

4 December 2014

## Market update

At its Investor Seminar on 26 November 2014, Santos noted it was considering a potential European hybrid issue, subject to acceptable market conditions.

Since that date, the oil market has experienced considerable volatility following OPEC's announcement that it would maintain existing production levels.

In response to this marked change in market conditions, Santos has decided to defer any hybrid issuance until market conditions are more conducive to issuing such instruments.

Santos Chief Financial Officer Andrew Seaton said the potential hybrid issuance was always about proactive capital management and the company had flexibility in the timing of any issue.

Santos confirms that it has no current intention to undertake an equity raising.

"Santos has a robust existing funding position, including approximately A\$2 billion in available liquidity".

"In addition, given the current oil price environment, it is prudent for the company to review its spending plans for 2015 and we expect to significantly reduce capital and operating expenditure," Mr Seaton said.

The company will update the market as appropriate.

Ends.

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