

7 June 2004

Novus Petroleum assets

Santos Limited (Santos) announced today that, given Sunov's decision not to proceed with its bid for Novus Petroleum Limited (Novus), Santos has agreed with PT Medco Energi Internasional Tbk (Medco) to acquire part of Novus' Indonesian interests and all of Novus' Cooper Basin interests.

Sunov Bid

Sunov has announced that it has decided that it will not be increasing or extending its offer for Novus. Given this development, Santos' arrangements with Sunov, regarding the conditional acquisition of certain Novus assets, have terminated.

Santos' Agreement with Medco

Santos has now agreed to acquire, subject to certain conditions, an 18% interest in the Brantas Production Sharing Contract (PSC), a 9% interest in the Kakap PSC, both in Indonesia, and Novus' interests in the Cooper Basin. The total cash consideration is US\$110 million, adjusted for an effective date of 1 January 2004, plus contingent consideration linked to reserves upside in the Wunut field, which is capped at US\$3.5 million. The acquisitions are subject to negotiation and execution of formal detailed documentation with Medco and will be conditional upon certain matters including the outcome of the Medco offer for Novus.

Santos' Managing Director, Mr John Ellice-Flint, said, "The arrangements with Medco create an opportunity for Santos to reinforce its commitment to and relationships in Indonesia and supplement our portfolio with attractive assets which match our strategy and will be both earnings and cash-flow accretive to Santos."

FOR FURTHER INFORMATION PLEASE CONTACT:

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Santos stock symbols: STO (Australian Stock Exchange), STOSY (NASDAQ ADR)

Background

Indonesian Assets

- Novus has a 25% interest in the Kakap PSC (operated by Star Energy) and a 50% interest in the Brantas PSC (operated by Lapindo).

Kakap

- The Kakap PSC is primarily a gas field, with some oil and condensate, located in the West Natuna Sea Basin, approximately 1,000 km north of Java. It consists of two separate areas: South Kakap, which contains all the producing fields, and the much larger North Kakap.
- The first production was from the KH field in 1986.
- Gas is delivered to Singapore under a 27 year gas sales agreement (commencing March 2001) to SembGas, a Singaporean gas distributor. Gas is sold in US dollars. The gas price is indexed to oil prices (High Sulphur Fuel Oil).

Brantas

- The Brantas PSC covers an area of approximately 3,000 square kilometres in onshore East Java and offshore Madura Strait, between East Java and Madura Island.
- Santos already has interests in the Sampang and Madura Offshore PSCs in this region and has made the Oyong and Maleo discoveries, which are currently being commercialised.
- Production is from the Wunut gas field in the central part of the block, located 30 kilometres south of Surabaya. The Wunut field was discovered in 1994 and has been producing since 1999.
- Gas is sold to PGN, the Indonesian natural gas distributor, for the supply of up to 80 million cubic feet of gas per day on a reasonable endeavours basis through to the end of 2007.
- The block is also considered to have exploration potential.

Cooper Basin

- Novus has a 4.75% interest in the SA Unit (Santos 59.8% and operator) and a 2.97% interest in the Patchawarra East Block (Santos 69.4%).

Reserves and Production

- Santos estimates that, on a net entitlement basis, 2004 production for the Indonesian and Cooper Basin interests will be approximately 2 million barrels of oil equivalent (mboe). On the same basis, total proved and probable reserves as at 1 January 2004 are estimated to be approximately 22 mboe, primarily gas.