

7 March 2023

Papua LNG integrated FEED entry

Santos today announced the Papua LNG joint venture has launched fully-integrated front-end engineering and design (FEED) for the Papua LNG project in Papua New Guinea.

Papua LNG is expected to have liquefaction capacity of up to six million tonnes of LNG per annum with first production expected by the end of 2027 or early 2028.

Following pre-FEED studies, the Papua LNG partners have selected a concept using four electric LNG trains (e-trains) with a combined capacity of four million tonnes per annum to be developed within the existing PNG LNG project site. Papua LNG has also secured access to up to two million tonnes of existing liquefaction capacity from PNG LNG.

Integrating the Papua LNG midstream development within PNG LNG maximises the value of both projects and delivers increased capital efficiency by reducing upfront capital expenditure and maximising integration synergies. PNG LNG will receive an access fee, pro-rata opex sharing and ongoing processing toll revenue that compensates PNG LNG for making the capacity available.

Selecting e-trains and re-injection of reservoir CO₂ will reduce the carbon intensity of the project.

Santos Managing Director and Chief Executive Officer Kevin Gallagher said Papua LNG FEED entry was consistent with Santos' strategy to backfill and sustain its core natural gas assets.

"The concept selected for Papua LNG maximises value through midstream integration with PNG LNG to deliver increased capital efficiency and lower operating costs, consistent with our disciplined operating model," Mr Gallagher said.

"FEED entry for Papua LNG is a significant step for the project and we are working closely with our partners, the PNG government, communities and local companies to deliver new jobs and help support the local economy."

The selected concept for Papua LNG is expected to have a lower capital expenditure outcome than the previous concept. Costs will be refined during the FEED phase and the project participants intend to explore project finance opportunities for a portion of the project cost.

Santos holds a 22.8 per cent interest in Papua LNG along with joint venture partners TotalEnergies (40.1 per cent and operator) and ExxonMobil (37.1 per cent). The State of Papua New Guinea may exercise a back-in right for up to a 22.5 per cent interest at the final investment decision, which is planned by the end of 2023 or early 2024. Should the State exercise its full back-in right, Santos' interest in the project would reduce to 17.7 per cent.

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Santos also has a 42.5 per cent interest in PNG LNG and in September 2022 announced a conditional agreement to sell a five per cent interest in PNG LNG to Kumul Petroleum Holdings Limited (Kumul) for asset value of US\$1.4 billion. Completion is subject to customary conditions including necessary regulatory approvals and Kumul securing financing.

Ends.

Santos in Papua New Guinea

Santos has been active in Papua New Guinea since the 1980s and has been involved in more than 30 different licences in the Papuan Basin. In December 2021, Santos merged with Oil Search Limited. As a result of the merger, Oil Search's PNG interests and assets became part of Santos. More than 800 people are employed by Santos or Santos contractors in PNG. Santos is listed on PNGX, Papua New Guinea's National Stock Exchange.

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