

# Second Quarter Report

For period ending 30 June 2023

ASX: STO | PNGX: STO | ADR: SSLZY

# Santos

20 July 2023

## Robust sales revenue, production and free cash flow

- Sales revenue of US\$1.3 billion in the second quarter
- Second quarter production of 22.8 mmbœ was higher than the prior quarter primarily due to increased domestic gas volumes in Western Australia
- Successful start-up of Spartan project offshore Western Australia, supplying gas to the domestic market
- Bayu-Undan continuing to produce and expected to reach end of field life in the second half of 2023
- Free cash flow of around US\$400 million in the second quarter

## Strong balance sheet to deliver development projects

- Completed the US\$700 million buyback program. Approximately 139.1 million shares were purchased
- Barossa project now 66 per cent complete, excluding Darwin Pipeline Duplication project. Drilling activities remain suspended pending assessment and acceptance of the environment plan by the regulator NOPSEMA. Potential for drilling activities to recommence before the end of the year enabling project to remain on schedule for first production in 2025
- Commenced drilling first Pikka Phase 1 well, which will be used for cuttings disposal
- Net debt of \$4.1 billion and gearing at 21.9 per cent (18.2 per cent excluding operating leases) at 30 June

## Santos Energy Solutions focused on decarbonising the energy supply chain

- Moomba CCS project is 70 per cent complete with first injection expected Q1 2024. Moomba CCS is one of the lowest cost CCS project globally, targeting <US\$24 per tonne, lifecycle breakeven
- Construction of the first 0.25 tonnes per day Direct Air Capture unit complete with optimisation ongoing prior to field trials in the Cooper Basin, expected to commence in the second half of 2023
- Four MOUs executed to underpin potential CO2 supply to the Bayu-Undan CCS project. Volumes represent more than 10 mtpa CO2 injection capacity

Santos Managing Director and Chief Executive Officer Kevin Gallagher said “our underlying business remains strong and has continued to perform well in a volatile oil price environment. Santos has delivered another solid quarter of production and cash flow generation demonstrating the strength of our business and the benefits of a diversified portfolio.”

“Free cash flow of more than US\$1.1 billion in the first half positions the company well to deliver shareholder returns, backfill and sustain our existing business while also investing in our decarbonisation projects.”

“We were also pleased to see positive momentum for our Bayu-Undan CCS project. The Australian Government introduced legislation to the parliament to implement the London Protocol’s cross-border provisions for CO2 transport and storage and the Timor-Leste Government included approval of the necessary legislation and regulation to allow carbon capture and storage activity in the five year legislative program for its new national parliament. These are key regulatory milestones to enable Bayu-Undan CCS.”

“Santos has also advanced its low carbon fuels ambition, establishing a partnership with Osaka Gas to investigate the feasibility of carbon neutral e-methane made from green hydrogen in the Cooper Basin. E-methane is a low carbon, fuel that has the competitive advantage of being able to utilize existing infrastructure across the supply chain for natural gas,” Mr Gallagher said.

“Our disciplined operating model positions us to deliver on our strategy to backfill and sustain our existing infrastructure, decarbonise and develop future low carbon fuels as those markets develop.”

## Comparative performance

Santos share	Unit	Q2 2023	Q1 2023	Change	2023 YTD	2022 YTD	Change
Production	mmbœ	22.8	22.2	3%	45.0	51.5	-13%
Sales volume	mmbœ	23.3	23.8	-2%	47.1	55.7	-15%
Sales revenue	\$million	1,336	1,631	-18%	2,967	3,766	-21%
Capital expenditure <sup>1</sup>	\$million	572	564	1%	1,136	889	28%

<sup>1</sup>Capital expenditure including restoration expenditure but excluding capitalised interest.

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## Sales volumes

Product	Unit	Q2 2023	Q1 2023	Q2 2022	2023 YTD	2022 YTD
LNG	000 t	1,332.8	1,407.3	1,393.9	2,740.1	2,935.7
Domestic sales gas & ethane	PJ	44.3	40.1	56.5	84.4	107.3
Crude oil	000 bbls	1,340.3	2,068.5	2,658.4	3,408.8	5,389.3
Condensate	000 bbls	1,411.5	1,462.1	1,636.4	2,873.6	3,262.0
LPG	000 t	36.6	8.9	42.3	45.5	93.4
Sales						
Own product	mmboe	20.4	19.7	22.8	40.1	46.7
Third-party	mmboe	2.9	4.1	4.8	7.0	9.0
<b>Total sales volume</b>	<b>mmboe</b>	<b>23.3</b>	<b>23.8</b>	<b>27.6</b>	<b>47.1</b>	<b>55.7</b>

Second quarter sales volumes were lower than the prior quarter due to lower LNG volumes primarily due to seasonal shaping at GLNG ensuring more domestic volumes were available to customers during colder periods and lower crude oil and condensate volumes due to the timing of liftings, offset by higher domestic gas sales in Western Australia.

## Sales revenues

Product	Unit	Q2 2023	Q1 2023	Q2 2022	2023 YTD	2022 YTD
LNG	\$million	838	1,069	1,073	1,907	2,189
Domestic sales gas & ethane	\$million	270	264	287	534	539
Crude oil	\$million	111	181	318	292	627
Condensate	\$million	97	110	169	207	339
LPG	\$million	20	7	32	27	72
Sales						
Own product	\$million	1,186	1,391	1,596	2,577	3,228
Third-party	\$million	150	240	283	390	538
<b>Total sales revenue</b>	<b>\$million</b>	<b>1,336</b>	<b>1,631</b>	<b>1,879</b>	<b>2,967</b>	<b>3,766</b>
Third-party purchase costs	\$million	88	148	223	236	431

Second quarter sales revenues were lower than the prior quarter primarily due to lower LNG sales volumes, and lower commodity prices for all products.

## Average realised prices

Product	Unit	Q2 2023	Q1 2023	Q2 2022	2023 YTD	2022 YTD
LNG price	US\$/mmBtu	11.96	14.46	14.66	13.24	14.19
Domestic gas price	US\$/GJ	6.11	6.59	5.08	6.34	5.02
<i>East coast domestic<sup>1</sup></i>	US\$/GJ	7.97	8.47	6.60	8.22	6.49
<i>West coast domestic</i>	US\$/GJ	4.87	5.02	4.09	4.94	4.09
Crude oil price	US\$/bbl	82.91	87.59	119.55	85.75	116.28
Condensate price	US\$/bbl	68.61	75.30	102.95	72.01	103.79
LPG price	US\$/t	540.48	763.79	774.78	584.16	775.70

<sup>1</sup> Q2 2023 US\$5.79/GJ for Santos equity volumes and US\$13.96/GJ for third-party volumes.

The average realised LNG price was lower than the prior quarter, reflecting the link of sales contracts to a lower lagged Japan Customs-cleared Crude (JCC) price and lower average JKM spot prices. Three-month lagged JCC averaged US\$87/bbl in the second quarter of 2023 compared to US\$100/bbl in the first quarter. Santos' LNG projects shipped 53 cargoes in the second quarter, of which eight were sold on a JKM-linked basis (Darwin LNG 3, PNG LNG 5). The second quarter east coast domestic gas price is skewed by third-party gas trading activities, which facilitate the supply to customers. Santos recovers a portion of committed transport costs for this traded gas. These third-party volumes were contracted in 2022 prior to implementation of the Government's Emergency Price Order.

## Production by asset

Asset	Unit	Q2 2023	Q1 2023	Q2 2022	2023 YTD	2022 YTD
Western Australia	mmboe	5.5	4.7	7.0	10.2	13.5
Cooper Basin	mmboe	3.3	3.3	3.5	6.6	7.0
Queensland & NSW	mmboe	3.5	3.4	3.5	6.9	6.9
PNG	mmboe	9.7	10.1	10.4	19.8	21.0
Northern Australia & Timor-Leste	mmboe	0.8	0.7	1.1	1.5	3.1
<b>Total production</b>	<b>mmboe</b>	<b>22.8</b>	<b>22.2</b>	<b>25.5</b>	<b>45.0</b>	<b>51.5</b>

## Production by product

Product	Unit	Q2 2023	Q1 2023	Q2 2022	2023 YTD	2022 YTD
Sales gas to LNG plant	PJ	69.8	71.1	78.6	140.9	160.5
Domestic sales gas & ethane	PJ	44.0	39.6	49.1	83.6	95.9
Crude oil	000 bbls	1,915.0	1,775.0	1,881.6	3,690.0	4,015.9
Condensate	000 bbls	1,170.6	1,168.2	1,414.9	2,338.8	2,928.7
LPG	000 t	32.4	30.3	35.6	62.7	76.1
<b>Total production</b>	<b>mmboe</b>	<b>22.8</b>	<b>22.2</b>	<b>25.5</b>	<b>45.0</b>	<b>51.5</b>

Second quarter production was three per cent higher than prior quarter primarily due to increased domestic gas and oil volumes in Western Australia.

A data worksheet containing unaudited quarterly sales, revenue, production and capital expenditure tables in Excel format is available on Santos' website.

## 2023 Guidance

Production volume guidance range narrowed to 89 to 93 mmboe and sales volume guidance is unchanged. Capital expenditure for major projects in 2023 is reduced from ~\$1.8 billion to ~\$1.5 to \$1.6 billion due to phasing of spend. Depreciation, depletion and amortisation (DD&A) is expected to be around ~\$1.9 billion in 2023.

2023 production, sales and cost guidance includes PNG LNG at a 42.5 per cent working interest. Guidance will be revised once the expected sell-down of the five per cent interest has completed.

2023 Guidance item	Previous Guidance	Updated Guidance
Production	89-96 mmboe	89-93 mmboe
Sales volumes	90-100 mmboe	Unchanged
Capital expenditure – sustaining including decommissioning	~\$1.2 billion	Unchanged
Capital expenditure – major projects including Santos Energy Solutions	~\$1.8 billion	~\$1.5 to \$1.6 billion
Upstream production costs	\$7.25-7.75/boe <sup>1</sup>	Unchanged
Depreciation, depletion and amortisation	na	~\$1.9 billion

<sup>1</sup> Excludes Bayu-Undan.

## 2023 Half-year results

Santos will release its results for the half-year ended 30 June 2023 on Wednesday 23 August 2023. The first-half report (incorporating Appendix 4D) and associated investor presentation will be available on Santos' website at [www.santos.com](http://www.santos.com). A webcast briefing including investor/analyst questions will also be available on Santos' website from 11:00am AEST on 23 August 2023. Financial information included in this report is unaudited and subject to finalisation of the company's accounting and audit processes, and Board review. As such, actual results for the half-year ended 30 June 2023 may differ from the information given in this report.

## Western Australia

Santos share	Unit	Q2 2023	Q1 2023	Q2 2022	2023 YTD	2022 YTD
<b>Sales volume</b>						
Sales gas	PJ	26.5	21.9	34.8	48.4	66.2
Condensate	000 bbls	273.4	306.5	277.6	579.9	471.9
Crude oil	000 bbls	426.0	989.6	808.7	1,415.6	2,232.8
<b>Total sales volume</b>	<b>mmboe</b>	<b>5.2</b>	<b>5.0</b>	<b>7.1</b>	<b>10.2</b>	<b>14.1</b>
<b>Total sales revenue</b>	<b>\$million</b>	<b>182</b>	<b>220</b>	<b>277</b>	<b>402</b>	<b>597</b>
<b>Production</b>						
Sales gas	PJ	25.7	22.2	34.7	47.9	65.1
Condensate	000 bbls	229.2	164.6	243.6	393.8	502.9
Crude oil	000 bbls	920.6	746.2	837.4	1,666.8	1,847.2
<b>Total production</b>	<b>mmboe</b>	<b>5.5</b>	<b>4.7</b>	<b>7.0</b>	<b>10.2</b>	<b>13.5</b>
Capital expenditure	\$million	54	86	94	140	183

### Upstream Gas and Liquids

The Spartan development achieved first gas this quarter, contributing to the higher domestic gas sales and associated liquids. The Reindeer field continued to produce intermittently through the quarter to manage water levels at the Devil Creek facility as the field reaches end of life, which is expected in 2023/early 2024.

Pyrenees Phase 4 infill was successfully brought online, contributing to increased oil production. Oil sales volumes were lower than the prior quarter due to the timing of crude and condensate liftings.

### Santos Energy Solutions

Multiple feasibility studies evaluating opportunities to capture and transport CO2 emissions from local industrial and international sources for long term storage in a number of Santos' gas reservoirs (including the depleted Reindeer field) have progressed during the quarter. Santos is actively engaging and collaborating with several nearby large emitters and international industrial groups to support concept development of decarbonisation solutions for a range of heavy industries.

## Cooper Basin

Santos share	Unit	Q2 2023	Q1 2023	Q2 2022	2023 YTD	2022 YTD
<b>Sales volume</b>						
Sales gas and ethane <sup>1</sup>	PJ	14.3	13.2	14.1	27.5	29.1
Condensate <sup>1</sup>	000 bbls	260.4	165.8	207.0	426.2	604.6
LPG <sup>1</sup>	000 t	36.7	8.5	42.3	45.2	80.9
Crude oil						
Own product	000 bbls	578.0	644.3	591.0	1,222.3	1,062.0
Third-party	000 bbls	-	-	778.8	-	1,125.6
Total	000 bbls	578.0	644.3	1,369.8	1,222.3	2,187.6
<b>Total sales volume</b>	<b>mmboe</b>	<b>3.6</b>	<b>3.1</b>	<b>4.3</b>	<b>6.7</b>	<b>8.4</b>
<b>Total sales revenue</b>	<b>\$million</b>	<b>167</b>	<b>153</b>	<b>282</b>	<b>320</b>	<b>519</b>
<b>Production</b>						
Sales gas and ethane	PJ	13.9	13.1	14.3	27.0	28.8
Condensate	000 bbls	156.7	184.8	226.4	341.5	441.4
LPG	000 t	28.3	25.8	29.2	54.1	60.6
Crude oil	000 bbls	553.0	609.5	543.8	1,162.5	1,121.9
<b>Total production</b>	<b>mmboe</b>	<b>3.3</b>	<b>3.3</b>	<b>3.5</b>	<b>6.6</b>	<b>7.0</b>
Capital expenditure	\$million	134	116	88	250	161

<sup>1</sup> Sales volumes include own product and third-party volumes.

### Upstream Gas and Liquids

Cooper Basin production was maintained quarter on quarter. The gas production improvement was driven by Big Lake startup despite planned maintenance outage at Moomba Plant in the same quarter. Oil production decreased due to wet weather impacts on oil trucking road accessibility.

29 wells were drilled, and 28 new gas wells were connected across the Cooper Basin in the second quarter, bringing the year-to-date wells drilled at 62 with 54 new wells connected (47 gas and 7 oil).

### Santos Energy Solutions

Execution of the Moomba CCS project continued throughout the quarter with 70 per cent of works completed. Site works are continuing with several important milestones achieved in the quarter including: compressor and gas turbine arrival at site, major concrete foundations laid, second CO2 train tie-in complete and construction & pre-commissioning complete on the pipeline.

Power generation construction for Phase 1 of the Moomba Electrification project is now more than 50 per cent complete with energisation of the system and compressor commissioning to commence in the second half.

The first 0.25 tonnes per day Direct Air Capture (DAC) unit for the Cooper Basin was successfully commissioned during the quarter with optimisation underway in preparation for transport to Moomba for field trials.

## Queensland & NSW

Santos share	Unit	Q2 2023	Q1 2023	Q2 2022	2023 YTD	2022 YTD
<b>Sales volume</b>						
GLNG Joint Venture						
LNG	000 t	385.2	474.6	438.4	859.8	885.3
Domestic contracts	PJ	2.0	0.2	1.2	2.2	1.6
Eastern Qld (non-GLNG) <sup>1</sup>	PJ	3.6	4.0	4.1	7.6	8.1
<b>Total sales volume<sup>2</sup></b>	<b>mmboe</b>	<b>4.6</b>	<b>5.2</b>	<b>5.1</b>	<b>9.8</b>	<b>10.0</b>
<b>Total sales revenue<sup>2</sup></b>	<b>\$million</b>	<b>289</b>	<b>371</b>	<b>310</b>	<b>660</b>	<b>685</b>
<b>Production</b>						
GLNG Joint Venture						
	PJ	15.8	15.4	15.6	31.2	31.1
Eastern Qld (non-GLNG) <sup>1</sup>	PJ	4.2	3.9	4.1	8.1	8.2
NSW	PJ	0.4	0.4	0.4	0.8	0.7
<b>Total production<sup>2</sup></b>	<b>mmboe</b>	<b>3.5</b>	<b>3.4</b>	<b>3.5</b>	<b>6.9</b>	<b>6.9</b>
Capital expenditure	\$million	70	53	48	123	80

<sup>1</sup> Combabula, Scotia (Santos legacy domestic volumes), and Spring Gully.

<sup>2</sup> Total sales volume, sales revenue and production include sales gas from NSW assets.

GLNG operational data (gross)	Unit	Q2 2023	Q1 2023	Q2 2022	2023 YTD	2022 YTD
Sales gas to domestic market <sup>1</sup>	PJ	19	8	14	30	25
LNG produced <sup>2</sup>	000 t	1,263	1,546	1,455	2,809	2,975
Sales gas to LNG plant						
GLNG equity gas	PJ	44	53	53	97	106
Santos portfolio gas	PJ	14	14	13	28	26
Third-party	PJ	18	26	21	44	47
<b>Total sales gas to LNG plant</b>	<b>PJ</b>	<b>76</b>	<b>93</b>	<b>88</b>	<b>169</b>	<b>179</b>
LNG cargoes shipped		22	27	25	49	50

<sup>1</sup> Includes APLNG equity share of Fairview, Arcadia and Roma East.

<sup>2</sup> Includes LNG produced from GLNG equity gas, Santos portfolio gas and third-party quantities.

Gross GLNG operated upstream gas production increased by 10TJ/d to an average rate of 692 TJ/day for the quarter. In the Scotia field, production has continued to increase quarter on quarter through new wells online with an average production rate of 87 TJ/d. Fairview has increased to consistently deliver above 306 TJ/d. Arcadia and Roma continue to remain steady at rates of 100TJ/d and just below 200 TJ/d, respectively.

LNG production was lower than the previous quarter due to seasonal shaping of the project's domestic gas commitment, which ensures that the east coast domestic gas market is adequately supplied. GLNG has committed to swap 18 PJs (gross) of gas into the domestic market over the second and third quarters of 2023 and they are on track to achieve this. Over the course of the year, the number of cargoes shipped are seasonally shaped to be higher in the first and fourth quarters and lower in the second and third quarters. Based on current shipping plans, LNG production is expected to remain around 6 mtpa for the full-year.

87 wells were drilled, and 142 wells were connected across the GLNG acreage in the second quarter bringing YTD totals to 190 drills and 209 new connections.

The Arcadia Valley Phase 2 project continued to progress with 113 wells drilled out of a total of around 200 wells. The gas compression facility installation continues to progress.

Santos' share of non-operated Eastern Queensland production was consistent with the prior quarter.

In December 2022, the Narrabri Gas Project received positive determination from the National Native Title Tribunal. A Notice of Appeal was received in January 2023 and will be heard by the Federal Court, in August 2023. Santos is progressing land access agreements and environmental surveys to finalise the pipeline route and planning has commenced for construction activity.

## PNG

Santos share	Unit	Q2 2023	Q1 2023	Q2 2022	2023 YTD	2022 YTD
<b>Sales volume</b>						
PNG LNG						
LNG <sup>1</sup>	000 t	876.3	869.2	853.5	1,745.5	1,766.9
Condensate	000 bbls	680.8	903.9	916.4	1,584.7	1,791.2
Crude oil	000 bbls	336.3	434.5	483.5	770.8	972.5
<b>Total sales volume</b>	<b>mmboe</b>	<b>9.4</b>	<b>9.7</b>	<b>9.5</b>	<b>19.1</b>	<b>19.6</b>
<b>Total sales revenue</b>	<b>\$million</b>	<b>649</b>	<b>806</b>	<b>864</b>	<b>1,455</b>	<b>1,623</b>
<b>Production</b>						
PNG LNG <sup>1</sup>						
Sales gas to LNG <sup>2</sup>	PJ	50.5	52.4	53.2	102.9	107.2
Condensate	000 bbls	643.0	681.0	773.3	1,324.0	1,616.1
Crude oil	000 bbls	441.5	419.3	500.4	860.8	1,046.8
<b>Total production</b>	<b>mmboe</b>	<b>9.7</b>	<b>10.1</b>	<b>10.4</b>	<b>19.8</b>	<b>21.0</b>
Capital expenditure	\$million	106	94	85	200	133

<sup>1</sup> Includes SE Gobe.

PNG LNG operational data (gross)	Unit	Q2 2023	Q1 2023	Q2 2022	2023 YTD	2022 YTD
<b>Production</b>						
LNG	000 t	2,066	2,136	2,110	4,203	4,275
Sales gas to LNG plant	PJ	122	125	124	246	252
Condensate <sup>1</sup>	000 bbls	1,512	1,601	1,878	3,113	3,860
Sales gas (SE Gobe) <sup>2</sup>	PJ	5	5	2	10	5
LNG cargoes shipped		28	28	28	55	56

<sup>1</sup> Measured at the Kutubu entry point.

<sup>2</sup> Purchased by PNG LNG.

Steady production at PNG LNG was maintained with scheduled rate reduction downtime work completed seven days earlier than planned (reduction from 36 to 29 days). In the second quarter, 28 cargoes were shipped including 5 spot cargoes.

Strong oil and gas production rates continued from the Santos-operated fields due to improved compression reliability and field performance. The Central Processing Facility underwent planned maintenance activities during the quarter aligned with the PNG LNG maintenance rate reduction.

As previously announced, Santos has extended the period of acceptance to 31 August 2023 for the binding conditional offer from Kumul Petroleum Holdings Limited to acquire a five per cent project interest in PNG LNG for an asset value US\$1.4 billion, including a proportionate share of project finance debt of approximately US\$0.3 billion. For further information, refer to Santos' ASX release of 1 May 2023.

During the quarter, Papua LNG made official applications of petroleum licenses to the Department of Petroleum and Energy.

## Northern Australia & Timor-Leste

Santos share	Unit	Q2 2023	Q1 2023	Q2 2022	2023 YTD	2022 YTD
<b>Sales volume</b>						
Darwin LNG						
LNG	000 t	71.3	63.4	101.9	134.7	283.5
Bayu-Undan						
Condensate	000 bbls	199.3	133.2	235.8	332.5	395.0
LPG	000 t	-	0.4	-	0.4	12.6
<b>Total sales volume</b>	<b>mmboe</b>	<b>0.9</b>	<b>0.7</b>	<b>1.2</b>	<b>1.6</b>	<b>3.2</b>
<b>Total sales revenue</b>	<b>\$million</b>	<b>40</b>	<b>43</b>	<b>115</b>	<b>83</b>	<b>294</b>
<b>Production</b>						
Darwin LNG						
Sales gas to LNG	PJ	3.5	3.3	5.7	6.8	15.5
Bayu-Undan						
Condensate	000 bbls	141.7	137.9	171.6	279.6	368.3
LPG	000 t	4.2	4.5	6.3	8.7	15.4
<b>Total production</b>	<b>mmboe</b>	<b>0.8</b>	<b>0.7</b>	<b>1.1</b>	<b>1.5</b>	<b>3.1</b>
Capital expenditure	\$million	97	125	118	222	284

DLNG operational data (gross)	Unit	Q2 2023	Q1 2023	Q2 2022	2023 YTD	2022 YTD
<b>Production</b>						
LNG	000 t	134	140	292	274	836
Sales gas to LNG plant	PJ	9	9	18	19	52
Condensate	000 bbls	431	482	688	913	1,501
LPG	000 t	12	14	22	26	55
LNG cargoes shipped		3	1	5	4	12

### Upstream Gas and Liquids

The Bayu-Undan field continued to produce through the second quarter. Gross gas and liquids production was more than last quarter, as a result of increased plant uptime. Production is anticipated to cease in second half 2023.

The Barossa gas and condensate project to backfill Darwin LNG is 60 per cent complete, including DPD (66 per cent excluding DPD). The FPSO hull has been floated whilst fabrication of the FPSO topsides modules continues to plan. Fabrication of subsea hardware manufacture and planning of the gas pipeline and subsea campaigns are all progressing well. Successful settlement discussions for the Barossa FID contingent payment resulted in a ~US\$200 million payment for the quarter which had been previously provided for.

The Barossa drilling operations remain suspended with the drill rig on standby off the coast of Darwin as Santos works to secure the requisite approvals to recommence work. Assuming regulatory approval for the EP is obtained, there is potential for drilling activities to recommence before the end of the year. In addition, Santos is implementing the requirements of a General Direction from the regulator to further investigate potential First Nations underwater cultural heritage along the pipeline route.

Assuming that drilling re-commences before end 2023 and that the gas export pipeline commences installation in 2023, the Barossa project remains on target to commence production in the first half 2025 and within current cost guidance.

### Santos Energy Solutions

Four MOUs for the proposed storage of CO<sub>2</sub> emissions from third parties at the Bayu-Undan CCS project were signed during the quarter, underpinning initial project development. The MOUs indicate that demand for CO<sub>2</sub> storage at Bayu-Undan CCS could be in excess of 10 million tonnes per annum. Feasibility studies evaluating international CO<sub>2</sub> import via ship for injection at Bayu-Undan continued during the quarter. Engagement with the Timor-Leste and Australian governments on regulatory and commercial frameworks continued throughout the quarter.



## Corporate, exploration and eliminations (including Alaska)

Santos share	Unit	Q2 2023	Q1 2023	Q2 2022	2023 YTD	2022 YTD
<b>Total sales volume</b>	<b>mmboe</b>	<b>(0.4)</b>	<b>0.1</b>	<b>0.4</b>	<b>(0.3)</b>	<b>0.4</b>
<b>Total sales revenue</b>	<b>\$million</b>	<b>9</b>	<b>38</b>	<b>31</b>	<b>47</b>	<b>48</b>
Capital expenditure	\$million	111	90	20	201	48

Sales volumes and revenues in the corporate segment represent gas trading activities.

The Pikka Phase 1 project is progressing to plan and remains on schedule and on budget, targeting first production in 2026. All major drilling, fabrication and construction contracts are in place. On-site 2022/23 winter construction activities, including gravel work for road, pad and pipeline crossings, has been completed. All pipeline orders have been placed, materials are being delivered and fabrication is underway for the upcoming 2023/24 winter construction season. Fabrication activities for fluid processing, seawater treatment, drill site, camp and grind and inject facilities are all progressing to meet the first production target. The drill rig was successfully moved from Deadhorse to the drill site in May, and drilling of the first well, which will be used for cuttings disposal, commenced in June.

## Capital expenditure

Total exploration, evaluation and development expenditure is summarised in the table below.

\$million	Q2 2023	Q1 2023	Q2 2022	2023 YTD	2022 YTD
<b>Capital expenditure</b>					
Exploration	15	30	60	45	119
Evaluation	34	28	38	62	80
Development and other capex (incl restoration)	523	506	355	1,029	690
<b>Capital expenditure excl capitalised interest</b>	<b>572</b>	<b>564</b>	<b>453</b>	<b>1,136</b>	<b>889</b>
Capitalised interest	54	43	37	97	67
<b>Total capital expenditure</b>	<b>626</b>	<b>607</b>	<b>490</b>	<b>1,233</b>	<b>956</b>
<b>Exploration and evaluation expensed</b>					
Exploration	19	25	56	44	92
Evaluation	2	3	2	5	11
<b>Total current year expenditure</b>	<b>21</b>	<b>28</b>	<b>58</b>	<b>49</b>	<b>103</b>
Write-off of amounts capitalised in prior years	-	-	-	-	-
<b>Total expensed</b>	<b>21</b>	<b>28</b>	<b>58</b>	<b>49</b>	<b>103</b>

Capital expenditure in the second quarter comprised US\$254 million sustaining capital (including \$16 million for restoration costs) and US\$318 million for major projects.

## Oil price hedging

Santos currently has no oil hedging in place for 2023 or future years.

## On-market share buyback

The US\$700 million buyback program, announced in 2022, is complete. Approximately 139.1 million shares, equating to 4.1 per cent of issued capital, were acquired at an average price of A\$7.47 per share.

## Seismic activity

No acquisition activities were undertaken in Q2 2023 however planning for the Eastern Expedition 2D, ATP 2056 2D and ATP 2052/2054 2D (Bowen Basin) seismic surveys is well advanced in anticipation of Q2/Q3 2023 acquisition. The objective of the Eastern Expedition 2D is to delineate the presence of local faulting within the Bandanna Coals to assist the upcoming horizontal drilling campaign; ATP 2056 survey is to improve understanding and evaluation of Bowen Tight Gas potential; ATP 2052/2054 survey is primarily aimed at evaluating the CSG potential within the area while also appraising the potential of the Bowen Tight Gas play. Processing of the Bando 2D (Gunnedah Basin) is complete and processing of the Hector 3D (Cooper Basin) is ongoing.

## Drilling summary

### Exploration / Appraisal wells

Cooper Basin gas			
Well name	Area	Santos	Well status
Tigon 1	QLD	60.0625%	P&A, unsuccessful

Cooper Basin gas			
Well name	Area	Santos	Well status
Tirrawarra 104	SA	66.60%	P&A, unsuccessful
Tirrawarra 105	SA	66.60%	C&S, successful
Cuisinier 31	QLD	85.00%	C&S, successful
Cuisinier 32	QLD	85.00%	C&S, successful
Cuisinier 33	QLD	85.00%	C&S, successful
Cuisinier 34	QLD	85.00%	C&S, successful

### Development wells

Cooper Basin gas			
Well name	Area	Santos	Well status
Arrakis 2	SA	66.60%	P&A, unsuccessful
Big Lake 169	SA	66.60%	C&S, successful
Big Lake 170	SA	66.60%	C&S, successful
Big lake 171	SA	66.60%	C&S, successful
Dorodillo 5	SA	66.60%	C&S, successful
Dorodillo 7	SA	66.60%	C&S, successful
Dorodillo 8	SA	60.0%	C&S, successful
Dullingari North 26	SA	66.60%	C&S, successful
Dullingari North 27	SA	66.60%	C&S, successful
Moomba 297	SA	66.60%	C&S, successful
Moomba 298	SA	66.60%	C&S, successful
Moomba 299	SA	66.60%	C&S, successful
Moomba 300	SA	66.60%	C&S, successful
Moomba 301	SA	66.60%	C&S, successful
Moomba 305	SA	66.60%	C&S, successful
Napowie 11	SA	66.60%	C&S, successful
Napowie 12	SA	66.60%	C&S, successful
Tirrawarra 107	SA	66.60%	C&S, successful
Merupa 4	SA	66.6%	C&S, successful
Merupa 5	SA	66.6%	C&S, successful
Big Lake 172	SA	66.6%	C&S, successful
Winninia North 5	QLD	60.06%	C&S, successful

Papuan Basin oil			
Well name	Area	Santos	Well status
IDT 26	Southern Highlands	60.05%	C&C, successful

Alaska oil			
Well name	Area	Santos	Well status
DW-02*	Pikka	51.0%	Drilling

\*Cuttings disposal well.

Queensland GLNG gas			
Well name	Area	Santos	Well status
Castle Hill 89	QLD	23.87%	C&S, successful
FV06-55-1	QLD	22.85%	C&S, successful
FV06-57-1	QLD	22.85%	C&S, successful
FV06-59-1	QLD	22.85%	C&S, successful
FV06-60-1	QLD	22.85%	C&S, successful
FV07-51-1	QLD	22.85%	C&S, successful
FV17-26-2	QLD	22.85%	C&S, successful
FV17-65-1	QLD	22.85%	C&C, successful
FV17-66-1	QLD	22.85%	C&S, successful
FV17-67-1	QLD	22.85%	C&C, successful
FV17-68-1	QLD	22.85%	C&C, successful
FV17-69-1	QLD	22.85%	C&C, successful

FV17-70-1	QLD	22.85%	C&S, successful	RM13-71-1	QLD	30.00%	C&S, successful
FV17-71-1	QLD	22.85%	C&S, successful	RM13-85-1	QLD	30.00%	C&S, successful
FV17-73-1	QLD	22.85%	C&C, successful	RM13-86-1	QLD	30.00%	C&S, successful
FV17-74-1	QLD	22.85%	C&C, successful	RM13-89-1	QLD	30.00%	C&S, successful
FV17-75-1	QLD	22.85%	C&C, successful	RM14-36-1	QLD	30.00%	C&S, successful
FV17-76-1	QLD	22.85%	C&C, successful	RM16-26-1	QLD	30.00%	C&S, successful
FV17-77-1	QLD	22.85%	C&C, successful	RM17-08-1	QLD	30.00%	C&S, successful
FV17-78-1	QLD	22.85%	C&C, successful	RM17-09-1	QLD	30.00%	C&S, successful
FV17-82-1	QLD	22.85%	C&C, successful	RM17-10-1	QLD	30.00%	C&S, successful
FV18-06-4	QLD	22.85%	C&C, successful	RM17-11-1	QLD	30.00%	C&S, successful
FV18-86-1	QLD	22.85%	C&C, successful	RM17-12-1	QLD	30.00%	C&S, successful
FV18-87-1	QLD	22.85%	C&C, successful	RM17-13-1	QLD	30.00%	C&S, successful
FV18-97-1	QLD	22.85%	C&C, successful	RM17-19-1	QLD	30.00%	C&S, successful
RM07-90-1	QLD	30.00%	C&S, successful	RM17-20-1	QLD	30.00%	C&S, successful
RM08-105-1	QLD	30.00%	C&S, successful	RM17-21-1	QLD	30.00%	C&S, successful
RM08-41-1	QLD	30.00%	C&S, successful	RM17-22-1	QLD	30.00%	C&S, successful
RM08-42-1	QLD	30.00%	C&C, successful	RM17-23-1	QLD	30.00%	C&S, successful
RM08-43-1	QLD	30.00%	C&S, successful	RM17-36-1	QLD	30.00%	C&S, successful
RM09-50-1	QLD	30.00%	C&S, successful	RM68-06-1	QLD	30.00%	C&S, successful
RM12-36-2	QLD	30.00%	C&S, successful	RM68-154-1	QLD	30.00%	C&S, successful
RM12-56-1	QLD	30.00%	C&C, successful	RM68-36-1	QLD	30.00%	C&S, successful
RM12-57-1	QLD	30.00%	C&C, successful	RM68-37-1	QLD	30.00%	C&S, successful
RM12-63-1	QLD	30.00%	C&C, successful	RM68-44-1	QLD	30.00%	C&S, successful
RM12-65-1	QLD	30.00%	C&C, successful	RM68-63-1	QLD	30.00%	C&S, successful
RM12-66-1	QLD	30.00%	C&C, successful	RM68-77-1	QLD	30.00%	C&S, successful
RM12-67-1	QLD	30.00%	C&C, successful	RM90-131-1	QLD	24.57%	C&S, successful
RM12-68-1	QLD	30.00%	C&S, successful	RM90-51-1	QLD	24.57%	C&S, successful
RM13-25-1	QLD	30.00%	C&C, successful	RM90-76-1	QLD	24.57%	C&S, successful
RM13-26-1	QLD	30.00%	C&S, successful	RM90-79-1	QLD	24.57%	C&S, successful
RM13-27-1	QLD	30.00%	C&S, successful	RM90-94-1	QLD	24.57%	C&S, successful
RM13-28-1	QLD	30.00%	C&S, successful				
RM13-29-1	QLD	30.00%	C&C, successful				
RM13-30-1	QLD	30.00%	C&C, successful				
RM13-31-1	QLD	30.00%	C&S, successful				
RM13-32-1	QLD	30.00%	C&S, successful				
RM13-33-1	QLD	30.00%	C&S, successful				
RM13-34-1	QLD	30.00%	C&C, successful				
RM13-35-1	QLD	30.00%	C&C, successful				
RM13-36-1	QLD	30.00%	C&S, successful				
RM13-37-1	QLD	30.00%	C&S, successful				
RM13-38-1	QLD	30.00%	C&S, successful				
RM13-39-1	QLD	30.00%	C&C, successful				
RM13-40-1	QLD	30.00%	C&C, successful				
RM13-44-1	QLD	30.00%	C&S, successful				
RM13-46-1	QLD	30.00%	C&S, successful				

## Abbreviations and conversion factors

Abbreviations		Conversion factors	
C&C	cased and completed	Sales gas and ethane, 1 PJ	171.937 boe x 10 <sup>3</sup>
C&S	cased and suspended	Crude oil, 1 barrel	1 boe
gas	natural gas	Condensate, 1 barrel	0.935 boe
DES	delivered ex-ship	LPG, 1 tonne	8.458 boe
FEED	front-end engineering and design	LNG, 1 PJ	18,040 tonnes
FID	final investment decision	LNG, 1 tonne	52.54 mmBtu
FPSO	floating production, storage and offloading		
GJ	gigajoules		
JCC	Japan Customs-cleared Crude		
JKM	Japan Korea Marker		
kbbbls	thousand barrels		
kt	thousand tonnes		
LNG	liquefied natural gas		
LPG	liquefied petroleum gas		
m	million		
mmbbl	million barrels		
mmboe	million barrels of oil equivalent		
mmBtu	million British thermal units		
mmscf	million standard cubic feet		
mt	million tonnes		
mtpa	million tonnes per annum		
NFE	near-field exploration		
mBRT	metres below rotary table		
P&A	plugged and abandoned		
pa	per annum		
PJ	petajoules		
PSC	production sharing contract		
t	tonnes		
TJ	terajoules		

## Disclaimer

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Free cash flow (operating cash flows less investing cash flows net of acquisitions and disposals and major growth capital expenditure, less lease liability payments) is a non-IFRS measure that is presented to provide an understanding of the performance of Santos' operations.

This ASX announcement was approved and authorised for release by Kevin Gallagher, Managing Director and Chief Executive Officer.