2015 Full-year results

19 February 2016

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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 19 February 2016 (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 2015. 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.

Cover image: LNG vessel *Seri Bakti* arriving in Gladstone Harbour to load the first GLNG cargo, October 2015.

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2015 Full-year results

Peter Coates
Chairman

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Hides gas conditioning plant, PNG LNG

Full-year summary

Loss of $2.7 billion including impairments of $2.8 billion after tax

Focus on reducing capital expenditure and improving operating efficiency

- Lowest lost time injury frequency rate on record: 0.1 per million hours worked
- Highest production since 2007: 57.7 mmboe
- Net loss of $2,698 million, reflecting asset value impairments of $2,761 million after tax
- GLNG project delivered
  - 16 cargoes shipped to date
  - Train 1 production has regularly exceeded 110% of nameplate capacity

- Unit production costs down 10% to $14.4/boe
- Capex down 54% to $1.7 billion
- $230 million in gross supply chain savings delivered, exceeding target by 28%
- 825 employee positions removed, gross labour cost savings of $160 million per annum

- $3.5 billion capital initiatives to strengthen the balance sheet
- Net debt reduced to $6.5 billion
- $4.8 billion in liquidity including $1.2 billion in cash
- 2016 capex cut to $1.1 billion
- New dividend framework sets dividends as a payout ratio of underlying profit

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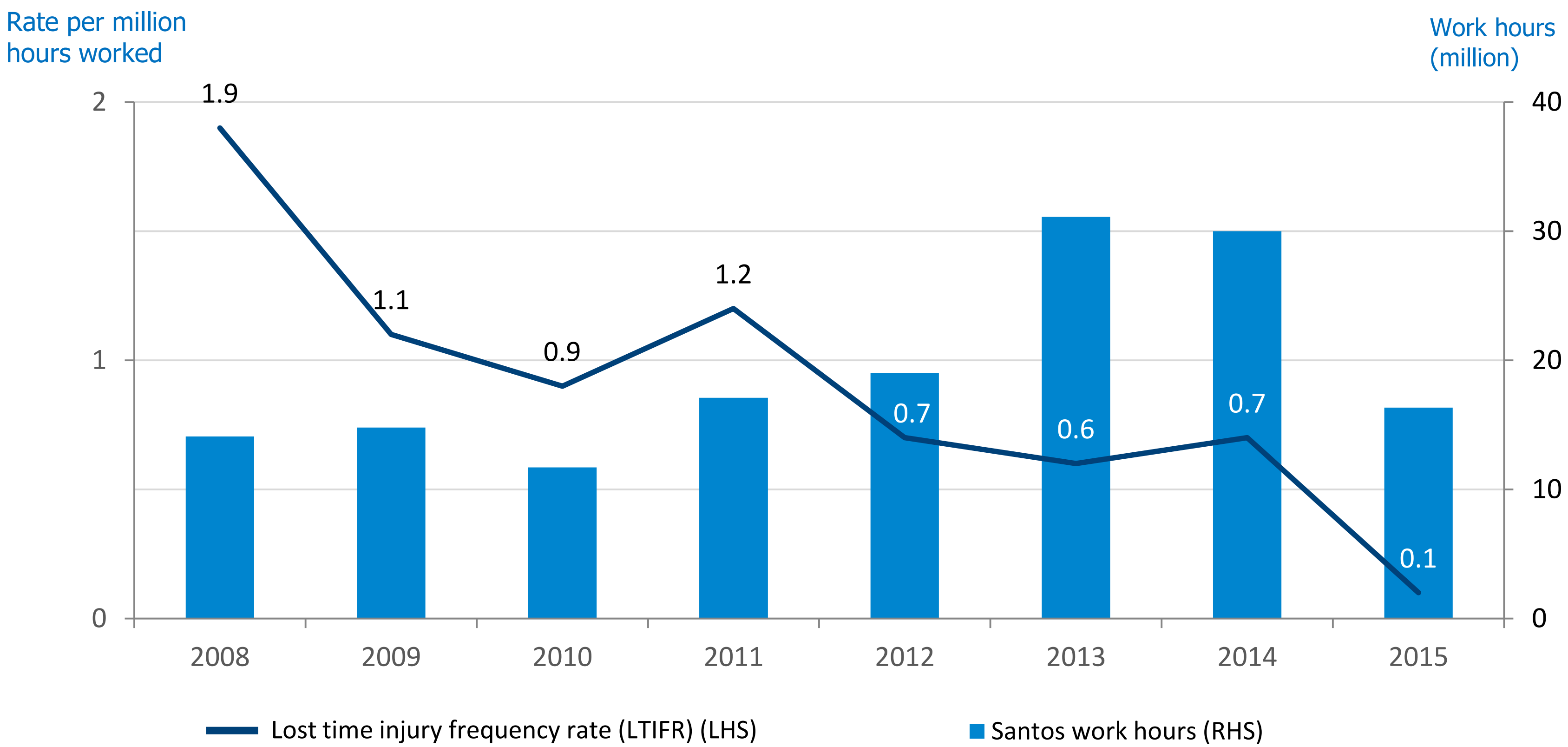
Safety performance

Lost time injury frequency rate of 0.1 per million hours worked

Best safety performance on record

Safety performance (employees and contractors)



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2015 Full-year financial and operating results

Andrew Seaton
Chief Financial Officer

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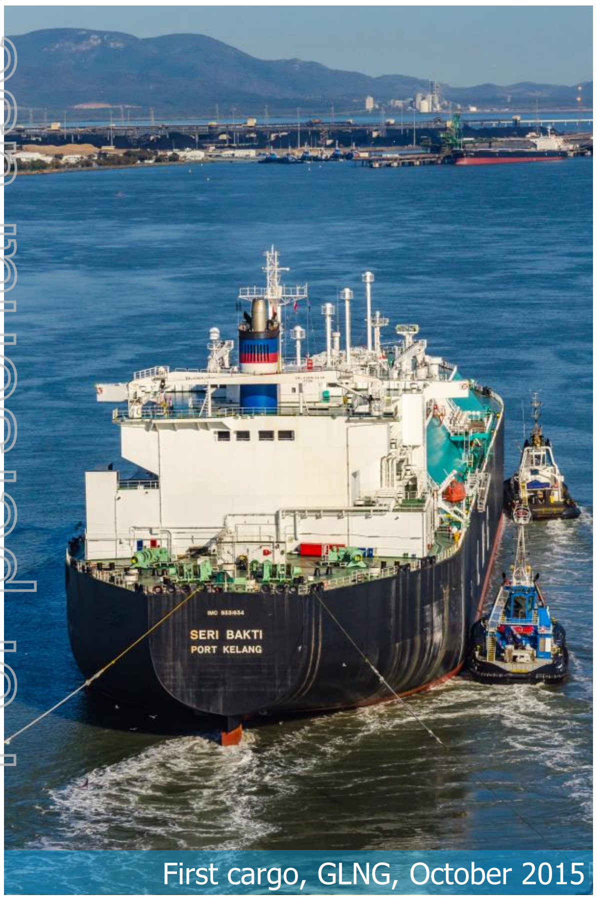
GLNG plant, Curtis Island Queensland

Financial summary

Managing the business in a lower oil price environment



First cargo, GLNG, October 2015

- Material and sustainable cost out
- Balance sheet strengthened
- $4.8 billion in liquidity
- Net debt remains flat in 2016 at US$32/bbl
- No material drawn debt maturities until 2019

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2015 Full-year financial result

EBITDAX down 17% to $1,919 million

Net loss of $2,698 million, reflecting asset impairments of $2,761 million after tax

$million	2015	2014	%Δ
Total revenue (inc. third party)	3,307	4,111	(20)%
Production costs (inc. LNG plant costs)	(833)	(863)	(3%)
Other operating costs	(229)	(283)	(19%)
Third party product purchases	(476)	(786)	(39)%
Other[1]	150	140	7%
EBITDAX	**1,919**	**2,319**	**(17)%**
Exploration and evaluation expense	(244)	(256)	(5)%
Depreciation and depletion	(1,059)	(988)	7%
Impairment losses	(3,924)	(2,356)	67%
EBIT	**(3,308)**	**(1,281)**	**(158)%**
Net finance costs	(290)	(97)	199%
Tax	900	443	103%
Net loss after tax	**(2,698)**	**(935)**	**(189)%**
Underlying profit	**50**	**533**	**(91)%**

- Higher sales volumes and gas prices, more than offset by significantly lower oil and LNG prices
- Unit cash operating costs down 13%
- Operating cash flow $1.1 billion
- Pre-tax impairment charge of $3.9 billion reflecting the lower oil price environment
- Higher finance costs due to higher average debt levels and lower capitalised interest

[1] Includes product stock movement, corporate expenses, foreign exchange gains, fair value adjustments on embedded derivatives and hedges, and share of net profit of joint ventures

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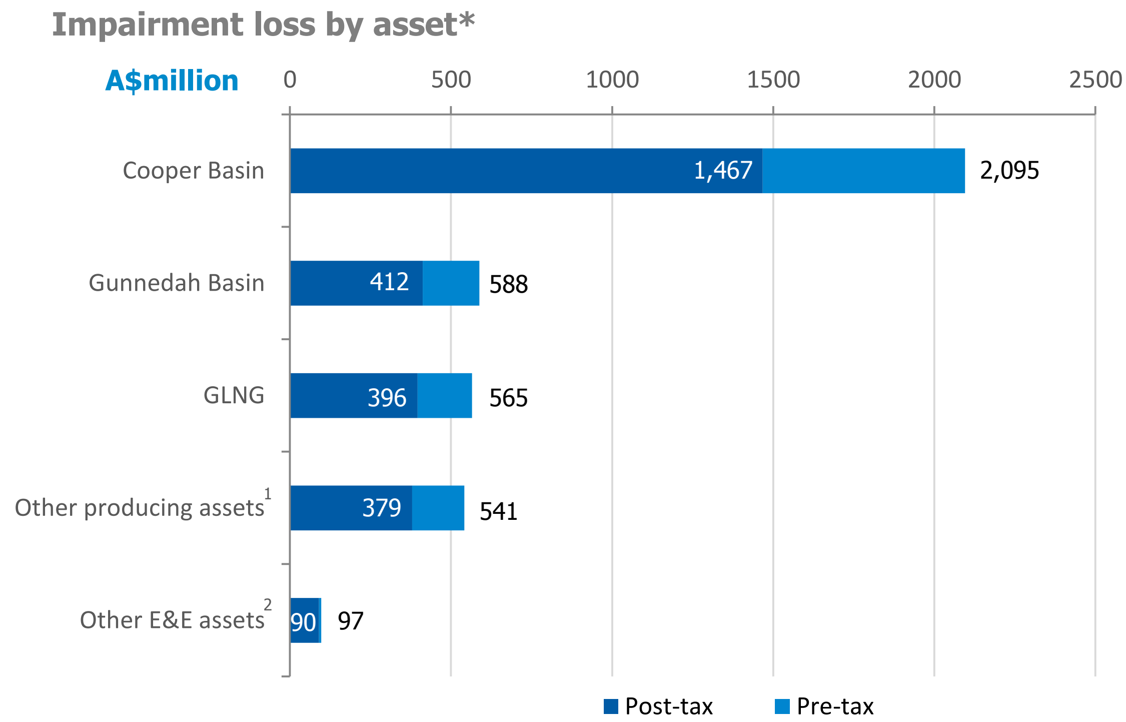
Impairment

Impairment charge of $3.9 billion pre-tax, $2.8 billion post-tax

- The impairment charge reflects the lower oil price environment, subsequent reduction in capital expenditure and associated deferral of development plans
- Lower oil price assumptions have been applied for 2015 testing
  - US$40/bbl in 2016
  - US$60/bbl in 2017
  - US$70/bbl in 2018
  - US$75/bbl (2016 real) from 2019
- A$/US$ exchange rate assumptions are 0.70 in 2016 and 2017, reverting to 0.75 in all subsequent years



[1]Includes WA oil assets, Chim Sào, Denison, SE Gobe, Patricia Baleen and Mereenie.
[2]Includes PNG exploration, Malaysia Block S and Cooper unconventional.
*Chart does not include assets held for sale (Kipper $32 million pre-tax) or impairment of other assets ($6 million pre-tax).

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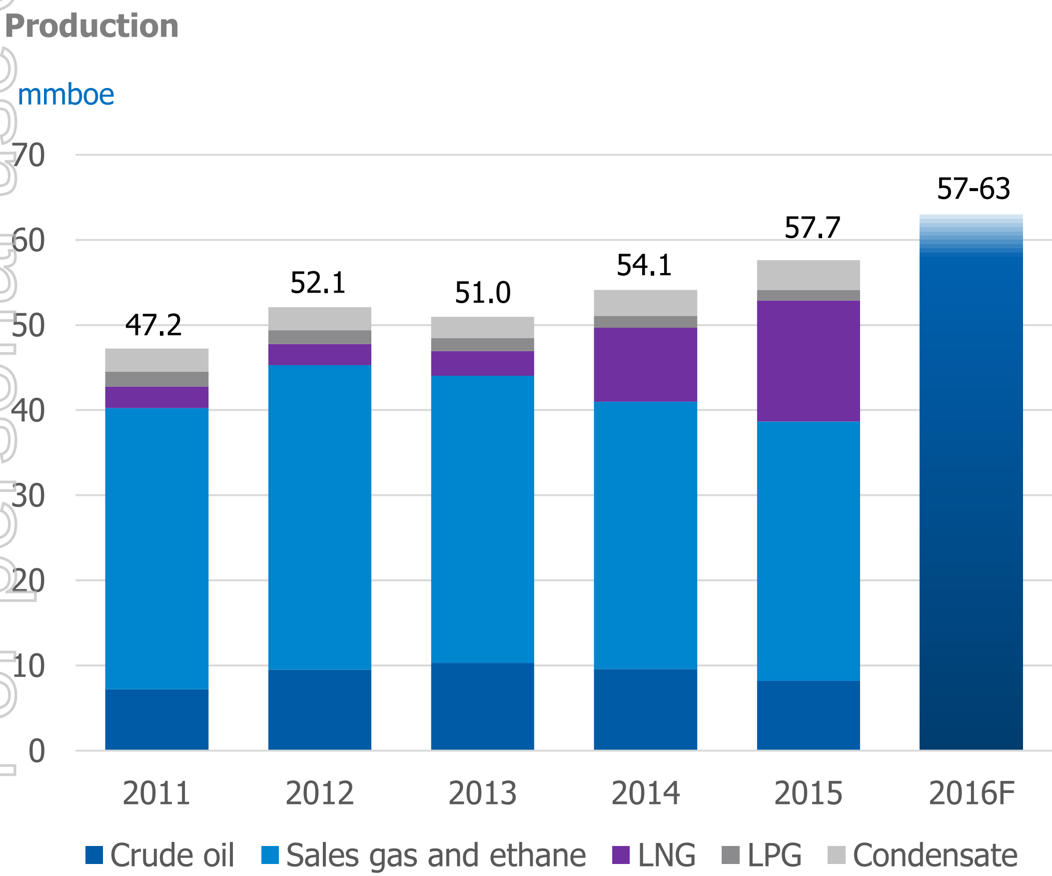
Production

Highest full-year production since 2007



- Full-year production up 7%
- LNG production up 68%
  - Strong PNG LNG production
  - Record production from Darwin LNG
  - GLNG first cargo shipped in mid-October
  - GLNG growth to continue with Train 2 first LNG expected in Q2 2016
- 2016 guidance maintained at 57–63 mmboe

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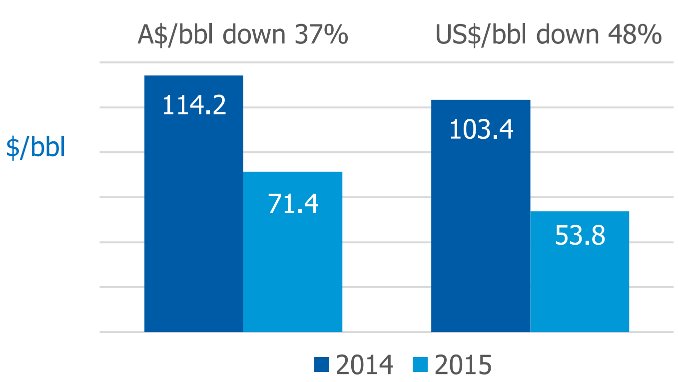
Sales revenue

Sales revenue impacted by significantly lower oil prices

$million	2015	2014	%Δ
Sales revenue (incl. third party)			
Sales gas and ethane	993	1,028	(3)%
LNG	925	659	40%
Crude oil	982	1,878	(48)%
Condensate	243	317	(23)%
LPG	103	155	(34)%
Total	**3,246**	**4,037**	**(20)%**

- Sales gas and ethane revenue marginally lower due to lower third party sales volumes partially offset by higher average gas prices
- LNG sales revenue up 40% reflecting strong operating performance from PNG LNG and Darwin LNG and start-up of GLNG
- Crude revenue impacted by lower global oil prices and lower production volumes due to the Mutineer Exeter/ Fletcher Finucane FPSO offline for majority of 1H 2015
- Average realised oil prices down significantly



Production costs

Unit production costs down 10% to $14.4/boe

Total unit cash operating costs down 13%

$million	2015	2014	%Δ
Production (mmboe)	**57.7**	**54.1**	**7%**
Production costs			
– Upstream production costs	794	847	(6)%
– LNG plant costs	39	16	144%
Total production costs	**833**	**863**	**(3)%**
Production cost ($/boe)	14.4	16.0	(10)%
Other operating costs			
Pipeline tariffs, processing tolls & other	143	136	5%
Royalty and excise	56	99	(43)%
Carbon costs	-	30	(100)%
Shipping costs	30	18	67%
Total other operating costs	**229**	**283**	**(19)%**
Total cash operating costs	**1,062**	**1,146**	**(7)%**
Total cash operating cost ($/boe)	18.4	21.2	(13)%

- Unit production costs down 10% to $14.4/boe
- Higher LNG plant costs reflect full year of PNG LNG production and start-up of GLNG
- Total unit cash operating costs down 13% to $18.4/boe
- Cost savings across the business
  - 825 employee positions removed in 2015, gross labour cost savings of $160 million per annum
  - Gross supply chain savings of $230 million delivered to date, exceeding 2015 target by 28%
- 2016 upstream production cost guidance (excl. LNG plant costs) $13.5-14/boe produced

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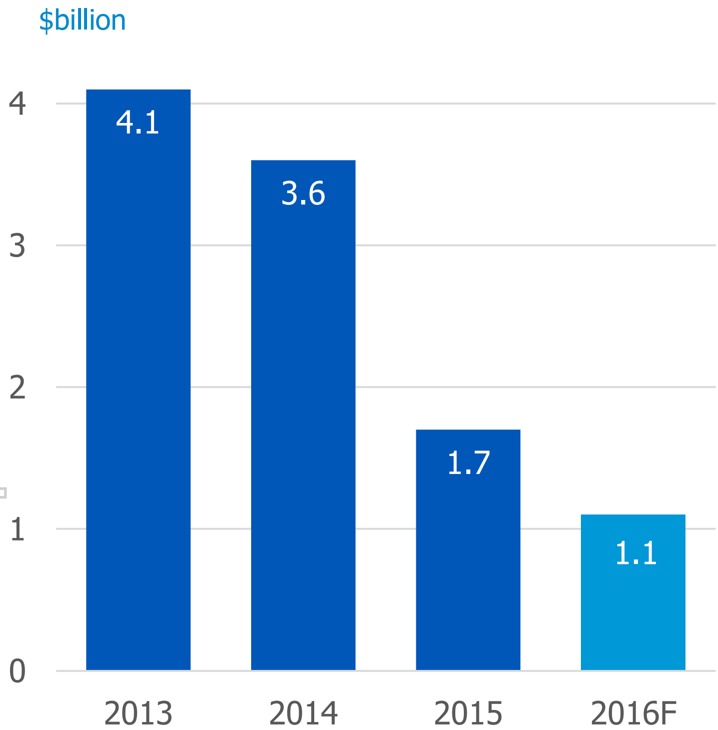
Capital expenditure

2015 capex expenditure $1.7 billion, down 54%

2016 capex guidance cut to $1.1 billion

Full-year capital expenditure



$million	2015	2016F
Eastern Australia	568	320
GLNG	463	370
Asia Pacific	140	100
WA&NT	96	120
Combabula, Spring Gully & NSW	97	50
Exploration	277	130
Other	29	10
Total capital expenditure	**1,670**	**1,100**

Capital expenditure excludes capitalised interest, which was $156 million in 2015 and is forecast at approximately $40 million in 2016.

2016 capital expenditure includes forecast abandonment expenditure of approximately $70 million, mainly offshore WA.

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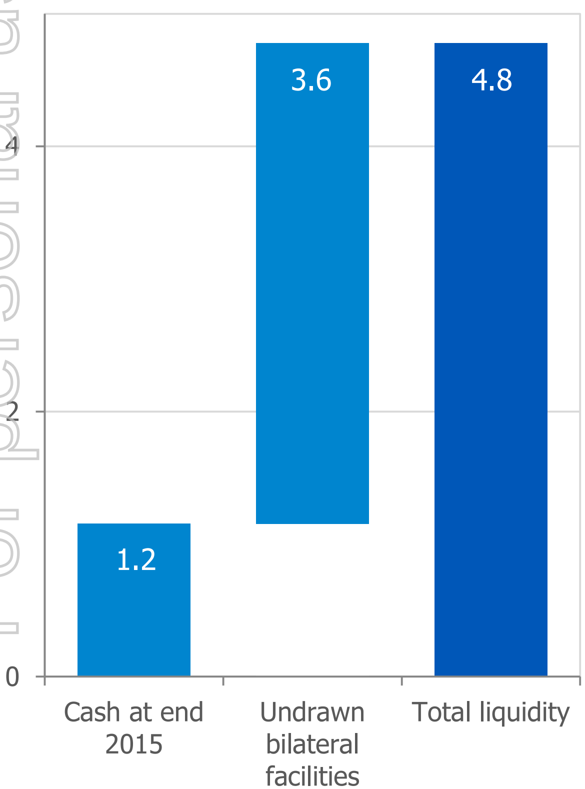
Liquidity

Substantial liquidity position

$4.8 billion in cash and committed undrawn debt facilities

Liquidity as at 31 December 2015

A$billion



- Liquidity will increase to more than $5 billion in Q1 2016 following receipt of $520 million in cash from the sale of the Kipper asset
- Bilateral facilities are provided by a group of relationship banks and comprise:
  - A$1,425 million in A$ bilateral facilities
  - US$1,600 million (A$2,200 million) in US$ bilateral facilities
- As at 31 December 2015 all bilateral facilities were undrawn
- Majority of bilateral facilities mature in 2018 and 2020
- None of the company’s existing debt facilities contain any credit rating-related covenant triggers or review events

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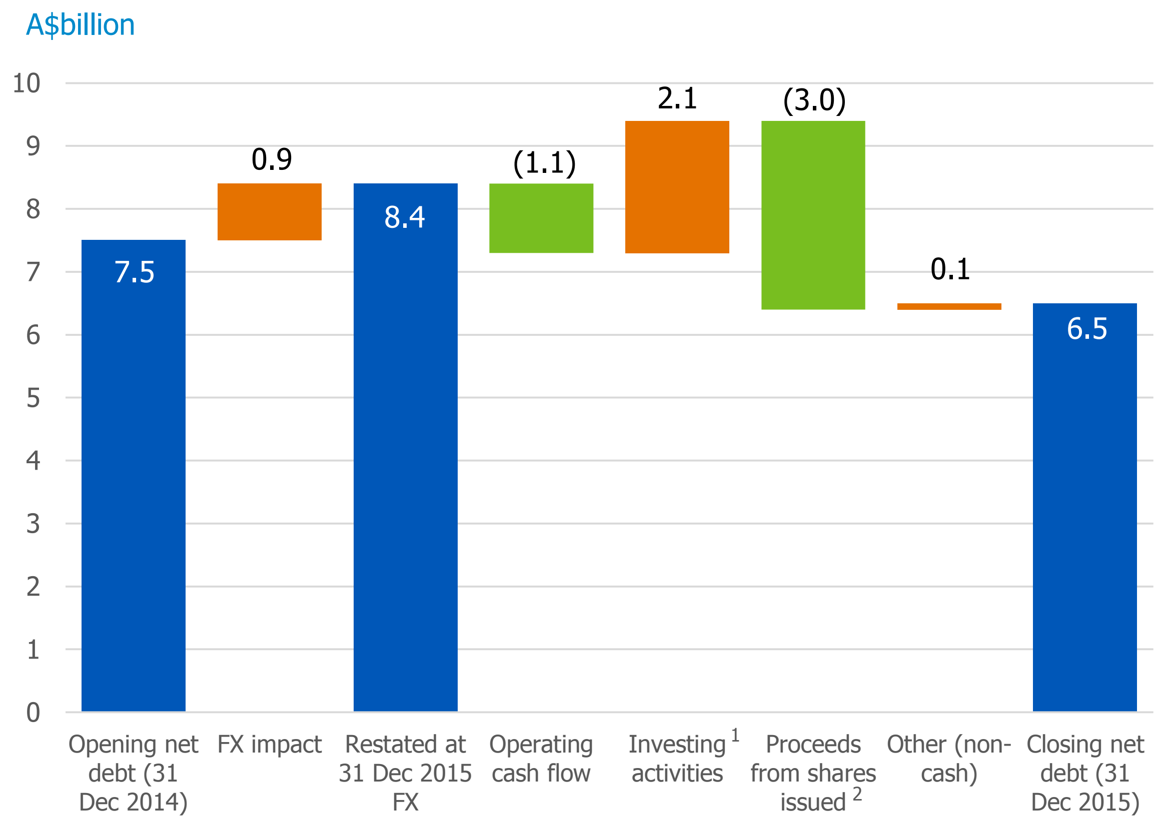
Balance sheet and funding

Net debt reduced to A$6.5 billion

Reduces further following receipt of Kipper proceeds

- Net debt reduced to $6.5 billion
- Receipt of $520 million from the sale of Kipper further reduces net debt position
- All debt is US dollar-denominated (excluding the Euro-denominated subordinated notes that have been swapped to US dollars through to the first call date)
- Weighted average interest rate of 4.07% in 2015 (2014: 4.32%)

Reconciliation of movement in net debt



[1] Including capitalised interest paid of $146 million
[2] Net of dividends

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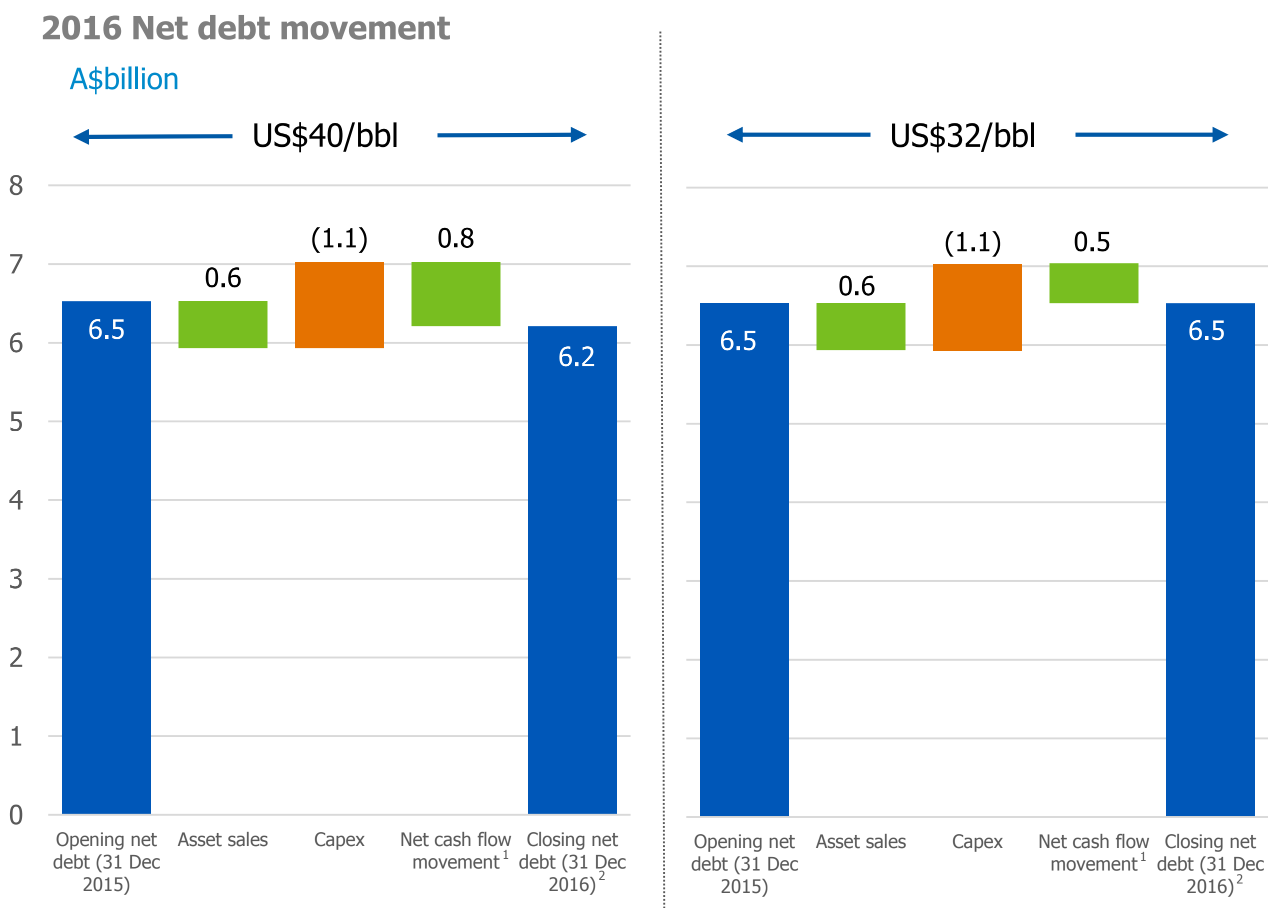
Net debt

Net debt remains flat in 2016 at US$32/bbl oil

- Santos forecast free cash flow positive in 2016 at US$32/bbl oil, after asset sales
  - US$10/bbl increase in oil price lifts 2016 operating cash flow by ~A$400 million per annum
- Net debt remains flat in 2016 at US$32/bbl oil, after asset sales
- $4.8 billion of available liquidity



[1] Net cash flow movement represents operating cash flow after interest and tax, working capital movements and declared 2015 final dividend
[2] Closing net debt calculated as the opening net debt plus/minus 2016 forecast cash movements

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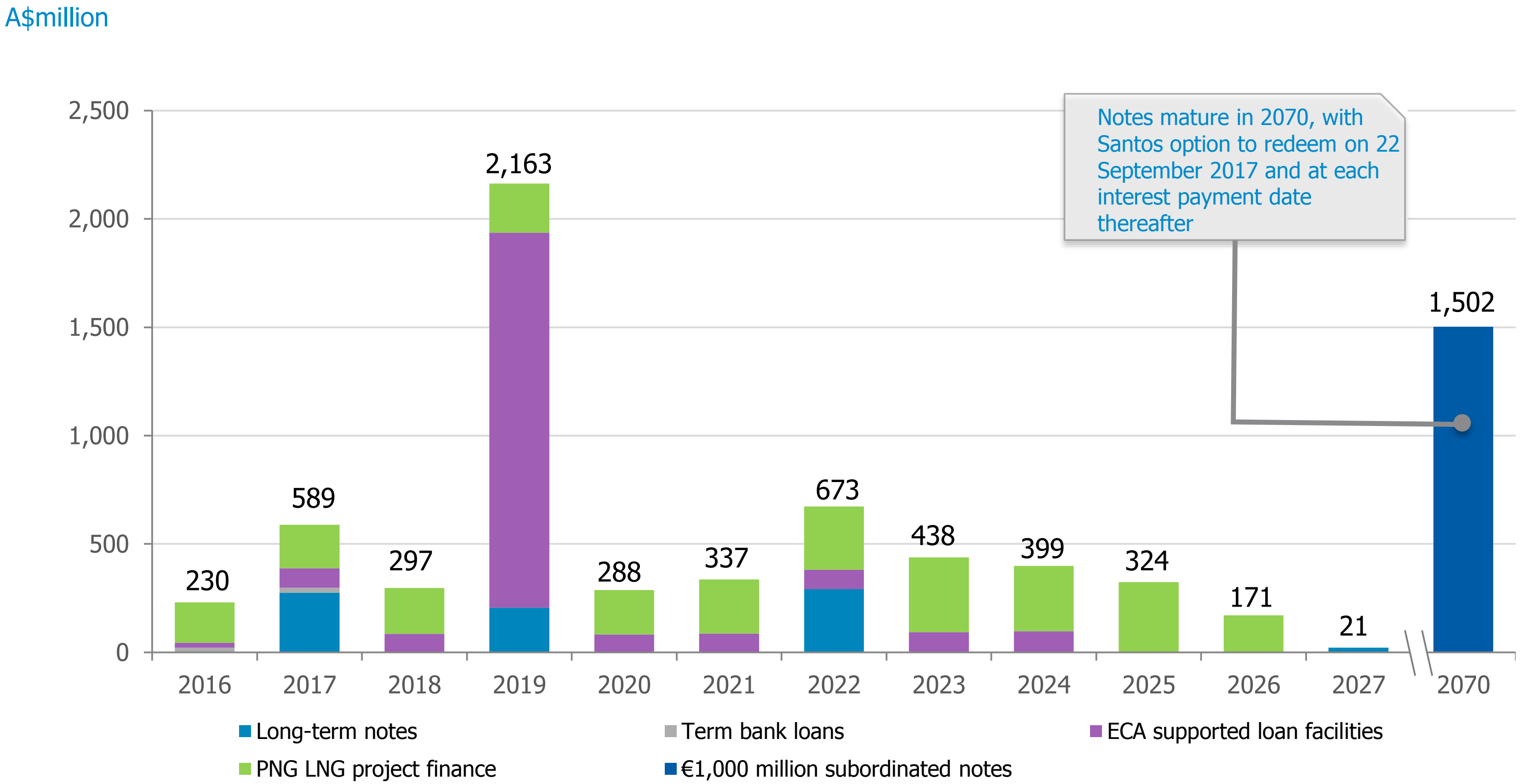
Debt maturity profile

Santos has limited drawn debt maturities until 2019

Drawn debt maturity profile as at 31 December 2015



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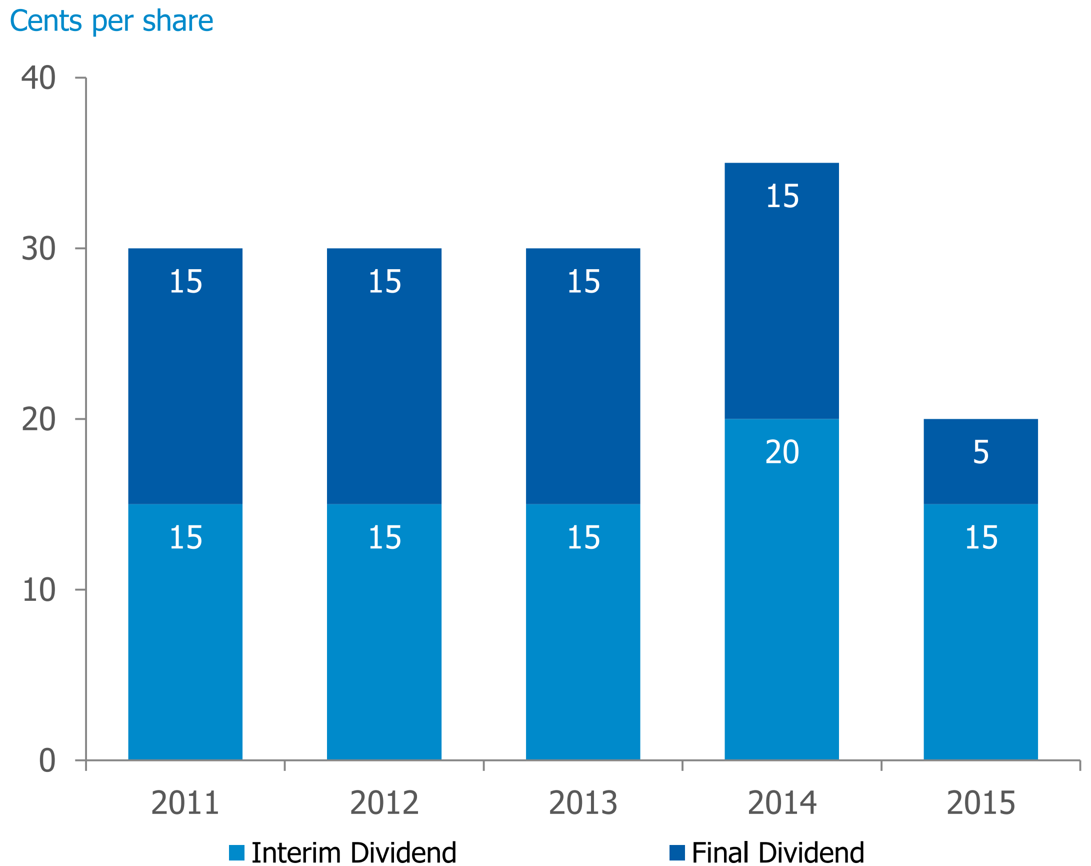
Dividends

Future dividends expected to be a minimum of 40% of underlying net profit, subject to business conditions

- Final dividend 5 cents per share, fully franked
- Full-year dividend total 20 cents per share, fully franked
- New dividend framework has been adopted to reflect Santos' exposure to oil-linked LNG pricing and the cyclical characteristics of global oil markets
- Future dividends expected to be a minimum of 40% of underlying net profit, subject to business conditions

Fully-franked dividends declared per share



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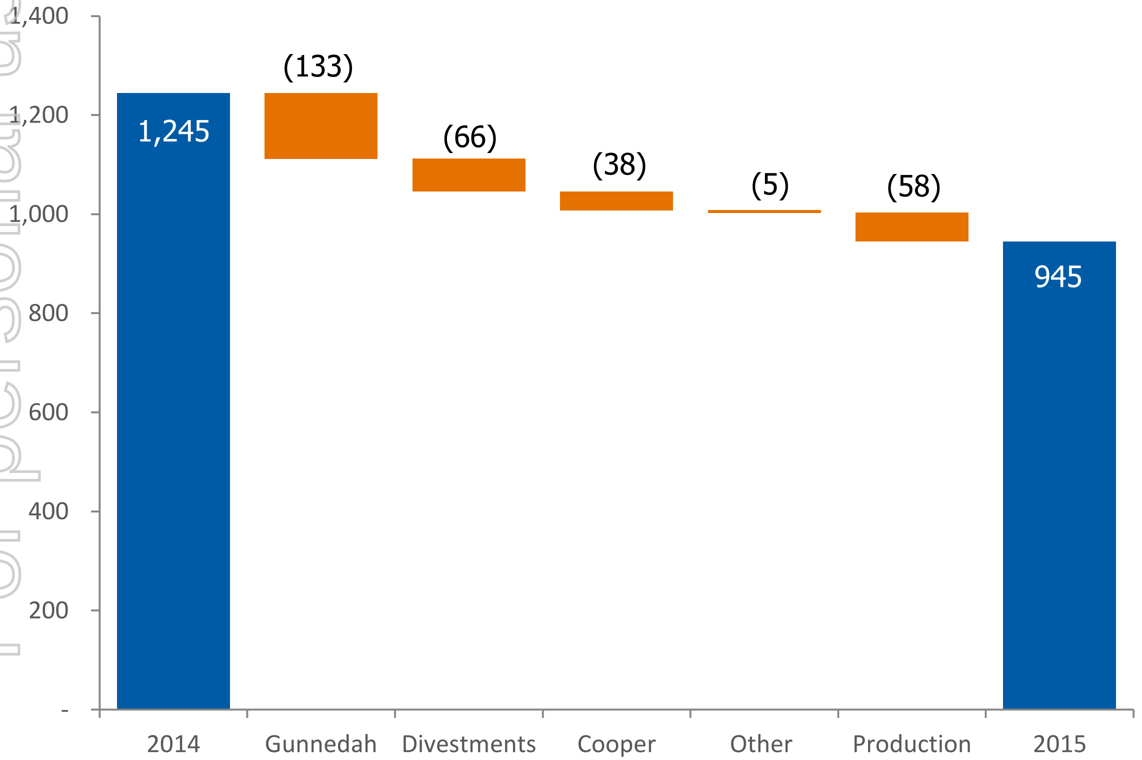
Reserves

2P reserves impacted by lower oil price environment and reclassification of Gunnedah Basin reserves to contingent resources

Reconciliation of 2P reserves

mmboe



- Proved plus probable (2P) reserves of 945 mmboe, 24% lower than 2014
- Gunnedah Basin 2P reserves reclassified to 2C resources
- Cooper Gas 2P reserves down 19% before production due to lower oil price assumptions and program results
- GLNG 1P reserves increased 15% before 2015 production
- 2P Reserves life of 16 years based on 2015 production of 58 mmboe

For further information, refer to the 2015 Reserves Statement released to the ASX on 19 February 2016

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2015 Full-year results

Peter Coates
Chairman

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Hides gas conditioning plant, PNG LNG

2015 Full-year results

Kevin Gallagher
Managing Director and Chief Executive Officer

GLNG plant, Curtis Island Queensland

Reference Slides

19 February 2016

GLNG plant, Curtis Island Queensland

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Liquidity and net debt position as at 31 December 2015

$4.8 billion in cash and committed undrawn debt facilities

Net debt $6.5 billion

Liquidity (A$ million)		31 December 2015
Cash		1,154
Undrawn bilateral bank debt facilities		3,625
Total liquidity		**4,779**
Debt (A$ million)		
Export credit agency supported loan facilities	Senior, unsecured	2,398
US Private Placement	Senior, unsecured	829
PNG LNG project finance	Non-recourse	2,569
Euro-denominated hybrid notes	Subordinated	1,575
Other	Finance leases and derivatives	313
Total debt		**7,684**
Total net debt		**6,530**

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Significant items after tax

Reconciliation of full-year net loss to underlying profit

$million	Full-year 2015	Full-year 2014	% Change
Net loss after tax	(2,698)	(935)	(189)%
Add/(deduct) significant items			
Impairment losses	2,761	1,563	77%
Redundancy and restructuring costs	48	-	
Other	(61)	(95)	(36)%
Underlying profit	50	533	(91)%

Underlying profit is a non-IFRS measure that is 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.

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2016 guidance

Item	2016 guidance
Production	57-63 mmboe
Sales volumes (including third party product sales)	76-83 mmboe
Upstream production costs (excl. LNG plant costs)	$13.5-14/boe produced
Depreciation, depletion & amortisation (DD&A) expense	$1.1 billion
Capital expenditure (incl. exploration, evaluation and abandonment, excluding capitalised interest)	$1.1 billion

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Prices and exchange rates

Santos average realised	2015	2014	Change %
Oil price (US$/bbl)	53.83	103.44	(48)%
Oil price (A$/bbl)	71.44	114.21	(37)%
LNG price (US$/mmbtu)	8.94	14.81	(40)%
LNG price (A$/mmbtu)	11.86	16.35	(27)%
Gas price (A$/GJ)	5.39	4.97	8%
A$/US$ exchange rate	0.7535	0.9057	(17)%

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2016 Full-year sensitivities

Sensitivity	Change	OCF impact (A$million)	NPAT impact (A$million)
US$ oil price	+/-US$1/bbl	+/-40	+/-30
A$ gas price	+/-10 cents/GJ	+/-12	+/-8
A$/US$ exchange rate	+/-1 cent	-/+20	-/+5

OCF: Operating cash flow

NPAT: Net profit after tax

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2016 Exploration schedule

Focus on infrastructure-led exploration

Well Name	Basin / Area	Target	Santos Interest %	Result/Timing
Davis-1 (WA-214-P) #	Carnarvon – WA	Gas	45	Drilling complete, evaluation ongoing
Merem-1 (Madura PSC)	East Java – Indonesia	Gas	67.5	Q1
Melewis-1 (Madura PSC)	East Java – Indonesia	Gas	67.5	Q1
Strickland-1 (PPL 269)#	Papuan – PNG	Gas	30	Q1
Core hole program – 3 wells	McArthur – NT	Stratigraphic	75	Q3

Not operated by Santos
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

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