

ASX/Media Release

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Santos signs MOU with ENGIE for domestic gas supply from the Narrabri Gas Project

Santos today announced it has signed a non-binding memorandum of understanding (MOU) with ENGIE for the supply of natural gas from the Narrabri Gas Project for the Australian east coast domestic gas market.

ENGIE is a diversified energy company focused on supporting its customers' decarbonisation efforts and accelerating the transition to net zero by delivering renewable energy, flexible generation and energy solutions. It operates wind farms, large-scale batteries and gas-fired power stations, and provides energy services to commercial and industrial customers across Australia.

Under the proposed transaction, Santos would supply ENGIE with up to 20 PJ per year of natural gas from Narrabri for a period of at least 10 years from the commencement of operations, with 100 per cent of the supplied gas committed by ENGIE to the domestic market. Santos and ENGIE have also committed to exploring decarbonisation activities through Santos' third-party carbon management business, specifically via the proposed Moomba phase 2 carbon capture and storage project. The supply of Narrabri gas is subject to Santos making a final investment decision on the Narrabri Gas Project, negotiation and execution of a binding gas supply agreement, and approvals by each party.

Santos Managing Director and Chief Executive Officer Kevin Gallagher said east coast energy users are calling for more gas supply sources, to provide price certainty and improve supply reliability.

"Santos voluntarily committed 100 per cent of Narrabri gas to the domestic market back in 2020. Santos already produces Narrabri gas from appraisal wells for the Wilga Park power station that generates electricity for the northwest NSW grid. This experience, combined with our project development and production experience in Queensland's Surat Basin, gives us confidence that Narrabri gas will be a very competitive source of domestic gas supply for the east coast market that is further advantaged by proximity to customers in NSW," said Mr Gallagher.

Mr Gallagher said Santos bought this asset in 2011 and has been working for over a decade to develop it, investing more than A\$1.5 billion to date.

"Delays to bringing Narrabri gas to market have occurred as a result of a number of factors including government moratoriums, independent scientific reviews, delayed and lengthy approvals, legal appeals and native title processes.

"As a result domestic gas supply has been tight and domestic gas prices have been higher than they should have been on the east coast.

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"This is a strategic project that now needs Santos, along with state and federal governments, putting their shoulders to the wheel and working together to make it happen.

"The NSW Independent Planning Commission (IPC) undertook an extensive assessment of the project, including climate impacts, before granting project approval. In its advice to the IPC, the Department of Planning said that *'during its detailed assessment, the Department has found it difficult to reconcile the significant community concerns about the Narrabri Gas Project with the technical advice from experts that the risk of any significant impacts occurring is generally low and can be controlled using standard engineering practice and imposing strict conditions on Santos.'*

"Narrabri will be subject to some of the strictest environment and groundwater protections in the world, and we will comply with them," Mr Gallagher said.

"The federal government's clear Future Gas Strategy shows that there will be no energy transition to renewables without gas backup and no Future Made in Australia without the gas that is required to make things.

"Customers in Sydney and regional New South Wales understand the value of local, reliable and competitively-priced gas supply. We at Santos look forward to bringing the same safe, low-cost, disciplined operating model we've successfully implemented in Queensland – supporting jobs, driving investment, strengthening regional communities and delivering affordable energy for NSW," said Mr Gallagher.

Ends.

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