



Santos

2009 Investor Seminar
Delivering Transformational Growth

9 December 2009

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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.

Our View of Energy World Is Unchanged

Fundamentally

- Unprecedented Asian economic growth driving energy demand
- Rising CO₂ emissions
- Security of supply becoming increasingly important

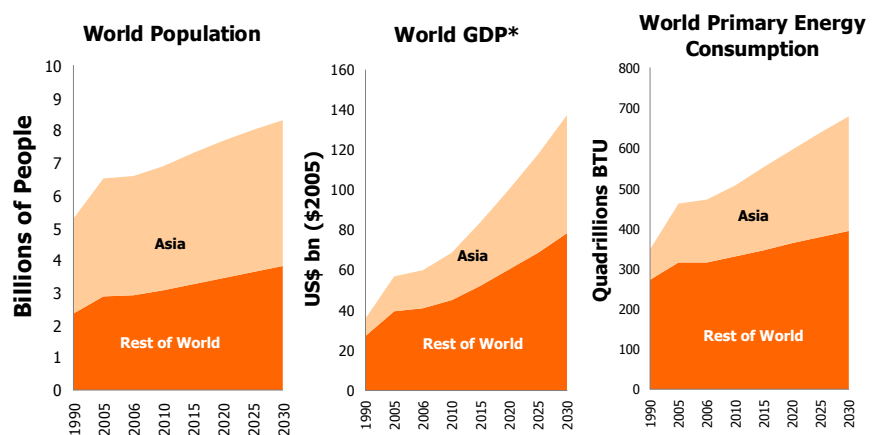
To meet energy needs while reducing emissions...

- **Gas** must have an increasing share of the fuel mix
- **Unconventional** hydrocarbon supplies must complement conventional
- **Prices** will reflect a new supply/demand equilibrium

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Asia is the Engine of Energy Growth



Asia 47% of population growth

52% of GDP growth

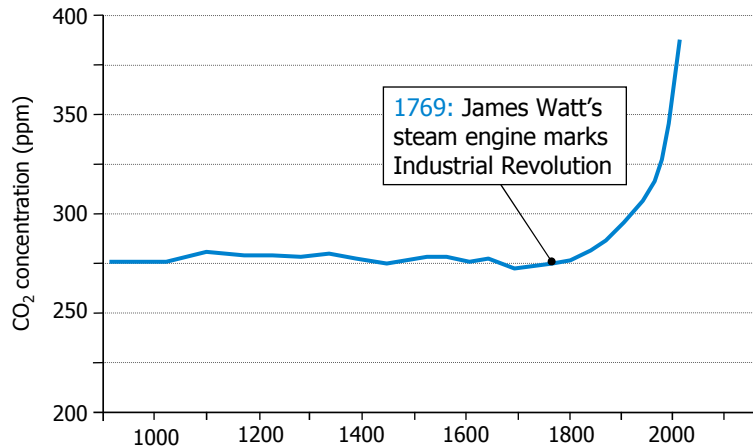
62% of primary energy growth

Source: EIA International Energy Outlook 2009
4 *World GDP by Region Expressed as Purchasing Power Parity

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A Warming World Needs More Gas

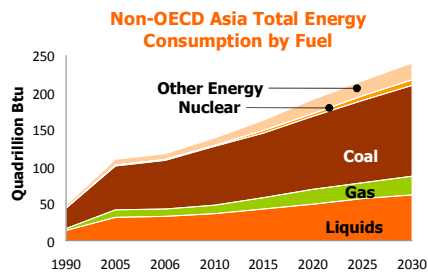
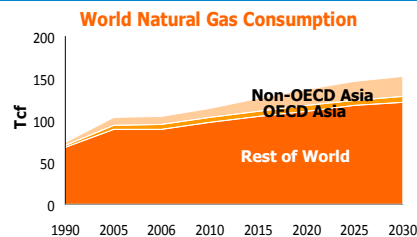
Global warming could reach as high as 7 degrees by the turn of the century if greenhouse gases grow unabated *The Copenhagen Diagnosis Nov 2009**



Source: Professor David MacKay, Department of Physics, Cambridge University
*Sydney Morning Herald

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Although Gas Demand Growth Strong, It is Still Under Represented in Non-OECD Asia Energy Mix



- Asia gas growth strong at 3.2% p.a.
- Still accounts for only 35% of global growth in consumption
- Non-OECD Asia gas share of fuel mix only increases from 8% to 10%
- Every 1% increase in gas' share in the fuel mix in non-OECD Asia equates to 45 mtpa LNG in 2030
- Policy shift towards lower emission gas would sharply accelerate growth

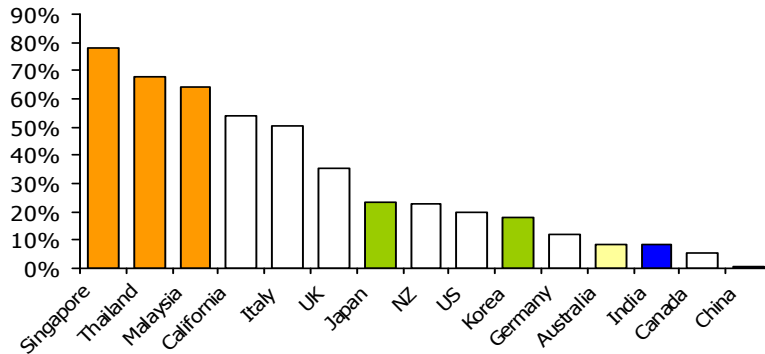
OECD Asia includes Japan, S. Korea, Australia, and NZ
Non-OECD Asia includes China, India and all other

Source: EIA International Energy Outlook 2009

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Gas is an Underutilised Fuel for Power Generation in China, India and Australia

Power Generated from Natural Gas (%)

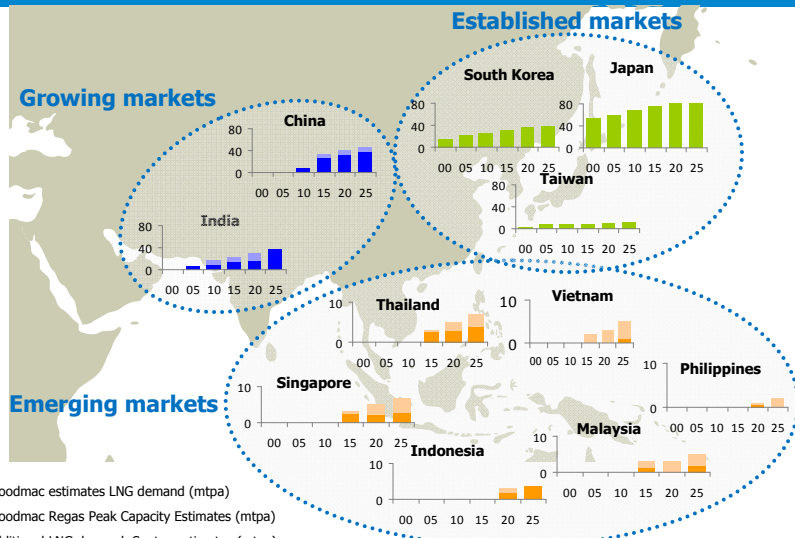


Source: IEA 2007 Edition; EIA; Santos est.

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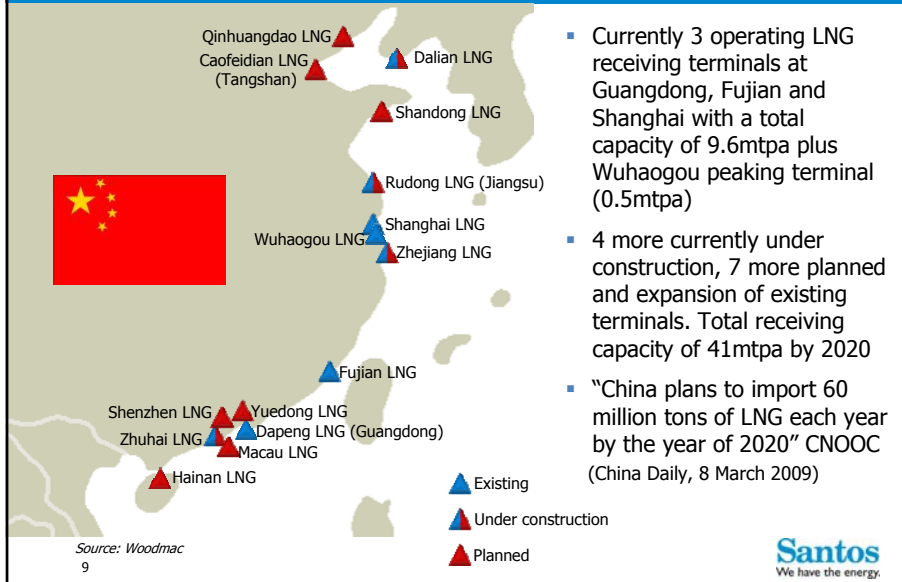
Gas Market There for Those Who Can Deliver



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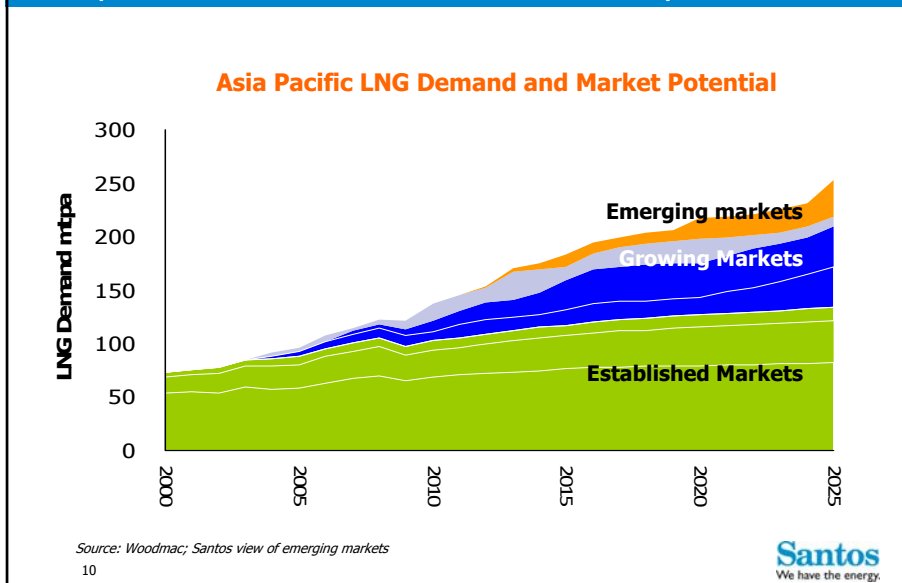


China LNG Factor: How Big Ultimately?

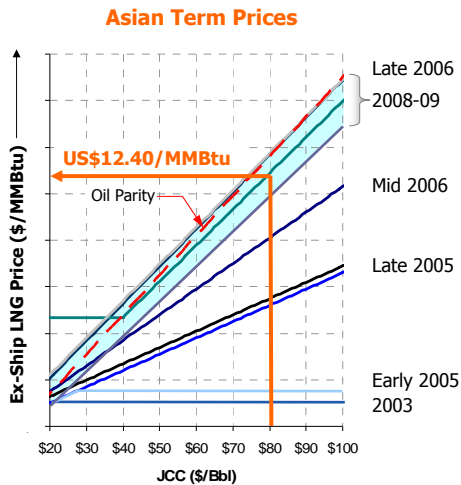


- Currently 3 operating LNG receiving terminals at Guangdong, Fujian and Shanghai with a total capacity of 9.6mtpa plus Wuhaogou peaking terminal (0.5mtpa)
- 4 more currently under construction, 7 more planned and expansion of existing terminals. Total receiving capacity of 41mtpa by 2020
- "China plans to import 60 million tons of LNG each year by the year of 2020" CNOOC (China Daily, 8 March 2009)

The Demand From New Asian LNG Markets Will Equal That of Traditional Markets Today



Continue to See Strong Long Term LNG Pricing



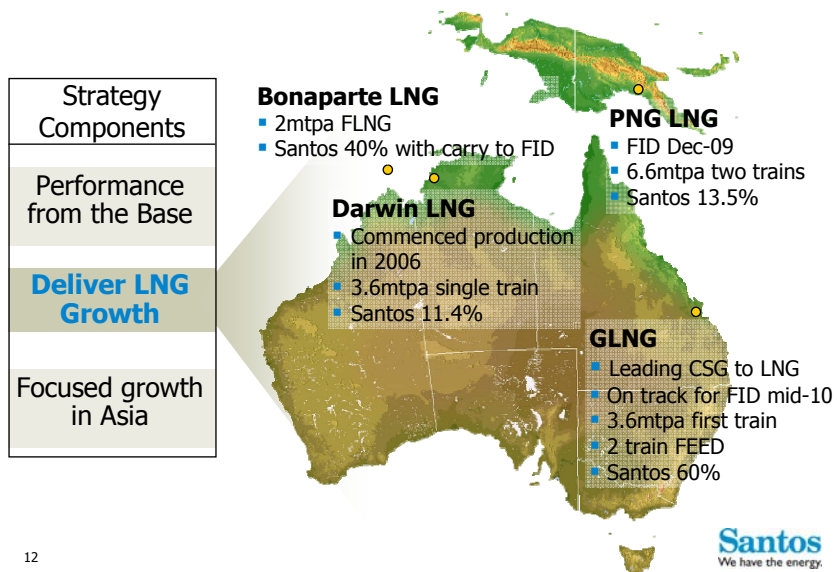
Source: Poten & Partners

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- Recent contracts point to strong underlying demand
- Pricing reflects new supply-demand equilibrium
- Long-term Asia-Pacific pricing remains oil-linked

LNG is a key component of Santos' Growth Strategy



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The Santos Strategy

Using quality assets, Santos will safely deliver:

Base business

- **Eastern Australia:** Margin growth and resource conversion
- **Indonesia:** Established business with incremental growth
- **WA:** Growing a material domestic gas business

LNG growth

- **GLNG:** The leading CSG to LNG project, FID mid-2010
- **PNG LNG:** FID Dec-09, first LNG production mid-2014
- **Darwin LNG:** Mature brownfield LNG growth
- **Bonaparte LNG:** Innovative floating LNG project

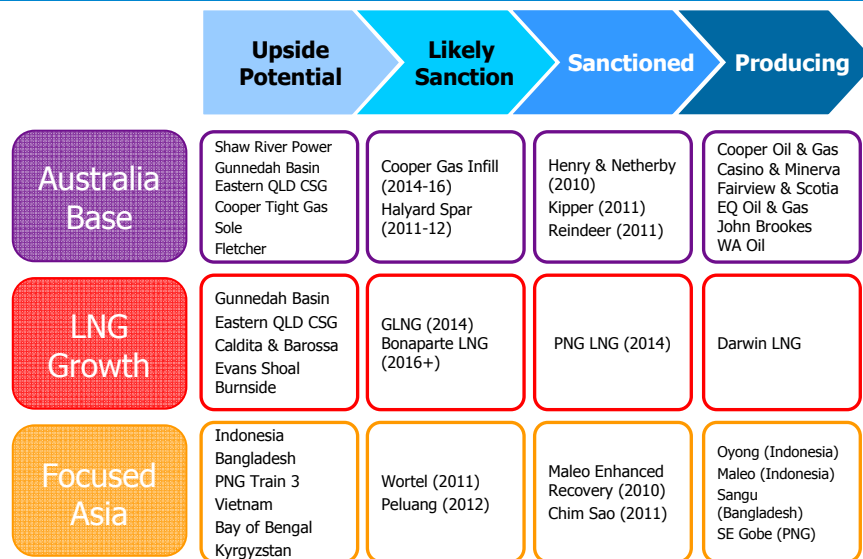
Focused growth in Asia

- **Vietnam:** Develop Chim Sao and exploration-led growth
- **India/Bangladesh:** Bay of Bengal exploration-led growth

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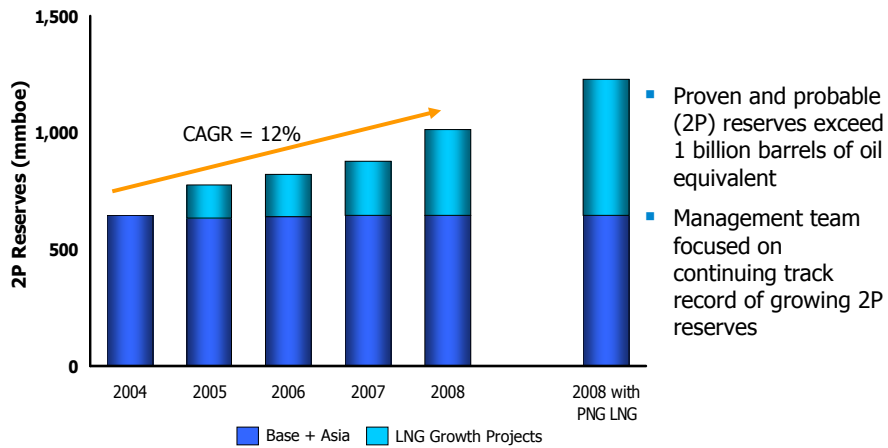
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We have a Transformational Growth Pipeline



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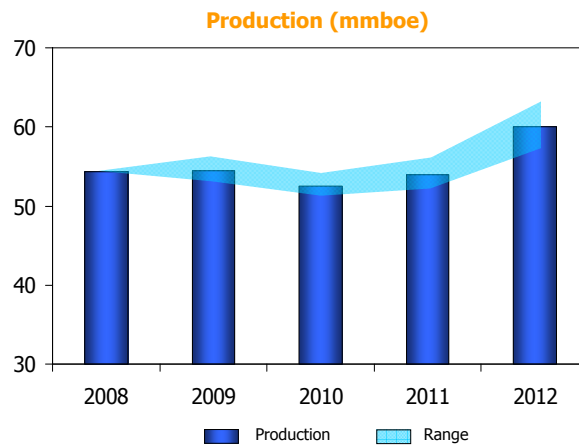
Which We are Commercialising



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Production from Existing Projects



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Twin Themes Of Strategy

Twin themes for shareholder value creation



Building a better base business



Delivering transformational growth

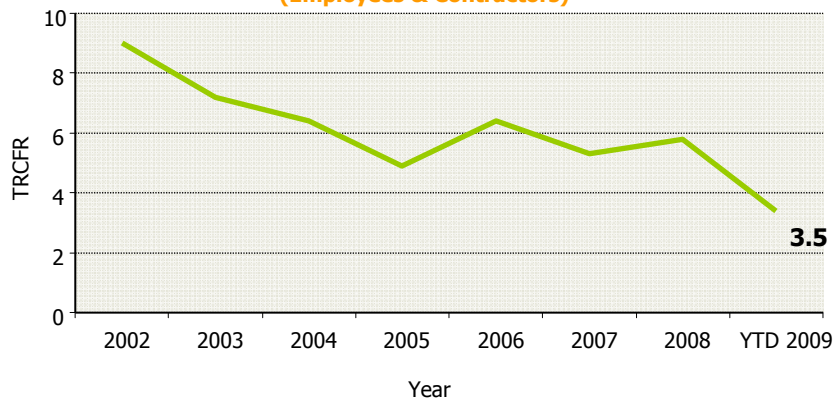
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Delivering Without Compromising Safety

40% reduction in TRCFR during 2009

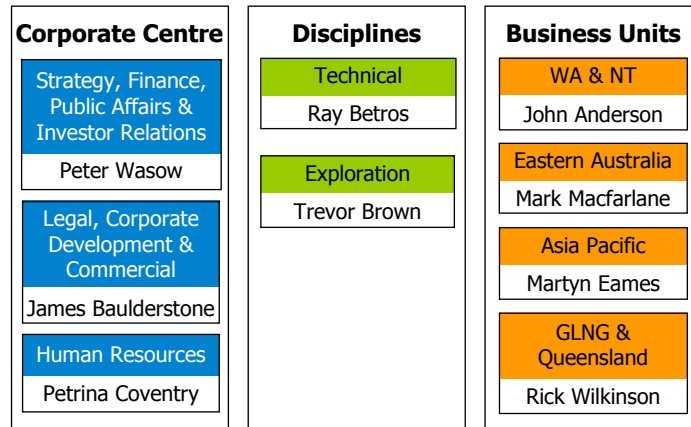
**Santos TRCFR performance
(Employees & Contractors)**



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The Delivery Model



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Strategy	David Knox
Eastern Australia	Mark Macfarlane
WA & NT	John Anderson
Asia Pacific	Martyn Eames
GLNG	Rick Wilkinson
Technical	Ray Betros
Exploration	Trevor Brown
Outlook & Funding	Peter Wasow
Wrap Up	David Knox

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Agenda

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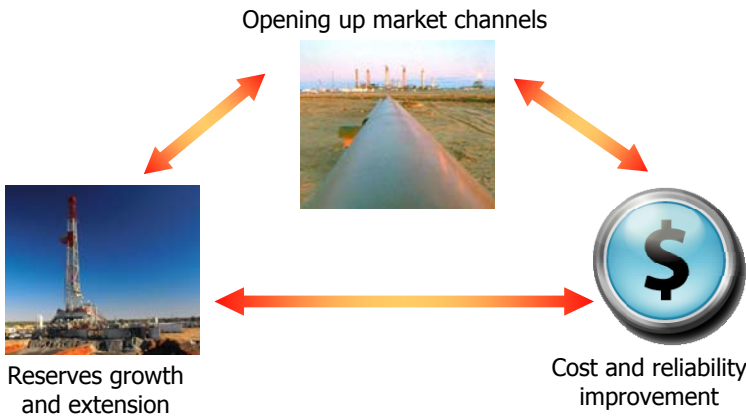
Eastern Australia Business Unit

Mark Macfarlane
Vice President, Eastern Australia

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Eastern Australia – The Next 40 Years

Today's pioneers capitalising on gas demand growth for the next 40 years



Reserves growth
and extension

Opening up market channels

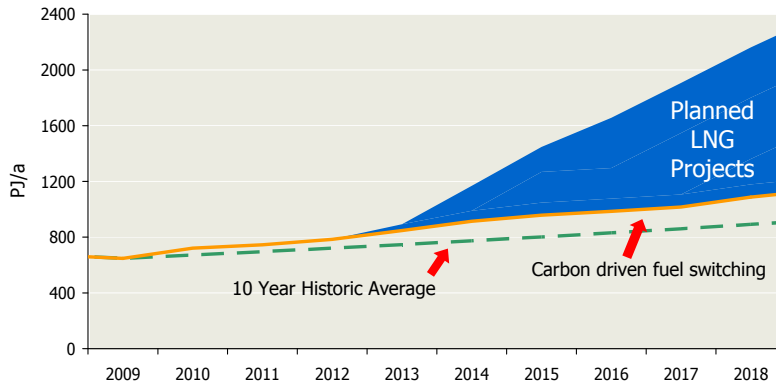
Cost and reliability
improvement

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Demand for Eastern Australia Gas

Demand will nearly triple within 10 years...



Source: AEMO, EnergyQuest, Santos, Company Announcements

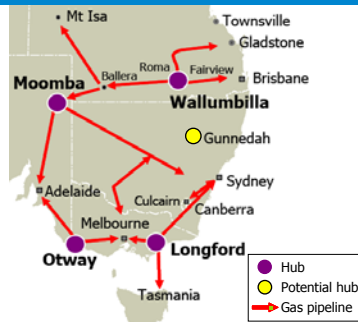
...driven by LNG export and carbon policy

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Santos' Unique Position Suits the Rapidly Developing Market

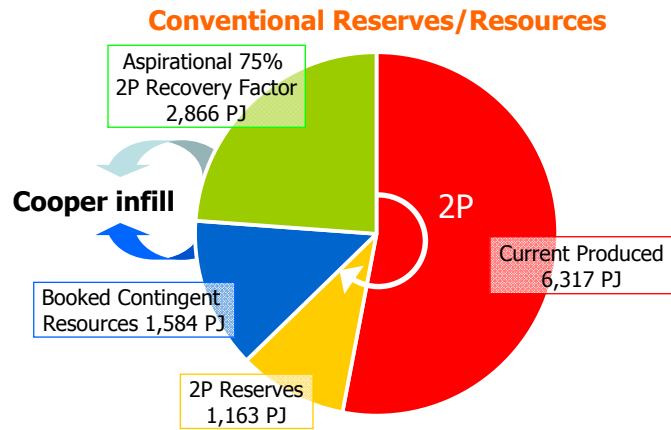
- In every producing basin
- Infrastructure network in place
- Arbitrage value across supply points
- Facilitates ramp gas management



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Reports of the Cooper's Death are Greatly Exaggerated

Cooper Gross Reserves and Unrisked Resource Potential



Note: Gross volumes

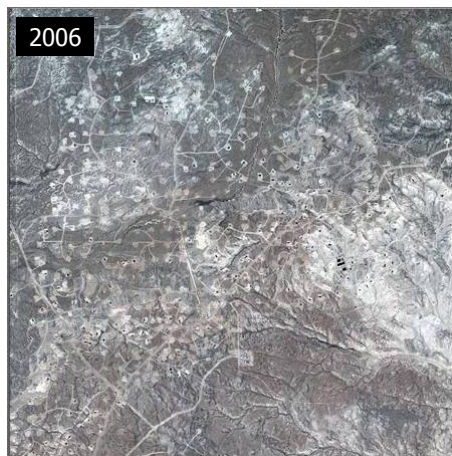
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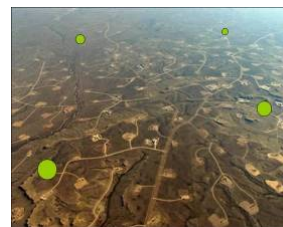
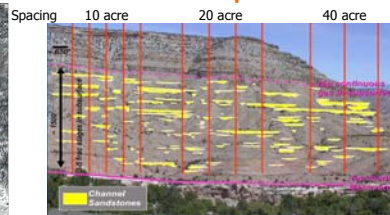
Create Supply – Cooper Infill, Beyond the 2P

Technically robust, multi tcf potential

Rock Outcropping of Mesaverde River Deposits



Land Sat Image - Jonah Field (USA)



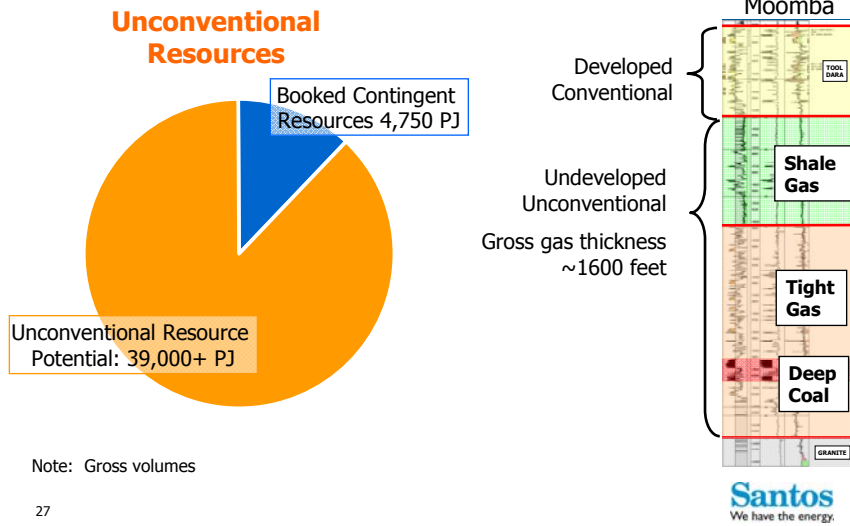
Green = current Cooper spacing
~200ac

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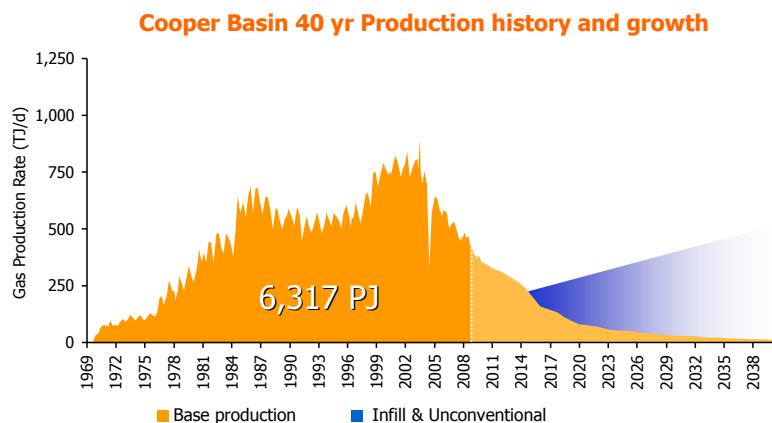
Reports of the Cooper's Death are Greatly Exaggerated

Gross Unrisked Resource Potential



Reserves Growth Opportunity

World scale operation, significant strategic asset



Delivering Sanctioned Projects - Henry

Leveraging Casino infrastructure to add reserves and production

- Henry Project (50%, operator)
- Otway Basin, Victoria
- Sub-sea tie back to existing Casino infrastructure
- Offshore installation vessels mobilised
- Start-up 1H 2010
- 2P reserves ~ 75 PJ dry gas
- Capital cost estimate ~ \$185 million



All figures Santos net

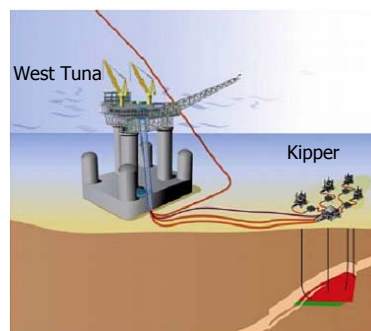
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Delivering Sanctioned Projects - Kipper

Utilising existing Gippsland Basin infrastructure

- Offshore Victoria – Gippsland Basin
- JV: Santos (35%), ExxonMobil (32.5%) (Operator), BHPB (32.5%)
- Stage 1: First Gas April 2011
 - Two subsea gas wells and four subsea gas coolers
 - Procurement & Fabrication progressing, main installation contracts in place, Drilling to commence Q1 2010
 - Costs ~ \$140 million STO
- 2P reserves ~ 210 PJ sales gas and 11 mmboc condensate/ LPG
- Initial production ~ 50TJ/d sales gas



All figures Santos net

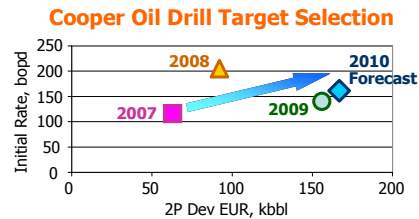
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Oil Production

Significant oil opportunity remains in the basin

- 2009 delivery in line with forecast, notwithstanding reduced drilling activity
- 4 well Charo campaign exceeded expectations
- Rate and reserve outcomes improving
- New rigs will improve F&D costs
- Solid forward drilling seriatim



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Development Cost Improvement

Focus on maximising production, whilst minimising cost

- Implementation of new technology
 - 3 new drilling rigs being contracted
 - 7% to 14% reduction in gas & oil well costs
 - Pad drilling capabilities as infill, unconventional enabler
- Contract reviews
 - Contracts being progressively renegotiated/retendered
 - >25% reduction in compression projects
 - >10% reduction in range of oilfield services contracts
- Work processes
 - All aspects of operations being reviewed
- Profitability focus, whilst positioning for growth



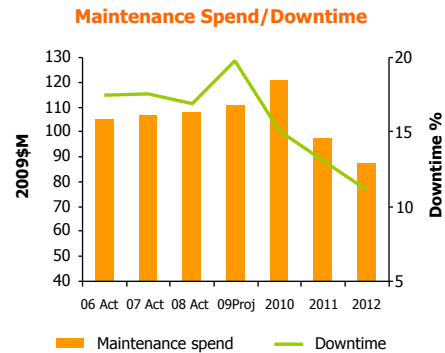
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Production Cost & Reliability Improvement

Contemporary performance achieved through implementing proven systems as well as upgrading asset condition

- Long term benefits through reliability improvement
- Investing in maintenance in 2010
- Consequent improvement in uptime and cost

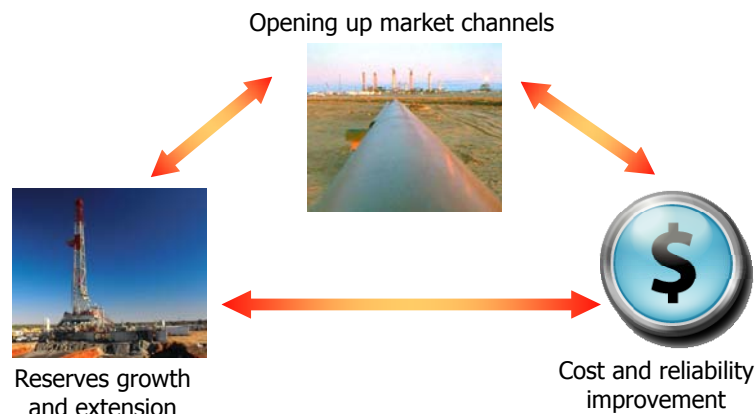


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Eastern Australia – The Next 40 Years

Today's pioneers are unlocking the opportunities to satisfy gas demand growth over the next 40 years



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Western Australia & Northern Territory

John Anderson

Vice President, Western Australia & Northern Territory

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Western Australia and Northern Territory

WA & NT Business Unit is focused on two key themes...

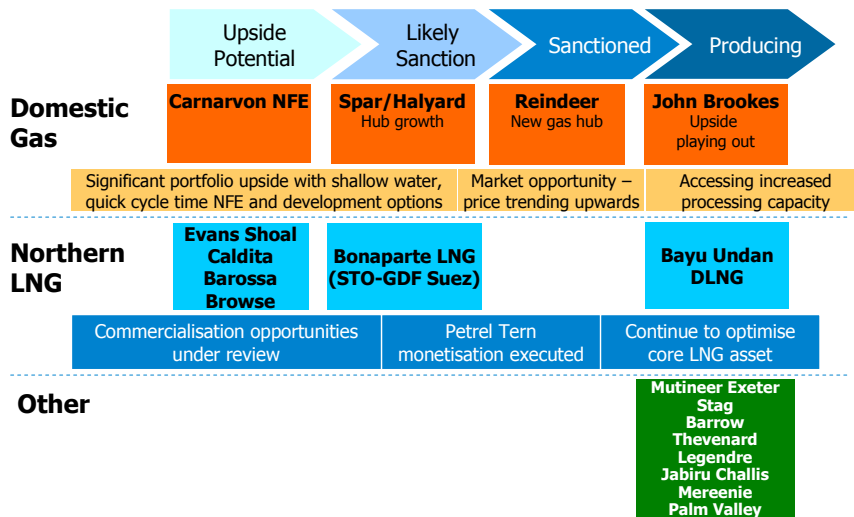
1. Building a leading domestic gas business in Western Australia
2. Maximising value from LNG in Northern Australia

...delivering more than 33% of Santos production in 2009 with a portfolio of quality growth opportunities

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Strong Base with Growth Opportunities



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WA Domestic Gas

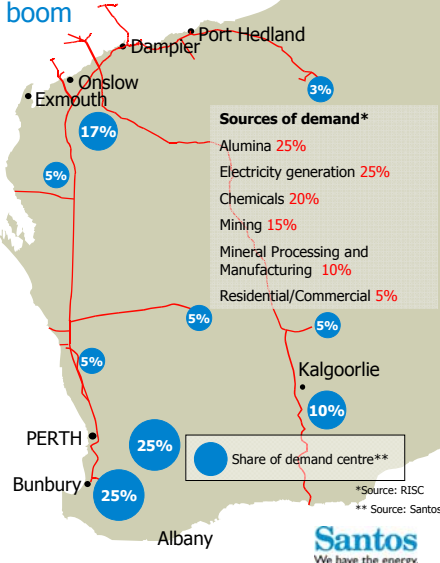
Exposing Santos to WA resources boom

Demand

- No reliance upon wholesalers and retailers for channels to market
- Material market (1,000Tj/d)

Supply

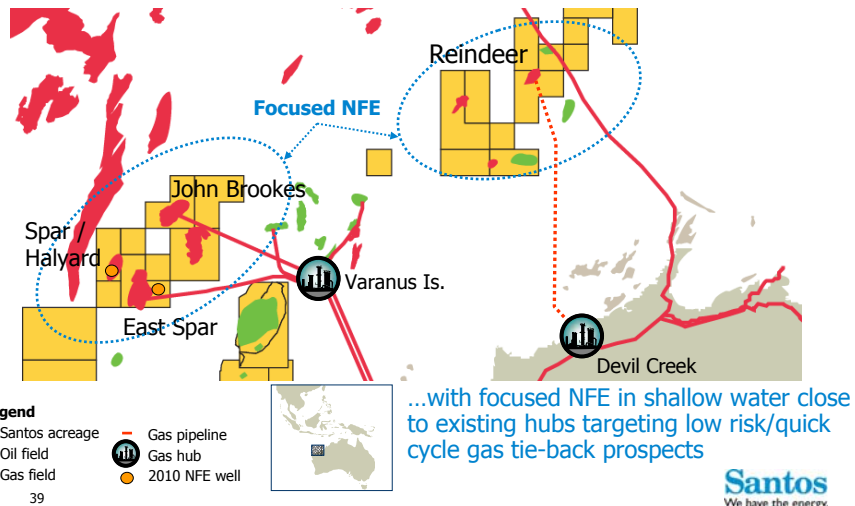
- Incumbent asset holders in shallow water are well positioned
- Santos well positioned before new LNG projects to grow domestic market share:
 - Reindeer (first gas Q4 2011)
 - Halyard / Spar (short cycle time via Varanus Island facilities)



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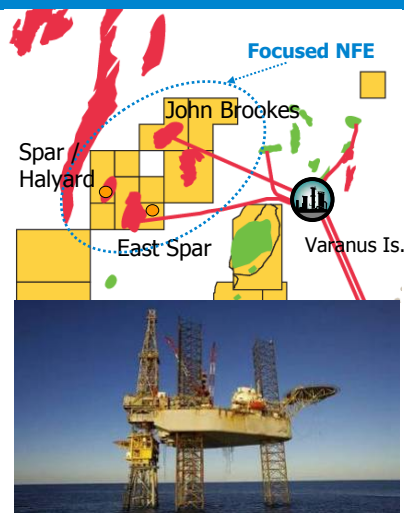
Hub-led Strategy

Santos supplies gas via one of two existing hubs and one new hub under construction...



Hub 1: Varanus Island

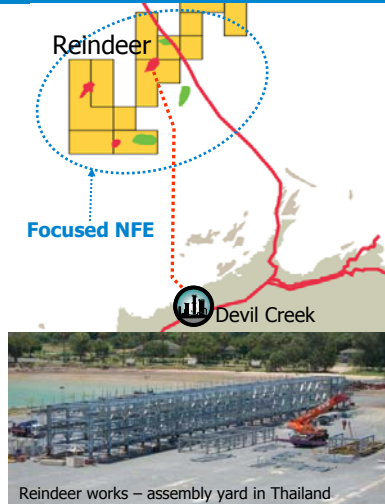
- 590 PJ YE 08 2P Reserves
- 560 PJ YE 08 2C Resource
- John Brookes
 - Producing asset
 - 45% working interest
 - New gas sales at higher prices
 - Field capacity +300TJ/d (gross); East Spar plant capacity ~230TJ/d (gross)
 - Opportunities to maximise production via spare processing capacity in Harriet Joint Venture and sales to Harriet parties
- Spar / Halyard
 - Apache progressing Halyard development
 - Spar development under review
- NFE Opportunities
 - Existing acreage with shallow water and access to existing gas hub
 - Spar Deep and East Spar East NFE wells planned in 2010



Hub 2: Devil Creek/Reindeer

Devil Creek / Reindeer – new gas hub

- 220 PJ YE 08 2P Reserves
- Creation of 3rd WA gas hub
- Under development – first gas Q4 2011
- 45% working interest
- Shallow water offshore platform 45kms south west of Dampier
- Two train production capacity (field and plant) 215 TJ/d (gross). Site designed to take an additional train
- NFE within existing acreage in shallow water and targeting low risk tie-back prospects to new hub
- CITIC Pacific Iron Ore gas sale (US\$585m); other contracts to follow

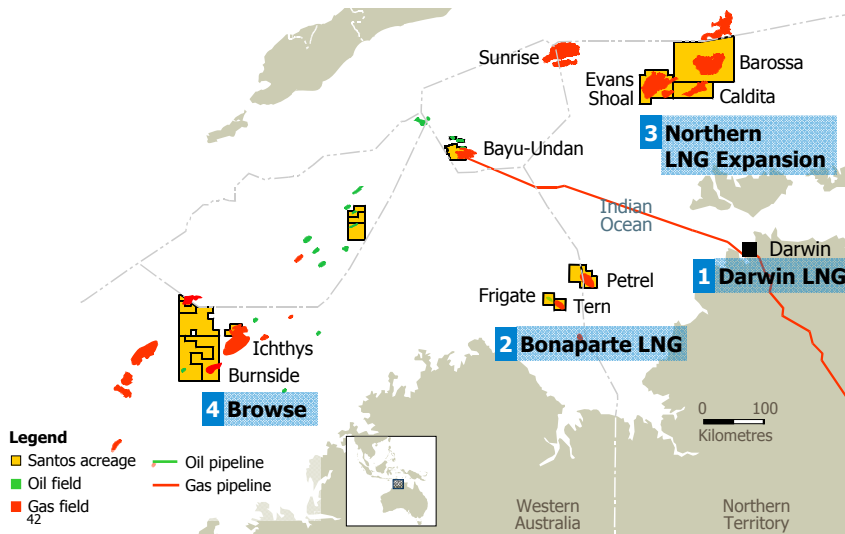


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Growing Northern Australia LNG Business

4 Northern Australia Growth options...



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Bayu Undan / Darwin LNG

- Santos' first producing LNG asset
- 2nd largest equity participant and only Australian participant (11.4%)
- 79mmboe YE 08 2P Reserves
- Bayu Undan
 - producing ~1.1bcf raw gas per day (gross)
 - Approximately 103,000 bbl/d liquids (gross)
- DLNG 3.5mpta plant
 - Turbine upgrade during 2010 statutory shutdown to increase to 3.6mpta
- Base project continues to deliver with potential upside unfolding:
 - Third Party Gas
 - Phase 2 Drilling campaign
- 2010 planned shutdown; 35 days in 2010 will reduce production and increase production cost for the year



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Floating LNG

Partnership with GDF SUEZ unlocks value in 360mmboe of contingent gas resource...

- Santos has sold 60% of Petrel/Tern/Frigate to GDF SUEZ for up to US\$370 million and a full carry of Santos' share of costs to FID
- The fields are an ideal fit for FLNG:
 - Low in CO₂
 - Low in liquids
 - Material resource size (~2.1 tcf)
- Executing on strategy:
 - Unlocks value in contingent resources
 - Partner with world class companies
 - Deepening our LNG growth options
 - Use new technology
- Transaction on track for completion
 - FIRB approval given
- GDF SUEZ and Santos establishing project team in Perth



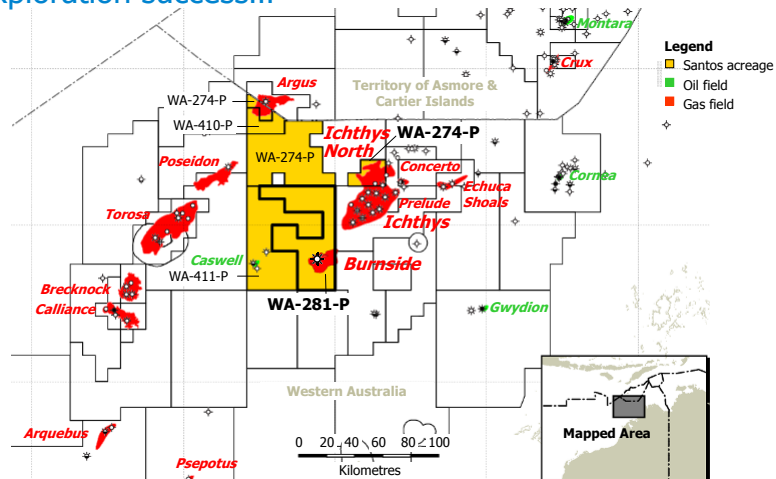
...Santos retains approximately 70% (500mmboe) of its total Bonaparte Basin 2C contingent resource.

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Northern Australia LNG

Exploration success...



...in a great street address

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Exploiting Other Assets

Core Producing Assets:

- 28 mmboe YE 08 2P Reserves

Stag

- Production decline has been arrested
- Oil production ~7,500bbls/d (gross)
- Cumulative production +50mmbbl (gross)

Mutineer Exeter

- Operated asset
- Oil production ~8,500bbl/d (gross)
- Cumulative production 50mmbbl achieved in March 2009
- 99% uptime in 2009

Barrow Island

- >400 producing wells
- Water-flood opportunity to increase recovery



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Exploiting Other Assets

Carnarvon late life producers:

- 1.9 mmbœ YE 08 2P Reserves

Thevenard Island

- Producing asset
- 35.71% working equity

Legendre

- Producing asset
- 22.56% Working equity

Other Assets:

Jabiru Challis

- Producing asset
- 10.31% Working equity

Mereenie and Palm Valley

- Amadeus basin producing assets
- 65% working equity, Mereenie operated
- Q409 end of gas contracts for Mereenie post Blacktip - ~ 1mmbœ production lost



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Western Australia and Northern Territory

WA & NT Business Unit is focused on building a material business based on two key themes...

1. To become a leading Domestic Gas supplier in Western Australia
2. Maximising value from LNG in Northern Australia

...whilst continuing to exploit other core assets and divesting immaterial assets not central to a long term high margin business

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Asia Pacific Business Unit

Martyn Eames
Vice President, Asia Pacific


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The Santos Strategy & Asia Pacific

Leverage Asia's growing energy needs to develop material & sustainable exploitation focused businesses

Base business
<ul style="list-style-type: none"> ▪ Eastern Australia: Margin growth and resource conversion ▪ Indonesia: Established business with incremental growth ▪ Western Australia: Growing a material domestic gas business
LNG growth
<ul style="list-style-type: none"> ▪ GLNG: The leading CSG to LNG project, FID mid-2010 ▪ PNG LNG: FID Dec-09, first LNG production mid-2014 ▪ Darwin LNG: Mature brownfield LNG growth ▪ Bonaparte LNG: Innovative floating LNG project
Focused growth in Asia
<ul style="list-style-type: none"> ▪ Vietnam: Develop Chim Sao and exploration-led growth ▪ India/Bangladesh: Bay of Bengal exploration-led growth

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Asia Pacific – Vision & Strategy

Leverage Asia's growing energy needs to develop material & sustainable exploitation focused businesses

- Deliver base business safely and cost effectively
- Execute key projects
- Focused growth primarily through exploitation in proven fairways
- Exit non-core businesses and reshape deep water asset base



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Indonesia

Established business in East Java with incremental growth

- Strong performance with production plateau (~ 6 mmboe) maintained until 2014
- Assets competitively located adjacent to East Java industrial centre
- Well positioned to take advantage of higher trending domestic gas prices
- Opportunities to expand portfolio where Santos is competitive



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Madura Offshore PSC

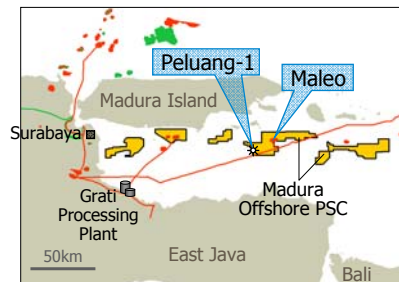
Maleo performing beyond expectation; incremental growth from Peluang

Maleo

- Production start-up 29 Sept. 2006
- Gross gas production ~ 110 mmscf/d
- Reserve upgrade at end 2009 forecast
- Long term sales gas contract to PT Perusahaan Gas Negara

Peluang

- Peluang-1 well drilled in 1Q 2009
- Potential tie back to Maleo to maintain plateau



Legend

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



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Sampang PSC

Oyong Phase 2 delivered on time; incremental growth from Wortel

Oyong Phase 1 (oil)

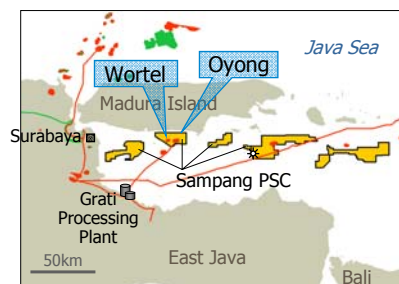
- Production performance above expectation at ~ 3600 bbl/day (gross)

Oyong Phase 2 (oil and gas)

- 2.6 million manhours without a Lost Time Injury
- Gas production start-up on time (Q309) and plateau of ~ 60 mmscf/d (gross) reached within 20 days
- Gas sales to PT Indonesia Power

Wortel

- Tie back to Oyong
- POD approval expected in December 2009
- FID targeted mid 2010
- First gas forecast 2H 2011



Legend

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



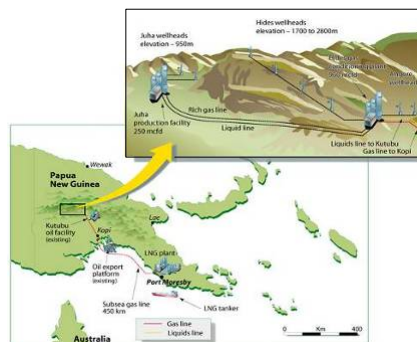
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Papua New Guinea LNG

PNG LNG Project FID approval signals next step in LNG growth strategy

- FID approved on 8 December
- 2 SPAs executed, remaining two expected to be executed by early-2010
- Financial Close early in 2010
- First sales are targeted for 2014
- Initial equity determination in line with prior guidance
- Plateau Production of ~ 9 mmbopd
- Reserves addition 22% of Santos' YE 2008 2P Reserves



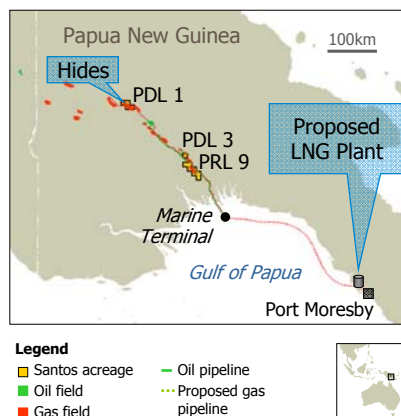
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Papua New Guinea LNG

Santos' acreage and infrastructure position provides opportunity for further growth

- First redetermination to follow Hides drilling in 2012/13
- Debottlenecking has the potential to increase off-take
- 3rd train alternatives being considered
 - Hides drilling results could be key driver



Legend

- Santos acreage
- Oil field
- Gas field
- Oil pipeline
- Proposed gas pipeline

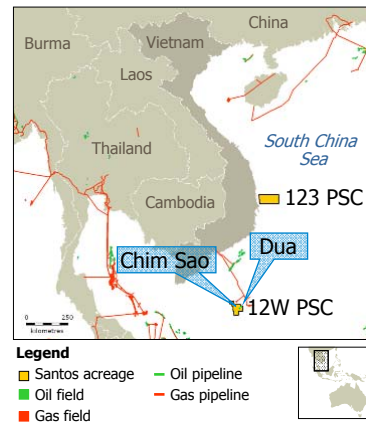
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Vietnam

Attractive oil project providing medium term growth with upside

- Chim Sao Project reshaped for value
- Revised Field Development Plan submitted to government for approval
- Principal contracts covering EPCI and FPSO lease executed in October
- Wellhead platform 64% complete expected to be installed 2H 2010
- Latest capital expenditure estimate \$US270 million net
- First oil targeted for 2H 2011; net plateau production ~ 8,000 bbl/d
- Dua tie-back being evaluated
- 2D seismic complete in Block 123 in Phu Khanh basin, drilling in 2011 planned.



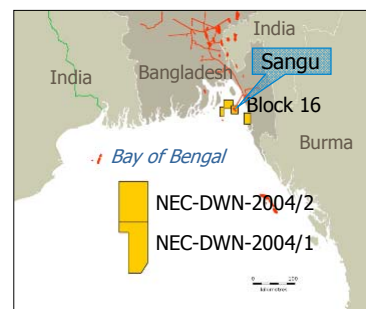
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Bay of Bengal

Potential for medium term exploitation business in Bangladesh and long term business in India

- **Bangladesh**
 - Chittagong gas market significantly undersupplied
 - Sangu well optimisation is extending field life
 - Free market gas rights obtained for Magnama
 - 3D seismic on Magnama and South Sangu planned for early 2010
- **India**
 - Targeting material gas prospectivity for domestic market
 - 3D seismic program largely complete
 - Interpretation underway



Legend
■ Santos acreage — Oil pipeline
■ Oil field — Gas pipeline
■ Gas field

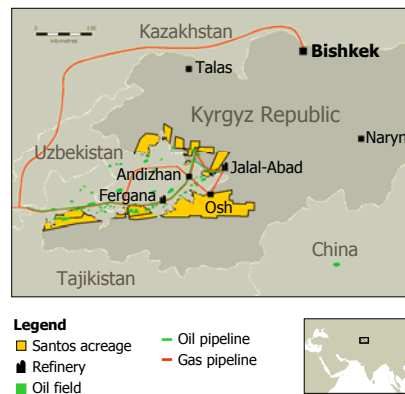
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Kyrgyz Republic

Potential for medium term exploitation business. Key tests in 2010 & 2011

- Leading acreage position
- 2D seismic complete
- Shallow prospects drilled in 2009 secured prospective acreage and developed concepts
- Deep drilling in 2010 & 2011
- Early production feasible with multiple export options
- Option secured on acreage adjacent to Kyrgyzstan licences



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Summary

- Producing assets continue to deliver strong performance
- Focused portfolio will provide multiple mid term growth options:
 - Wortel and Peluang tie back to existing fields
 - Chim Sao oil project and near field exploitation
 - Potential for Magnama and South Sangu gas to be developed through existing infrastructure
 - Potential for onshore oil discoveries in Kyrgyz Republic
- PNG LNG project will:
 - deliver a new core asset
 - consolidate Santos' reputation as an LNG supplier
- Potential material longer term business opportunities in India and PNG LNG expansion

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GLNG

Rick Wilkinson
President, GLNG and Queensland

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Overview

We have the energy to deliver...

The Project

- Two trains
- Milestones achieved

Operational Excellence & Innovation

- Comprehensive CSG program
- Reserves growth
- Technology innovation
- Scalability
- Ramp gas strategy
- Storage advantage

The Right People

- Capability established
- PETRONAS leverage
- Train 2 and beyond

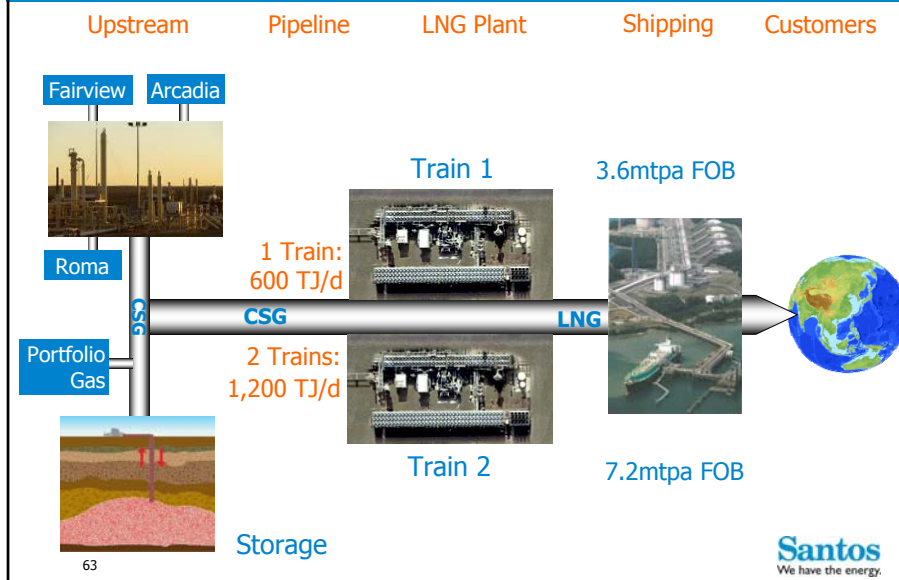


...CSG to LNG: a world first

62

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The Project – Two Trains



The Project – Milestones Achieved

GLNG is meeting key milestones ...

▪ EIS lodged	✓
▪ Dual FEED upstream	✓
▪ Binding offtake agreement	✓
▪ Field development planning	✓
▪ Supplementary EIS lodged	✓
▪ Water solution –	✓
- 700,000 trees planted	
- 1,300 km irrigation pipeline laid	
▪ FID	Mid 2010
▪ First cargo	2014



...building momentum to deliver first gas in 2014

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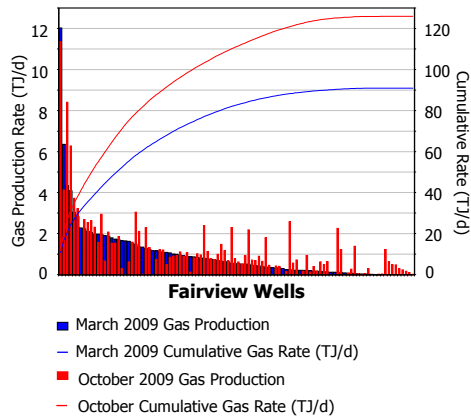
Operational Excellence and Innovation

GLNG has a comprehensive program to prove up reserves and deliverability

Since January 2008 we have:

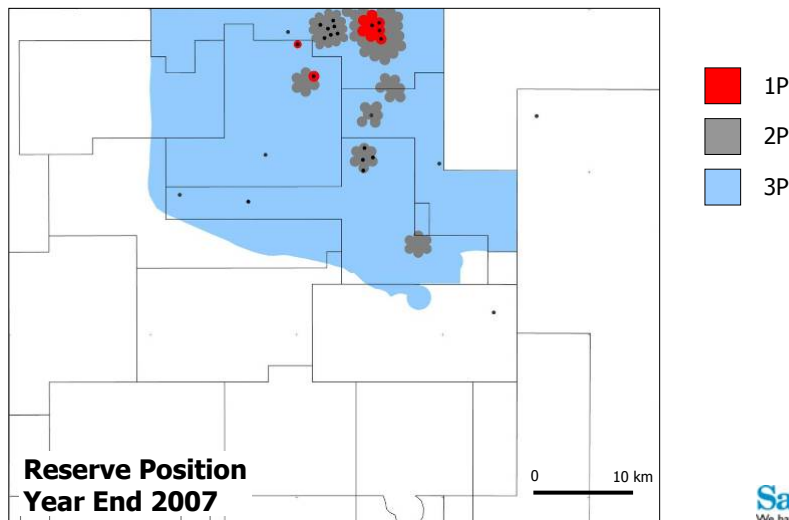
- Nine rigs operating continuously
 - four purpose-built CSG drilling rigs
 - three workover rigs to maximise well production
 - two coring rigs for appraisal
- 240 wells drilled
 - 71 production wells
 - 103 pilot wells
 - 66 core-holes
- 700 gas content samples to enable detailed reservoir characterisation

**Well Production Comparison
March 2009 vs October 2009**



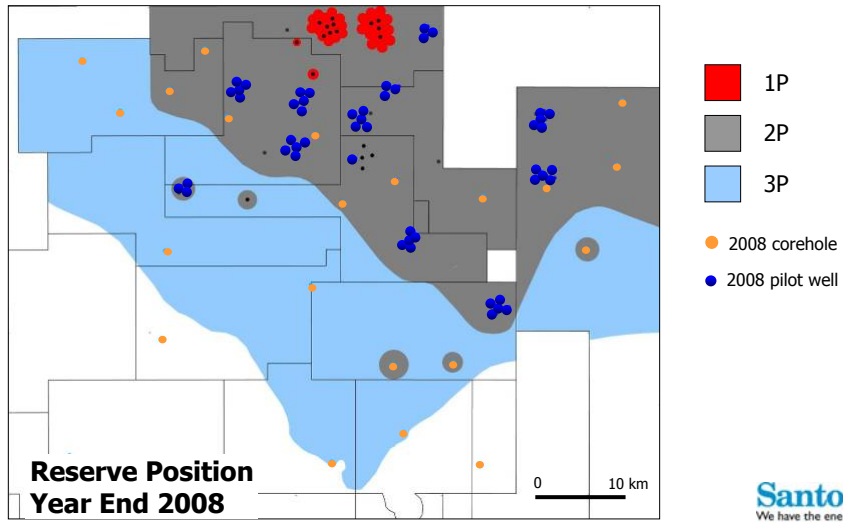
Operational Excellence and Innovation

Roma reserve growth



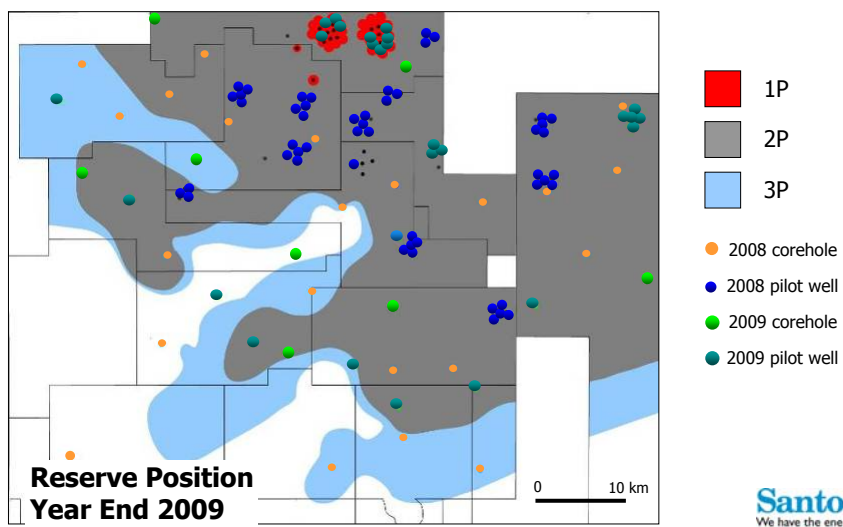
Operational Excellence and Innovation

Roma reserve growth



Operational Excellence and Innovation

Roma reserve growth

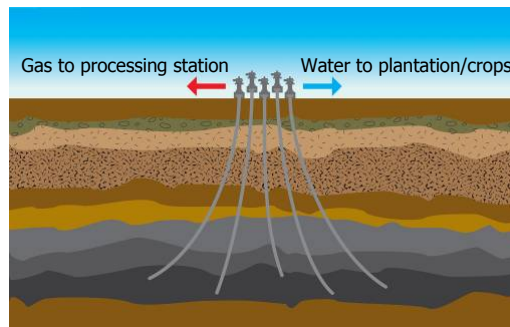


Operational Excellence and Innovation

Technology innovation will realise value and opportunities

Pad Drilling

- 2-9 wells/pad
- Reduced rig moves
- CAPEX and OPEX savings
- Facility simplification
- Economies of scale
- Operator efficiency



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Operational Excellence and Innovation

Scalability – our assets are delivering in the field now ...

CSG exploration & production



- 9 operating rigs
- 120 wells drilled in 2009
- 25 core-holes

Compressor Stations



- Compressor capacity 130 TJ/d
- 3 installed compressor stations

CSG Water Projects



- Daily water production capacity 80,000 bbl/d

Amended water

Reverse osmosis



- 700,000 trees
- Drip irrigation



- 230 ha forage crops
- Pivot irrigation

...and are ready to be scaled up to full capacity

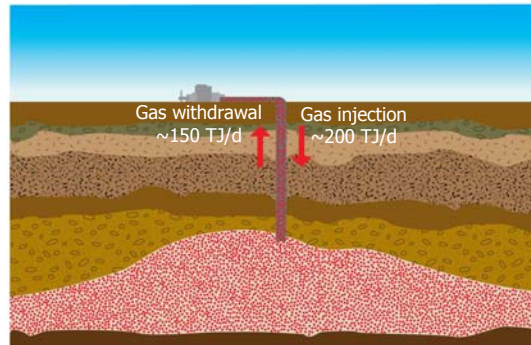
70

Operational Excellence and Innovation

Technology innovation will realise value and opportunities

Storage

- Gas supply optimisation
- Ramp management
- Existing depleted fields
- Santos operated

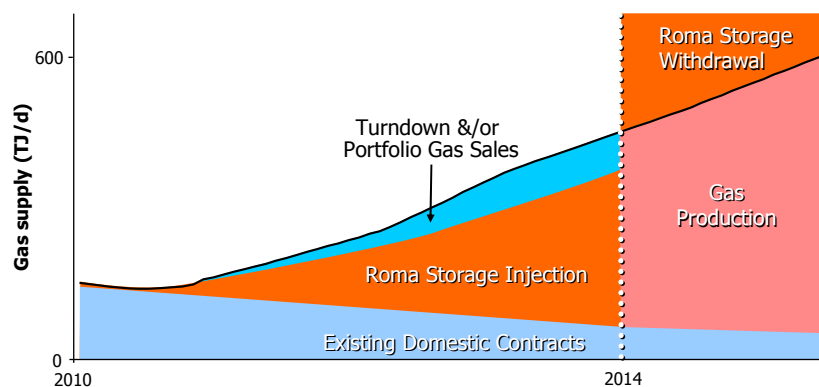


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Operational Excellence and Innovation

Ramp Gas Strategy: Roma gas storage is integral to ramp gas management ...



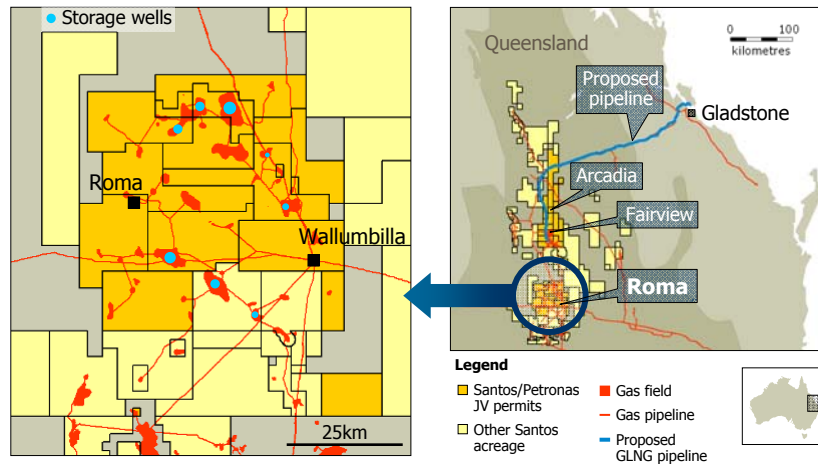
... and supports gas supply optimisation

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Operational Excellence and Innovation

Depleted conventional reservoirs suitable for storage ...



... have been identified in Santos-operated acreage

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Preparing for Train 2

- Upstream reserves already building for Train 2
- Plant Train 2 FEED well progressed – 60% complete
- Up to \$600m of pre-investment in Train 2 facilities
 - Shared facilities
 - Pipeline designed to include Train 2
- Significant reduction in investment required for Train 2
- Current plan to commence operating Train 2 one year after Train 1
- Gas supply and marketing efforts under way



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The Right People

PETRONAS is the right partner for Santos ...

- Operator of MLNG, Bintulu, Sarawak
- 25 years' supply LNG to Asia
- 3rd largest LNG producer in the world
- One of the largest owner-operator LNG fleets in the world



...with unrivalled skill and experience

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The Right People

Capability footprint is established...

PETRONAS



- Global operations
- Technical knowledge
- Marketing expertise
- World class shipping fleet
- Purchasing power

International Contractors



- Bechtel
- Foster Wheeler
- Fluor
- GHD

...and stretches from Roma to Asia

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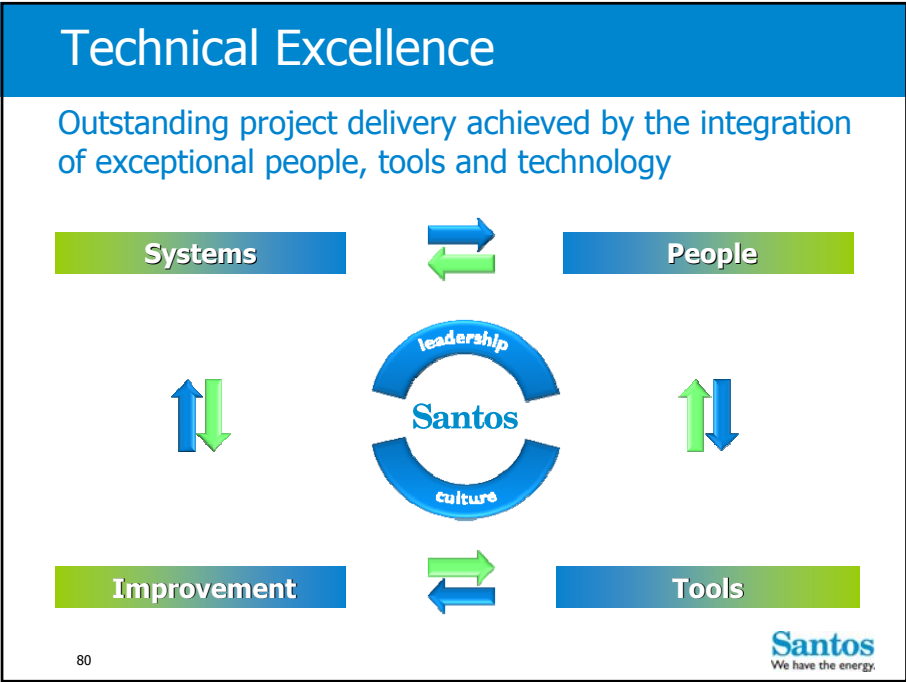
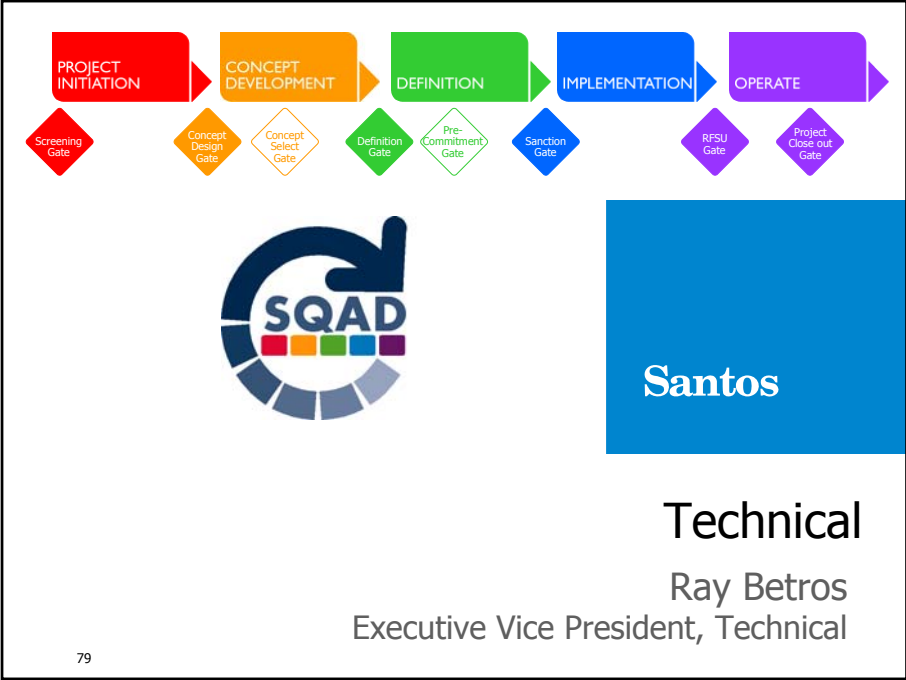
The Right People

We have the energy!



Beyond Train 2

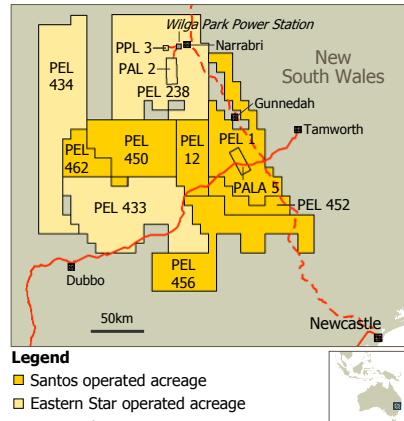




Gunnedah Basin – Next Major Play in Coal Seam Gas

Basin master position with >50 tcf prospective potential...

- ESG operated areas (STO 47.65%)*
 - Net 2P reserves** - 211 PJ
 - Net 3P reserves** - 686 PJ
 - Net contingent resource (2C) – 838 PJ
- STO operated areas
 - Initial exploration phase underway
 - 2010 program:
 - 4 coreholes
 - 8-10 pilot wells
 - 90 km seismic



Legend

- Santos operated acreage
- Eastern Star operated acreage
- Gas pipeline
- Proposed gas pipeline

*Santos 47.65% economic interest calculated as 35% direct interest plus 19.45% of ESG's 65% interest
 ** 19 August 2009

...Focussing on commercialisation

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Gunnedah Basin – Next Major Play in Coal Seam Gas

Field	Gas Content (m ³ /t)	Permeability (md)	Flow Rate (mmscf/d)	Spacing (km ²)	GIP/Well (bcf)	Coal Thickness (m)
Fairview	10 - 14	100 – 1000s	1	2	8 - 12	5 - 15
Gunnedah*	4 - 15	10 – 1000s	?	?	?	5 - 60
San Juan**	9 - 19	5 – 50+	1.5	0.3 – 1.5	5 - 22	12 - 30

■ Santos assets

* Combined STO operated and non- operated assets

**Source: JPT February 2008, Santos

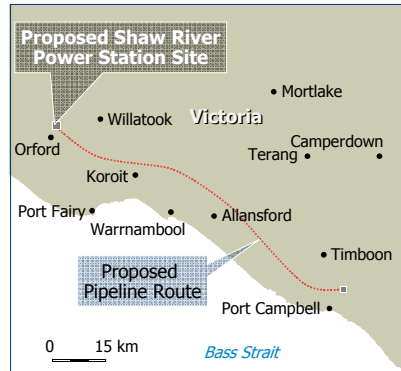
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Proposed Shaw River Power Station

Targeting FID 2H 2010

- Power generation consistent with commercialisation of Santos' extensive gas resources
- SRPS now targeting FID in 2nd half 2010:
 - Regulatory certainty (CPRS)
 - Key approvals
 - Partner selection
- Santos portfolio to supply gas



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Nanaj Permit, Fergana Basin, Kyrgyz Republic

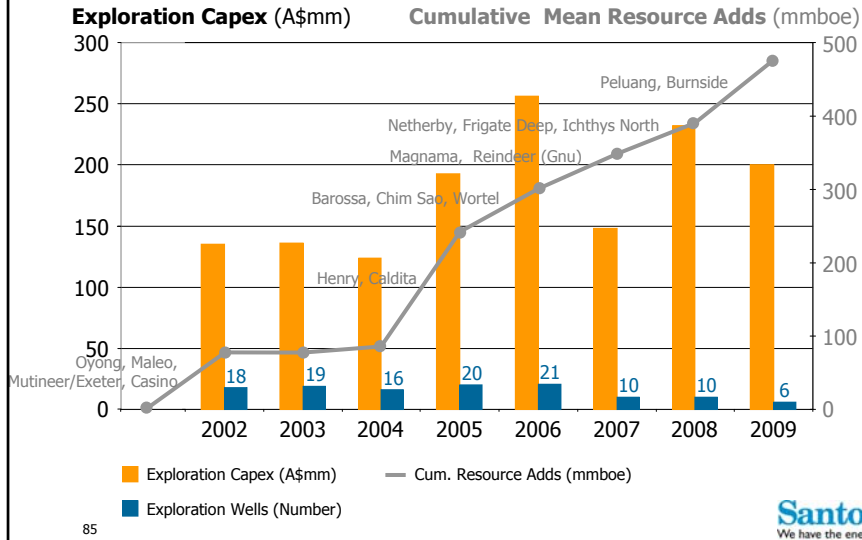
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Exploration and Subsurface

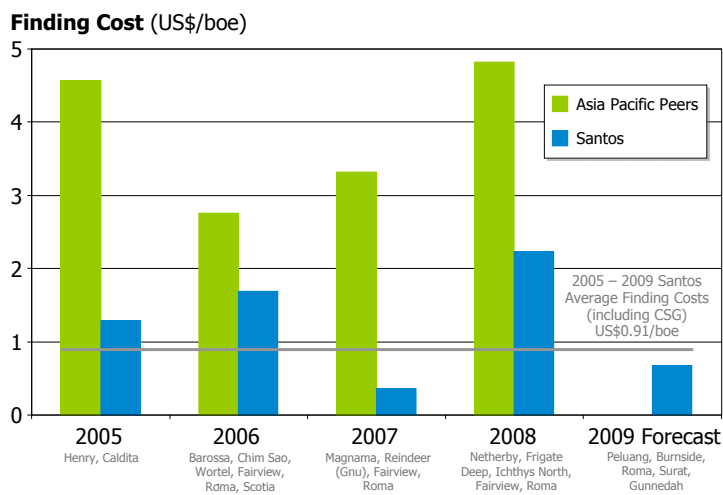
Trevor Brown
Vice President, Exploration

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Exploration Performance – Conventional



Finding Costs - (US\$/boe)



Exploration Strategy

- Applying subsurface skills on captured CSG opportunities
- CSG exploration, appraisal and development is benefiting from the application of conventional subsurface skills and technology combined with coal specific research

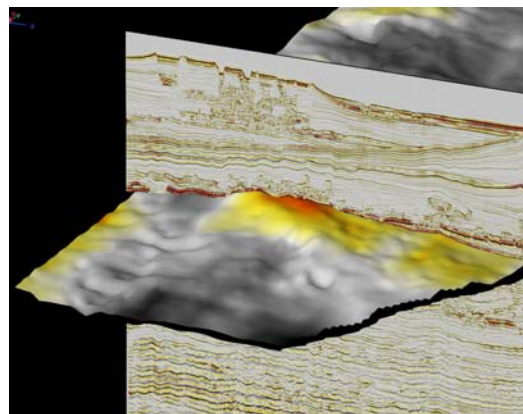


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Exploration Strategy

- Our conventional exploration portfolio contains significant growth options
 - Australia
 - Indonesia
 - Vietnam
 - India
 - Bangladesh
 - Kyrgyz Republic
- Actively developing a material portfolio for future growth
 - Australia
 - Asia

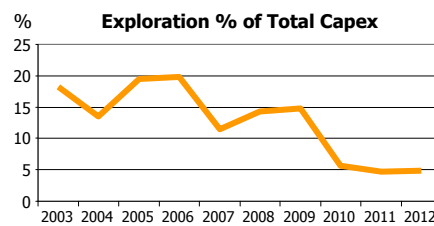
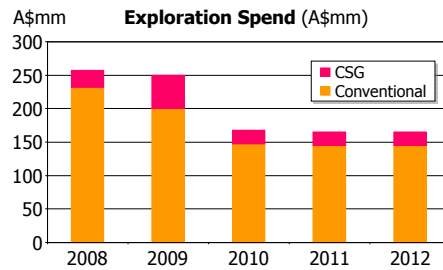


Bengal Fan, Bay of Bengal, India

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Exploration Spend

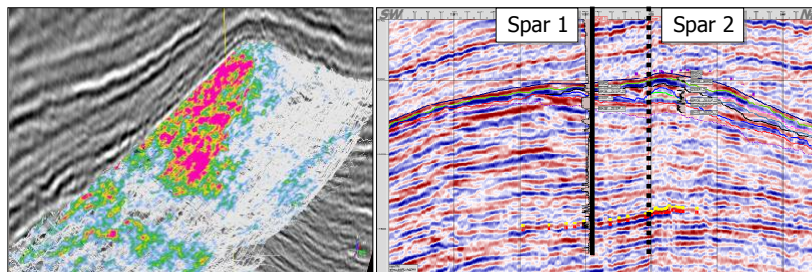


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Spar Deep

- Spar Deep gas opportunity, located beneath the Spar Gas Field, 70km from Varanus Island at a depth of 3500m
- Targeting a structural/stratigraphic trap of Early Cretaceous age sands
- In success case, opportunity to quickly develop due to proximity to near-by facilities

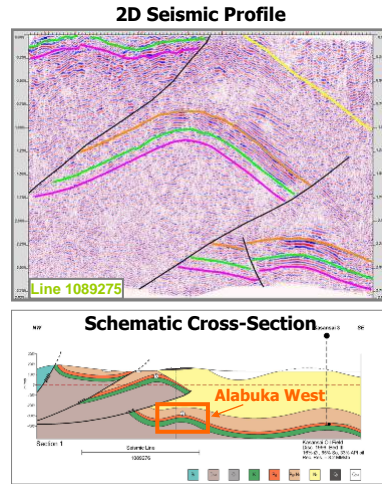


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Alabuka West – Kyrgyz Republic

- Alabuka West oil opportunity, located in the Kyrgyz Republic
- Northern Fergana Basin, Nanai Permit
- Targeting a structural trap of Palaeogene age reservoirs
- Resource upside of greater than 50mmboe
- Structural culmination on regional field trend
- Oil seeps at reservoir outcrop



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2010 Forward Exploration Drilling Schedule

Well Name/ CSG Program	Basin / Area	Target	Gross Unrisked, Upside Resource Potential (mmboe)			Santos Interest %	Timing
			0 - 50	50 - 100	100 - 500		
PEL 433 (1CH)	Gunnedah	Gas CSG	✓			48.0	Q1
PEL 434 (2CH)	Gunnedah	Gas CSG	✓			48.0	Q1
ATP 631P (R) (1CH)	Surat	Gas CSG		✓		81.9	Q1
EPC 937 (1CH)	East Bowen	Gas CSG	✓			85.0	Q1
PEL 452 (3CH)	Gunnedah	Gas CSG			✓	100.0	Q1
ATP 655P (2CH)	Surat	Gas CSG	✓			100.0	Q2
ATP 745P (2CH)	Bowen	Gas CSG	✓			79.6	Q3
West Soh 1	Fergana / Kyrgyz Rep.	Oil	✓			70.0	Q3
Spar Deep	Barrow / Australia	Gas		✓		100.0	Q3
North Auchi 1	Fergana / Kyrgyz Rep.	Oil		✓		70.0	Q4
West Mailisu 1	Fergana / Kyrgyz Rep.	Oil	✓			80.0	Q4
ATP 868 P (3CH)	Surat	Gas CSG		✓		100.0	Q4
East Spar East 1	Barrow / Australia	Gas	✓			45.0	Q4
Alabuka West 1	Fergana / Kyrgyz Rep.	Oil		✓		70.0	Q4
Australia Offshore	Australia	Gas	✓			50.0	Q4

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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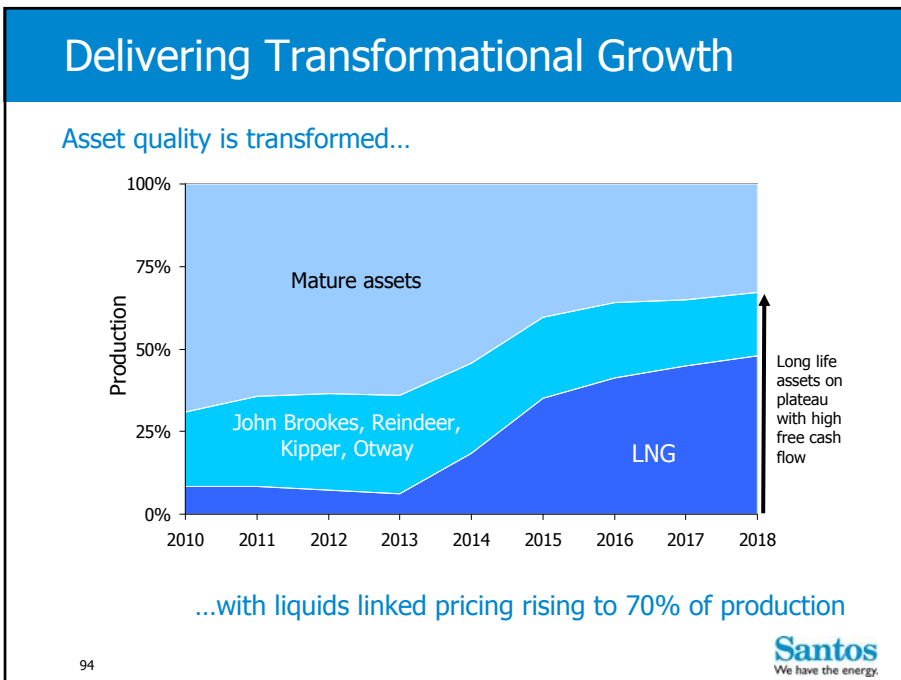


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Outlook and Funding

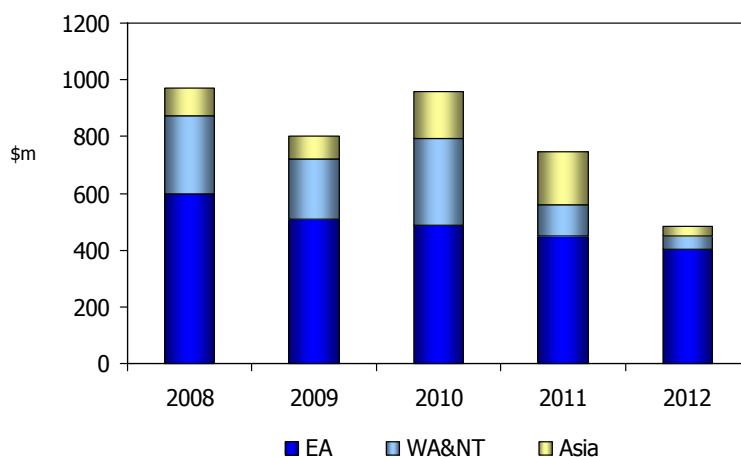
Peter Wasow
Executive Vice President & Chief Financial Officer

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Building a Better Base Business

Base business CAPEX excluding exploration and LNG



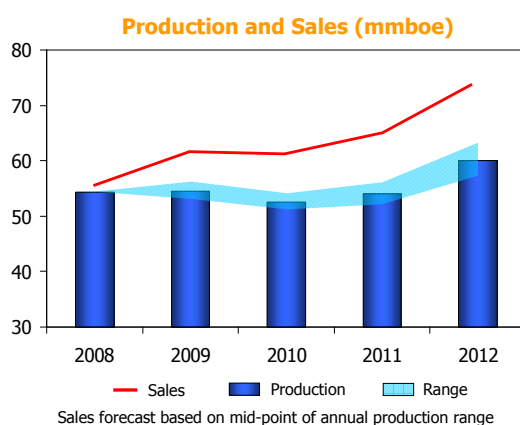
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Production and sales grow to record levels

Sanctioned projects drive production higher: 7% CAGR 2009-2012

- 2009 production within guidance range
- 2010 impacted by lower Mereenie (contract expiry post Blacktip) & Bayu Undan (35-day shutdown)
- New production from sanctioned projects on line from 2011: Kipper, Reindeer & Chim Sao
- Third party gas sales a significant new profit centre



Asset divestment options being reviewed may result in sale of production

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Funding Growth

- Objective is to minimise equity employed while maintaining current investment grade credit rating
 - Prudent targets ensure access to debt capital through the cycle
- Implications:
 - Maximise debt consistent with rating, allowing for uncertainty
 - Lump sum contracting to reduce uncertainty
 - Improve base business operating cash flow
 - Reduce base business capital expenditure
 - Utilise hybrid securities if appropriate
 - Sell assets not adding to free cash flow, debt capacity or strategy
 - Sell down of 9% GLNG project equity
 - New equity to meet any remaining funding requirement

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Guidance


Item	2009		2010
	Previous Guidance	Updated Guidance	Guidance
Production (mmbobe)	53 – 56	No change	51 – 54
Production costs (\$m)	550 - 570	No change	540 - 560
DD&A expense (\$/boe)	12.20	11.70	11.70
Royalty related taxation expense ¹ (\$m after tax)	80 - 100	110 - 120	90 - 110
Capital expenditure (including exploration & evaluation) ² (\$m)	1,600	No change	\$2,800

¹ Royalty related taxation expense guidance assumes an oil price of A\$80 per barrel in 2009 and A\$90 per barrel in 2010.

² Capital expenditure guidance for 2010 includes \$1 billion for GLNG, \$500 million for PNG LNG, \$500 million for sanctioned projects (Kipper, Reindeer, Henry & Chim Sao) and \$150 million for conventional exploration.

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David Knox
Chief Executive Officer & Managing Director

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Our strategy delivers...

- Performance from the base business
- LNG growth
 - LNG at more than 50% of revenue
 - With equity in 4 LNG projects
- Focussed growth in Asia

Thereby realising our vision to be a leading Australian company providing energy for Australia and Asia