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To: Company Announcements Office
ASX Limited

From: Company Secretary

Date 6 May 2009

Subject: **2009 Annual General Meeting**

Please find attached the Chairman's and CEO's Addresses to the 2009 Annual General Meeting held in Adelaide today.

James Baulderstone
Company Secretary

ANNUAL GENERAL MEETING
OF SANTOS LTD

CHAIRMAN'S ADDRESS

AND

CEO'S ADDRESS

6 MAY 2009

Chairman's Address

Introduction

Santos made substantial advances in its strategic development and operational performance in 2008.

Significant progress on Santos' liquefied natural gas projects was central to our strategic advancement, while the solid performance of our base businesses in Australia and Indonesia pushed revenue to record levels and drove a 42% increase in underlying profit.

At Santos, our strategy is simple and robust: we will continue to develop the base business while pursuing significant growth through our suite of LNG projects and focused opportunities in Asia. This strategy is underpinned by our confidence in the long-term outlook for Australian and Asian energy demand, and the growing role of natural gas in providing cleaner energy.

2008 Highlights

There were a number of important milestones during the year as we progressed our strategy for growth. These highlights included:

- The sale of a 40% interest in GLNG, our integrated LNG project in Gladstone, to Malaysian oil and gas major PETRONAS for US$2.5 billion.

- GLNG entering the front end engineering design phase for the downstream components of the project. We are on track for a final investment decision by the first half of next year with first LNG exports expected in 2014.

- Santos' early recognition of the opportunities to produce and export coal seam gas from Queensland as liquefied natural gas has enabled the company to secure a leadership position in this globally significant energy region. The GLNG project, which is being developed in conjunction with our partner PETRONAS, is the leading integrated coal seam gas to LNG project in Queensland.

- The Papua New Guinea LNG project also made significant progress in 2008 with the signing of the Joint Operating and Gas Agreements and project entry to front end engineering design. We expect to reach a final investment decision by the end of this year with first LNG exports expected in early 2014.

- Further development of our base business with further gas and oil projects in the pipeline and where increased reserves and resources were recognized in the Cooper Basin and a solid performance from the Cooper Oil project.

2008 Financial Results

Santos delivered a solid operating and financial performance in 2008.

Underlying net profit increased by 42% to $572 million after tax.

The solid financial results were built on the strong performance of our base businesses in Australia and Indonesia. This enabled us to continue to develop our LNG growth projects, strengthen the balance sheet and increase dividends to shareholders, despite the impact of the global financial crisis.

The record net profit of $1.7 billion after tax included a $1.2 billion profit after tax from the sale of a 40% interest in the GLNG project to PETRONAS. The result also reflected higher oil and gas prices, offset by lower sales volumes and asset impairment charges.

Production of 54.4 mmboe was in line with our guidance. Production was 8% lower than last year, primarily due to higher downtime from producing assets in Western Australia, including the impact of the Varanus Island incident on John Brookes production. This was partially offset by new production in Asia and higher production of coal seam gas.

Higher oil and gas prices were evident in 2008 and more than offset the impact of lower production. Sales revenue was a record $2.8 billion.

It is important to note that the fixed price contracts that apply to a large portion of our Australian gas business help to cushion our earnings from the impact of lower international energy prices we are experiencing this year.

Our reserves growth best reflects our performance in 2008. The goal of an oil and gas company is to generate cash from its reserve base and reinvest that cash to grow the business and provide returns for shareholders.

In 2008, we not only increased our total oil and gas reserves by the equivalent of several years' production, we also generated a cash surplus of $1.5 billion. This surplus was applied to boosting shareholder returns through the share buy-back and increasing the dividend, and to strengthening the balance sheet.

The Cooper Basin continues to perform well and provides approximately 40% of our total production. Earlier this year, we announced a significant new booking of gas resources in the Cooper of almost 600 million barrels of oil equivalent,

highlighting that the Cooper has the potential to remain a very significant gas supply source for Eastern Australia for many decades.

Strong share price performance

In a year of unprecedented stock market volatility, Santos shares outperformed the market. Santos was one of only eight ASX100 companies whose share price rose during the severe stock market downturn in 2008, a year in which the overall market fell by more than 40%.

Santos has produced top-10 performance in the ASX 100 in total shareholder returns on both a one-year and three-year basis.

Dividend increase

The Board declared a final dividend of 20 cents per share, after an interim payment of 22 cents. Shareholders therefore received a full-year dividend of 42 cents, up from 40 cents in 2007.

This continues our unbroken 18-year record of maintaining or increasing the Santos dividend.

Capital management

Santos completed an off-market share buy-back of $300 million of ordinary shares in October 2008. The buy-back enabled the company to immediately distribute to shareholders some of the proceeds resulting from the GLNG partnership with PETRONAS.

The completion of the buy-back combined with the dividend increase, demonstrates our commitment to efficient capital management.

In contrast to many companies, Santos entered 2009 in a sound financial position with a strong balance sheet. It is reinforced by a cash balance of $1.6 billion, which positions us well to execute our growth strategy despite the current disruptions to global capital markets.

We have been managing our debt conservatively, making sure we have no significant peaks in repayments and ensuring a long average term to maturity of nearly seven years. Less than 15% of gross debt matures in the next two years and greater than 25% matures beyond 10 years.

We will continue to regularly review our capital management strategies to ensure that our company is well placed in these uncertain times to proceed with its various growth initiatives.

Shareholder cap lifted

On 29 November 2008, the South Australian Government removed the shareholder cap that restricted any one person from holding more than a 15% interest in Santos. The removal of the cap puts us on a level playing field with other ASX listed companies.

We welcome the cap's removal at a time when Santos is poised to capitalise on the development of its growth strategy.

Brantas PSC transfer

In December, we transferred our 18% interest in the Brantas Production Sharing Contract in Indonesia, the site of the Sidoarjo mudflow incident, to a company associated with the project operator. The transfer was a practical and appropriate step in light of Santos's minority, non-operator role in the joint venture.

The mudflow incident, in particular the impact on the local community, has been of considerable concern to Santos. We have supported relief efforts, which have been coordinated by the Indonesian Government since 2007.

New CEO and Managing Director

In July last year, the Board appointed David Knox as Chief Executive Officer and Managing Director to lead the company through the next phase of its growth. Before his appointment, David served as Acting CEO and you will recall that he addressed you at last years Annual General Meeting.

David has made an impressive start as CEO of Santos. He, his senior management team and our employees generally, are all excited about the future prospects of the Company and are committed to successfully delivering on those prospects for the benefit of the Company and its shareholders.

Executive Remuneration

The issue of executive remuneration is of interest to shareholders, and rightly so. You will have the opportunity to consider and vote on the company's Remuneration Report later in today's meeting, and I will then make a few comments on Santos' approach to executive remuneration.

This company in its remuneration policies does not enable the extravagant excesses which have occurred in other companies, particularly those in the finance industries overseas, to be reflected in the remuneration of our senior executives. We welcome the discussion which is now taking place around this matter both within this country and overseas, provided the discussion recognises the need for, and responsibility of, Boards such as yours to be able to employ the best people to ensure positive shareholder returns are achieved.

Board renewal

We have continued our ongoing process of Board renewal with the appointment of Peter Coates as Deputy Chairman in December. He has been a Director of Santos since March 2008.

Judith Sloan is stepping down from the Board at the conclusion of today's meeting after 14 years as a director.

She has at all times served shareholders and the company with distinction and made a significant contribution to the work of the Board and the strategic development of the company. We will miss her presence and she retires from the Board with our best wishes for the future.

As part of the Board renewal process, I have previously indicated that I intend to stand down from the Board and as Chairman on 31 December this year. I would then have been on the Board for 20 years and served as Chairman for eight of those years.

Mr Coates will take over as Chairman when I stand down. Peter has a wealth of international corporate and commercial experience and will serve shareholders well when he assumes the Chairmanship.

I have indeed been fortunate to have served Santos shareholders and the company as a director and in recent years as Chairman over a long period. I would like to thank shareholders for their support. I am pleased the company will be in such good shape when I step down at the end of the year.

Outlook

Turning to the outlook for the company, we are expecting steady production levels in the near term before a step-change in 2014 when the GLNG and PNG LNG projects come online. For 2009, our production guidance is 53 to 56 million barrels of oil equivalent.

Santos' solid base businesses in Australia and Indonesia will continue to support the ongoing transformation of the company. We are well positioned to take advantage of future growth in demand for natural gas with three world-class LNG projects in our portfolio. This is a unique position for a company of our size.

Conclusion

Before I hand over to David to address the specific project and operational aspects of our performance, I would like to conclude by reiterating your Board's focus on actively growing shareholder value.

Your Board is committed to taking appropriate steps to ensure that Santos continues to grow and prosper. I personally acknowledge the commitment of my fellow Directors to the cause and the support which I have personally received from them.

Finally on behalf of the Directors, I would again like to thank everyone at Santos for their continuing commitment to advancing the interests of shareholders.

With that, I will ask David to address the meeting.

CEO's Address

Thank you Stephen, and good morning.

2008 marked a significant chapter in the ongoing transformation of Santos. We met major milestones in delivering our strategic objectives.

Santos has a clear strategy to grow our business. It is a strategy that is right for the times.

And despite the challenges inherent in the current economic climate, it means we are uniquely positioned with an excellent portfolio of current and future projects.

Before I talk about our progress over the past year, I would like to spend a few minutes discussing the key factors influencing our business today.

The first factor is energy security. Australian natural gas resources continue to grow and represent a world scale resource located in a stable country in close proximity to major markets. I believe that natural gas will play an increasingly vital role in meeting the energy requirements of Australia and the Asia Pacific region.

Australia is already a key supplier in meeting Asian demand for clean liquefied natural gas, and Santos is already an active participant through our interest in the Darwin LNG plant. Our proposed LNG projects at Gladstone in Queensland and also in Papua New Guinea, will further cement Santos' emerging status as an Asian LNG player.

The second factor influencing our business is moving the global economy to a lower carbon footprint. Carbon emissions and their impact on climate change are a real and serious problem. To arrest the increase in carbon emissions,

increased deployment of existing low-carbon solutions is critical. This is where natural gas comes in.

In a carbon-constrained world, the attraction of natural gas as an energy source is compelling. Carbon emissions from gas-fired power generation are up to 70% lower than traditional coal-fired power sources in Australia. A gas-fired power plant also uses a fraction of the water of an equivalent plant fuelled by coal.

With our substantial gas resources in eastern Australia, Santos is ideally placed to meet the demand for cleaner energy.

So what does this mean for energy prices?

This chart behind me shows the price of oil since the start of 2008. Unprecedented market volatility saw the oil price rise to almost 150 US dollars per barrel mid year, before falling sharply to 40 US dollars by year end. It is currently trading at about 50 US dollars per barrel. Our revenues over this period have been somewhat cushioned from the effects of the lower US dollar oil price by the weaker Australian dollar exchange rate.

I won't try to predict the oil price, but I would like to say that our strategy is underpinned by our fundamental confidence in the long-term outlook for Australian and Asian energy demand, and the growing role of natural gas in providing cleaner energy.

The International Energy Agency forecasts a rise in global energy demand of 45% between now and 2030. As modelled, in excess of 80% of this growth in energy demand will be met by fossil fuels, including natural gas. This demand growth will be driven by Asia and its sheer market size and strong economic growth prospects.

As this next chart shows, carbon concentrations in the atmosphere have been rising fast since the Industrial Revolution. Looking forward, the OECD predicts that increasing energy demand will bring with it a near 50% rise in global energy-related carbon dioxide emissions – almost three quarters from China and India alone. The OECD base case assumes that the world's current mix of energy sources is maintained.

Of course, we can change that. Lower carbon solutions such as natural gas must increase their penetration into the energy mix if we are to arrest the rate of climate change.

Santos has been actively looking at wider climate change solutions. For the past three years, we have been investigating the feasibility of taking carbon dioxide and injecting it into the ground in the Cooper Basin. This project is known as Moomba Carbon Storage.

The global economic climate, particularly the slide in the oil price and the prospect of a lower initial carbon price in Australia, have significantly impacted on the underlying economics of the project. As I have said in recent media interviews, this has led us to put the MCS project on slow burn. Our interest in its future development does continue and we will keep it under review.

The Garnaut Report has highlighted the challenge for Australia from the increase in surface temperature and the modelled rise in sea levels. Santos is seeking to play its part in providing leadership and technology to lower the carbon intensity of energy in Australia and Asia. We therefore support the leadership of the Australian Government in introducing the Carbon Pollution Reduction Scheme.

Santos supports the cap and trade design of the CPRS. We also support a significant emissions reduction target to drive the shift in the energy mix in the direction of cleaner base load power generation. Natural gas provides a clean, abundant and affordable energy solution for Australia and Asia.

A Year of strategy delivery

Now, having discussed some of the key external factors influencing our business, I would like to talk about our strategy delivery in 2008.

When I talk about our company strategy to investors, I do it through three lenses: performance from the base business; delivering on our LNG projects; and focused growth in Asia.

Our base businesses in Australia and Indonesia performed soundly in 2008, meeting our production guidance for the year.

Progress on our next phase of projects in the year was mixed. We have two that are on schedule: Oyong phase two in Indonesia is on track for first gas later this year and Kipper in Bass Strait is on track for first gas in 2011.

The Reindeer gas project in Western Australia, which was suspended briefly at the end of 2008, is now moving forward after the signing of a gas supply contract with CITIC at market leading prices.

In Victoria, the Henry gas development has been slightly delayed due to difficulties with the contracted pipelay barge. Fortunately, there will be no impact on our 2009 production as Casino is performing well.

A very important step in our base business was the booking of more gas resources in the Cooper Basin. This is a direct analogue to what has been happening in North America and in a formation called the Barnett Shale in particular. We believe we have assets of similar quality to those found in the Barnett.

Importantly, this also demonstrates that the Cooper Basin and Moomba assets have a long term future in providing eastern Australia with base load gas supply.

The 19% rise in production in the Cooper Basin Oil project in 2008 shows it remains on a sound foundation. For both oil and gas resources it is apparent that substantial exploration and development work across the Cooper in 2008 highlighted the region's continued growth potential. We have always said the Cooper Oil project is scaleable and we will continue to ensure the pace of drilling is consistent with the economic outcomes.

We also drilled our first exploration wells in the Gunnedah Basin in New South Wales. We are starting to explore a potentially significant position in this basin.

Our Indonesian operations have come of age and are now a reliable profit generating business. We have a team of over 170 staff based in Indonesia. I was delighted that Meiti Wajong, who you saw in the video earlier, has joined us as President of Santos Indonesia and will use her local expertise to drive our business forward.

Our production in Indonesia increased by almost 40% in 2008, with output of 5.2 million barrels of oil equivalent. With two good operating assets and the Oyong phase two development progressing well, this region will continue to be a significant part of our base production and at the core of our Asian growth.

Significant LNG progress

The GLNG project achieved major milestones in 2008 with the selection of a partner and the appointment of a downstream front-end engineering and design contractor.

In May, PETRONAS joined Santos as our 40% partner in this world-leading venture. PETRONAS purchased its stake for US$2.5 billion, an investment that significantly advanced the project. The fully aligned partnership with PETRONAS will maximise the future value of GLNG.

PETRONAS have proved to be a superb partner. They are the largest marketer of LNG in Asia and operate Asia's largest LNG plant. They also operate the world's largest fleet of LNG tankers.

GLNG took another big step forward in December when Bechtel was appointed as the contractor for the gas liquefaction plant. Bechtel is one of the world's leading engineering and construction contractors and has a strong track record in Australia.

We also had a huge success on our reserves build target and we now have 3.1 trillion cubic feet of gas available for our first train. We will continue to build our reserves during 2009, with a view to underpinning the first train and developing the resource base for a second train.

The combination of Santos and PETRONAS ensures GLNG is in safe and capable hands. We are on track to make a final investment decision on this project in the first half of 2010.

Elsewhere, the PNG LNG project progressed well, with a gas agreement signed and the project entering the front-end engineering and design phase. The two big milestones ahead of us will be the landowner benefits sharing agreement and gas marketing. Our operator Exxon is making excellent progress on all fronts and I am confident that we will achieve project sanction by the end of this year.

The existing Darwin LNG project – our first LNG investment – operated by ConocoPhillips, delivered another excellent year, with solid production and scope for further expansion.

Growth in Asia

Our strategy in Asia, outside of our base Indonesian business, is exploration led and we are active in a number of basins.

A successful appraisal well was drilled at the Chim Sao field, offshore southern Vietnam, and we continue to work with our partners to finalise a viable development solution for this field.

In the Bay of Bengal, we completed a 4,000km 3D seismic survey over our two large, 100% owned deep water blocks and we are currently evaluating the survey results. Our strategy will be to introduce a partner who brings deep water expertise and who can help us build a business in the Sub-Continent.

We also made good progress in Kyrgyzstan with the completion of an extensive 2D seismic program. Preparations are well underway to drill two shallow oil wells in the Fergana basin. Further development in the country will depend on seismic and drilling results.

Reserves growth

We had great success in growing reserves in 2008. Overall we invested $1.6 billion which added almost 300 million barrels of proved and probable reserves in the year.

We produced 54 million barrels of oil equivalent in 2008, generating $1.5 billion in operating cash flow.

Our sale of 40% of GLNG to PETRONAS generated a further $1.6 billion in after-tax proceeds. We sold 92 million barrels of reserves to PETRONAS as part of the GLNG transaction.

The net result after production and the sale to PETRONAS was we grew our proved and probable reserves by 134 million barrels, taking the total past the 1 billion barrel mark.

In the final analysis, we not only increased our total oil and gas reserves by the equivalent of several years' production, we also generated a cash surplus of $1.5 billion. This surplus was applied to boosting shareholder returns through the share buy-back and increasing the dividend, and to strengthening the balance sheet.

Safety performance

Great companies are safe companies. Our safety performance is not where we want it to be. I was disappointed that there was an upward trend in our injury rate in the first half of 2008. Safety is something we take very seriously at Santos, and several initiatives were put in place to address the injury trend. This included reviews, action plans and extra training. With these initiatives, our safety performance in the second half of the year started to improve.

Our injury rate continues to be too high and we are committed to working with staff and contractors to raise the bar.

Sustainability

Our commitment to making a difference in the community continued in 2008, with a focus on contributing to education, health, the arts, and indigenous matters:

- A $10 million, five-year commitment to help University College London establish a campus in South Australia.

- Our support of the Adelaide Symphony Orchestra marked its tenth anniversary, and I am very pleased that Santos will continue to be the principal partner of the ASO for the next three years.

- $5 million was provided to establish the Royal Institution of Australia, which will promote scientific knowledge, education and learning in the wider community.

The quality of Santos' sustainability practices has been further recognised with the company's inclusion in the Dow Jones Asia Pacific Sustainability Index. Only companies ranked in the top 20% of sustainable businesses are included in the index.

Our world-class projects have already attracted many talented professionals. Santos is an exciting and challenging place to work, and will continue to attract the highest calibre people from the oil and gas industry. Despite the downturn we are growing staff numbers as we ramp up the GLNG project in Queensland.

Our workforce has the ability and commitment to fulfil our growth strategy and achieve success. I thank our employees, whose excellence and drive have put us in an outstanding position for the years to come.

Looking to the future

The next few years will present new challenges as the financial crisis unfolds. I remain confident that our hard work and preparation have set us in good stead to meet those challenges.

Santos' solid base business in Australia will continue to support the ongoing transformation of the company. Our assets in Eastern Australia, the Cooper Basin and Western Australia provide excellent further opportunities, and our Asian acreage presents scope for growth. We are well positioned to take advantage of future growth in demand for LNG with three world-class projects in our portfolio: Darwin LNG, PNG LNG and GLNG.

This is an exceptional company with an excellent portfolio of current and future projects. We will continue to be a proudly Australian company delivering energy for Australia and Asia.

This is Stephen's last AGM. He has attended 20 Santos AGM's, eight of those as Chairman, and I would like to take this opportunity to acknowledge on behalf of all the staff and shareholders Stephen's enormous contribution to Santos.

When he joined the Santos board in 1989, Stan Wallis was the Chairman and the company produced 36 million barrels of oil and gas per year.

The market capitalisation of the company was 1.5 billion dollars.

Today we produce 55 million barrels per year and the market capitalisation has increased almost seven fold.

Stephen has as Chairman championed this growth and built a strong company and Board. He will continue to Chair the Santos Board until the end of this year.

Please join me in thanking Stephen.