

ASX / Media Release

1 September 2023

Santos agrees an initial sale of 2.6 per cent of PNG LNG to Kumul and an option for Kumul to acquire a further 2.4 per cent

Santos is pleased to announce it has executed a binding sale agreement to deliver Kumul Petroleum Holdings Limited (Kumul) a 2.6 per cent participating interest in PNG LNG for a total purchase consideration comprising cash of \$576 million and the assumption of ca. \$160 million of project finance debt (the Sale Agreement).

Completion of the Sale Agreement is not subject to finance and is conditional only on the approval of the PNG competition regulator on or before 31 December 2023. Kumul has paid \$80m into escrow with Santos as part payment of the purchase consideration under the Sale Agreement. Kumul has undertaken to make further pre-payments of the purchase consideration into escrow throughout the period up until completion.

In addition, Santos has agreed to grant Kumul a call option to acquire a further 2.4 per cent participating interest in PNG LNG for a cash purchase price of \$524 million (plus a proportionate share of project finance debt) (the "Call Option"). The Call Option must be exercised on or before 30 June 2024 and is subject to completion of the Sale Agreement having occurred and the satisfaction of customary conditions, including necessary regulatory approvals and third-party consents.

On 27 September 2022 Santos announced the receipt of a binding conditional offer from Kumul to acquire a five per cent interest in PNG LNG (refer to ASX release). This offer and the exclusivity arrangements with Kumul have now expired. The financial terms and effective date (31 December 2022) of the transactions announced today are consistent with the terms of that previous offer inclusive of the transfer of project finance debt.

Santos Managing Director and CEO Kevin Gallagher said:

"I am pleased we've reached a binding agreement with Kumul on the sale of up to 5% of PNG LNG. This re-structured transaction is a pragmatic solution that provides a clear pathway to completion and builds our strategic alignment with Kumul and our long friendship with PNG, where Santos has been a committed corporate citizen for over 40 years," Mr Gallagher said.

"PNG LNG is a low-cost and low emissions intensity asset that contributes strong cash flows to the project participants and economic and social benefits to the nation.

PNG Prime Minister James Marape welcomed the Agreement.

"This transaction will increase Kumul's interest in PNG LNG and supports the PNG government objectives for the people of PNG to have a greater equity interest in the development of their natural resources", Mr Marape said.

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

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