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### **Santos expects half year profit to exceed analysts' forecasts**

Santos today advised that it expects to report a net profit after tax in the range of \$180 million to \$200 million for the half year ended 30 June 2010. This result is significantly above the prior corresponding period and ahead of current analysts' consensus of \$152 million based on a survey of analyst forecasts conducted by the company\*.

Operating results, as measured by earnings before interest, tax, depreciation and exploration expense (EBITDAX), are expected to be broadly in line with analysts' forecasts.

The above consensus net profit after tax result is primarily due to a lower than analysts' consensus net finance costs outcome, where the company forecasts a small net finance income result for the first half, combined with lower than consensus royalty related taxation expense. The latter is primarily due to timing impacts of forecast petroleum resource rent tax (PRRT) expense, which result in full year PRRT expense being heavily weighted to the second half of the year, combined with one-off PRRT impacts in the first half.

Product sales revenue and exploration and evaluation expense for the half year ended 30 June 2010 were reported in the second quarter activities report released to ASX on 22 July 2010. All full year 2010 guidance issued with the second quarter activities report is maintained, as detailed below.

<b>Item</b>	<b>2010 Guidance</b>
Production (mmboe)	49 - 52
Production costs (\$m)	560 - 580
Depreciation, depletion & amortisation (DD&A) expense (\$/boe)	11.70
Royalty related taxation expense (\$m after tax)	70 - 90
Capital expenditure, including exploration and evaluation (\$m)	2,300

Santos will announce its results for the half year ended 30 June 2010 on Thursday, 26 August 2010. This will follow finalisation of the accounts, audit review and consideration by the Board.

\* The analysts' consensus was calculated using forecasts by ten brokers.

Ends.