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## PNG LNG project update

Santos has been advised by Exxon Mobil, operator of the PNG LNG project, that due to the stronger Australian dollar the estimated capital cost of the project has increased by US\$0.7 billion to US\$15.7 billion. Santos' 13.5% share of the increased capital cost is approximately US\$100 million.

Santos is well positioned to manage the impact of a strong Australian dollar on project capital costs. The company's Australian dollar denominated balance sheet means that PNG LNG US dollar capital costs are translated into Australian dollars at current exchange rates. In addition, Australian dollar cash balances and domestic gas sales revenues provide effective protection in the event of a sustained appreciation of the Australian dollar.

PNG LNG remains on schedule for first LNG in 2014.

### About PNG LNG

The PNG LNG Project is an integrated development that includes gas production and processing facilities, onshore and offshore pipelines and LNG plant facilities with a capacity of 6.6 million tonnes per annum. Santos has a 13.5% interest in PNG LNG. Other participants are entities of ExxonMobil (33.2% and operator), Oil Search (29%), National Petroleum Company of PNG (PNG Government, 16.8%), Nippon Oil Exploration (4.7%), and Mineral Resources Development Company (PNG landowners, 2.8%).

Ends.