

30 September 2004

## Innovative Santos FUELS issue closes oversubscribed

Santos Limited (Santos) is pleased to advise that the FUELS capital management program announced last month by the Company has closed oversubscribed, raising \$600 million.

Funds raised by the issue of the franked, unsecured, equity-listed securities (FUELS) will be used in the \$350 million redemption and buyback of existing Reset Convertible Preference Shares (Resets) and for capital expenditure on the Company's expanding oil and gas interests.

Santos broke new ground on 24 August 2004 when the FUELS capital management initiative became the first step-up security issued by an Australian corporate to be combined with a redemption and buyback rollover option.

"The buyback and redemption of the Resets has been completed and Santos has accepted a further \$100 million worth of subscriptions for FUELS," the Company's Chief Financial Officer, Mr Peter Wasow, said today.

"We have therefore allotted a total of 6 million FUELS with a total value of \$600 million compared with the indicative Prospectus offer to raise \$500 million," he said.

"It is a most pleasing response to our offer, in particular the outstanding rollover of more than 85% of Resets into FUELS by Reset holders."

"We appear to have hit a 'sweet spot' in the market where high demand and a lull in new issuance is reflected in tight pricing," he said.

Allocation details for the issue of FUELS pursuant to the Prospectus dated 1 September 2004 are set out below.

### Eligible Reset Holders

As outlined in the prospectus, Eligible Reset Holders validly choosing to either Redeem and Reinvest in FUELS (Option 1) or Sell Resets on-market and Reinvest in FUELS (Option 2) have had their Resets proceeds reinvested into FUELS. Any Resets funds not reinvested in FUELS (including remainder monies due to reinvestment elections not necessarily resulting in multiples of \$100) will be refunded.

### Priority Applicants

Applicants applying for FUELS under the priority offer will receive the full amount of their valid applications.

### **General Public Applicants**

As a result of the oversubscription, valid applications received by the close of the offer were scaled back in accordance with the allocation policy set out below. Those applicants who have been scaled back will receive refunds to reflect the scale back.

If you applied for:	You will be allocated:
Up to 250 FUELS	100% of the number of FUELS applied for
251 to 500 FUELS	250 FUELS (\$25,000) plus 50% of the number of FUELS applied for over 250 FUELS
501 to 1,000 FUELS	375 FUELS (\$37,500) plus 25% of the number of FUELS applied for over 500 FUELS
More than 1,000 FUELS	500 FUELS (\$50,000)

### **Dividend Rate**

The non-cumulative dividend rate on FUELS for the initial dividend period will be set, on a grossed-up basis incorporating the value of franking credits, tomorrow, 1 October 2004. Santos will also make an announcement as to the dividend rate tomorrow.

### **Holding Statements, Special Dividend and Refund Cheques**

Holding Statements, Special Dividend and Refund Cheques are expected to be dispatched on 8 October 2004.

### **Trading of FUELS on the ASX**

Santos FUELS are expected to commence trading on Tuesday 5 October 2004 on a deferred settlement basis under the code STOPB. Trading is expected to commence on a normal settlement basis on 11 October 2004.

It is the responsibility of all holders of FUELS to determine and confirm their allocation prior to selling any shares.

### **ATO Class Ruling**

The Australian Taxation Office class ruling, foreshadowed in the FUELS Prospectus, was issued on 29 September 2004 and confirms the tax treatment of dividends on FUELS and the disposal of Resets as set out in the Prospectus. A copy of the class ruling is available on the ATO website at [www.ato.gov.au](http://www.ato.gov.au).

All enquiries regarding allocations should be directed to the Santos Information Line on 1300 733 636.

### **FOR OTHER ENQUIRIES PLEASE CONTACT:**

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**Santos stock symbols: STO (Australian Stock Exchange), STOSY (NASDAQ ADR)**