

Speech to Papua New Guinea Resources and Energy Investment Conference & Exhibition 2023

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Australia and Papua New Guinea**

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Good afternoon.

We're meeting today on the lands of the Gadigal people and I'd like to start by paying my respects to their Elders, past, present, and emerging.

I would also like to acknowledge and thank the landowners, clan groups and the First Nations people who support us and work with us everywhere we operate across Australia, Timor Leste, Alaska and, of course, Papua New Guinea.

Santos is proud of the work we do with these communities and in particular, to our landowners and clan groups in Papua New Guinea. We are indebted to them for their support of our projects and operations. At this time, I would like to pay my deepest respects to the late Peter Heno, Chairman of Papua New Guinea's leading landowner company, PNG Mining and Petroleum Hospitality Services. This company was built upon his dream and his desire for a better future for local communities. One where equality and equity go hand in hand. His legacy will surely live on and will remain an inspiration to us all to create a better world. On behalf of everyone at Santos, I offer my condolences to his family, and the management and staff of PNG MPHS.

I'd now like to acknowledge the Prime Minister of Papua New Guinea, James Marape, Minister for Petroleum and Energy Kerenga Kua, State Ministers and business leaders who are here today.

I also pass on my gratitude to the PNG Chamber of Resources and Energy for once again hosting this important event. As the Chamber has said, this is an exciting, yet crucial time to be having a conversation about the future of the Mining and Petroleum sectors in Papua New Guinea. It's important that we all come together to understand PNG's resource sector now, and to discuss how it will be developed over the next 10 years. I'm grateful that Santos can be part of this important conversation.

History

Santos has proudly been a part of PNG since the 1980s, with interests in PNG LNG and Papua New Guinea producing oil fields and development projects with Papua LNG and the P'nyang Gas Project.

Since then, our interest and activity in the country has increased.

In fact, it was two years ago yesterday when we completed the effective merger between Santos and Oil Search.

The merger delivered many benefits for Papua New Guinea – benefits that the nation is still reaping – which I'll touch on a little later.

As a long-term investor in Papua New Guinea, Santos remains committed to PNG's ongoing development and success, and we are doing this through the continued development of a national workforce as well as our community and social investments.

Macro and investment environment

And while it has been just two years since the merger, the world we're in today looks completely different today to the world we faced in December 2021.

In the 24 months since the merger, the world is faced with new threats and challenges.

The war in Ukraine is still underway and with more recent conflicts in the Gaza Strip, the geopolitical issues are generating instability on our doorstep.

These battles – while thankfully far from home – are affecting our energy markets with increasing volatility.

The problems underpinning these issues have been brewing for years. A critical underinvestment as demand continues to grow is exacerbating the volatile situation.

Australia has built a reputation for being a stable, reliable provider of resources for our neighbours.

But as the geopolitical threats continue, that reputation is at risk.

Currently, we're seeing concern from our customers as Australia's position as a leading and trusted gas supplier for energy-consuming economies of Asia is in decline, despite the clear role that gas will play in the region for decades to come.

Which is why, as a resource-rich nation, PNG will continue to be relied upon for its vital resources for its closest neighbours in Asia.

The enormous resource base in PNG has meant the country is a reliable provider of low-cost LNG to Asian markets – and at Santos, our intent is to keep it that way, with continued investment in the nation.

PNG key to a diverse portfolio

It may not come as a surprise to you that on top of the geopolitical instability, the resources industry here in Australia is facing threats of its own.

There is no hiding from the fact there are challenges around regulatory approvals here in Australia.

Although our sector provides essential services and immeasurable benefits to people who need it most, the agendas of a vocal minority are risking the destruction of an entire industry, complete with the destruction of thousands of jobs.

Recognising those issues, Santos is very fortunate to have a portfolio of opportunities that allows us to pivot and look at other opportunities in other jurisdictions.

As a company, we are actively prioritising investments in supportive regulatory jurisdictions and with its very large resource base and strong and reliable plateau production, PNG continues to be a key to Santos' diverse portfolio.

Now, more than ever, our strategic decisions about sovereign risk and future growth opportunities are being considered in light of the jurisdictional support.

Our commitment

As I mentioned, it was two years yesterday since the successful completion of our merger with Oil Search. Our decision to merge with Oil Search has overwhelmingly been a resounding success for both Santos and PNG, and speaks to the benefit that can come from investing in PNG. The merger has created greater alignment in Papua New Guinea to support the development of key projects including Papua LNG - delivering new jobs, helping to support the local economy, and continuing to support the development of and investment in PNG.

Our commitment to value and retain the local workforce has been upheld because we see the value in our long-term, ongoing relationship with the nation and importantly, with our people.

The merger has not resulted in any local job losses, and we continue to ensure the PNG workforce reaps the benefits of our global experience.

In fact, in October we welcomed 34 new local apprentices in PNG as part of our successful apprenticeship program for 2023. This cohort comprised six women and 28 men in the fields of electrical, mechanical and instrumentation – the largest cohort to join Santos in PNG since the program's inception.

These apprentices travelled to Malaysia to undergo world-class technical training as part of the apprenticeship program, demonstrating our commitment to the development of our young talent and providing them with international exposure. We look forward to taking them on an exciting journey with the company in an industry that continues to prosper.

As part of our commitment to PNG, we will continue to build on the great work of the Oil Search Foundation through the launch of the Santos Foundation. In PNG, over 92% of leaders in Santos Foundation are Papua New Guinean and this includes the first four roles now supporting the expanded Foundation from PNG. Going forward with the Foundation programs, Santos will have strong focus areas around building resilient communities and advancing economic pathways, as we continue to work collaboratively with national and sub-national governments to empower our communities. The insight Santos has gained from working through the Foundation in PNG has enabled the expansion and creation of our global Santos Foundation – which will now work across all areas of our operations.

We have embraced the optimistic nature of the PNG workforce. The energy driven by the optimism provided by our PNG people is spreading across Santos, and the benefits are easy to see.

Operationally, the benefits to both Santos and PNG have flowed from the merger.

- We've commenced a four-well drilling program in our operated area and are evaluating further opportunities. Our committed spend on the infill wells is about \$220M USD (Gross)
- We will also be looking to tie in one of our operated facilities to export more gas to PNG LNG in the future. (AGO project)

Our long-term priority is to supply sustainable, low-cost LNG to the Asia-Pacific region.

To realise the opportunities for either backfill or growth of both gas and liquids flowing from our own exploration strategy.

A strong presence in Papua New Guinea is critical to fulfilling that priority.

In addition, we have made strong progress in local abatement and carbon capture and storage opportunities.

2024 plans

The year ahead won't be without its challenges, however PNG will continue to play a key role in Santos' portfolio.

- We'll continue to optimise our local assets, maintaining our new high facility reliability performance for oil optimisation and gas export.
- We'll add reserves delivering on our remaining infill drill program.
- We will continue to evaluate the option to have a Floating Storage and Offtake (FSO) solution to replace the aging Kumul Marine terminal, which has been there since the late 90's to export the highlands liquids – this would be the very first facility of this kind in the country.
- We'll ensure Hides GTE is ready for export, to support Porgera Mine re-opening.
- In addition, Papua is scheduled for FID in 2024 with first production in 2028.
- We're using our infrastructure position to get value out of Papua by leveraging our position and reaping the value, not just through the additional gas we produce, our equity share of the Papua production, but also through tolling.

I am excited to also announce that we will soon launch a pioneering initiative, the Services Centre of Excellence (SCE) in Port Moresby. The program will create new opportunities for the country's workforce and continue elevating local technical expertise. The project is scheduled to commence in February 2024 and represents a significant milestone for PNG and Santos as it promises to bolster employment and harness the potential of local talent.

In a first-of-its kind venture for PNG and Santos, the Services Centre of Excellence will establish and grow a team that not only aids Santos' local operations but also enhances the company's overall business capabilities, reducing the need for outsourcing Santos work to other countries. By consolidating its expertise within PNG, the project aims to foster technical prowess and create new job opportunities that also position's the country well for growth opportunities on the horizon.

In addition, we remain committed to our local PNG reforestation efforts.

We'll continue to progress our Markham Valley Reforestation project, where we're working to establish and grow trees that take carbon from the atmosphere while, enhancing biodiversity by creating habitat and delivering social development and economic benefit to communities.

Conclusion

For more than half of our existence as a company, we have been proud to invest, hire and produce from Papua New Guinea.

Santos remains committed to PNG – and the collaboration we have undertaken over many decades is something we want to see continue into the future.

To the attendees here today – considering whether or not to invest or expand in PNG, I can say with confidence, look at what we have done at Santos, not just with our joint venture partners, but with the people and Government of PNG.

There has never been a better time to invest.