



## 2011 Full-year results

17 February 2012

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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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## 2011 Full-year results

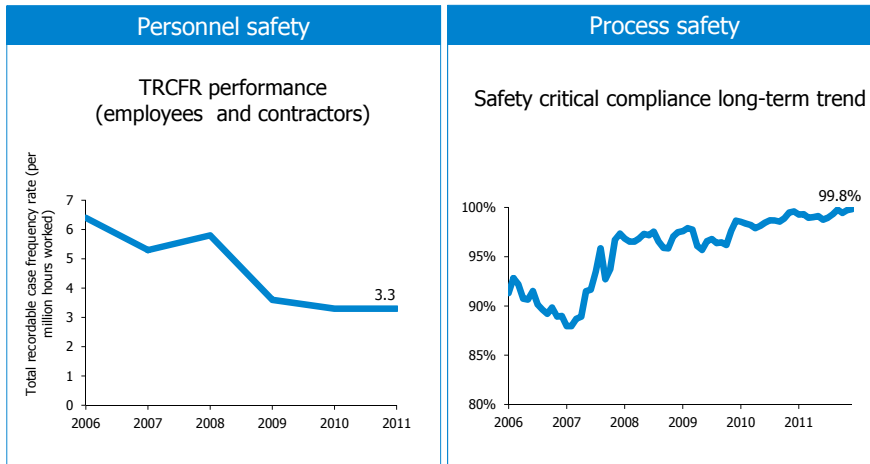
David Knox  
Managing Director & CEO

### 2011 delivery

Target	Delivery
Safety	<ul style="list-style-type: none"> <li>TRCFR 3.3, best performance in company history</li> </ul>
Production	<ul style="list-style-type: none"> <li>47.2 mmboe, within guidance range</li> </ul>
Projects delivered on plan	<ul style="list-style-type: none"> <li>Spar: on time and budget</li> <li>Chim São: on time and under budget</li> <li>Reindeer/Devil Creek: on time and budget</li> <li>Wortel: on budget, 30 days behind schedule</li> </ul>
Sanction of new projects	<ul style="list-style-type: none"> <li>2-train GLNG project sanctioned</li> <li>Fletcher Finucane sanctioned (January 2012)</li> </ul>
Exploration success	<ul style="list-style-type: none"> <li>Zola gas discovery</li> <li>Finucane South oil discovery</li> </ul>
Portfolio optimisation	<ul style="list-style-type: none"> <li>Acquisition of Eastern Star Gas Ltd</li> <li>Divestment of Evans Shoal</li> <li>Asset swap in Amadeus Basin</li> </ul>
Strong balance sheet	<ul style="list-style-type: none"> <li>US\$1.2 billion in Export Credit Agency facilities</li> <li>\$7.5 billion of funding capacity</li> </ul>

# Safety

A balanced focus on personnel and process safety



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# Underlying net profit up 20%

2011 Full-year result

Change on 2010

Production	47.2 mmbob	↓	(5%)
Sales revenue	\$2,530 million	↑	14%
EBITDAX	\$2,126 million	↑	27%
Net profit after tax	\$753 million	↑	51%
Underlying net profit	\$453 million	↑	20%
Operating cash flow	\$1,253 million	↓	(2%)
Final dividend	15 cents per share		No change

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## Working with local landholders and communities

- Australia's largest domestic gas producer, Santos has a 50-year track record of safe, sustainable operations
- We are committed to working with local landholders and contributing to communities
- We will work in partnership with agriculture for sustainable resource management



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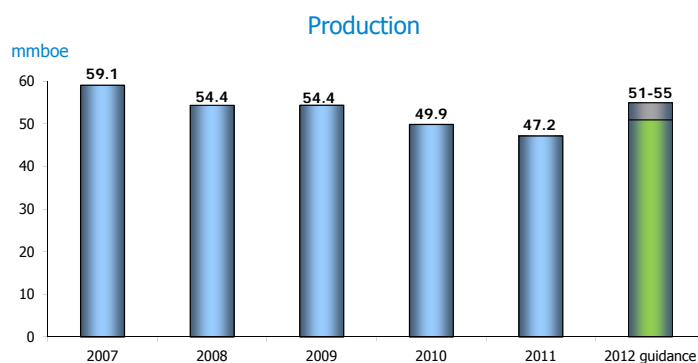
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## 2011 Full-year results

Andrew Seaton  
CFO

## Production impacted by GLNG sell down

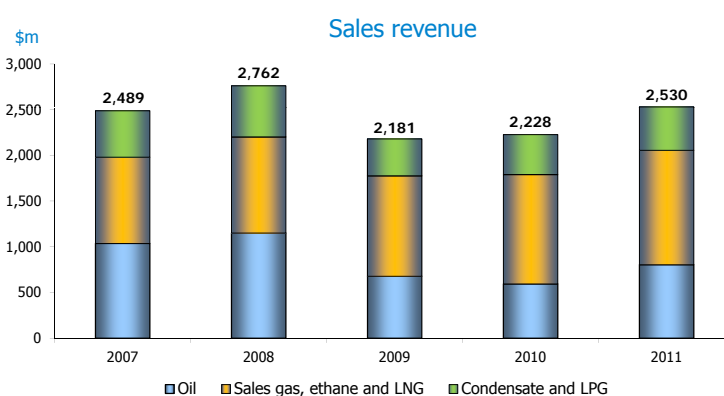


- 2011 production impacted by 15% sell-down of GLNG (1.9 mmboe), flooding in Cooper Basin and cyclones offshore Western Australia
- 2012 guidance unchanged at 51-55 mmboe, driven by new projects on-line (Reindeer/Devil Creek, Spar, Chim São and Wortel)

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## Sales revenue increased by 14%

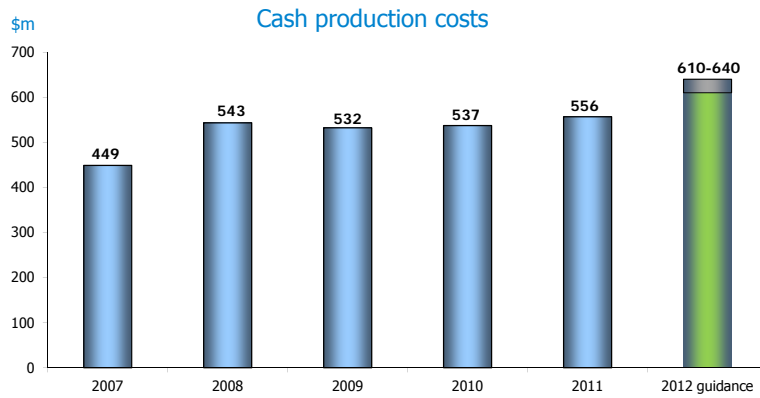


- Higher realised prices for all products; oil price up 32% and gas price up 9%
- Third party products revenue of \$297 million

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## Production costs increased by 4%

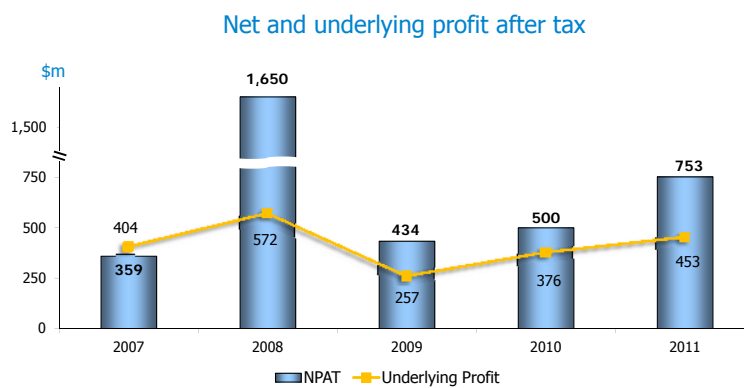


- 2011 costs higher due to flood recovery in the Cooper Basin and commencement of production from Chim Sáo
- Higher costs in 2012 with full year contribution from new projects

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## Net profit increased by 51%

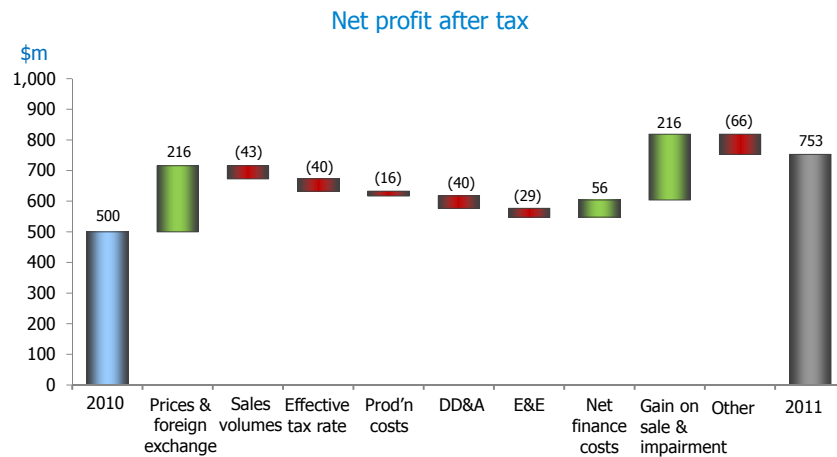


- Underlying profit of \$453 million increased by 20%, with higher commodity prices offset by lower production and a higher effective tax rate

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## Net profit reconciliation



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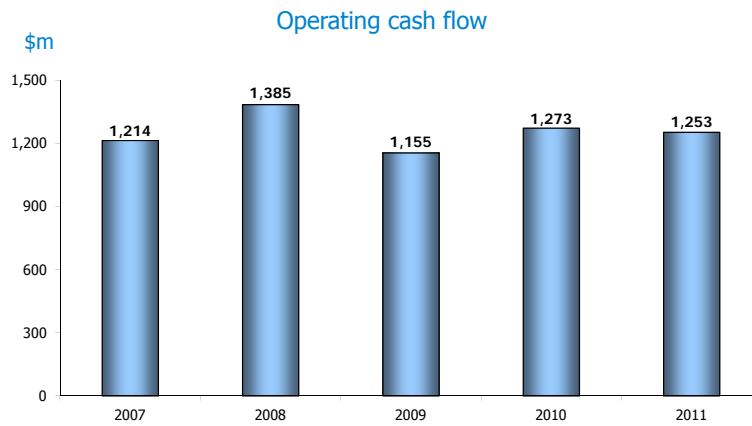
## Significant items after tax

\$m	2011	2010
<b>Net profit after tax</b>	<b>753</b>	<b>500</b>
Less:		
Significant items:		
Net gains on sales	408	214
Net impairment		
Bangladesh	(79)	-
Kipper	(12)	-
Cooper Basin	(5)	(58)
Kyrgyz Republic	-	(24)
Other	(6)	(41)
Net impairment loss (sub-total)	(102)	(123)
Other	(6)	33
Significant items (sub-total)	300	124
<b>Underlying net profit</b>	<b>453</b>	<b>376</b>

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## Operating cash flow remains strong

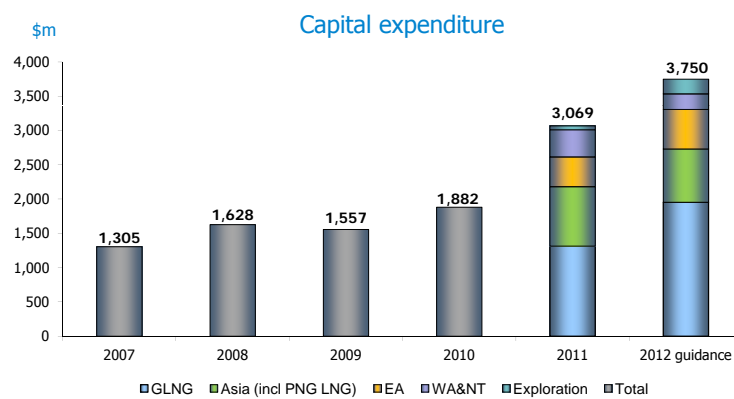


- Consistent cash flow generation from the base business

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## Capital expenditure



- Reindeer/Devil Creek, Spar and Chim São on-line during 2011, Wortel in January 2012
- 2012 guidance unchanged at \$3.75 billion; GLNG and PNG LNG on track

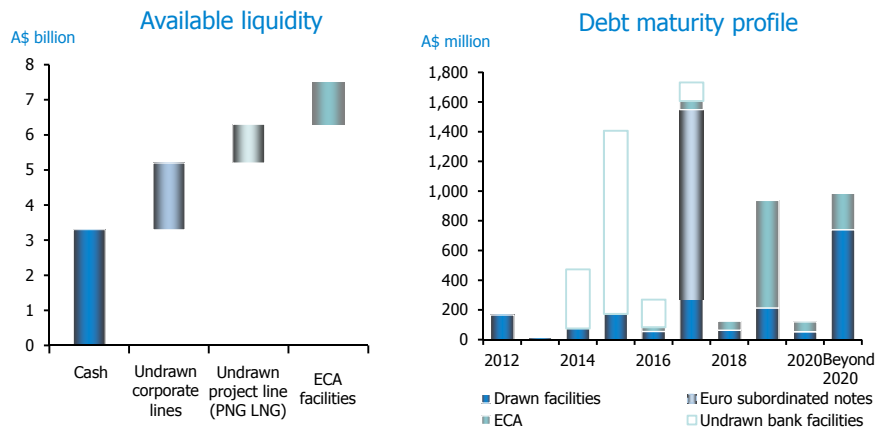
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## \$7.5 billion of funding capacity

Balance sheet capacity to fund execution of business strategy and minimise financing risk



Charts as at 31 December 2011.  
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The Euro subordinated notes mature in 2070. Santos has the option to redeem the notes in 2017.

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## 2012 guidance

Item	2011 Actual	2012 Guidance
Production (mmboe)	47.2	51-55
Production costs (\$m)	556	610-640
DD&A expense (\$/boe)	13.47	14.00
Royalty related taxation expense <sup>1</sup> (\$m after tax)	91	80-100
Capital expenditure (including exploration & evaluation)	\$3 billion	\$3.75 billion

<sup>1</sup> Royalty related taxation expense guidance for 2012 assumes an oil price of A\$100 per barrel.

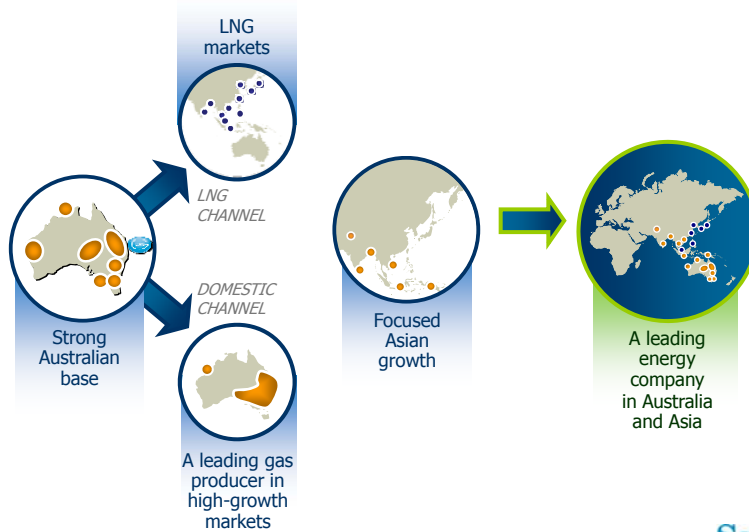
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# 2011 Full-year results

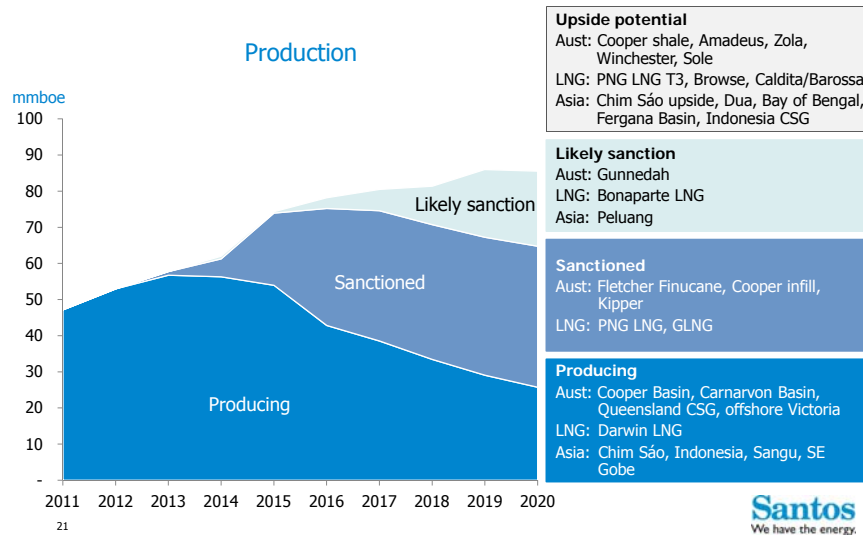
David Knox  
Managing Director & CEO

## Santos vision and strategy



## Delivering 80-90 mmboe of production by 2020

Reindeer and Wortel now producing; Fletcher Finucane sanctioned



## 2012 is an exciting year for Santos

### Australia

- High-impact drilling campaign in Western Australia
- Fletcher Finucane oil project underway
- Cooper infill drilling program
- Unconventional exploration in the Cooper

### LNG projects

- GLNG: upstream and pipeline construction commences; LNG plant construction ramps-up
- PNG LNG: Hides development drilling program

### Asia

- Wortel producing
- Peluang FID targeted for late 2012
- Significant drilling program: Chim São NW; Indonesia CSG

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## High-impact WA campaign in 2012

Exciting drilling campaign, including three offshore Santos-operated rigs

### Browse Basin gas

- Exploration - Crown

### Carnarvon Basin gas

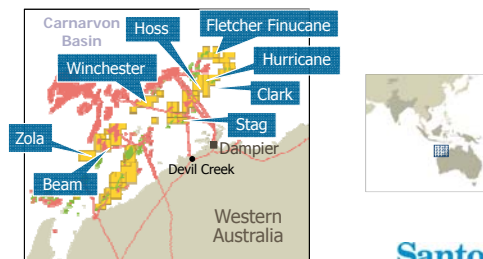
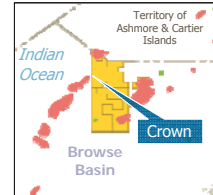
- Appraisal – Zola, Hurricane
- Exploration – Winchester, Beam

### Carnarvon Basin oil

- 3 development wells for Fletcher Finucane
- 5 appraisal & development wells for Stag
- Exploration - Hoss, Clark

Legend

- Santos acreage
- Oil field
- Gas field
- Oil pipeline
- Gas pipeline



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## Fletcher Finucane

Sanctioned in January 2012, first oil production expected in 2H 2013

- \$490 million gross oil project in the Carnarvon Basin
- Santos is operator with a 48% effective interest
- Three-well sub sea tie back to existing Santos operated facility at Mutineer-Exeter
- Estimated average gross production rate of 15,000 barrels per day for first year
- Approximately 14 million barrels of gross 2P reserves



Pipeline route survey, Fletcher Finucane

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## Cooper infill: 6-well pad underway



## Cooper unconventional

### Unconventional resource gas plays to be explored in 2012

#### Moomba 191 shale gas well

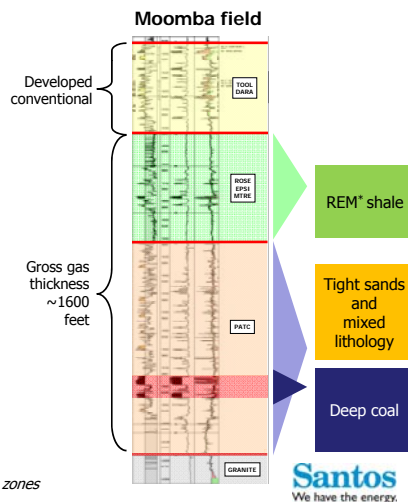
- Dedicated vertical shale gas well drilled in December 2011 with cores taken from each of three shale intervals
- Microseismic monitored fracture stimulation in Q1 2012

#### Moomba North shale well

- Well design in progress for drilling in Q4 2012
- First horizontal well, 1000-2000 feet lateral length with multiple stages

#### Other unconventional gas resources

- Drilling four wells in 2H 2012
- Applying contemporary technology, targeting basin centred gas sands and other unconventional horizons including deep coal



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\* Roseneath, Epsilon and Murteree shale zones

## GLNG project

First LNG exports expected in 2015; construction progressing well

- 7.8 mtpa, US\$16 billion two-train project
- Santos operator and 30% equity interest
- Recent activities include:
  - Two deliveries of gas transmission pipeline received
  - First 288 accommodation units built on Curtis Island; due to be occupied in March 2012
  - Assistance provided with Roma flood recovery
- Targeting 175 wells to be drilled in 2012
- Rig fleet to be updated in 2012; pad drilling to reduce footprint with higher productivity



*Curtis Island construction camp*

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## GLNG plant site, Curtis Island



1 February 2012

## GLNG material offloading facility, Curtis Island



1 February 2012

## PNG LNG project

### On track for start-up in 2014

- 6.6 mtpa, US\$15.7 billion two-train development, operated by ExxonMobil
- Santos 13.5% equity
- Project progressing well, recent milestones include:
  - Commenced piling work at Hides Gas Conditioning Plant
  - Significant earthworks progress at Komo and first foundation installed for the terminal building
  - 100km onshore pipeline and 130km of offshore pipeline completed
  - LNG tank foundation complete and construction underway on outer LNG tank shells
- Hides drilling program to commence in 2012, with well targeting the gas/water contact early in sequence.



LNG tank construction



Hides gas conditioning plant

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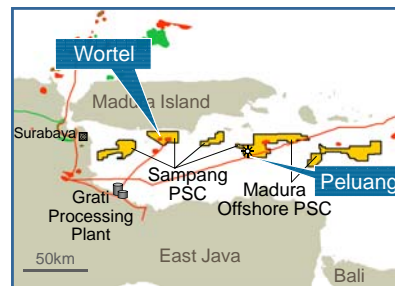
## PNG LNG plant construction



## Growth in Indonesia

### Wortel delivered on-budget; growth opportunities

- Wortel delivered in January 2012, on-budget
  - Extends economic life of Oyong
  - Gas prices in excess of US\$5/mmbtu
- Peluang FID targeted for late 2012
  - 45 bcf tie-back to Maleo
  - Start-up expected in second half 2013
- South Sumatra CSG drilling campaign to commence in 1H 2012
  - Licences located close to pipelines connected to existing markets
  - Santos has opportunity to access further acreage



Legend

- Santos acreage
- Oil field
- Gas field
- Oil pipeline
- Gas pipeline

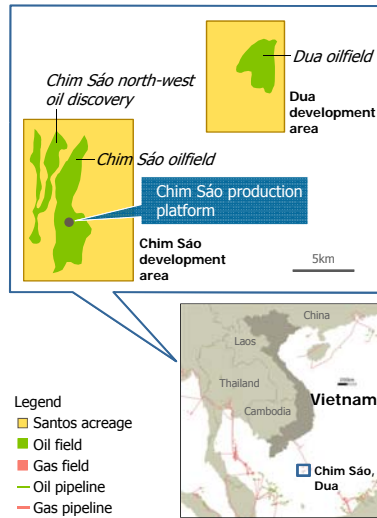


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## Vietnam next steps

- Chim Sáo online in October 2011, production 25,000 bbl/day
  - Chim Sáo NW to be drilled in Q3 2012
  - Explore upside potential of Chim Sáo
  - Potential for significant resource additions
- Dua development area
  - Discovered oil resource
  - Development concept being worked
- Block 123, Phu Khanh Basin
  - 3D seismic planned for 2012
- Block 13/03, Nam Con Son Basin
  - PSC awarded in December 2011



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## Summary

2011

- Safety: 40% improvement in 3 years
- Reported full-year profit up 51% to \$753 million
- Strong project delivery
- \$7.5 billion funding capacity

2012

- Cooper Basin potential continues to be unlocked
- Three-rig drilling campaign in Western Australia
- LNG project construction ramps up
- Significant drilling campaign in Asia
- 40% of production subject to oil-linked pricing, growing to 70% in 2015

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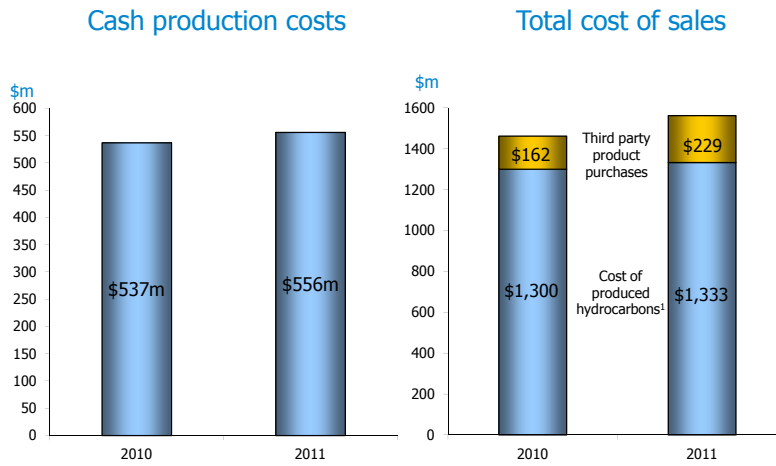
# 2011 Full-year results

17 February 2012



Reference slides

## Production cost and cost of sales

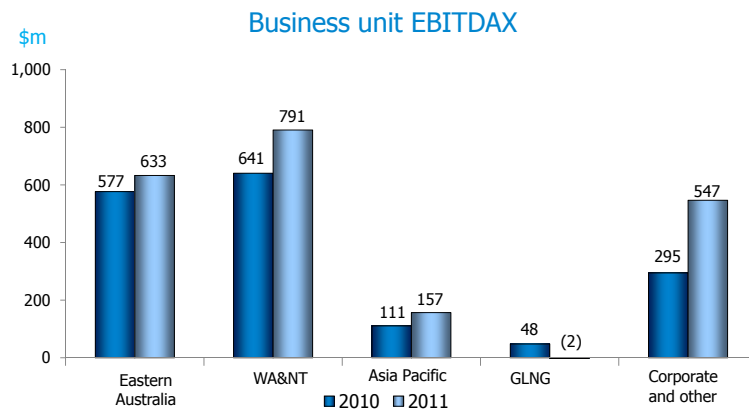


<sup>1</sup> Includes production costs, pipeline tariffs, processing tolls and other, royalties, inventory and DD&A

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## Business unit EBITDAX



Corporate and other in 2011 includes gains on sale of 15% of GLNG and Evans Shoal

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## 2012 exploration schedule

Well Name	Basin / Area	Target	Santos Interest %	Timing
Tardrum	Bowen	CSG	50	Successful
Beam-1	Carnarvon	Gas	45	Q1
Hoss-1	Carnarvon	Oil	37.3	Q2
Indonesia CSG	South Sumatra	CSG	60	Q2/Q3
Chim São NW-1	Nam Con Son	Oil	31.875	Q3
Crown-1	Browse	Gas	30	Q3
Van Der Waals 1	Cooper	Gas	66.6	Q3
Central Asia*	Fergana	Oil/Gas	100	Q3/Q4
Denison CSG	Bowen	CSG	50	Q4
Gaschnitz 1	Cooper	Gas	66.6	Q4
Langmuir 1	Cooper	Gas	66.6	Q4
Winchester-1	Carnarvon	Gas	75	Q4
Moomba Deep Exploration	Cooper	Gas	66.6	Q4
Moomba North Shale	Cooper	Gas	66.6	Q4
Gunnedah CSG	Gunnedah	CSG	Various	2012

*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*

39 \* Conditional on final PSC approvals

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