

Santos Ltd
A.B.N. 80 007 550 923
Ground Floor, Santos House
91 King William Street
Adelaide South Australia 5000
GPO Box 2455
Adelaide South Australia 5001
Telephone: 08 8218 5111
International: +61 8 8218 5111



23 January 2007

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 7 days so that, unless it is extended further, the Offer will close at 5.00 pm (Queensland time) on 7 February 2007; 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 30 January 2007;
 - 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 posted to QGC shareholders today.

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 3.89% as at 9.00 am this morning, 23 January 2007.

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 and is issued by Santos CSG Pty Ltd ACN 121 188 654 (**Santos CSG**). It is the third supplementary bidder's statement issued by 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 first supplementary bidder's statement dated 17 November 2006 and the second supplementary bidder's statement dated 11 December 2006 (together, the **Earlier Statements**). The Glossary in Section 13 of the Bidder's Statement applies to this third supplementary bidder's statement unless the context requires otherwise. This third supplementary bidder's statement prevails to the extent of any inconsistency with the Earlier Statements.

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

Santos

Santos Limited ACN 007 550 923

23 January 2007

Dear QGC Shareholder

Santos CSG extends \$1.26 cash Offer for all of your QGC Shares

Santos CSG is pleased to provide you with the following important information in relation to its Offer to acquire all of your shares in Queensland Gas Company Limited (QGC) for \$1.26 cash per share. Santos CSG is a wholly-owned subsidiary of Santos Limited.

Extension of the Offer

The Santos CSG cash Offer for all of your shares was scheduled to close on 31 January 2007. Santos CSG has decided to vary the Offer by extending the Offer Period by 7 days. Unless extended further, the Offer will now close at 5.00 pm (Queensland time) on 7 February 2007.

This extension (combined with the previous extensions announced on 17 November 2006 and 11 December 2006) results in a total extension of the Offer by more than one month. As a result, any Shareholder who has accepted the Offer on or before the date of this document may, pursuant to section 650E of the Corporations Act, withdraw their acceptance by giving notice to Santos CSG (*Withdrawal Notice*) within a period of one month beginning on the day after this document is received by the Shareholder.

A Withdrawal Notice must:

- if your QGC Shares are in a CHESS Holding, be in the form of a Valid Originating Message transmitted to ASTC by the Controlling Participant for the CHESS Holding, specifying the number of QGC Shares to be released from the Offer Accepted Subposition in which the shares have been reserved; and
- in any other case, be in writing.

If a Shareholder withdraws an acceptance in this manner, and is legally entitled to do so, Santos CSG will, before the end of 14 days after the day it is given the Withdrawal Notice:

- return to the Shareholder any documents that were sent by the Shareholder to Santos CSG with the acceptance of the Offer; and
- if the Shareholder's QGC Shares are in a CHESS Holding, Transmit to ASTC a Valid Message that authorises the release of those QGC Shares from the Offer Accepted Subposition in which they have been reserved.

Words defined in the ASTC Settlement Rules have the same meaning when used in this section, unless the context requires otherwise.

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 30 January 2007;

- 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.

Santos CSG is reserving its position as to whether it will rely on any of the Conditions as defeating conditions in relation to:

- the fact that QGC has not provided the confirmations set out in Condition 11.7.4 regarding the Sentient Rights;
- 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 (being issues which were authorised at QGC's annual general meeting on 13 November 2006);
- the matters referred to in the announcements made by QGC and AGL Energy Limited on 5 December 2006; and
- any other matter that has occurred up to the date of this document that may enable Santos CSG to rely on any Condition as a defeating condition.

Further Information

If you have any questions about the Santos CSG cash Offer for your shares, 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



Peter Wasow
Director
Santos CSG Pty Ltd

This third 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 third 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 23 January 2007. Neither ASIC nor any of its officers takes any responsibility for the contents of this document.