Santos

Half-year report
Incorporating Appendix 4D

Santos Limited and its controlled entities.
For the period ended 30 June 2023, under Listing Rule 4.2A.

RESULTS FOR ANNOUNCEMENT TO THE MARKET

APPENDIX 4D FOR THE PERIOD ENDED 30 JUNE 2023

	2023 US$million	2022 US$million	Change %
Revenue from ordinary activities	**2,967**	3,766	(21)
Statutory profit from ordinary activities after tax attributable to members	**790**	1,167	(32)
Net profit for the period attributable to members	**790**	1,167	(32)

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 2023		
Ordinary securities	8.7	–
29 August 2023 is the record date for determining entitlements to the dividend		

CONTENTS

Half-year Report 30 June 2023

RESULTS FOR THE PERIOD

	2023 US$million	Change %
Underlying profit[1]	801	(37)
Product sales	2,967	(21)
EBITDAX[1]	2,112	(23)
Free cash flow[1]	1,129	(34)
Interim dividend (USсps)	8.7	14

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.*

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 2023, and the auditor's review report thereon.

REVIEW AND RESULTS OF OPERATIONS

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

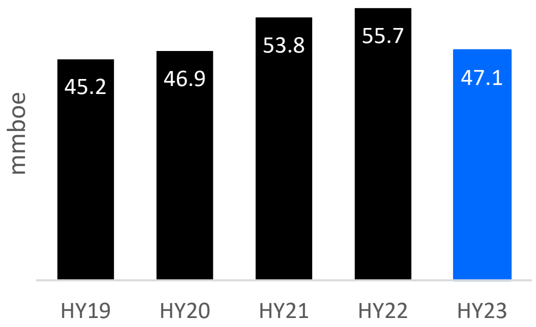
A review of the results of the operations of the consolidated entity during the half-year is as follows:

Summary of results table	2023	2022	Variance
	mmboe	mmboe	%
Production volume	**45.0**	51.5	(13)
Sales volume	**47.1**	55.7	(15)
	$million	$million	%
Product sales	**2,967**	3,766	(21)
EBITDAX[1]	**2,112**	2,731	(23)
Exploration and evaluation expensed	**(49)**	(103)	(52)
Depreciation and depletion	**(951)**	(853)	11
Net impairment loss	**(22)**	(2)	1,000
Change in future restoration assumptions	**16**	(23)	170
EBIT[1]	**1,106**	1,750	(37)
Net finance costs	**(130)**	(120)	8
Taxation expense	**(186)**	(463)	(60)
Net profit for the period	**790**	1,167	(32)
Underlying profit for the period[1,2]	**801**	1,267	(37)

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.*

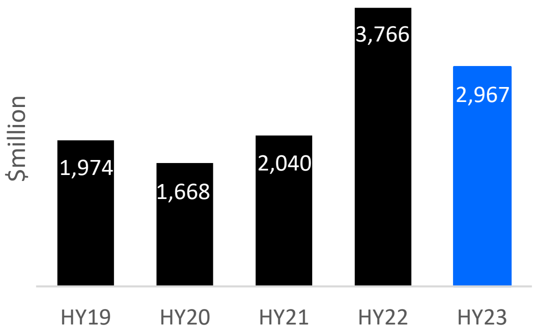
2 *Underlying profit excludes the impacts of asset acquisitions, disposals, impairments, and the impact of commodity hedging. Please refer to page 6 for the reconciliation from net profit to underlying profit for the period. The calculation of underlying profit has remained consistent with prior periods.*

Sales volume



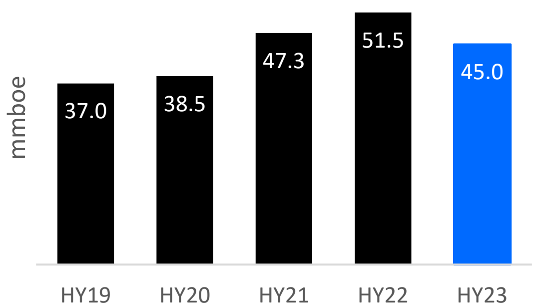
Sales volumes decreased 15 per cent to 47.1 million barrels of oil equivalent (mmboe). The lower volumes were primarily due to the temporary shutdown of the John Brookes platform, reduced capacity from the Reindeer and East Spar fields due to water breakthrough and Bayu-Undan approaching end-of-field life. There was also a decrease in Cooper Basin third-party oil sales volumes following implementation of revised crude oil processing agreements from 1 July 2022, which has replaced third-party crude purchases and sales with a processing arrangement reflected in Other Revenue. There is no impact to net profit and cashflow as a result of the new arrangements.

Sales revenue



Product sales revenue was down 21 per cent compared to the previous first half due to lower realised pricing for all products other than domestic gas and ethane, combined with lower volumes, primarily as a result of lower production. The average realised oil price decreased 26 per cent to US$85.75/bbl and the average realised LNG price decreased 7 per cent to US$13.24/mmBtu.

Production



Production was down 13 per cent to 45.0 mmboe in the first half, primarily due to lower domestic gas production in Western Australia, lower volumes from Bayu-Undan as the field approaches end of life, and lower production in PNG due to natural field decline.

Review of Operations

A new organisational structure was announced in May 2023 to drive delivery of Vision 2040. Santos' operations are now focused on three regional business units. Cooper Basin, Queensland & NSW and PNG, now form the Eastern Australia and PNG Business Unit. Northern Australia and Timor-Leste, and Western Australia now form the Western Australia, Northern Australia and Timor-Leste Business Unit. Alaska is the third regional Business Unit. Supporting these three business units are two functional divisions, Santos Energy Solutions and Upstream Gas and Liquids.

Eastern Australia and Papua New Guinea Business Unit

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 per cent interest).

Santos is also focused on reducing emissions by investing in carbon capture and storage (CCS). Phase 1 of the Moomba CCS project has an injection capacity of up to 1.7 million tonnes (1.1 million tonne Santos-share) per annum. The project took a final investment decision in November 2021 with first injection expected in the first half of 2024.

Cooper Basin	HY23	HY22
Production (mmboe)	6.6	7.0
Sales volume (mmboe)	6.7	8.4
Product sales (US$m)	320	519
Production cost (US$/boe)	10.68	10.16
EBITDAX (US$m)	230	234
Capex (US$m)	250	161

Cooper Basin EBITDAX was $230 million, 2 per cent lower than the first half of 2022, as a result of lower volumes being produced in the period, and lower released prices as compared with 1H22.

Santos' share of Cooper Basin sales gas and ethane production of 27 petajoules (PJ) was 6 per cent lower than the prior corresponding period due to lower sales gas and ethane due to Big Lake pipeline repairs and maintenance in early 2023.

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 2.8 million tonnes in the first half of 2023, lower than the prior corresponding period due to seasonal shaping of the project's domestic gas commitment to ensure the east coast market is adequately supplied. The project shipped 49 cargoes in the first half (2022 first half 50 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. The project received positive determination from the Native Title Tribunal in late 2022 and a Notice of Appeal was received in January 2023. The appeal was heard in August 2023, and a decision is anticipated by end-2023.

Queensland and NSW	HY23	HY22
Production (mmboe)	6.9	6.9
Sales volume (mmboe)	9.8	10.0
Product sales (US$m)	660	685
Production cost (US$/boe)	6.03	6.02
EBITDAX (US$m)	396	468
Capex (US$m)	123	80

Queensland and NSW EBITDAX was $396 million, 15 per cent lower than the first half of 2022. This was a result of lower realised LNG pricing, reflecting the linkage of sales contracts to a lagged Japan Customs-cleared Crude (JCC) price.

Papua New Guinea

Santos' interest in the PNG LNG project is 42.5 per cent.

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 4.2 million tonnes in the first half of 2023, in line with the prior corresponding period, and shipped 55 cargoes (2022 first half 56 cargoes).

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 $1.4 billion, including a proportionate share of PNG LNG project finance debt of approximately US$0.3 billion. This offer remains open until 31 August 2023. Santos agreed to deal exclusively with Kumul during this period regarding the sale of equity 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 up to 6 million tonnes of LNG per annum. The operator, TotalEnergies, announced the launch of the first phase of front-end engineering and design (FEED) studies for the upstream facilities in July 2022. A decision to enter integrated FEED was taken by the Joint Venture in March 2023. A final investment decision is expected in early 2024.

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

Papua New Guinea	HY23	HY22
Production (mmboe)	19.8	21.0
Sales volume (mmboe)	19.1	19.6
Product sales (US$m)	1,455	1,623
Production cost (US$/boe)	6.51	6.81
EBITDAX (US$m)	1,217	1,363
Capex (US$m)	200	133

PNG EBITDAX was $1,217 million, 11 per cent lower than the first half of 2022, due to lower production volumes and lower realised pricing.

Western Australia, Northern Australia and Timor-Leste Business Unit

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 0.3 million tonnes was lower than first half 2022 as the Bayu-Undan field approaches end of life. Production from the field is expected to cease in the second half of 2023. The LNG plant shipped 4 cargoes in the first half (2022 first half 12 cargoes).

A decision to enter FEED for the proposed Bayu-Undan carbon capture storage project was announced in March 2022. The project could potentially safely and permanently store up to 10 million tonnes of CO2 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.

Following final investment decision in 2021, Santos is progressing development of the Barossa gas and condensate project (Santos 50 per cent interest) to backfill DLNG. The project was 60 per cent complete as at 30 June 2023, including Darwin Pipeline Duplication (66 per cent excluding Darwin Pipeline

Duplication). The Barossa drilling operations remain suspended pending assessment and acceptance of the environmental plan by the regulator. Santos is also 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 export pipeline commences installation in 2023, the Barossa project remains on target to commence production in first half 2025 and within current cost guidance.

Northern Australia and Timor-Leste	HY23	HY22
Production (mmboe)	1.5	3.1
Sales volume (mmboe)	1.6	3.2
Product sales (US$m)	83	294
Production cost (US$/boe)	34.70	24.89
EBITDAX (US$m)	56	216
Capex (US$m)	222	284

Northern Australia and Timor-Leste EBITDAX was $56 million, 74 per cent lower than the first half of 2022, due to Bayu-Undan natural field decline as it reaches end of life as a result of lower volumes and lower realised prices.

Western Australia

Santos is the second 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 has a 52.5 per cent interest in the Van Gogh upstream oil fields, and a 28.6 per cent interest in both Pyrenees and Barrow Island which are both non-operated oil assets.

Santos' share of Western Australia domestic gas production of 48 PJ was 26 per cent lower than the previous corresponding period, primarily due to lower sales gas production due to water breakthrough in Reindeer and East Spar gas field, and John Brookes pipeline outage and repairs in 1H2023.

A final investment decision (FID) on the proposed Dorado integrated oil and gas project (Santos 80 per cent interest) was deferred during 2022 in order to undertake further work on the integrated development concept. Santos is targeting having Dorado FID ready in 2024. Santos is seeking to develop a carbon capture and storage hub in Western Australia and is working with potential industrial CCS customers in north west Western Australia.

Western Australia	HY23	HY22
Production (mmboe)	10.2	13.5
Sales volume (mmboe)	10.2	14.1
Product sales (US$m)	402	597
Production cost (US$/boe)	9.85	8.21
EBITDAX (US$m)	252	603
Capex (US$m)	140	183

Western Australia EBITDAX was $252 million, 58 per cent lower than the first half of 2022, predominantly due to lower production and lower realised prices.

Alaskan Business Unit

Alaska

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 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 of the project is expected to be $2.6 billion gross ($1.3 billion Santos-share at Santos' 51 per cent interest). Santos is committed to delivering a net-zero emissions project (Scope 1 and 2, equity share) and has executed an agreement with an Alaska native corporation to deliver carbon offsets, with additional carbon solution opportunities being evaluated.

Santos Energy Solutions

Santos Energy Solutions is focused on the long-term portfolio strategy for the energy solutions business, planning and optimisation and providing key functional skills. The Santos Energy Solutions business includes midstream processing of Santos' and third-party gas and liquids. It also provides decarbonisation and carbon management services.

The Santos Energy Solutions business EBITDAX was $119 million which is included in the business units above.

Net Profit

The 2023 first half net profit was $790 million, compared with a $1,167 million at half-year 2022. The $377 million decrease in net profit is driven predominantly through lower production and sales volumes, and lower realised pricing.

Underlying profit of $801 million includes adjustments after tax of $11 million ($24 million before tax). Refer to the reconciliation of net profit to underlying profit below.

Reconciliation of Net Profit to Underlying Profit	2023 $million			2022 $million		
	Gross	Tax	Net	Gross	Tax	Net
Net profit after tax attributable to equity holders of Santos Limited			**790**			1,167
Add/(deduct) the following:						
Net gain on disposal of assets	–	–	**–**	(5)	2	(3)
Impairment losses	22	(13)	**9**	2	(1)	1
Fair value adjustments on commodity hedges	–	–	**–**	81	(24)	57
Costs associated with acquisitions and disposals[1]	2	(0)	**2**	64	(19)	45
	24	(13)	**11**	142	(42)	100
Underlying profit[2]			**801**			1,267

1 Disclosed in the half-year financial statements in Note 2.3 under "Costs associated with acquisitions and disposals" and "Exploration and evaluation expensed".

2 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.

EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF SANTOS LIMITED

Equity attributable to equity holders of Santos Limited at 30 June 2023 was $14,805 million.

CASH FLOW

The net cash provided by operating activities of $1,628 million was 24 per cent lower than the first half of 2022. The decrease is principally attributable to lower receipts from customers due to lower realised pricing; offset by lower payments to suppliers and lower commodity hedging payments.

Net cash used in investing activities of $1,401 million was 129 per cent higher than the first half of 2022, primarily due to higher capital expenditure, finalisation of Barossa FID contingent payment and lower proceeds from disposal of non-current assets.

Net cash used in financing activities of $738 million, was 35 per cent lower compared to the $1,129 million net cash used in financing activities in the first half of 2022. This was predominantly due higher dividends and on-market share buy-backs paid in the first half of 2023 as well as the scheduled repayment on the PNG LNG project financing facility ($388 million). Offsetting the cash utilised was a net drawdown from the revolving and bilateral facilities of $600 million. In prior year, there was the repayment of the $255 million bilateral and corporate facilities acquired as part of the merger with Oil Search.

OUTLOOK

Sales volume guidance is maintained in the range of 90 to100 mmboe and production guidance is maintained in the range of 89 to 93 mmboe for 2023.

POST BALANCE DATE EVENTS

On 22 August 2023, the Directors of Santos Limited declared an interim dividend of US8.7 cents per ordinary share in respect of the 2023 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 2023.

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)
Guthrie	Vanessa Ann
Hearl	Peter Roland
McArdle	Janine Marie
Spence	Keith William (Chairman)
Utsler	Michael Jesse
Werror	Musje Moses

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 22 August 2023 in accordance with a resolution of the Directors.

KW Spence

Director
22 August 2023

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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 2023, 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
22 August 2023

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Note	**30 June 2023 US$million**	30 June 2022 US$million
Revenue from contracts with customers – Product sales	2.2	**2,967**	3,766
Cost of sales	2.3	**(1,837)**	(1,911)
Gross profit		**1,130**	1,855
Revenue from contracts with customers – Other	2.2	**90**	77
Other income	2.5	**64**	222
Impairment of non-current assets		**(22)**	(2)
Other expenses	2.3	**(169)**	(388)
Finance income	4.1	**43**	10
Finance costs	4.1	**(173)**	(130)
Share of net profit/(loss) of associates		**13**	(14)
Profit before tax		**976**	1,630
Income tax expense		**(247)**	(413)
Royalty related taxation benefit/(expense)		**61**	(50)
Total taxation expense		**(186)**	(463)
Net profit for the period attributable to owners of Santos Limited		**790**	1,167
Earnings per share attributable to the equity holders of Santos Limited (¢)			
Basic profit per share		**24.1**	34.6
Diluted profit per share		**24.0**	34.4
Dividends per share (¢)			
Paid during the period	2.4	**15.1**	8.5
Declared in respect of the period	2.4	**8.7**	7.6

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 2023

	30 June 2023 US$million	30 June 2022 US$million
Net profit for the period	**790**	1,167
Other comprehensive (loss)/income, net of tax:		
Other comprehensive (loss)/income to be reclassified to the income statement in subsequent periods:		
Exchange loss on translation of foreign operations	**(2)**	(2)
	(2)	(2)
Movement in cash flow hedge reserve	**(9)**	(18)
Tax effect	**3**	5
	(6)	(13)
Net other comprehensive loss to be reclassified to the income statement in subsequent periods	**(8)**	(15)
Other comprehensive loss, net of tax	**(8)**	(15)
Total comprehensive income attributable to owners of Santos Limited	**782**	1,152

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 2023

	Note	30 June 2023 US$million	31 December 2022 US$million
Current assets			
Cash and cash equivalents		**1,840**	2,352
Trade and other receivables		**732**	768
Prepayments		**30**	70
Contract assets		**78**	75
Inventories		**455**	443
Other financial assets		**91**	109
Assets held for sale	2.6	**1,301**	1,311
Total current assets		**4,527**	5,128
Non-current assets			
Contract assets		**212**	252
Investments in associates and joint ventures		**400**	379
Other financial assets		**81**	29
Prepayments		**342**	270
Exploration and evaluation assets	3.1	**2,316**	2,271
Oil and gas assets	3.2	**17,913**	17,810
Other land, buildings, plant and equipment		**398**	413
Deferred tax assets		**1,100**	1,114
Goodwill		**1,190**	1,190
Total non-current assets		**23,952**	23,728
Total assets		**28,479**	28,856
Current liabilities			
Trade and other payables		**807**	1,145
Contract liabilities		**91**	135
Lease liabilities		**221**	244
Interest-bearing loans and borrowings		**656**	694
Current tax liabilities		**27**	72
Provisions		**412**	443
Other financial liabilities		**68**	68
Liabilities directly associated with assets held for sale	2.6	**630**	671
Total current liabilities		**2,912**	3,472
Non-current liabilities			
Contract liabilities		**157**	160
Lease liabilities		**580**	602
Interest-bearing loans and borrowings		**4,276**	3,979
Deferred tax liabilities		**1,874**	1,960
Provisions		**3,823**	3,792
Other financial liabilities		**52**	48
Total non-current liabilities		**10,762**	10,541
Total liabilities		**13,674**	14,013
Net assets		**14,805**	14,843
Equity			
Issued capital	4.2	**14,338**	14,652
Reserves		**(246)**	260
Accumulated profit/(losses)		**664**	(118)
Equity classified as held for sale	2.6	**49**	49
Equity attributable to owners of Santos Limited		**14,805**	14,843
Total equity		**14,805**	14,843

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 2023

	Note	**30 June 2023 US$million**	30 June 2022 US$million
Cash flows from operating activities			
Receipts from customers		**3,064**	3,963
Interest received		**43**	10
Dividends received		**–**	5
Pipeline tariffs and other receipts		**130**	233
Payments to suppliers and employees		**(1,097)**	(1,393)
Restoration expenditure		**(35)**	(66)
Exploration and evaluation seismic and studies		**(44)**	(51)
Royalty and excise paid		**(82)**	(93)
Payments for commodity hedging		**(6)**	(89)
Borrowing costs paid		**(85)**	(83)
Income taxes paid		**(166)**	(165)
Royalty-related taxes paid		**(105)**	(146)
Insurance proceeds		**13**	12
Overriding royalty		**(2)**	–
Net cash provided by operating activities		**1,628**	2,137
Cash flows from investing activities			
Payments for:			
Exploration and evaluation assets		**(63)**	(122)
Oil and gas assets		**(1,000)**	(652)
Other land, buildings, plant and equipment		**(10)**	(4)
Receipt/(costs) associated with acquisition of subsidiaries		**7**	(76)
Acquisitions of a group of assets		**(209)**	–
Loans to associate		**(29)**	–
Net proceeds associated with disposals		**–**	309
Borrowing costs paid		**(97)**	(67)
Net cash used in investing activities		**(1,401)**	(612)
Cash flows from financing activities			
Dividends paid		**(498)**	(288)
Drawdown of borrowings		**975**	–
Repayments of borrowings		**(763)**	(559)
Repayment of principal portion of lease liabilities		**(122)**	(101)
Purchase of on-market shares (Treasury shares)	4.2	**(14)**	(24)
Purchase of on-market shares (Share buy-back)	4.2	**(316)**	(157)
Net cash used in financing activities		**(738)**	(1,129)
Net (decrease)/increase in cash and cash equivalents		**(511)**	396
Cash and cash equivalents at the beginning of the period		**2,430**	2,976
Effects of exchange rate changes on the balances of cash held in foreign currencies		**(5)**	(22)
Amounts classified as assets held for sale	2.6	**(74)**	(71)
Cash and cash equivalents at the end of the period		**1,840**	3,279

The Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the half-year consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Equity attributable to owners of Santos Limited					
US$million	**Issued capital**	**Foreign currency translation reserve**	**Hedging reserve**	**Accumulated profits reserve**	**Accumulated (losses)/profits**	**Total equity**
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 (loss)/income 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
Balance at 1 July 2022	14,874	(942)	(74)	1,519	(1,062)	14,315
Items of comprehensive income						
Net profit for the period	–	–	–	–	945	945
Other comprehensive (loss)/income for the period	–	(5)	59	–	–	54
Total comprehensive (loss)/income for the period	–	(5)	59	–	945	999
Transactions with owners in their capacity as owners						
Dividends paid	–	–	–	(248)	–	(248)
On-market share purchase (Treasury shares)	(12)	–	–	–	–	(12)
On-market share purchase (Share buy-back)	(227)	–	–	–	–	(227)
Share-based payment transactions	17	–	–	–	(1)	16
Balance at 31 December 2022	14,652	(947)	(15)	1,271	(118)	14,843
Balance at 1 January 2023	**14,652**	**(947)**	**(15)**	**1,271**	**(118)**	**14,843**
Items of comprehensive income						
Net profit for the period	**–**	**–**	**–**	**–**	**790**	**790**
Other comprehensive loss for the period	**–**	**(2)**	**(6)**	**–**	**–**	**(8)**
Total comprehensive (loss)/income for the period	**–**	**(2)**	**(6)**	**–**	**790**	**782**
Transactions with owners in their capacity as owners						
Dividends paid	**–**	**–**	**–**	**(498)**	**–**	**(498)**
On-market share purchase (Treasury shares)	**(14)**	**–**	**–**	**–**	**–**	**(14)**
On-market share purchase (Share buy-back)	**(316)**	**–**	**–**	**–**	**–**	**(316)**
Share-based payment transactions	**16**	**–**	**–**	**–**	**(8)**	**8**
Balance at 30 June 2023	**14,338**	**(949)[1]**	**(21)**	**773**	**664**	**14,805**

[1] Includes $49 million held for sale.

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 2023 ("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 22 August 2023.

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 2022 and considered together with any public announcements made by the Company during the six months ended 30 June 2023, 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 2022, except for those that have arisen because of new standards, amendments to standards and interpretations effective from 1 January 2023.

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.

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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 2022, except for new standards, amendments to standards and interpretations effective from 1 January 2023.

The Group applied the following amendment to accounting standards applicable for the first time for the financial year beginning 1 January 2023:

- AASB 2021-5 *Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (AASB 1 and AASB 112)*

This amendment has not had a significant 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

During 2023, the Group announced and implemented a new regional operating model. Under this new model, three regional Business Units were established, being Eastern Australia and PNG ("Eastern AU, PNG"), Western and Northern Australia and Timor-Leste ("WA, Northern AU, TL") and Alaska. Supporting these three Business Units are two functional divisions, Santos Energy Solutions and Upstream Gas and Liquids.

The Business Units reflect the underlying assets and reportable segments. This includes for Eastern AU, PNG: Cooper Basin, Queensland & NSW and Papua New Guinea ("PNG") and for WA, Northern AU, TL: Western Australia and Northern Australia and Timor-Leste ("Northern Australia"). Alaska is currently captured in Corporate/Non-Core while the asset is in development phase. 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.

In addition to this, Santos Energy Solutions' primary activity involves processing of Santos' and third-party gas and liquids and development of decarbonisation and carbon management services. The Santos Energy Solutions results are included within the underlying assets and shown separately.

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 intersegment eliminations are included in the segment disclosure for reconciliation purposes.

2.1 SEGMENT INFORMATION (continued)

	Eastern AU, PNG			WA, Northern AU, TL			
	Cooper Basin	Queensland & NSW	PNG	Western Australia	Northern Australia	Corporate, elimination, non-core & other	Total
US$million	**2023**	**2023**	**2023**	**2023**	**2023**	**2023**	**2023**
Revenue							
Product sales to external customers	237	613	1,455	400	83	179	2,967
Inter-segment product sales[1]	83	47	–	2	–	(132)	–
Revenue – other from external customers	42	9	14	3	–	22	90
Total segment revenue	**362**	**669**	**1,469**	**405**	**83**	**69**	**3,057**
Costs							
Production costs	(70)	(42)	(129)	(101)	(52)	10	(384)
Other operating costs	(56)	(72)	(88)	(43)	–	(29)	(288)
Third-party product purchases	(1)	(107)	(8)	(10)	–	(111)	(237)
Inter-segment purchases[1]	(1)	(58)	–	–	–	59	–
Other	(4)	6	(27)	1	25	(37)	(36)
EBITDAX	**230**	**396**	**1,217**	**252**	**56**	**(39)**	**2,112**
Depreciation and depletion	(122)	(120)	(245)	(447)	(5)	(12)	(951)
Exploration and evaluation expensed	(7)	(4)	(13)	(12)	(2)	(11)	(49)
Net impairment loss	–	–	–	(22)	–	–	(22)
Change in future restoration assumptions	–	–	4	2	10	–	16
EBIT	**101**	**272**	**963**	**(227)**	**59**	**(62)**	**1,106**
Net finance costs						(130)	(130)
Profit before tax							**976**
Income tax expense						(247)	(247)
Royalty-related taxation expense	–	–	(7)	29	39	–	61
Net profit for the period							**790**

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

Santos Energy Solutions	Cooper Basin	Queensland & NSW	PNG	Western Australia	Northern Australia	Corporate, elimination, non-core & other	Total
US$million	**2023**	**2023**	**2023**	**2023**	**2023**	**2023**	**2023**
EBITDAX[2]	**46**	**–**	**–**	**61**	**12**	**–**	**119**

[2] The results from Santos Energy Solutions are included within the reportable segment disclosures above.

2.1 SEGMENT INFORMATION (continued)

	Eastern AU, PNG			WA, Northern AU, TL			
	Cooper Basin	Queensland & NSW	PNG	Western Australia	Northern Australia	Corporate, elimination, non-core & other	Total
US$million	**2022**	**2022**	**2022**	**2022**	**2022**	**2022**	**2022**
Revenue							
Product sales to external customers	450	639	1,623	596	294	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**	**600**	**294**	**64**	**3,843**
Costs							
Production costs	(71)	(41)	(143)	(111)	(78)	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**	**603**	**216**	**(153)**	**2,731**
Depreciation and depletion	(124)	(120)	(295)	(202)	(103)	(9)	(853)
Exploration and evaluation expensed	(3)	(3)	(34)	(36)	(12)	(15)	(103)
Net impairment loss	–	–	–	–	(2)	–	(2)
Change in future restoration assumptions	–	–	13	(33)	–	(3)	(23)
EBIT	**107**	**345**	**1,047**	**332**	**99**	**(180)**	**1,750**
Net finance costs						(120)	(120)
Profit before tax							**1,630**
Income tax expense						(413)	(413)
Royalty-related taxation expense	–	–	–	(51)	1	–	(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.

Santos Energy Solutions	Cooper Basin	Queensland & NSW	PNG	Western Australia	Northern Australia	Corporate, elimination, non-core & other	Total
US$million	**2022**	**2022**	**2022**	**2022**	**2022**	**2022**	**2022**
EBITDAX[2]	**50**	**–**	**–**	**77**	**(12)**	**–**	**115**

[2] The results from Santos Energy Solutions are included within the reportable segment disclosures above.

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 2023 US$million	30 June 2022 US$million
Product sales:		
Gas, ethane and liquefied gas	**2,442**	2,728
Crude oil	**292**	627
Condensate and naphtha	**207**	339
Liquefied petroleum gas	**26**	72
Total product sales[1]	**2,967**	3,766

[1] Total product sales include third-party product sales of $390 million (2022: $538 million).

	30 June 2023 US$million	30 June 2022 US$million
Revenue – other:		
Pipeline tolls and tariffs	**48**	40
Unwind of acquired contract liabilities	**3**	3
Net trading revenue	**20**	13
Other	**19**	21
Total revenue – other	**90**	77
Total revenue from contracts with customers	**3,057**	3,843

2.3 EXPENSES

	30 June 2023 US$million	30 June 2022 US$million
Cost of sales:		
Production expenses	**384**	420
Other operating costs:		
LNG plant costs	**59**	46
Pipeline tariffs, processing tolls and other	**113**	73
Movement on onerous pipeline contracts	**–**	(1)
Royalty and excise	**84**	101
Shipping costs	**32**	31
Total other operating costs	**288**	250
Total cash cost of production	**672**	670
Depreciation and depletion costs:		
Depreciation of plant, equipment and buildings	**551**	457
Depletion of subsurface assets	**400**	396
Total depreciation and depletion	**951**	853
Third-party product purchases	**237**	431
Increase in product stock	**(23)**	(43)
Total cost of sales	**1,837**	1,911
Other expenses:		
Selling	**14**	6
General and administration	**56**	57
Costs associated with acquisitions and disposals	**2**	38
Foreign exchange hedging (gains)/losses	**(4)**	19
Other foreign exchange (gains)/losses	**(4)**	15
Fair value losses on commodity derivatives (oil hedges)	**–**	81
Fair value losses on electricity derivatives	**10**	–
Fair value hedges, losses on the hedging instruments	**–**	(1)
Exploration and evaluation expensed	**49**	103
Unwind of acquired contract assets	**40**	53
Other	**6**	17
Total other expenses	**169**	388

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**
2023			
Final dividend per ordinary share – paid on 29 March 2023	Unfranked	**15.1**	**498**
2022			
Final dividend per ordinary share – paid on 24 March 2022	Partially Franked	8.5	288

Dividends declared in respect of the period:	**Franked/ unfranked**	**Dividend per share US¢**	**Total US$million**
2023			
Interim dividend per ordinary share	Unfranked	8.7	283

2.5 OTHER INCOME

	30 June 2023 US$million	30 June 2022 US$million
Other income		
Gain on sale of non-current assets	**1**	5
Change in future restoration assumptions for non-producing assets	**16**	(23)
Other income associated with lease arrangements	**30**	38
Insurance recoveries	**13**	12
Overriding royalties	**4**	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	**64**	222

2.6 ASSETS HELD FOR SALE

Non-current assets (or disposal groups) 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.

In September 2022, Santos received a binding conditional offer from Kumul Petroleum Holdings Limited (Kumul) to acquire a five per cent working interest in PNG LNG assets, including a proportionate share of project finance debt. In December 2022, the period over which the offer will remain open was extended from 31 December 2022 to 30 April 2023 and further extended in May 2023 to 31 August 2023. As completion of the sale is expected within the next 12 months, the associated assets and liabilities remain classified as held for sale as at 30 June 2023. No impairment of the assets occurred on classification to held for sale.

The PNG LNG project is an integrated development that includes gas production and processing facilities and is part of the PNG segment.

	30 June 2023	31 December 2022
Assets and liabilities classified as held for sale	**US$million**	US$million
Cash and cash equivalents	**74**	78
Trade and other receivables	**18**	23
Prepayments	**2**	2
Contract assets	**15**	18
Inventories	**10**	10
Exploration and evaluation assets	**33**	33
Oil and gas assets	**1,023**	1,021
Goodwill	**126**	126
Assets classified as held for sale	**1,301**	1,311
Trade and other payables	**13**	19
Interest-bearing loans and borrowings	**257**	302
Provisions	**41**	42
Lease liabilities	**52**	53
Deferred tax liabilities	**267**	255
Liabilities classified as held for sale	**630**	671
Net assets	**671**	640
Amounts included in equity:		
Foreign currency translation reserve	**49**	49
Reserves of the disposal group	**49**	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 2023 US$million	31 December 2022 US$million	(Restated)[1] 30 June 2022 US$million
Balance at the beginning of the period		**2,271**	2,951	2,862
Acquisitions		**2**	14	–
Additions		**69**	111	141
Expensed relating to unsuccessful wells		**(5)**	–	(26)
Disposals		**(3)**	–	–
Impairment losses		–	–	(2)
Transfer to oil and gas assets in development	3.2	**(4)**	(771)	(3)
Transfer to oil and gas assets in production	3.2	**(14)**	(25)	(7)
Transfer to assets held for sale[2]	2.6	–	(19)	(14)
Exchange differences		–	10	–
Balance at the end of the period		**2,316**	2,271	2,951
Comprising:				
Acquisition costs		**1,673**	1,673	2,424
Successful exploration wells		**420**	420	384
Pending determination of success		**223**	178	143
		2,316	2,271	2,951

[1] Balance at the beginning of the period has been restated for a measurement period adjustment to the Oil Search merger acquisition fair values.
[2] Total exploration and evaluation assets transferred to held for sale is $33 million. Refer Note 2.6 for further details.

3.2 OIL AND GAS ASSETS

	Note	Six months ended 30 June 2023 US$million	 31 December 2022 US$million	 (Restated)[1] 30 June 2022 US$million
Assets in development				
Balance at the beginning of the period		**2,923**	1,637	1,428
Additions[2]		**465**	488	305
Disposals		**–**	–	(30)
Transfer from exploration and evaluation assets	3.1	**4**	771	3
Transfer from/(to) assets held for sale[4]	2.6	**–**	33	(67)
Transfer to producing assets		**(210)**	–	–
Exchange differences		**–**	(6)	(2)
Balance at the end of the period		**3,182**	2,923	1,637
Producing assets				
Balance at the beginning of the period		**14,887**	15,318	16,969
Additions[2]		**598**	761	116
Acquisitions		**–**	4	–
Transfer from exploration and evaluation assets	3.1	**14**	25	7
Transfer from assets in development		**210**	–	–
Remeasurement of lease arrangements		**–**	5	(5)
Transfer to assets held for sale[4]	2.6	**(2)**	(55)	(932)
Disposals		**(3)**	(2)	–
Impairment losses		**(22)**	(179)	–
Depreciation and depletion		**(943)**	(969)	(820)
Exchange differences		**(8)**	(21)	(17)
Balance at the end of the period		**14,731**	14,887	15,318
Total oil and gas assets[3]		**17,913**	17,810	16,955
Comprising:				
Other capitalised expenditure		**17,913**	17,810	16,955
		17,913	17,810	16,955

1 Balance at the beginning of the period has been restated for a measurement period adjustment to the Oil Search merger acquisition fair values.
2 Includes impact on restoration assets following changes in future restoration provision assumptions.
3 Includes impact of AASB 16 recognition of right-of-use assets.
4 Total oil and gas assets transferred to assets held for sale was $1,023 million. Refer Note 2.6 for further details.

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 2023			31 December 2022		
US$million	**Capital**	**Minimum exploration**	**Leases**	Capital	Minimum exploration	Leases
Not later than one year	**960**	**53**	**183**	1,127	121	192
Later than one year but not later than five years	**1,039**	**727**	**433**	882	701	432
Later than five years	**41**	**15**	**1,420**	–	4	1,390
	2,040	**795**	**2,036**	2,009	826	2,014

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 NET FINANCE COSTS

	30 June 2023 US$million	30 June 2022 US$million
Finance income:		
Interest income	**43**	10
Total finance income	**43**	10
Finance costs:		
Interest paid to third parties	**164**	138
Finance costs associated with lease liabilities	**21**	17
Deduct borrowing costs capitalised	**(97)**	(67)
	88	88
Unwind of the effect of discounting on contract liabilities – deferred revenue	**8**	8
Unwind of the effect of discounting on provisions	**77**	34
Total finance costs	**173**	130
Net finance costs	**130**	120

4.2 ISSUED CAPITAL

	Six months ended					
	30 June 2023 Number of shares	31 December 2022 Number of shares	30 June 2022 Number of shares	**30 June 2023 US$million**	31 December 2022 US$million	30 June 2022 US$million
Movement in fully paid ordinary shares						
Balance at the beginning of the period	**3,313,298,877**	3,358,819,225	3,386,921,635	**14,652**	14,874	15,030
On-market shares purchased (Treasury shares)	**–**	–	–	**(14)**	(12)	(24)
On-market shares purchased (Share buy-back)	**–**	–	–	**(316)**	(227)	(157)
Utilisation of Treasury shares on vesting of employee share schemes	**–**	–	–	**16**	17	25
Treasury shares cancelled pursuant to on-market buy-backs[1]	**(65,525,916)**	(45,520,348)	(28,102,410)	**–**	–	–
Balance at the end of the period	**3,247,772,961**	3,313,298,877	3,358,819,225	**14,338**	14,652	14,874

	30 June 2023 Number of shares	31 December 2022 Number of shares	30 June 2022 Number of shares
Movement in Treasury shares			
Balance at the beginning of the period	**9,217,171**	10,083,979	9,637,233
On-market shares purchased	**68,525,909**	47,687,015	32,435,737
Treasury shares cancelled pursuant to on-market buy-back[1]	**(65,525,916)**	(45,520,348)	(28,102,410)
Treasury shares utilised:			
Santos Employee Share1000 Plan	**–**	(179,760)	–
Santos Employee ShareMatch Plan	**–**	(573,038)	–
Utilised on vesting of SARs	**(371,579)**	(1,591,293)	(1,072,548)
Executive STI (deferred shares)	**(502,979)**	(689,384)	–
Executive LTI (ordinary shares)	**(2,108,265)**	–	(2,815,560)
Santos Employee ShareMatch Plan (relinquished shares)	**3,362**	–	1,527
Dividend equalisation shares on vested grants	**(39,939)**	–	–
Balance at the end of the period	**9,197,764**	9,217,171	10,083,979

[1] Cancellation of share buy-backs per Santos' capital management framework.

4.3 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 are 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) 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 may enter 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 external borrowings of the Group are denominated in US$.

The Group has lease liabilities and other monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of an operation. These items are restated to US$ equivalents 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 2023, the Group secured an additional A$350 million of 2023 foreign exchange hedging. As at 30 June 2023 a total of A$350 million remains outstanding with a fair value loss of $6 million recorded as a derivative liability.

(b) Market risk

Cash flow and fair value interest rate risk

The Group's interest rate risk arises mainly 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, subject to approved exceptions. No interest rate swaps are currently in place at 30 June 2023 (31 December 2022: nil) or at any time during the half-year.

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 2023, the Group had no open oil price derivative contracts (31 December 2022: nil). Final settlement on December 2022 contracts of $6 million was paid in January 2023. These contracts had been designated in cash flow hedge relationships.

During the reporting period ended 30 June 2023, 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 2023 through to 2024. A fair value of $6 million (31 December 2022: $8 million) has been recognised as a derivative asset on these contracts. Hedge accounting was adopted for these contracts from 1 July 2022.

In the prior period, the Group had an embedded derivative within an existing gas sales contract which had been bifurcated from the sales contract and accounted for as a standalone derivative. This contract matured in October 2022 and had no impact on the half-year results to 30 June 2023 (31 December 2022: nil).

4.3 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 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 forward foreign exchange contracts is determined by the present value of future cash flows based on the forward exchange rates at the balance sheet date.

The fair value of oil and electricity and 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 22 August 2023, the Directors of Santos Limited declared an interim dividend of US8.7 cents per ordinary share in respect of the 2023 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 2023. Refer to Note 2.4 for details.

DIRECTORS' DECLARATION

FOR THE SIX MONTHS ENDED 30 JUNE 2023

In accordance with a resolution of the Directors of 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 2023 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 22nd day of August 2023

On behalf of the Board:

Director

Building a better working world

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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 2023, 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 2023 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 2023 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*.

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
22 August 2023

APPENDIX 4D
FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

NTA BACKING

	30 June 2023	30 June 2022
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 2023	30 June 2022
	%	%
Joint venture and associate entities		
Darwin LNG Pty Ltd	**43.4**	43.4
GLNG Operations Pty Ltd	**30.0**	30.0
NiuPower Limited	**50.0**	50.0
NiuEnergy Limited	**50.0**	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.

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

Hydrocarbon fuels, including oil and natural gas, 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

An approval to undertake an activity that has potential to impact the environment, that shows risks have been reduced 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.

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

In relation to greenhouse gas emissions, is achieved when anthropogenic emissions of greenhouse gases are balanced by anthropogenic removal of greenhouse gases through means such as operational activities or efficiencies, technology (e.g, CCS), offset through the use of carbon credit units, or other means.

Net-zero emissions

Net Zero Scope 1 and Scope 2 greenhouse gas emissions; when referring to Santos, meaning 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

CO_2 Storage Resources Management System. The CO_2 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 and the carbon capture and storage and carbon emissions reduction technologies industries. 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 on any products we produce, store, trade or capture, actual demand, currency fluctuations, geotechnical factors, drilling and production results, gas commercialisation, development progress, operating results, engineering estimates, reserves and resource 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. There are inherent limitations with scenario analysis. Scenarios do not constitute definitive outcomes. Assumptions may or may not be, or prove to be, correct and may or may not eventuate, and scenarios may be impacted by factors other than assumptions made. 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, expressed 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.