Santos

ASX/Media Release

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Santos takes FID on Moomba Central Optimisation project in the Cooper Basin

Highlights

- Targeting over $600 million in capex and opex savings (net Santos)
- Debottlenecking enables production growth in low-cost, high-productivity Central Fields area
- Targeting an improvement in Cooper Basin unit production cost of up to $3 per boe
- Expected internal rate of return (IRR) >15 per cent with payback period of 6 years
- Unlocks full development of Central Fields with IRR >25 per cent
- Subject to concluding a fully-formed gas supply agreement (GSA), Santos intends to use prepayment funds from its recent deal to supply the South Australian government's Strategic Gas Reserve, to invest in the Moomba Central Optimisation (MCO) project
- Targeting Scope 1 emissions reduction of ~40 $ktCO_2e$ per year

Santos and its joint venture partner Beach Energy have taken a final investment decision (FID) to proceed with the MCO project in the Cooper Basin, South Australia. Santos' will invest $357 million (net Santos) in the project which is planned to be delivered over three years. Santos has fully budgeted this capex and will remain within its $45-50/bbl all-in free cash flow breakeven target.

The MCO project will replace seven ageing gas-driven compressor stations with one electric-driven compressor station that will debottleneck upstream infrastructure and unlock future production growth from the Cooper Basin Central Fields in South Australia. At the Moomba Gas Plant, new inlet compression and additional power generation capacity will be installed to receive gas and power the upstream satellite.

The MCO project has strong economics with key metrics meeting or exceeding Santos hurdle rates as follows:

- Targeting capex and opex savings of more than $600 million (net Santos) over the life of the Central Fields by moving to more efficient, modern infrastructure
- Targeting reducing unit production cost by up to $3 per boe
- Estimated IRR of >15 per cent

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The Central Fields contain more than half of the remaining 2P reserves in the Cooper Basin and have higher productivity wells. The MCO project is designed to unlock the full productivity of the Central Fields, with an IRR greater than 25 per cent expected from Central Fields full-field development that the MCO project is expected to enable.

Santos Managing Director and Chief Executive Officer Kevin Gallagher said the MCO project was consistent with Santos strategy for disciplined growth around the company's existing infrastructure.

"The Cooper Basin has been a cornerstone of Australia's gas supply for more than 60 years. The MCO project will unlock significant value by modernising our infrastructure and extending the productive life of this world-class resource," Mr Gallagher said.

"This project demonstrates our commitment to operational excellence and capital efficiency. By replacing ageing infrastructure with modern, electric-driven technology, we will reduce operating costs, improve reliability and lower emissions.

"Importantly, the project is estimated to reduce Santos Scope 1 emissions by over 40,000 tonnes of CO_2 equivalent per year, supporting our Scope 1 emissions reduction targets.

"The Cooper Basin will continue to play a vital role in Australia's energy security, supplying gas to South Australian and eastern Australian markets. The MCO project means this critical resource can continue to deliver energy and economic benefits for decades to come.

"Santos recently executed a Key Term Sheet with the South Australian government for gas supply of 20 PJ per year from the Cooper Basin from 2030 to 2040, for the State’s Strategic Gas Reserve. Subject to concluding a GSA, Santos intends to use funds from the prepayment component of this deal to invest in the MCO project, improving the economics further, extending the productive life of the Cooper Basin and securing skilled, well-paying jobs for South Australians beyond 2040."

Ends.

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