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Market Announcements Office
Australian Securities Exchange Limited

TO: ASX Market Announcements
FROM: Company Secretary
SUBJECT: 2024 Annual General Meeting

Please find attached the Chair's and Managing Director and Chief Executive Officer's addresses to the 2024 Annual General Meeting held today.

Amelia Senneck
Company Secretary

Encl.



AGM 2024 Chairman's Address

I will commence our business today with my report to you, covering our results in 2023 and our priorities for 2024.

Note that values referred to are US dollars unless otherwise stated.

On behalf of the Board, I would like to acknowledge the work and commitment of everyone at Santos throughout 2023.

The year was very successful for Santos.

Our Managing Director and CEO Kevin Gallagher and his team have continued the momentum of previous years by generating strong cash flows, progressing our major projects and decarbonising our business.

Santos continues to drive shareholder value through our disciplined operating model and capital management framework.

While Kevin will go into the year's operational and financial performance in more detail in his address, I am pleased to report the business was again strongly cash generative in 2023 – with free cash flow of just over 2.1 billion dollars.

We strengthened our balance sheet, reducing gearing to 18.4 per cent, excluding operating leases.

And we maintained our commitment to return at least 40 per cent of free cash flow from operations to our shareholders.

As a result, I am pleased to report the company delivered a record 852 million dollars in cash returns to shareholders.

The Board declared a final dividend of 17.5 cents per share unfranked, bringing total dividends declared for the year to 26.2 cents per share.

Our strategic focus remains on:

- development projects that backfill and sustain our existing infrastructure to deliver critical fuels to meet customer demand.
- decarbonising our business and providing carbon management services to our customers and third parties.
- and developing lower-carbon fuels as customer demand evolves over time.

This means we will continue to develop our Barossa gas project, our Pikka oil project in Alaska and the resource base around our existing LNG projects in Gladstone, Darwin and Papua New Guinea.

Our LNG projects are supported by long-term contracts with quality customers in Asia, strong oil and JKM-linked pricing, short shipping distances and proximal carbon abatement opportunities.

We will also look for third-party carbon sources to support future expansion of our Moomba carbon capture and storage project, and we will continue to pursue our proposed Bayu-Undan carbon capture and storage project in Timor-Leste.

As we execute our strategy, we will continue to focus on value accretion and delivering sustainable returns for shareholders over the longer term.

In addition to our financial metrics, we also continue to focus on environmental, social and governance metrics.

This year we committed to two new climate initiatives in our Sustainability and Climate Report.

The first, Aiming for Zero Methane Emissions, is sponsored by the CEO-led global Oil and Gas Climate Initiative.

It is focused on accelerating action to a net-zero future consistent with the objectives of the Paris Agreement.

Santos also joined the World Bank's Zero Routine Flaring by 2030 Initiative, committing the company to work towards eliminating routine flaring from oil operations by 2030.

People and culture are an important focus for Santos.

At the start of 2023, we piloted a compressed nine-day fortnight across our Australian office locations under the banner of Flex Friday.

The trial was successful, maintaining workforce productivity, and Flex Friday is now a permanent offering for our Australian workforce.

Pilot programs in other locations are being planned.

These initiatives add to other existing flexible work policies and practices across the company.

In 2023, we increased female new hires by more than 50 per cent on 2020 and nearly doubled female representation in the field workforce over the same period.

We will continue to implement initiatives to increase female representation in our workforce in skilled, secure, well-paid roles.

Eighty-one women and 68 men accessed our primary carer's 18 weeks of paid parental leave and received almost 1 million dollars in childcare benefits from the company last year.

These industry-leading programs are aimed at attracting and retaining the people we need to successfully deliver our Vision 2040 and implement our strategy.

On Tuesday night, Santos held its 20th Environmental Health Safety and Sustainability Awards ceremony.

These awards demonstrated the innovation of Santos' people in delivering safer, more environmentally sustainable and more efficient operations.

Also on display were the wide range of health, education and other community programs and projects supported by Santos and the Santos Foundation across our global operations.

These programs and projects are truly building a better future for the communities where we operate.

A highlight for the Board in 2023 was a visit to our Alaskan operations following the milestone spudding of the first Pikka well last June.

Santos is a prominent corporate citizen here in South Australia, in other places around the nation and in Papua New Guinea.

It was very pleasing to see that we are building the same prominent position in Anchorage and on the North Slope, including establishing long-term, positive partnerships with local communities and other stakeholders.

The Board was able to get out into the field, visit the well pad on the North Slope, see the drilling rig in action and talk with the local workforce.

In Anchorage, we held meetings with government representatives, Indigenous leaders and many other people and organisations who support our project and operations in one way or another.

Our Alaskan project is truly exciting for the company.

The Pikka Unit is one of the largest conventional oil discoveries made in the US in the past 30 years and the Pikka Phase one project is the most significant development on Alaska's North Slope in more than 20 years.

At the end of March, we had drilled seven wells and completed flow backs on three, with results favourable to prognosis.

Pipeline installation, sea water treatment plant and Nanushuk production facility activities are also progressing well with the project on budget and on schedule for first production in 2026.

The project is now 47 per cent complete.

Pikka is a low emission-intensity project in the top quartile of oil and gas development projects globally for greenhouse gas emissions performance and our equity share of Scope 1 and 2 emissions will be net zero from day one of production.

The Board also visited Moomba in 2023 and saw the progress on our first carbon capture and storage project which will be ready for first injection of CO₂ within just a few months.

Moomba CCS Phase one will be one of the lowest-cost CCS projects in the world and will store up to 1.7 million tonnes of CO₂ per year, depending on CO₂ availability.

This is equivalent to around 28 per cent of the total annual emissions reduction from Australia's electricity sector last year, making Moomba CCS very significant in Australia's journey to net-zero emissions.

With strong interest in abated natural gas domestically and internationally, Moomba CCS is well positioned to provide carbon management services to third parties in the future.

While Kevin will have more to say about Barossa in his address, I am very pleased to report that:

- we are currently drilling the second of six wells,
- pipelaying is nearing completion,
- subsea facilities installation is well under way, and
- thirteen of the 16 topside modules have now been installed on the floating production storage and offtake vessel.

This makes the project more than 70 per cent complete and on track for first production in the third quarter of 2025.

We have enhanced our project consultation processes with Aboriginal and Torres Strait Islander people and communities over the past year – and sought to build stronger, deeper, broader and more meaningful relationships.

I want to thank the many Tiwi, Larrakia and other Aboriginal communities across the Top End who have worked constructively with us through this process.

We will continue to work with you and ensure your communities share in the benefits of Barossa and Darwin LNG across the life of the projects.

With Barossa and Moomba CCS all scheduled to come online within the next 18 months and Pikka in the first half of 2026, the company is in its peak capex year with line of sight to the strong production, emissions reduction and cash generation that will result from these major projects.

These projects will transform Santos and provide long-term shareholder value.

Our critical fuels are a necessary component in the energy security of Australia and Asia, and will be required to provide affordable and reliable energy whilst the world transitions to lower-carbon alternatives.

As we celebrate our company's 70th year, I thank my fellow Board members for their commitment to Santos and you, our loyal shareholders, for your ongoing confidence and belief in the company.

In particular, I would like to express my sincere appreciation to our departing board members, Peter Hearl and Dr Eileen Doyle.

Both joined us in 2016, Eileen through our Oil Search heritage.

Peter and Eileen have made very valuable contributions to Santos and have represented shareholders' interests with distinction and integrity during their tenure.

Peter joined the Board at a challenging time for Santos – when the company was at its lowest ebb.

He has been an integral part of Santos' transformation over the last eight years to become the stable, reliable business it is today.

Peter has chaired our EHSS committee since 2018 – marking a continual improvement in our safety processes and environmental performance, and importantly, setting Santos' framework for the energy transition and our path to decarbonisation.

At Oil Search, Eileen chaired the Sustainability Committee and oversaw the formation of the Oil Search Foundation, which is now the Santos Foundation.

This is an incredible legacy.

You would have seen some of the excellent initiatives and programs led by the Foundation in our opening video.

We can all be very proud of the health, youth, domestic violence, education and community development programs it runs in PNG to improve lives and build a better future.

It has been so successful that the work of the Foundation is being expanded to also cover our operations in Australia, Timor-Leste and Alaska.

Peter and Eileen's guidance, expertise and character has been invaluable for our company, and we wish them both well in their endeavours, whatever they choose that to be.

Finally, I thank all Santos employees for their contribution and commitment to our company and for their strong ongoing support to deliver Vision 2040.

I'm very excited about our future and I hope you are too.

I'll now hand over to Kevin. Thank you.



CEO 2024 AGM Address

Thank you, Keith.

I hope you all enjoyed our video at the commencement of proceedings today.

This shows how far we have come in the past eight years as we continue to supply the critical fuels the world demands – and as we prepare to decarbonise through technologies such as carbon capture and storage, and nature-based carbon sequestration.

Our Moomba CCS, Barossa gas and Pikka oil projects are well under way and they will be transformative for our company as they start up in 2024, 2025 and 2026 respectively.

All these projects will put Santos in a strong position to deliver long-term value for shareholders.

And, I am very proud of the strong relationships we continue to build and maintain with Aboriginal and Torres Strait Islander people in our Australian operations – and with the Indigenous communities everywhere we operate across Alaska, PNG and Timor-Leste.

Turning first to our results, in 2023 we delivered record cash returns as a result of our high-performance culture, disciplined low-cost operating model and a strong focus on safety.

Production was 92.2 million barrels of oil equivalent, before adjustment for our production sharing contract for Bayu-Undan.

Our sales revenue was nearly 5.9 billion dollars, EBITDAX was nearly 4.1 billion dollars and our underlying profit was just over 1.4 billion dollars.

I have always said cash is king and I am pleased to report we delivered free cash flow of more than 2.1 billion dollars for the year.

Our results demonstrate strong operational performance and the capability of Santos to generate strong cash flows, develop major projects and deliver sustainable shareholder returns.

Eight years ago we implemented our disciplined low-cost operating model and set a free cash flow breakeven oil price target of 35 dollars per barrel for each asset and for our operating business overall.

Pleasingly, our overall free cash flow breakeven oil price in 2023 was less than 28 dollars per barrel, unhedged.

Over the last eight years, our discipline has:

- Turned negative cash flow into free cash flow of more than 2 billion dollars this year and a total of about 11 billion dollars overall, about five times the company's entire market cap in early 2016.
- Returned over 3 billion dollars to shareholders, more than our entire market cap in 2016.

We have:

- Upgraded our portfolio with three major transactions which gave us operatorship and scale in Western Australia, the Northern Territory and Timor Leste, and an increased interest in the world-class PNG LNG project.
- Decreased our unit production cost from 8 dollars 45 cents per barrel to 7 dollars 61 cents per barrel – excluding Bayu-Undan – through innovation, operational excellence and delivering the synergies from our major transactions.
- Deleveraged the company from gearing of over 40 per cent down to just over 18 per cent, excluding operating leases.

- Improved our safety performance and established hydrocarbon release incident rates that are better than industry benchmarks.

Importantly, we have led the industry in embracing decarbonisation through large-scale, low-cost carbon capture and storage, with our Moomba CCS project only months away from start-up.

And, we are developing two world-class projects – Barossa and Pikka – that will set the company up with long-term, stable cash flows for the next 10-15 years at least.

As a result, our market cap today is around five times our market cap at the beginning of 2016.

Our diversified portfolio and disciplined low-cost operating model are designed to deliver free cash flow through the commodity price cycle.

When Barossa and Pikka projects come on line, we expect our unit production costs to further decline by about seven per cent.

Our portfolio positions Santos well to meet customer demand on our doorstep in Asia where energy security, economic growth and decarbonisation priorities will need to be carefully balanced over the next two decades.

The Santos portfolio includes three world-class LNG assets with a quality LNG customer base and strong contracted pricing with a volume-weighted average slope of more than 14 per cent of the Japan Custom Crude marker.

In part, this reflects the high heating value of a large proportion of our LNG production, which is particularly sought after in Japan and Korea.

Our assets are strongly advantaged by proximity to Asian markets and the majority of the portfolio is contracted, with flexibility to increase contracted volumes as market opportunities arise.

Importantly, our base business, dominated by quality LNG projects in Gladstone, Darwin and Papua New Guinea, remains strong.

In eastern Australia, gas from the Cooper Basin and Queensland coal seam gas fields supply our Gladstone LNG project.

We drilled 108 wells and connected 96 new wells across our Cooper Basin fields in 2023.

While this basin has been going strong for more than half a century, we are seeing very encouraging results for future production from a new play known as the Granite Wash.

The Granite Wash is a resource within the Patchawarra Formation of the Permian Cooper Basin, located beneath the historical reservoirs in the Moomba field.

It's close to existing gas processing and transport infrastructure, reducing potential development and production costs.

And in our Queensland CSG fields which also supply the Gladstone LNG project, we achieved a record new well connection count, bringing 455 wells on line in 2023.

In the north, Bayu-Undan and Darwin LNG have been a real success story, with production from Bayu extended through the innovation of our operations teams.

We shipped additional spot cargoes from Darwin LNG in 2023 with the final cargo leaving last November.

Domestic gas supply to the Northern Territory continues today and it is a real credit to our people in Darwin to have been able to safely and reliably run the LNG plant at low production rates for so long.

The Darwin LNG plant life extension work is now well underway ahead of first gas from Barossa next year.

The Barossa gas project itself is more than 70 per cent complete and will backfill Darwin LNG for 15 to 20 years.

The first Barossa well has been completed and pleasingly, initial well flow rates are in line with expectations and carbon dioxide content is at the low end of the expected range.

At full production rates, Barossa is expected to add 1.8 million tonnes per annum to Santos' expanding LNG portfolio.

Barossa is a world-class LNG asset designed to utilise existing infrastructure at Darwin LNG to deliver a low-cost, reliable, long-term source of supply to Japan and Korea.

It has been very rewarding to get Barossa back on track this year and to build relationships with local communities.

We have seven Tiwi Islanders and Larrakia people working on the Barossa drilling rig and five Tiwi Islanders employed as cultural observers and monitors for the pipelay activity.

One of the highlights of 2023 for me was establishing a multi-million-dollar Aboriginal training and jobs pathway program with our contractor KAEFER in the Northern Territory.

The program kicked off with an initial intake of 12 scaffolding cadets earlier this year and the interest in the program has been overwhelming.

Twenty-six positions are anticipated to be offered over the four years of the program.

I am very proud of this program because training, education and good jobs are the building blocks for individual social and economic empowerment, and just as importantly, for stronger, more resilient families and communities.

You may also have seen our announcement this year to establish the Barossa Aboriginal Future Fund.

The Fund will receive income from the Barossa gas project revenues over the life of the project.

Its purpose is to deliver community and homeland infrastructure, support cultural activities and provide services to improve health, education, housing, community resilience and economic outcomes for Aboriginal people in the Northern Territory.

This is how Santos is living its own purpose and values through building a better future for communities where we operate as we provide reliable and affordable energy to help create a better world for everyone.

Barossa will be transformative not only for our company but for the Northern Territory.

Just as Bayu-Undan has been transformative for Timor-Leste, contributing approximately 25 billion to the country's economy over the last 20 years and employing hundreds of Timorese people in skilled, well-paying jobs.

Barossa will also be net zero reservoir emissions from day one of production.

Santos continues to pursue its Bayu-Undan carbon capture and storage project, which would safely and permanently store up to 10 million tonnes of CO₂ per year, including CO₂ from our Barossa gas project.

Santos and our joint venture partners have already invested nearly 40 million dollars on front end engineering and design for this project and over 310 million dollars to establish the infrastructure to enable storage of CO₂ from Barossa at the Bayu Undan CCS project in the future.

And we are working with both the Timor-Leste and Australian governments as they implement enabling regulatory frameworks for cross-border transfer of CO₂ and safe operations for storage.

Our world-class PNG LNG project also performed well, maintaining gross production volumes of 8.4 million tonnes while production costs reduced by 26 million dollars in 2023.

Our Pikka project in Alaska is a tier one project that is progressing towards first production in 2026 with well flowback results favourable to our expectations.

The project has strong economics, is located in a world-class oil producing province, with significant existing infrastructure, low emissions intensity and support from the Alaskan government, Indigenous and local communities.

It also provides an opportunity for Santos to further diversify its portfolio to include oil production outside key LNG operations in Australia and PNG.

Our Santos Energy Solutions business is focused on decarbonising our operations and providing carbon management services to our customers and other third parties, particularly in hard-to-abate sectors such as steel.

Our view is that decarbonising natural gas will support long-term supply of the reliable, affordable energy that continues to be demanded by our customers into the future.

We see carbon capture and storage as vital in achieving decarbonisation at scale and Santos has a strong competitive advantage with carbon storage resources close to our gas production, processing and transport infrastructure.

International Energy Agency and Intergovernmental Panel on Climate Change scenarios also assume a critical role for carbon capture and storage, and direct air capture technologies if the world is to meet its climate goals.

The European Union and many of its members, the United States and our neighbours in Indonesia and Malaysia are accelerating these technologies to drive the energy transition at scale.

The IEA has recognised Australia as having a competitive advantage in CCS, saying in 2023 that *“Australia is well-suited to large-scale deployment of CCS to facilitate domestic CO2 abatement and support regional emissions reductions.”*

However, Australia is lagging the rest of the world in providing the policy and regulatory settings, and the market signals that would facilitate greater private investment in what could be a new, profitable, job-creating energy transition industry for our nation.

In closing, I am confident we have the right strategy, organisation and people to prosper through the energy transition:

- backfilling and sustaining our existing infrastructure to supply the critical fuels our customers continue to demand,
- decarbonising our operations, and
- developing low-carbon fuels as markets evolve.

The whole Santos team will continue to focus on disciplined growth, implementing our low-cost operating model, driving costs down and delivering value for our shareholders.

“How” we do this, matters – and before you leave today, I encourage you to pick up a copy of our Sustainability and Climate Report (at the back of the room) and learn more about the incredible community development work our company and the Santos Foundation are doing to build a better future everywhere we operate.

I will now hand back to Keith.