



2007 Full Year Results

John Ellice-Flint - Chief Executive Officer

Peter Wasow - Chief Financial Officer

21 February 2008

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Disclaimer & Important Notice

This presentation contains forward looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, geotechnical factors, drilling and production results, gas commercialisation, development progress, operating results, engineering estimates, reserve estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial markets conditions in various countries, approvals and cost estimates.

All references to dollars, cents or \$ in this document are to Australian currency, unless otherwise stated.

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▶ Result highlights, summary and outlook

2007 performance

Key strategic value drivers

Eastern Australian gas

LNG

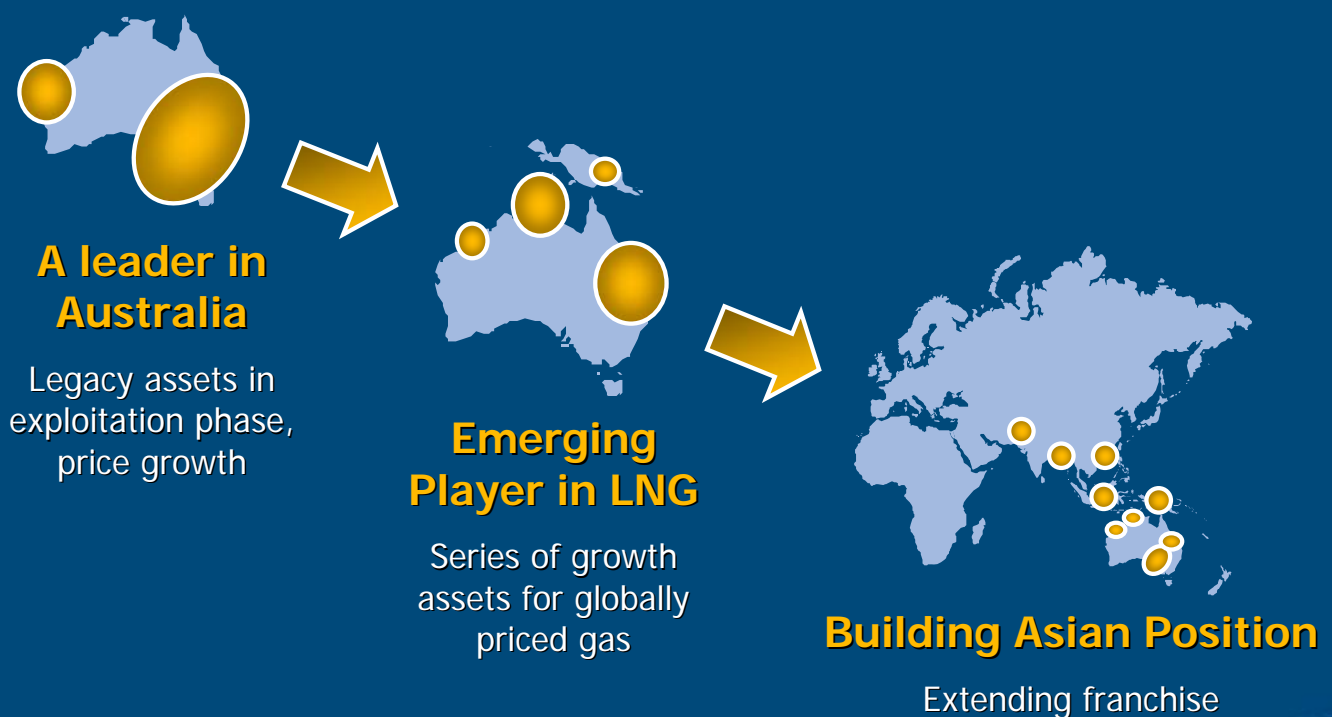
Delivering the strategy

Conclusion

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Transforming Santos: a Leader in Asian Energy



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Result highlights

2007 Full Year Result

		Change
Production	59.1 mmboe	(3%)
Sales Revenue	\$2,489 million	(10%)
EBITDAX	\$1,733 million	(19%)
NPAT	\$441 million	(32%)
Operating Cash Flow	\$1,214 million	(22%)
Full Year Dividend	40 cps	Unchanged
2P Reserve Replacement Ratio	178%	
Total shareholder return	48%	

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Summary: At the Inflection Point

Gladstone LNG transforms Santos:

Strategy causes a shift from domestic to global pricing

Santos has a leadership position in East Australian Gas

Santos has a leadership position in Coal Seam Gas

And is therefore positioned for a step change in the value of the large scale resources in these areas

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Outlook

Strong reserves growth from existing discoveries

- Contingent resources commercialized

Creating significant investment opportunities

- Delineation, development and LNG facilities

2008 production outlook 56-58 mmboe

- Return to growth in 2009

Project milestones provide catalysts in '08 and '09

- Significant value growth will be flagged by milestone achievement

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Webcast Agenda

Peter Wasow
Chief Financial Officer

Result highlights, summary and outlook

▶ 2007 performance

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Delivering the strategy

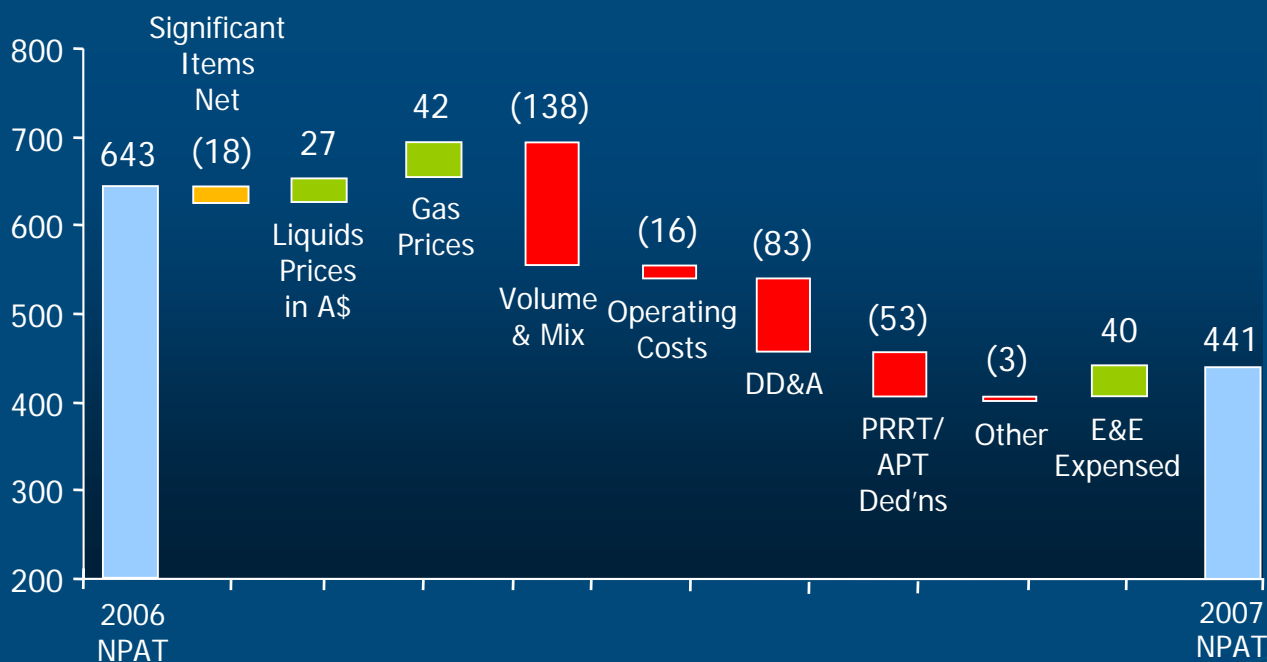
Conclusion

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Net Profit After Tax

(A\$ million)



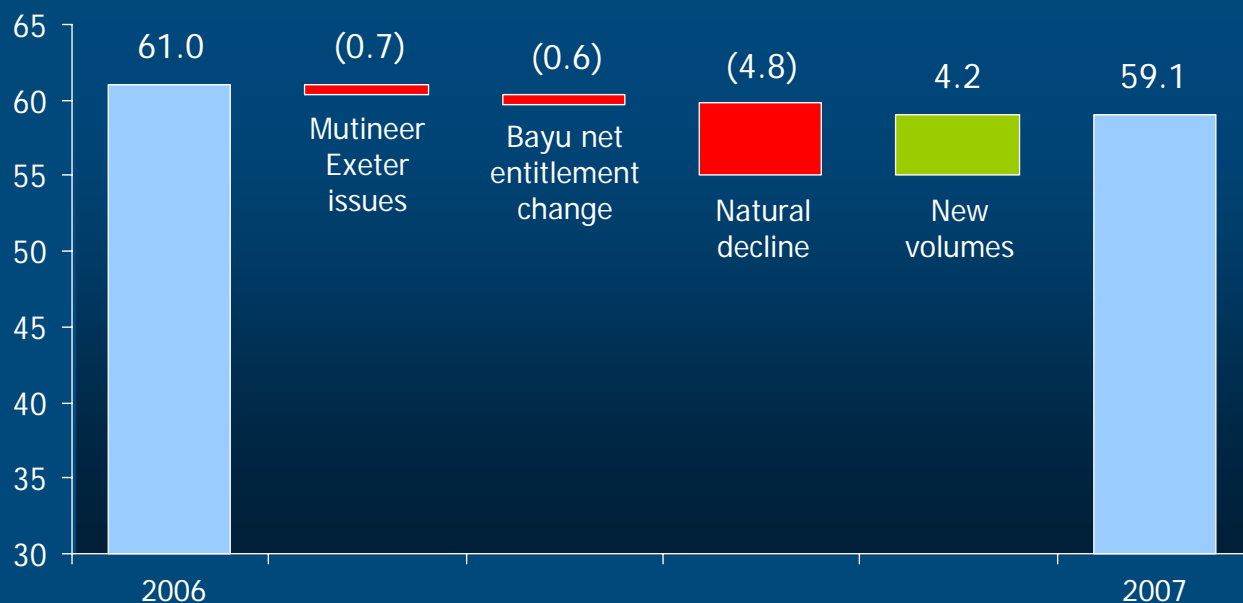
Note: P&L movements allocated between price and volume driven effects and cost increases

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Production

(mmbobe)



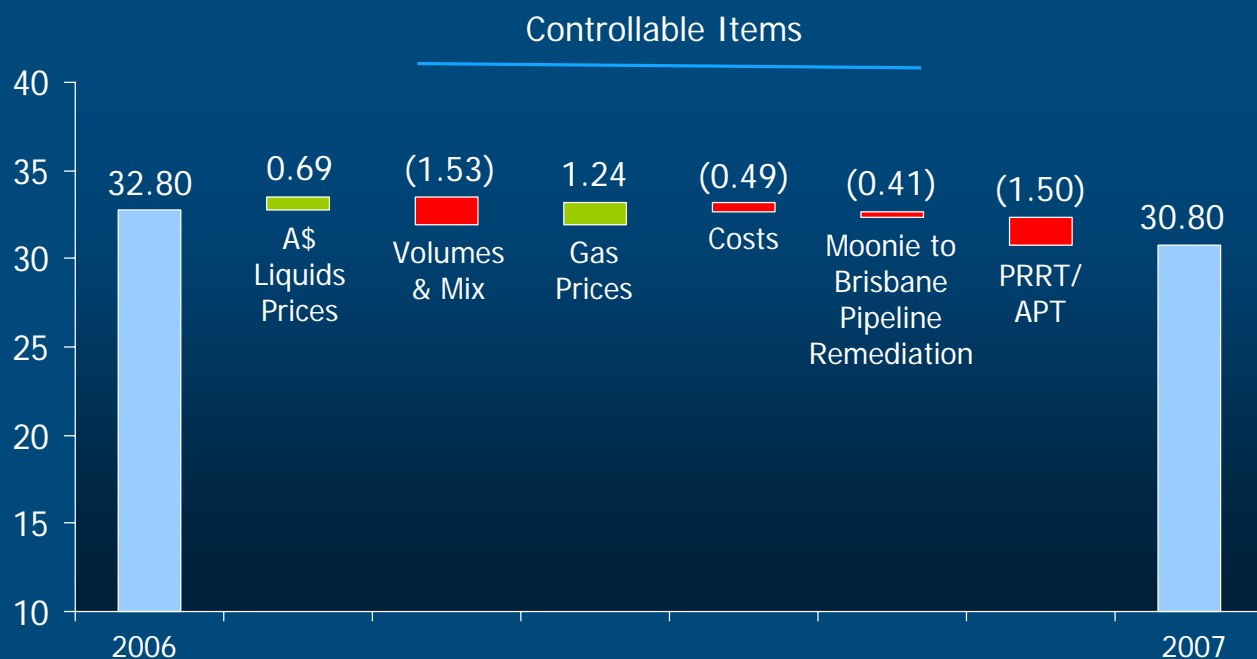
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Margins

Netback (A\$/boe)

Cash margin per boe sold

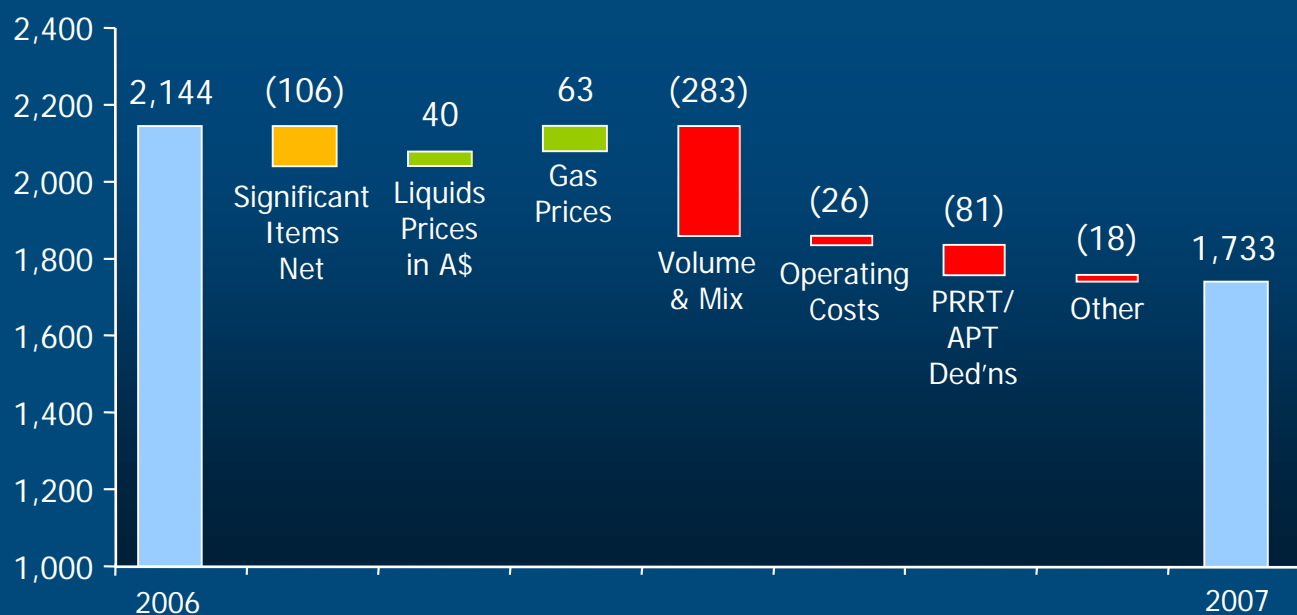


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EBITDAX

(A\$ million)

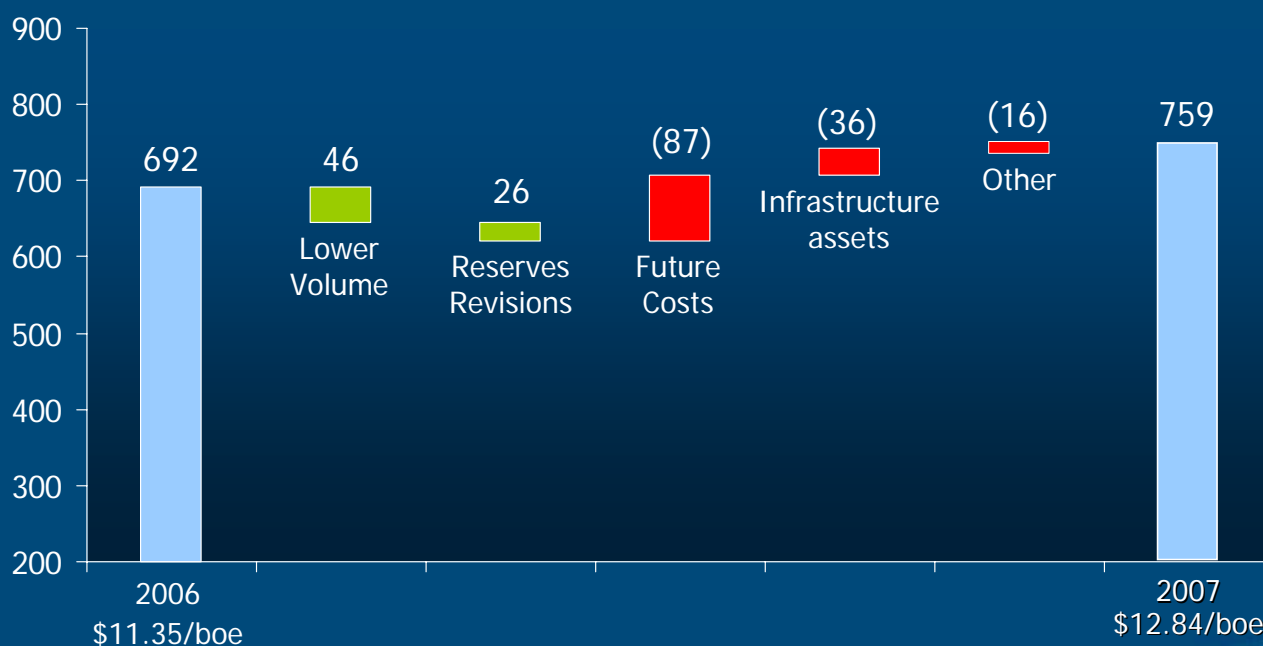


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DD&A

Higher industry costs driving up DD&A (A\$ million)



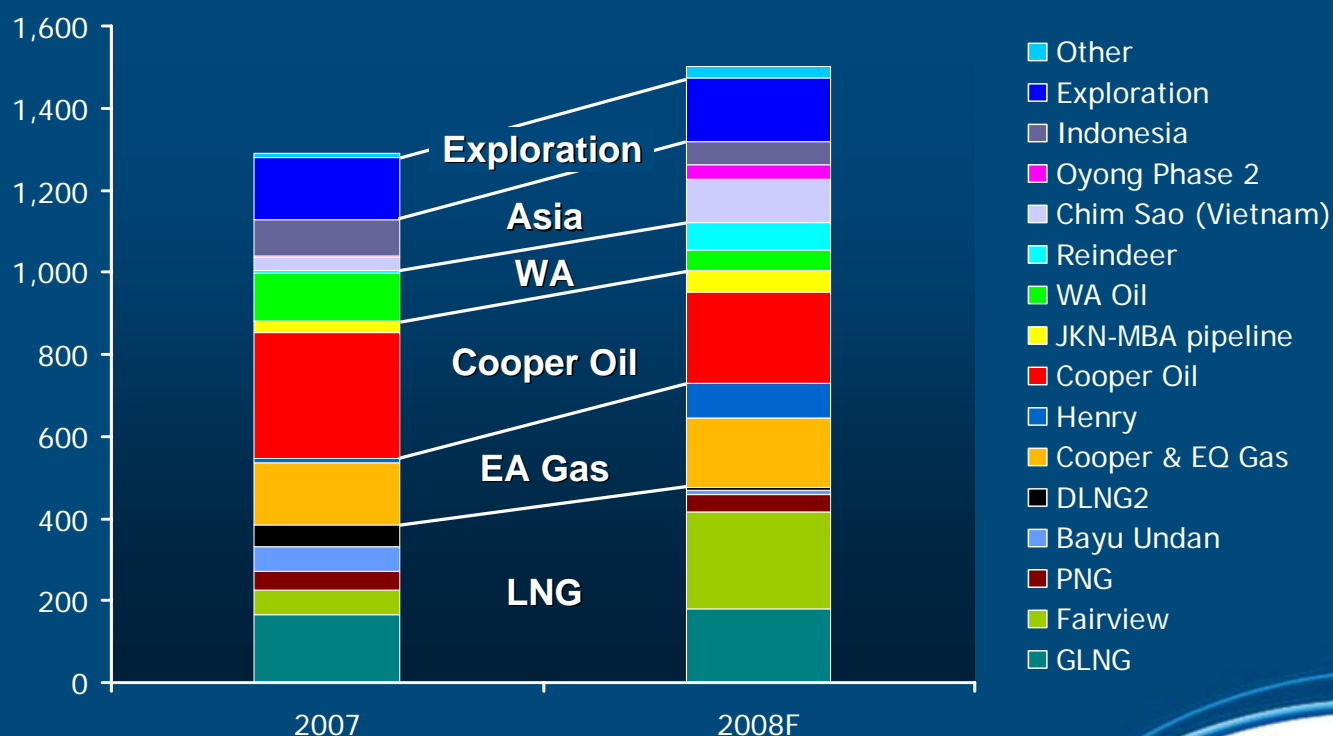
2008 forecast: ~\$12.30/boe

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Capital Investment

(A\$ million)



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Cooper Basin Oil

2007 results below expectations, 2008 program at reduced pace

2007 actual

- 132 wells, 73% success
- 2P reserves added 8 mmbbl
- Capex \$306m
- Production rate ~ 9,100 bopd net to Santos
- Full cycle F&D cost ~ A\$45/bbl

2008 outlook

- 94 wells, capex \$260m
- Production rate ~ 12 – 14,000 bopd net
- Full cycle F&D cost consistent with 2007
- Scaleable program

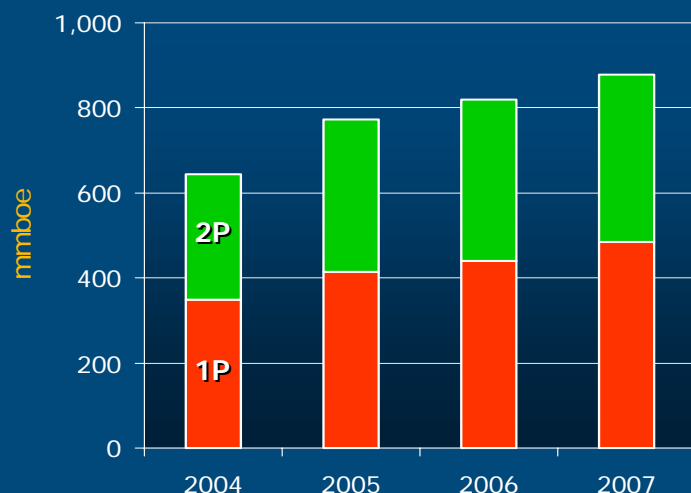


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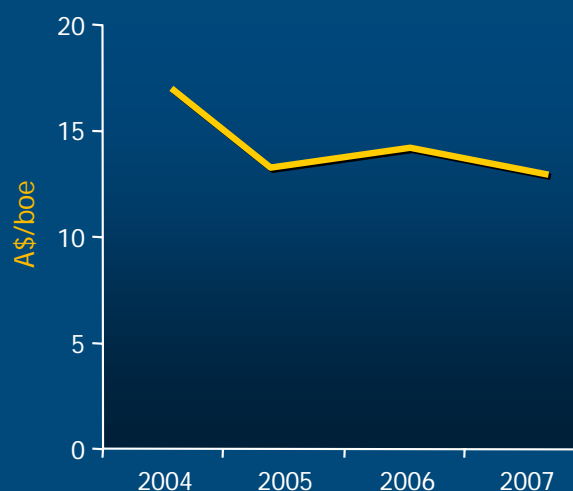
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Reserves Grow Strongly, at Low Cost

2P Reserves



Reserve Replacement Cost



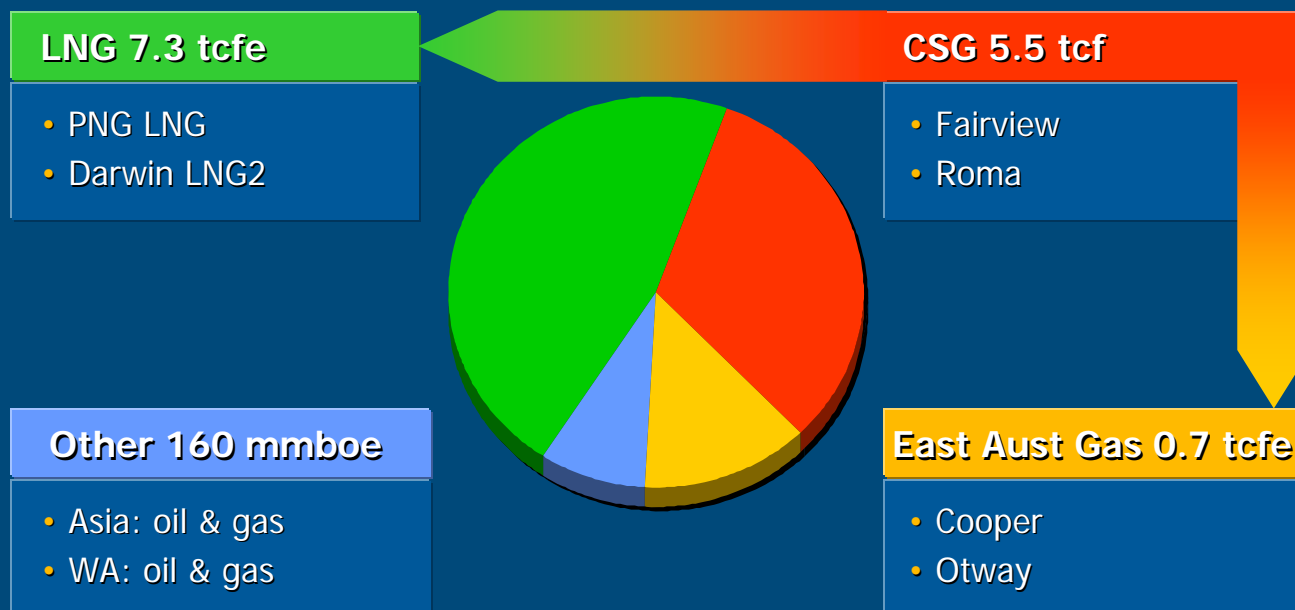
	1P	2P
2007 replacement rate	175%	178%
3 yr ave replacement rate	178%	234%

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Contingent Resources Grow

2.6 bn boe (14.5 tcf) of contingent resource: 22% 3yr CAGR

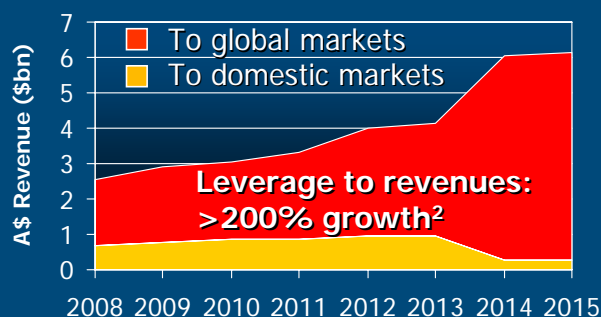
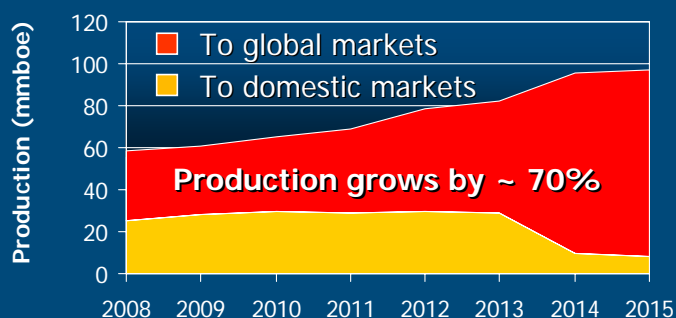
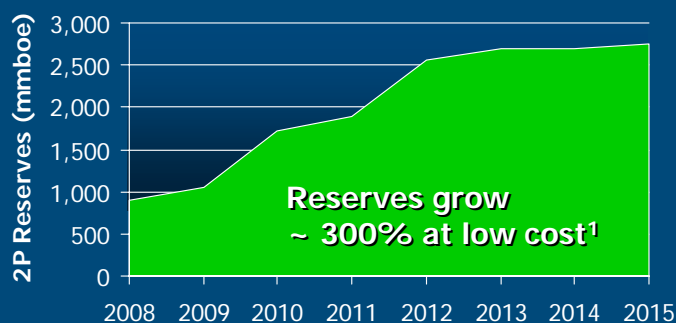


100% exposed to global pricing

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Creating Strong Leverage



Exposure to global prices grows from less than 60% to 100%

¹ Reserve bookings from existing mean contingent resources only

² At a flat nominal WTI oil price of US\$70 and a constant LNG beta of 11.5

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Result highlights, summary and outlook

2007 performance

▶ Key strategic value drivers

Eastern Australian gas

LNG

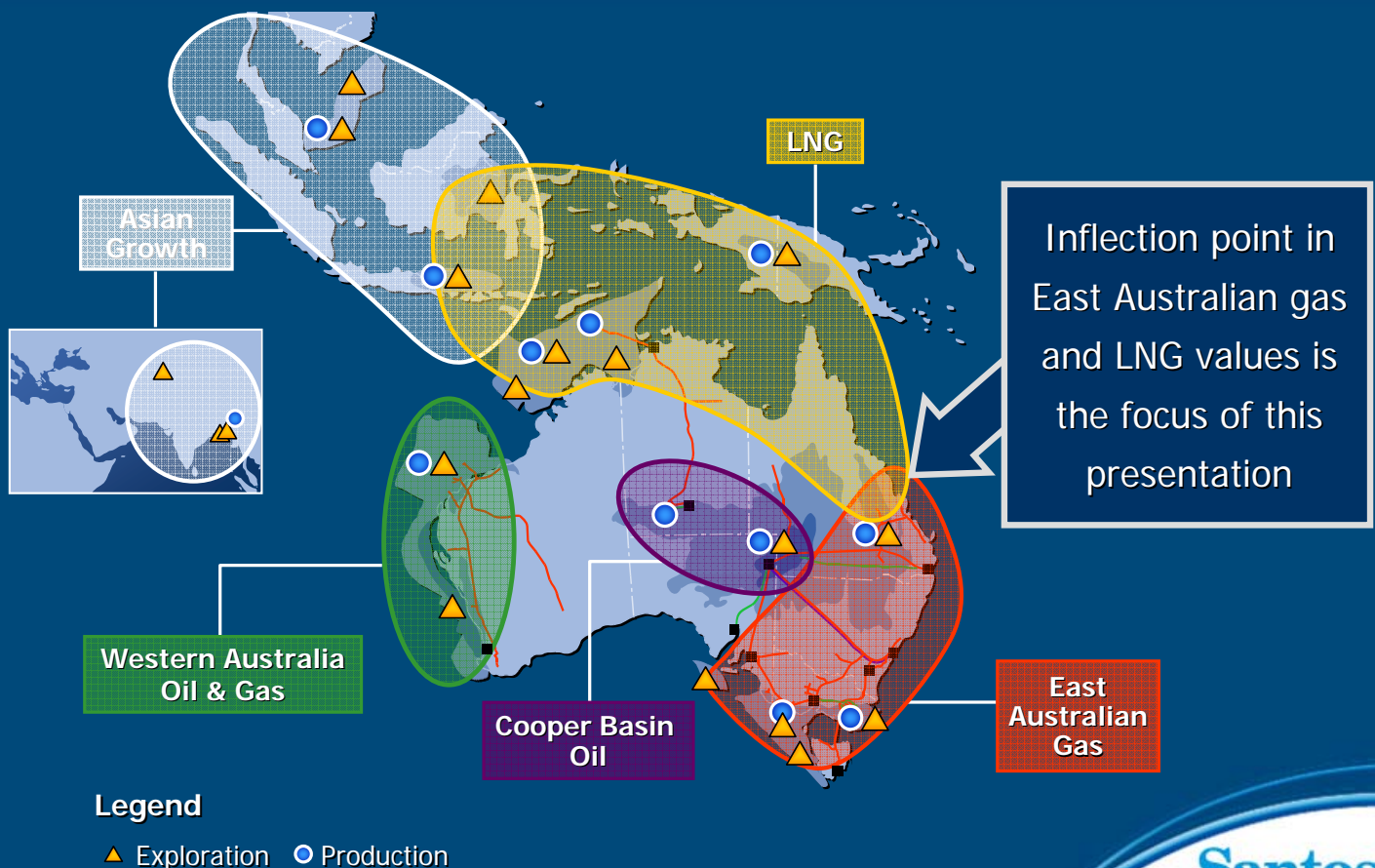
Delivering the strategy

Conclusion

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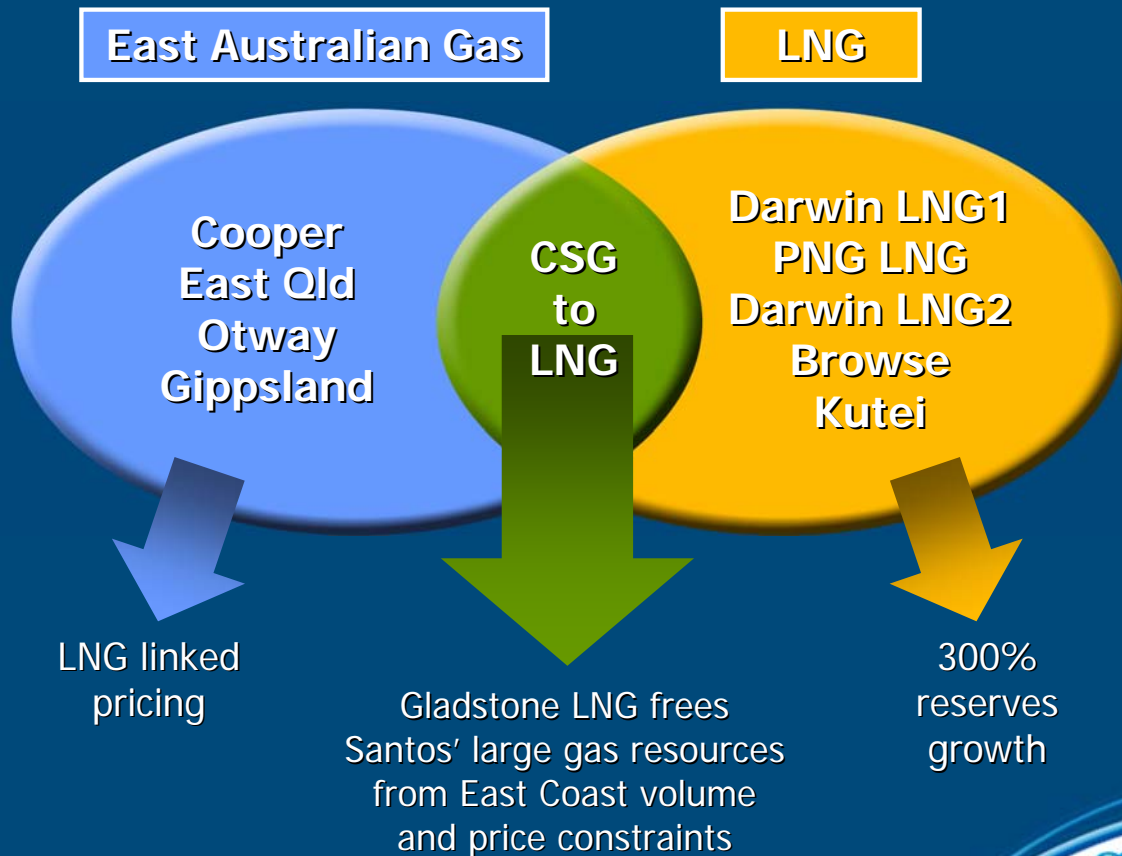
Santos' Five Business Areas



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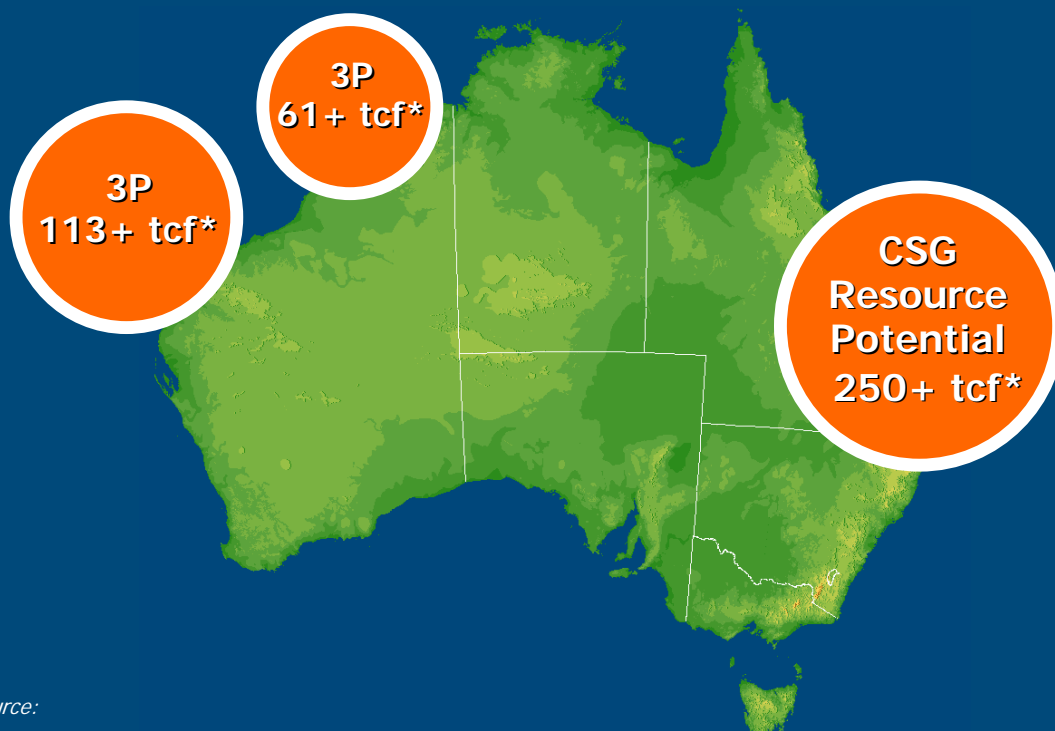
GLNG Creates Value Inflection Point



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Coal Seam Gas: A Game Changing Resource Play



*Source:

Carnarvon and Browse Basin: Wood Mackenzie

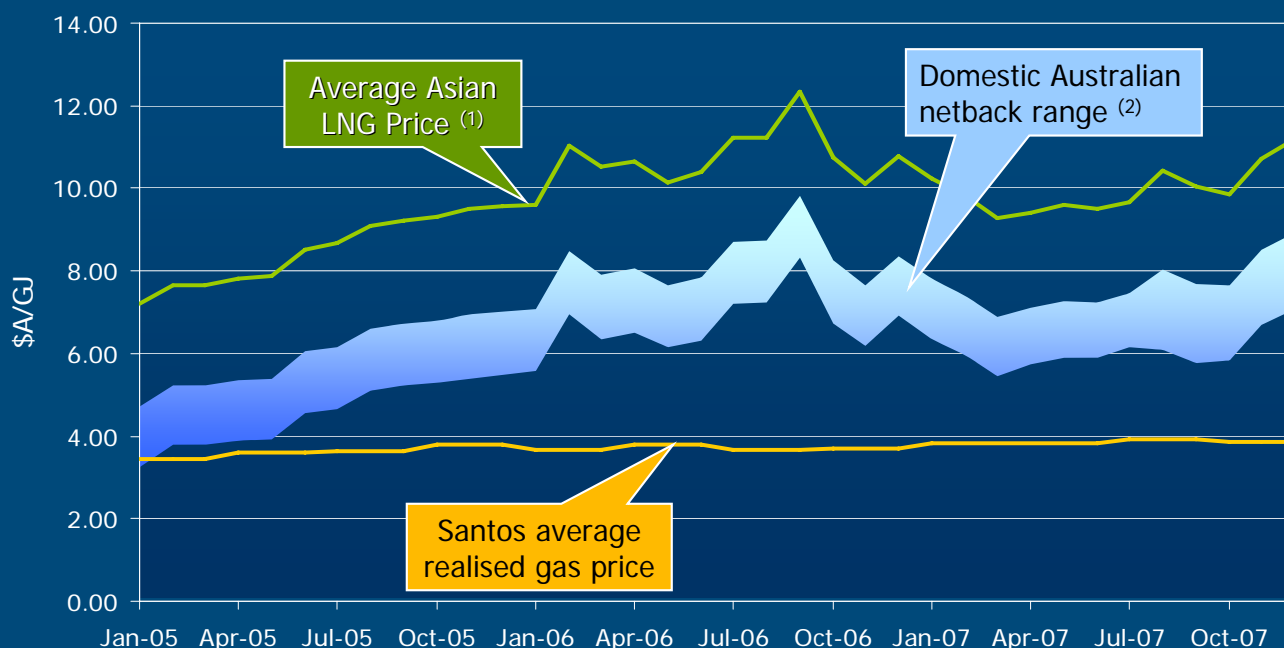
CSG: ABARE: Australian Gas Supply Demand Balance to 2019-20

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Energy Market Differentials

Prices available in domestic and export markets



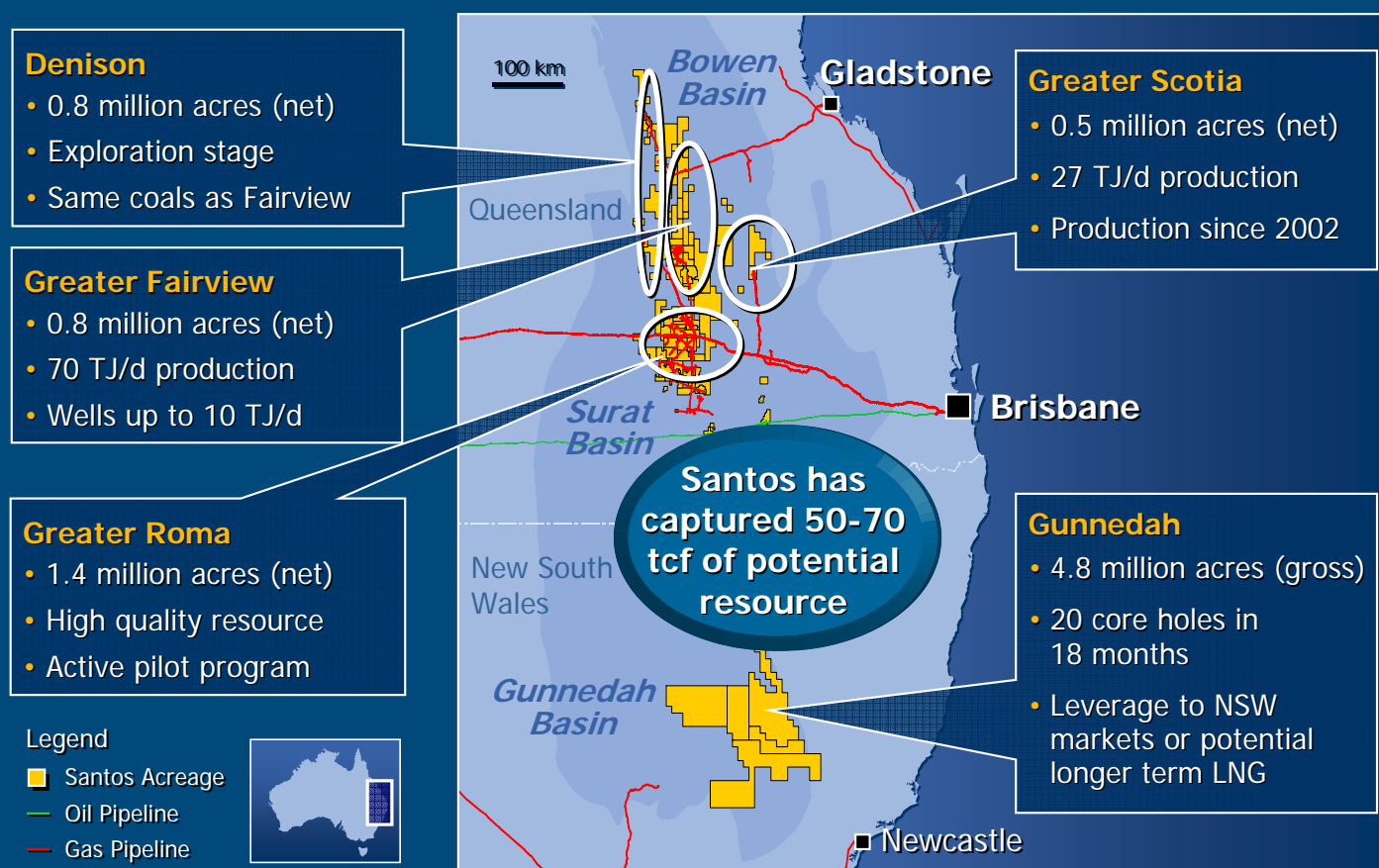
(1) Source: Argus Monthly LNG (average of Japan, Taiwan & South Korea ex-ship spot and contract prices)

(2) Netback determination uses Santos assumed range of costs for shipping and liquefaction

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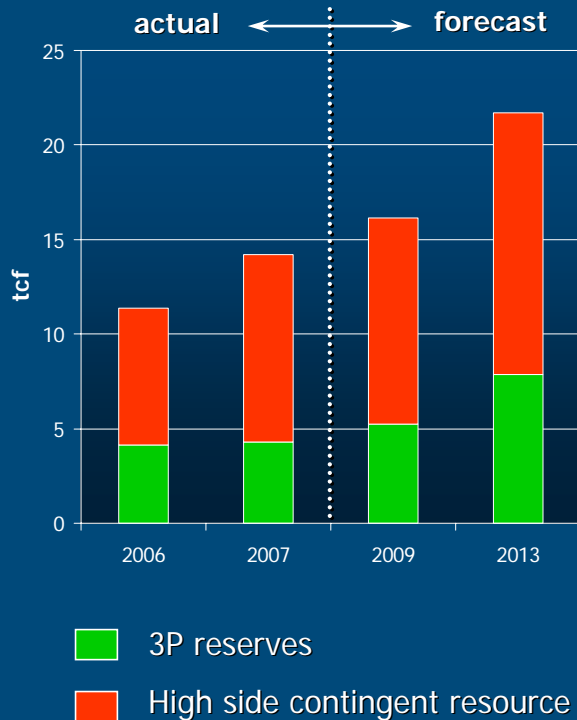
Santos' Leading CSG Acreage Position



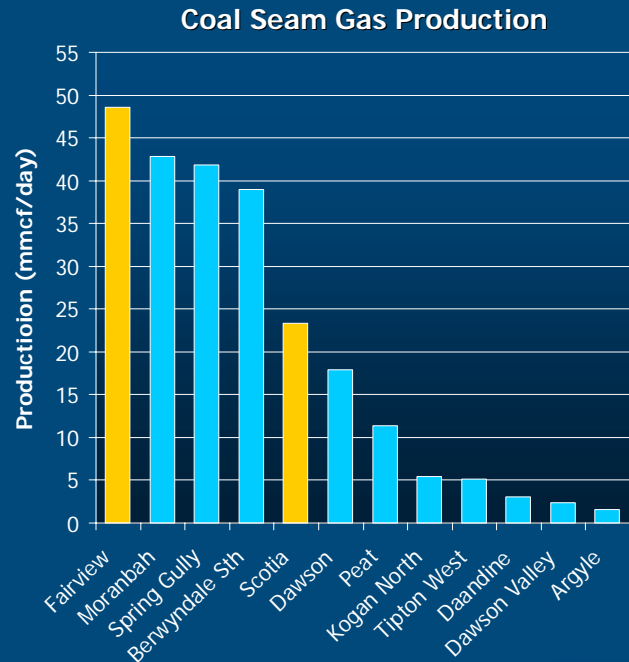
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Santos: a Leader in Coal Seam Gas

Santos CSG reserves growth



Santos operates 2 of top 5 fields



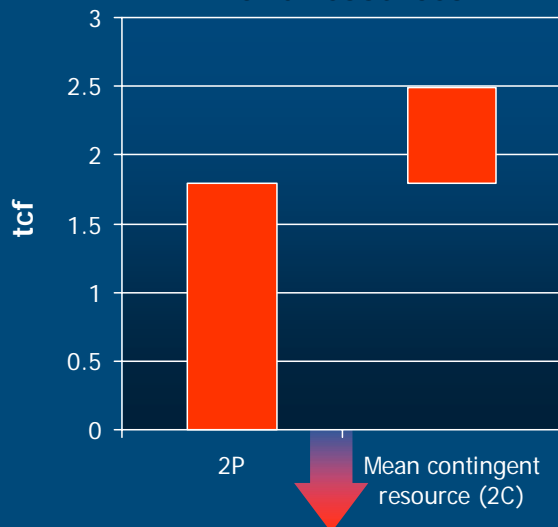
Source: Energy Quest, November 2007

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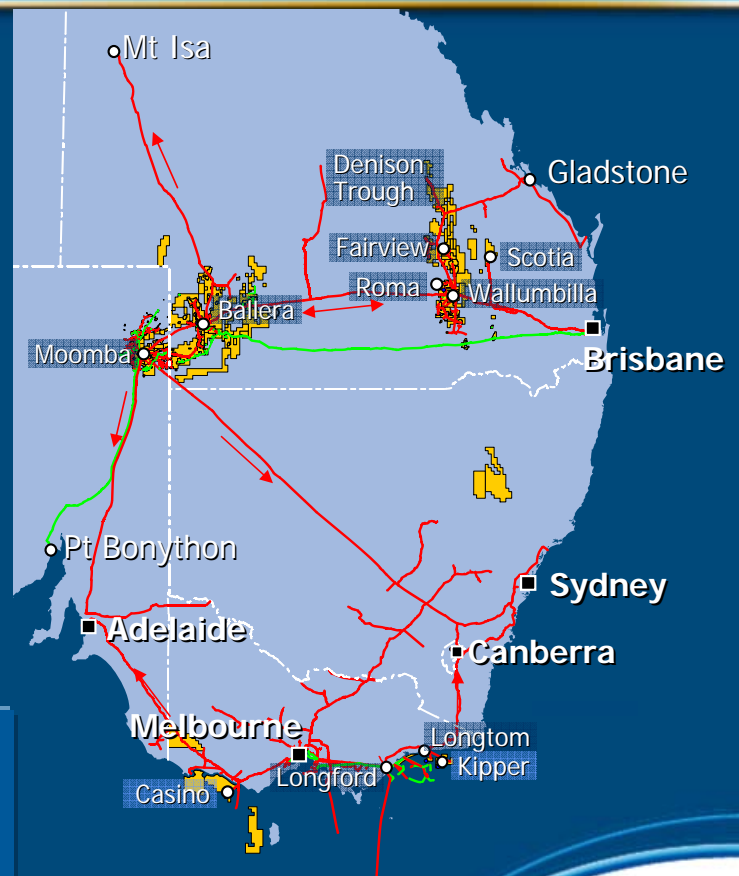
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Santos: Leader in East Australian Gas

Santos Non-CSG East Australian gas reserves and resources



- Post 2010, 92% of **existing** contracted volumes are subject to price review
- All **new** contracts are either short-term or subject to price review

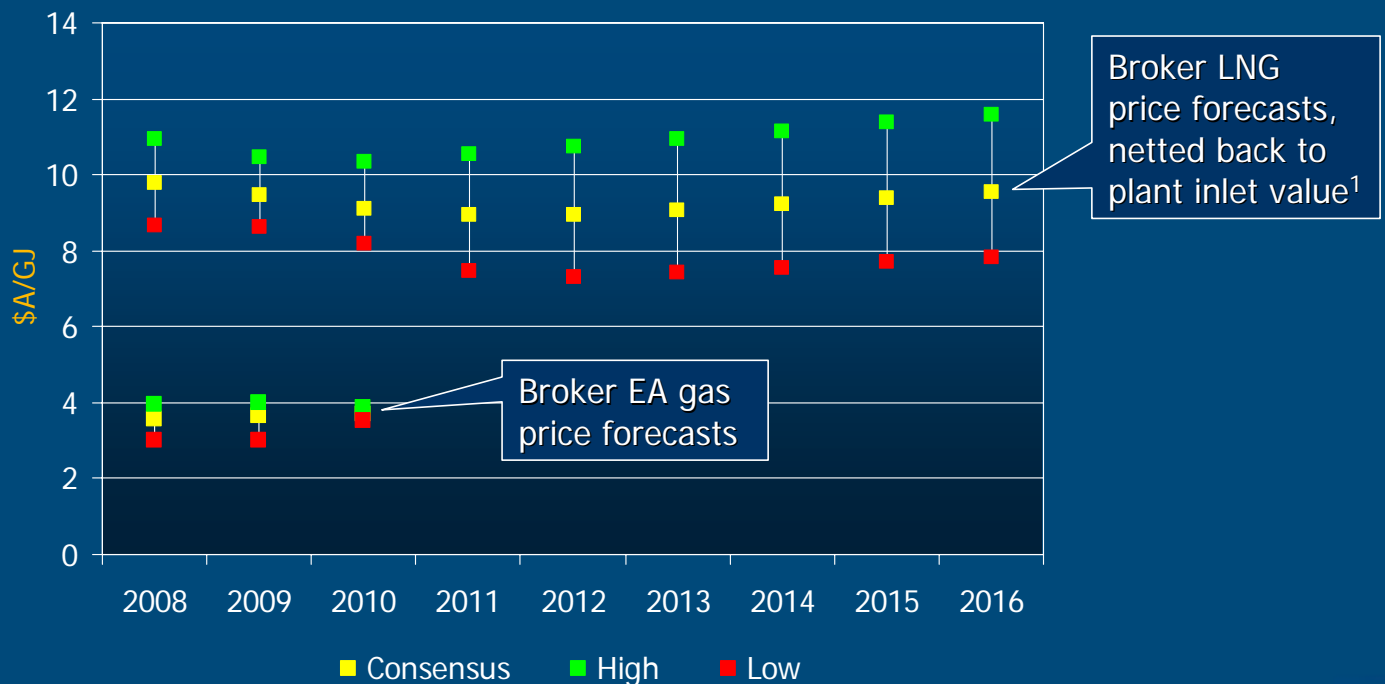


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Implications for Value of Santos

Eastern Australia gas value



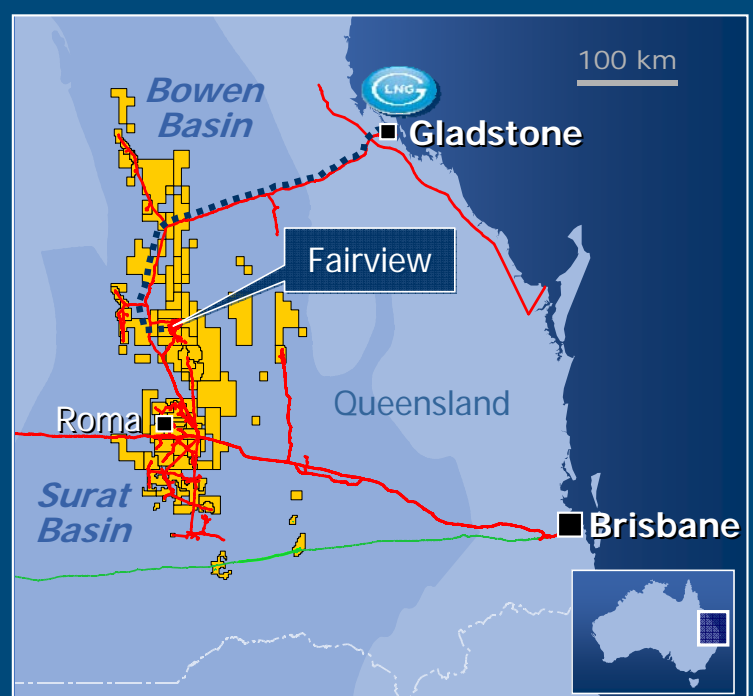
¹ Broker oil price forecasts converted to landed LNG price by application of recent contract prices reported by Poten Partners, with highest and lowest estimates omitted, and Santos' estimates of shipping and liquefaction costs

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Gladstone LNG: Transforming Santos

- GLNG exposes Santos' large scale gas resources to international markets:
 - Access LNG pricing
 - Access LNG market volumes
 - Access higher rates
- CSG resources:
 - Large position, captured early
 - Low development cost



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Gladstone LNG: Progress & Milestones

Progress

- Freehold land acquired (up to 10 mtpa)
- Queensland significant project status
- Pre-FEED marine studies complete
- Environmental applications lodged
- Strong interest from potential partners: evaluation underway
- Strong interest from potential off-takers
- Strong interest from EPC contractors
- Rig alliance for 3 new-build rigs, 6 running in total



Milestones

- Pre-FEED contracts to be awarded Q1 2008
- Enter FEED by end 2008
- FID by end 2009
- First LNG by end 2013/early 2014

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PNG LNG Takes Shape

The PNG LNG Project has built significant momentum...

- Pre FEED work on 6.3 mtpa plant completed
- Material ramp up of project team and expenditure
- Joint venture alignment and key commercial terms near complete
- Marketing ready to commence
- Strong PNG Government support
 - close out of fiscal terms being the outstanding step before FEED



Legend

- Gas processing facility
- Gas pipeline
- Condensate pipeline

...and is poised to enter FEED

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► Delivering the strategy

Conclusion

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Catalysts for 2008/09



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Delivery Track Record in 2007

**Santos awarded
Indian exploration
acreage**

February 2007

**Santos proposes
multi-billion dollar
Gladstone LNG
project**

July 2007

**SA Govt decision
to remove Santos 15%
shareholder cap**

October 2007

**Extension to
Cooper Basin
Ethane Contract**

May 2007

**Commencement
of FEED for
Reindeer Field**

August 2007

**Henry Gas Field
Project Sanctioned**

November 2007

**Santos successfully
completes \$300m
share buy-back**

May 2007

**First oil from
Oyong
development**

September 2007

**Kipper project
sanctioned**

December 2007

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Webcast Agenda

John Ellice-Flint
CEO & Managing Director

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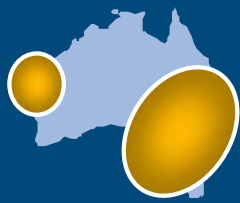


Conclusion

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Transforming Santos: a Leader in Asian Energy



A leader in Australia

Legacy assets in exploitation phase, price growth



Emerging Player in LNG

Series of growth assets for globally priced gas



Building Asian Position

Extending franchise

Reference Slides

2008 Forward Exploration Schedule

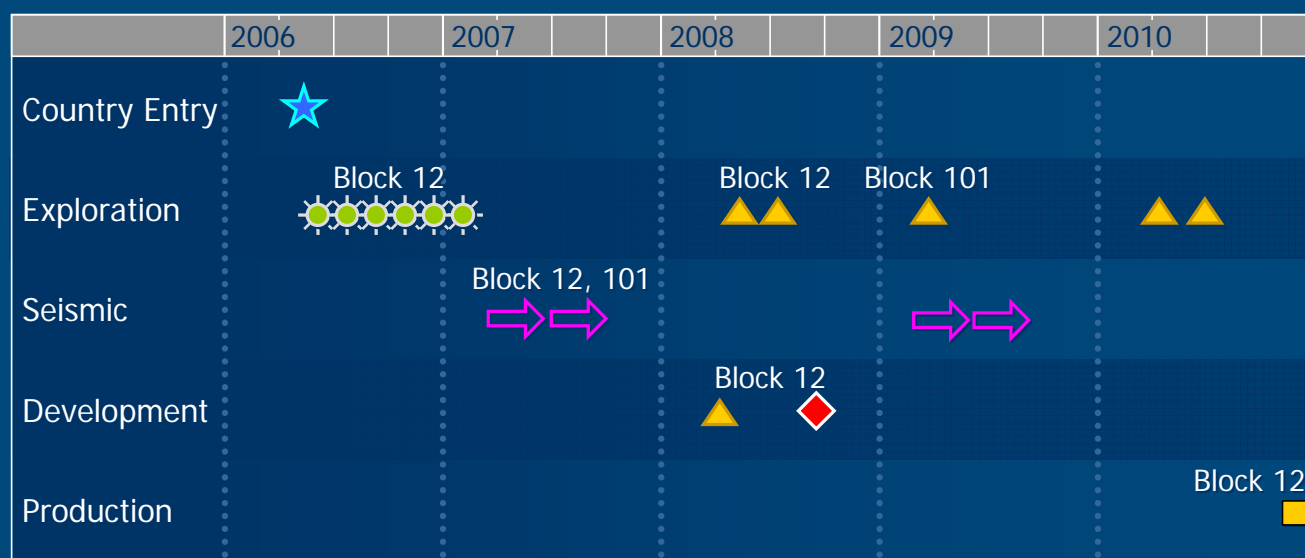
Well Name	Basin / Area	Target	Upside Resource Potential (mmboe)			Santos Interest %	Timing
			0 - 50	50 - 100	100 - 500		
Hatia 1	Bay of Bengal / Bangladesh	Gas			✓	37.5	Q1 08
Johnson 1	Barrow / Australia	Oil	✓			37.5	Q2 08
Chim Ung 1	Nam Con Son / Vietnam	Oil			✓	37.5	Q2 08
Chim Cong 1	Nam Con Son / Vietnam	Oil		✓		37.5	Q2 08
Charon 1	Houtman / Australia	Oil			✓	33	Q2 08
Jarver 1	Sorell / Australia	Gas			✓	55	Q2 08
Pecten East 1	Otway / Australia	Gas	✓			50	Q2 08
Netherby	Otway / Australia	Gas	✓			50	Q3 08
Frigate Deep 1	Bonaparte / Australia	Gas	✓			100	Q3 08
Ichthys North 1	Browse / Australia	Gas			✓	30	Q3 08
Tuzluk 1	Fergana / Krygyzstan	Oil	✓			70	Q3 08
Soh 1	Fergana / Krygyzstan	Oil	✓			70	Q4 08
Pare 1	East Java / Indonesia	Gas	✓			45	Q4 08
Ubur-Ubur 1	East Java / Indonesia	Gas	✓			45	Q4 08
South East July 1	Gulf of Suez / Egypt	Oil			✓	100	Q4 08

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

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Vietnam Update

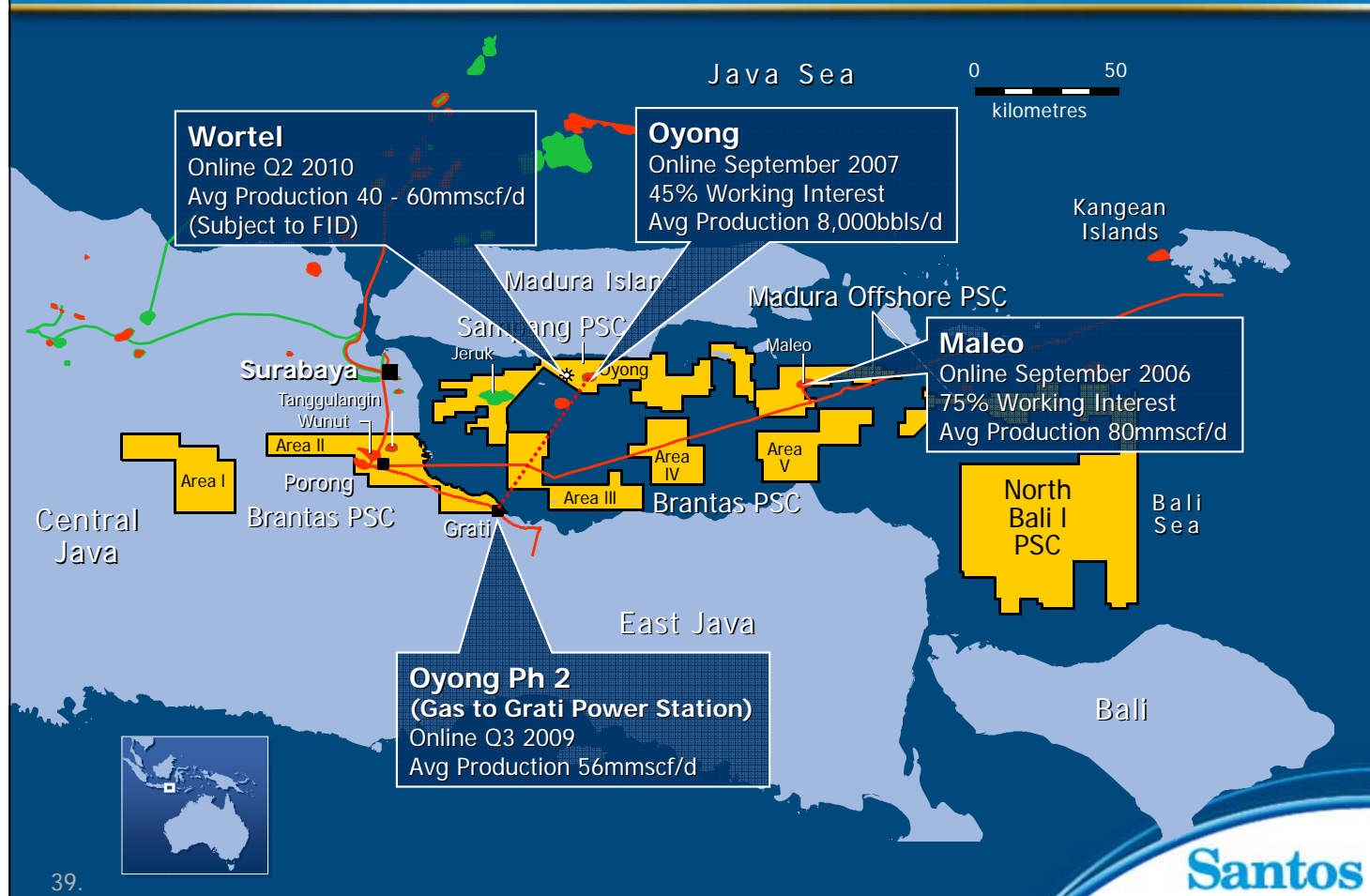
Exploration and Development Timeline



★ Country/Basin Entry ➡ Seismic Program ■ 1st Production
 ● Well ▲ Scheduled Well ☀ Oil Discovery ◆ FID

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East Java Portfolio Update



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Mutineer-Exeter Production Update

- Reduced oil rates since December 2007
 - electrical damage to FPSO swivel impacted sub sea pumps
- Shut-down for temporary repairs early February 2008
 - Leased facility: opex relief, repair capex not to JV account
 - Full repair planned end 2008
- On-line late March at ~ 20 to 22,000 bopd gross
- Workovers in Q2 2008 to increase production by ~ 2 to 4,000 bopd gross



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Darwin LNG Train 1 Update

- Increase in Santos Equity
 - 10.64% to 11.39%
- Above budget 2007 production
- Excellent operating efficiency
- Optimisation studies commenced to investigate de-bottlenecking opportunities

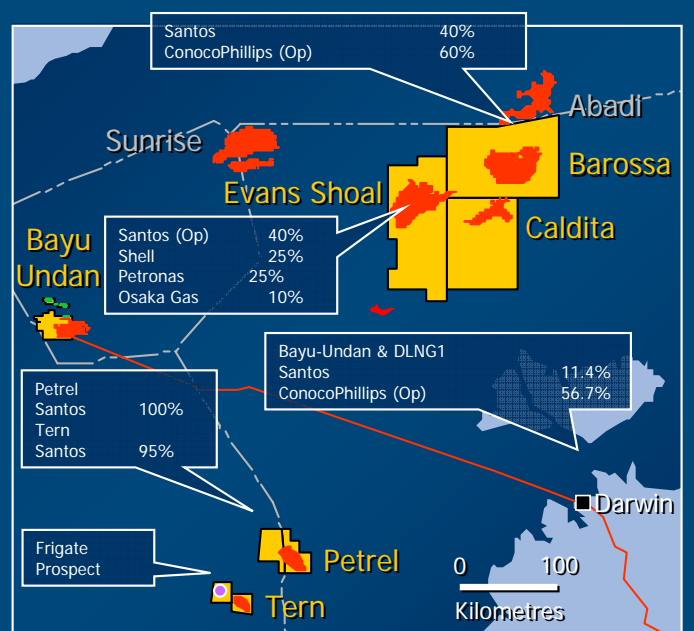


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Darwin LNG Train 2 Update

- Key seismic appraisal results on track to allow greater clarity on LNG growth options
- 6,000 km² 3D over Barossa/Caldita and Evans Shoals processed (Q2 2008)
- 820 km² over Petrel processed (Q2 2008)
- Material equity positions
- Alignment with ConocoPhillips
- Strong international interest



Legend

- Santos Acreage
- Gas Pipeline
- Gas Field Prospect

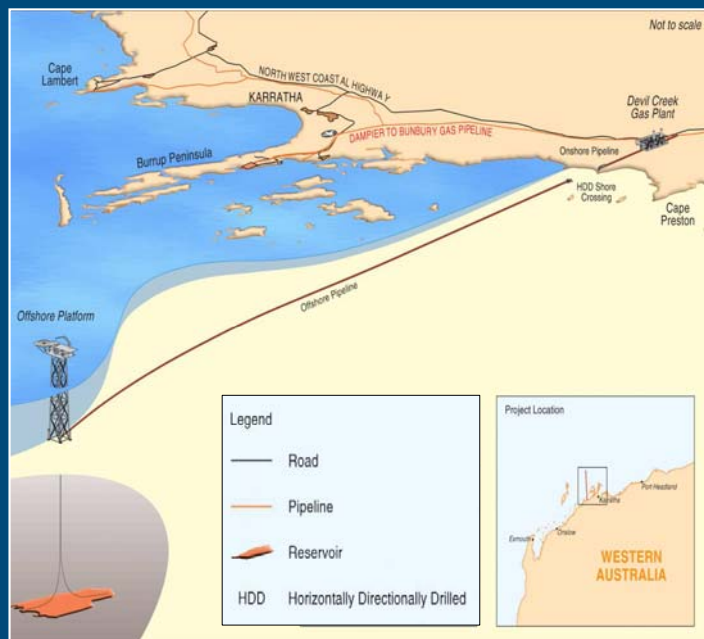
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Reindeer Gas Project Update

Sanction of New Domestic Gas Processing Hub 1Q08

- Santos 45%
- New onshore gas plant at Devils Creek, 40km SW of Dampier
- Facilities comprise
 - Offshore gas platform
 - 105km 16" subsea pipeline
 - Onshore gas processing (215 TJ/d)
 - Connection to Dampier – Bunbury natural gas pipeline
- Gross recoverable resource 410 to 640 PJ
- Project Status and Milestones
 - Sanction end Q1 2008
 - First Gas H2 2010



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Significant Items

	2007		2006	
	Pre-tax	Post-tax	Pre-tax	Post-tax
Impairment write-down	-	-	(16)	(14)
Gain on asset sales	33	33	42	41
USA sale	(68)	(68)	-	-
Bayu Undan redetermination	47	33	-	-
Sidoarjo mudflow incident	(8)	(8)	(67)	(67)
Moonie pipeline incident	(38)	(26)	-	-
Embedded derivatives	(12)	(8)	19	14
Total	(46)	(44)	(22)	(26)

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Sidoarjo Mudflow Incident

		Estimated Costs Expensed \$m	Insurance Accrual \$m	Net \$m
December 2007	Pre-tax	97	22	75
	Post-tax	97	22	75
December 2006	Pre-tax	89	22	67
	Post-tax	89	22	67
Change	Post-tax	8	-	8

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EBITDA reconciliation

\$m	2007
EBITDA ¹ as reported	1,496
<i>Amounts typically treated as "below the line":</i>	
USA loss on sale	68
Gain on asset sales	(33)
Moonie pipeline incident, excluding accelerated depreciation	24
Bayu Undan redetermination	(47)
Embedded derivatives revaluation loss	12
Sidoarjo mud flow incident	8
EBITDA adjusted	1,528

¹ Earnings Before Interest, Tax, Depreciation, Depletion and Amortisation

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Underlying Profit

\$m	2007	2006
NPAT	441	643
Significant Items:		
Impairment write-down	-	14
Gain on asset sales	-	(41)
USA loss on sale	68	-
Sidoarjo mud-flow incident	8	67
Gain on sale investments	(33)	-
Moonie pipeline incident costs	26	-
Embedded derivatives revaluation loss/(gain)	8	(14)
Bayu-Undan re-determination	(33)	-
Underlying profit	485	669

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2008 Sensitivities

Sensitivity	Change	NPAT impact (A\$m)
US dollar oil price	US\$1/bbl	13
A\$/US\$ exchange rate	1 cent	10
Interest rates	1%	15

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Prices & Exchange Rates

	2007	2006	Change %
Realised Oil Price (US\$/bbl)	80.35	67.71	19
Realised Oil Price (A\$/bbl)	92.10	89.35	3
Average Gas Price A\$/GJ	3.95	3.71	6
A\$/US\$ Exchange Rate (after hedging)	87.24	75.78	(15)