

Santos Ltd
A.B.N. 80 007 550 923
Ground Floor, Santos House
91 King William Street
Adelaide SA 5000
GPO Box 2455 Adelaide SA 5001
Telephone: 08 8218 5138
Facsimile: 08 8218 5633



17 November 2006

The Manager
Company Announcements Office
Australian Stock Exchange Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

BY ELECTRONIC LODGEMENT

Santos CSG Pty Ltd ACN 121 188 654 ("Santos CSG") – takeover offer for Queensland Gas Company Limited ACN 089 642 553 ("QGC").

Supplementary Bidder's Statement, Extension of Offer Period and Status of Conditions

We attach, on behalf of our wholly-owned subsidiary Santos CSG, a supplementary bidder's statement in connection with its takeover offer for QGC which also incorporates:

- a notice under section 650D of the Corporations Act varying the Offer by extending the Offer Period by 19 days so that, unless it is extended further, the Offer will close at 5.00 pm (Queensland time) on 19 December 2006; and
- a notice under section 630(2) of the Corporations Act advising that:
 - the new date for giving notice as to the status of the defeating conditions set out in Section 11.7 of Santos CSG's bidder's statement dated 10 October 2006 is 11 December 2006;
 - the Offer has not been freed from these conditions; and
 - so far as Santos CSG knows, none of these conditions has been fulfilled as at the date of the notice.

Copies of the document are being sent to QGC shareholders.

In accordance with ASX Listing Rule 3.2, we advise that the percentage relevant interest in QGC shares held by Santos CSG and its associates was 3.86% when the first of the Offers was made and was 3.87% as at 9.00 am this morning, 17 November 2006.

W J Glanville
Company Secretary

This document is a supplementary bidder's statement and notice under sections 630(2) and 650D of the Corporations Act. It is issued by Santos CSG Pty Ltd ACN 121 188 654 (**Santos CSG**). It supplements and is to be read together with Santos CSG's bidder's statement dated 10 October 2006 (**Bidder's Statement**). The Glossary in Section 13 of the Bidder's Statement applies to this supplementary bidder's statement unless the context requires otherwise. This supplementary bidder's statement prevails to the extent of any inconsistency with the Bidder's Statement.

Santos CSG Pty Ltd ACN 121 188 654
a wholly owned subsidiary of

Santos

Santos Limited ACN 007 550 923

17 November 2006

Dear QGC Shareholder

Santos CSG \$1.26 Cash Offer for Queensland Gas Company

We are pleased to be writing to you once again in connection with Santos CSG Pty Ltd's (*Santos CSG*) \$1.26 per share cash Offer to acquire your Queensland Gas Company Ltd (*QGC*) Shares. Santos CSG is a wholly-owned subsidiary of Santos Limited.

This document provides you with important information in relation to Santos CSG's Offer.

Fundamental Flaws and Omissions in QGC's Target's Statement

Santos CSG has identified a number of fundamental flaws in QGC's Target's Statement, which it believes will mislead rather than properly inform you as a QGC Shareholder. Further, Santos CSG is concerned that QGC has failed to provide material information that is essential for QGC Shareholders to consider in deciding whether to accept Santos CSG's Offer.

Santos CSG's review of QGC's Target's Statement, and its review of all other releases to the Australian Stock Exchange by QGC since Santos CSG announced its bid, indicates that there has been no new information from QGC or other published material which has in any way changed Santos CSG's assessment that its \$1.26 per share cash Offer represents a fair price for QGC Shareholders.

Santos CSG is closely reviewing the Target's Statement and considering its position, with a view to making sure all QGC Shareholders are better informed.

ACCC Process

As foreshadowed in the Bidder's Statement, the ACCC has commenced market enquiries in relation to the potential competition effects of Santos CSG's acquisition of QGC. The ACCC published a statement of issues on 26 October 2006 which states that the ACCC expects to announce its final view regarding the transaction on 7 December 2006 (although that anticipated timeline may change). We are currently in discussions with the ACCC regarding the statement of issues.

In accordance with a request made by the ACCC, Santos CSG has undertaken to the ACCC that:

- it will not acquire any QGC Shares (other than pursuant to the Offer) or any assets of QGC without first giving 7 business days prior notice to the ACCC; and
- it will give the ACCC 7 days prior notice of any waiver of the "regulatory intervention" condition contained in Section 11.7.5(b) of the Bidder's Statement.

Extension of the Offer

The Offer was scheduled to close on 30 November 2006. Given that the ACCC expects to publish its final view regarding the transaction on 7 December 2006, Santos CSG has decided to vary the Offer by extending the Offer Period by 19 days so that, unless extended further, the Offer will now close at 5.00 pm (Queensland time) on 19 December 2006.

Conditions of the Offer

In accordance with section 630(2) of the Corporations Act, Santos CSG gives notice that:

- as a consequence of the extension of the Offer Period, the new date for giving notice regarding the status of the defeating conditions contained in section 11.7 of the Bidder's Statement (*Conditions*) is 11 December 2006;
- the Offer has not been freed from any of the Conditions; and
- so far as Santos CSG knows, none of the Conditions has been fulfilled as at the date of this document.

The Condition in Section 11.7.4 of the Bidder's Statement requires, amongst other things, that QGC confirms that Sentient cannot require QGC to issue QGC Shares to Sentient following a change in control of QGC. Santos CSG notes the statement in QGC's Target's Statement that QGC is unable to provide this confirmation. Santos reserves its position as to whether it will rely on the Condition in Section 11.7.4 of the Bidder's Statement as a defeating condition.

We also note that approval was given at QGC's recent annual general meeting for the issue of up to 5,000,000 QGC Shares to QGC employees and performance rights to 2,248,000 QGC Shares to Mr Richard Cottee. As foreshadowed in the Bidder's Statement, Santos CSG continues to reserve its position under the Conditions in relation to these developments.

Further Information

If you have any questions about the Offer, or about how to accept the Offer, please call the Offer Information Line during business hours on 1300 651 473 (from within Australia) or +61 3 9415 4355 (from outside Australia).

Yours faithfully



John Ellice-Flint
Director
Santos CSG Pty Ltd

This supplementary bidder's statement and the notices under sections 630(2) and 650D of the Corporations Act contained in it have been approved by a resolution passed by the directors of Santos CSG. A copy of this supplementary bidder's statement and the notices under sections 630(2) and 650D of the Corporations Act contained in it have been lodged with ASIC and sent to QGC and the ASX on 17 November 2006. Neither ASIC nor any of its officers takes any responsibility for the contents of this document.