



Santos

2008 Interim Results

21 August 2008

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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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Results Highlights & Strategy

David Knox
CEO

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Sound Operating Performance

2008 Interim Result

		Change on 1H07	
Production	27.6 mmboe		(8%)
Sales Revenue	\$1,384 million		14%
EBITDAX	\$1,032 million		6%
Net Profit After Tax	\$304 million		58%
Underlying Net Profit	\$289 million		30%
Operating Cash Flow	\$699 million		30%
Interim Dividend	22 cps		10%

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The Santos Strategy

Using quality assets, Santos will safely deliver:

Reliable base business in Australia

- **Eastern Australia:** price and volume growth
- **Cooper Oil:** high-value scalable exploitation opportunity
- **WA:** exploit asset position

Significant growth in LNG

- **GLNG:** transformational growth
- **PNG:** project underpinned by high quality gas reserves
- **DLNG:** brownfield LNG growth

Focused growth in Asia

- **Indonesia:** steady business with incremental growth
- **India/Bangladesh:** Bay of Bengal
- **Vietnam:** first oil by end 2010, expansion opportunities

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Strategy Delivery in 2008

Reliable base business in Australia

- ✓ Reindeer FID with first gas by end 2010
- ✓ Henry on track for first gas in 1H09
- ✓ Kipper on track for first gas in 1H11
- ✓ Jackson to Moomba pipeline completed
- ✓ Fairview Phase 2 on track for first gas January 2009
- ✓ Better performance from Cooper Oil – production up 26%
- ✓ First CSG exploration well in Gunnedah

Focused growth in Asia

- ✓ Oyong Phase 2 on track for first gas in 2H09
- ✓ Block 123 PSC signed in Vietnam
- ✓ Successful test of Chim Sao North appraisal well
- ✓ Chim Sao on track for FID in 2H08

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Strategy Delivery in 2008

Significant growth in LNG



Sale of 40% interest in GLNG™ to PETRONAS for US\$2.5 billion*



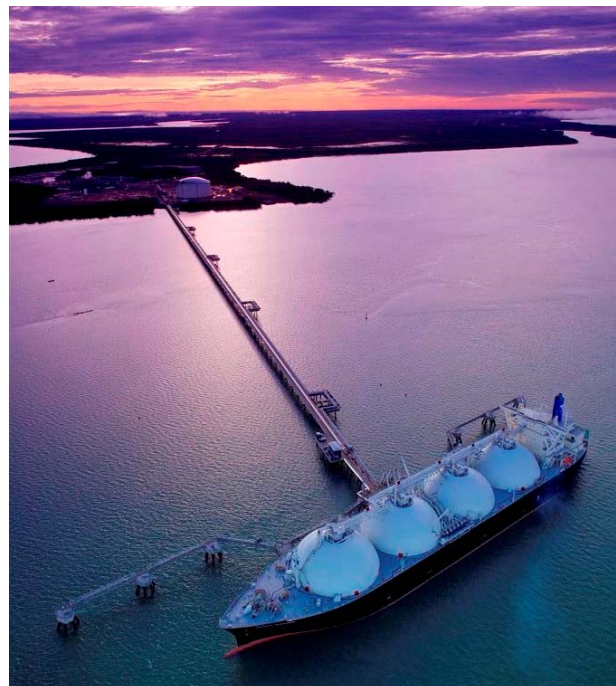
Dual GLNG™ pre-FEED commenced by Bechtel and Foster Wheeler



Gas Agreement signed for PNG LNG and project entry to FEED



Receipt of US\$2 billion from PETRONAS (in 2nd half)



*US\$500 million to be paid upon reaching FID of a second LNG train of 3mtpa capacity.

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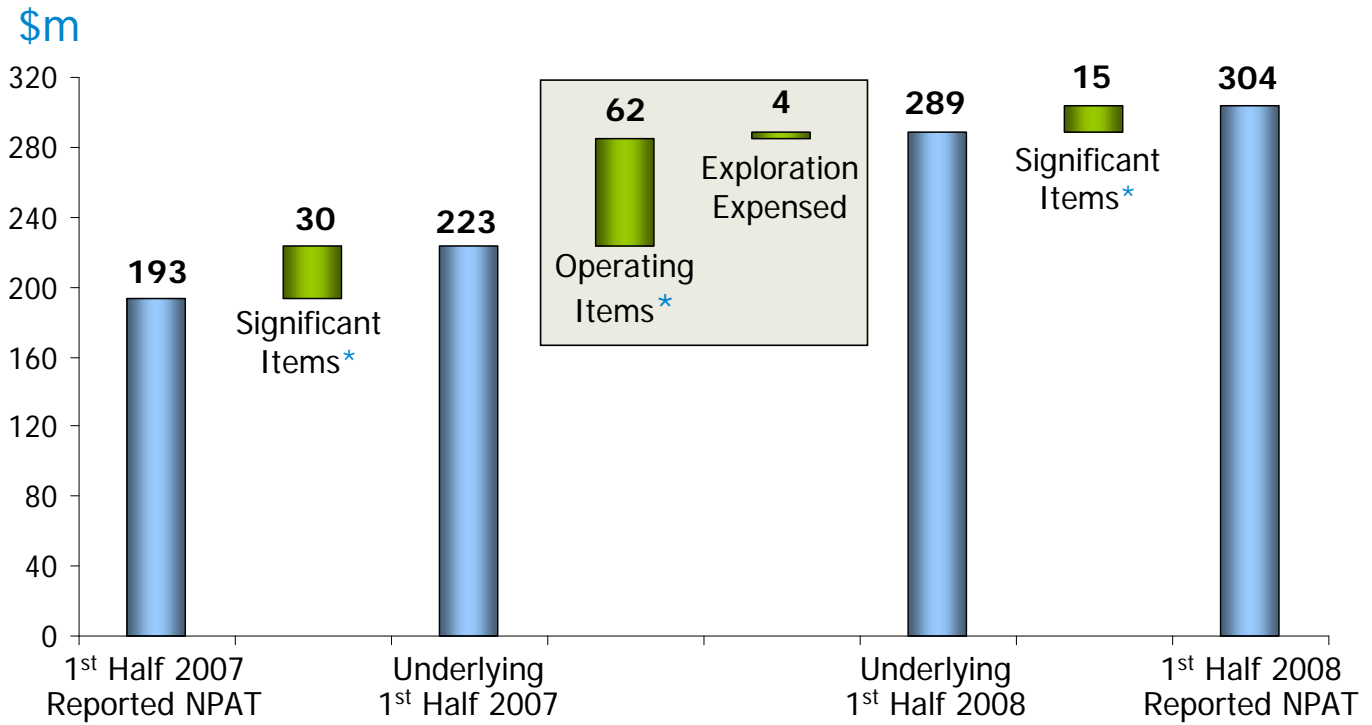
2008 Interim Results

Peter Wasow

CFO

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Reported & underlying profits higher

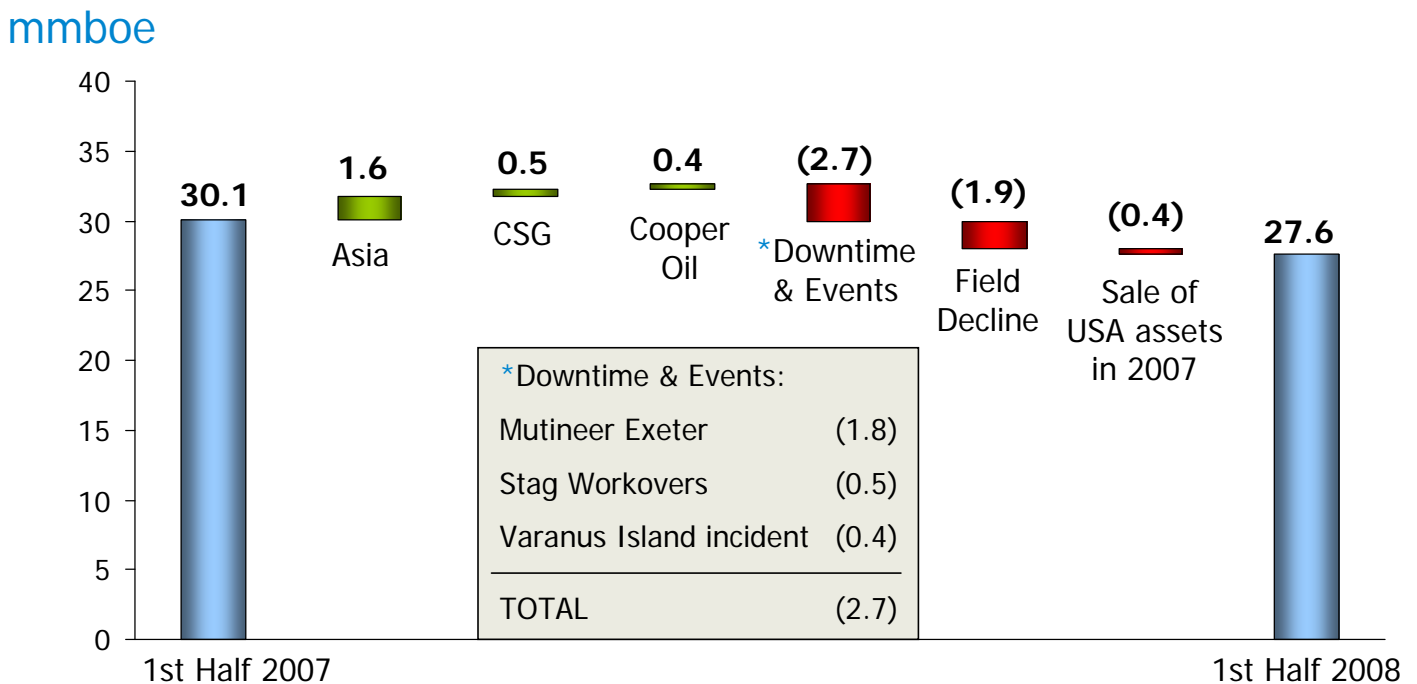


* Significant Items and reconciliation of Operating Items detailed in Reference Slides

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Production impacted by incidents



*Downtime & Events:

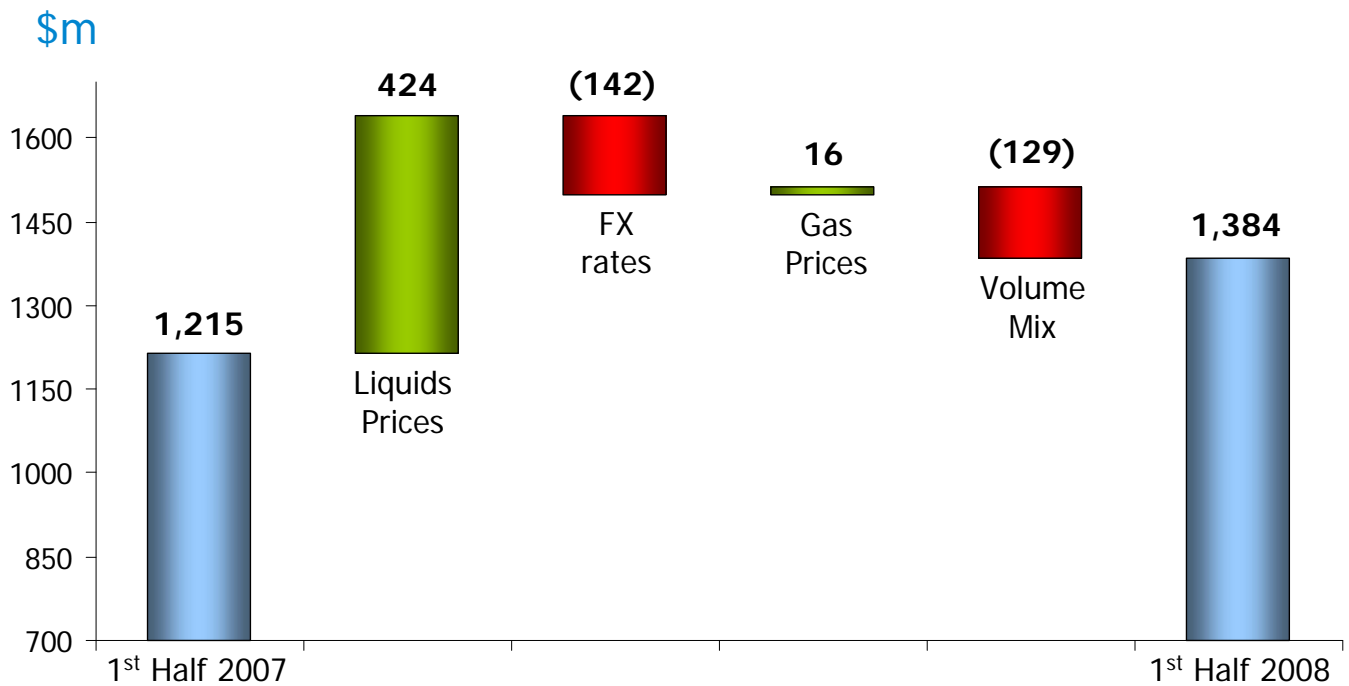
Mutineer Exeter	(1.8)
Stag Workovers	(0.5)
Varanus Island incident	(0.4)
TOTAL	(2.7)

Outlook for 2008: 54-56 mmboe

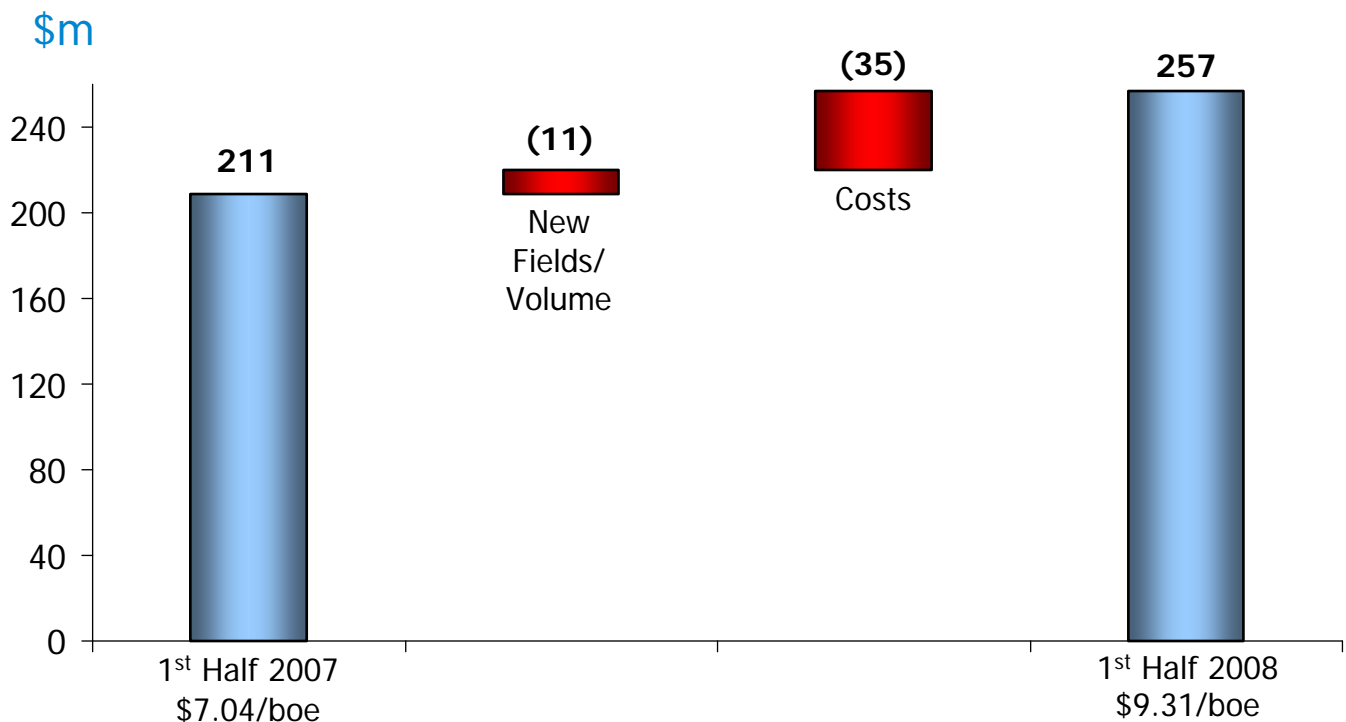
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Sales revenue up on higher prices



Production costs higher as expected



Full year outlook maintained at \$60 million higher than in 2007

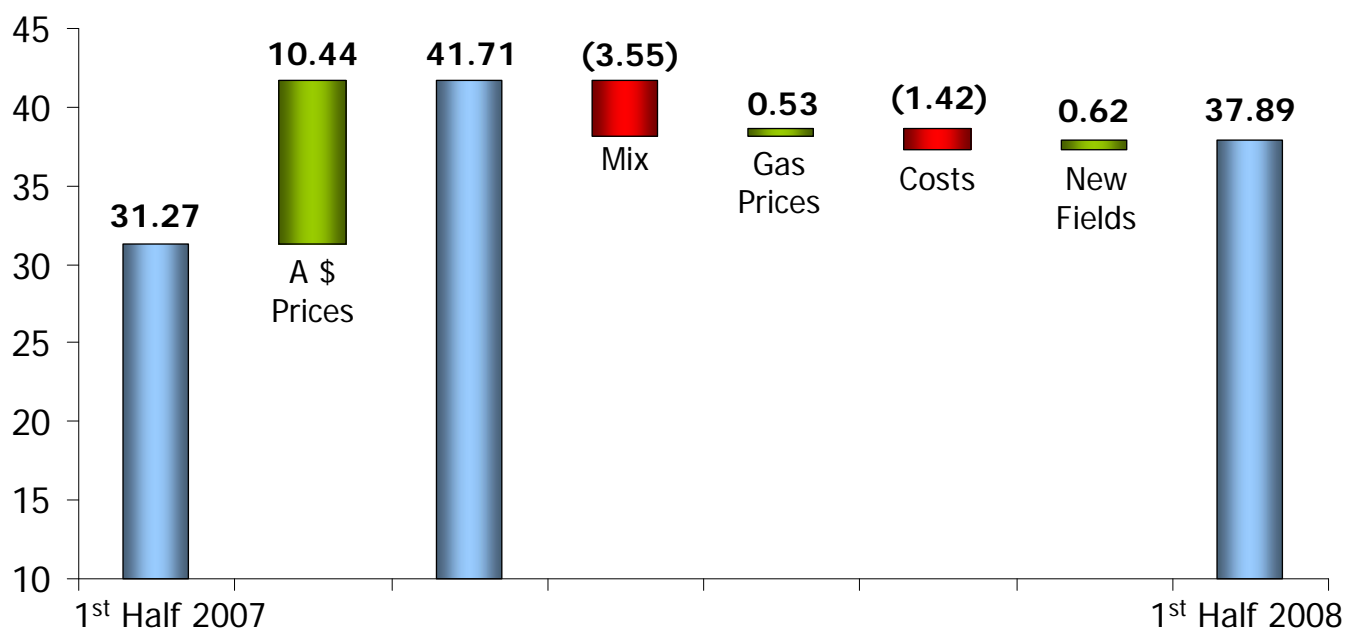
Operating costs

	Half Year 2008	Half Year 2007
Production costs	257	211
Pipeline tariffs, tolls and costs	38*	26
Royalties	50	32
Total Operating Costs	345	269

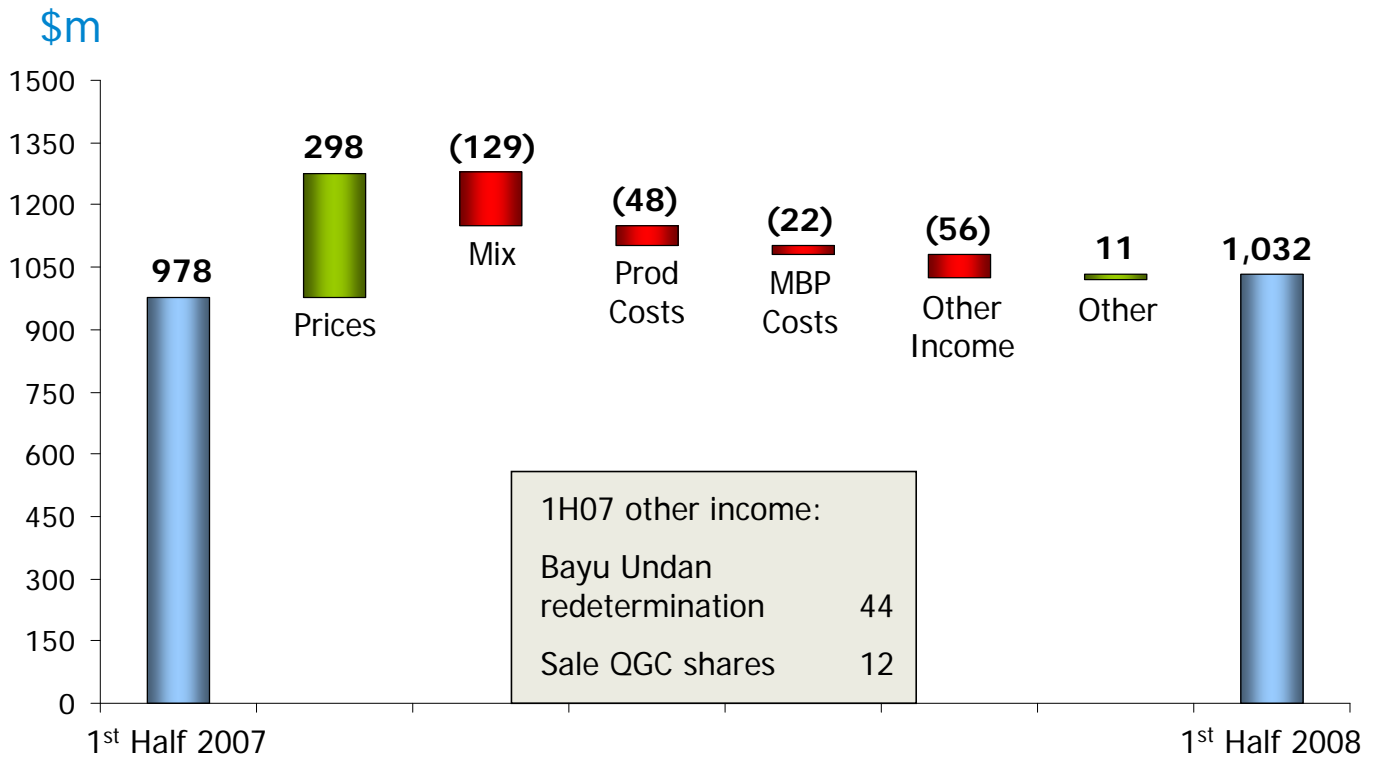
* Includes \$13 million additional provision for Moonie pipeline restoration costs

Cash margin per barrel up by 21%

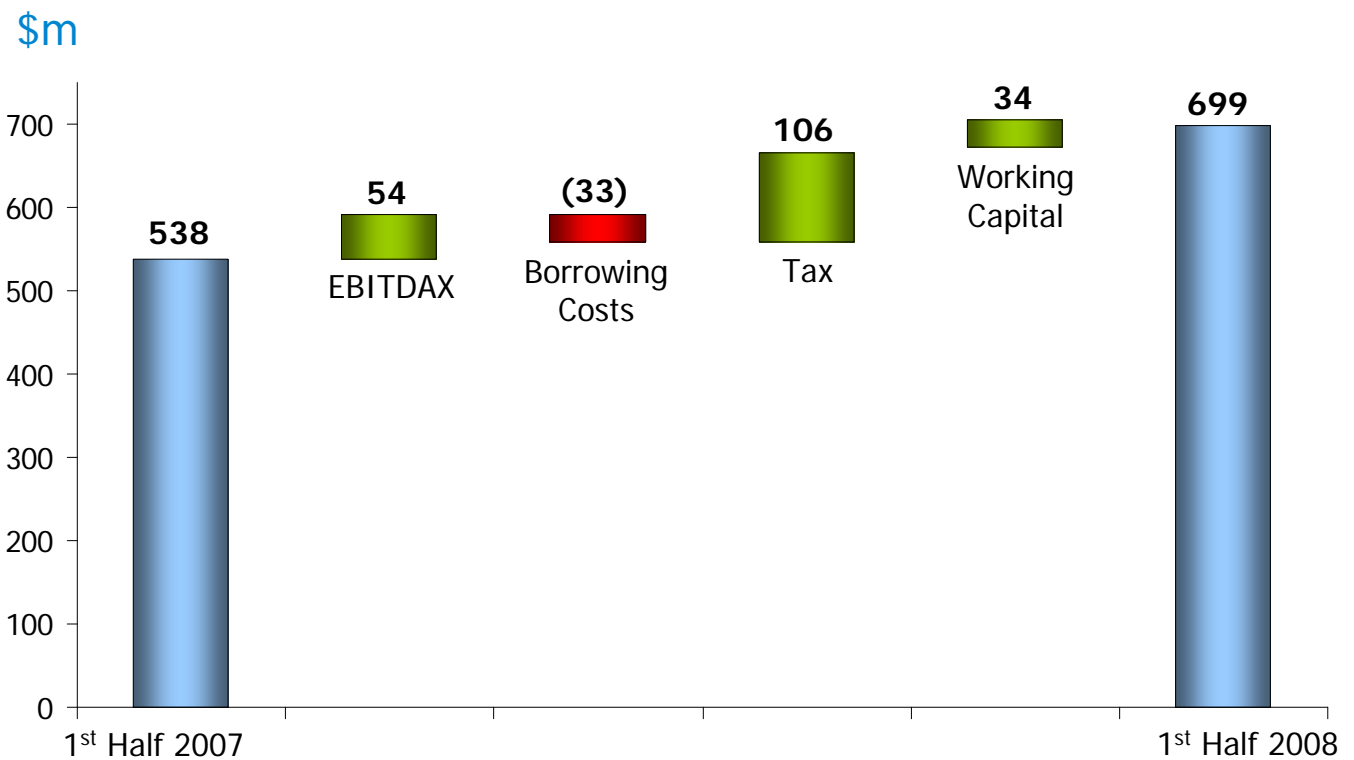
Cash margin
\$ per boe sold



EBITDAX up by 6%



Operating cash flow up 30%



2008 Capital Expenditure Outlook

(A\$ million)	2008	2007
Exploration	230	150
Exploration Evaluation	75	157
Development	1,195	1,000
TOTAL	1,500	1,307
Acquisitions	5	95

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Capital Management Plan

A comprehensive suite of initiatives

- Off market share buy back of \$300 million
- Interim dividend increased by 10% to 22 cents per share
- Dividend reinvestment plan underwritten for 2008 and 2009, with the intention to extend until GLNG™ start-up
- Certain debt facilities repaid
- Balance of PETRONAS proceeds to be applied to LNG funding
- Remaining capital required for GLNG™ to be assessed during the FEED process.

Which benefit shareholders

- Santos can confidently execute its strategy
- Franking credits distributed
- Taken together, accretive to EPS

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Looking Forward

David Knox
CEO

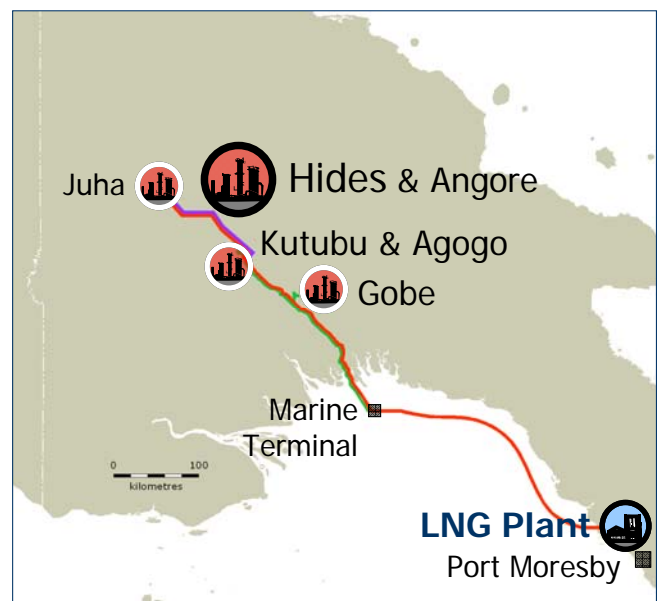
Santos: Leading the Way in CSG to LNG

✓	Resource Captured
✓	Freehold land acquired for liquefaction facilities
✓	Significant project status awarded
✓	Environmental applications lodged
✓	Pre-FEED by Foster Wheeler and Bechtel
✓	PETRONAS selected as partner
2008	FEED
2009/10	FID
2014	First Gas

PNG LNG Builds Towards FID

PNG LNG is moving toward final investment decision...

- Pre FEED work on two train 6.3 mtpa plant ✓
- Marketing Representative Agreement ✓
- Coordinated Development and Operating Agreement ✓
- Gas Agreement ✓
- FEED Entry Decision ✓
- Marketing commenced ✓
- Finance strategy 4Q 08
- Buyer Heads of Agreement 4Q 08
- Final Investment Decision 4Q 09



- Legend**
- Gas processing facility
 - Oil pipeline
 - Gas pipeline
 - Condensate pipeline

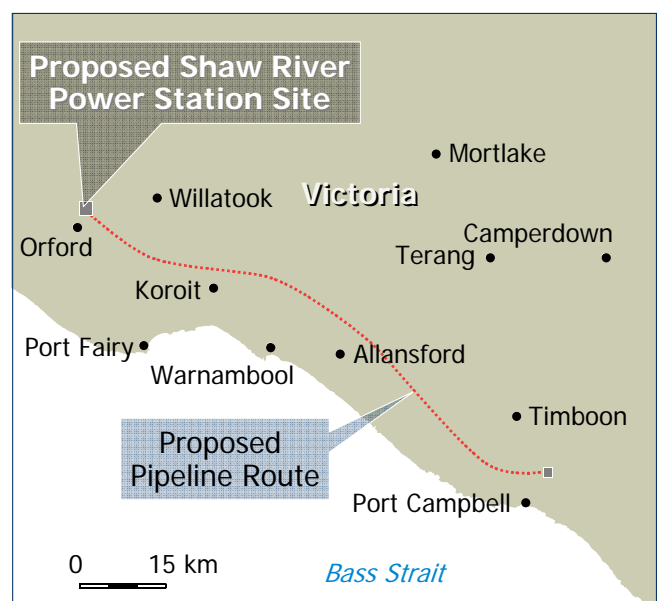
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Proposed Shaw River Power Station

Proposal to build a 500MW power station in Victoria

- Natural gas will play an increasingly significant role in Australia's power generation mix
- Entry to power generation is consistent with Santos' strategy of accelerating the commercialisation of its extensive gas reserves and resources
- Freehold site secured alongside Moorabool to Heywood 500kV transmission line
- Proposed \$800 million 500MW CCGT first phase, expandable to 1,500MW
- Gas would be supplied from Santos' gas portfolio via a new dedicated pipeline from near Port Campbell
- FEED studies commenced
- Targeting FID by end-2009 which would enable first power generation by 2012



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An Australian Company Providing Energy for Australia and Asia

Through:

- Delivering the base
- Tapping our resource riches
- Being a great place to work

...and do it all safely and sustainably
to deliver a superior shareholder return

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Q&A

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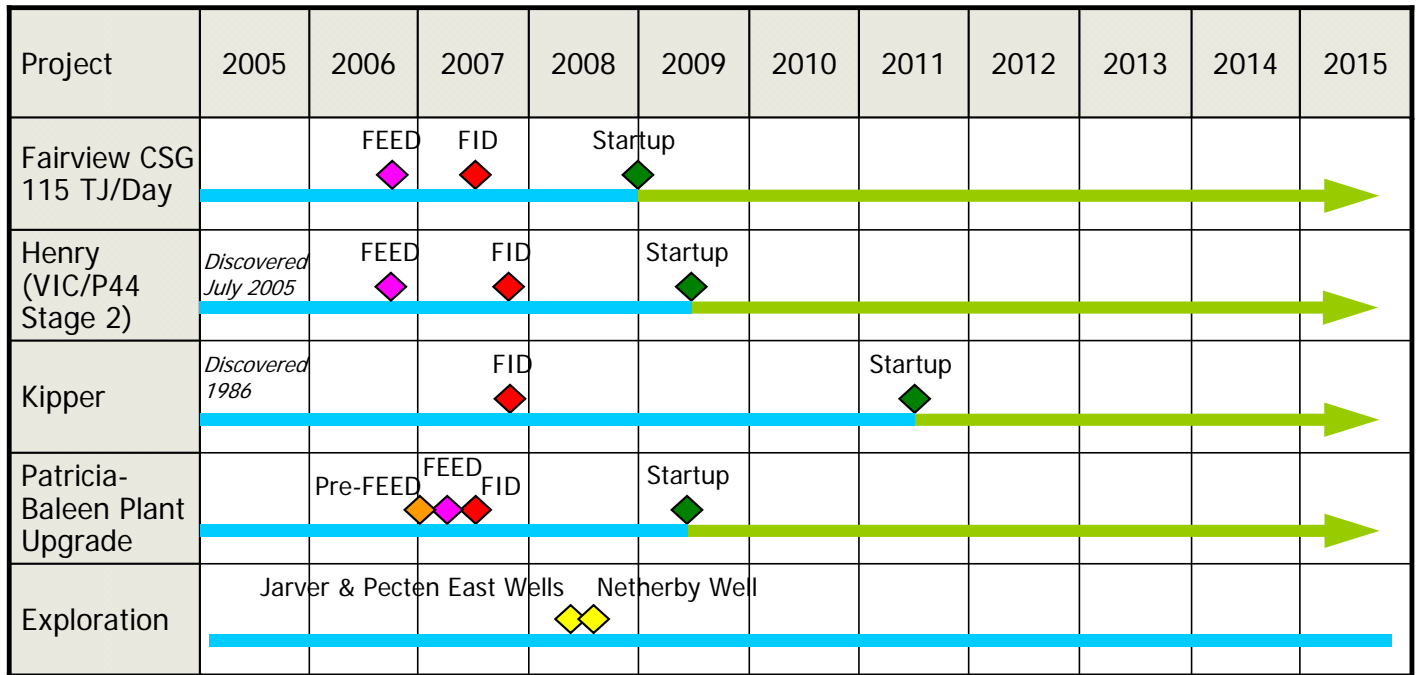
Reference Slides

2008 Forward Exploration Schedule

Well Name	Basin / Area	Target	Upside Resource Potential (mmbobe)			Santos Interest %	Timing	Comments
			0 – 50	50 - 100	100 - 500			
Hatia 1	Bay of Bengal / Bangladesh	Gas	✓			37.5	Q1 08	Gas Discovery
Johnson 1	Barrow / Australia	Oil	✓			37.5	Q2 08	P&A
Chim Ung 1	Nam Con Son / Vietnam	Oil		✓		37.5	Q2 08	P&A (Minor Oil)
Chim Boi Ca 1	Nam Con Son / Vietnam	Oil	✓			37.5	Q2 08	P&A
Charon 1	Houtman / Australia	Oil			✓	33	Q2 08	P&A
Jarver 1	Sorell / Australia	Gas			✓	55	Q2 08	P&A
Pecten East 1	Otway / Australia	Gas	✓			50	Q2 08	P&A
Netherby	Otway / Australia	Gas	✓			50	Q3 08	Gas Discovery
Chim Cong 1	Nam Con Son / Vietnam	Oil			✓	37.5	Q3 08	Drilling
Frigate Deep 1	Bonaparte / Australia	Gas	✓			100	Q3 08	Gas Discovery
Ichthys North 1	Browse / Australia	Gas			✓	30	Q3 08	Partial carry
Tuzluk 1	Fergana / Krygyzstan	Oil	✓			70	Q3 08	On schedule
Soh 1	Fergana / Krygyzstan	Oil	✓			70	Q4 08	On schedule
South East July 1	Gulf of Suez / Egypt	Oil			✓	40	Q4 08	Carried

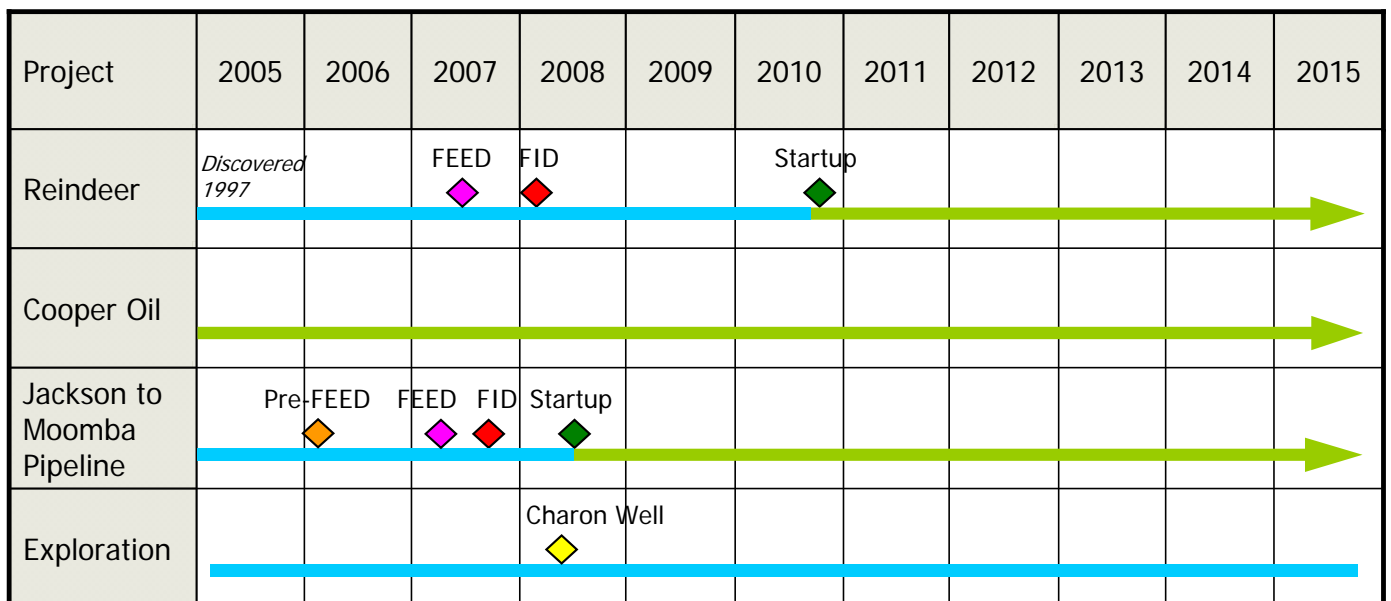
The exploration portfolio is continuously being optimised therefore the above program may vary as a result of rig availability, drilling outcomes and maturation of new prospects

Eastern Australia Gas - Milestones



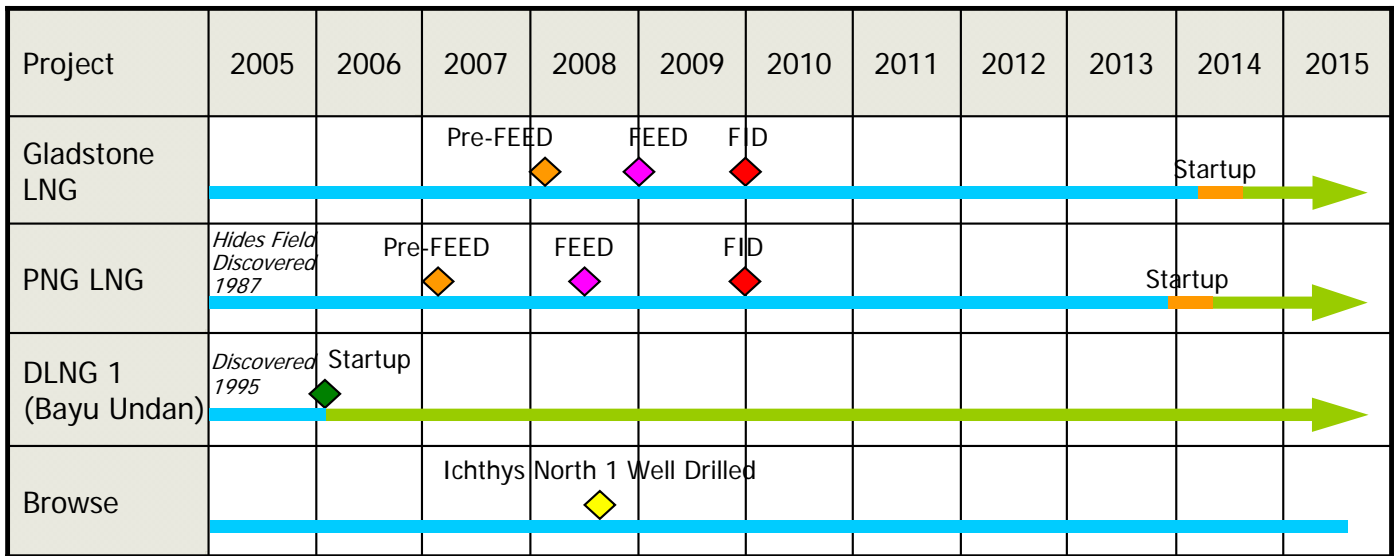
— Pre-production
 — Production
 ◆ Milestone

WA & Cooper Oil - Milestones



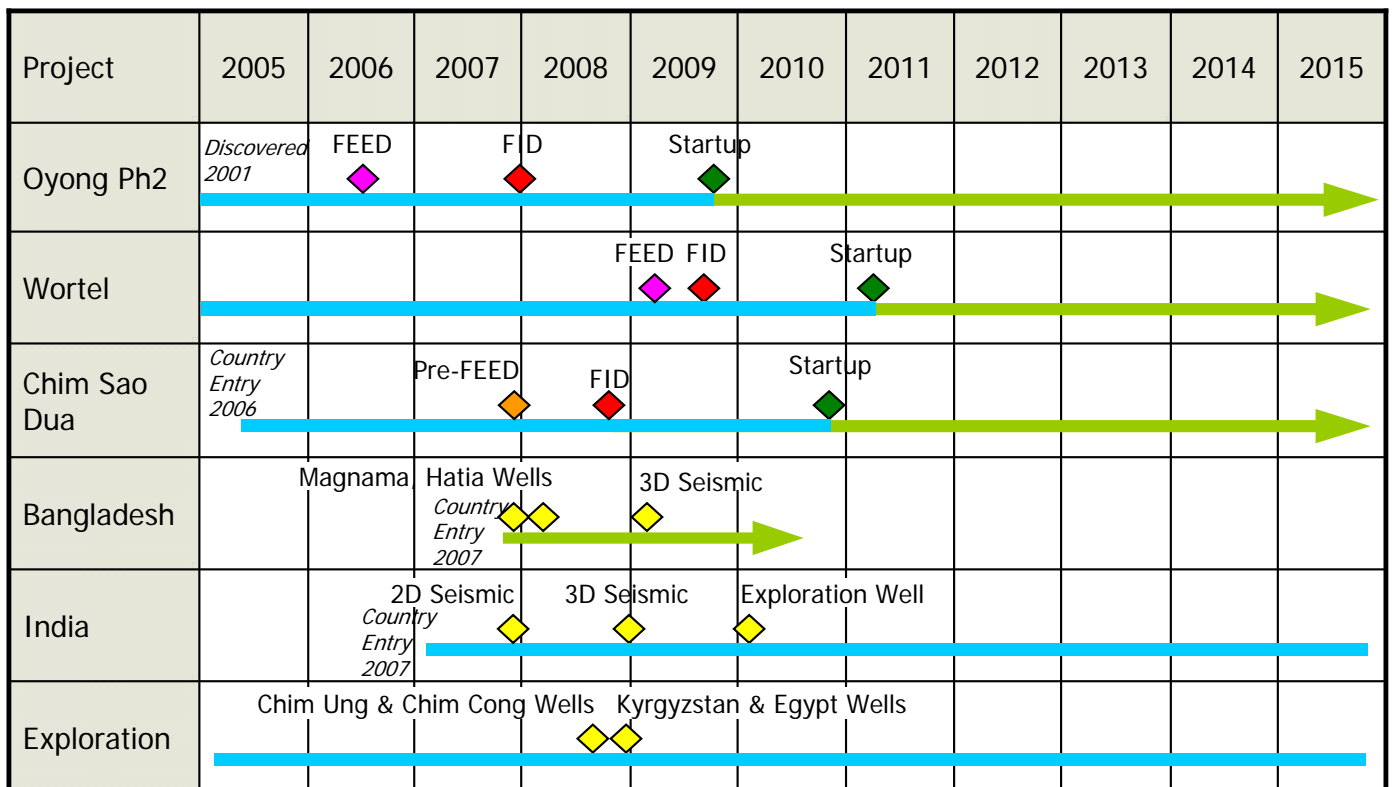
— Pre-production
 — Production
 ◆ Milestone

LNG Growth - Milestones



▬ Pre-production
 ▬ Production
 ◆ Milestone

Asian Growth – Milestones



▬ Pre-production
 ▬ Production
 ◆ Milestone

Prices & Exchange Rates

	Half Year 2008	Half Year 2007	Change %
Realised Oil Prices (USD/bbl)	113.08	68.19	+66
AUD/USD Exchange Rate (after hedging)	0.9383	0.8189	+15
Realised Oil Price (AUD/bbl)	120.51	83.27	+45
Gas Prices (AUD/GJ)	4.00	3.84	+4

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Underlying Profit – Operating Items

Variiances half-year 2008: half-year 2007 \$m	Pre-tax 2008	Post-tax 2008
Sales	169	107
Production costs	(44)	(29)
Other operating costs	(20)	(13)
DD & A	(30)	(20)
Other	11	17
	86	62

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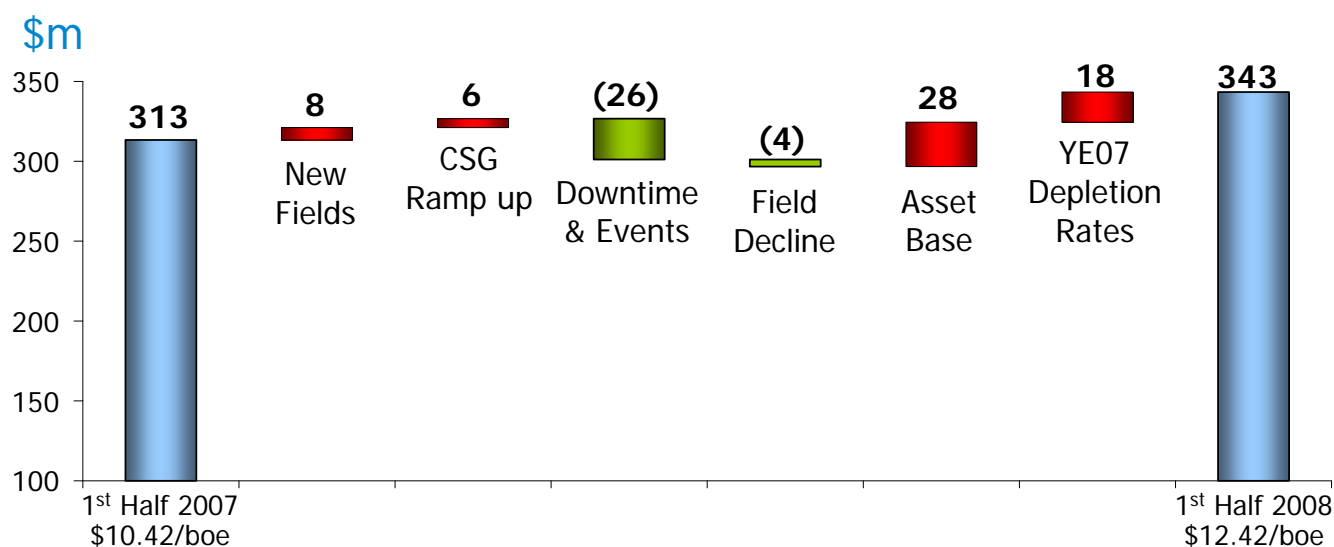
Significant Items (after tax)

\$m	Half Year 2008	Half Year 2007
Net profit after tax	304	193
Significant items:		
Remediation and related costs of Moonie to Brisbane pipeline incident	16	-
Capital losses not previously brought to account	(28)	-
Change in fair value of embedded derivatives	(3)	(2)
Net gain on redetermination of unitised field	-	(31)
Gain on sale of available-for-sale investments	-	(12)
US assets write-down	-	75
Underlying profit	289	223

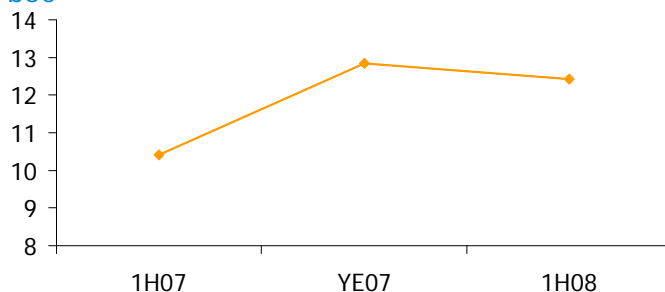
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Depreciation, Depletion & Amortisation



DDA \$/boe



Outlook FY2008:
\$12.30 per boe

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Exploration & Evaluation Expensed

\$m	Half Year 2008		Half Year 2007	
	Incurred	Expensed	Incurred	Expensed
Seismic, G&G, studies	54	49	73	74
Drilling	124	59	59	27
Total	178	108	132	101

\$64m of E&E expensed in 1H08 was incurred in areas subject to a royalty related income tax regime

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Net Free Cash Flow

	1H 08 \$m	2H 07 \$m	1H 07 \$m
Operating cash flow	699	676	538
Capital expenditure	(706)	(689)	(603)
Net Cash Flow	(7)	(13)	(65)
Net acquisitions			
Asset	(1)	30	(2)
Corporate	(5)	17	(19)
Net Free Cash Flow	(13)	34	(86)
Gearing %	35	38	33

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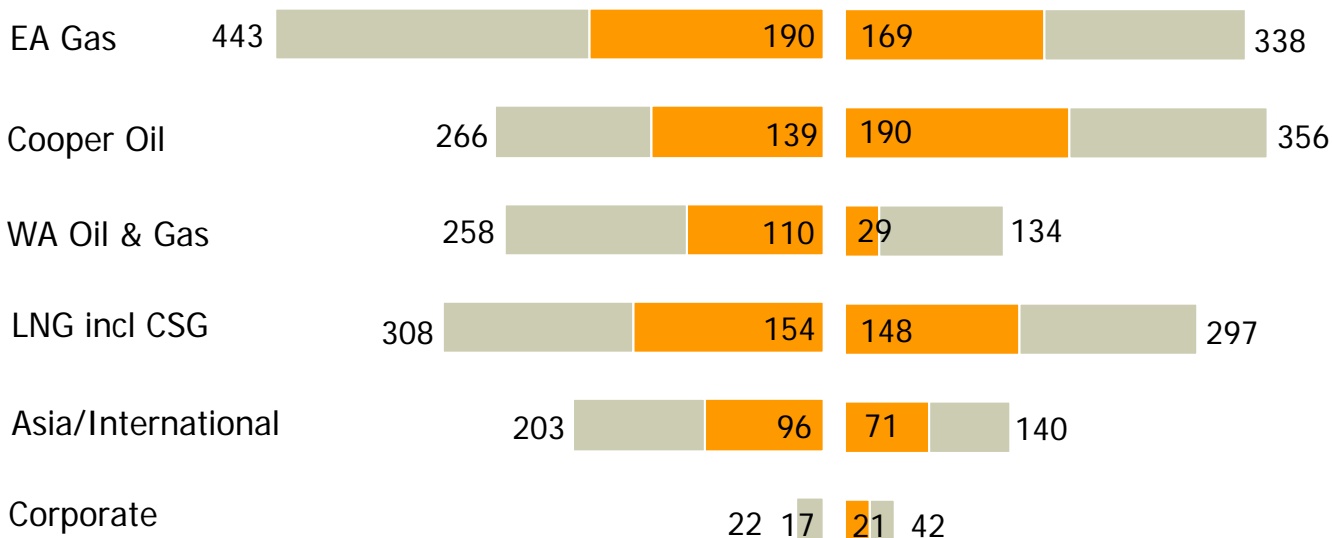
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Capital Expenditure

FY08

Half Year 2008 - \$706m

Half Year 2007 - \$628m



Full Year 2008 - \$1,500m

Full Year 2007 - \$1,307m

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Royalty Related Income Taxes

	1 st Half 2008		1 st Half 2007
	Before Corporate Tax	After Corporate Tax	After Corporate Tax
Current royalty related taxes ⁽¹⁾	76	53	10
Deferred royalty related taxes	20	14	69
Total royalty related taxation expense reported		67	79

Applies to:

- PRRT
- RRR (Barrow Island)
- APT (Bayu Undan)

Outlook for 2008⁽²⁾:
\$140 - \$160 million

(1) Equivalent to previous accruals method of accounting for these taxes

(2) Subject to oil price and exploration outcomes, assumes oil price of A\$120/bbl

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2008 Second Half Sensitivities

Sensitivity	Change	NPAT Impact A\$m
US dollar oil price	US\$1/bbl	9
Gas price	10 cent/GJ	6
A\$/US\$ exchange rate	1 cent	7
Interest rates	1%	-

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Restatement of 2007 Comparatives – Royalty Related Taxes

	Per financial report	Impact of of new Interpretation	Restated amount
30 June 2007			
Cost of sales	587	(14)	573
Profit before tax	415	14	429
Income tax expense	153	4	157
Royalty related tax expense	-	79	79
Profit after tax	262	(69)	193

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Contact Information

Registered and head office

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