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Clarification regarding off-market buy-back Tax Value

Santos announced earlier today the successful completion of its off-market share buy-back of \$300 million.

The Tax Value of \$16.42 was calculated as \$17.14, adjusted for the movement in the Oil & Gas Exploration & Production subset of the S&P/ASX 200 Index (not the S&P/ASX 200 Energy Index as previously announced) from the open of trading on 21 August 2008 to the close of trading on Friday, 3 October 2008. There are no further changes to the previously announced outcomes of the buy-back.

Shareholder enquiries in relation to the buy-back may be directed to Santos' dedicated enquiry line on 1300 727 634 within Australia or +613 9946 4447 from outside Australia between 8:30am and 5:30pm (Eastern Standard Time), Monday to Friday.

Further information on the buy-back can be found on Santos' website (www.santos.com).

Important notice

Not for distribution or release in or into the United States or Canada

This press release does not constitute, or form part of, any offer or invitation to sell, or any solicitation of any offer to purchase any securities in any jurisdiction, nor shall it or the fact of its distribution be relied on in connection with any contract thereof. No indications of interest in the buy-back are sought by this press release. Shareholders who are (or nominees who hold Santos Limited shares on behalf of or for the account of persons who are) in the United States or US persons, (within the meaning of Regulation S under the United States Securities Act of 1933), residents of Canada or who are otherwise excluded foreign persons will not be eligible to participate in the off-market buy-back described in this press release. ADRs and restricted employee shares may not be tendered into the buy-back. Buy-back documents, including the booklet describing the terms of the buy-back and tender forms, are not being distributed or sent into the United States or Canada.

Forward looking statements

This press release contains forward looking statements, including statements regarding the implementation of the off market buy-back and its effects on our business and securities. The results and effects of the off-market buy-back may differ materially from those expressed in, or implied by, these forward looking statements.

Factors that could cause or contribute to such differences include the number of shares bought back, the buy-back price and the general trading and economic conditions affecting our business. We do not undertake any obligation to revise these forward looking statements to reflect any future events or circumstances.

Ends

Santos stock symbols: STO (Australian Securities Exchange), STOSY (NASDAQ ADR), Ref #82-34 (Securities Exchange Commission)