 | 2002 |
|-------------------------|--------------------|--------------------|
| Production optimisation | 25 TJ/d | 75 TJ/d |
| Drilling & completions | A\$184 per foot | A\$167 per foot |
| Cycle time | 74 days | 53 days |

Source: Company production reports

Identified Growth Options



Gas Commercialisation Success

- 600 PJ new gas contracts
- AGL gas contract
- Oyong Heads of Agreement. Building SE Asian franchise
- Bayu-Undan LNG

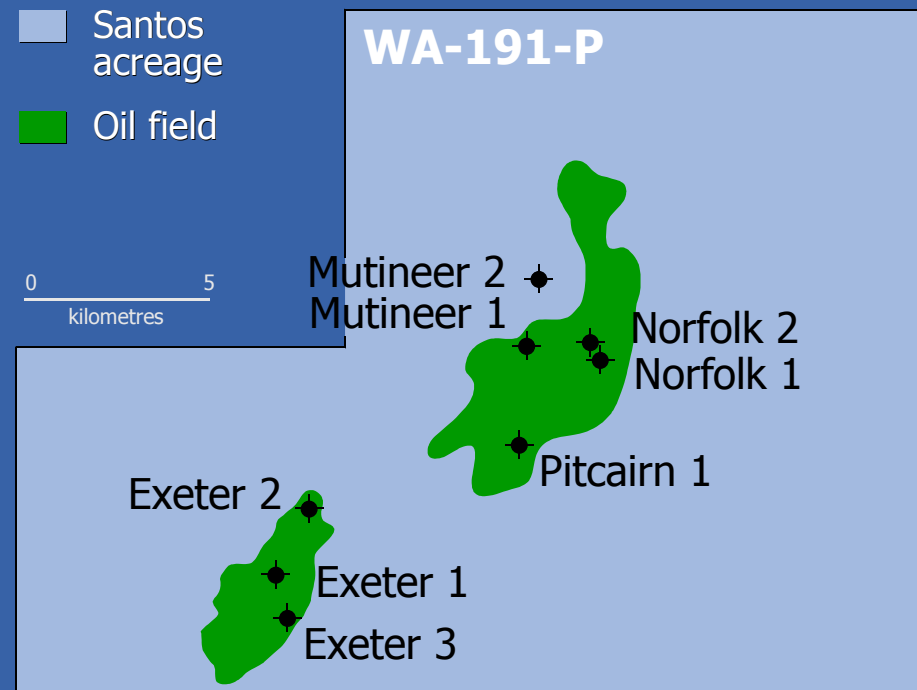


Building & Acquiring 1

Mutineer/Exeter

Development options

- 120 mmbbl 2P reserves
- FPSO production facility
- First production mid 2005
- Santos interest 33.4%



Building & Acquiring 2

Bayu-Undan Liquids

- First production April 2004
- Total Capex US\$1.8 billion
- LNG subject to Timor Sea Treaty
- Combined peak production over 6 mmboe p.a. (Santos share)
- Santos interest 11.8%



Building & Acquiring 3

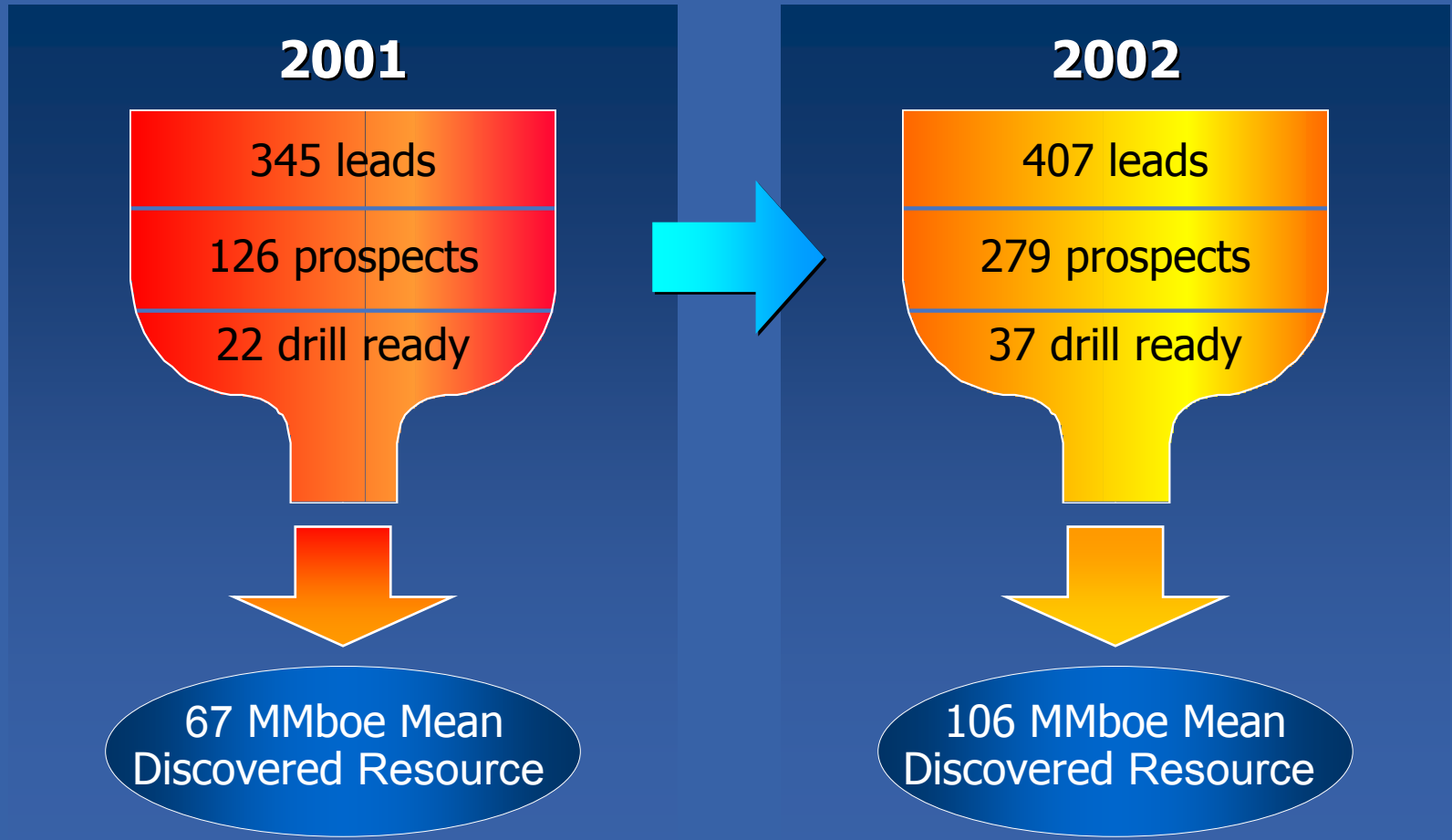
Oyong Oil & Gas

- Heads of Agreement Feb 2003
- Minimum 40 MMcf/d for 10 years
- 2P gas 90 BCF and oil 5 mmbbl
- Capex US\$80m
- Production 2H 2004
- Santos interest 45%



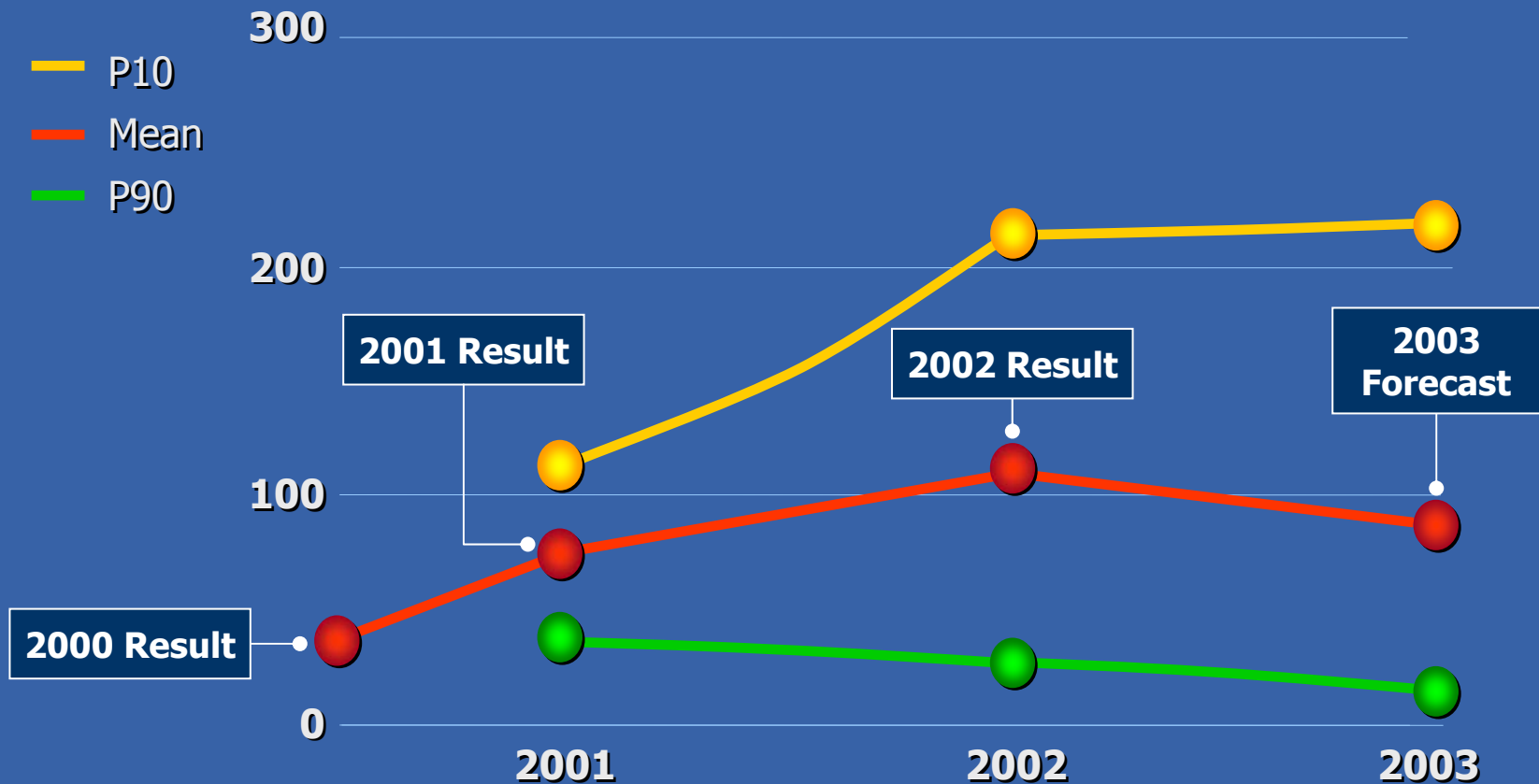
Exploration & New Ventures

Expanding our exploration opportunities



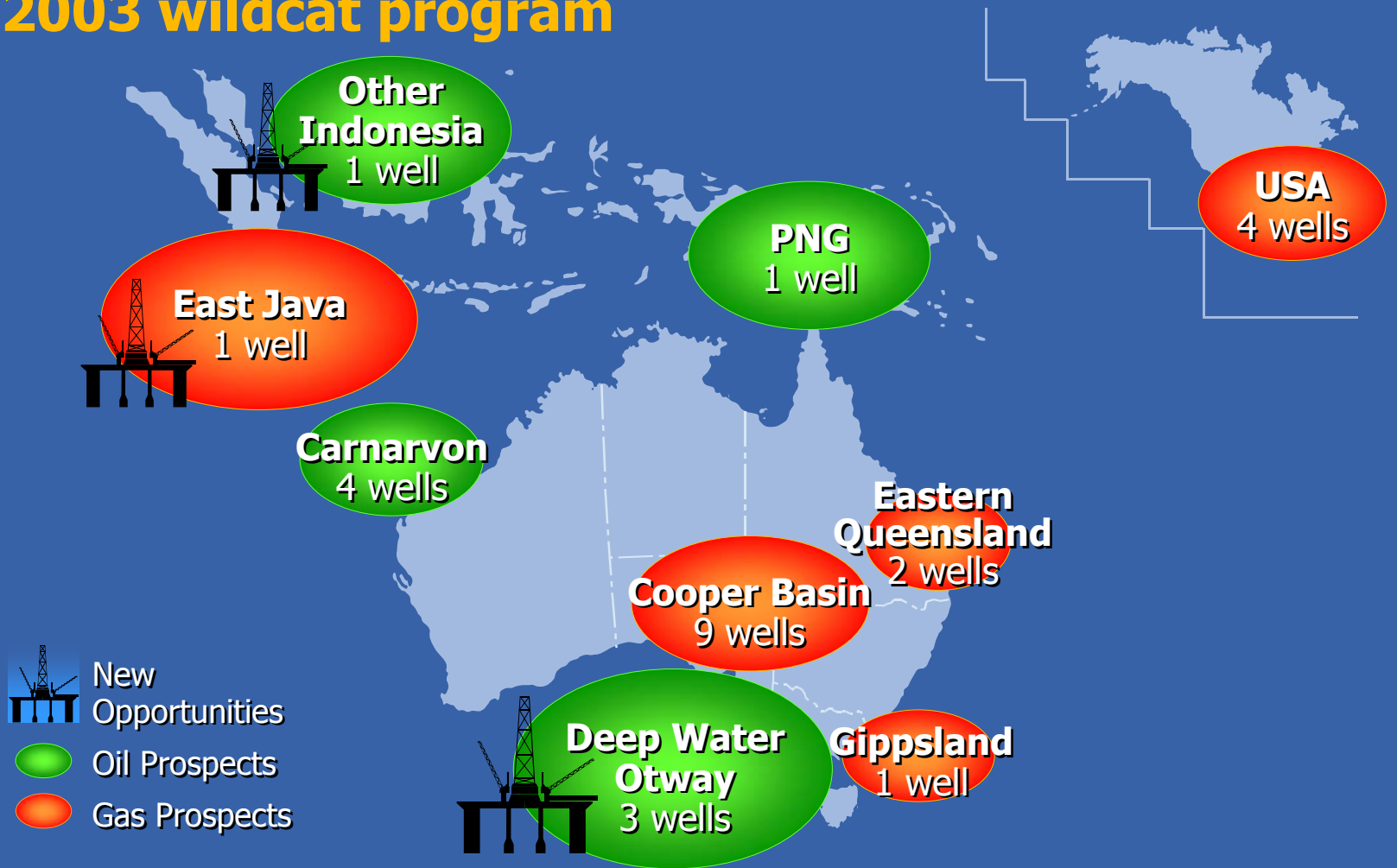
Exploration & New Ventures

Resource potential (mmboe)

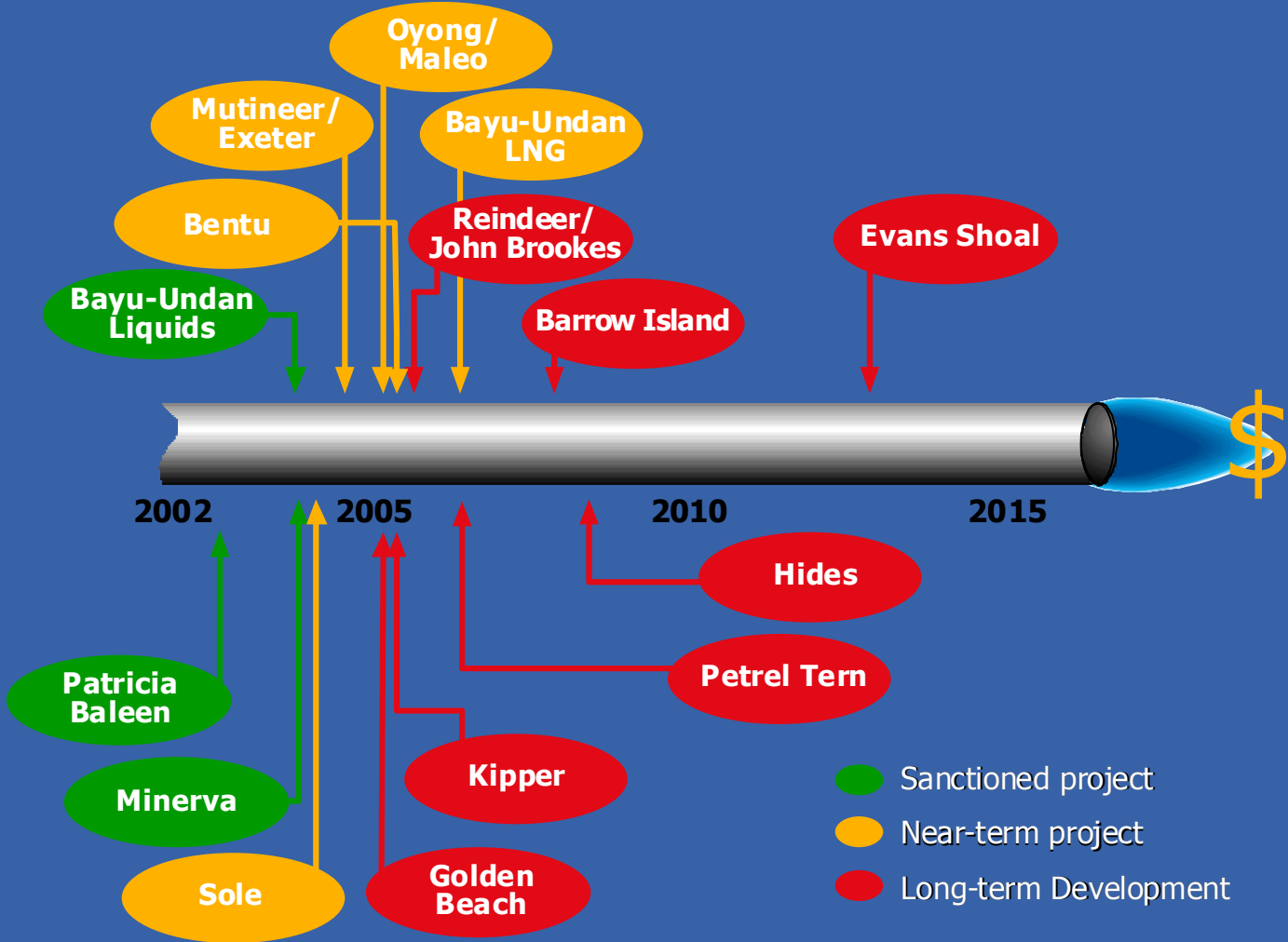


Exploration & New Ventures

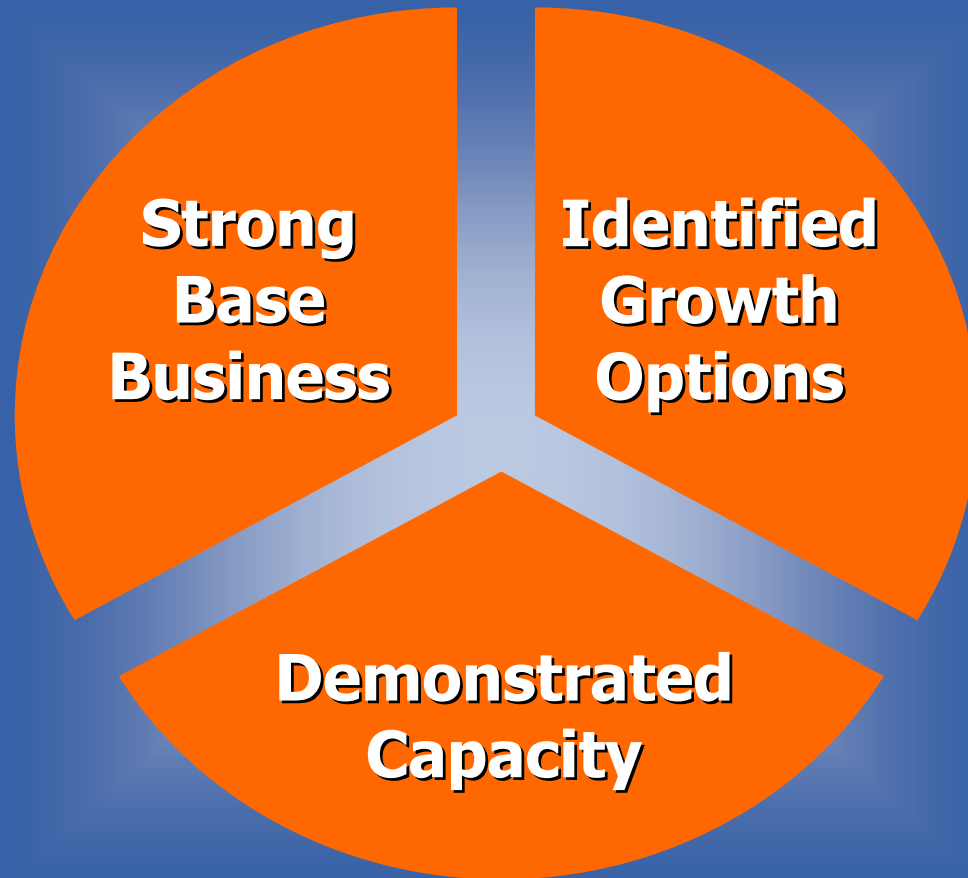
2003 wildcat program



Identified Growth Options



Santos: The Fuel To Grow

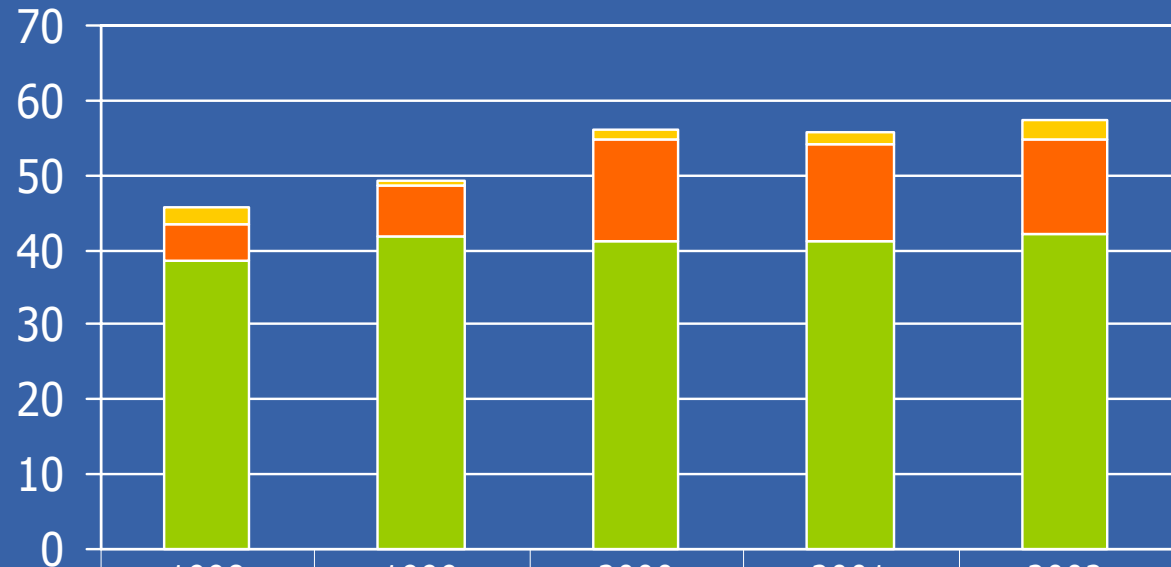


Reference Slides

Production Volumes

(mmboe)

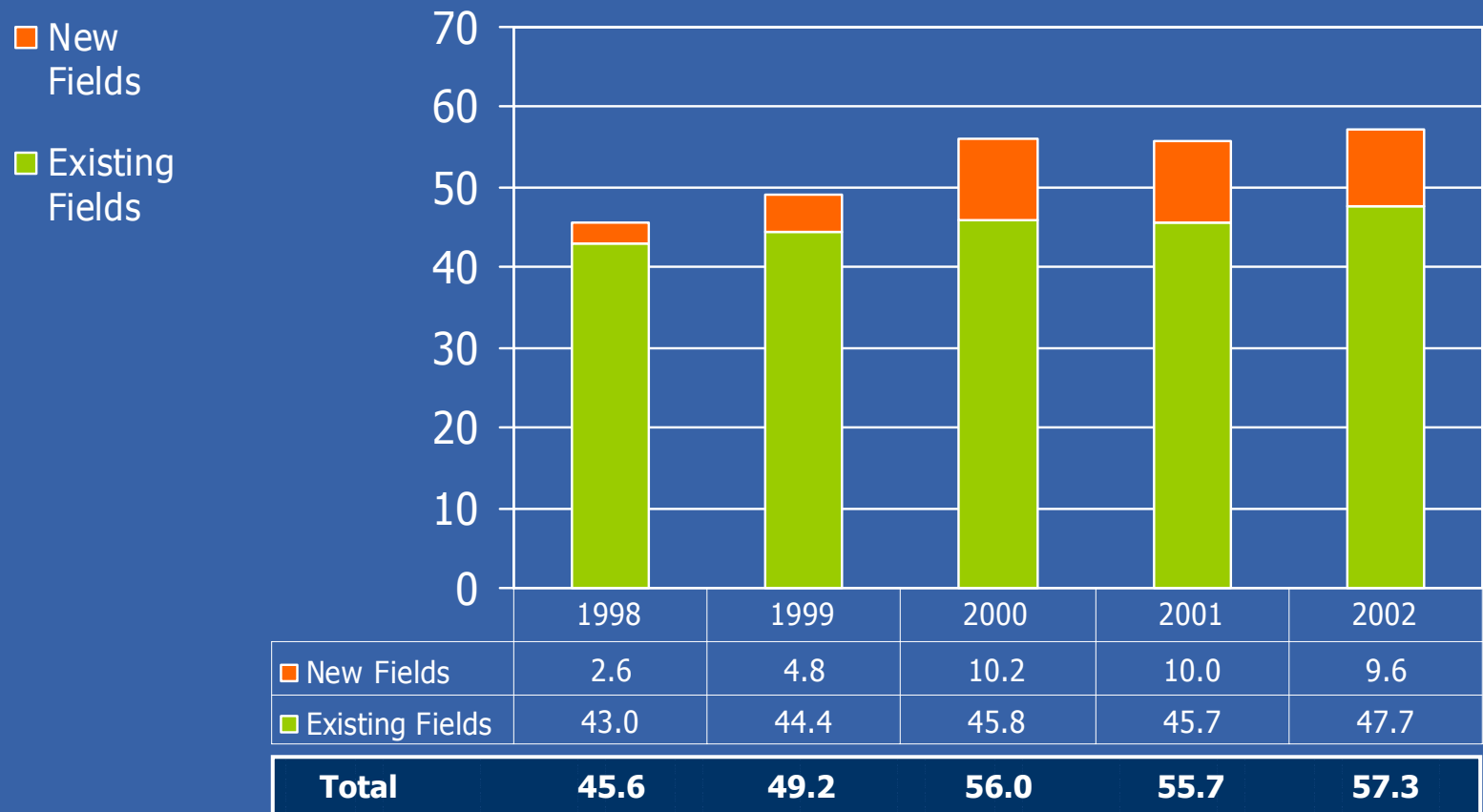
- Overseas
- Offshore
- Onshore



| | 1998 | 1999 | 2000 | 2001 | 2002 |
|--------------|-------------|-------------|-------------|-------------|-------------|
| Overseas | 2.1 | 0.6 | 1.1 | 1.5 | 2.4 |
| Offshore | 5.0 | 6.8 | 13.6 | 12.9 | 12.8 |
| Onshore | 38.5 | 41.8 | 41.3 | 41.3 | 42.1 |
| Total | 45.6 | 49.2 | 56.0 | 55.7 | 57.3 |

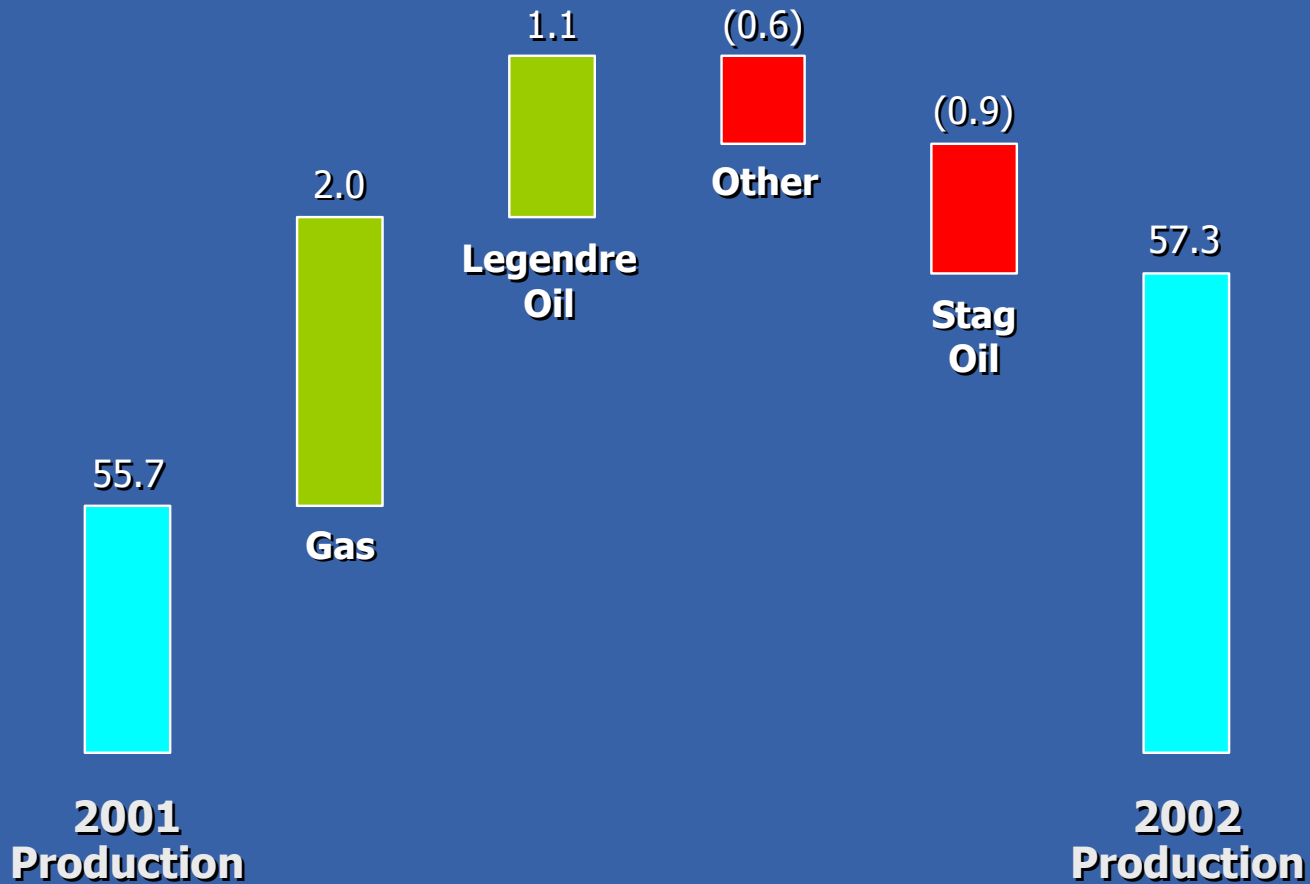
Production

New vs existing (mmboe)



Production Analysis

(mmboe)



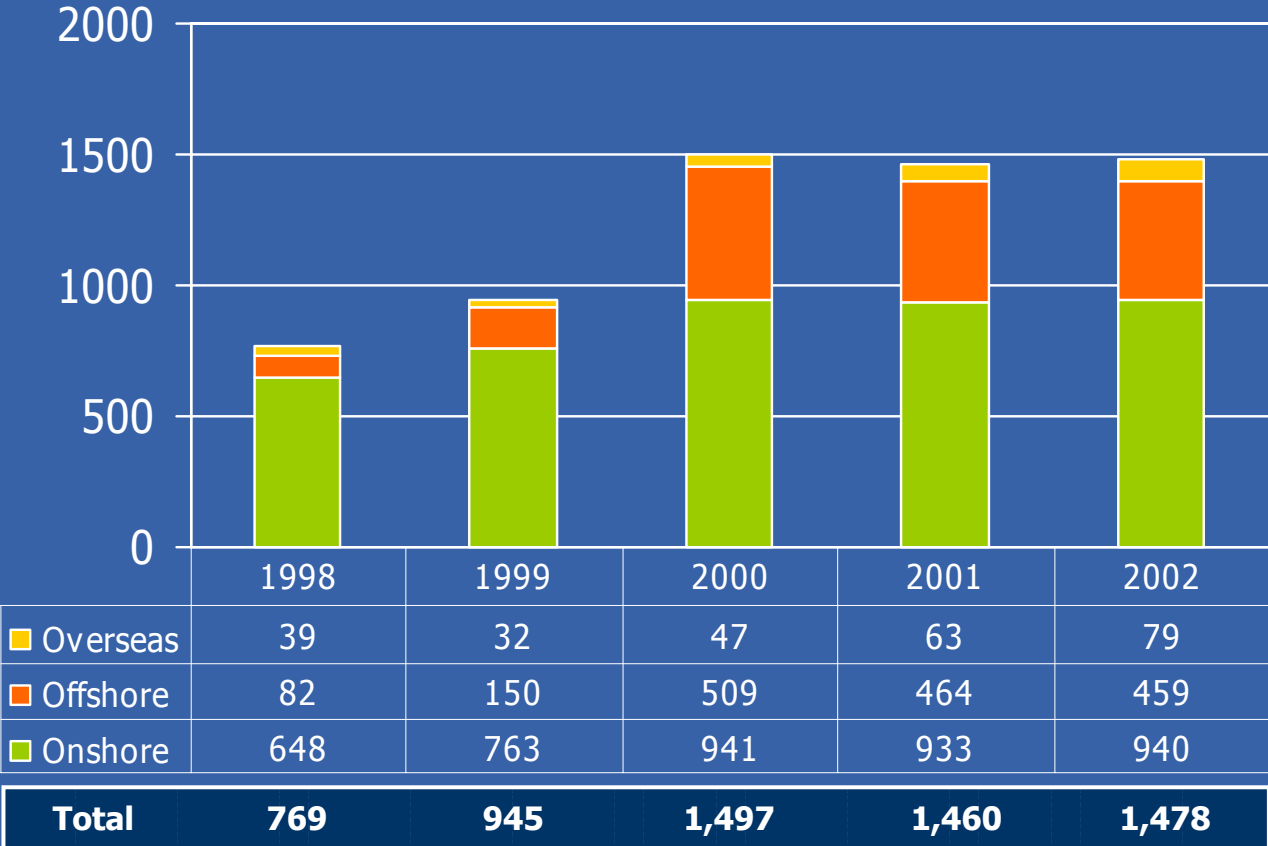
2002 Oil Prices

| | 2001 | 2002 | %Change |
|---|-------|-------|---------|
| Realised Oil Price USD/bbl (after hedging) | 25.22 | 25.12 | -0.4 |
| Realised Oil Price AUD/bbl | 45.52 | 44.74 | -1.7 |

Sales Revenue

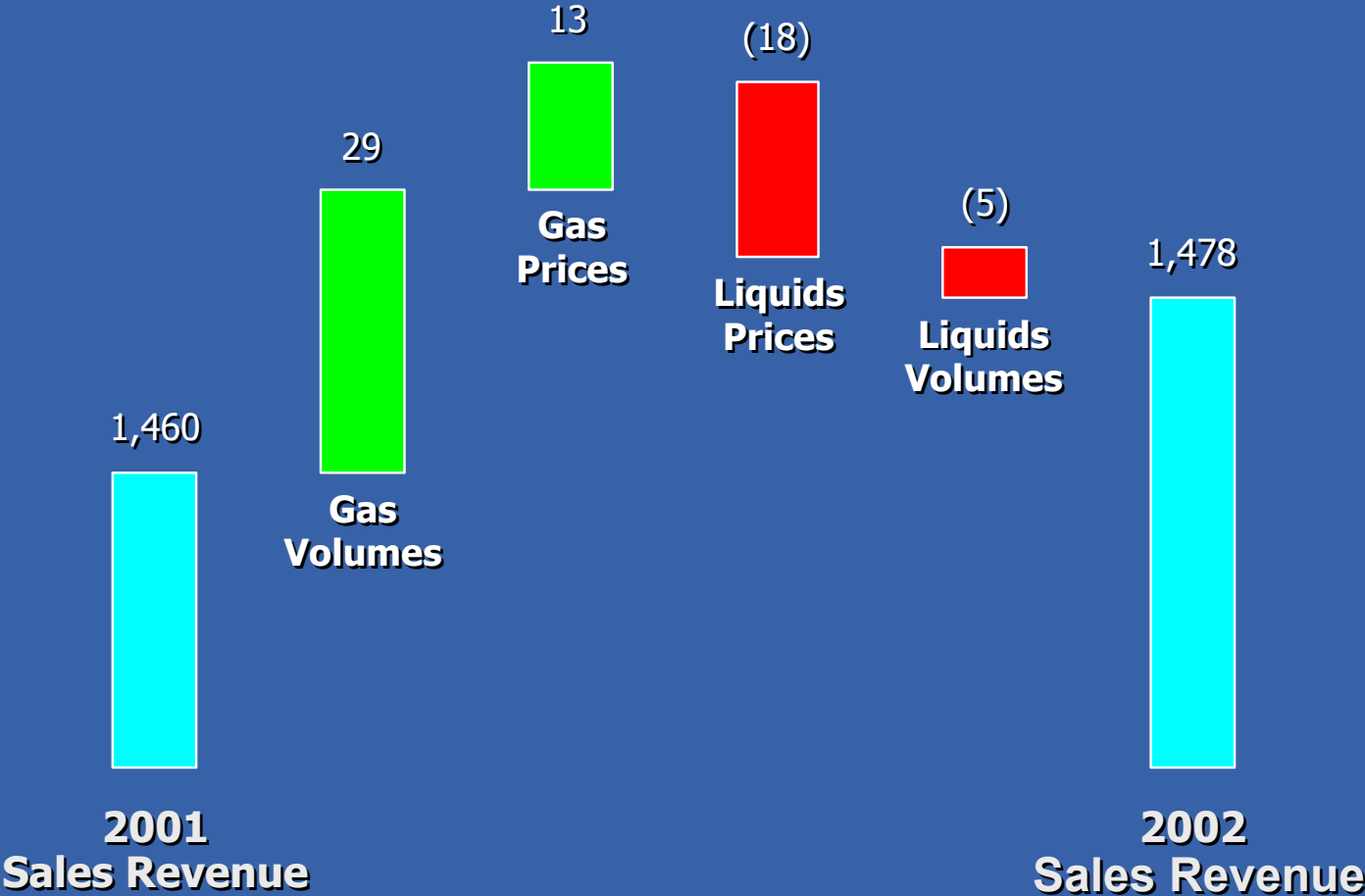
(\$A million)

- Overseas
- Offshore
- Onshore



Sales Revenue Analysis

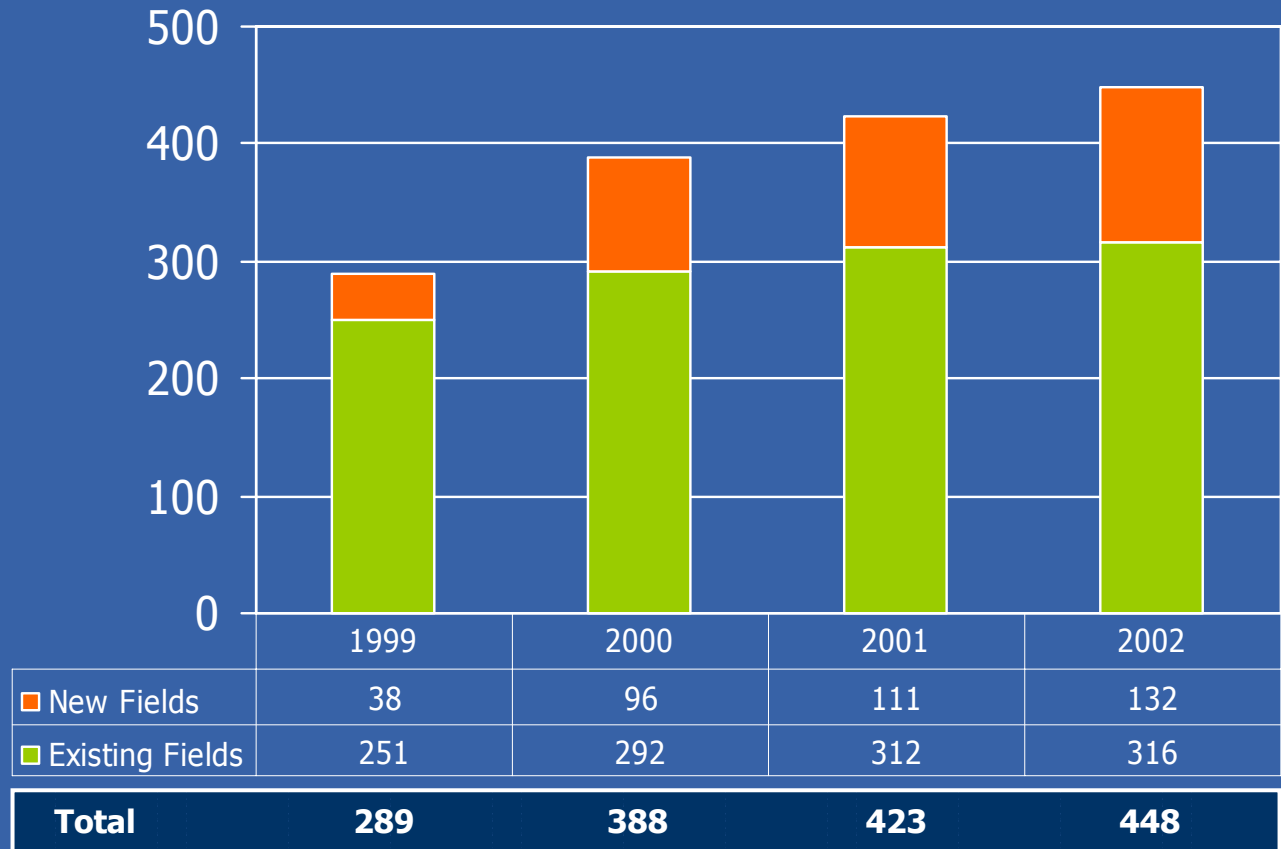
(\$A million)



Operating Expenses

New vs existing production (A\$ million)

- New Fields
- Existing Fields



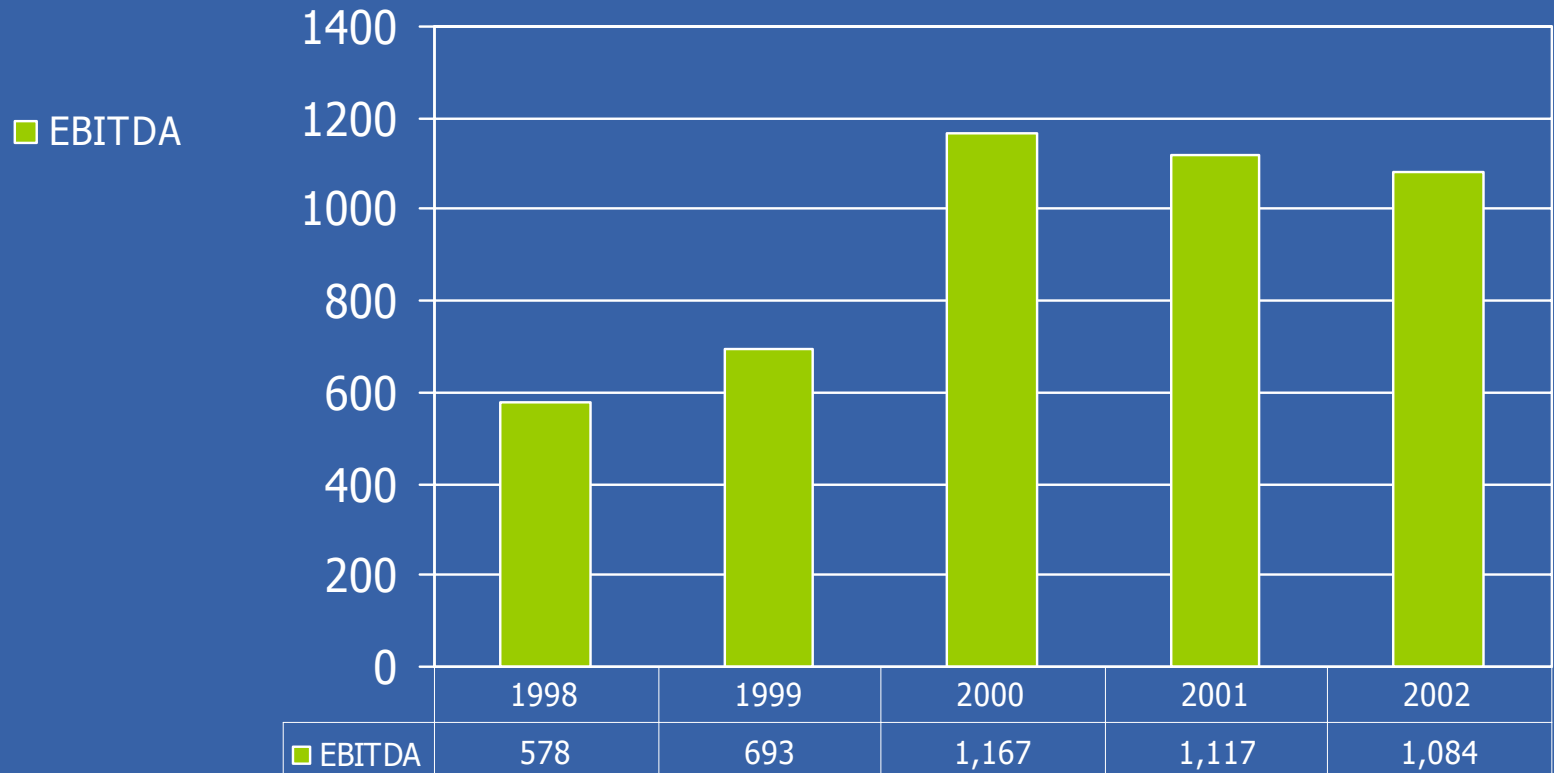
Operating Expenses

(\$A million)

| | 2001 | 2002 |
|---------------------------|--------------|--------------|
| Operating Costs | 288.5 | 313.2 |
| Pipeline Tariffs / Tolls | 31.7 | 31.0 |
| Royalties / PRRT | 102.6 | 108.7 |
| Third party gas purchases | 13.6 | 4.5 |
| Inventory Movement | (13.4) | (9.1) |
| Total | 423.0 | 448.3 |

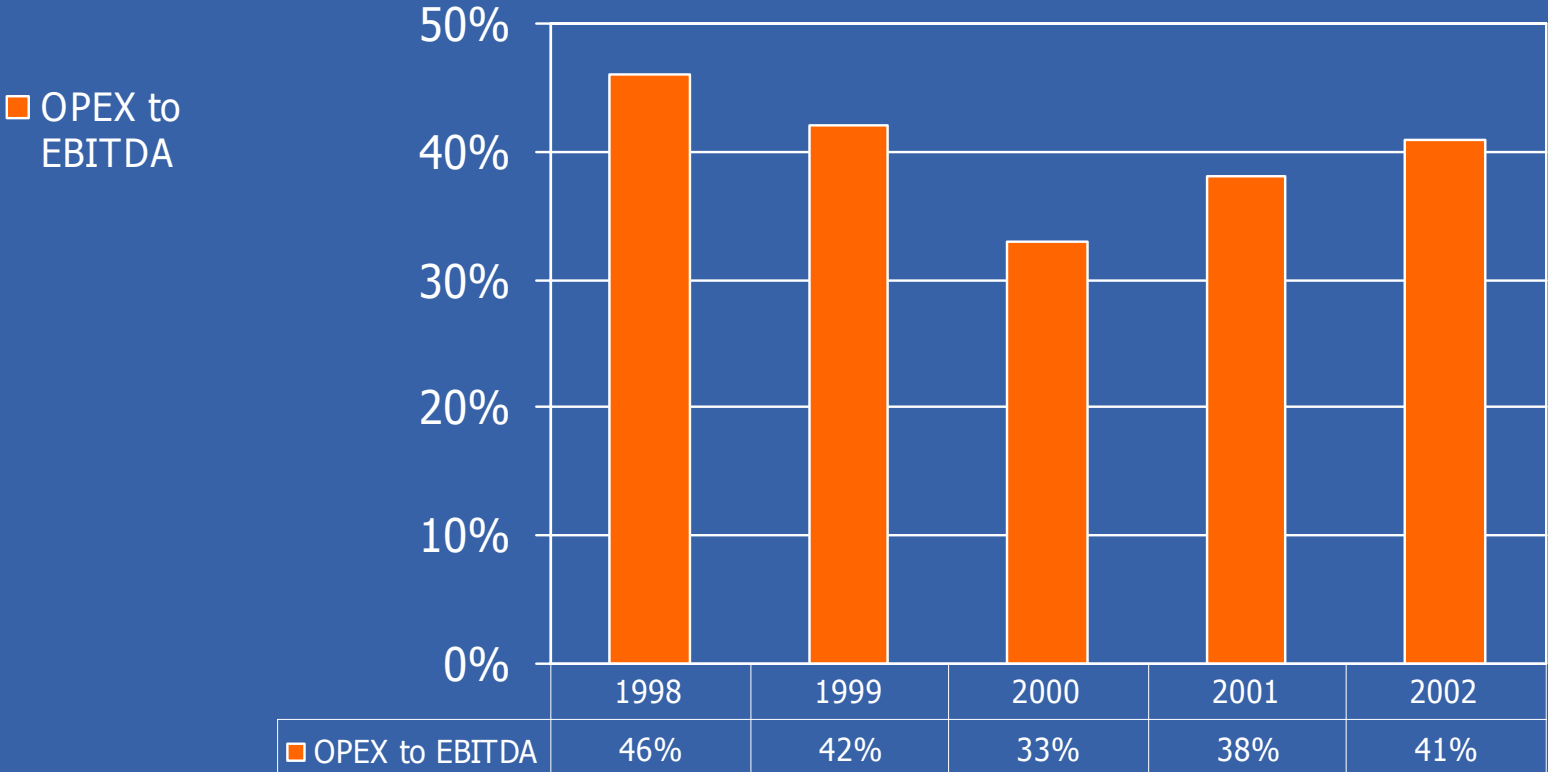
EBITDA

(\$A million)



Operating Expenses to EBITDA

(Percent)



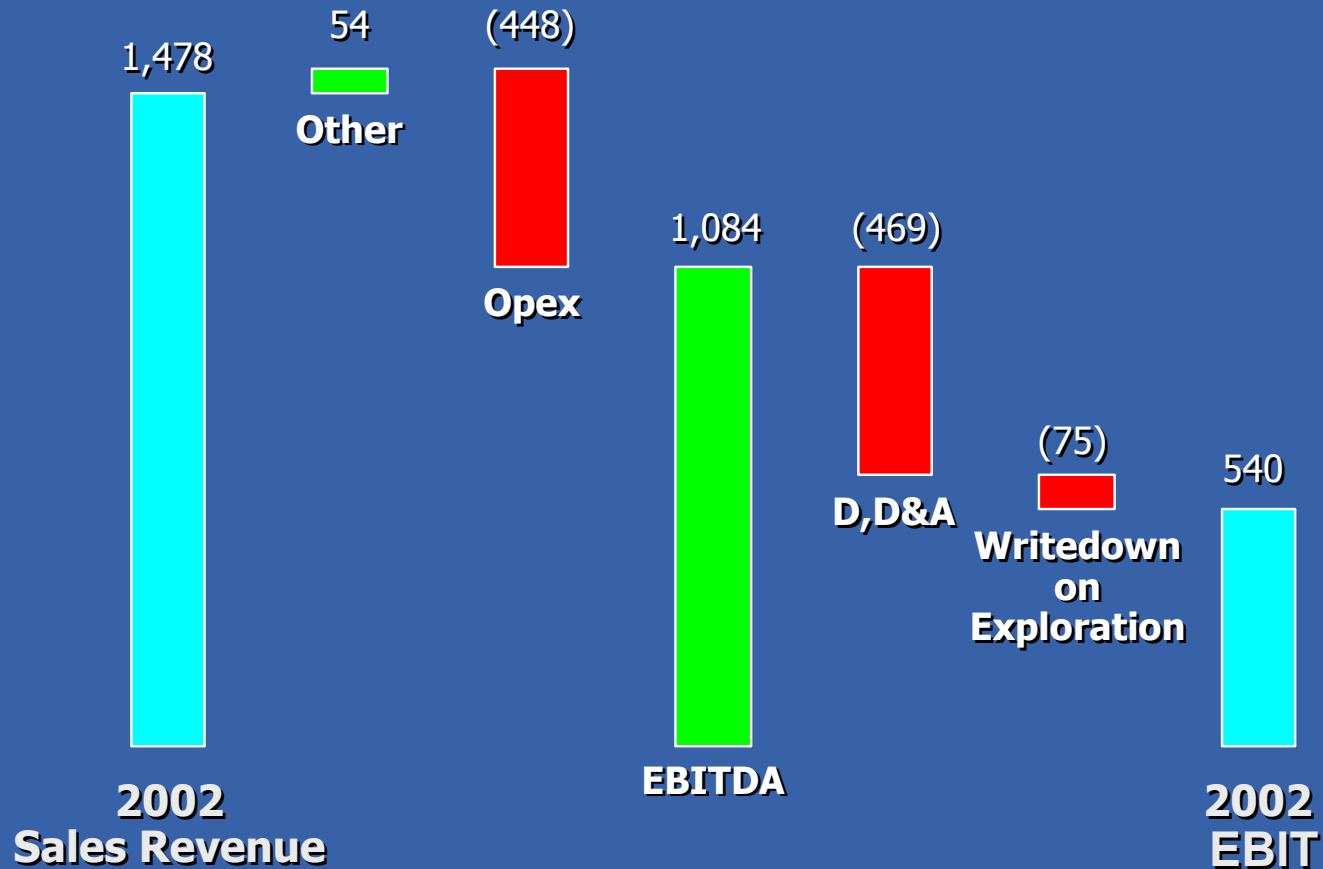
Depreciation, Depletion & Amortisation

(\$A million)

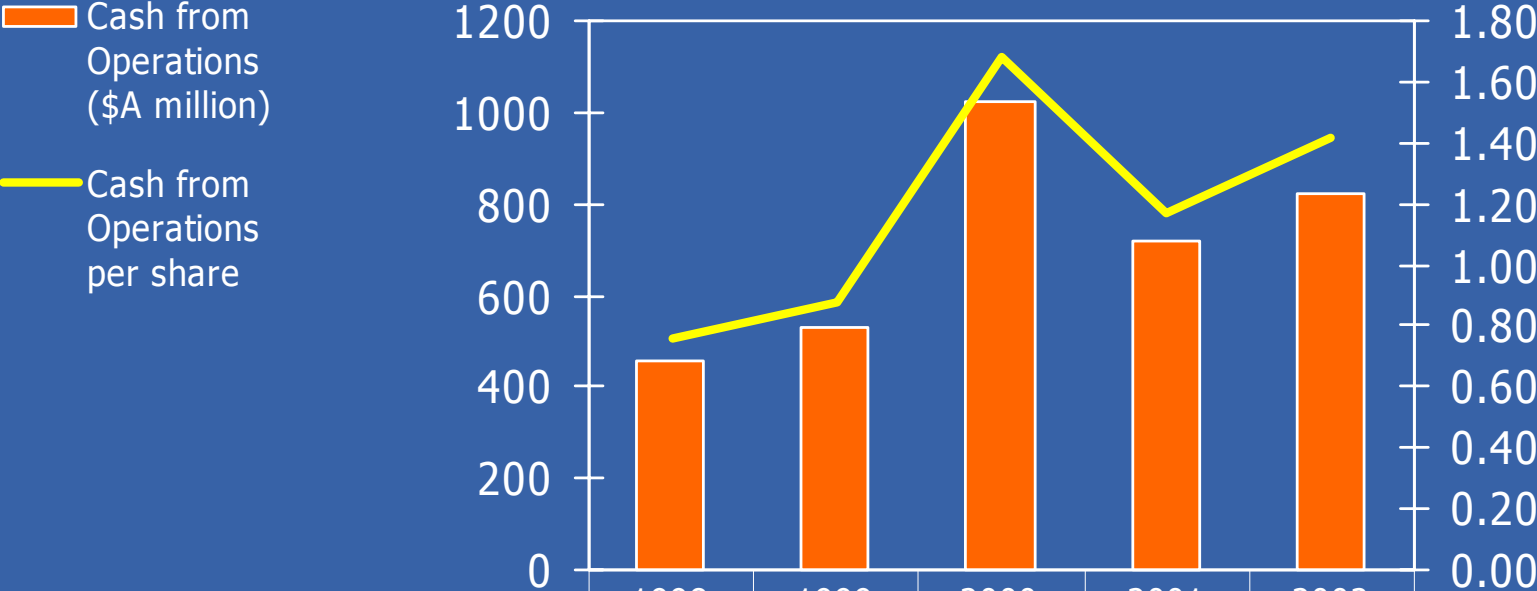
| | 2001 | 2002 |
|--|--------------|--------------|
| Depletion of exploration & development expenditure | 277.1 | 310.9 |
| Depreciation of plant & equipment | 119.1 | 126.1 |
| Depreciation of buildings | 3.3 | 5.3 |
| Future restoration costs | 12.4 | 17.0 |
| Amortisation of capitalised leases | 0.4 | 0.8 |
| Amortisation of goodwill | 9.0 | 9.0 |
| | 421.3 | 469.1 |
| Write-down of exploration expenditure | 3.8 | 75.3 |
| Total | 425.1 | 544.4 |

Earnings Before Interest & Tax (EBIT)

(\$A million)



Cashflow From Operations



| | | | | | |
|--|-------|------|------|------|------|
| █ Cash from Operations (\$A million) | 457.6 | 530 | 1023 | 717 | 821 |
| — Cash from Operations per share (\$A) | 0.76 | 0.87 | 1.68 | 1.17 | 1.41 |

Cashflow From Operations

(\$A million)

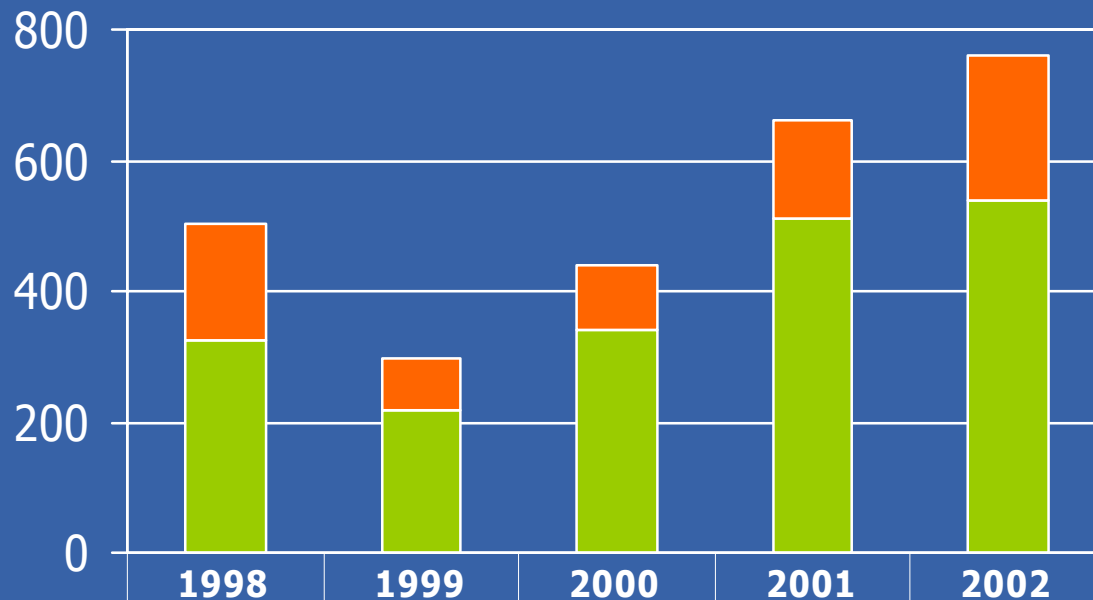


Exploration & Delineation, Development & Construction

(\$A million)

■ Exploration & Delineation

■ Development & Construction



| | | | | | |
|------------------------------|------------|------------|------------|------------|------------|
| ■ Exploration & Delineation | 181 | 78 | 100 | 151 | 224 |
| ■ Development & Construction | 324 | 219 | 341 | 509 | 537 |
| Total | 505 | 297 | 441 | 660 | 761 |

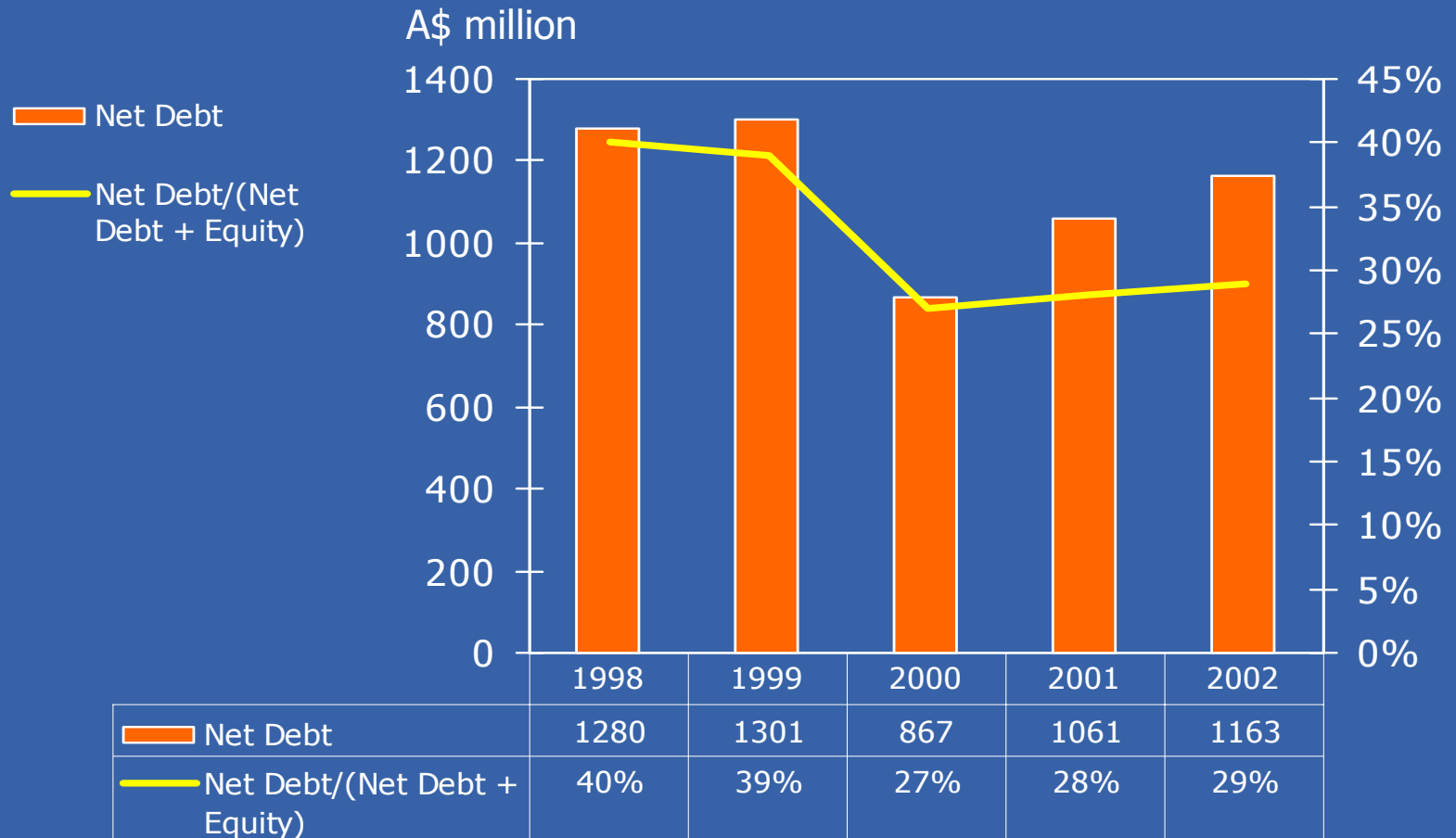
Capital Expenditure

(\$A million)

| | 2001 | 2002 |
|-----------------------------------|--------------|--------------|
| Exploration | | |
| Australia | 45.0 | 63.7 |
| Overseas | 48.4 | 69.5 |
| Delineation | | |
| Australia | 57.4 | 64.1 |
| Overseas | - | 26.2 |
| Development ⁽¹⁾ | | |
| Australia | 473.1 | 474.5 |
| Overseas | 36.3 | 62.7 |
| Total | 660.2 | 760.7 |

(1) Includes construction and fixed assets expenditure

Net Debt & Gearing

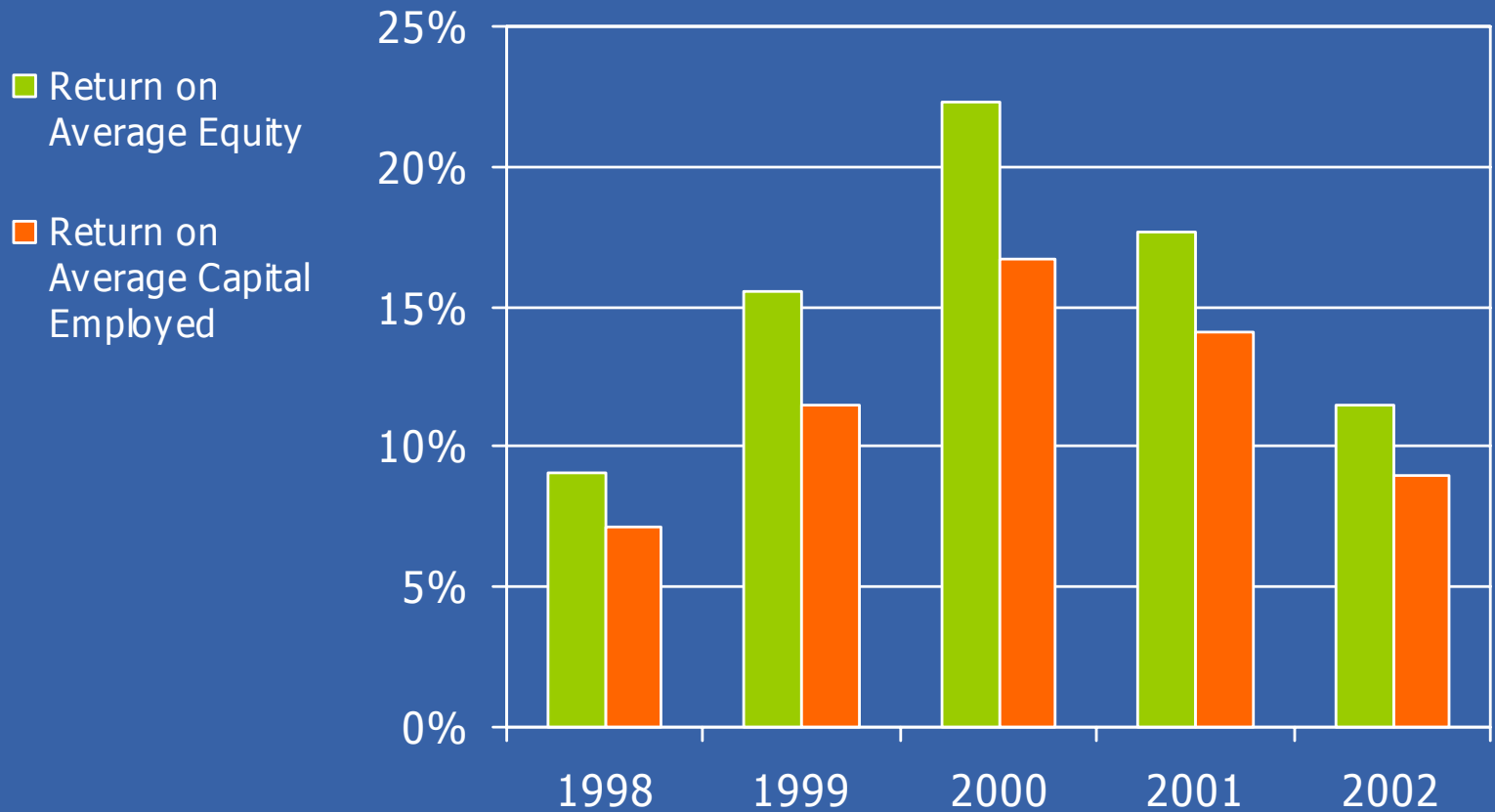


Interest Cover



Returns

(Percent)



Earnings Per Share (EPS)

(Cents per share)

