Shareholder Review 2022

Creating a better world through cleaner energy

Santos

Letter to Shareholders

Building trust and value across our business

KEITH SPENCE
Chair

KEVIN GALLAGHER
Managing Director and Chief Executive Officer

Dear fellow shareholders,

2022 was a transformative and successful year for Santos. Our disciplined operating model has delivered a record operating performance, strong balance sheet and increased shareholder returns in the context of a challenging global environment.

Strong operating performance supporting increased returns to shareholders

Santos delivered record annual production of 103.2 mmboe, sales revenue of US$7.8 billion and free cash flow of more than $3.6 billion, which is more than double the free cash flow generated in the prior year.

Our balance sheet is strong with net debt reduced by over US$1.7 billion and gearing reduced to 18.9 per cent at year end.

We have announced returns to shareholders of US$1.5 billion through dividends and buybacks. This includes a final dividend for 2022 of US15.1 cents per share which is 78 per cent higher than the prior year.

In 2022 Santos created a new purpose which is "to provide cleaner energy that is both affordable and sustainable to help create a better world for everyone." Our strategic focus is on development projects that backfill and sustain our core assets to deliver critical fuels into the 2040s, decarbonising the energy chain and ultimately transition to the production of clean fuels.

Balanced and diversified Upstream portfolio

Significant progress was made to optimise our portfolio and maintain disciplined growth in order to drive shareholder value.

- The merger with Oil Search was successfully implemented including the realisation of US$122 million of annual synergies.
- The Barossa gas project is 55 per cent complete. Despite some recent delays due to regulatory approvals, Santos remains committed to the completion of Barossa and will work closely with key stakeholders to ensure that any remaining concerns are properly addressed in the Environment Plans.

Letter to Shareholders
continued

“Strong free cash flow delivering increased returns to shareholders.”

- The binding conditional offer from Kumul Petroleum to purchase 5 per cent of PNG LNG from Santos for US$1.4 billion has been extended to 30 April 2023 to enable the satisfaction of acceptance conditions.
- The Pavo discovery added 2C resource in 2022. The Dorado and Pavo fields combined are estimated to contain gross 2C contingent resources of 189 million barrels of liquids and 401 petajoules of gas (Santos-share 147 million barrels and 320 petajoules, respectively). Project work is underway to optimise for a phased liquids and gas and development.

The Pikka Phase 1 development project in North America is managed separately from our core LNG and domestic gas assets. Pikka Phase 1 contracting and early works have progressed since a final investment decision (FID) was made in August 2022.

Progress on decarbonising the energy supply chain

The Santos Energy Solutions business is delivering large-scale, low-cost decarbonisation initiatives through carbon capture and storage (CCS) whilst preparing to produce clean fuels as customer demand evolves.

- In 2022 we set new 2030 emissions reduction targets. These targets are to reduce Scope 1 and 2 emissions on an absolute basis by 30 per cent and an intensity basis by 40 per cent. We believe these new targets set us up to deliver on our existing net-zero Scope 1 and 2 (equity share) by 2040 emissions reduction target.
- The Moomba CCS Project is now 40 per cent complete and preparations are ongoing for a Direct Air Capture trial in the Cooper Basin in 2023.
- Front End Engineering and Design is now well underway for the Bayu-Undan CCS Project.

Outlook

We have commenced 2023 with a high level of confidence that Santos will execute its strategic plan and deliver sustainable returns to shareholders as a result. Demand for our products is likely to continue to be strong in 2023 and beyond.

In the context of international unrest and the potential disruption of supply, LNG customers are seeking energy security. Santos is now a leading global independent LNG supplier with a diversified portfolio, and is well-positioned to provide reliable, affordable and sustainable energy particularly in Asian LNG markets, where gas demand is forecast to increase by approximately 70 per cent by 2040[1].

Within Australia, Santos remains committed to supply of gas to domestic markets at reasonable prices and the development of the Narrabri gas project so that this can be achieved.

1 Wood Mackenzie Global Gas, October 2022.

Letter to Shareholders
continued

In summary, given the strong customer demand for our product now and into the future, Santos will seek to backfill and sustain our core assets to deliver the critical fuels the world needs into the 2040s. Santos will also seek to decarbonise these critical fuels, in-line with our emissions reductions targets, and our ambition to produce clean fuels as customer demand evolves.

On behalf of the Board and management team we would like to take this opportunity to thank you, our shareholders, for your ongoing trust and support.

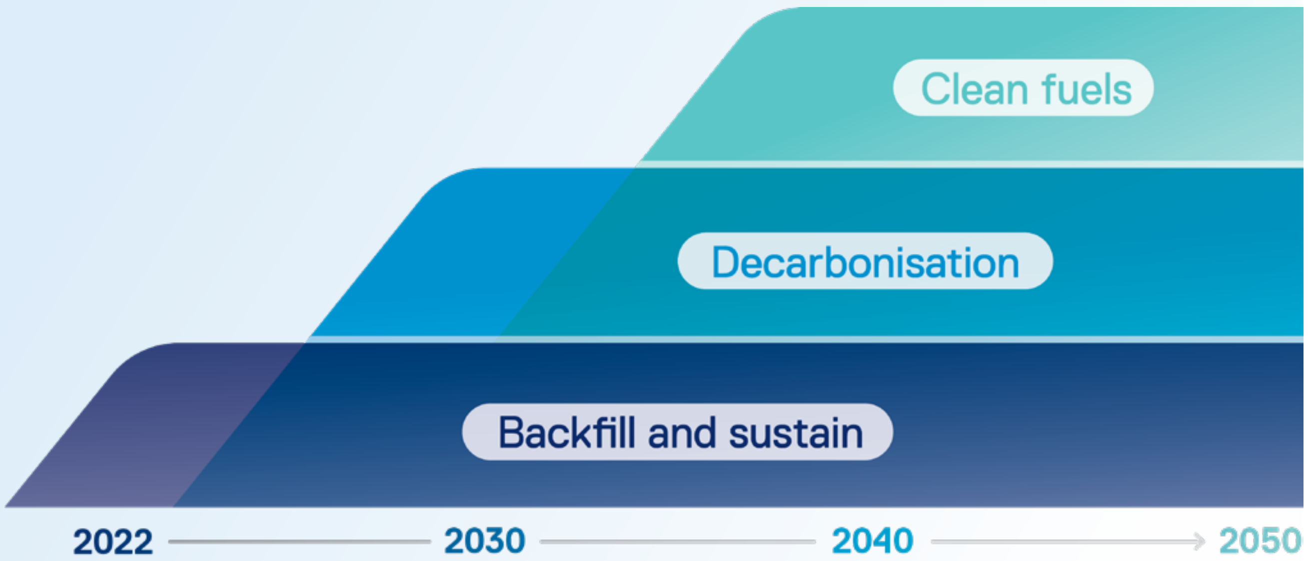
Yours sincerely,

KEITH SPENCE
Chair

KEVIN GALLAGHER
Managing Director
and Chief Executive Officer

Santos' new purpose and strategy

Our purpose is to provide cleaner energy that is both affordable and sustainable to help create a better world for everyone



Financial overview

How we've performed

Sales volume
mmboe

112.3

Year	mmboe
2018	78.3
2019	94.5
2020	107.1
2021	104.2
2022	**112.3**

Sales revenue
US$million

7,790

Year	US$million
2018	3,660
2019	4,033
2020	3,387
2021	4,713
2022	**7,790**

Free cash flow
US$million

3,641

Year	US$million
2018	1,006
2019	1,138
2020	740
2021	1,504
2022	**3,641**

Dividends declared
US cents per share

22.7

Year	US cents per share
2018	9.7
2019	11.0
2020	7.1
2021	14.0
2022	**22.7**

2022 Results

		2018	2019	2020	2021	2022
Sales volume	mmboe	78.3	94.5	107.1	104.2	**112.3**
Production	mmboe	58.9	75.5	89.0	92.1	**103.2**
Average realised oil price	US$ per barrel	75.1	72.0	47.7	76.1	**110.1**
Net (loss)/profit after tax	US$million	630	674	(357)	658	**2,112**
Underlying net profit after tax	US$million	727	719	287	946	**2,461**
Sales revenue	US$million	3,660	4,033	3,387	4,713	**7,790**
Operating cash flow	US$million	1,578	2,046	1,476	2,272	**4,558**
Free cash flow	US$million	1,006	1,138	740	1,504	**3,641**
EBITDAX	US$million	2,160	2,457	1,898	2,805	**5,646**
Total assets	US$million	16,811	16,509	17,656	30,009	**28,856**
Earnings per share	US cents	30.2	32.4	(17.1)	30.8	**63.0**
Dividends declared	US cents per share	9.7	11.0	7.1	14.0	**22.7**
Number of employees	Number	2,190	2,178	2,722	3,786	**3,550**

Please see our 2022 Annual Report for full results **santos.com/investors/company-reporting/**

2022 asset performance

Disciplined operating model delivered record operating performance

Cooper Basin

Santos' share of Cooper Basin sales gas and ethane production of 57.8 petajoules (PJ) was 9 per cent lower than the previous year (63.8 PJ) due to natural field decline and lower drilling activity as a result of wet weather events which caused delays to the development program. Santos' share of oil production was in-line with the previous year as development activity offset natural field decline. A fifth drilling rig was added to the program in the middle of 2022.

Asset KPIs	2022	2021
Production (mmboe)	**14.0**	15.3
Sales volume (mmboe)	**16.6**	20.2
Revenue (US$m)	**1,065**	1,000
Production cost (US$/boe)	**9.55**	9.35
EBITDAX (US$m)	**512**	423
Capex (US$m)	**419**	329

Queensland and NSW

GLNG produced a 6.1 million tonnes of LNG in 2022 and shipped 104 cargoes. Annual LNG production was lower than the previous year due to lower volumes of third-party gas supply partially offset by the continued ramp-up in GLNG upstream equity gas supply. Santos is also progressing the proposed Narrabri domestic gas project in NSW. Santos acquired Hunter Gas Pipeline Pty Ltd in 2022 and is progressing land access agreements and environmental surveys to finalise the proposed pipeline alignment.

Asset KPIs	2022	2021
Production (mmboe)	**14.0**	13.7
Sales volume (mmboe)	**20.4**	22.1
Revenue (US$m)	**1,538**	973
Production cost (US$/boe)	**5.67**	5.79
EBITDAX (US$m)	**984**	525
Capex (US$m)	**213**	195

Papua New Guinea

Strong production was maintained from PNG LNG with 8.6 million tonnes of LNG produced and 114 cargoes shipped during the year. In September 2022, Santos announced it had received a binding conditional offer from Kumul Petroleum Holdings Limited (Kumul) to acquire a five per cent interest in PNG LNG for asset value of US$1.4 billion, including a proportionate share of PNG LNG project finance debt of approximately US$0.3 billion. In December 2022, Santos announced that Kumul had extended the period in which the offer will remain open until 30 April 2023.

Asset KPIs	2022	2021
Production (mmboe)	**41.9**	14.2
Sales volume (mmboe)	**39.4**	13.4
Revenue (US$m)	**3,459**	736
Production cost (US$/boe)	**6.73**	4.69
EBITDAX (US$m)	**2,920**	615
Capex (US$m)	**300**	34

2022 asset performance
continued

Northern Australia and Timor-Leste

Darwin LNG produced 1.3 million tonnes of LNG in 2022 and shipped 19 cargoes. LNG production was significantly lower than 2021 due to natural field decline in the Bayu-Undan field. Production from the field is expected to cease in early 2023.

Santos is progressing development of the Barossa gas and condensate project to backfill DLNG. The project was 55 per cent complete at the end of 2022. In 3Q 2022, Barossa drilling operations were suspended following the Federal Court decision to set aside the acceptance by the regulator of the drilling and completion activities environmental plan. Santos is proceeding with applications for all remaining approvals in accordance with guidance provided by the court.

Asset KPIs	2022	2021
Production (mmboe)	**5.5**	15.2
Sales volume (mmboe)	**5.6**	15.3
Revenue (US$m)	**630**	903
Production cost (US$/boe)	**25.48**	15.37
EBITDAX (US$m)	**498**	728
Capex (US$m)	**549**	377

Western Australia

Annual production was 18 per cent lower than the previous year, primarily due to natural field decline and the temporary shutdown of the John Brookes platform in late November 2022 for repairs. Crude oil production of 3.4 mmbbl was in-line with the previous year.

An FID decision on the proposed Dorado integrated oil and gas project (Santos 80 per cent interest) was deferred during 2022 so further work can be undertaken on the integrated development concept.

Asset KPIs	2022	2021
Production (mmboe)	**27.8**	33.7
Sales volume (mmboe)	**28.8**	33.2
Revenue (US$m)	**1,097**	1,105
Production cost (US$/boe)	**7.49**	6.38
EBITDAX (US$m)	**976**	851
Capex (US$m)	**384**	316

North America

Santos' assets in North America include the Pikka Unit (Santos 51 per cent interest) 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 FID to proceed with Pikka Phase 1 in 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).

Investor information

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Securities exchange listings (ASX and PNGX)

Ordinary shares code STO

Board of Directors

Keith Spence	Chair
Kevin Gallagher	Managing Director and Chief Executive Officer
Yasmin Allen	
Guy Cowan	
Eileen Doyle	
Vanessa Guthrie AO	
Peter Hearl	
Janine McArdle	
Michael Utsler	
Musje Werror	

Leadership Team

Kevin Gallagher	Managing Director and Chief Executive Officer
David Banks	Chief Operations Officer
Brett Darley	President Upstream Gas and Liquids
Bruce Dingeman	Executive Vice President and President Alaska
Jodie Hatherly	General Counsel and Company Secretary
Janette Hewson	Executive Vice President ESG and External Affairs
Angus Jaffray	Executive Adviser
Kim Lee	Executive Vice President People and Culture
Bart Lismont	Executive Vice President Projects
Anthea McKinnell	Chief Financial Officer
Anthony Neilson	Chief Commercial Officer
Tracey Winters	Strategic Adviser External Affairs
Brett Woods	President Santos Energy Solutions

For Board and Leadership Team biographies go to: **www.santos.com**

Santos website

To view news announcements, company reporting and presentations, please visit the Investors page at **www.santos.com/investors**

2022 Annual Report

To view a copy of our 2022 Annual Report please visit our website at **www.santos.com** or alternatively, printed copies can be requested from the Share Registrar either by email at **Web.Queries@computershare.com.au** or by telephone on 1300 096 259 (within Australia) or +61 3 9415 4397 (International)

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Update your details online

To update your address, payment instructions, dividend reinvestment plan options, tax file number, e-communication preferences, email address and more, please visit **computershare.com.au/easyupdate/STO** or telephone on 1300 096 259 (within Australia) or +61 3 9415 4397 (International)

2023 Shareholder calendar

19 Jan 2023	**2022 Fourth Quarter Report**
22 Feb 2023	**2022 Full-year Results**
27 Feb 2023	**Ex-dividend date for the 2022 full-year dividend**
28 Feb 2023	**Record date for the 2022 full-year dividend**
29 Mar 2023	**Payment date for the 2022 full-year dividend**
6 Apr 2023	**2023 Annual General Meeting**
20 Apr 2023	**2023 First Quarter Report**
20 Jul 2023	**2023 Second Quarter Report**
23 Aug 2023	**2023 Half-year Results**
19 Oct 2023	**2023 Third Quarter Report**

* Interim dividend dates will be posted to the Santos website. Dates are subject to change.

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