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Successful Completion of Institutional Component of Equity Raising

Santos Limited ("Santos") today announced the successful completion of the A\$1.75 billion institutional component of the accelerated non-renounceable pro rata entitlement offer ("Institutional Entitlement Offer").

The Institutional Entitlement Offer was heavily oversubscribed with very strong demand from Australian and international institutional investors.

The retail component of the non-renounceable entitlement offer ("Retail Entitlement Offer") is expected to raise approximately A\$1.25 billion and has now also been fully underwritten. Together, the underwritten proceeds of the Retail Entitlement Offer and the Institutional Entitlement Offer (together, "Entitlement Offer") will raise approximately A\$3.0 billion.

A higher than expected proportion of the register was included in the Institutional Entitlement Offer, resulting in the Institutional Entitlement Offer amount being greater than previously announced, increasing from approximately A\$1.65 billion to approximately A\$1.75 billion. The size of the Entitlement Offer remains the same at approximately A\$3.0 billion.

Under the Entitlement Offer, eligible shareholders are invited to participate on a pro-rata basis to their existing holdings by subscribing for 2 new Santos ordinary shares ("New Shares") for every 5 existing Santos ordinary shares held, at an offer price of A\$12.50 per share.

Santos Chief Executive Officer David Knox said: "We are delighted with the strong support that our institutional shareholders have demonstrated, both for Santos and for the equity raising. I look forward to an equally strong participation from our retail shareholder base so that all our shareholders share in our exciting growth prospects."

"The underwritten proceeds of the Institutional Entitlement Offer will provide Santos with the capital required to fund its share of the capital expenditure on the PNG LNG project, redeem A\$600 million of FUELS, proactively strengthen Santos' balance sheet and maintain its BBB+ credit rating. The additional capital which will be raised from the underwritten Retail Entitlement Offer will be used to fund Santos' other growth projects, including the GLNG project in Queensland."

New Shares from the Institutional Entitlement Offer will rank equally with existing shares and are expected to be issued on Friday 22 May 2009, with trading on the ASX to commence on the same day.

Commencement of the Retail Entitlement Offer

The Retail Entitlement Offer has now been underwritten and will raise approximately A\$1.25 billion.¹

¹ The underwriting agreement contains usual terms and conditions including termination events.

The Retail Entitlement Offer opens on 15 May 2009 and will close at 5.00pm (AEST) on 5 June 2009. Eligible retail shareholders will have the opportunity to participate at the same price and offer ratio as those under the Institutional Entitlement Offer.

Eligible retail shareholders may also apply for New Shares in excess of their entitlement ("Additional New Shares"). Any Additional New Shares will only be allocated to eligible retail shareholders if and to the extent that Santos so determines, in its absolute discretion, having regard to circumstances as at the time of the close of the Retail Entitlement Offer. Any Additional New Shares will be limited to the extent that there are sufficient New Shares not taken up by other eligible retail shareholders.

Eligible retail shareholders wishing to participate in the Retail Entitlement Offer for New Shares and Additional New Shares will need to complete the Entitlement and Acceptance Form which is expected to be mailed to eligible retail shareholders from 18 May 2009.

New Shares under the Retail Entitlement Offer will be issued on Tuesday 16 June 2009, with trading on ASX to commence on Wednesday 17 June 2009.

Santos shares and its Franked Unsecured Equity Listed Securities (FUELS, ASX:STOPB) are expected to resume trading on ASX today Wednesday 13 May 2009.

OFFER TIMETABLE

Event	Date
Trading recommences	Wednesday 13 May 2009
Record Date for the Entitlement Offer	7.00pm Thursday 14 May 2009
Retail Entitlement Offer opens	Friday 15 May 2009
Despatch of Retail Entitlement and Acceptance Form to Retail Shareholders commences	Monday 18 May 2009
Settlement of the Institutional Entitlement Offer	Thursday 21 May 2009
Allotment and commencement of normal trading of New Shares issued under the Institutional Entitlement Offer	Friday 22 May 2009
Retail Entitlement Offer closes	Friday 5 June 2009 at 5pm
Retail Entitlement Offer settlement	Monday 15 June 2009
Issue of New Shares under the Retail Entitlement Offer	Tuesday 16 June 2009
New Shares commence trading / dispatch of holding statements	Wednesday 17 June 2009

Dates and times are indicative only and subject to change without notice. All times and dates refer to AEST.

Ends

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

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