

2006 Full Year Results

John Ellice-Flint - Chief Executive Officer
Peter Wasow - Chief Financial Officer

22 February 2007

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1

Webcast Agenda

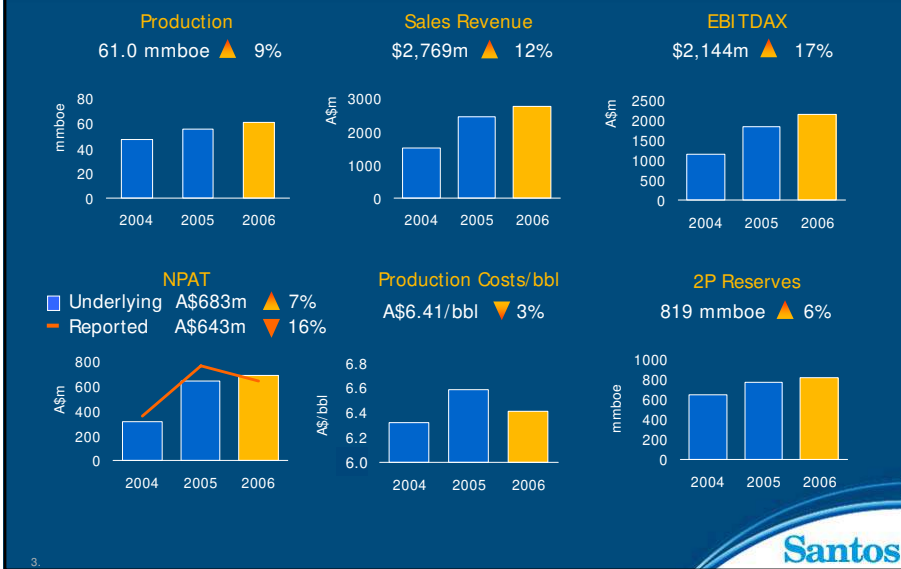
John Ellice-Flint
CEO & Managing Director

- ▶ Operational and financial highlights
 - Financial performance
 - Strategic value drivers and outlook
 - Cooper Basin oil
 - Eastern Australian gas
 - Western Australian oil and gas
 - LNG projects
 - Asian growth

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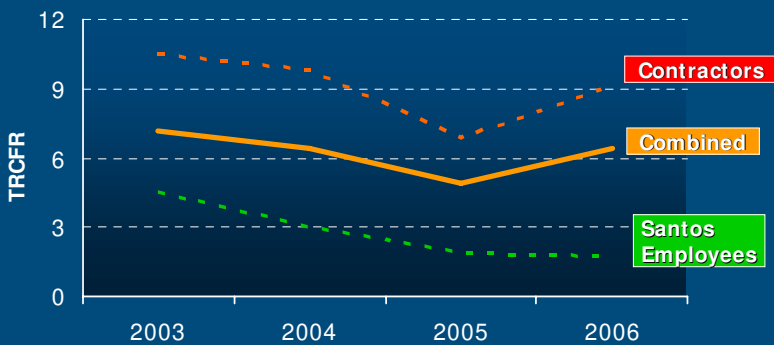
2

Strong Operating Performance



Safety Performance

Total Recordable Case Frequency Rate has increased



Banjar Panji Incident

- Santos 18% non-operated interest
- Mud flow commenced May 2006
- Response effort managed by a National Mitigation Team
- Financial impact remains uncertain



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14% Increase in Contingent Resources

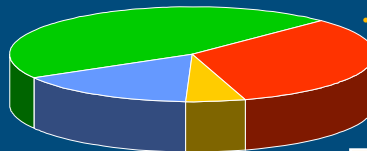
Over 2.2 billion boe of contingent resource

Australia Offshore
1,025 mmboe

- Evans Shoal
- Caldita/Barossa
- Petrel/ Tern
- Reindeer

Australia Onshore
733 mmboe

- Fairview
- Roma



PNG
363 mmboe

- Hides
- Barikewa
- Elevela

Asia
117 mmboe

- Hiu Aman
- Wortel
- Blackbird/ Dua
- Swan

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Peter Wasow
Chief Financial Officer

Operational and financial highlights

▶ **Financial performance**

Strategic value drivers and outlook

Cooper Basin oil

Eastern Australian gas

Western Australian oil and gas

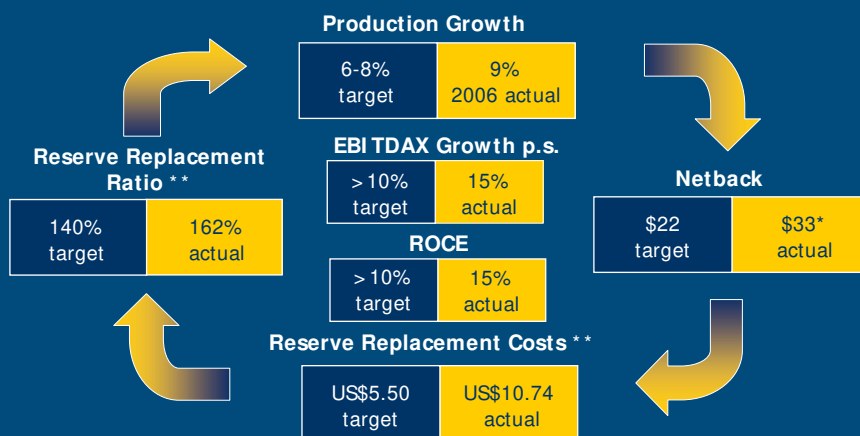
LNG projects

Asian growth



7.

2006 Delivers On Strategic Targets



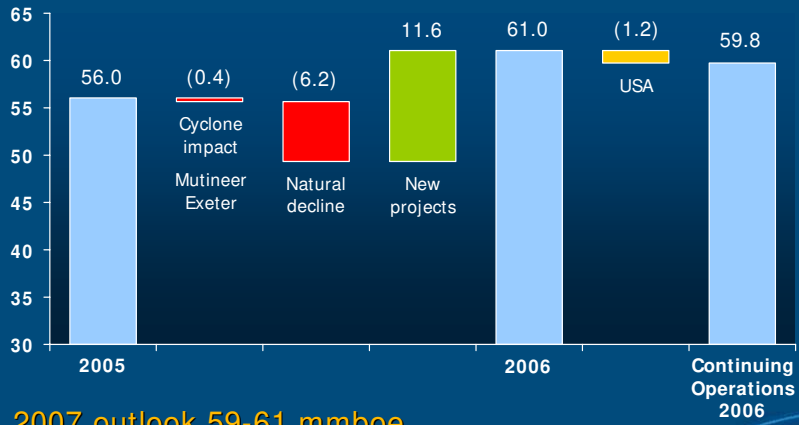
* Normalised for the A\$45 oil price implicit in target, netback would be approx \$20
 ** 3 year rolling average



8.

Production Grows 9%

mmboe



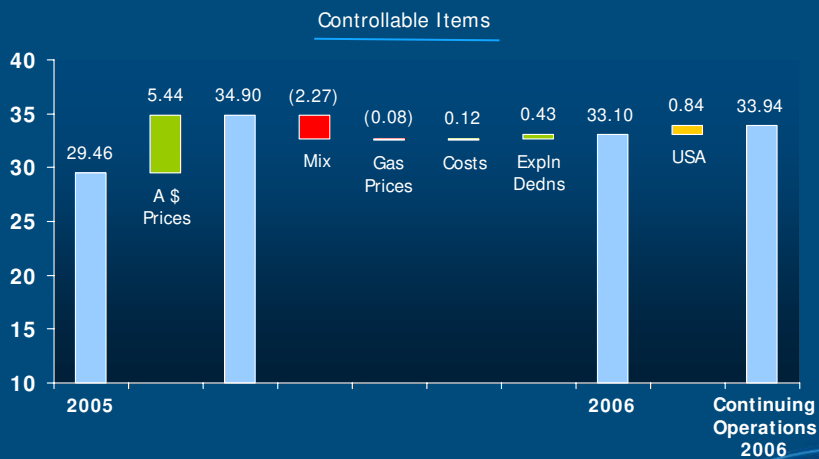
2007 outlook 59-61 mmboe

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Margin Grows 12%

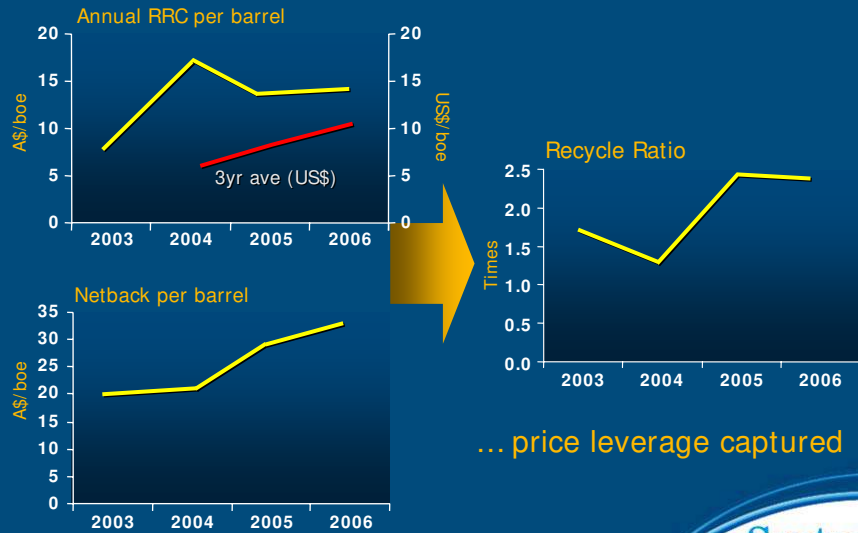
Netback \$/boe (Cash margin per boe sold)



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Reserve Replacement Cost Under Control

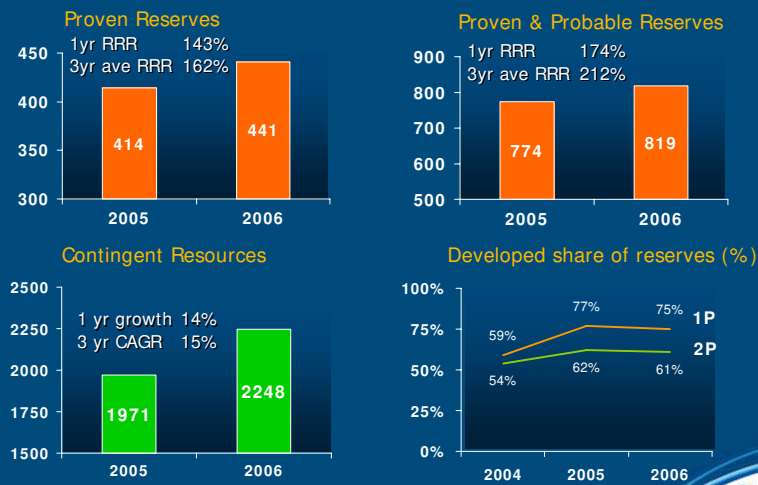


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Reserves Grow

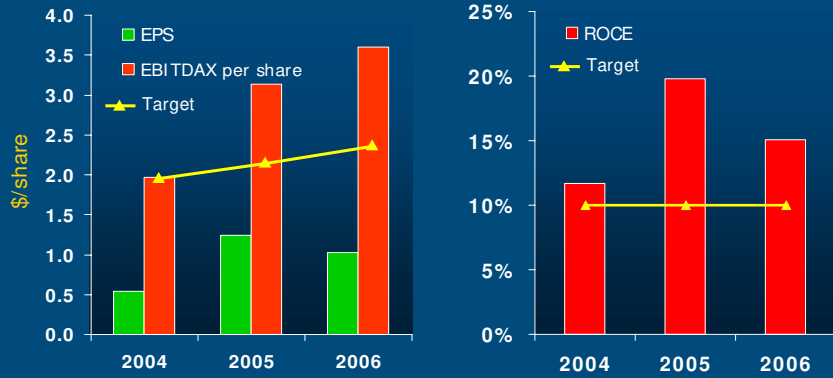
m mboe



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...and Shareholders Benefit

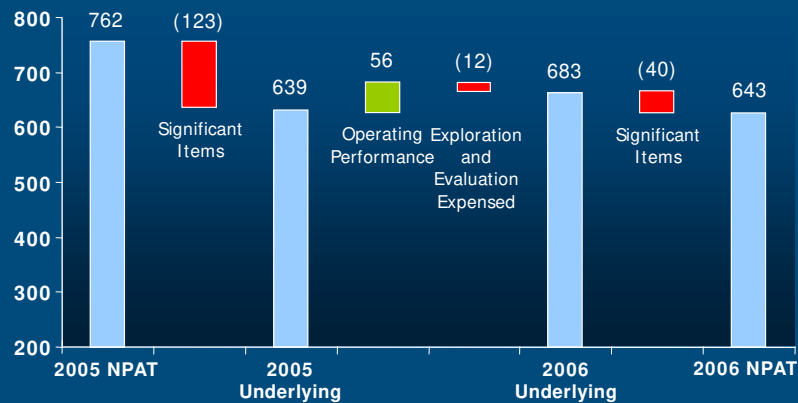


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Operating Performance Remains Strong

NPAT (\$m)



... operating performance up 9%
offset by higher E&E ... underlying profit up 7%

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Behind the Headline: Significant Items

	2006	2005
Impairment reversal/ (write down)	(14)	77
Gain on asset sales	41	39
Moomba insurance recovery	-	24
Restructuring	-	(4)
Accelerated depreciation East Spar	-	(13)
Banjar Panji 1 well incident	(67)	-
Total	(40)	123

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Banjar Panji Incident

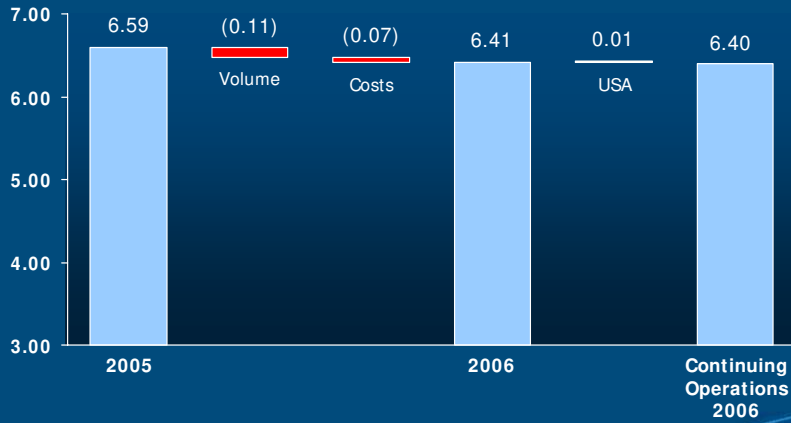
		Estimated Costs	Insurance Accrual	Net
		\$m	\$m	\$m
December 2006	Pre-tax	89	22	67
	Post-tax	89	22	67
June 2006	Pre-tax	24	-	24
	Post-tax	19	-	19

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Production Costs Reducing

Production Cost \$/boe

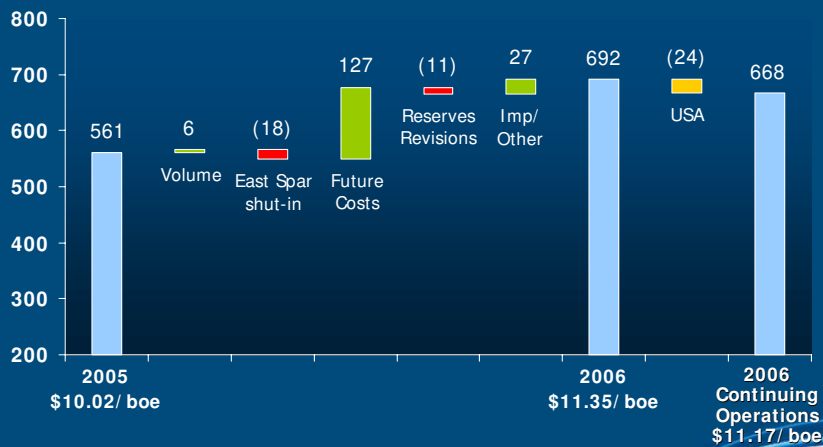


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Higher Industry Costs Drive Up DD&A

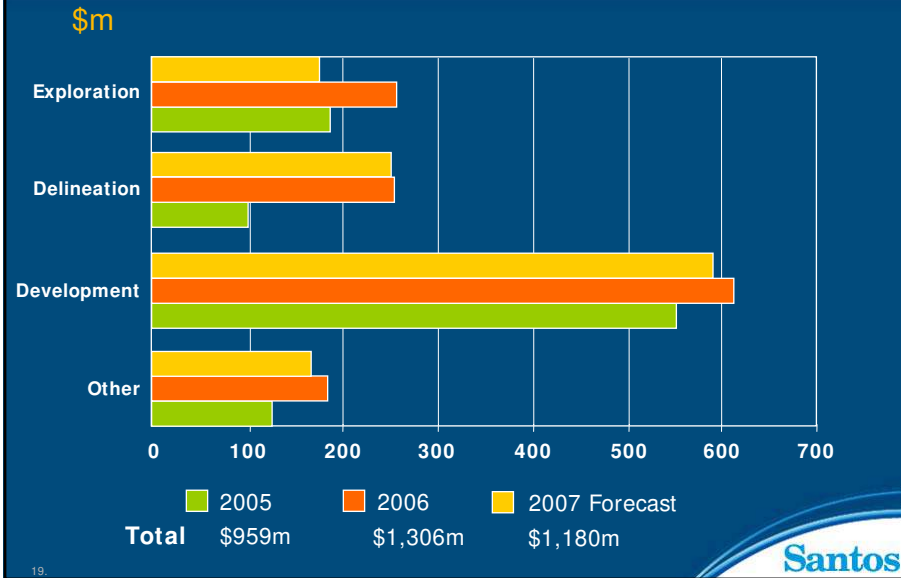
\$m



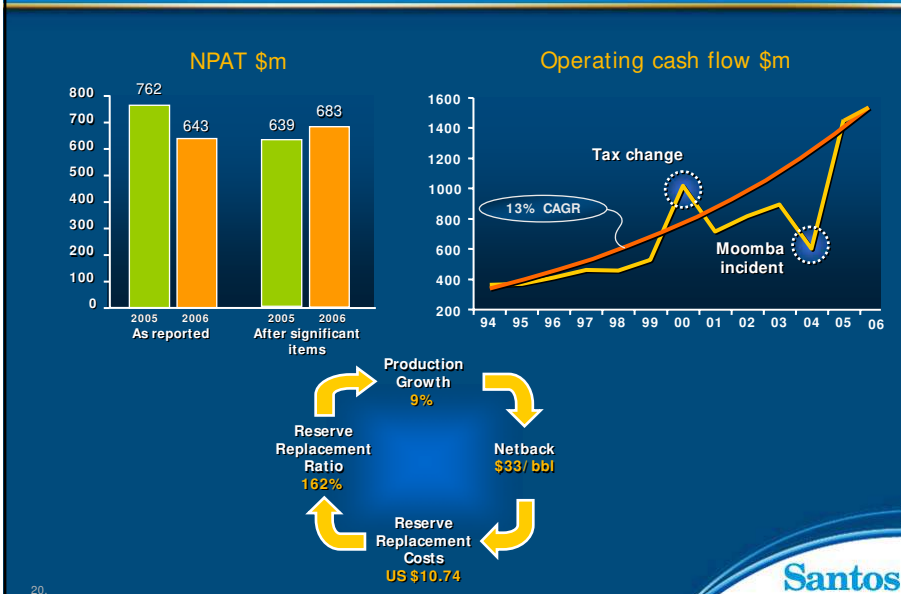
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Capital Expenditure



2006: A Good Year



Webcast Agenda

John Ellice-Flint
CEO & Managing Director

Operational and financial highlights

Financial performance

▶ Strategic value drivers and outlook

Cooper Basin oil

Eastern Australian gas

Western Australian oil and gas

LNG projects

Asian growth

21.

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A Portfolio of Growth Businesses

1. Cooper Basin oil

2. Eastern Australian gas

3. Western Australian oil and gas

4. LNG projects

5. Asian growth

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Cooper Basin Oil

High value opportunity	Santos competitive advantage
Oil prices higher for longer	Largest onshore Australian oil acreage position: 27,000km ²
Over 700 mmbbl original oil in place	Utilising modern rigs and proven technology to increase recovery factors
Ability to execute low cost program	Unique capabilities, knowledge, infrastructure and short cycle time
Positive 2006 results	Doubling program in 2007

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Cooper Basin Oil – 2006 Results

2006 results above expectations

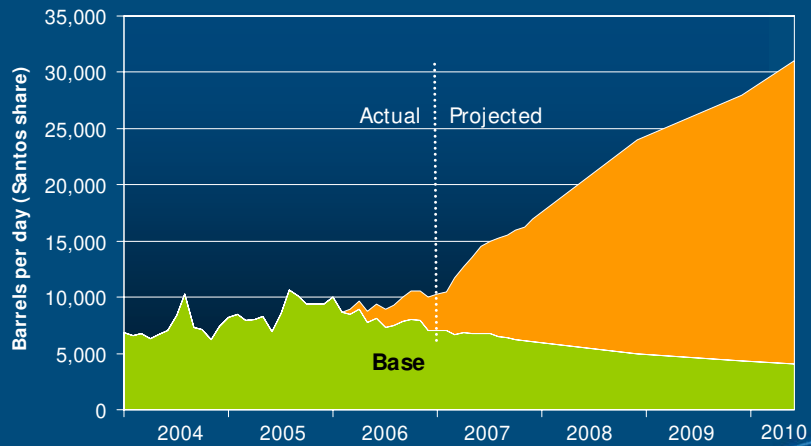
	2006 Plan	2006 Actual	% Change	2007 Target
Wells	100	108	▲ 8%	190
Success Rate	75%	79%	▲ 4%	75%
2P Reserves added (mmbbl)	7	15	▲ 114%	17
Initial rate per well (bbl/d)	120	156	▲ 30%	160
Capex	\$170m	\$186m	▲ 9%	\$330m
Full-cycle F&D Cost (A\$/bbl)	18	22	▲ 22%	22

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Cooper Basin Oil – Production Outlook

Significant near and medium term production impact



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Eastern Australian Gas

Strong market growth

Santos is well positioned

Gas demand growing strongly, PNG gas project suspended



Large uncontracted gas position, demonstrated contracting capability

Gas is a low carbon emission fuel



Increasing gas demand and price

CSG emerging to fill market demand



Established leading position in CSG

Otway Basin now a major gas producing area



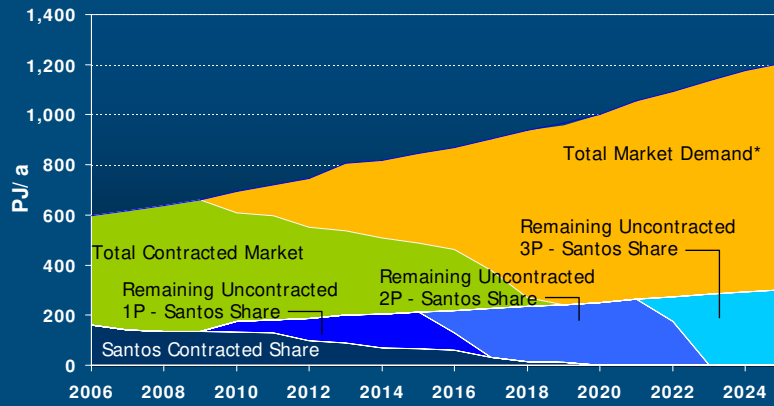
Largest acreage operator in Otway/Sorell Basins

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EA Gas – Supply and Demand

Significant uncontracted demand to place Santos' 1P, 2P & 3P reserves



*Wood MacKenzie – Eastern Australia Gas & Power Outlook to 2025 Fitting the pieces together

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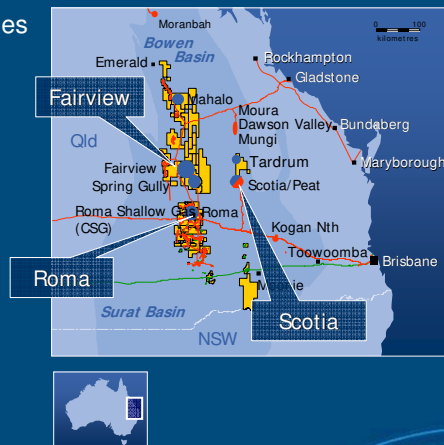
EA Gas – CSG Business

Material CSG legacy asset established

- Strong competitive advantages
 - Highest quality acreage
 - Industry leading capability
 - Existing infrastructure
 - Largest onshore operator

Legend

- Santos acreage
- Extent of Surat/Bowen Basins
- Santos CSG projects
- Other producing CSG projects
- Gas pipeline
- Oil pipeline



28.

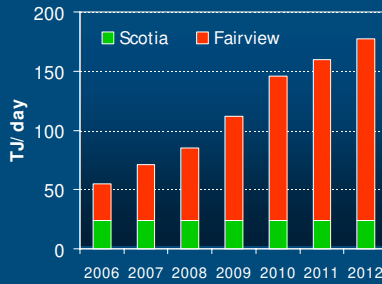
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EA Gas – CSG Growth

65% increase in CSG production in 2006

- Integrated Fairview acquisition
- Added 380 PJ of 2P reserves
- Finding cost of 7c/GJ
- Drilled 40 wells
- Capex A\$124 million
- Installed Fairview to Wallumbilla pipeline

CSG Sales (Santos share)



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Western Australian Oil and Gas

Oil upside, gas prices rising

Santos well positioned

Global gas prices rising



WA gas market has moved to \$5+ per GJ

Demand for gas remains high



Uncontracted John Brookes reserves

Further growth expected at higher prices



Reindeer development opportunity

Proven hydrocarbon systems



Multiple oil exploration and appraisal targets, short cycle time opportunities

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WA Oil & Gas – Gas Production Outlook

Production increasing into higher price environment

- John Brookes ramp-up
 - 200 PJ uncontracted 2P reserve
- Reindeer follow up opportunity
 - 300–500 PJ resource
 - Feasibility study underway
 - First production target 2010



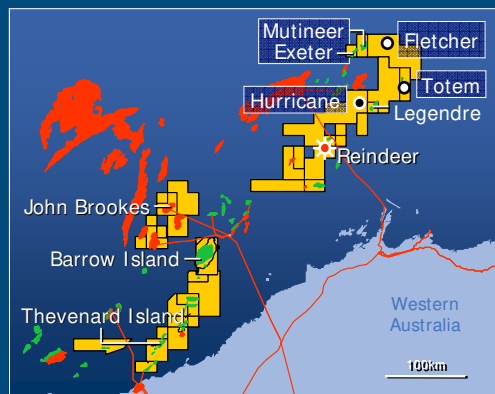
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WA Oil & Gas – Exploration & Appraisal

Short cycle time, near field oil opportunities

- Carnarvon Basin 2007 wells
 - Fletcher
 - Totem
 - Hurricane appraisal
 - Mutineer appraisal



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LNG Projects

Favourable LNG dynamics	Santos well positioned
Booming demand for LNG	Multiple LNG opportunities
Large gas resources a prerequisite	Significant contingent resource positions with quality assets
PNG LNG	Hides field critical to PNG LNG
Darwin LNG expansion	Santos 40% interest in 8+ tcf of resources

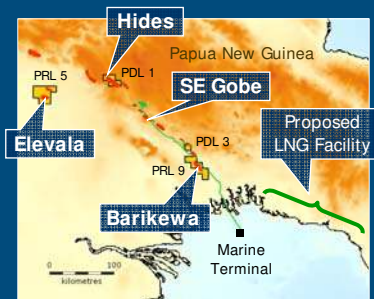
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LNG Projects - PNG

LNG the focus for PNG gas resources

- ExxonMobil progressing evaluation of LNG development including Hides field
 - 5 to 6.5 mtpa LNG plant
 - First cargos target 2012-2013
 - Santos share 6+ mmboe pa
- Other Santos resources
 - 43% and operator of Barikewa
 - 50% and operator of Elevala
- In total – 363 mmboe contingent resource in PNG



- Legend**
- Santos Acreage
 - Oil Field
 - Gas Field
 - Oil Pipeline



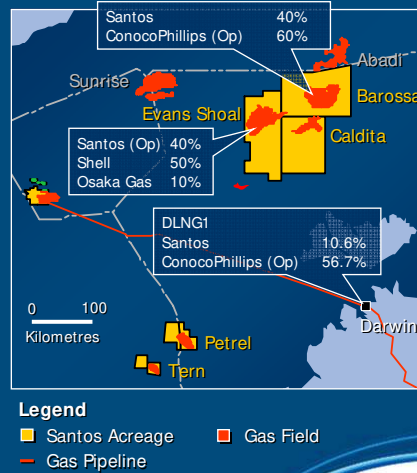
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LNG Projects - Darwin

Santos well positioned for Darwin second train

- Material acreage position
- Appraisal ongoing
- 8+ tcf resource
- Aligned with ConocoPhillips
- 3.5 to 6 mtpa train
- First cargos 2013+



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Asian Growth

High growth potential	Santos has a quality portfolio
Focussed, long term vision required for success	Strategy focus on Asia, USA business for sale
Development, production and exploration in Indonesia	Maleo gas project online, Oyong startup 2Q 2007, Kutei
2006 new country entry to Vietnam	Blackbird, Dua oil discoveries, Swan gas field, active exploration program
Quality acreage captured	Indian entry, Kyrgyzstan acreage extension, Vietnam new block

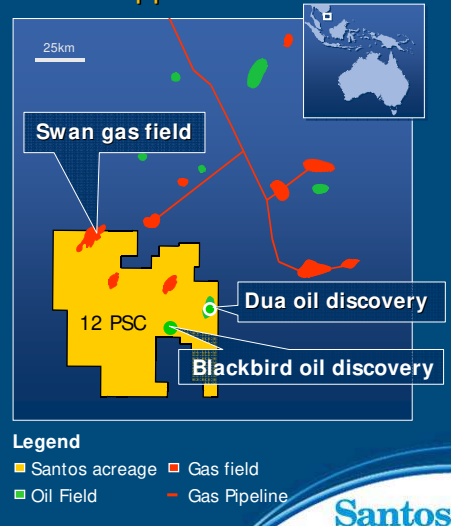
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Asian Growth - Vietnam

Two oil discoveries, with follow-on opportunities

- Blackbird and Dua oil discoveries
- Accelerating seismic into Q1 2007, drilling into Q4 2007
- Commencing development planning
- Swan gas field development potential
- Northern block secured

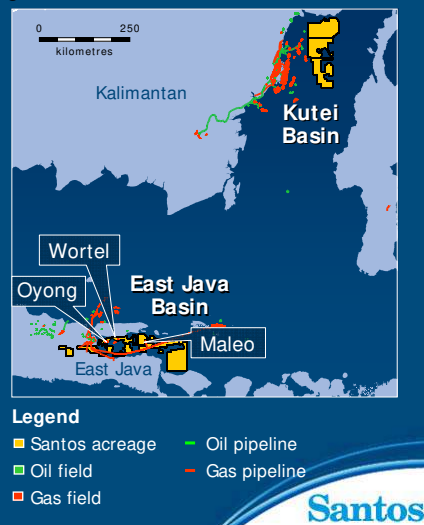


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Asian Growth - Indonesia

Core business positioned for growth

- Oyong Q2 2007 start-up
- Wortel gas discovery
 - Development planning underway
- Jeruk development studies ongoing
- Kutei Basin
 - Exploration/appraisal wells subject to deep water rig availability

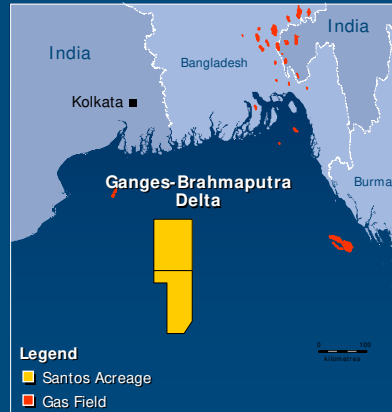


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Asian Growth - India

High potential region

- Attractive frontier basin
- Work program
 - 1 exploration well
 - 2D and 3D seismic
 - Estimated cost A\$90m
- Emerging market with sound energy fundamentals

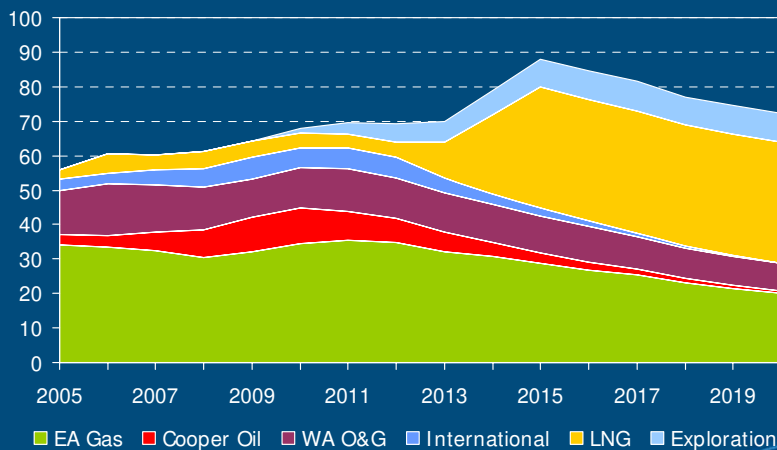


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Production Outlook

Production guidance – 59 to 61 mmbobe in 2007 and 2008



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Summary

1. Cooper Basin oil

- Large scale, low risk opportunity
- Unique competitive advantage
- Acreage and infrastructure

2. Eastern Australian gas

- CSG new legacy asset
- Flexibility through hub strategy
- Positioned for increasing demand

3. Western Australian oil and gas

- Increasing gas production into higher price environment
- Near field exploration and appraisal

4. LNG projects

- Darwin LNG expansion
- PNG LNG using Hides gas

5. Asian growth

- Regional expansion focus

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Reference Slides

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2007 Forward Exploration Schedule

Well Name	Basin / Area	Target	Upside Resource Potential (mboe)			Santos Interest %	Timing
			0 - 50	50 -100	100 - 250		
RAD 2X	Egypt	Oil	✓			50	Q1 07
Mahogany	Surat/Bowen	Oil	✓			53.8	Q1 07
Stitch	Surat/Bowen	Oil	✓			50	Q1 07
Hurricane-2	Dampier	Oil	✓			31.3	Q2 07
Totem-1	Dampier	Oil	✓			33.3	Q2 07
Montegue	Cooper	Gas	✓			66	Q2 07
Fletcher-1	Dampier	Oil		✓		33.3	Q2/Q3 07
Charm-1	Dampier	Oil	✓			22.6	Q2 07
EJ-1	East Java	Oil/Gas			✓	40.5	Q3 07
Charon	Houtman	Oil			✓	33	Q4 07
SEJ-1	Egypt	Oil		✓		100	Q4 07
Falcon	Vietnam	Oil			✓	37.5	Q4 07

The exploration portfolio is constantly being optimised therefore the above program may vary as a result of rig availability, drilling outcomes and as new prospects mature

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Project Status

Project	Oil/ Gas	Initial Production	Estimated Capex A\$m	Status
Cooper Oil (1000 well plan)	Oil	ongoing	1,000	In production
CSG (6 year plan)	Gas	ongoing	700	In production
Oyong Phase 1	Oil	Q2 2007	49	Development
Oyong Phase 2	Gas	2H 2008	37	Development
Henry	Gas	2009	140	FEED
Kipper	Gas	2010	300	FEED
Amulet	Oil	2010	TBC	Appraisal
Dua/Blackbird	Oil	2010-11	TBC	Appraisal
Reindeer	Gas	2010	TBC	Feasibility
PNG LNG	LNG	2012-2013	TBC	Feasibility
Timor/Bonaparte LNG	LNG	2013+	TBC	Appraisal

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Netback

\$m	2006	2005
Sales Revenue	2,769	2,463
Operating Costs	648	663
Netback	2,121	1,800
Sales Volumes (mmboe)	64.1	61.1
Netback \$/ boe	33.10	29.46

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2007 Capital Expenditure Outlook

\$m	2007	2006
Exploration	173	258
Delineation	251	254
Development	756	794
TOTAL	1,180	1,306
Acquisitions (before assumption of debt)	-	11

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Capital Expenditure Details

\$m

	2006
Exploration – 25 wells	258
Delineation – Cooper Basin, Mutineer-Exeter, USA, other	254
Development – Mutineer-Exeter, Bayu-Undan LNG, John Brookes, Casino, Oyong, Maleo	612
Other – Cooper Basin equipment replacement	182
	1,306
	2007 Forecast
Exploration – 14 wells	173
Delineation – Cooper Basin, Mutineer-Exeter, Jeruk, Dua, Barossa, Timor Sea Seismic, Gnu, other	251
Development – Mutineer-Exeter, Stag, Cooper Basin, Fairview, Casino, Oyong, Maleo	591
Other – Cooper Basin, IT equipment	165
	1,180

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Operating Costs

\$m

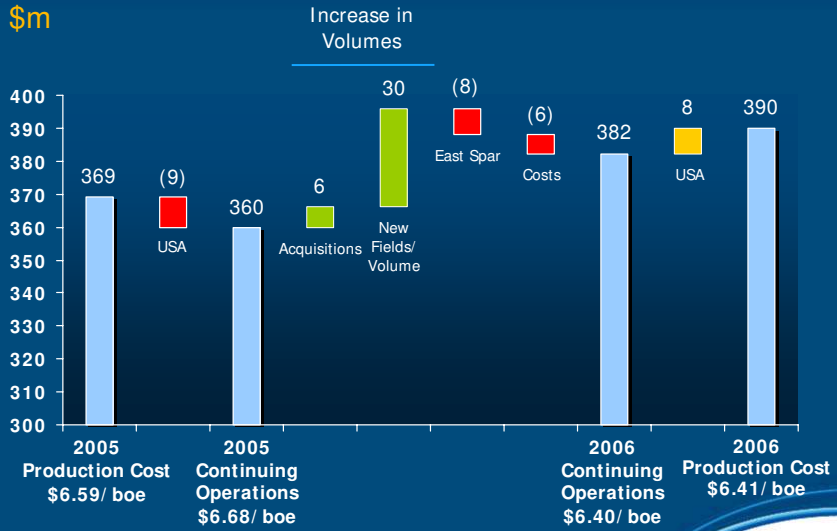
	2006	2005
Production costs	390	369
Tariffs and tolls	51	35
Royalties and Excise	114	115
PRRT	30	53
Gas Purchases	69	101
Inventory Movements	(6)	(10)
	648	663
Production Volume	61.0	56.0
Operating Cost \$/boe	10.62	11.83

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Production Costs

\$m

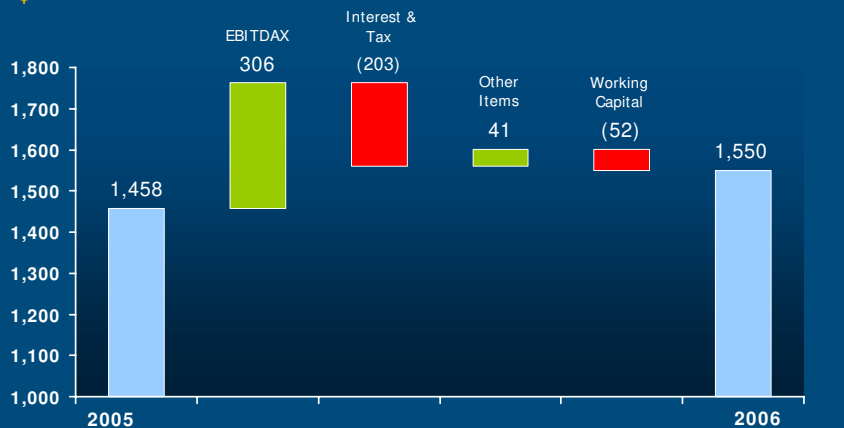


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Operating Cash Flow

\$m

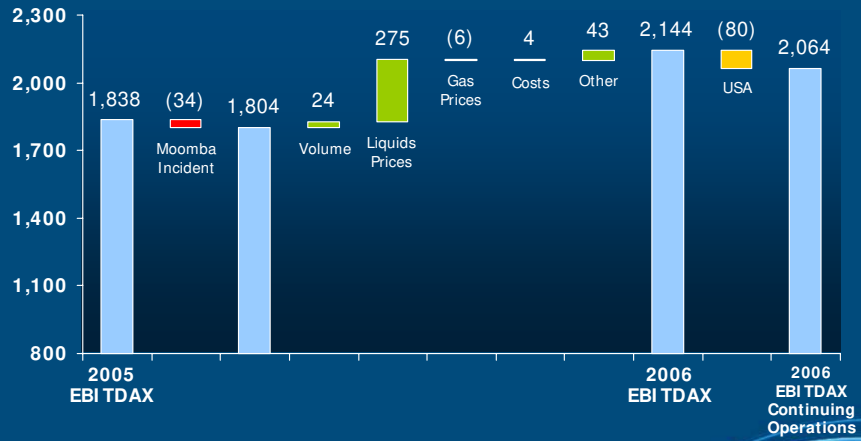


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Operating Performance

EBITDAX (\$m) up 17%



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2007 Sensitivities

Sensitivity	Change	NPAT impact (A\$m)
US dollar oil price	US\$1/bbl	18
A\$/US\$ exchange rate	1 cent	9
Interest rates	1%	10

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Prices & Exchange Rates

	2006	2005	Change %
Realised Oil Price (US\$/bbl)	67.71	54.76	24
Realised Oil Price (A\$/bbl)	89.35	73.83	21
Average Gas Price A\$/GJ	3.78	3.62	4
A\$/US\$ Exchange Rate (after hedging)	75.78	74.17	(2)

53

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54

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