Half-year report
Incorporating Appendix 4D

Santos Limited and its controlled entities.

For the period ended 30 June 2022, under Listing Rule 4.2A.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

APPENDIX 4D FOR THE PERIOD ENDED 30 JUNE 2022

	2022 US$million	2021 US$million	Change %
Revenue from ordinary activities	**3,766**	2,040	85
Statutory profit from ordinary activities after tax attributable to members	**1,167**	354	230
Net profit for the period attributable to members	**1,167**	354	230

Interim Dividend	Amount per security US cents	Franked amount per security at 30% tax US cents
Directors resolved to pay an interim dividend in relation to the half-year ended 30 June 2022		
Ordinary securities	7.6	–
23 August 2022 is the record date for determining entitlements to the dividend		

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Half-year Report 30 June 2022

RESULTS FOR THE PERIOD

	2022 US$million	Change %
Underlying profit[1]	1,267	300
Product sales	3,766	85
EBITDAX[1]	2,731	122
Free cash flow[1]	1,708	199
Interim dividend (UScps)	7.6	38

1 Underlying profit, EBITDAX (earnings before interest, tax, impairment, depreciation and depletion, exploration and evaluation expensed, and change in future restoration assumptions) and free cash flow (operating cash flows, less investing cash flows (net of acquisitions and disposals, and major growth capex), less lease liability payments) are non-IFRS measures that are presented to provide an understanding of the performance of Santos' operations. The non-IFRS financial information is unaudited, however, the numbers have been extracted from the financial statements which have been subject to review by the Company's auditor.

ABOUT SANTOS

Santos is a low-cost producer of oil and gas committed to cleaner energy and clean fuels production with operations across Australia, Papua New Guinea, Timor-Leste and North America.

Santos has been supplying reliable and affordable energy to Australia and the Asia-Pacific for over 50 years.

At Santos, our commitment is to be a global leader in the transition to cleaner energy and clean fuels, by helping the world decarbonise to reach net-zero emissions in an affordable and sustainable way.

Santos is one of Australia's biggest domestic gas suppliers, a leading Asia-Pacific LNG supplier and is committed to supplying the critical fuels such as oil and gas in a more sustainable way through decarbonising projects such as the Moomba CCS project.

Underpinned by a diverse portfolio of high-quality, long-life, low-cost oil and gas assets, Santos seeks to deliver long-term value to shareholders.

For more than 65 years, Santos has been working in partnership with local communities, providing local jobs and business opportunities, safely and sustainably developing its natural gas resources, and powering industries and households.

As customer demand evolves, Santos plans to grow its cleaner energy and clean fuels business through carbon capture and storage, nature-based offsets, energy efficiency and use of renewables in its operations.

Santos remains resilient, value accretive and aims to be a leader in the energy transition.

DIRECTORS' REPORT

The Directors present their report together with the consolidated financial report of the consolidated entity, being Santos Limited ("Santos" or "the Company") and its controlled entities ("the Group"), for the half-year ended 30 June 2022, and the auditor's review report thereon.

REVIEW AND RESULTS OF OPERATIONS

Unless otherwise stated, all references to dollars are to US dollars.

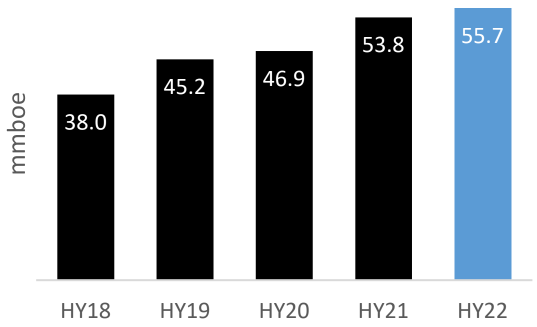
A review of the results of the operations of the consolidated entity during the half-year is as follows:

Summary of results table	2022	2021	Variance
	mmboe	mmboe	%
Production volume	**51.5**	47.3	9
Sales volume	**55.7**	53.8	4
	$million	$million	%
Product sales	**3,766**	2,040	85
EBITDAX[1]	**2,731**	1,231	122
Exploration and evaluation expensed	**(103)**	(41)	151
Depreciation and depletion	**(853)**	(614)	39
Net impairment loss	**(2)**	(8)	(75)
Change in future restoration assumptions	**(23)**	20	(215)
EBIT[1]	**1,750**	588	198
Net finance costs	**(120)**	(109)	10
Taxation expense	**(463)**	(125)	270
Net profit for the period	**1,167**	354	230
Underlying profit for the period[1,2]	**1,267**	317	300

1 *EBITDAX (earnings before interest, tax, impairment, depreciation and depletion, exploration and evaluation expensed, and change in future restoration assumptions), EBIT (earnings before interest and tax) and underlying profit are non-IFRS measures that are presented to provide an understanding of the underlying performance of Santos' operations. The non-IFRS financial information is unaudited, however, the numbers have been extracted from the financial statements which have been subject to review by the Company's auditor.*

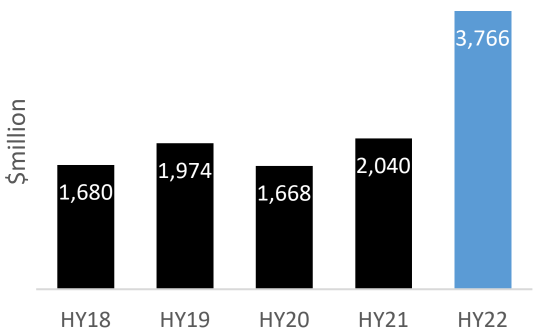
2 *Underlying profit excludes the impacts of asset acquisitions, disposals, impairments, and the impact of commodity hedging. Please refer to page 5 for the reconciliation from net profit to underlying profit for the period. The calculation of underlying profit has remained consistent with prior periods.*

Sales volume



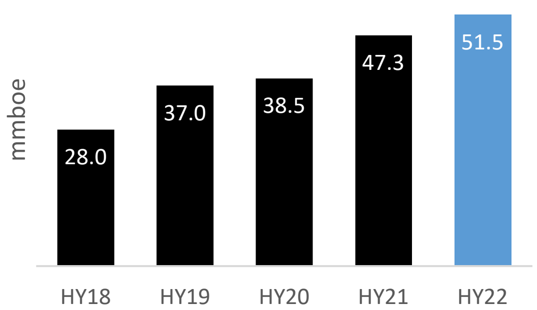
Sales volumes increased 4 per cent to a half-year record of 55.7 million barrels of oil equivalent (mmboe). The higher volumes were primarily due to additional interests in PNG production following the Oil Search merger, offset by lower average equity interest in Bayu-Undan combined with expected field decline, decreased production due to lower gas nominations in Western Australia and lower production and third-party volumes in the Cooper Basin.

Sales revenue



Product sales were up 85 per cent compared to the previous first half due to significantly higher realised pricing for all products, combined with higher volumes, primarily as a result of additional interests in PNG production following the Oil Search merger. The average realised oil price increased 67 per cent to US$116/bbl and the average realised LNG price increased 111 per cent to US$14.19/mmBtu.

Production



Production was up 9 per cent to a record 51.5 mmboe in the first half, primarily due to additional interests in PNG production following the Oil Search merger, offset by lower average equity interest in Bayu-Undan combined with expected field decline, decreased production due to lower gas nominations in Western Australia and lower production in the Cooper Basin.

Review of Operations

Santos' operations are focused on five core, long-life asset hubs: Cooper Basin, Queensland and NSW, Papua New Guinea, Northern Australia and Timor-Leste, and Western Australia. The merger with Oil Search added assets in Papua New Guinea (interests in operated oil fields and additional equity in PNG LNG) and North America (Alaska) to Santos' portfolio.

Cooper Basin

The Cooper Basin produces natural gas, gas liquids and crude oil. Gas is sold primarily to domestic retailers, industry and for the production of liquefied natural gas, while gas liquids and crude oil are sold in domestic and export markets.

Santos' strategy in the Cooper Basin is to deliver production growth by being a low-cost business, increase reserves, invest in new technology to lower development and exploration costs, reduce emissions and increase utilisation of infrastructure including the Santos-operated Moomba and Port Bonython plants (Santos 66.7% interest).

Santos is also focused on reducing emissions by investing in carbon capture and storage (CCS). The 1.7 million tonne (1.1 million tonne Santos-share) per annum Moomba CCS project took a final investment decision in November 2021 with first injection expected in 2024.

Cooper Basin	HY22	HY21
Production (mmboe)	7.0	7.9
Sales volume (mmboe)	8.4	11.0
Product sales (US$m)	519	466
Production cost (US$/boe)	10.16	8.84
EBITDAX (US$m)	234	211
Capex (US$m)	161	141

Cooper Basin EBITDAX was $234 million, 11 per cent higher than the first half of 2021, as a result of favourable realised liquid pricing, and favourable domestic gas pricing; offset by lower volumes.

Santos' share of Cooper Basin sales gas and ethane production of 28.8 petajoules (PJ) was 12 per cent lower than the prior corresponding period due to lower drilling activity as a result of wet weather events leading to flooding which caused delays to the development program. Santos and its joint venture partners committed to a fifth drilling rig in the Cooper Basin during the second quarter, which is expected to deliver additional gas for the domestic market in the second half of the year.

Queensland and NSW

The GLNG project in Queensland produces LNG for export to global markets from the LNG plant at Gladstone. Gas is also sold into the domestic market. Santos has a 30 per cent interest in GLNG.

The LNG plant has two LNG trains with a combined capacity of 8.6 million tonnes per annum (mtpa). Production from Train 1 commenced in September 2015 and Train 2 in May 2016. Feed gas is sourced from GLNG's upstream fields, Santos portfolio gas and third-party suppliers.

The LNG plant produced 3 million tonnes in the first half of 2022, 2 per cent lower than the prior corresponding period due to lower supplies of third-party gas, and shipped 50 cargoes (2021 first half 51 cargoes). Santos aims to build GLNG gas supply through upstream development, seek opportunities to extract value from existing infrastructure and drive efficiencies to operate at lowest cost.

Santos is also progressing the proposed Narrabri domestic gas project in NSW. The project received environmental approvals from the state and federal governments in 2020, and Santos plans to commence an appraisal program in 2022.

Queensland and NSW	HY22	HY21
Production (mmboe)	6.9	6.7
Sales volume (mmboe)	10.0	10.5
Product sales (US$m)	685	376
Production cost (US$/boe)	6.02	5.55
EBITDAX (US$m)	468	183
Capex (US$m)	80	79

Queensland and NSW EBITDAX was $468 million, 156 per cent higher than the first half of 2021. This was a result of realised LNG pricing, reflecting the linkage of sales contracts to a lagged Japan Customs-cleared Crude (JCC) price.

Papua New Guinea

The merger with Oil Search, which completed in December 2021, substantially increased Santos' asset position in PNG. Santos' interest in the PNG LNG project increased to 42.5 per cent, and the merger added interests in the proposed Papua LNG project and PRL3 (P'nyang) to the portfolio. Santos also became operator of all of PNG's producing oil fields.

PNG LNG produces LNG for export to global markets, as well as sales gas and gas liquids. The LNG plant near Port Moresby has two LNG trains with the combined capacity to produce more than eight million tonnes per annum. Production from both trains commenced in 2014.

The LNG plant produced 4.3 million tonnes in the first half of 2022, 5 per cent higher than the prior corresponding period due to reduced planned maintenance, and shipped 56 cargoes (2021 first half 53 cargoes).

Santos is in advanced discussions for the potential sale of a five per cent interest in PNG LNG.

The Papua LNG project (Santos 22.8 per cent interest before PNG government back-in) is a proposed LNG project with a planned capacity of 5.6 million tonnes of LNG per annum. In 2022, the project continued to progress technical, commercial, regulatory, social and environmental planning activities. The operator, TotalEnergies, announced the launch of the first phase of front-end engineering and design (FEED) studies for the upstream facilities in June 2022. A decision to enter integrated FEED for the project is targeted for the end of 2022.

Santos operates the Kutubu, Agogo, Moran and Gobe fields, which produce all of PNG's oil. Feed gas is exported from the Kutubu and Gobe fields into PNG LNG.

Papua New Guinea	HY22	HY21
Production (mmboe)	21.0	6.1
Sales volume (mmboe)	19.6	5.8
Product sales (US$m)	1,623	261
Production cost (US$/boe)	6.81	4.04
EBITDAX (US$m)	1,363	213
Capex (US$m)	133	4

PNG EBITDAX was $1,363 million, 540 per cent higher than the first half of 2021, due to increased sales and production following the merger with Oil Search, combined with higher realised pricing.

Northern Australia and Timor-Leste

Santos' business in Northern Australia and Timor-Leste is centred on the Bayu-Undan/Darwin LNG (DLNG) project (Santos 43.4 per cent interest). In operation since 2006, DLNG produces LNG and gas liquids for export to global markets.

The LNG plant near Darwin has a single LNG train with a nameplate capacity of 3.7 mtpa. LNG production of 0.8 million tonnes was 49 per cent lower than first half 2021 due to lower upstream gas production as a result of expected natural field decline. The LNG plant shipped 12 cargoes in the first half (2021 first half 23 cargoes).

Santos' share of gas production was lower in the first half of 2022 due to the completion in April 2021 of the sale of a 25 per cent interest in Bayu-Undan and DLNG to SK E&S, which reduced Santos' interests in both assets to 43.4 per cent, combined with natural field decline. Gas production from Bayu-Undan is expected to cease in late 2022.

Development of the Barossa gas and condensate project to backfill DLNG continues to progress. The project was 40 per cent complete at the end of the first half and is progressing on schedule and on budget, with first gas production expected in the first half of 2025. Santos has a 50 per cent interest in the Barossa project following the completion of the sale of a 12.5 per cent interest to JERA in April 2022.

A decision to enter FEED on the proposed Bayu-Undan carbon capture and storage project was announced in March 2022. The project could potentially safely and permanently store up to 10 million tonnes of carbon dioxide per annum. The FEED work includes engineering and design for additional CO2 processing capacity at Darwin LNG plus repurposing of the Bayu-Undan facilities for carbon sequestration operations after gas production ceases.

Northern Australia and Timor-Leste	HY22	HY21
Production (mmboe)	3.1	10.0
Sales volume (mmboe)	3.2	10.2
Product sales (US$m)	294	383
Production cost (US$/boe)	24.89	13.95
EBITDAX (US$m)	216	286
Capex (US$m)	284	148

Northern Australia and Timor-Leste EBITDAX was $216 million, 24 per cent lower than the first half of 2021, due to the sell-down of a 25 per cent interest in Bayu-Undan and DLNG to SK E&S in April 2021, combined with Bayu-Undan natural field decline.

Western Australia

Santos is the largest producer of domestic natural gas in Western Australia and is also a significant producer of natural gas liquids and oil.

Santos' assets include 100 per cent ownership and operatorship of the Varanus Island and Devil Creek gas hubs, a 28.6 per cent interest in the Macedon gas hub and a leading position in the highly prospective Bedout Basin.

Santos' share of Western Australia domestic gas production of 65 PJ was 24 per cent lower than the previous corresponding period, primarily due to lower customer nominations and spot sales. Santos' share of crude oil production was 1.8 mmbbl, higher than the previous year due to the Ningaloo Vision FPSO (Van Gogh, Coniston and Novara fields) returning from planned shipyard maintenance in March 2021.

A successful oil exploration well, Pavo, was drilled adjacent to the proposed Dorado oil and gas development in the Bedout Basin, offshore Western Australia. Given the success at Pavo, further Bedout drilling is planned to optimise the Dorado integrated development concept.

Western Australia	HY22	HY21
Production (mmboe)	13.5	16.6
Sales volume (mmboe)	14.1	16.5
Product sales (US$m)	597	500
Production cost (US$/boe)	8.21	5.94
EBITDAX (US$m)	603	388
Capex (US$m)	183	134

Western Australia EBITDAX was $603 million, 55 per cent higher than the first half of 2021, predominantly due to higher realised prices.

North America

Santos' assets in North America include the Pikka Unit located on the North Slope of Alaska, a world-class oil province with more than 50 years of oil and gas development and extensive existing infrastructure.

Santos, as operator of the Pikka Unit, took a final investment decision (FID) to proceed with Pikka Phase 1 on 16 August 2022. Phase 1 of the project is expected to produce 80,000 barrels of oil per day gross with first oil expected in 2026. Capital expenditure to nameplate capacity for Phase 1 is expected to be US $2.6 billion gross (US$1.3 billion Santos-share at Santos' 51% interest).

Net Profit

The 2022 first half net profit was $1,167 million, compared with a $354 million at half-year 2021. The $813 million increase in net profit is driven predominantly through higher production and sales revenue, as a result of the Oil Search merger, and increased realised oil and gas prices.

Underlying profit of $1,267 million includes adjustments after tax of $100 million increase ($142 million increase before tax). Refer to the reconciliation of net profit to underlying profit below.

Reconciliation of Net Profit to Underlying Profit	2022 $million			2021 $million		
	Gross	Tax	Net	Gross	Tax	Net
Net profit after tax attributable to equity holders of Santos Limited			**1,167**			354
Add/(deduct) the following:						
Net gain on disposal of assets	(5)	2	**(3)**	(25)	(26)	(51)
Impairment losses	2	(1)	**1**	8	(2)	6
Fair value adjustments on commodity hedges	81	(24)	**57**	56	(17)	39
Costs associated with acquisitions and disposals[2]	64	(19)	**45**	2	(1)	1
One-off PRRT credit	–	–	–	–	(32)	(32)
	142	(42)	**100**	41	(78)	(37)
Underlying profit[1]			**1,267**			317

1. *Underlying profit is a non-IFRS measure that is presented to provide an understanding of the underlying performance of Santos' operations. The measure excludes the impacts of asset acquisitions, disposals and impairments, as well as items that are subject to significant variability from one period to the next, including the effects of commodity hedging. The non-IFRS financial information is unaudited, however, the numbers have been extracted from the financial statements which have been subject to review by the Company's auditor.*
2. *Disclosed in the half-year financial statements in Note 2.3 under "Costs associated with acquisitions and disposals" and "Exploration and evaluation expensed".*

EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF SANTOS LIMITED

Equity attributable to equity holders of Santos Limited at 30 June 2022 was $14,315 million.

CASH FLOW

The net cash provided by operating activities of $2,137 million was 127 per cent higher than the first half of 2021. The increase is principally attributable to higher receipts from customers, due to an increase in sales volumes as a result of the Oil Search merger and higher realised pricing; offset by higher payments to suppliers and employees which stems from an increased share in PNG assets following the Oil Search merger and higher third-party purchases due to higher pricing, and increased income and royalty-related tax payments on increased profits.

Net cash used in investing activities of $612 million was 83 per cent higher than the first half of 2021, primarily due to higher capital expenditure; offset by the cash inflow from the sale of a 12.5 per cent interest in the Barossa project to JERA.

Net cash used in financing activities of $1,129 million, was 336 per cent higher compared to the $479 million net cash provided by financing activities in the first half of 2021. This was predominantly due to higher dividends paid, as well as repayment of borrowings, including the repayment of the $255 million bilateral and corporate facilities acquired as part of the merger with Oil Search, and the scheduled repayments on the PNG LNG project financing facility. Further, Santos commenced an on-market share buyback during the first half of 2022 as part of Santos' updated capital management framework. This resulted in the purchase and settlement of $157 million of share buybacks at 30 June, with an additional $17 million settled in early July 2022.

OUTLOOK

Sales volume guidance is maintained in the range of 110 to 116 mmboe and production guidance is maintained in the range of 102 to 107 mmboe for 2022.

POST BALANCE DATE EVENTS

On 16 August 2022, the Directors of Santos Limited declared an interim dividend of US7.6 cents per ordinary share in respect of the 2022 half-year period. Consequently, the financial effect of these dividends has not been brought to account in the half-year financial statements for the six months ended 30 June 2022.

On 16 August 2022, Santos and joint venture partner Repsol took a final investment decision to proceed with the Pikka Phase 1 development located in the State of Alaska with first oil expected in 2026.

Subsequent to reporting date of 30 June 2022, the Group acquired an additional 3,369,641 shares in Santos Limited for consideration of $17 million as part of its buyback program. The transactions were entered into prior to 30 June 2022 and accounted for on settlement date which occurred in early July 2022. In addition, on 16 August 2022, the Directors of Santos Limited approved the 2022 on-market share buyback for the six months to 30 June 2022 be increased by $100 million, from the $250 million which was announced in April 2022, to $350 million.

DIRECTORS

The names of Directors of the Company in office during or since the end of the half-year are:

Surname	Other Names
Allen	Yasmin Anita
Cowan	Guy Michael
Doyle	Eileen Joy
Gallagher	Kevin Thomas (Managing Director and Chief Executive Officer)
Goh[1]	Hock
Guthrie	Vanessa Ann
Hearl	Peter Roland
McArdle	Janine Marie
Spence	Keith William (Chairman)
Utsler[2]	Michael Jesse
Werror	Musje Moses

[1] *Mr Hock Goh ceased to be a Director of Santos Limited effective 3 May 2022.*
[2] *Mr Michael Utsler was appointed to be a Director of Santos Limited effective 3 May 2022.*

Each of the above-named Directors held office during or since the end of the half-year. There were no other persons who acted as Directors at any time during the half-year and up to the date of this report.

ROUNDING

Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191 applies to the Company. Accordingly, amounts have been rounded off in accordance with that Instrument, unless otherwise indicated.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required by section 307C of the *Corporations Act 2001* (Cth) is set out on page 8 and forms part of this report.

This report is made out on 16 August 2022 in accordance with a resolution of the Directors.

K W Spence

Director
16 August 2022

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Building a better working world

Auditor's independence declaration to the directors of Santos Limited

As lead auditor for the review of the half-year financial report of Santos Limited for the half-year ended 30 June 2022, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review;

b. No contraventions of any applicable code of professional conduct in relation to the review; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the review.

This declaration is in respect of Santos Limited and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

D S Lewsen
Partner

Adelaide
16 August 2022

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	**30 June 2022 US$million**	30 June 2021 US$million
Revenue from contracts with customers – Product sales	2.2	**3,766**	2,040
Cost of sales	2.3	**(1,911)**	(1,483)
Gross profit		**1,855**	557
Revenue from contracts with customers – Other	2.2	**77**	72
Other income	2.5	**222**	72
Impairment of non-current assets		**(2)**	(8)
Other expenses	2.3	**(388)**	(119)
Finance income	4.2	**10**	2
Finance costs	4.2	**(130)**	(111)
Share of net (loss)/profit of associates		**(14)**	14
Profit before tax		**1,630**	479
Income tax expense		**(413)**	(82)
Royalty-related taxation expense		**(50)**	(43)
Total taxation expense		**(463)**	(125)
Net profit for the period attributable to owners of Santos Limited		**1,167**	354
Earnings per share attributable to the equity holders of Santos Limited (¢)			
Basic profit per share		**34.6**	17.0
Diluted profit per share		**34.4**	16.9
Dividends per share (¢)			
Paid during the period	2.4	**8.5**	5.0
Declared in respect of the period	2.4	**7.6**	5.5

The consolidated income statement is to be read in conjunction with the notes to the half-year consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	30 June 2022 US$million	30 June 2021 US$million
Net profit for the period	**1,167**	354
Other comprehensive (loss)/income, net of tax:		
Other comprehensive income to be reclassified to the income statement in subsequent periods:		
Exchange loss on translation of foreign operations	**(2)**	(17)
	(2)	(17)
Loss on derivatives designated as cash flow hedges	**(18)**	(195)
Tax effect	**5**	59
	(13)	(136)
Net other comprehensive (loss)/income to be reclassified to the income statement in subsequent periods	**(15)**	(153)
Items not to be reclassified to the income statement in subsequent periods:		
Fair value changes on financial liabilities designated at fair value due to own credit risk	**–**	(1)
Tax effect	**–**	–
	–	(1)
Net other comprehensive (loss)/income that will not be reclassified to the income statement in subsequent periods	**–**	(1)
Other comprehensive (loss)/income, net of tax	**(15)**	(154)
Total comprehensive income/(loss) attributable to owners of Santos Limited	**1,152**	200

The consolidated statement of comprehensive income is to be read in conjunction with the notes to the half-year consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022

	Note	30 June 2022 US$million	31 December 2021 US$million
Current assets			
Cash and cash equivalents		**3,279**	2,976
Trade and other receivables		**760**	873
Prepayments		**51**	82
Contract assets		**91**	122
Inventories		**470**	406
Other financial assets		**85**	7
Assets held for sale	2.7	**1,282**	285
Total current assets		**6,018**	4,751
Non-current assets			
Contract assets		**254**	297
Investments in associates and joint ventures		**380**	399
Other financial assets		**59**	53
Prepayments		**180**	100
Exploration and evaluation assets	3.1	**3,271**	3,182
Oil and gas assets	3.2	**16,636**	18,077
Other land, buildings, plant and equipment		**390**	388
Deferred tax assets		**1,034**	1,299
Goodwill	2.7	**1,336**	1,463
Total non-current assets		**23,540**	25,258
Total assets		**29,558**	30,009
Current liabilities			
Trade and other payables		**957**	1,215
Contract liabilities		**174**	106
Lease liabilities		**187**	196
Interest-bearing loans and borrowings		**880**	889
Current tax liabilities		**313**	211
Provisions		**499**	288
Other financial liabilities		**106**	98
Liabilities directly associated with assets held for sale	2.7	**735**	8
Total current liabilities		**3,851**	3,011
Non-current liabilities			
Contract liabilities		**168**	237
Lease liabilities		**623**	677
Interest-bearing loans and borrowings	2.7,4.1	**5,389**	6,287
Deferred tax liabilities		**1,847**	2,350
Provisions		**3,328**	3,817
Other financial liabilities		**37**	20
Total non-current liabilities		**11,392**	13,388
Total liabilities		**15,243**	16,399
Net assets		**14,315**	13,610
Equity			
Issued capital	4.3	**14,874**	15,030
Reserves		**454**	806
Reserves associated with assets held for sale	2.7	**49**	–
Accumulated losses		**(1,062)**	(2,226)
Equity attributable to owners of Santos Limited		**14,315**	13,610
Total equity		**14,315**	13,610

The consolidated statement of financial position is to be read in conjunction with the notes to the half-year consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Note	**30 June 2022 US$million**	30 June 2021 US$million
Cash flows from operating activities			
Receipts from customers		**3,963**	2,057
Interest received		**10**	2
Dividends received		**5**	29
Pipeline tariffs and other receipts		**233**	94
Payments to suppliers and employees		**(1,393)**	(868)
Restoration expenditure		**(66)**	(14)
Exploration and evaluation seismic and studies		**(51)**	(34)
Royalty and excise paid		**(93)**	(28)
Payments for commodity hedging		**(89)**	(66)
Borrowing costs paid		**(83)**	(84)
Income taxes paid		**(165)**	(23)
Royalty-related taxes paid		**(146)**	(114)
Insurance proceeds		**12**	–
Overriding royalty		**–**	(9)
Net cash provided by operating activities		**2,137**	942
Cash flows from investing activities			
Payments for:			
Exploration and evaluation assets		**(122)**	(91)
Oil and gas assets		**(652)**	(378)
Other land, buildings, plant and equipment		**(4)**	(13)
Acquisitions of exploration and evaluation assets		**–**	(10)
Costs associated with acquisition of subsidiaries		**(76)**	(7)
Proceeds associated with disposals		**309**	186
Borrowing costs paid		**(67)**	(21)
Net cash used in investing activities		**(612)**	(334)
Cash flows from financing activities			
Dividends paid		**(288)**	(104)
Drawdown of borrowings		**–**	996
Repayments of borrowings		**(559)**	(320)
Repayment of principal portion of lease liabilities		**(101)**	(62)
Purchase of shares on-market (Employee schemes)	4.3	**(24)**	(31)
Purchase of shares on-market (Share buy-back)	4.3	**(157)**	–
Net cash (used in)/provided by financing activities		**(1,129)**	479
Net increase in cash and cash equivalents		**396**	1,087
Cash and cash equivalents at the beginning of the period		**2,976**	1,319
Effects of exchange rate changes on the balances of cash held in foreign currencies		**(22)**	11
Cash and cash equivalents at the end of the period[1]		**3,350**	2,417

The consolidated statement of cash flows is to be read in conjunction with the notes to the half-year consolidated financial statements.

[1] Includes $71 million of cash and cash equivalents held for sale (refer note 2.7)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2022

	Equity attributable to owners of Santos Limited					
US$million	**Issued capital**	**Foreign currency translation reserve**	**Hedging reserve**	**Accumulated profits reserve**	**Accumulated losses**	**Total equity**
Balance at 1 January 2021	9,013	(910)	(11)	2,028	(2,893)	7,227
Transfer retained profits to accumulated profits reserve	–	–	–	–	–	–
Items of comprehensive income:						
Net profit for the period	–	–	–	–	354	354
Other comprehensive loss for the period	–	(17)	(137)	–	–	(154)
Total comprehensive income/(loss) for the period	–	(17)	(137)	–	354	200
Transactions with owners in their capacity as owners:						
Dividends paid	–	–	–	(104)	–	(104)
On-market share purchase (Treasury shares)	(31)	–	–	–	–	(31)
Share-based payment transactions	19	–	–	–	(8)	11
Balance at 30 June 2021	9,001	(927)	(148)	1,924	(2,547)	7,303
Balance at 1 July 2021	9,001	(927)	(148)	1,924	(2,547)	7,303
Items of comprehensive income:						
Net profit for the period	–	–	–	–	304	304
Other comprehensive income/(loss) for the period	–	(13)	87	–	–	74
Total comprehensive (loss)/income for the period	–	(13)	87	–	304	378
Transactions with owners in their capacity as owners:						
Shares issued	6,038	–	–	–	–	6,038
Dividends paid	–	–	–	(117)	–	(117)
On-market share purchase (Treasury shares)	(12)	–	–	–	–	(12)
Share-based payment transactions	3	–	–	–	17	20
Balance at 31 December 2021	15,030	(940)	(61)	1,807	(2,226)	13,610
Balance at 1 January 2022	**15,030**	**(940)**	**(61)**	**1,807**	**(2,226)**	**13,610**
Items of comprehensive income:						
Net profit for the period	**–**	**–**	**–**	**–**	**1,167**	**1,167**
Other comprehensive loss for the period	**–**	**(2)**	**(13)**	**–**	**–**	**(15)**
Total comprehensive income/(loss) for the period	**–**	**(2)**	**(13)**	**–**	**1,167**	**1,152**
Transactions with owners in their capacity as owners:						
Dividends paid	**–**	**–**	**–**	**(288)**	**–**	**(288)**
On-market share purchase (Treasury shares)	**(24)**	**–**	**–**	**–**	**–**	**(24)**
On-market share purchase (Share buy-back)	**(157)**	**–**	**–**	**–**	**–**	**(157)**
Share-based payment transactions	**25**	**–**	**–**	**–**	**(3)**	**22**
Balance at 30 June 2022	**14,874**	**(942)**	**(74)**	**1,519**	**(1,062)**	**14,315**

The consolidated statement of changes in equity is to be read in conjunction with the notes to the half-year consolidated financial statements.

SECTION 1: BASIS OF PREPARATION

This section provides information about the basis of preparation of the half-year financial report, and certain accounting policies that are not disclosed elsewhere.

1.1 CORPORATE INFORMATION

Santos Limited ("the Company") is a company limited by shares incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange ("ASX") and on Papua New Guinea's National Stock Exchange ("PNGX"). The condensed consolidated financial report of the Company for the six months ended 30 June 2022 ("the half-year financial report") comprises the Company and its controlled entities ("the Group"). Santos Limited is the ultimate parent entity of the Group.

The half-year financial report was authorised for issue in accordance with a resolution of the Directors on 16 August 2022.

1.2 BASIS OF PREPARATION

This general purpose half-year financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting* as issued by the Australian Accounting Standards Board (AASB), IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board (IASB) and the Australian *Corporations Act 2001* (Cth).

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the annual financial report.

It is recommended that the half-year financial report be read in conjunction with the annual financial report for the year ended 31 December 2021 and considered together with any public announcements made by the Company during the six months ended 30 June 2022, in accordance with the continuous disclosure obligations of the ASX listing rules.

The Group's half-year financial report is presented in United States dollars ("US$"), as that presentation currency most reliably reflects the global business performance of the Group as a whole and is more comparable with its peers.

The functional currency of the Parent and the majority of the subsidiaries is United States dollars.

Changes to significant accounting policies are described in Section 1.4.

1.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The significant accounting judgements, estimates and assumptions adopted in the half-year financial report are consistent with those applied in the preparation of the Group's annual financial report for the year ended 31 December 2021, except for those that have arisen as a result of new standards, amendments to standards and interpretations effective from 1 January 2022.

The half-year financial report has been prepared using a going concern basis of preparation and the Group continues to be able to pay its debts as they fall due.

Significant judgements, estimates and assumptions for the half-year ended 30 June 2022 include consideration to the COVID-19 pandemic, climate change and current climate-related legislation.

The carrying value of certain assets and liabilities have been measured with corporate assumptions which include the effects of the COVID-19 pandemic on energy market demand fundamentals. The impacts of COVID-19 will continue to be monitored.

The impacts of climate change include estimates of a range of economic and climate-related scenarios. This includes market supply and demand profiles, carbon emissions reduction profiles, legal impacts and technological impacts. These are factored into discount rates, commodity price forecasts, and demand and supply profiles, all of which are impacted by the global demand profile of the economy as a whole. A carbon price is included in Santos' economic modelling of projects and the portfolio as a whole. The estimates and forecasts used by the Group are in accordance with current climate-related legislation and policy.

The Group continues to monitor climate-related policy and its impact on the half-year financial report.

1.4 ACCOUNTING POLICIES

Significant accounting policies

The accounting policies adopted in the preparation of the half-year financial report are consistent with those applied in the preparation of the Group's annual financial report for the year ended 31 December 2021, except for new standards, amendments to standards and interpretations effective from 1 January 2022.

A number of standards, amendments and interpretations, were applicable for the first time in 2022. These have not had a significant or immediate impact on the Group's half-year condensed financial statements.

SECTION 2: FINANCIAL PERFORMANCE

This section focuses on the operating results and financial performance of the Group. It includes disclosures of segmental financial information and dividends.

2.1 SEGMENT INFORMATION

The Group has identified its operating segments to be the five key assets/operating areas of the Cooper Basin, Queensland & NSW, Papua New Guinea ("PNG"), Northern Australia & Timor-Leste, and Western Australia, based on the nature and geographical location of the assets, and other non-core assets. This is the basis on which internal reports are provided to the Chief Executive Officer for assessing performance and determining the allocation of resources within the Group.

Segment performance is measured based on earnings before interest, tax, impairment, depreciation and depletion, exploration and evaluation expensed and change in future restoration assumptions ("EBITDAX"). Corporate and exploration expenditure and inter-segment eliminations are included in the segment disclosure for reconciliation purposes.

US$million	Cooper Basin 2022	Queensland & NSW 2022	PNG 2022	Northern Australia & Timor-Leste 2022	Western Australia 2022	Corporate, exploration, eliminations & other 2022	Total 2022
Revenue							
Product sales to external customers	450	639	1,623	294	596	164	**3,766**
Inter-segment product sales[1]	69	46	–	–	1	(116)	**–**
Revenue – other from external customers	33	16	9	–	3	16	**77**
Total segment revenue	**552**	**701**	**1,632**	**294**	**600**	**64**	**3,843**
Costs							
Production costs	(71)	(41)	(143)	(78)	(111)	24	**(420)**
Other operating costs	(67)	(51)	(93)	–	(3)	(36)	**(250)**
Third-party product purchases	(250)	(98)	(3)	–	–	(80)	**(431)**
Inter-segment purchases[1]	(1)	(42)	–	–	–	43	**–**
Other	71	(1)	(30)	–	117	(168)	**(11)**
EBITDAX	**234**	**468**	**1,363**	**216**	**603**	**(153)**	**2,731**
Depreciation and depletion	(124)	(120)	(295)	(103)	(202)	(9)	**(853)**
Exploration and evaluation expensed	(3)	(3)	(34)	(12)	(36)	(15)	**(103)**
Net impairment loss	–	–	–	(2)	–	–	**(2)**
Change in future restoration assumptions	–	–	13	–	(33)	(3)	**(23)**
EBIT	**107**	**345**	**1,047**	**99**	**332**	**(180)**	**1,750**
Net finance costs						(120)	**(120)**
Profit before tax							**1,630**
Income tax expense						(413)	**(413)**
Royalty-related taxation expense	–	–	–	1	(51)	–	**(50)**
Net profit for the period							**1,167**

1. Inter-segment pricing is determined on an arm's length basis. Inter-segment sales and purchases are eliminated on consolidation.

2.1 SEGMENT INFORMATION (continued)

US$million	Cooper Basin 2021	Queensland & NSW 2021	PNG 2021	Northern Australia & Timor-Leste 2021	Western Australia 2021	Corporate, exploration, eliminations & other 2021	Total 2021
Revenue							
Product sales to external customers	409	348	261	383	500	139	2,040
Inter-segment product sales[1]	57	28	–	–	–	(85)	–
Revenue – other from external customers	41	7	3	–	4	17	72
Total segment revenue	507	383	264	383	504	71	2,112
Costs							
Production costs	(70)	(37)	(25)	(139)	(99)	(7)	(377)
Other operating costs	(48)	(57)	(21)	–	(2)	(37)	(165)
Third-party product purchases	(184)	(81)	(1)	–	–	(58)	(324)
Inter-segment purchases[1]	–	(28)	–	–	–	28	–
Other	6	3	(4)	42	(15)	(47)	(15)
EBITDAX	211	183	213	286	388	(50)	1,231
Depreciation and depletion	(141)	(124)	(70)	(70)	(203)	(6)	(614)
Exploration and evaluation expensed	(10)	(3)	–	(5)	(16)	(7)	(41)
Net impairment loss	–	(8)	–	–	–	–	(8)
Change in future restoration assumptions	–	–	–	–	20	–	20
EBIT	60	48	143	211	189	(63)	588
Net finance costs						(109)	(109)
Profit before tax							479
Income tax expense						(82)	(82)
Royalty-related taxation expense	–	–	–	(1)	(42)	–	(43)
Net profit for the period							354

[1]. Inter-segment pricing is determined on an arm's length basis. Inter-segment sales and purchases are eliminated on consolidation

2.2 REVENUE FROM CONTRACTS WITH CUSTOMERS

The Group's operations and main revenue streams are those described in the last annual financial report.

	30 June 2022 US$million	30 June 2021 US$million
Product sales:		
Gas, ethane and liquefied gas	**2,728**	1,452
Crude oil	**627**	312
Condensate and naphtha	**339**	203
Liquefied petroleum gas	**72**	73
Total product sales[1]	**3,766**	2,040

[1] Total product sales include third-party product sales of $538 million (2021: $429 million).

	30 June 2022 US$million	30 June 2021 US$million
Revenue – other:		
Pipeline tolls and tariffs	**40**	50
Unwind of acquired contract liabilities	**3**	3
Trading revenue	**13**	9
Other	**21**	10
Total revenue – other	**77**	72
Total revenue from contracts with customers	**3,843**	2,112

2.3 EXPENSES

	30 June 2022 US$million	30 June 2021 US$million
Cost of sales:		
Production expenses	**420**	377
Other operating costs:		
LNG plant costs	**46**	27
Pipeline tariffs, processing tolls and other	**73**	90
Movement on onerous pipeline contracts	**(1)**	(2)
Royalty and excise	**101**	46
Shipping costs	**31**	4
Total other operating costs	**250**	165
Total cash cost of production	**670**	542
Depreciation and depletion costs:		
Depreciation of plant, equipment and buildings	**457**	376
Depletion of subsurface assets	**396**	238
Total depreciation and depletion	**853**	614
Third-party product purchases	**431**	324
(Increase)/decrease in product stock	**(43)**	3
Total cost of sales	**1,911**	1,483
Other expenses:		
Selling	**6**	7
General and administration	**57**	25
Costs associated with acquisitions and disposals	**38**	2
Foreign exchange hedging losses/(gains)	**19**	(17)
Other foreign exchange losses/(gains)	**15**	(11)
Fair value losses on commodity derivatives (oil hedges)	**81**	56
Fair value hedges, gains on the hedging instrument	**(1)**	(1)
Exploration and evaluation expensed	**103**	41
Unwind of acquired contract assets	**53**	13
Other	**17**	4
Total other expenses	**388**	119

2.4 DIVIDENDS

Dividends are recognised as a liability at the time the Directors resolve to pay or declare the dividend.

Dividends recognised during the period	Franked/ unfranked	Dividend per share US¢	Total US$million
2022			
Final dividend per ordinary share – paid on 24 March 2022	Partially Franked	**8.5**	**288**
2021			
Final dividend per ordinary share – paid on 25 March 2021	Franked	5.0	104

Dividends declared in respect of the period:	Franked/ unfranked	Dividend per share US¢	Total US$million
2022			
Interim dividend per ordinary share	Unfranked	7.6	255

2.5 OTHER INCOME

	Note	30 June 2022 US$million	30 June 2021 US$million
Other income			
Gain on sale of non-current assets	2.6	**5**	24
Change in future restoration assumptions for non-producing assets		**(23)**	20
Other income associated with lease arrangements		**38**	22
Insurance recoveries		**12**	–
Overriding royalties		**6**	6
Realised pricing component of gas sales agreement		**93**	–
Fair value gain on embedded derivative		**57**	–
Fair value gain on electricity hedges		**34**	–
Total other income		**222**	72

2.6 DISPOSAL OF ASSETS

The Group finalised the sale of 12.5% of the Barossa project in April 2022 for net consideration of $320 million. The associated assets and liabilities were classified as held for sale in the 31 December 2021 annual financial report. The following assets and liabilities in relation to the Barossa project, were disposed of during the period resulting in a net $4 million gain.

Assets and liabilities disposed during the period	30 June 2022 US$million
Prepayments	**41**
Oil and gas assets	**288**
Assets	**329**
Other liabilities	**(13)**
Liabilities	**(13)**
Net assets disposed	**316**

2.7 ASSETS HELD FOR SALE

Non-current assets (or disposal group) are classified as held for sale and measured at the lower of their carrying amount and fair value less costs of disposal if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less cost of disposal. A gain is recognised for any subsequent increases in fair value less cost of disposal of an asset (or disposal group) but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Santos is in advanced discussions for the sale of a five per cent interest in the PNG LNG project. The PNG LNG project is an integrated development that includes gas production and processing facilities and is part of the PNG segment.

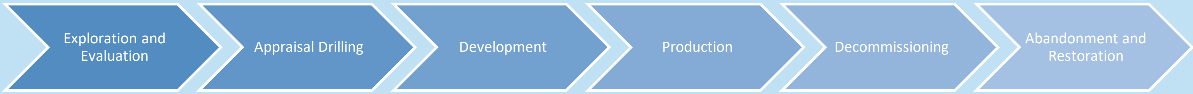
As completion of the sale is expected in the next 12 months, the associated assets and liabilities of the disposal group have been classified as held for sale as at 30 June 2022. No impairment of the assets occurred on classification to held for sale.

Assets and liabilities classified as held for sale	**30 June 2022 US$million**
Cash and cash equivalents	**71**
Trade and other receivables	**26**
Prepayments	**2**
Contract assets	**22**
Inventories	**9**
Exploration and evaluation assets	**14**
Oil and gas assets	**999**
Deferred tax assets	**12**
Goodwill	**127**
Assets classified as held for sale	**1,282**
Trade and other payables	**13**
Interest-bearing loans and borrowings	**344**
Provisions	**52**
Lease liabilities	**49**
Deferred tax liabilities	**262**
Other	**15**
Liabilities classified as held for sale	**735**
Net assets	**547**
Amounts included in equity:	
Foreign currency translation reserve	**49**
Reserves of the disposal group	**49**

SECTION 3: CAPITAL EXPENDITURE AND OPERATING ASSETS

This section includes information about the assets used by the Group to generate profits and revenue, specifically information relating to exploration and evaluation assets, oil and gas assets, and commitments for capital expenditure not yet recognised as a liability.

The life cycle of our assets is summarised as follows:



3.1 EXPLORATION AND EVALUATION ASSETS

	Note	**Six months ended** **30 June 2022 US$million**	31 December 2021 US$million	30 June 2021 US$million
Balance at the beginning of the period		**3,182**	1,013	1,818
Acquisitions		**–**	2,060	2
Additions		**141**	136	120
Expensed relating to unsuccessful wells		**(26)**	(18)	(7)
Impairment losses		**(2)**	–	(8)
Transfer to oil and gas assets in development	3.2	**(3)**	–	(841)
Transfer to oil and gas assets in production	3.2	**(7)**	(20)	(66)
Transfer to assets held for sale	2.7	**(14)**	–	–
Exchange differences		**–**	11	(5)
Balance at the end of the period		**3,271**	3,182	1,013
Comprising:				
Acquisition costs		**2,744**	2,726	653
Successful exploration wells		**384**	332	280
Pending determination of success		**143**	124	80
		3,271	3,182	1,013

3.2 OIL AND GAS ASSETS

	Note	Six months ended 30 June 2022 US$million	31 December 2021 US$million	30 June 2021 US$million
Assets in development				
Balance at the beginning of the period		**1,428**	957	140
Additions[1]		**305**	127	256
Acquisition		**–**	363	–
Disposals		**(30)**	–	–
Transfer from exploration and evaluation assets	3.1	**3**	–	841
Assets classified as held for sale	2.7	**(67)**	(19)	(280)
Exchange differences		**(2)**	–	–
Balance at the end of the period		**1,637**	1,428	957
Producing assets				
Balance at the beginning of the period		**16,649**	10,336	10,785
Additions[1]		**116**	819	132
Acquisition		**–**	6,186	–
Transfer from exploration and evaluation assets	3.1	**7**	20	66
Remeasurement of lease arrangements		**(5)**	(10)	(21)
Transfer from/(to) assets held for sale	2.7	**(932)**	(4)	4
Disposals		**–**	(4)	(3)
Depreciation and depletion		**(819)**	(646)	(614)
Impairment losses		**–**	–	–
Exchange differences		**(17)**	(48)	(13)
Balance at the end of the period		**14,999**	16,649	10,336
Total oil and gas assets[2]		**16,636**	18,077	11,293
Comprising:				
Exploration and evaluation expenditure pending commercialisation		**–**	15	11
Other capitalised expenditure		**16,636**	18,062	11,282
		16,636	18,077	11,293

1. Includes impact on restoration assets following changes in future restoration provision assumptions.
2. Includes impact of AASB 16 recognition of right-of-use assets.

3.3 COMMITMENTS FOR EXPENDITURE

The Group has the following commitments for expenditure for which no liabilities have been recorded in the financial statements as the goods or services have not been received, including commitments for non-cancellable lease arrangements where the lease term has not commenced.

	30 June 2022			31 December 2021		
US$million	**Capital**	**Minimum exploration**	**Leases**	Capital	Minimum exploration	Leases
Not later than one year	**322**	**120**	**268**	487	114	312
Later than one year but not later than five years	**496**	**282**	**417**	520	265	332
Later than 5 years	**–**	**162**	**1,428**	–	162	2,048
	818	**564**	**2,113**	1,007	541	2,692

SECTION 4: FUNDING AND RISK MANAGEMENT

Our business has exposure to capital, credit, liquidity and market risks. This section provides information relating to our management of, as well as our policies for, measuring and managing these risks.

4.1 INTEREST-BEARING LOANS AND BORROWINGS

During the period ended 30 June 2022, each syndicated and bilateral bank loan facility of Oil Search with an aggregate total limit of $825 million were cancelled in February 2022. The drawn portion of these facilities of $255 million were repaid with cash.

4.2 NET FINANCE COSTS

	Note	**30 June 2022 US$million**	30 June 2021 US$million
Finance income:			
Interest income		**10**	2
Total finance income		**10**	2
Finance costs:			
Interest paid to third parties		**(138)**	(101)
Finance costs associated with lease liabilities		**(17)**	(7)
Deduct borrowing costs capitalised		**67**	21
		(88)	(87)
Unwind of the effect of discounting on contract liabilities – deferred revenue		**(8)**	(8)
Unwind of the effect of discounting on provisions		**(34)**	(16)
Total finance costs		**(130)**	(111)
Net finance costs		**(120)**	(109)

4.3 ISSUED CAPITAL

	Six months ended					
	30 June 2022 Number of shares	31 December 2021 Number of shares	30 June 2021 Number of shares	**30 June 2022 US$million**	31 December 2021 US$million	30 June 2021 US$million
Movement in fully paid ordinary shares						
Balance at the beginning of the period	**3,386,921,635**	2,083,066,041	2,083,066,041	**15,030**	9,001	9,013
Issue of new shares	**–**	1,303,855,594	–	**–**	6,038	–
On-market shares purchased (Treasury shares)	**–**	–	–	**(24)**	(12)	(31)
On-market shares purchased (Share buy-back)	**–**	–	–	**(157)**	–	–
Utilisation of Treasury shares on vesting of employee share schemes	**–**	–	–	**25**	3	19
Treasury shares cancelled pursuant to on-market buy-back	**(28,102,410)**[1]	–	–	**–**	–	–
Balance at the end of the period	**3,358,819,225**	3,386,921,635	2,083,066,041	**14,874**	15,030	9,001

	30 June 2022 Number of shares	31 December 2021 Number of shares	30 June 2021 Number of shares
Movement in Treasury shares			
Balance at the beginning of the period	**9,637,233**	7,291,249	6,464,902
On-market shares purchased	**32,435,737**	2,750,000	5,500,000
Treasury shares cancelled pursuant to on-market buy-back	**(28,102,410)**	–	–
Treasury shares utilised:			
Santos Employee Share1000 Plan	**–**	(259,448)	–
Santos Employee ShareMatch Plan	**–**	(579,817)	–
Utilised on vesting of SARs	**(1,072,548)**	464,230	(504,036)
Executive STI (deferred shares)	**–**	–	(576,552)
Executive LTI (ordinary shares)	**(2,815,560)**	(28,457)	(3,604,952)
Santos Employee ShareMatch Plan (relinquished shares)	**1,527**	(524)	11,887
Balance at the end of the period	**10,083,979**	9,637,233	7,291,249

[1] Cancellation of share buy-backs per the new capital management framework (refer note 4.4)

4.4 FINANCIAL RISK MANAGEMENT

Exposure to foreign currency risk, interest rate risk, commodity price risk, credit risk and liquidity risk arises in the normal course of the Group's business. The Group's overall financial risk management strategy is to seek to ensure that the Group is able to fund its corporate objectives and meet its obligations to stakeholders. Derivative financial instruments may be used to hedge exposure to fluctuations in foreign exchange rates, interest rates and commodity prices.

The Group uses various methods to measure the types of financial risk to which it is exposed. These methods include cash flow at risk and sensitivity analysis in the case of foreign exchange, interest rate and commodity price risk, and ageing and credit rating concentration analysis for credit risk.

Financial risk management is carried out by a central treasury department ("Treasury") which operates under Board-approved policies. The policies govern the framework and principles for overall risk management and cover specific financial risks, such as foreign exchange risk, interest rate risk and credit risk, approved derivative and non-derivative financial instruments, and liquidity management.

A new capital management framework was introduced in April 2022. Santos' strategy is to maintain a disciplined, low-cost operating model that is designed to deliver strong cash flows through commodity price cycles. The new capital management framework seeks to maintain an appropriate capital structure that enables Santos to balance the allocation of capital between investment in the business, the development of strategic growth and clean energy projects, and the provision of sustainable returns to shareholders at higher commodity prices.

(a) Foreign currency risk

Foreign exchange risk arises from commercial transactions and valuations of assets and liabilities that are denominated in a currency that is not the entity's functional currency.

The Group is exposed to foreign currency risk principally through the sale of products, borrowings and capital and operating expenditure incurred in currencies other than the functional currency. In order to economically hedge foreign currency risk, the Group from time to time enters into forward foreign exchange, foreign currency swap and foreign currency option contracts.

The Group has certain investments in domestic and foreign operations whose net assets are exposed to foreign currency translation risk.

All borrowings are denominated in US dollars and are held by US dollar functional currency companies. As a result, there were no net foreign currency gains or losses arising from translation of US dollar-denominated borrowings recognised in the income statement in 2022.

Monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of an operation, are restated to functional currency at each period end, and the associated gain or loss is taken to the income statement. The exception is foreign exchange gains or losses on foreign currency provisions for restoration at operating sites that are capitalised in oil and gas assets. During the reporting period ended 30 June 2022, no new foreign exchange hedges were entered in to.

(b) Market risk

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from its borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group adopts a policy of ensuring that the majority of its exposure to changes in interest rates on borrowings is on a floating rate basis. Interest rate swaps have been entered into as fair value hedges of long-term notes. The swaps have maturities in 2022 and 2027 which aligned with the maturity of the related notes.

The Group's interest rate swaps have a notional contract amount of $227 million (31 December 2021: $227 million) and a fair value of $3 million (31 December 2021: $11 million). The fair value amounts were recognised as fair value derivative assets.

The long-term notes being hedged are recorded at fair value through profit and loss (FVTPL) and have a fair value of $230 million.

Commodity price risk

The Group is exposed to commodity price fluctuations through the sale of petroleum products and other oil price linked contracts. The Group may enter into oil price swap and option contracts to manage its commodity price risk.

At 30 June 2022, the Group has 3 million barrels of open oil price swap and option contracts (31 December 2021: 6 million), covering 2022 exposures, which are designated in cash flow hedge relationships. The contracts have a fair value of -$96 million which is recognised as a derivative liability.

During the reporting period ended 30 June 2022, the Group did not enter into any new oil hedge contracts.

Other derivatives

The Group hedges electricity prices through the use of forward electricity swaps. These contracts have maturity dates covering 2022 through to 2024. A fair value of $34 million (31 December 2021: nil) has been recognised as a derivative asset on these contracts. Hedge accounting was not adopted for these contracts as at 30 June 2022.

The Group has an embedded derivative within an existing gas sales contract which has been bifurcated from the sales contract and accounted for as a standalone derivative. The embedded derivative has a fair value of $57 million which is recognised as a derivative asset. This contract matures in October 2022.

4.4 FINANCIAL RISK MANAGEMENT (continued)

(c) Fair values

Fair value is the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market that is accessible by the Group for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability, that is accessible by the Group.

The financial assets and liabilities of the Group are all initially recognised in the statement of financial position at their fair values. Receivables, payables, interest-bearing liabilities and other financial assets and liabilities, which are not subsequently measured at fair value, are carried at amortised cost.

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments:

Derivatives

The fair value of interest rate swaps is calculated by discounting estimated future cash flows based on the terms of maturity of each contract, using market interest rates for a similar instrument at the reporting date.

The fair value of oil, electricity and ammonia derivative contracts is determined by estimating the difference between the relevant market prices and the contract strike price, for the notional volumes of the derivative contracts.

Financial liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Where these cash flows are in a foreign currency, the present value is converted to US dollars at the foreign exchange spot rate prevailing at the reporting date.

Valuation technique used for determining fair value

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities;
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly;
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

All of the Group's financial instruments were valued using the Level 2 valuation technique.

SECTION 5: OTHER

This section provides information that is not directly related to the specific line items in the financial statements, including information about contingent liabilities, events after the end of the reporting period, and changes to accounting policies and disclosures.

5.1 CONTINGENT LIABILITIES

There has been no material change to the contingent liabilities disclosed in the most recent annual financial report.

5.2 EVENTS AFTER THE END OF THE REPORTING PERIOD

On 16 August 2022, the Directors of Santos Limited declared an interim dividend of US7.6 cents per ordinary share in respect of the 2022 half-year period. Consequently, the financial effect of these dividends has not been brought to account in the half-year financial statements for the six months ended 30 June 2022.

On 16 August 2022, Santos and joint venture partner Repsol took a final investment decision to proceed with the Pikka Phase 1 development located in the State of Alaska with first oil expected in 2026.

Subsequent to reporting date of 30 June 2022, the Group acquired an additional 3,369,641 shares in Santos Limited for consideration of $17 million as part of its buyback program. The transactions were entered into prior to 30 June 2022 and accounted for on settlement date which occurred in early July 2022. In addition, on 16 August 2022, the Directors of Santos Limited approved the 2022 on-market share buyback for the six months to 30 June 2022 be increased by $100 million, from the $250 million which was announced in April 2022, to $350 million.

DIRECTORS' DECLARATION

FOR THE SIX MONTHS ENDED 30 JUNE 2022

In accordance with a resolution of the Directors of Santos Limited ("the Company"), we state that:

In the opinion of the Directors of the Company:

1. The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001* (Cth), including:

   (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2022 and of its performance for the half-year ended on that date; and

   (b) complying with the applicable Accounting Standards (including AASB 134 *Interim Financial Reporting*) and the *Corporations Regulations 2001* (Cth); and

2. There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated this 16th day of August 2022

On behalf of the Board:

K W Spence

Director

Ernst & Young
121 King William Street
Adelaide SA 5000 Australia
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Independent auditor's review report to the members of Santos Limited

Conclusion

We have reviewed the accompanying half-year financial report of Santos Limited (the Company) and its subsidiaries (collectively the Group), which comprises the condensed consolidated statement of financial position as at 30 June 2022, the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group does not comply with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2022 and of its consolidated financial performance for the half-year ended on that date; and

b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (*including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 30 June 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Building a better
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A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Ernst & Young

Ernst & Young

D S Lewsen
Partner

D A J Hall
Partner

Adelaide
16 August 2022

APPENDIX 4D
FOR THE SIX MONTHS ENDED 30 JUNE 2022

For ‘**Results for Announcement to the Market**’ refer to page 1 of this Half-year Report

NTA BACKING

	30 June 2022	**30 June 2021**
Net tangible asset backing per ordinary security	N/A	N/A

CHANGE IN OWNERSHIP OF CONTROLLED ENTITIES

Nil

DETAILS OF JOINT VENTURE AND ASSOCIATE ENTITIES

	Percent ownership interest held at the end of the period	
	30 June 2022	30 June 2021
	%	%
Joint venture and associate entities		
Darwin LNG Pty Ltd	**43.4**	43.4
GLNG Operations Pty Ltd	**30.0**	30.0
GLNG Property Pty Ltd	**–**	30.0
NiuPower Limited	**50.0**	–
NiuEnergy Limited	**50.0**	–

GLOSSARY

bbl or barrel
The standard unit of measurement for all oil and condensate production: one barrel equals 159 litres or 35 imperial gallons.

boe
Barrels of oil equivalent.

British Thermal Unit (Btu)
The quantity of heat required to raise the temperature of one pound of liquid water by 1 degree Fahrenheit at the temperature that water has its greatest density.

Capacity
When being used in the context of CO2 storage as per the SRMS, means those storable quantities of CO2 anticipated to be commercially stored by application of development projects from a given date forward under defined conditions. Capacity must satisfy four criteria: they must be discovered, storable, commercial, and remaining (as of a given date) on the basis of the development project(s) applied.

Carbon Capture and Storage (CCS)
Carbon Capture and Storage (CCS) is a process in which greenhouse gases, including carbon dioxide, methane and nitrous oxide, from industrial and energy-related sources are separated (captured), conditioned, compressed, transported and injected into a geological formation that provides safe and permanent storage deep underground.

Clean fuels
Refers to fuels which have the potential to materially reduce Scope 1, 2 and/or 3 greenhouse gas emissions. Hydrogen is an example of a clean fuel with no end-use combustion emissions and the potential for low Scope 1 and 2 emissions when produced from natural gas combined with CCS or when produced from renewable sources.

Cleaner energy / Cleaner fuels
Refer to energy sources that are used for power generation, transport, industrial processes or heating which have lower emissions of greenhouse gases or air pollutants (NOx, SOx and particulates) than other fuel sources. Natural gas is an example of a cleaner energy source/fuel, as it has lower greenhouse gas emissions than coal when used in power generation.

CO2
Carbon dioxide.

Company
Santos Ltd and all its subsidiaries.

Condensate
A mixture of hydrocarbons (mainly pentanes and heavier) that exist in the gaseous phase at original temperature and pressure of the reservoir, but when produced, are in the liquid phase at surface pressure and temperature conditions. Condensate differs from Natural Gas Liquids (NGLs) in two respects: (1) NGL is extracted and recovered in gas plants rather than lease separators or other lease facilities, and (2) NGL includes very light hydrocarbons (ethane, propane, or butanes) as well as the pentanes-plus that are the main constituents of condensate.

Critical fuels
Oil and natural gas, being hydrocarbon fuels that supply around 80 per cent of the world's primary energy supply. Hydrocarbon fuels are critical to meet current and forecast energy demand and to the manufacturing of everyday products.

Crude oil
Crude oil is the portion of petroleum that exists in the liquid phase in natural underground reservoirs and remains liquid at atmospheric conditions of pressure and temperature (excludes retrograde condensate). Crude oil may include small amounts of non-hydrocarbons produced with the liquids but does not include liquids obtained from the processing of natural gas.

Decarbonise
To decarbonise is the process of avoiding, reducing or offsetting anthropogenic greenhouse gas emissions through operational activities or efficiencies, technology deployment, use of generated or acquired carbon credit units, and/or other means.

EBITDAX
Earnings before interest, tax, depreciation and depletion, exploration and evaluation expensed, impairment and change in future restoration assumptions.

Emissions
Greenhouse gas emissions, unless otherwise specified.

Environmental approval
A consent, authorisation, licence or approval to undertake an activity that has the potential to impact the environment that aims to mitigate or manage impacts to as low as reasonably practicable (ALARP) and are acceptable over the lifecycle of the activity.

FEED
Front end engineering design.

FID
Final investment decision.

Gas
Natural gas.

Hydrocarbon
Compounds containing only the elements hydrogen and carbon, which may exist as solids, liquids or gases.

Information
Data in context with a particular meaning.

Joules
Joules are the metric measurement unit for energy.

Liquid hydrocarbons (liquids)
A sales product in liquid form; for example, condensate and LPG.

LNG
Liquefied natural gas. Natural gas that has been liquefied by refrigeration to store or transport it. Generally, LNG comprises mainly methane.

LPG
Liquefied petroleum gas. A mixture of light hydrocarbons derived from oil bearing strata that is gaseous at normal temperatures but that has been liquefied by refrigeration or pressure to store or transport it. Generally, LPG comprises mainly propane and butane.

m
Million.

mmboe
Million barrels of oil equivalent.

mmbbl
Million barrels.

mmBtu
Million British thermal units.

mtpa
Million tonnes per annum.

Net-zero emissions
Net-zero Scope 1 and Scope 2 greenhouse gas emissions; when referring to Santos, meaning Santos' net-zero equity share of these emissions.

Oil
A mixture of liquid hydrocarbons of different molecular weights.

PJ
Petajoules, 1 joule x 10^{15}.

Reserves

Those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of a given date) based on the development project(s) applied.

Sales gas

Natural gas that has been processed by gas plant facilities and meets the required specifications under gas sales agreements.

Santos

Santos Limited and its subsidiaries.

SRMS

CO2 Storage Resources Management System. The CO2 storage classification system sponsored by Society of Petroleum Engineers.

Sustainable / Sustainably

At Santos, sustainability is about striving to ensure safe operations, minimising environmental harm and greenhouse gas emissions, and creating long term value for our stakeholders including our customers, community, employees, partners and shareholders; balancing the needs of today without undermining the ability to meet the demands of tomorrow.

US$

US currency.

Conversion factors

Sales gas and ethane	1 PJ = 171.937 boe x 10^3
Crude oil	1 barrel = 1 boe
Condensate	1 barrel = 0.935 boe
LPG	1 tonne = 8.458 boe
LNG	1 PJ = 18,040 tonnes
LNG	1 tonne = 52.54 mmBtu

For a comprehensive online conversion calculator tool, please visit our homepage at **www.santos.com**

DISCLAIMER

This report contains forward-looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables which could cause actual results or trends to differ materially, including but not limited to: price fluctuations, actual demand, currency fluctuations, geotechnical factors, drilling and production results, gas commercialisation, development progress, operating results, engineering estimates, reserves estimates, loss of market, industry competition, environmental risks, carbon emissions reduction and associated technology risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries, approvals, conduct of joint venture participants and contractual counterparties and cost estimates. The forward-looking information in this report is based on management's current expectations and reflects judgements, assumptions, estimates and other information available as at the date of this document and/or the date of Santos' planning processes. Except as required by applicable regulations or by law, Santos does not undertake any obligation to publicly update or review any forward-looking statements, whether as a result of new information or future events. Forward-looking statements speak only as of the date of this report or the date planning process assumptions were adopted, as relevant. Our strategies and targets will adapt given the dynamic conditions in which we operate; it should not be assumed that any particular strategies, targets or implementation measures are inflexible or frozen in time. No representation or warranty, express or implied, is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forward-looking information contained in this report. Forward-looking statements do not represent guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond Santos' control, and which may cause actual results to differ materially from those expressed in the statements contained in this report.