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Step change in LNG production for Santos following PNG LNG first cargo

Santos today announced the first shipment of liquefied natural gas (LNG) from the \$US19 billion PNG LNG project has left Papua New Guinea carrying a cargo bound for Japan.

Production from the first LNG train started in April, and production from the second train has also started.

Santos Managing Director David Knox said the successful completion and first cargo from PNG LNG marked the beginning of Santos' transformational growth.

"A key part of Santos' growth strategy is the successful delivery of our transformational LNG portfolio. Santos is well and truly a key player in the LNG market and today's announcement only strengthens our position as a major and competitive LNG supplier to Asia."

"This is an important step for Santos and we look forward to the continued ramp up of LNG production. PNG LNG will quadruple Santos' LNG production once the project reaches full output."

"First cargo from PNG LNG is not only a significant milestone for Santos, but also for the operator ExxonMobil and Papua New Guinea. This is PNG's largest resource project to date and has taken over 191 million work hours to complete – an incredible effort by all," Mr Knox said.

Santos has a 13.5% interest in the PNG LNG project. Other co-venturers include affiliates of ExxonMobil (operator), Oil Search, National Petroleum Company of PNG, JX Nippon Oil & Gas Exploration, Mineral Resources Development Company and Petromin PNG Holdings Limited.

The PNG LNG project operator's release is attached.

Ends.

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PNG LNG Project ships first LNG cargo

- First LNG cargo bound for Japan
- Papua New Guinea becomes a player in the global LNG market after safe Project startup
- Support of government, community and co-venturers critical to the Project's completion, which was ahead of schedule

The first shipment of liquefied natural gas (LNG) from ExxonMobil PNG Limited's US\$19 billion PNG LNG project has left Papua New Guinea carrying a cargo bound for Japan for Tokyo Electric Power Co. Inc. (TEPCO).

"This announcement is a historic moment for Papua New Guinea," ExxonMobil PNG Limited Managing Director Peter Graham said. "This is the country's largest resource project and it has taken the effort of many thousands of people to bring it to fruition. With the support of government, our co-venturers and the local community, we are proud to celebrate the safe completion and first cargo from the PNG LNG Project."

Mr Graham said the Project startup positions Papua New Guinea as a resource-rich nation uniquely placed to deliver natural gas to meet the growing demand of Asia markets over the long term.

"Revenue from the PNG LNG Project will support Papua New Guinea's continued economic and social development," he said. "The PNG LNG Project demonstrates to the world what Papua New Guinea is capable of delivering."

Production from the first train started in April, and production from the second train has also started as additional wells came online.

Project construction began in 2010, and took more than 191 million work hours to complete. At peak, more than 21,000 people were employed by the project, including more than 9,000 Papua New Guineans. More than 10.7 billion Kina has been spent with Papua New Guinea businesses.

Flooding, minimal pre-existing infrastructure and extremely steep slopes were among obstacles that were overcome in constructing the project. Pipe had to be airlifted in some areas because the soil could not support heavy machinery and lack of infrastructure required construction of supplemental roads, communication lines and a new airfield.

"This Project has brought significant economic benefits to our country that will last for generations to come," said Papua New Guinea Prime Minister, Hon. Peter O'Neill.

"Not only will the people of Papua New Guinea now benefit; their children and grandchildren will continue to enjoy the benefits and positive effects from this valuable resource development for many years to come," said Mr O'Neill.





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The PNG LNG Project is an integrated development that includes gas production and processing facilities in the Southern Highlands, Hela, Western, Gulf and Central provinces of Papua New Guinea. More than 700 kilometres of pipeline connect the facilities, which include a gas conditioning plant in Hides, and liquefaction and storage facilities near Port Moresby with project capacity of 6.9 million tonnes of LNG per year.

The Project is expected to produce more than 9 trillion cubic feet of gas over the estimated 30 years of operations.

The PNG LNG Project will provide a long-term supply of LNG to four major customers in the Asia region including China Petroleum and Chemical Corp. (Sinopec), Tokyo Electric Power Co. Inc. (TEPCO), Osaka Gas Co. Ltd., and CPC Corp. Taiwan.

The PNG LNG Project is operated by ExxonMobil PNG Limited in co-venture with Oil Search Limited, National Petroleum Company of PNG, Santos Limited, JX Nippon Oil & Gas Exploration Corporation, Mineral Resources Development Company (representing landowners) and Petromin PNG Holdings Limited.

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Photos are available.

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