

2014 Full-year results

20 February 2015

GLNG Plant, Curtis Island

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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. All references to project completion percentages are on a value of work done basis, unless otherwise stated.

EBITDAX (earnings before interest, tax, depreciation, depletion, exploration, evaluation and impairment), EBIT (earnings before interest and tax) and underlying profit are non-IFRS measures that are presented to provide an understanding of the performance of Santos' operations. Underlying profit excludes the impacts of asset acquisitions, disposals and impairments, as well as items that are subject to significant variability from one period to the next, including the effects of fair value adjustments and fluctuations in exchange rates. The non-IFRS financial information is unaudited however the numbers have been extracted from the audited financial statements.

This presentation refers to estimates of petroleum reserves and contingent resources contained in Santos' Annual Reserves Statement released to the ASX on 20 February 2015 (Annual Reserves Statement). Santos confirms that it is not aware of any new information or data that materially affects the information included in the Annual Reserves Statement and that all the material assumptions and technical parameters underpinning the estimates in the Annual Reserves Statement continue to apply and have not materially changed.

The estimates of petroleum reserves and contingent resources contained in this presentation are as at 31 December 2014. Santos prepares its petroleum reserves and contingent resources estimates in accordance with the Petroleum Resources Management System (PRMS) sponsored by the Society of Petroleum Engineers (SPE). Unless otherwise stated, all references to petroleum reserves and contingent resources quantities in this presentation are Santos' net share. Reference points for Santos' petroleum reserves and contingent resources and production are defined points within Santos' operations where normal exploration and production business ceases, and quantities of produced product are measured under defined conditions prior to custody transfer. Fuel, flare and vent consumed to the reference points are excluded. Petroleum reserves and contingent resources are aggregated by arithmetic summation by category and as a result, proved reserves may be a very conservative estimate due to the portfolio effects of arithmetic summation. Petroleum reserves and contingent resources are typically prepared by deterministic methods with support from probabilistic methods. Petroleum reserves replacement ratio is the ratio of the change in petroleum reserves (excluding production) divided by production. Conversion factors: 1PJ of sales gas and ethane equals 171,937 boe; 1 tonne of LPG equals 8.458 boe; 1 barrel of condensate equals 0.935 boe; 1 barrel of crude oil equals 1 boe.

Full-year summary and business outlook

Production growth, record sales and significant project milestones

Focus on operating efficiencies and cost savings



Safety & Performance

- › LTIFR of 0.67 per million hours worked
- › Net loss after tax of \$935 million, reflecting previously advised non-cash after tax impairments of \$1.6 billion
- › Underlying profit up 6% to \$533 million
- › Production up 6% to 54.1 mmboe
- › Sales revenue up 12% to a record \$4 billion



Project Delivery

- › GLNG over 90% complete and on track for first LNG in 2H 2015, within US\$18.5 billion budget
- › PNG LNG completed ahead of schedule and 55 cargoes shipped in 2014
- › Peluang and Dua projects completed and online



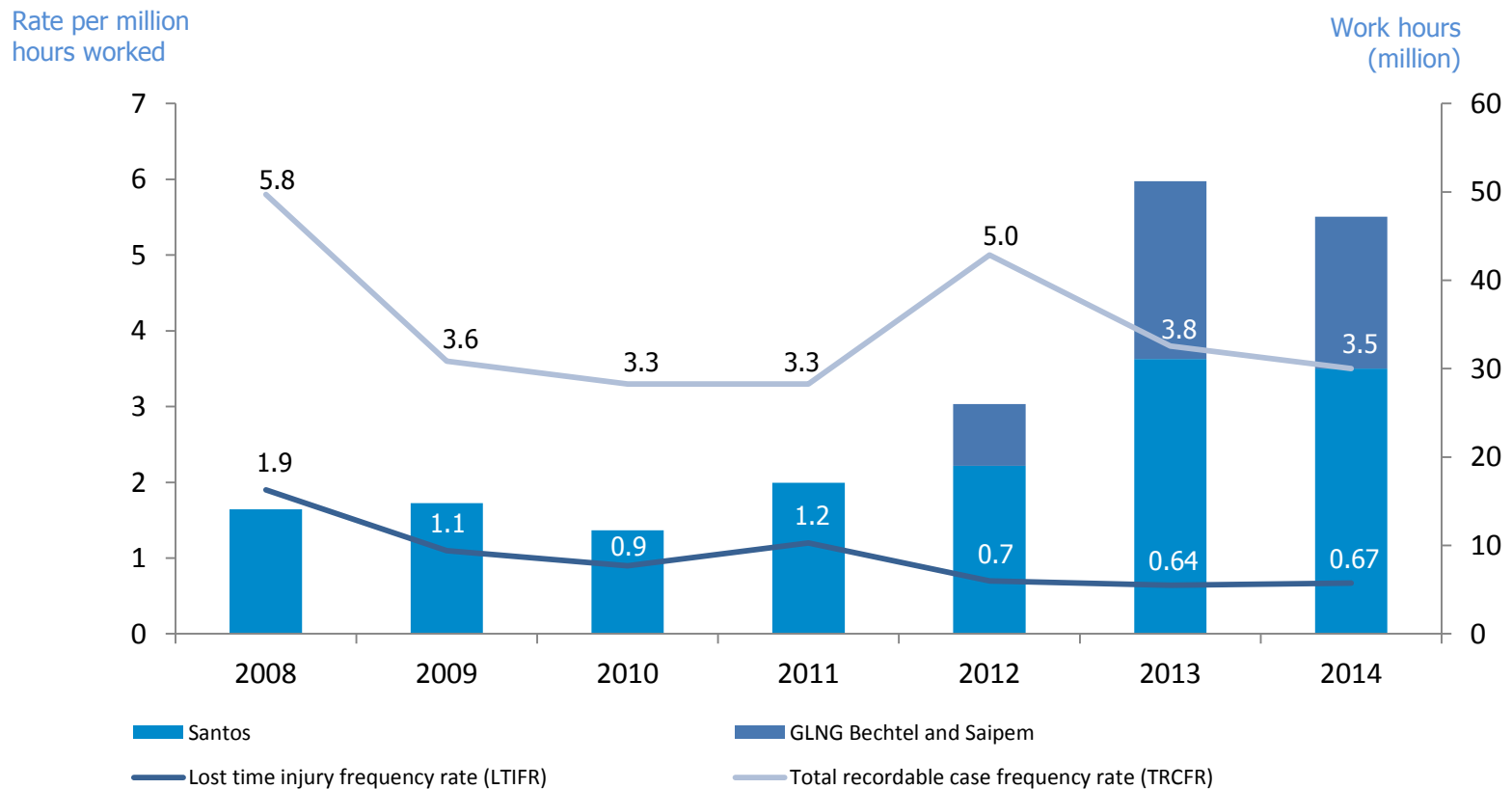
Cost Savings

- › 2015 Capex 44% lower than 2014
- › 2015 Production costs per boe 10% lower than 2014
- › 5-30% cost reductions negotiated with suppliers
- › Recruitment freeze and headcount reduction
- › Leveraging innovation and technology

Safety performance

Lost time injury frequency rate of 0.67 per million hours worked

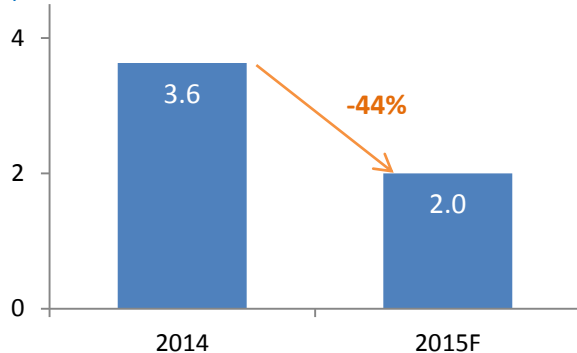
Safety performance (employees and contractors)



Focus on operating efficiency and cost savings

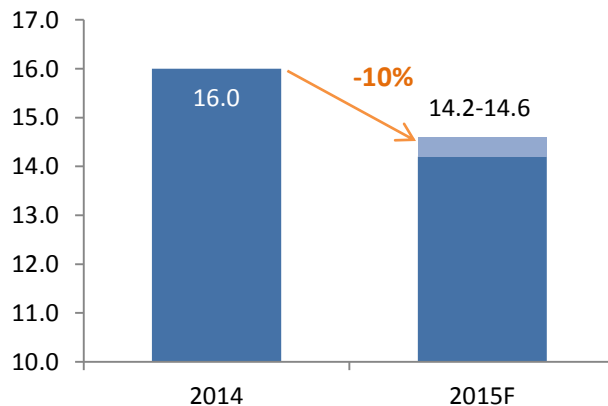
Capital expenditure

\$billion



Unit production Costs

\$/boe



Responding to the market environment

Financial and operating discipline

- Working with suppliers to reduce costs
 - Subsurface contracts: 5-30% cost savings
 - Surface contracts: 10-20% cost savings
- Reduce drilling activity
 - High grade drilling locations, value over volume
 - Cooper Basin drilling rigs reduced from 7 to 3
- Leveraging innovation and technology to drive productivity and cost improvements
- Recruitment freeze and headcount reduction
 - Removed 520 positions to date

2014 Full-year financial results

Andrew Seaton
Chief Financial Officer

Hides Gas Conditioning Plant, PNG LNG

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Summary of 2014 results



First cargo from PNG LNG

Underlying net profit up 6% despite lower oil prices

Reported net loss after previously announced non-cash impairments

Underlying business performance remains strong

Major growth expenditure behind us

Financial and operating discipline

Robust funding position

Focus on shareholder returns

2014 Full-year financial result

Growth in production, sales revenues and EBITDAX
Underlying profit of \$533 million, up 6%

Non-cash impairments of \$1.6 billion after tax

	2014 Full-year		Change on 2013
Production	54.1 mmboe	↑	+6%
Sales revenue	\$4,037 million	↑	+12%
EBITDAX	\$2,153 million	↑	+8%
EBIT (excluding impairments)	\$909 million	↔	-0%
Net loss after tax	\$(935) million	↓	-281%
Underlying net profit after tax	\$533 million	↑	+6%
Operating cash flow	\$1,843 million	↑	+13%
Final dividend	15 cents per share	↔	-
Full-year dividend	35 cents per share	↑	+17%

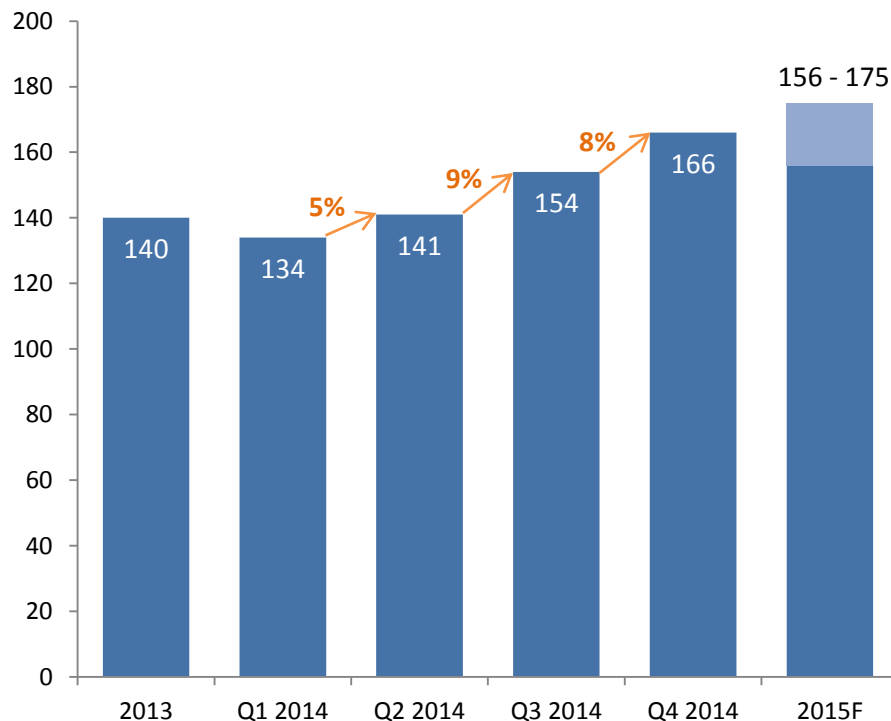
Production

2014 production of 54.1 mmboe – highest in 5 years

2015 guidance unchanged at 57-64 mmboe

Production

kboe/day



2014 Q-on-Q production growth

- Successful start-up of the PNG LNG project ahead of schedule in April 2014
 - PNG LNG producing ahead of expectations
- Cooper gas and oil growth reflecting increased drilling activity
- Partially offset by lower production from the Carnarvon Basin due to lower gas customer nominations

2015 guidance of 57-64 mmboe

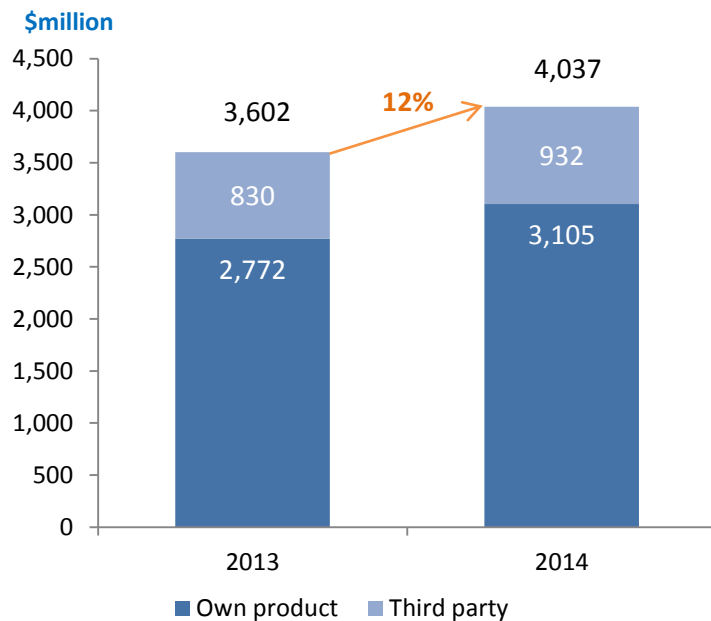
Key drivers:

- PNG LNG at plateau production
- GLNG start-up 2H 2015
- Major scheduled maintenance outages
 - Moomba gas plant planned maintenance in Q1 2015
 - Fletcher-Finucane/Mutineer Exeter FPSO dry-dock in Q1 2015

2014 Full-year financials

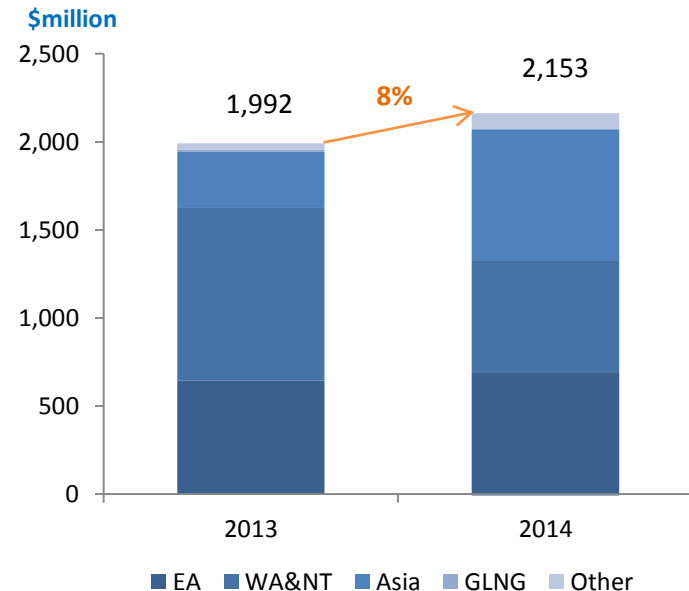
Record sales revenue and growth in EBITDAX

Sales revenue



- 12% increase driven by start-up of PNG LNG, higher third party sales, partially offset by lower oil prices

EBITDAX



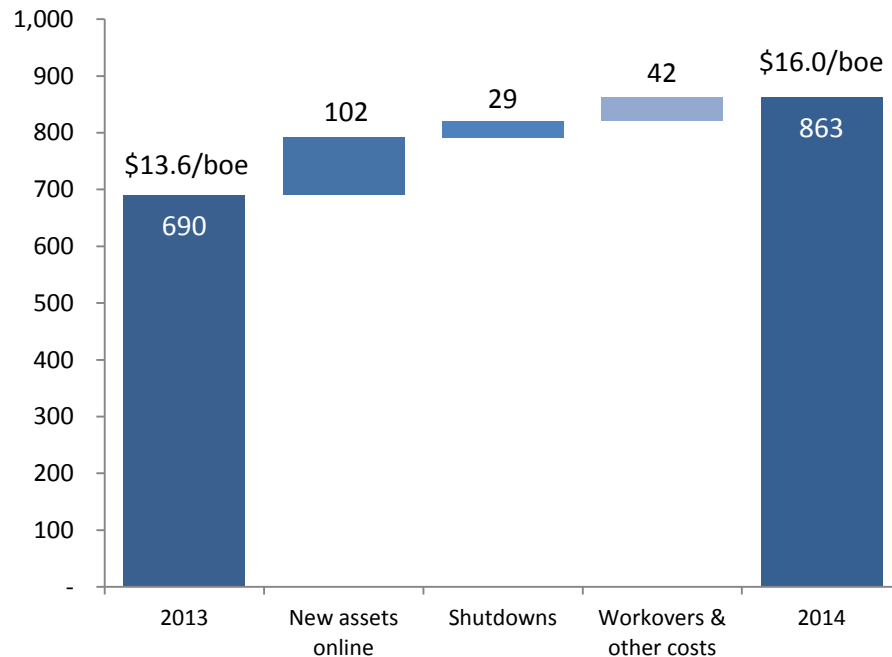
- 8% increase driven by the start-up of PNG LNG, offset by lower WA customer demand and lower oil prices

2014 Full-year financials

Production costs and DD&A were in line with guidance
Targeting 10% reduction in production costs per barrel in 2015

Production Costs

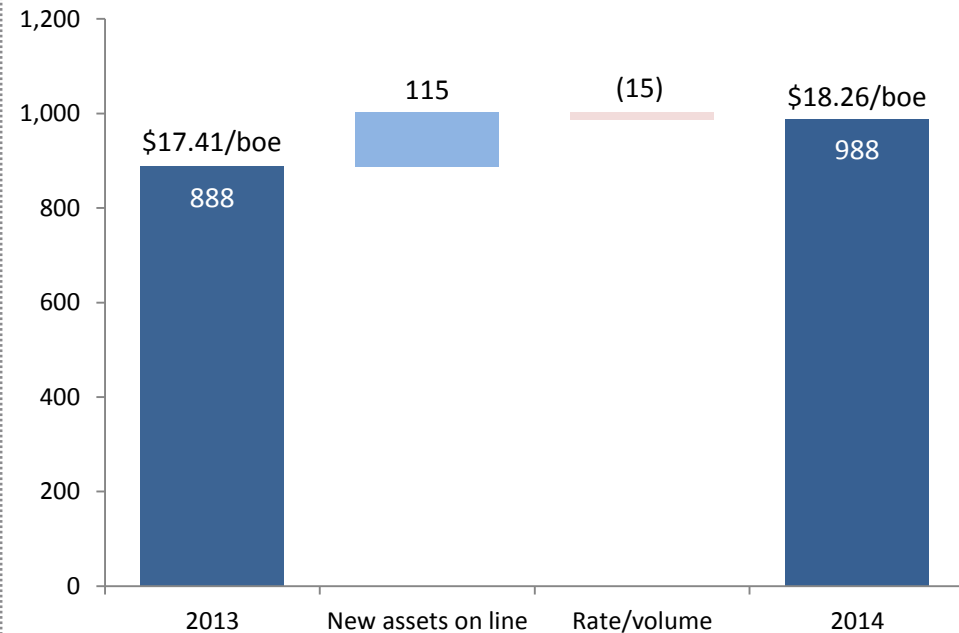
\$million



- › 2014 Production costs in line with guidance
- › Targeting 10% reduction in production costs per barrel in 2015: guidance \$14.2-14.6/boe

DD&A costs

\$million



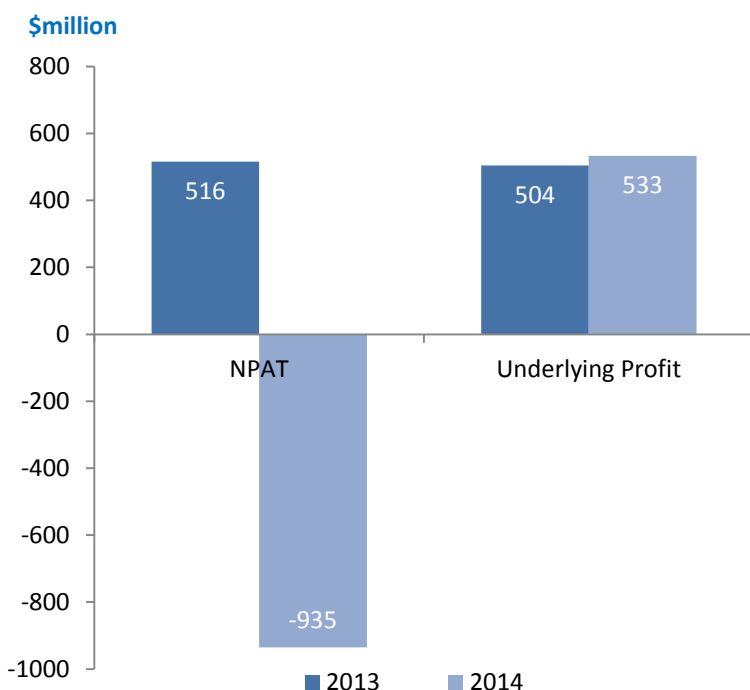
- › 2014 DD&A \$18.26/boe
- › 2015 guidance \$17.5-18.0/boe

2014 Full-year financials

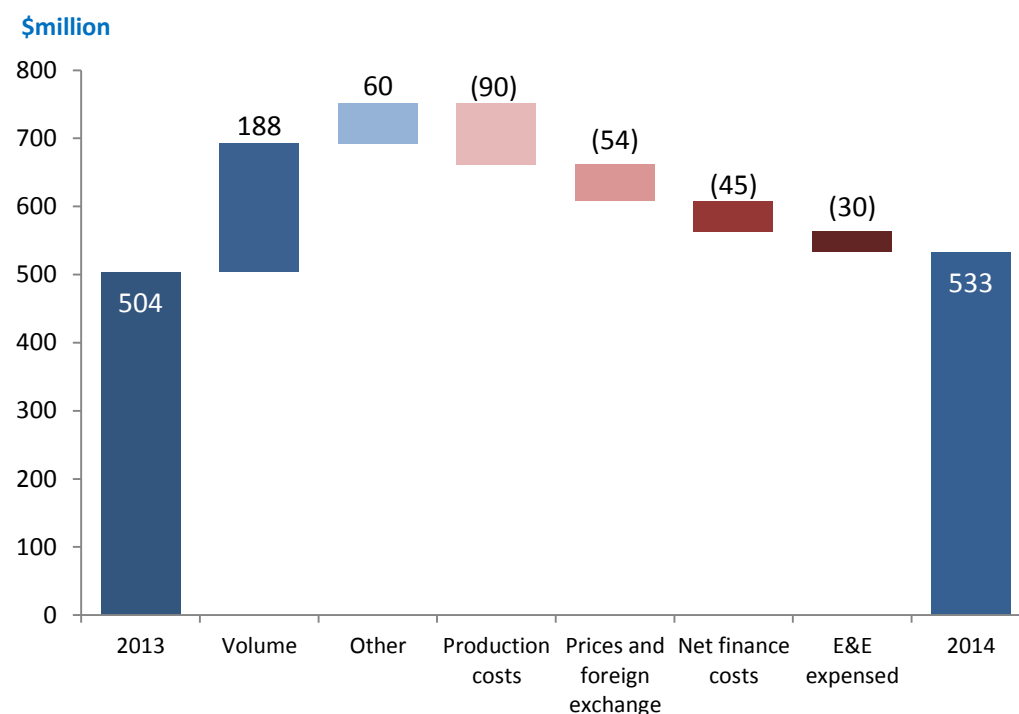
Underlying profit up 6% to \$533 million

Non-cash impairments of \$1.6 billion after tax

NPAT and underlying profit



Reconciliation of underlying profit

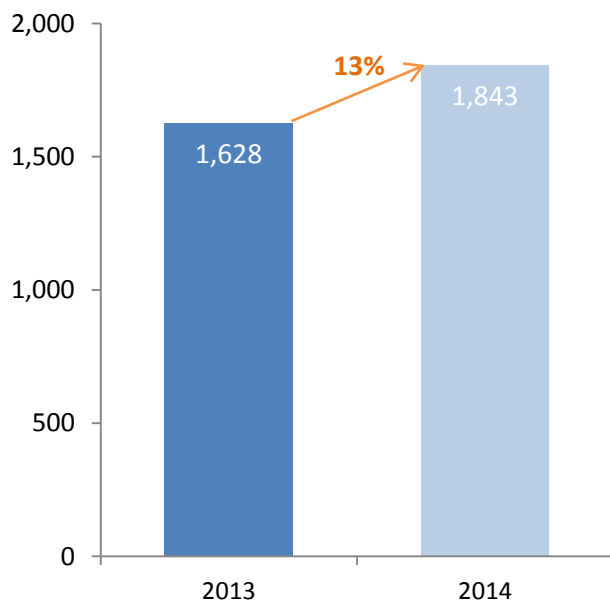


Refer slide 28 for details of previously announced non-cash impairments included in the 2014 net profit after tax

2014 Full-year financials

Operating cash flow

\$million



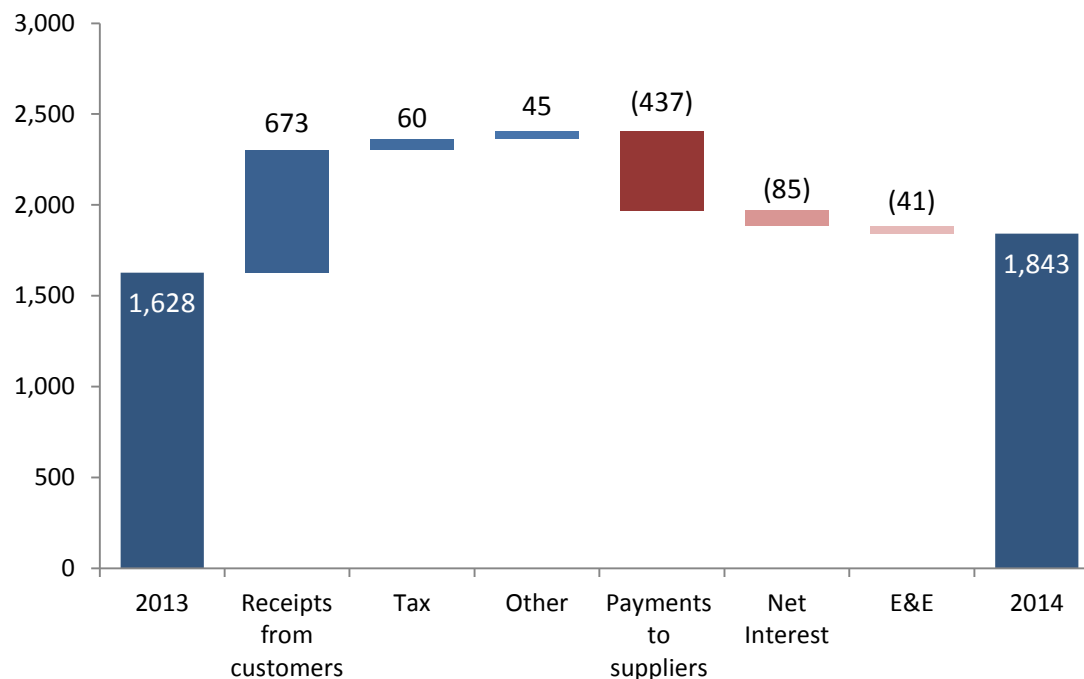
- 13% increase driven by the start-up of PNG LNG and higher third party sales

Operating cash flow up 13% to \$1.8 billion

Forecast free cash flow positive in Q4 2015 at US\$60/bbl oil

Reconciliation of operating cash flow

\$million



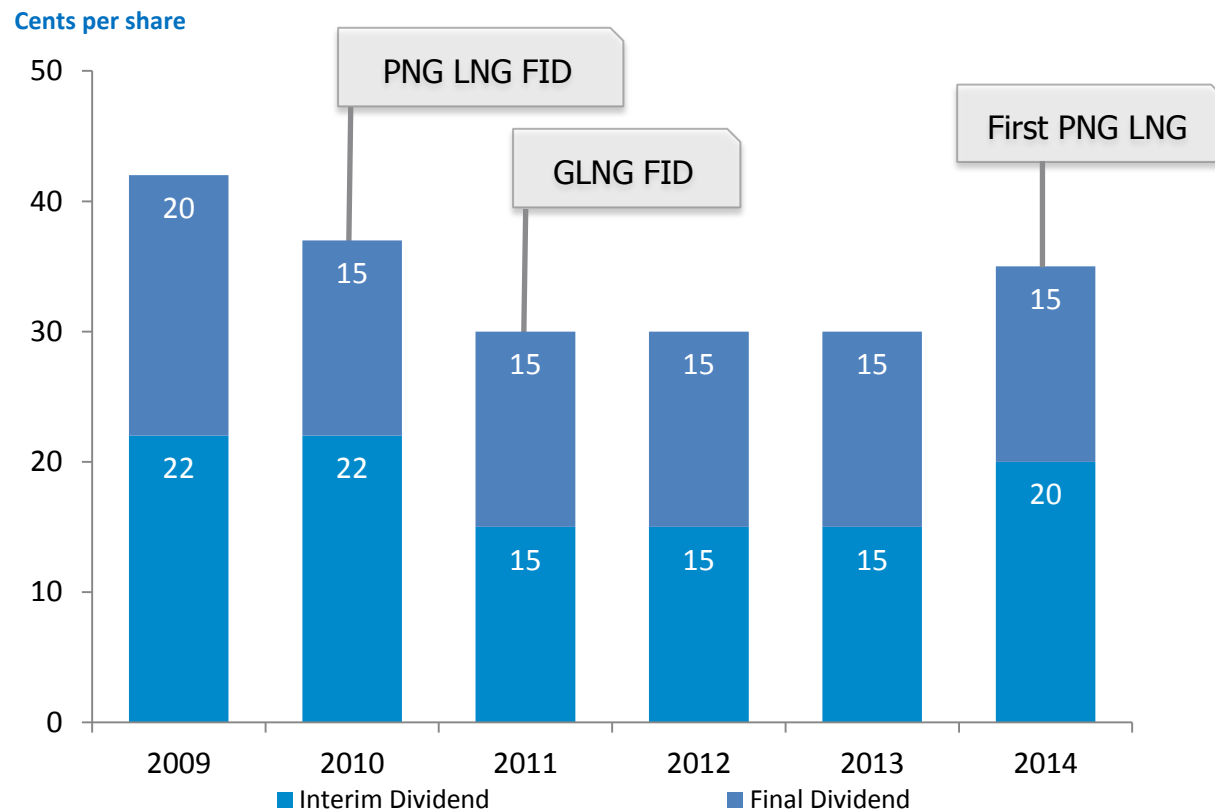
Dividends

- › Final dividend maintained at 15 cents per share fully franked
- › Brings full-year dividend to 35 cents per share fully franked, up 5 cents
- › DRP discount 1.5% for final dividend and DRP fully underwritten
- › Aim for balance between higher dividends, debt repayment and ongoing investment for growth

Final dividend maintained at 15 cents per share, fully franked, with underwritten DRP

Full-year dividend 35 cents, up 17%

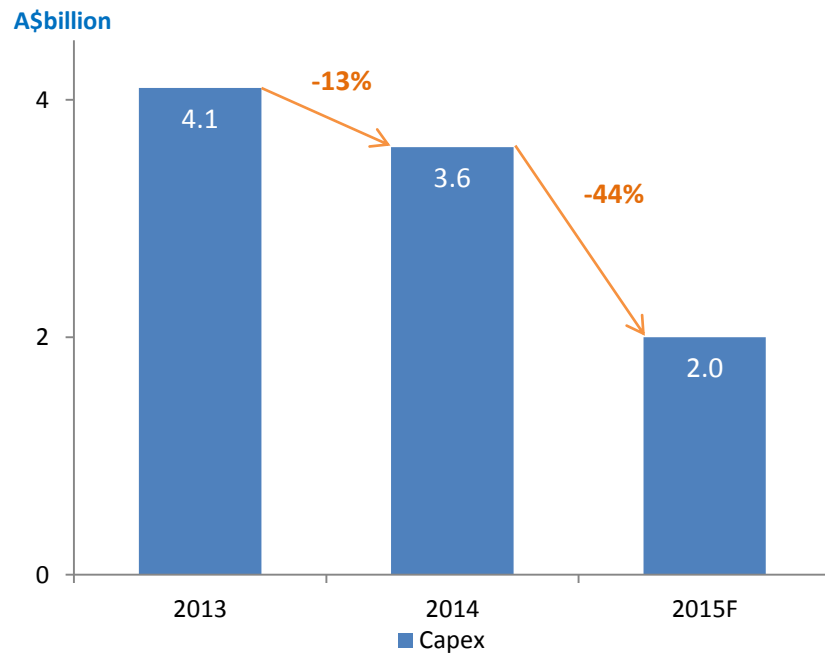
Fully-franked dividends declared per share



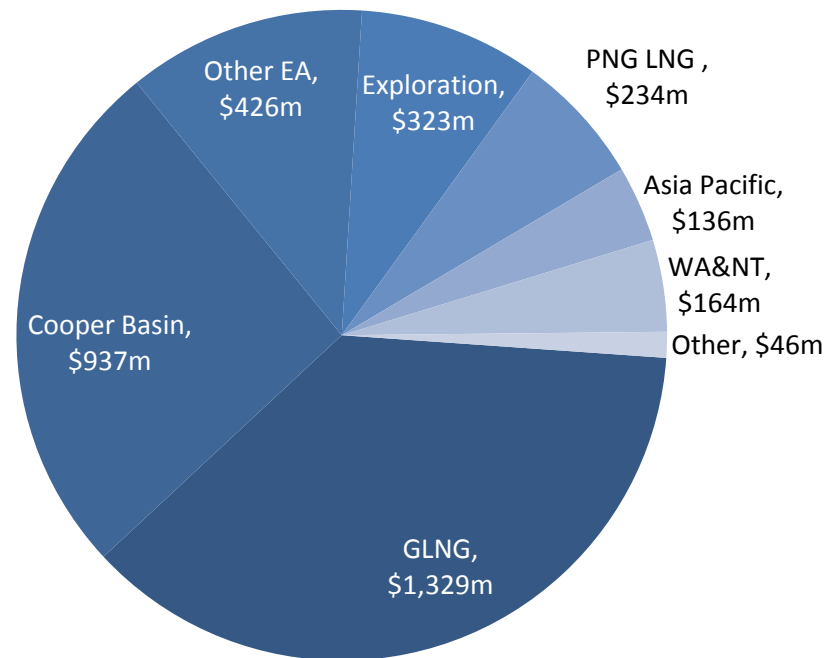
Capital expenditure

Capex in 2014 \$3.6 billion excluding capitalised interest
2015 forecast spend 44% lower than 2014

Full-year capital expenditure



Breakdown of 2014 capital expenditure (excludes capitalised interest)



Other EA includes expenditure on Combabula/Spring Gully, Narrabri, Moonie, Mereenie and Victoria

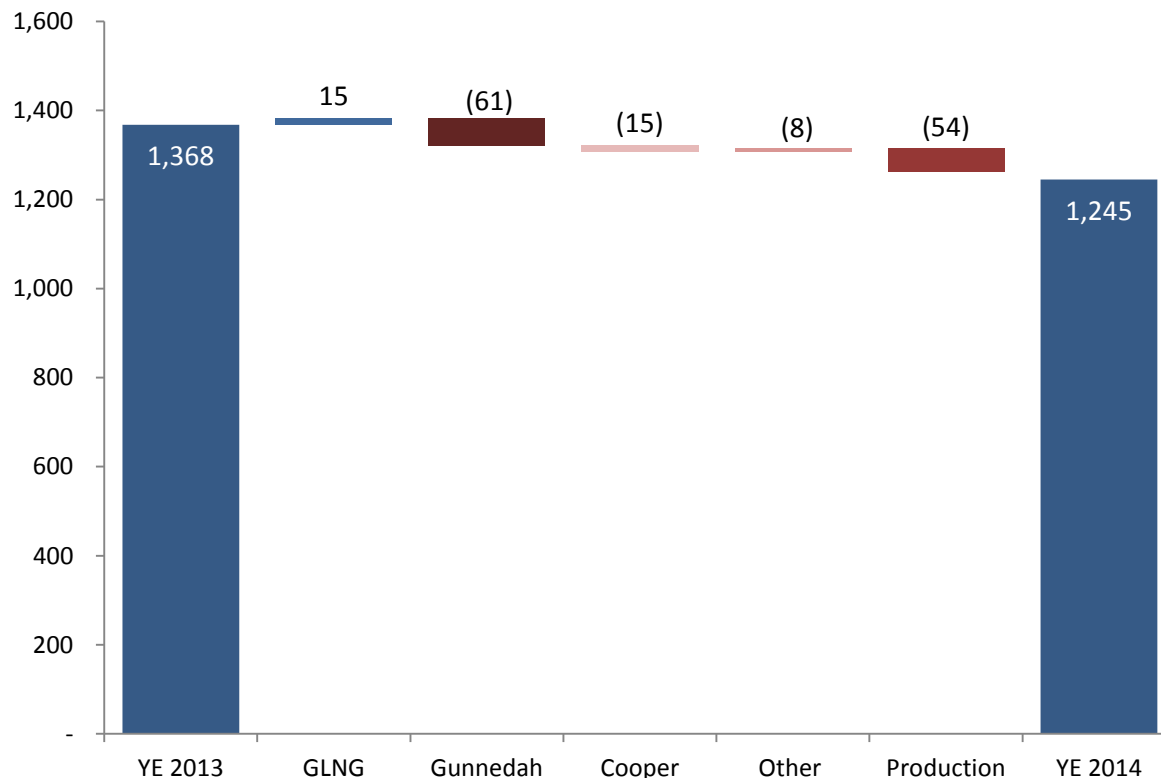
GLNG includes non-LNG project capex of \$135 million for domestic stay-in-business, appraisal and pre-development, and capitalised stripping costs

Reserves and resources

2014 2P reserves reflect previously advised reduction in Gunnedah Basin reserves

2P reserves 2013 - 2014

mmboe



- Proved plus probable (2P) reserves were 1,245 mmboe, 9% lower than 2013
- 2P Reserves life of 23 years, based on 2014 production of 54 mmboe
- GLNG proved reserves (1P) up 22% and 2P reserves up 4%
- GLNG 2P reserves + purchased gas totals 7,831 PJ
- Gunnedah Basin 2P reserves down 32%
- Cooper gas 2P reserves down by 7% before production
- 116% organic five-year 1P reserves replacement
- 97% organic five-year 2P reserves replacement

For further information, refer to the 2014 Reserves Report released to the ASX on 20 February 2015

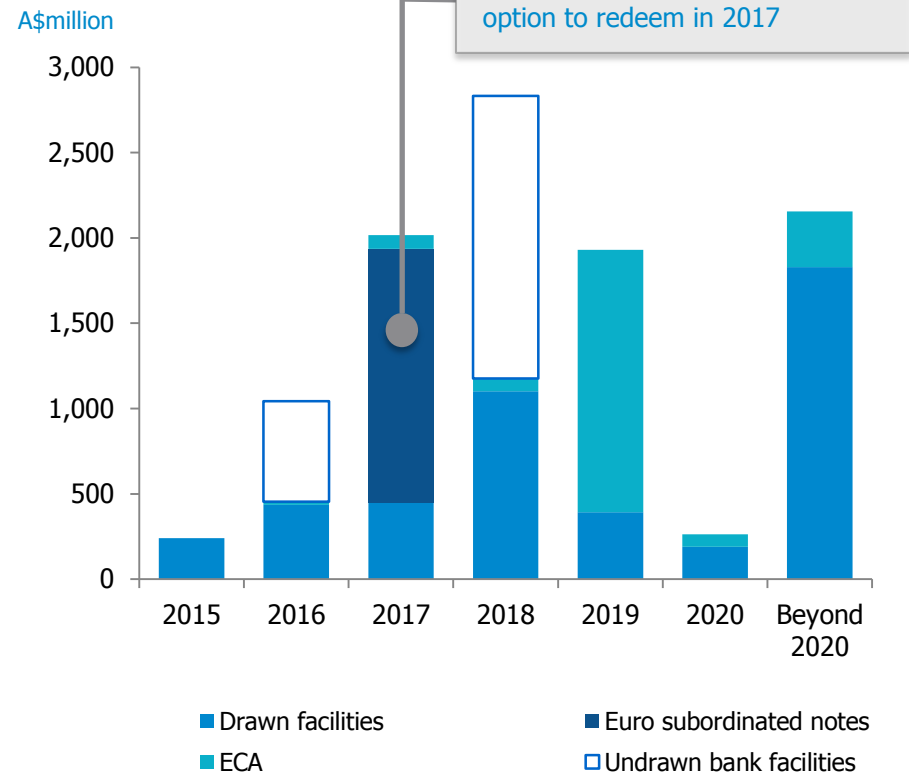
Balance sheet and funding

\$2.9 billion in liquidity

Minimal debt maturities until 2017

- › A\$0.8 billion in cash and A\$2.1 billion undrawn debt facilities as at 31 December 2014
- › Net debt A\$7.5 billion
- › Weighted average interest rate 4.32% (2013: 5.21%)
- › Gearing of 44% ND/(ND+E) post-impairment
- › Continued proactive approach to capital management

Debt maturity profile



Project delivery

David Knox
Managing Director and Chief Executive Officer

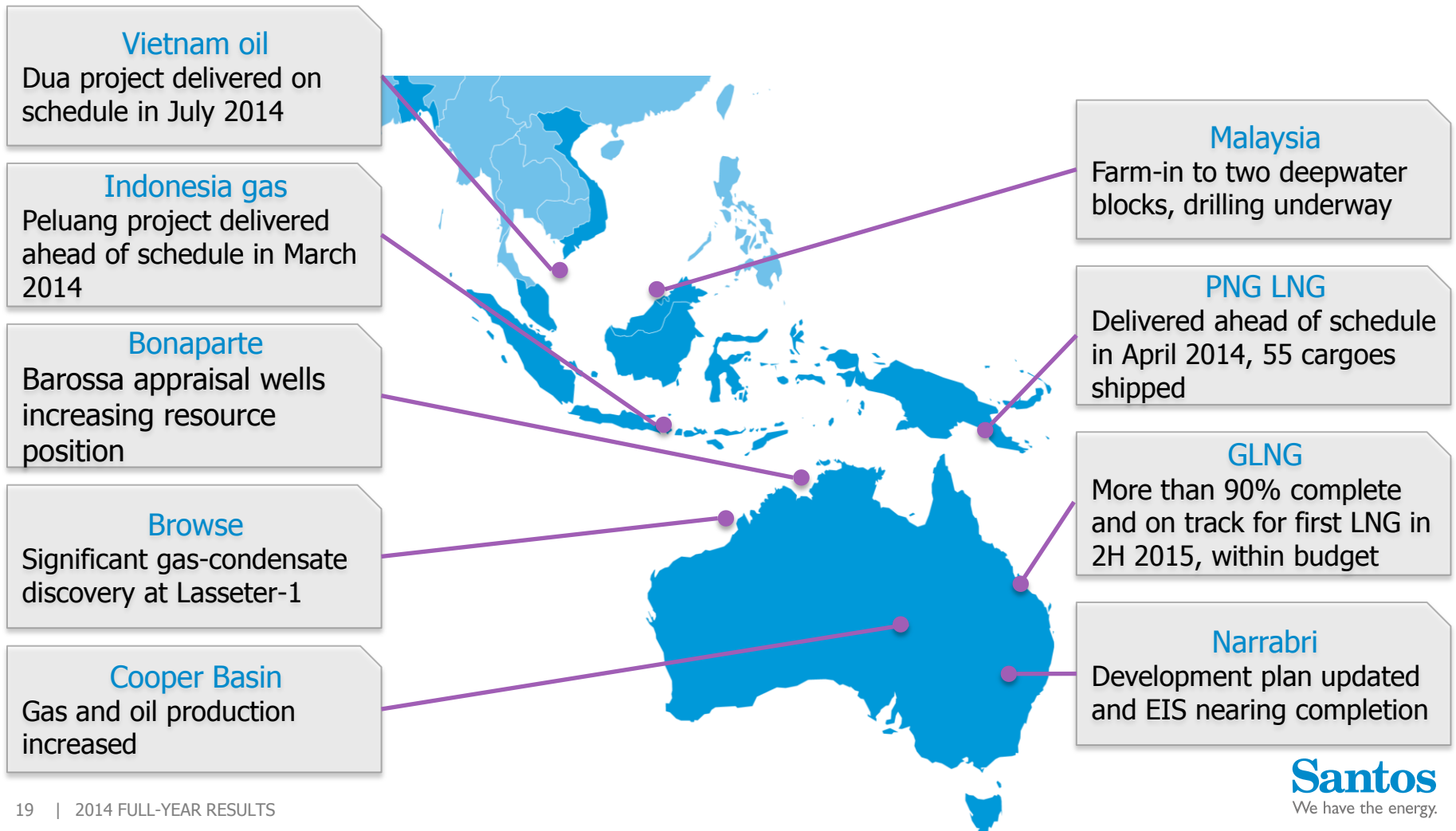
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2014 Highlights

Three projects delivered, GLNG in commissioning and exploration success in the Browse



GLNG project

On track for first LNG in the second half of 2015

GLNG provides positive free cash flow at US\$40/bbl oil

Gas supply

- › Fairview wells performing strongly
- › Roma wells online and dewatering in line with expectations
- › Santos portfolio & third party gas provides 410-570 TJ/day in 2016
- › Underground storage delivery rate 75 TJ/day

Surface facilities & pipelines

- › Fairview Hub 5 commissioning complete and facility operational
- › Commissioning underway at both Fairview Hub 4 and Roma Hub 2
- › 120 km Comet Ridge to Wallumbilla pipeline loop complete and gassed up
- › 420 km gas transmission pipeline complete and gassed-up to Curtis Island

LNG plant and port

- › All 111 T1 and T2 modules set
- › Both LNG tanks hydrotested
- › Loading jetty complete
- › Plant commissioning on track
- › First LNG 2H 2015

GLNG upstream

Upstream is ready to supply gas to the plant

- › Performance of Fairview wells continues to exceed expectations
 - Field well capacity ~500 TJ/d
 - Well capacity expected to be ~600 TJ/day by the end of 2015
- › Roma well capacity growing in line with expectations
- › Fairview Hub 5 commissioning complete and facility operational
- › Fairview Hub 4 construction complete and nearing completion at Roma Hub 2, both nearing operational handover
- › 120 km Comet Ridge to Wallumbilla pipeline loop complete and gassed up



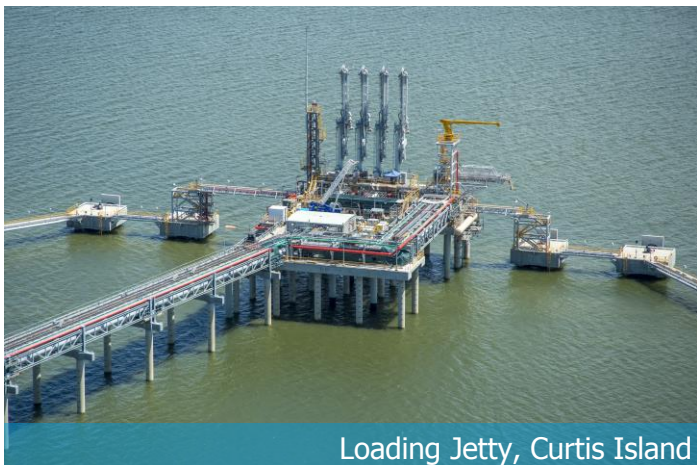
GLNG downstream

Significant milestones achieved in 2014

Commissioning well underway and on track for first LNG in 2H 2015



LNG tanks, Curtis Island



Loading Jetty, Curtis Island

- › Gas transmission pipeline complete and gassed-up to Curtis Island
- › QGC interconnects complete and pre-commissioned
- › All 111 LNG train modules set on their foundations
 - Piping installation, pressure testing, cable pulling and terminations are well advanced
- › LNG tanks – Hydrotesting and pneumatic pressure testing of both tanks complete
- › LNG loading jetty complete
- › 107 Santos GLNG staff embedded in integrated Bechtel/GLNG commissioning and start-up team
- › On track for first LNG in 2H 2015

PNG LNG project



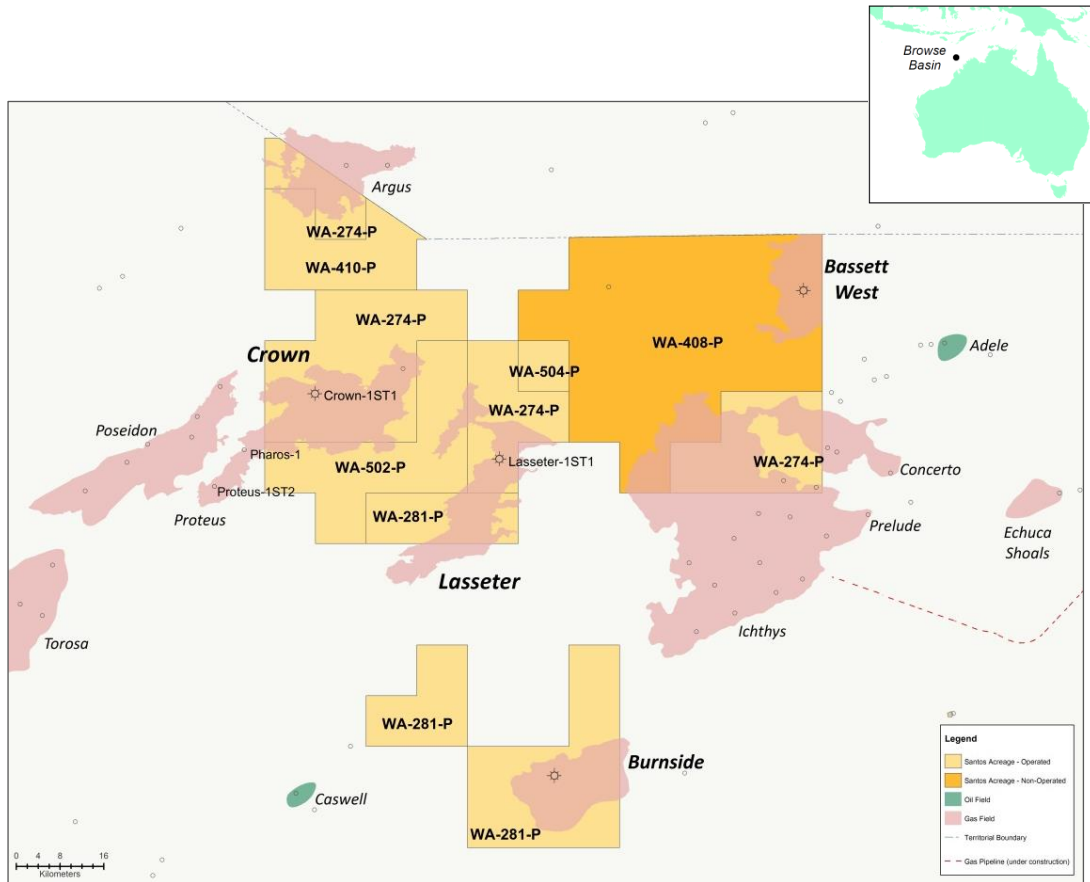
Hides Gas Conditioning Plant, PNG LNG

Successful delivery of the project ahead of schedule. 55 cargoes shipped in 2014
Santos well positioned for potential expansion

- › Delivered ahead of schedule and now producing ahead of expectations
 - First LNG train in April
 - Second train in May
- › PNG LNG Drilling
 - All eight Hides development wells completed successfully
 - Hides PWD (produced water disposal) well has been cased and suspended pending further analysis
 - First of two Angore development wells was spudded in Q4 2014
- › PNG Exploration providing expansion/backfill optionality
 - Hides F1 (Hides Deep, Santos 24%) spudded in Q4 2014. Development section successfully cased for future production. Drilling ahead to deeper exploration target
 - Gas discoveries at Manta-1 (tested at 42 mmscf/d) in PPL 436 and NW Koko-1 (tested at 48 mmscf/d) in PPL 261
- › PPL 269 & PPL 287 seismic acquisition underway

Browse Basin Greater Crown and Lasseter

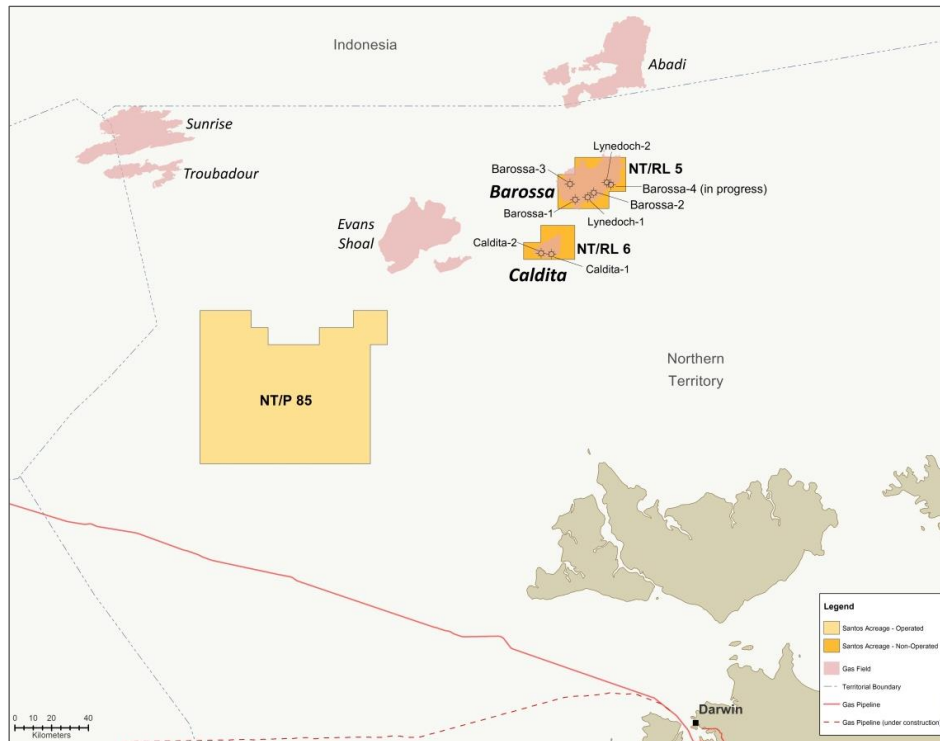
Appraisal planning and evaluation of development concepts progressing



- Multi-tcf resource position established on the back of Crown and Lasseter discoveries
- Concept evaluation and appraisal strategy to underpin development options underway
- Opportunity for synergies with adjacent discoveries that are being progressed for development
- Significant remaining prospectivity across acreage continues to be assessed:
 - Commitment to 3D (Caswell) survey across the basin
 - Applications for new permit releases

Bonaparte Basin Barossa Caldita

Successful carried 3 well appraisal drilling program supports standalone capability for LNG expansion or backfill



- › Drilling last of three well appraisal program
 - Barossa-2 drilled in the core of the field intersected 88 metres of net pay across a 217 metre gross interval, a 10-km step-out from Barossa-1ST1
 - Barossa-3 appraising upside to the north intersected 104 metres of net pay across 152 metre gross interval¹
 - Barossa-4 in progress, appraising resource position to the east of the field
- › Drilling to date has confirmed a much larger and better quality resource than that originally anticipated
- › Concept evaluation and pre-FEED engineering studies progressing in parallel with the drilling program to position resource for development
- › Range of development options being considered including expansion or backfill of Darwin LNG

¹Refer to the 2014 Fourth Quarter Activities Report released on 23 January 2015 for more detail

Summary

Production growth, record sales and significant project milestones

Focus on operating efficiencies and cost savings



Angore wellpad B, PNG LNG

LNG project delivery

Continued exploration success

Underlying business performance remains strong

Financial and operating discipline

Robust funding position

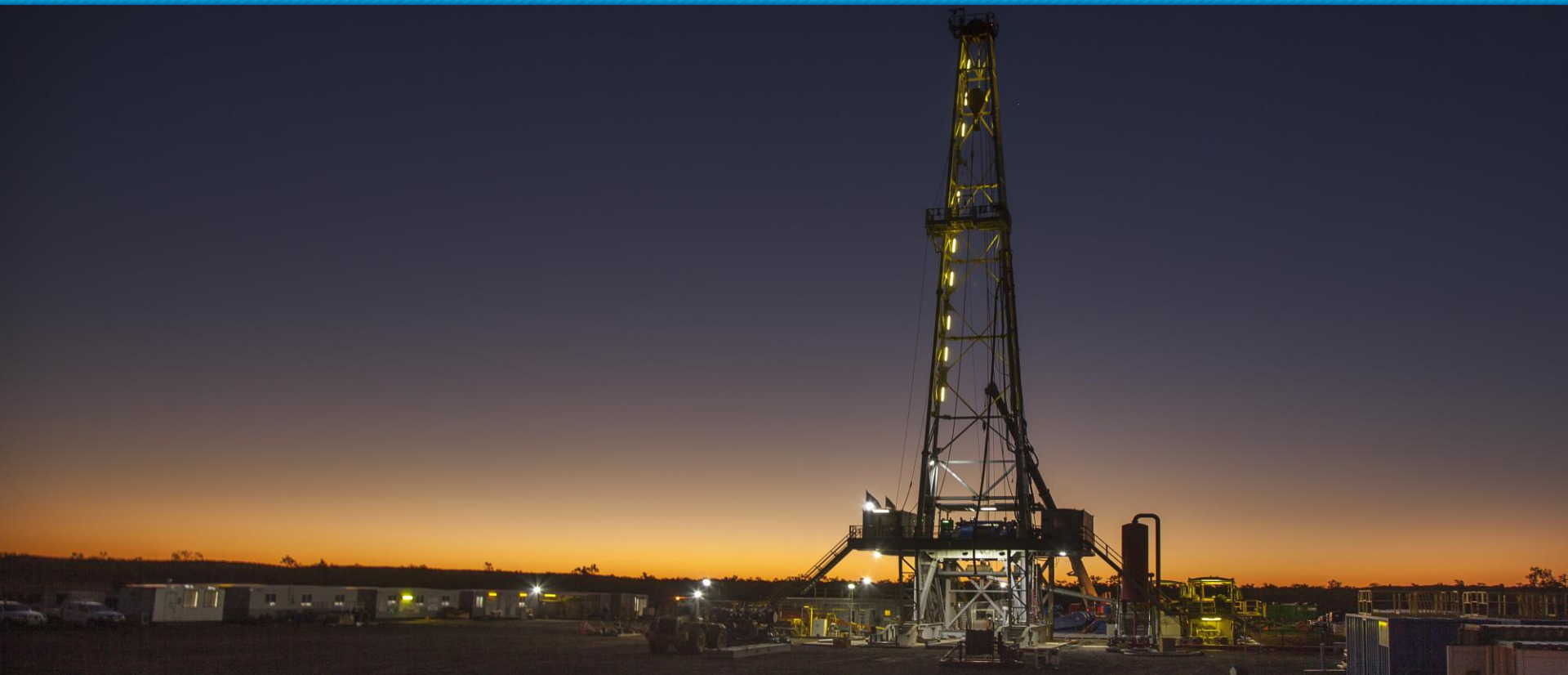
Focus on shareholder returns

Reference Slides

20 February 2015

Tanumbirini 1, McArthur Basin Exploration well drilled in Q4 2014

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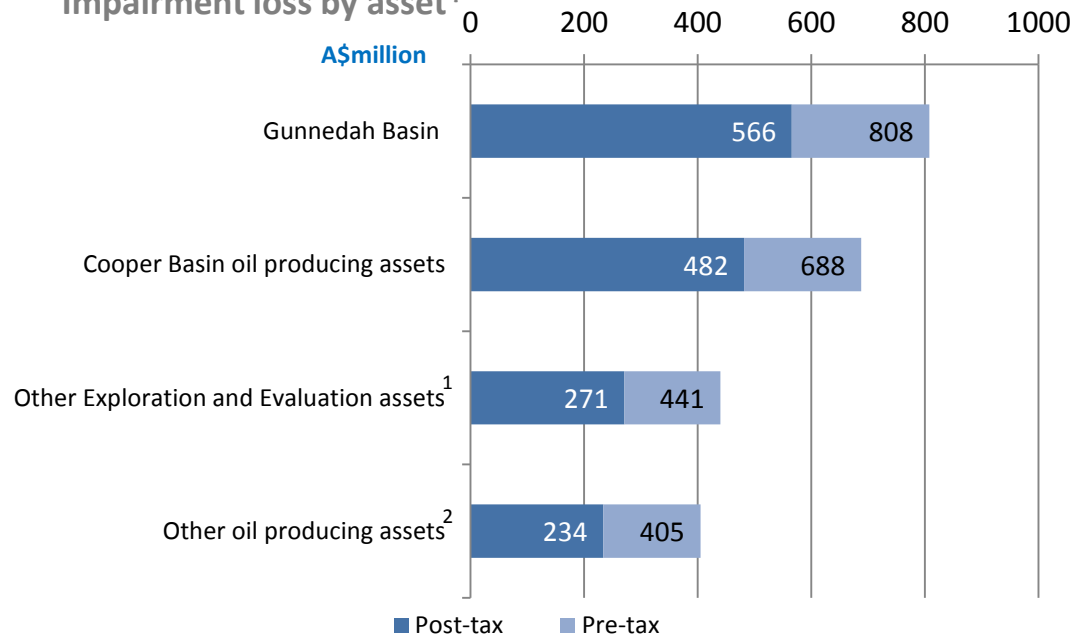


Impairment

Non-cash impairment charge of \$1.6 billion after-tax

- › Significant fall in global commodity prices and a follow-on reduction in future oil price assumptions
 - Oil producing assets affected
 - Oil exploration and evaluation assets
- › Narrabri exploration results and deferral of appraisal program
 - Technical re-evaluation resulted in a 32% reduction in 2P reserves in PEL238/PAL2 permits
- › No impact on GLNG
- › Impairment analysis based on Brent oil price estimates:
 - US\$55/bbl in 2015
 - US\$70/bbl in 2016
 - US\$80/bbl in 2017
 - US\$90/bbl in 2018
 - US\$90/bbl (2014 real) long-term from 1 Jan 2019

Impairment loss by asset*



¹Includes Winchester, Zola/Bianchi, Bassett-West (WA-408P), Magnama, CBM Indonesia and Cooper Basin unconventional

²Includes Mereenie, Vietnam Block 12W, Stag, Barrow, Thevenard, ME/FF and SE Gobe

*Does not include impairments related to interests in Joint Ventures (Easternwell Drilling) of \$10 million post-tax and \$14 million pre-tax

2015 guidance

Item	2015 guidance
Production	57-64 mmboe
Production costs	\$14.2-14.6/boe
DD&A expense	\$17.5-18.0/boe
Capital expenditure (including exploration & evaluation) ¹	\$2 billion

¹ Capital expenditure guidance excludes capitalised interest, which is forecast at approximately \$135 million in 2015

Significant items after tax

Reconciliation of full-year net (loss)/profit to underlying profit

\$million	Full-year 2014	Full-year 2013	Change
Net (loss)/profit after tax	(935)	516	(281)%
Add/(deduct) significant items			
Net impairments	1,563	28	
Other	(95)	(40)	
Underlying net profit after tax¹	533	504	6%

Underlying profit is a non-IFRS measures that are presented to provide an understanding of the performance of Santos' operations. Underlying profit excludes the impacts of asset acquisitions, disposals and impairments, as well as items that are subject to significant variability from one period to the next, including the effects of fair value adjustments and fluctuations in exchange rates. The non-IFRS financial information is unaudited however the numbers have been extracted from the audited financial statements

2015 full-year sensitivities

Sensitivity	Change	NPAT impact (A\$million)
US\$ oil price	+/-US\$1/bbl	+/-20
A\$ gas price	+/-10 cents/GJ	+/-10
A\$/US\$ exchange rate	+/-1 cent	-/+10

2015 Exploration schedule

Delivers on our exploration strategy across super basins, frontier basins and unconventional basins

Well Name	Basin / Area	Target	Santos Interest %	Timing
Hides-F1 (Hides Deep) [#]	Papuan – PNG	Gas	24	Drilling
Gaschnitz-2	Cooper – SA	Gas	66.6	Drilling
Ehsan-1 [#] (Block S)	Deep Water Malaysia	Gas	25	Drilling
Bestari-1 [#] (Block R)	Deep Water Malaysia	Oil	20	Drilling
Lawa-1 [#] (Block R)	Deep Water Malaysia	Oil	20	Q1
Menawan-1 [#] (Block R)	Deep Water Malaysia	Oil	20	Q2

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

[#] Not operated by Santos

2014 Full-year results



Moomba Plant, Cooper Basin

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