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4 May 2006

Santos Annual General Meeting

Santos' Chairman, Mr Stephen Gerlach told shareholders at its Annual General Meeting in Adelaide today that the Board remained confident in the future success of the Company, following the record results achieved in 2005.

"While we are benefiting from the buoyant commodity price environment, our results also clearly demonstrate the traction achieved by the focussed growth strategy which we put in place nearly five years ago, the resultant increase in production and reserves, and the ability to control our costs," Mr Gerlach said.

"And this success has also translated into increasing shareholder value. Santos' total shareholder return for 2005, including share price appreciation and dividends, was 49% - well above the broader Australian market return of 22%," he said.

"These results provide a healthy indication of a successful exploration and production company, with growing production and reserves demonstrating that our strategies are working.

Mr Gerlach said the 15% increase in the Company's 2005 annual dividend to 38 cents per share continued a 29 year history of Santos paying either steady or increased dividends.

"The need to see growth in the share price, increased dividends where appropriate and focus on capital management, are constantly in the minds of the Board and management," he said.

Santos Managing Director, Mr John Elice-Flint outlined a \$100 million commitment to accelerate exploration and appraisal of the Company's expanding operations in the Timor/Bonaparte region, offshore northern Australia.

Shareholders were told that success with the Timor/Bonaparte program could lead to an expansion of their company's Liquefied Natural Gas (LNG) production, with potential for a resultant material and positive impact on Santos' medium term growth outlook.

Santos plans to quantify the size and deliverability of the resource in the northern Bonaparte region, with a view to a future expansion of LNG production.

The Timor Sea/Bonaparte program follows Santos' entry into the global LNG industry with first production in January this year from the Bayu-Undan gas field (Santos 10.6% interest) via the Darwin LNG plant.

"Whilst this is our first direct exposure to the LNG market, our strategy of leveraging our large contingent gas resources into future LNG developments continues to gain momentum," Mr Ellice-Flint said.

Ends

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