



Delivering Results

2006 Interim Results Webcast

24 August 2006

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1

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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.

2

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Webcast Agenda

▶ Operational and financial highlights

Financial performance

Outlook

Eastern Australian Gas

Cooper Oil Project

Managing Costs

Timor/ Bonaparte

Indonesia

Identify New Areas

3

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Record Financial Result

John Ellice-Flint
CEO & Managing Director

2006 Interim Result

Production	28.7 mmbœ	up 9 %
Sales Revenue	\$1,313 million	up 29 %
EBITDAX	\$1,007 million	up 45 %
NPAT	\$370 million	up 28 %
EPS	59.5 cents/ shr	up 27 %
Operating Cash Flow	\$643 million	up 14 %
Dividend	20 cents/ shr	up 11 %
Gearing	32 %	improved 2 %

4

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EHS Performance

Injury Frequency (12 month rolling average)

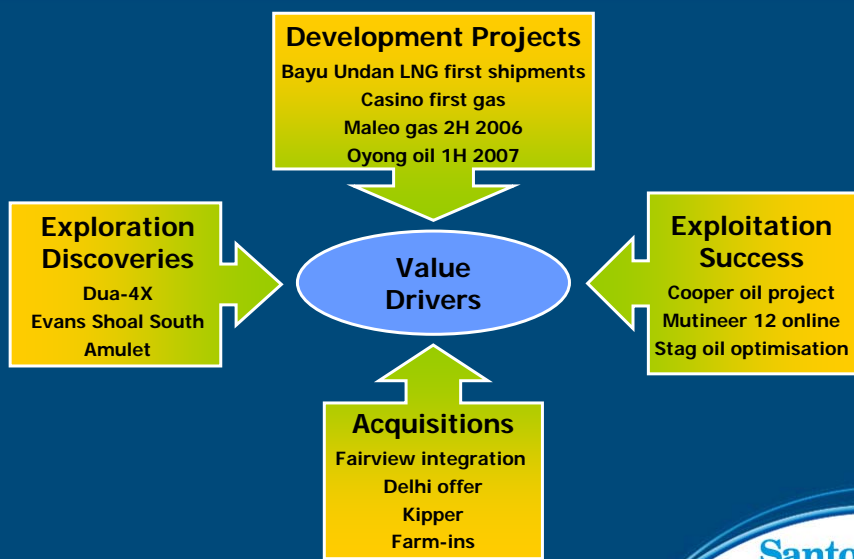


*TRCFR = Total Recordable Case Frequency Rate
 = Number of recordable injuries per million man hours worked

5



2006 First Half Highlights



6



Delivering Results

Peter Wasow
Chief Financial Officer

Overview

▶ Financial performance

Outlook

- Eastern Australian Gas
- Cooper Oil Project
- Managing Costs
- Timor/ Bonaparte
- Indonesia
- Identify New Areas

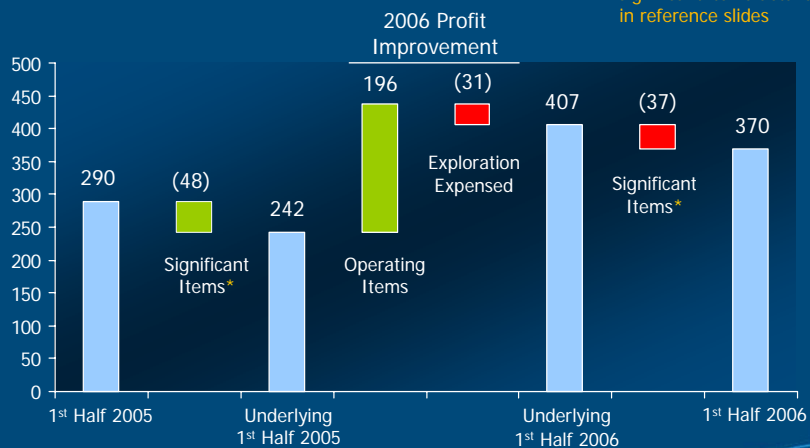
7



Underlying Profit Up 68%...

\$m

* Significant items detailed in reference slides



...headline profit up 28%

8



Production Growth Continues

mmboe

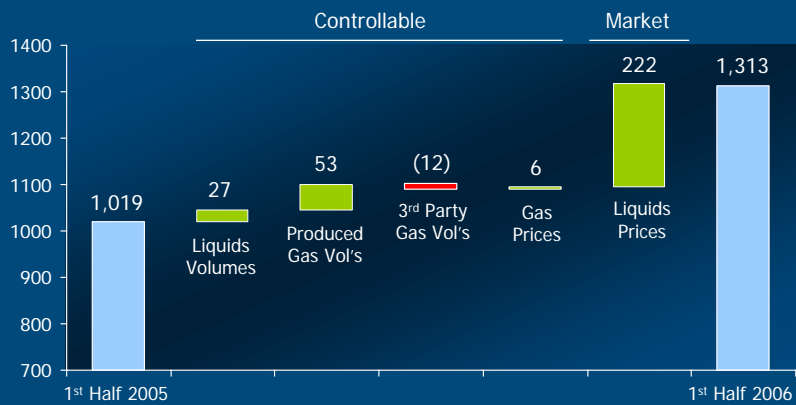


9

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Sales Grow Faster

\$m

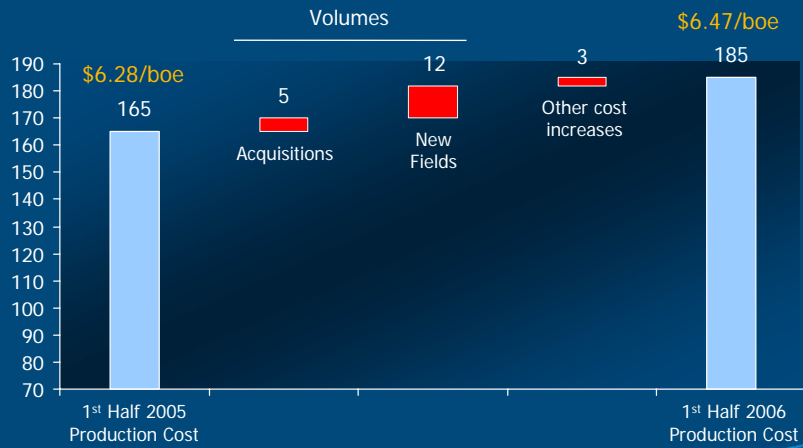


10

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Production Costs Controlled

\$m



11

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Margins Higher

\$/boe netback



12

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EBITDAX for 1st Half Tops \$1bn

\$m

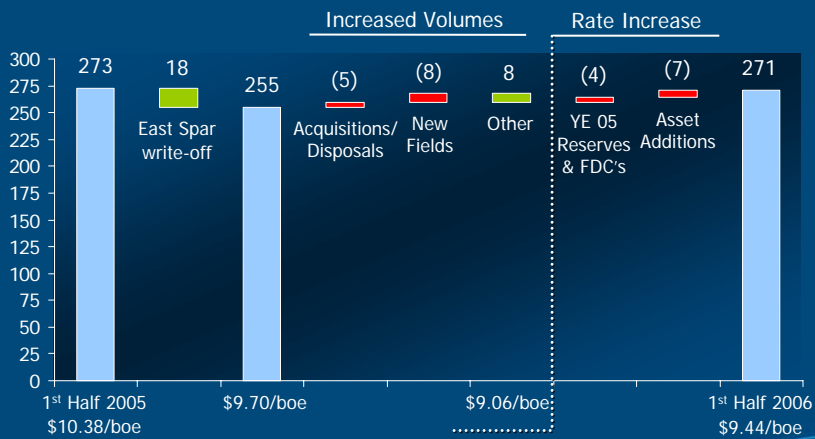


13

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Depreciation, Depletion & Amortisation

\$m



14

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Exploration & Evaluation Expensed

\$m	1 st Half 2006		1 st Half 2005	
	Incurred	Expensed	Incurred	Expensed
Seismic, G&G, studies	45	45	34	34
Drilling	130	63	76	37
Banjar Panji incident provision	24	24	-	-
Total	199	132	110	71

15

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Impairment charge

Impairment (write down) / reversal (\$m)

	Half Year 2006	Half Year 2005
Before tax	(26)	98
After tax	(20)	68

- 2005 reflects reversal of majority of AIFRS related impairment write downs, plus subsequent impairments
- 2006 write down related to Patricia Baleen and US assets

16

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NPAT : Further Structural Improvement

\$m

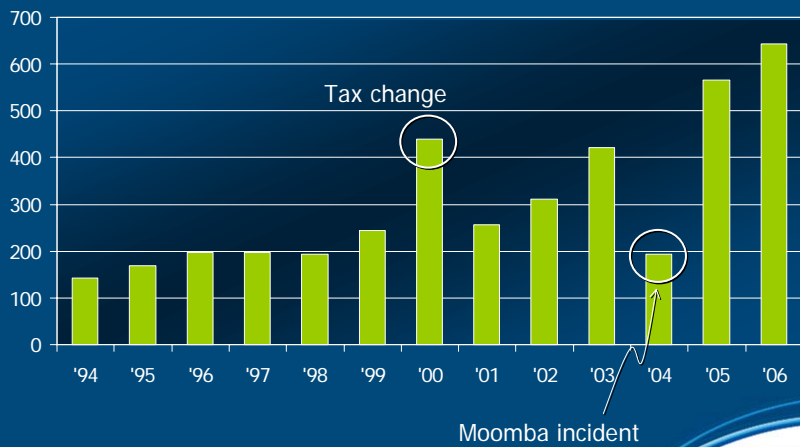


17

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Cash Flow Growth Remains Strong

First half operating cash flow (\$ million)



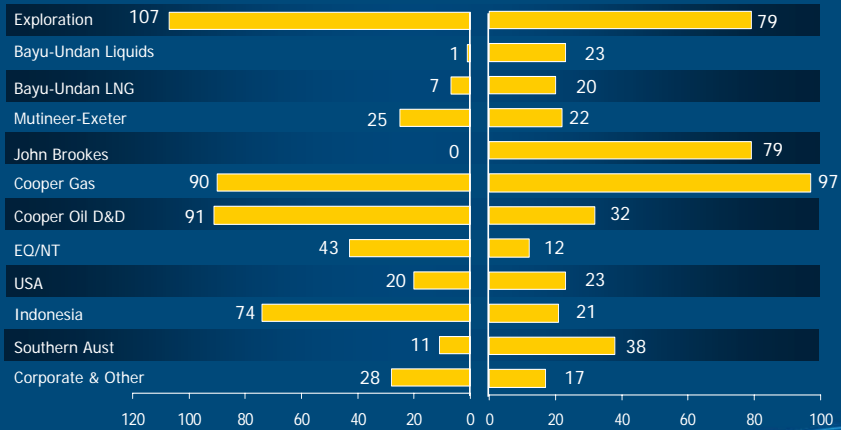
18

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Record Development Continues

1st Half 2006 - \$497m

1st Half 2005 - \$463m



19

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John Ellice-Flint
CEO & Managing Director

Overview

Financial performance

▶ Outlook

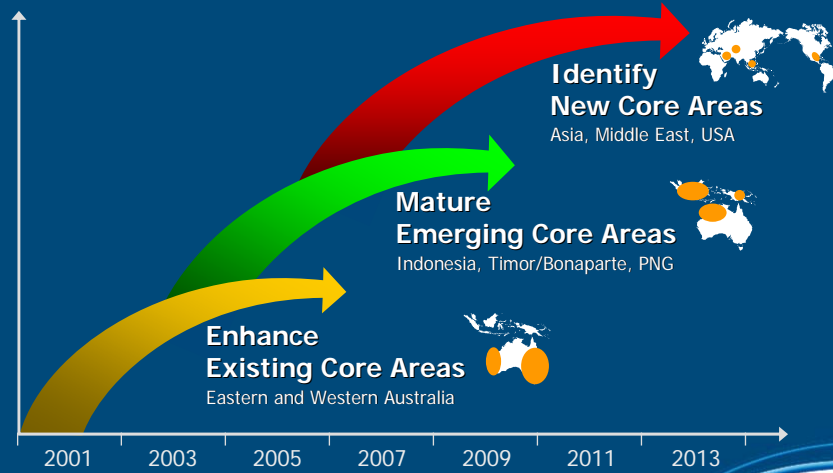
- Eastern Australian Gas
- Cooper Oil Project
- Managing Costs
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- Indonesia
- Identify New Areas

20

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Consistent Growth Strategy

Strong cashflow underpins active exploration program



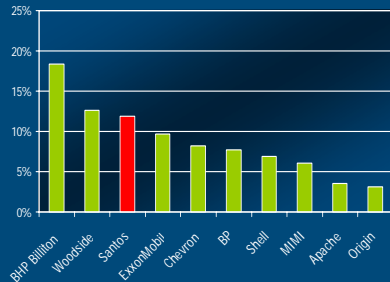
21



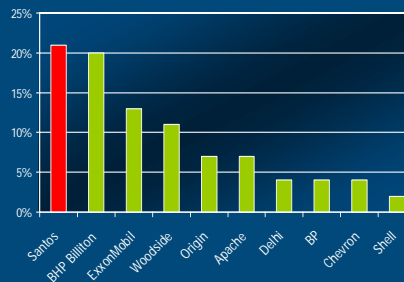
Strong Competitive Position

Leading player in Australian oil and gas production

Total Australian oil and gas production



Domestic Australian gas production



Source: EnergyQuest EnergyQuarterly Report August 2006

- Largest producer of domestic gas and ethane
- Top 3 producer of crude oil and LPG

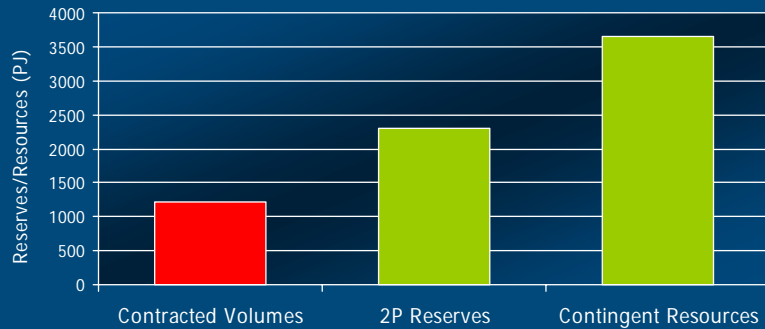
22



EA Gas Reserves & Resources



Uncontracted 2P reserves and large contingent resource...



- Acquisitions driven by strategic considerations
- Uncontracted gas across both conventional and CSG assets

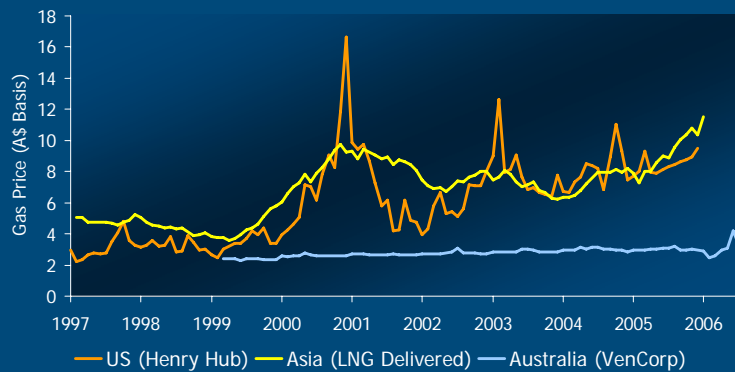
23

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Eastern Australian Gas Prices



Australian domestic gas prices remain low



- This pricing differential is unsustainable
- Rapid escalation in capital costs impacting projects

Source: Bloomberg, Poten & Partners, Inc

24

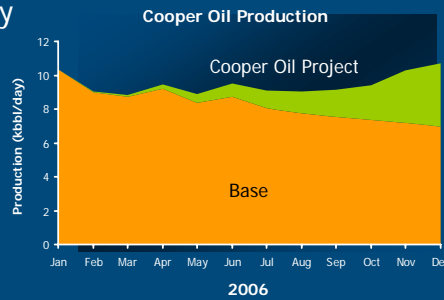
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Cooper Oil Project



Project is off to an encouraging start...

- Exploration, exploitation and Enhanced Oil Recovery
- 700+ mmbbl oil in place
- Four rigs operational
- Program to date
 - 42 wells drilled
 - 37 successful (88%)
 - 14 wells on-line



... risk addressed by outcome based funding

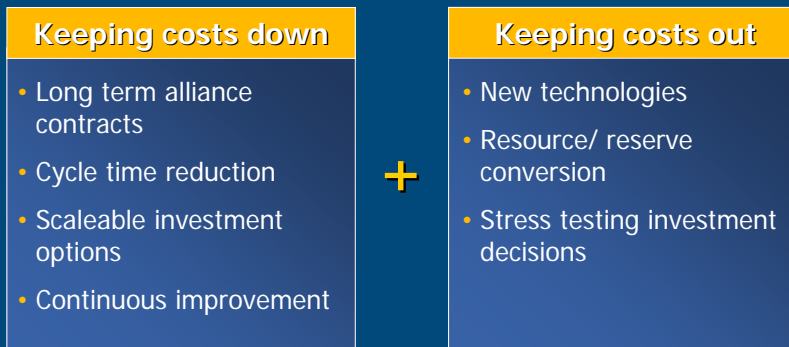
25



Managing Costs



An integrated approach to cost management...



... delivering long term value enhancements

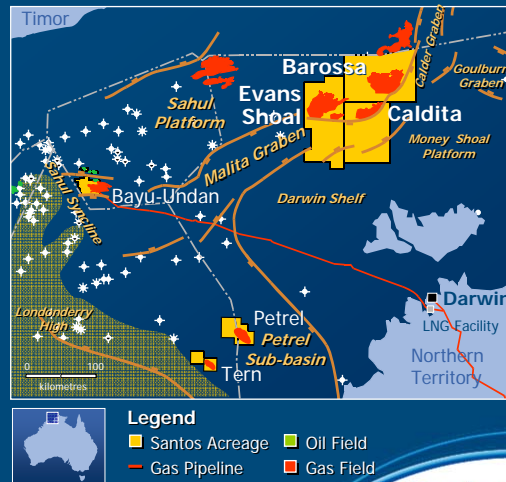
26



Timor/Bonaparte LNG

First Bayu-Undan LNG a significant milestone

- Strategy to prove up gas resource for LNG expansion
- Evans Shoal South discovery
- Barossa 1 drilling
- Caldita 2 to follow
- 3D seismic acquisition



27

Indonesia

Two offshore projects online in the next 12 months

Maleo

- On schedule for start-up 2H 2006
- In-line with project sanction budget

Oyong

- Delayed due to contracting issues
- Start-up now 1H 2007

Jeruk

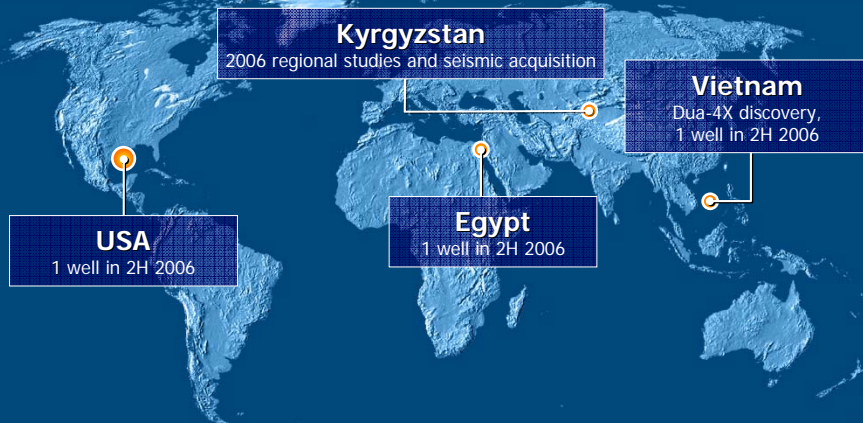
- Jeruk-3 tested oil, but reduced oil column height
- Integrating data to determine forward plan



28

Identify New Core Areas

Investing in longer term growth options...



... new country entry in Vietnam

29

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Summary

Santos continues to deliver on commitments...

- Record profits
- Leading Australian oil and gas producer
 - Number one in domestic gas
 - Well positioned for increasing prices
 - Encouraging early results from Cooper Oil
- First LNG export a turning point
 - Maturing Timor/ Bonaparte LNG growth options
- Re-affirm guidance:
 - 60-61 mmbob in 2006; and
 - 62-63 mmbob in 2007

30

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Reference slides

31

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Prices & Exchange Rates

	Half Year 2006	Half Year 2005	Change %
Realised Oil Prices (USD/bbl)	68.44	49.67	+37.8
AUD/USD Exchange Rate (after hedging)	0.7459	0.7401	-0.8
Realised Oil Price (AUD/bbl)	92.20	65.94	+39.8
USA Gas Price (USD/mcf)	7.42	6.47	+14.7
Australian Gas Prices (AUD/gj)	3.37	3.26	+3.4

32

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Cost of Sales

	Half Year 2006	Half Year 2005	Change %
Production Costs	185	165	12.1
Pipeline Tariffs	22	17	29.4
Royalties	44	54	-18.5
PRRT	26	22	18.2
Total Operating Costs	277	258	7.4
Gas Purchases	42	59	
Inventory Movement	(21)	(17)	
D,D&A	271	273	- 0.8
Cost of Sales	569	573	- 0.7

33

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2006 First Half Results

	Half Year 2006	Half Year 2005	Change %
Gross Profit	744	446	
Other Revenue	16	12	
Exploration & Evaluation Expense	(132)	(71)	
Impairment	(26)	98	
SG&A Expenses	(26)	(27)	
Borrowing Costs	(56)	(24)	
Foreign Currency Gains / (Losses)	(1)	(12)	
Income Tax	(151)	(132)	
Net Profit after Tax	370	290	+27.6

34

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Significant Items (after tax)

	Half Year 2006	Half Year 2005
Impairment (write down) / reversal	(20)	68
Incremental depletion and depreciation due to impairment reversal	2	(8)
Banjar Panji provision	(19)	-
Accelerated depreciation due to East Spar Shut-in	-	(12)
	(37)	48

35
Reference No.

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2006 Second Half Sensitivities

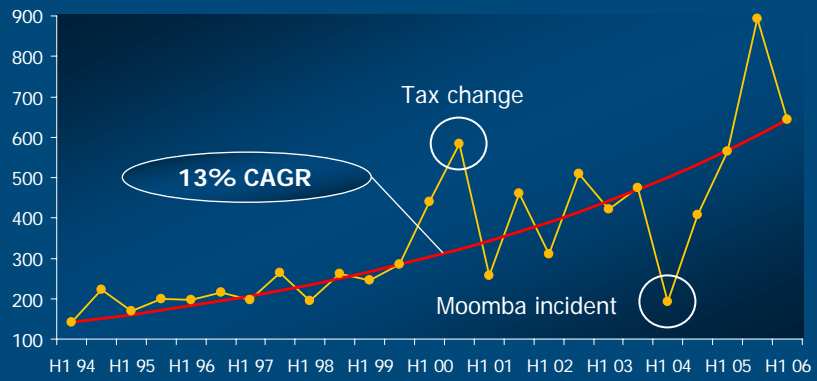
- US\$1 change in the unhedged oil price per barrel leads to change of A\$8 million in profit after tax
- One cent movement in the exchange rate will cause a profit after tax movement of A\$5 million
- A 1% change in interest rates will cause a profit after tax movement of A\$5 million

36

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Cash Flow Growth Strong

Half yearly operating cash flow (\$ million)



37

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