

1 May 2023

PNG LNG sell-down exclusivity period with Kumul extended

Santos refers to its announcement of 27 September 2022 regarding the 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 (the Offer). On 23 December 2022, Kumul extended the Offer period until 30 April 2023.

Kumul has advised Santos it has now extended the period in which the Offer will remain open until 31 August 2023. Santos has agreed to deal exclusively with Kumul during this period regarding the sale of equity in PNG LNG.

Kumul has agreed it will work closely with Santos during this extension period in order to assist it in arranging the finalisation of its acquisition financing with third parties. There is also strong support from both the government and the Joint Venture partners for the transaction proceeding.

Santos Managing Director and CEO Kevin Gallagher said PNG LNG continues to represent compelling value for shareholders.

“With the significant changes in the global energy landscape over the last 12 months, PNG LNG remains a world-class asset that is low-cost, low emissions intensity and delivers reliable LNG supply to our customers in Asia,” Mr Gallagher said.

“The project is positioned in a supportive regulatory environment, with fiscal stability arrangements in place ensuring that it contributes strong cash flows to project participants and delivers significant economic and social benefits to the nation. While the PNG project is a very valuable asset and Santos’ balance sheet is strong, Santos remains committed to selling five per cent equity in the project to support the PNG government to achieve the nation’s equity objectives.”

Prime Minister James Marape said, “I am fully supportive of continuing the transaction to purchase five per cent of PNG LNG in pursuing PNG national interest and its nation building programmes. Given the volatility in the financial markets and high interest rate environment, I support Kumul’s request for a time extension to complete the transaction. With credible private sector lenders significantly advanced, I am confident that Kumul will secure an appropriate financing package.”

Ends.

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

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