Annual Report 2022

Santos

Creating a better world
through cleaner energy

CONTENTS

This *Annual Report 2022* is a summary of Santos' operations, activities and financial position as at 31 December 2022.

All references to dollars, cents or $ in this document are to US currency, unless otherwise stated.

An electronic version of this report is available on Santos' website, **www.santos.com**

Santos' Corporate Governance Statement can be viewed at: **www.santos.com/about-us/corporate-governance**

ACKNOWLEDGEMENT

We acknowledge the Traditional Owners of the land where we operate and work. We recognise their continuing connection to land, waters and culture. We pay our respects to their Elders past, present and emerging.

DISCLAIMER AND FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a range of variables that could cause actual results or trends to differ materially. This includes, but is not limited to: price fluctuations, actual demand, currency fluctuations, geotechnical factors, drilling and production results, gas commercialisation, development progress, operating results, engineering estimates, reserves and resource estimates, loss of market, industry competition, environmental risks, carbon emissions reduction and associated technology risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries, approvals, conduct of joint venture participants and contractual counterparties and cost estimates. The forward-looking information in this report is based on management's current expectations and reflects judgements, assumptions, estimates and other information available as at the date of this document and/or the date of Santos' planning processes. There are inherent limitations with scenario analysis. Scenarios do not constitute definitive outcomes. Assumptions may or may not be, or prove to be, correct and may or may not eventuate, and scenarios may be impacted by factors other than assumptions made. Except as required by applicable regulations or by law, Santos does not undertake any obligation to publicly update or review any forward-looking statements, whether as a result of new information or future events. Forward-looking statements speak only as of the date of this report, or the date planning process assumptions were adopted, as relevant. Our strategies and targets will adapt to the dynamic conditions in which we operate; it should not be assumed that any particular strategies, targets or implementation measures are inflexible or frozen in time. No representation or warranty, express or implied, is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forward-looking information contained in this report. Forward-looking statements do not represent guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond Santos' control, and that may cause actual results to differ materially from those expressed in the statements contained in this report. As referred to and articulated in the section Unreasonable Prejudice on page 31 of this report, Santos has omitted some information in relation to the Group's business strategies, future prospects and likely developments in operations and the expected results of those operations in future financial years on the basis that such information, if disclosed, would be likely to result in unreasonable prejudice.

About us

Santos is a global energy company committed to increasingly cleaner energy and fuels production, with operations across Australia, Papua New Guinea, Timor-Leste and North America.

At Santos, our commitment is to be a global leader in the transition to cleaner energy and clean fuels, by helping the world decarbonise to reach Net Zero in an affordable and sustainable way.

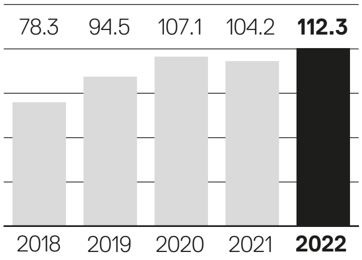
Santos is one of Australia's biggest domestic gas suppliers and a leading LNG supplier in the Asia Pacific region. We are committed to supplying critical fuels such as oil and gas in a more sustainable way through decarbonising projects, including the Moomba CCS Project, while we all transition to cleaner fuels. For more than 65 years, Santos has been working in partnership with local communities, providing local jobs and business opportunities, safely and sustainably developing natural gas resources, and powering industries and households. As customer demand evolves, Santos plans to grow and develop our cleaner energy and clean fuels, including hydrogen and synthetic methane, utilising carbon capture and storage technologies in addition to nature-based offsets, energy deficiency and use of renewables in our operations.

Underpinned by a diverse portfolio of high-quality, long-life, low-cost oil and gas assets, Santos seeks to deliver long-term value to shareholders. With a strong, low-cost base business supplying oil and gas and a transition plan to decarbonise and develop cleaner energy and clean fuels, Santos remains resilient, value accretive and at the leading edge of the energy transition.

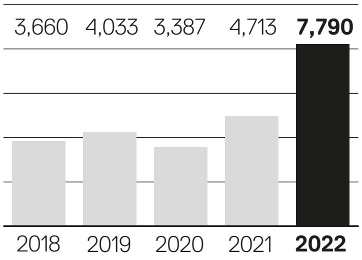
In 2022, to deliver the transition and our new purpose and vision, Santos announced a restructure of the business into two divisions, Upstream Gas and Liquids and Santos Energy Solutions. Santos Energy Solutions, a new business building on the Energy Solutions team set up in 2017, is the next step in our plans to build our transition business, including our decarbonisation and carbon management services business, on our path to a cleaner energy future.

Financial overview

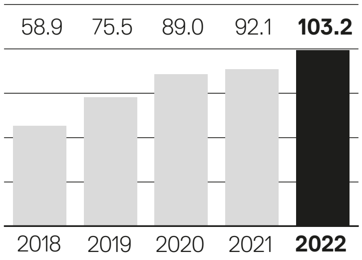
Sales volume
mmboe



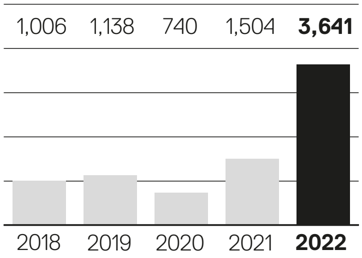
Sales revenue
US$million



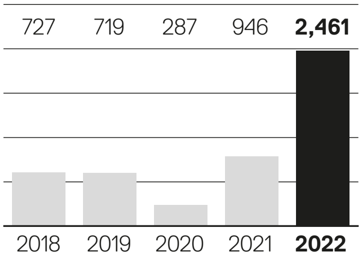
Production
mmboe



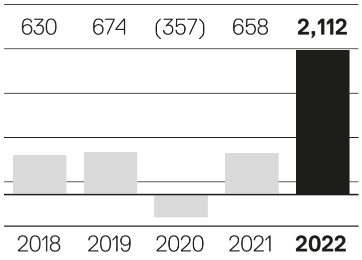
Free cash flow
US$million



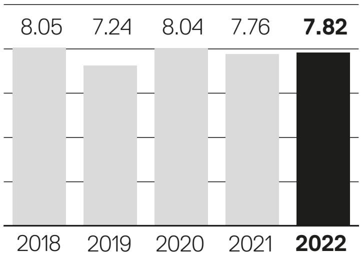
Underlying net profit after tax
US$million



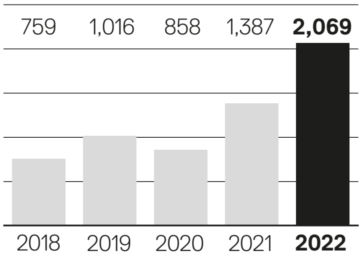
Net profit/(loss) after tax
US$million



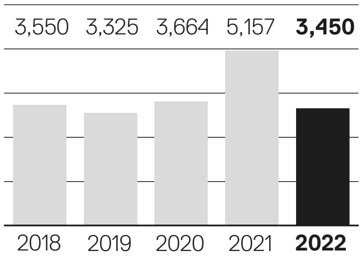
Unit production costs
US$ per boe



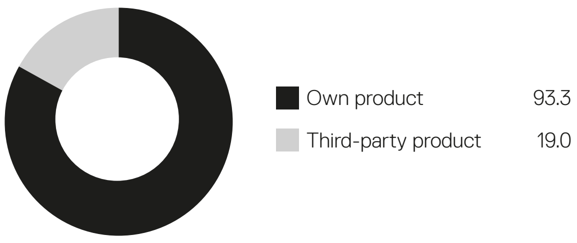
Capital expenditure
US$million



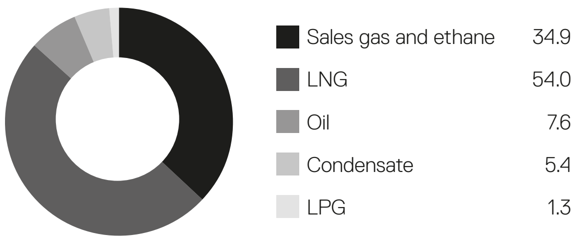
Net debt
US$million



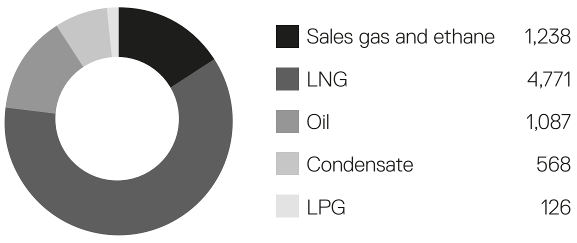
2022 Sales volumes
mmboe



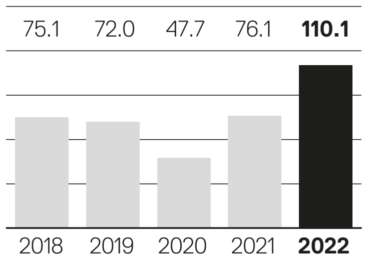
2022 Production
mmboe



2022 Sales revenue
US$million



Average realised oil price
US$ per barrel



2022 Results

		2018	2019	2020	2021	2022
Sales volume	mmboe	78.3	94.5	107.1	104.2	**112.3**
Production	mmboe	58.9	75.5	89.0	92.1	**103.2**
Average realised oil price	US$ per barrel	75.1	72.0	47.7	76.1	**110.1**
Net profit/(loss) after tax	US$million	630	674	(357)	658	**2,112**
Underlying net profit after tax	US$million	727	719	287	946	**2,461**
Sales revenue	US$million	3,660	4,033	3,387	4,713	**7,790**
Operating cash flow	US$million	1,578	2,046	1,476	2,272	**4,558**
Free cash flow	US$million	1,006	1,138	740	1,504	**3,641**
EBITDAX	US$million	2,160	2,457	1,898	2,805	**5,646**
Total assets	US$million	16,811	16,509	17,656	30,009	**28,856**
Earnings per share	US cents	30.2	32.4	(17.1)	30.8	**63.0**
Dividends declared	US cents per share	9.7	11.0	7.1	14.0	**22.7**
Number of employees	Number	2,190	2,178	2,722	3,786	**3,550**

Letter to Shareholders

KEITH SPENCE
Chair

KEVIN GALLAGHER
Managing Director and
Chief Executive Officer

Dear fellow shareholders,

2022 was a transformative and successful year for Santos. Our disciplined operating model has delivered a record operating performance, strong balance sheet and increased shareholder returns in the context of a challenging global environment.

Strong operating performance supporting increased returns to shareholders

Santos delivered record annual production of 103.2 mmboe, sales revenue of US$7.8 billion and free cash flow of more than $3.6 billion, which is more than double the free cash flow generated in the prior year.

Our balance sheet is strong with net debt reduced by over US$1.7 billion and gearing reduced to 18.9 per cent at year end.

We have announced returns to shareholders of US$1.5 billion through dividends and buybacks. This includes a final dividend for 2022 of US15.1 cents per share which is 78 per cent higher than the prior year.

In 2022 Santos created a new purpose which is "to provide cleaner energy that is both affordable and sustainable to help create a better world for everyone." Our strategic focus is on development projects that backfill and sustain our core assets to deliver critical fuels into the 2040s, decarbonising the energy chain and ultimately transition to the production of clean fuels.

Balanced and diversified Upstream portfolio

Significant progress was made to optimise our portfolio and maintain disciplined growth in order to drive shareholder value.

- The merger with Oil Search was successfully implemented including the realisation of US$122 million of annual synergies.
- The Barossa gas project is 55 per cent complete. Despite some recent delays due to regulatory approvals, Santos remains committed to the completion of Barossa and will work closely with key stakeholders to ensure that any remaining concerns are properly addressed in the Environment Plans.
- The binding conditional offer from Kumul Petroleum to purchase 5 per cent of PNG LNG from Santos for US$1.4 billion has been extended to 30 April 2023 to enable the satisfaction of acceptance conditions.
- The Pavo discovery added 2C resource in 2022. The Dorado and Pavo fields combined are estimated to contain gross 2C contingent resources of 189 million barrels of liquids and 401 petajoules of gas (Santos-share 147 million barrels and 320 petajoules, respectively). Project work is underway to optimise for a phased liquids and gas and development.

The Pikka Phase 1 development project in North America is managed separately from our core LNG and domestic gas assets.

Pikka Phase 1 contracting and early works have progressed since a final investment decision (FID) was made in August 2022.

Progress on decarbonising the energy supply chain

The Santos Energy Solutions business is delivering large-scale, low-cost decarbonisation initiatives through carbon capture and storage (CCS) whilst preparing to produce clean fuels as customer demand evolves.

- In 2022 we set new 2030 emissions reduction targets. These targets are to reduce Scope 1 and 2 emissions on an absolute basis by 30 per cent and an intensity basis by 40 per cent. We believe these new targets set us up to deliver on our existing net-zero Scope 1 and 2 (equity share) by 2040 emissions reduction target.
- The Moomba CCS Project is now 40 per cent complete and preparations are ongoing for a Direct Air Capture trial in the Cooper Basin in 2023.
- Front End Engineering and Design is now well underway for the Bayu-Undan CCS Project.

Outlook

We have commenced 2023 with a high level of confidence that Santos will execute its strategic plan and deliver sustainable returns to shareholders as a result. Demand for our products is likely to continue to be strong in 2023 and beyond.

In the context of international unrest and the potential disruption of supply, LNG customers are seeking energy security. Santos is now a leading global independent LNG supplier with a diversified portfolio, and is well-positioned to provide reliable, affordable and sustainable energy particularly in Asian LNG markets, where gas demand is forecast to increase by approximately 70 per cent by 2040[1].

Within Australia, Santos remains committed to supply of gas to domestic markets at reasonable prices and the development of the Narrabri gas project so that this can be achieved.

In summary, given the strong customer demand for our product now and into the future, Santos will seek to backfill and sustain our core assets to deliver the critical fuels the world needs into the 2040s. Santos will also seek to decarbonise these critical fuels, in-line with our emissions reductions targets, and our ambition to produce clean fuels as customer demand evolves.

On behalf of the Board and management team we would like to take this opportunity to thank you, our shareholders, for your ongoing trust and support.

Yours sincerely,

KEITH SPENCE
Chair

KEVIN GALLAGHER
Managing Director and
Chief Executive Officer

1 Wood Mackenzie Global Gas, October 2022.

Board of Directors

KEITH SPENCE

Chair

BSc (First Class Honours in Geophysics), FAIM

Mr Spence is an independent non-executive Director. He joined the Board on 1 January 2018, and became Chair on 19 February 2018. He is Chair of Santos Finance Limited and Chair of the Nomination Committee.

Mr Spence has over 40 years experience in managing and governing oil and gas operations in Australia, Papua New Guinea, the Netherlands and Africa.

A geologist and geophysicist by training, Mr Spence commenced his career as an exploration geologist with Woodside Petroleum Limited in 1977. He subsequently joined Shell (Development) Australia, where he worked for 18 years. In 1994, he was seconded to Woodside to lead the North West Shelf Exploration team. In 1998, he left Shell to join Woodside. He retired from Woodside in 2008, after a 14-year tenure in top executive positions in the company. He has expertise in exploration and appraisal, development, project construction, operations and marketing.

On retirement Mr Spence took up several board positions, working in oil and gas, energy, mining, and engineering and construction services and renewable energy. This included Clough Limited, where he served as Chairman from 2010 to 2013; Geodynamics Limited, where he served as a non-executive Director from 2008 to 2016 (including as Chairman from 2010 to 2016); Oil Search Limited, where he served as a non-executive Director from 2012 to 2017; Murray and Roberts Holdings Limited, where he served as a non-executive Director from 2015 to 2020 and Base Resources, where he served as Chairman from 2015 to 2021. Mr Spence is also a past Chair of the National Offshore Petroleum Safety and Environmental Management Authority Board and led the Commonwealth Government's Carbon Storage Taskforce.

Other current directorships: Non-executive Director of IGO Limited (since 2014).

Former directorships in the last three years: Chair of Base Resources Limited (2015 to 2021) and Murray and Roberts Holdings Limited (2015 to 2020).

KEVIN GALLAGHER

Managing Director and Chief Executive Officer

BEng (Mechanical) Hons, FIEAust

Mr Gallagher joined Santos as Managing Director and Chief Executive Officer on 1 February 2016, bringing more than 25 years international experience in the oil and gas industry.

Since joining Santos, Mr Gallagher has led significant transformation and growth of the Company, delivering a competitive advantage in the energy transition. Under his leadership, Santos has become Australia's second-largest independent natural gas and liquids producer after implementing a focused strategy to build and grow around five core long-life, producing natural gas assets in Australia, Papua New Guinea and Timor-Leste. The strategy has included successful acquisitions of Quadrant Energy and ConocoPhillips' Australia-West business, and a merger with Oil Search.

Mr Gallagher has implemented a disciplined low-cost operating model and strengthened the balance sheet to support the Company's strategy. This has created a strong cash-generative business that has delivered a series of record results. He has also positioned Santos to leverage the critical role natural gas will play in delivering energy security through the energy transition to net-zero emissions. Santos made what is believed to be the world's first booking of carbon storage reserves and took FID on one of the world's biggest CCS projects in South Australia's Cooper Basin.

Commencing his career in the oil and gas industry as a drilling engineer in Scotland working with Mobil in the North Sea, Mr Gallagher immigrated to Australia to join Woodside in 1998. He was Chief Executive Officer at Clough Limited from 2011 until his appointment at Santos.

YASMIN ALLEN

BCom, FAICD

Ms Allen is an independent non-executive Director. She joined the Board on 22 October 2014, and is Chair of the People, Remuneration and Culture Committee, and a member of the Audit and Risk Committee and Nomination Committee.

Ms Allen has extensive experience in finance and investment banking, including senior roles at Deutsche Bank AG, ANZ and HSBC Group Plc. This includes as former Chairman of Macquarie Global Infrastructure Funds, and a former Director of EFIC (Export, Finance and Insurance Corporation).

Other current directorships: Director of Cochlear Limited (since 2010), The George Institute for Global Health (since 2014), ASX Limited and ASX Clearing and Settlement boards (since 2015), Acting President of the Australian Government Takeovers Panel (since 2017), Chair of Digital Skills Organisation (since 2020), Chair of Tic:Toc (since 2021) and Director of QBE Insurance (since 2022).

Former directorships in the last three years: Chair of Faethm.ai (2020 to 2021), National Portrait Gallery (2013 to 2022) and Chair of Advance (2018 to 2022).

GUY COWAN

BSc (Hons), Engineering, FCA (UK) MAICD

Mr Cowan is an independent non-executive Director. He joined the Board on 10 May 2016, and is the Chair of the Audit and Risk Committee and a Director of Santos Finance Limited.

Mr Cowan had a 23-year career with Shell International in various senior commercial and financial roles. His last two roles were as CFO and Director of Shell Oil US and CFO of Shell Nigeria. He was CFO of Fonterra Co-operative Ltd between 2005 and 2009.

Other current directorships: Chair of Queensland Sugar Limited (since 2009), the Stahmann Webster Group (since 2021), Port of Brisbane (since 2021), AFF Cotton Pty Ltd (since 2021) and Winson Group Pty Ltd (since 2014) and Director of Ability First Australia (since 2015).

Former directorships in the last three years: Health and Plant Protein Ltd (2018 to 2021).

EILEEN DOYLE

BMath (Hons), MMath, PhD, FAICD, FTSE

Dr Doyle is an independent non-executive Director. She joined the Board on 17 December 2021 and is a member of the Environment, Health, Safety and Sustainability Committee.

Dr Doyle's career spans the building materials, research, infrastructure, industrials, superannuation and logistics sectors. This includes senior operational roles at BHP Limited and CSR Limited culminating in her appointment as CEO of CSR's Panel's Division. Dr Doyle was previously Deputy Chairman CSIRO and Chairman of Port Waratah Coal Services and The Hunter Research Foundation. She was Director of Austrade, OneSteel, Boral Ltd, GPT Group Ltd, Bradken Ltd, Knights Rugby League Pty Ltd, State Super Financial Services, Ross Human Resources Ltd and Oil Search Ltd. Dr Doyle was Australia's first Fulbright Scholar in Business in 1993. She is a Foundation Fellow of the Australian Association of Angel Investors and a Fellow of the Australian Academy of Technology and Engineering.

Other current directorships: Dalrymple Bay Infrastructure Limited (since 2020), NEXTDC Limited (since 2020), Hunter Angels Trust (since 2012) and Airservices Australia (since 2021).

Former directorships in the last three years: GPT Group Limited (2010 to 2019), Boral Limited (2010 to 2020) and Oil Search Limited (2016 to 2021).

1 Dr Guthrie has resigned from the AdBri Limited Board effective 28 February 2023.

Board of Directors
continued

VANESSA GUTHRIE AO

DSc, PhD, BSc (Hons), FAICD, FTSE

Dr Guthrie is an independent non-executive Director. She joined the Board on 1 July 2017, and is a member of the People, Remuneration and Culture Committee and the Environment, Health, Safety and Sustainability Committee.

Dr Guthrie has more than 30 years experience in the resources sector in diverse roles such as operations, environment, community and Indigenous affairs, corporate development and sustainability.

She has qualifications in geology, environment, law and business management including a PhD in Geology. Dr Guthrie was awarded an Honorary Doctor of Science from Curtin University in 2017 for her contribution to sustainability, innovation and policy leadership in the resources industry. She is a Fellow of the Australian Institute of Company Directors and the Australian Academy of Technological Sciences and Engineering, and a member of Chief Executive Women. In 2021, she became an Officer of the Order of Australia for her contribution to the mining and resources sector and as a role model for women in business.

Other current directorships: AdBri Limited (since 2018)[1], Tronox Holdings PLC (since 2019), Lynas Rare Earths Ltd (since 2020), Cricket Australia (since 2021) and Orica Limited (since 2023), Pro-Chancellor of Curtin University, Board member of the Australia-India Council and Infrastructure Australia.

Former directorships in the last three years: Director of Australian Broadcasting Corporation (2017 to 2021).

PETER HEARL

BComm (UNSW with Merit), FAICD, MAIM, MAMA

Mr Hearl is an independent non-executive Director. He joined the Board on 10 May 2016, and is Chair of the Environment, Health, Safety and Sustainability Committee, a member of the People, Remuneration and Culture Committee and the Nomination Committee. He earlier served on the Company's Audit and Risk Committee.

During an 18-year career in the oil industry with Exxon in Australia and the USA, Mr Hearl held a variety of senior marketing, operations, logistics and strategic planning positions. He joined YUM Brands (formerly PepsiCo Restaurants) as KFC Australia's Director of Operations in 1991, and subsequently had several senior international leadership roles, as well as President of Pizza Hut USA, before assuming the global role of YUM Brands' Chief Operating and Development Officer in 2006, based in Dallas, Texas and Louisville, Kentucky, from where he retired in 2008.

Other current directorships: Chairman of Endeavour Group Ltd (since 2021), Trustee of the Stepping Stone Foundation, a Sydney-based NFP (since 2020) and Member of its Investment Committee (since 2018).

Former directorships in the last three years: Director of Telstra Ltd (2014 to 2021).

JANINE MCARDLE

BS (Chemical Engineering), MBA

Ms McArdle is an independent non-executive Director. She joined the Board on 23 October 2019, and is a member of the Audit and Risk Committee and the Environment, Health, Safety and Sustainability Committee.

Ms McArdle has more than 30 years experience in the global oil and gas industry. She most recently spent 13 years with Apache Corporation in the United States, where she held roles including Executive Officer, Senior Vice President of Global Gas Monetization, President of Kitimat LNG CO, and Vice President, Worldwide Oil and Gas Marketing. Prior to joining Apache, she worked with Aquila Energy for nine years in the United States in senior leadership positions and in the United Kingdom, as managing director with P&L responsibilities across trading, mergers and acquisition and e-commerce. Ms McArdle is also the Founder, CEO and President of Apex Strategies, a global consultancy business providing advisory services to companies engaged in midstream and downstream operations within the energy industry.

Other current directorships: Member of University of Nebraska's College of Engineering Advisory Board (since 2017), non-executive Director of Antero Midstream Corp (since 2020), Advantage Energy Limited (since 2022) and committee member of TruMarx Data Partners' LNG Advisory Committee (since 2020).

Former directorships in the last three years: Director of Halcon Resources (2018 to 2019).

MICHAEL UTSLER

BSc (Ptrl Eng), GAICD, MAICD

Mr Utsler is an independent non-executive Director. He joined the Board on 3 May 2022, and is a member of the Audit and Risk Committee.

Mr Utsler has more than 40 years of international oil and gas industry experience. He has held senior leadership and executive positions with Amoco, BP (including President of the Gulf Coast Restoration Organisation – GCRO and SVP BP Alaska Exploration); Woodside Energy and New Fortress Energy. In September 2020, Mr Utsler joined Otto Energy as its Chief Executive Officer and Managing Director. He was further appointed Otto Energy's Executive Chairman in November 2020.

Mr Utsler is a former non-executive Director of Integrated Asset Solutions and a former Director of Oil Search Limited. He has previously served on a variety of not-for-profit boards including the West Australian Symphony Orchestra.

Other current directorships: Chair of Otto Energy (since 2020).

Former directorships in the last three years: Oil Search Limited (2021) and Integrated Asset Solutions (2017 to 2021).

MUSJE WERROR

BSc (Chem), MBA, MProfAcc

Mr Werror is an independent non-executive Director. He joined the Board on 17 December 2021, and is a member of the People, Remuneration and Culture Committee.
Mr Werror brings over 20 years of leadership experience in the mining and resources sector in Papua New Guinea (PNG). He was Managing Director and Chief Executive Officer of Ok Tedi Mining Limited from June 2020 to December 2022.

Mr Werror commenced his long career at Ok Tedi as a graduate in 1988, and previously held various roles and responsibilities including leading community relations in Western Province, PNG. Mr Werror is currently Chairman of the Western Province Health Authority and a former Director of Oil Search Limited.

Other current directorships: Chair of Western Province Health Authority (since 2019).

Former directorships in the last three years: Oil Search Limited (2021), Managing Director and CEO of Ok Tedi Mining Ltd (2020 to 2022), Chair of Ok Tedi Development Foundation (2020 to 2022).

Santos Leadership Team

KEVIN GALLAGHER

Managing Director and Chief Executive Officer

BEng (Mechanical) Hons, FEIAust

Mr Gallagher's biography can be read on page 6.

DAVID BANKS

Chief Operations Officer

BE (Hons), MBA, GAICD

Mr Banks joined Santos in 2018 and is Santos' Chief Operations Officer. He is responsible for the Company's technical functions, supply chain, transformation and integration, and information systems, digital and cybersecurity. He was previously Chief Technical and Marketing Officer, and has also led the Onshore Operating Division as Executive Vice President Onshore Oil and Gas.

Mr Banks has 30 years of international and domestic experience in the oil and gas industry. He started his career with Schlumberger in South-East Asia before joining BHP. While at BHP, his roles included executive, operational, technical and functional leadership roles. These included General Manager Shale Oil, Vice President HSE, Vice President Shale Drilling and Completion, and Bass Strait Asset Manager. Beyond business and function leadership, he led BHP Petroleum's Transformation and was Integration Manager for the US shale assets.

BRETT DARLEY

President Upstream Gas and Liquids

BEng (Civil), FIEAust Eng Exec

Mr Darley joined Santos in December 2018. He previously led the Offshore Operating Division as Executive Vice President Offshore Oil and Gas.

Mr Darley has over 30 years of experience in the upstream oil and gas industry, both in Australia and overseas, with technical, operational, commercial and management experience across varied assets, onshore and offshore. Before moving to Santos, he held senior leadership roles including Chief Executive Officer of Quadrant Energy, Managing Director and Region Vice President for Apache Energy Limited, Vice President of Drilling and Completions at Woodside and Drilling Manager at Santos.

Mr Darley holds a Bachelor of Civil Engineering degree from the University of Queensland and is a Chartered Engineer.

BRUCE DINGEMAN

Executive Vice President and President Alaska

BEng (Petroleum), MBA (Hons)

Mr Dingeman joined Santos in December 2021 as part of the Company's merger with Oil Search. He had been working in Oil Search's Alaska Business Unit since 2018, where he served first as COO before assuming his current role.

Mr Dingeman joined Santos with more than 35 years of global oil and gas industry experience.

He began his career in Alaska, and since that time has held a wide range of technical, financial and executive leadership roles covering a number of international and domestic locations at ConocoPhillips, Talisman, CASA Exploration, Naftogaz, and Oil Search.

Mr Dingeman holds a bachelor's degree in Petroleum Engineering from the University of Wyoming and a Master of Business Administration from Duke University, where he was named a Fuqua scholar. He is an active member of the Society of Petroleum Engineers and is a registered Professional Engineer in Texas.

JODIE HATHERLY

General Counsel and Company Secretary

BA, LLB, GAICD

Ms Hatherly joined Santos in 2019. She is the General Counsel and Company Secretary of the Santos Group, overseeing the Company's Legal, Company Secretariat and Compliance functions.

She joined Santos from INPEX Australia, where she was General Counsel and General Manager Legal for the Ichthys LNG project and INPEX's Australia business. Ms Hatherly has a demonstrated history of delivering some of the biggest projects and M&A deals in the oil and gas industry.

She commenced her career in the legal private sector, working in the UK and Australia, before taking on senior in-house roles in the oil and gas industry. She has served on the advisory board of the Curtin University Law School, as well as Muscular Dystrophy WA. Ms Hatherly was also recognised on The Legal 500 GC Powerlist Australia in 2018.

JANETTE HEWSON

Executive Vice President ESG and External Affairs

BA (Modern Asian Studies), LLB, GAICD

Ms Hewson joined Santos in May 2022 as Executive Vice President, Environment, Sustainability and Governance (ESG). She is responsible for climate and sustainability reporting, community partnerships, Traditional Owner relationships, environment and land access at Santos.

Ms Hewson has more than 25 years of experience in the resources industry, having spent much of her career in functional and operations leadership roles at Peabody and South 32. Her previous leadership roles include sustainability, environment, engineering services, supply chain, procurement, government relations, projects delivery, legal services and operations roles.

She has developed a reputation as an industry expert on policy and ESG issues that impact the resources sector.

Ms Hewson has served on the Climate Advisory Panel for the Minerals Council of Australia, and the boards of the Queensland Resources Council, NSW Minerals Council and Low Emissions Technology Australia. She has a Bachelor of Laws, from Queensland University of Technology, and a Bachelor of Arts (Modern Asian Studies with a major in Japanese language from Griffith University.

ANGUS JAFFRAY

Executive Adviser

BA (Hons) Geography, MBA

Mr Jaffray joined Santos in 2016, and was appointed Group Executive Transformation, Integration and Corporate Projects in May 2021.

He previously held the roles of Executive Vice President Strategy, Business Development and Technology, Executive Vice President Organisational Integration, and Executive Vice President People and Sustainability.

Mr Jaffray has over 25 years of leadership and consulting experience as a Director of Azure Consulting, a Partner at The Boston Consulting Group and a Supply Chain Manager with the global packaging group Crown Cork and Seal.

At Azure Consulting, he supported companies in developing strategy and driving organisational change. At BCG, he set up the Perth office, led the Australian Operations practice and he was a core member of both the Mining and Metals practice and the Energy Practice. He served clients in Australia, New Zealand, Asia, Europe and North America building strong capabilities in strategy, operational efficiency and running transformation programs. As a Supply Chain Manager, Mr Jaffray was accountable for procurement, planning, logistics and product delivery.

Santos Leadership Team
continued

KIM LEE

Executive Vice President, People and Culture

BSc Biological Sciences

Ms Lee joined Santos in January 2023, as the Executive Vice President, People and Culture. She is responsible for delivering the People strategy at Santos as well as providing leadership support to internal communications and branding.

Ms Lee has had more than 20 years of experience in a number of senior executive roles across Australia and internationally. She has also worked in many diverse industries including fast moving consumer goods (FMCG), building products, pulp, paper and packaging, hospitality, tourism and gaming in both large private and ASX listed companies.

Most recently Ms Lee held senior executive roles as Chief People and Performance Officer, Transformation and Chief of Staff at The Star Entertainment Group.

Ms Lee has previously served as non-executive director for Not for profit, Women in Gaming and Hospitality and is an accredited Gallup Global Strengths Coach. She has a Bachelor of Science (Biological Sciences) degree from Latrobe University.

BART LISMONT

Executive Vice President Projects

BEng (Mechanical), MBA

Mr Lismont joined Santos in December 2021, as part of the company's merger with Oil Search. As Executive Vice President Projects, he is responsible for major capital project activities.

After joining Oil Search in 2019, he held executive positions overseeing technical functions including project management, operations excellence, innovation, information technology, and safety, security and risk. Most recently, Mr Lismont was Oil Search's Executive Vice President and Co-Head Papua New Guinea (PNG), with responsibility for the company's PNG operations and development.

He has more than 38 years of upstream oil and gas experience, and prior to joining Oil Search, he was Vice President for Development for Shell. In this capacity, Mr Lismont was responsible for development, between discovery and production, for all of Shell's operated conventional oil and gas assets.

He has a Mechanical Engineering degree from Leuven University and an MBA from Henley Business School. Mr Lismont has extensive project development experience across the full project lifecycle and has lived and worked in several locations around the world.

ANTHEA MCKINNELL

Chief Financial Officer

BComm Accounting and Taxation, FCA, GAICD

Ms McKinnell joined Santos in 2019, as Deputy Chief Financial Officer, before commencing in the Chief Financial Officer role in 2022.

With more than 15 years of experience in the oil and gas industry, she held several senior executive roles at Woodside Energy. These included SVP Finance and Treasury, VP Global Operations Planning and Performance, and Acting CFO prior to commencing with Santos.

As Santos' Deputy Chief Financial Officer, she led the successful US$1 billion US144A bond transaction and played a key role in the integration of the ConocoPhillips asset purchase. As CFO, she has oversight of finance, tax, treasury, planning and investor relations functions within Santos.

Ms McKinnell is a Fellow of Chartered Accountants Australia and New Zealand, holds a Master of International Tax from the University of Melbourne and a Bachelor of Commerce from Curtin University.

ANTHONY NEILSON

Chief Commercial Officer

BComm, MBA, FFin, FCA

Mr Neilson joined Santos in 2016, and was appointed Chief Commercial Officer in January 2022. He is responsible for the commercial function as well as business development, marketing and trading, and carbon solutions. He previously held the role of Chief Financial Officer, with responsibility for the finance, tax, treasury, planning, business development, commercial, investor relations and IT functions. Mr Neilson brings over 25 years of experience in chartered accounting, banking and corporate financial roles including over 15 years' experience in the upstream and downstream oil and gas industry.

Prior to joining Santos, he was CEO of Roc Oil Company Ltd (ROC), which was acquired in 2014 by Hong Kong-listed investor Fosun International Limited. Previously, he was Chief Financial Officer of ROC (ASX listed) and has held commercial, finance and business services roles at Caltex Australia, Credit Suisse First Boston (London) and Arthur Andersen (Sydney).

Mr Neilson holds a Masters of Business Administration from AGSM and is a Fellow of the Financial Services Institute of Australasia, and a Fellow of Chartered Accountants Australia and New Zealand.

TRACEY WINTERS

Strategic Adviser External Affairs

BSc (Australian Environmental Studies)

Ms Winters joined Santos in 2017 as Head of Government and Public Affairs. Since 2020 and throughout 2022 she has held the role of Strategic Adviser External Affairs, continuing this role in 2023 as a contractor.

She joined Santos with 30 years of experience in the oil and gas industry, in diverse roles including government and regulatory affairs, media and communications, environment, land access, project commercialisation, construction and asset management. She held a senior role in federal resources and energy policy and politics for seven years, and over more than a decade has built a successful government approvals and environmental management consultancy, serving some of Australia's biggest resource companies and delivering major project approvals for some of the nation's biggest gas and pipeline projects. From 2011 to 2016, Ms Winters drove the environmental approvals and land access processes to deliver the QCLNG project. In 2016 to 2017, she advised Caltex Australia on public affairs and strategic issues management, in particular wage underpayment by franchisees.

BRETT WOODS

President Santos Energy Solutions

BSc (Hons) Geology and Geophysics

Mr Woods joined Santos in February 2013, and is accountable for the Santos Energy Solutions Division. His remit includes overseeing Santos' midstream gas processing facilities at Moomba, Port Bonython, Varanus Island, Devil Creek, GLNG and Darwin LNG, as well as Clean Fuels, Decarbonisation, and carbon credit and land-based carbon projects (Carbon Solutions).

At Santos, he has previously held senior leadership roles as Chief Operating Officer, Executive Vice President Developments, Executive Vice President Onshore and Vice President Eastern Australia Business Unit. His other roles within Santos have included accountability for the Western Australian and Northern Territory business unit, including the exploration and offshore project execution.

Mr Woods has over 25 years of oil and gas industry experience including senior management, technical and business development roles at Woodside Energy, and as CEO and Managing Director of Rialto Energy. He has a track record of delivering projects, safe and efficient E&P operations and has both domestic and international experience. Mr Woods is a graduate of the Harvard Business School Advanced Management Program.

Reserves Statement
for the year ended 31 December 2022

RESERVES AND RESOURCES

Proved plus probable (2P) reserves increased by 171 million barrels of oil equivalent (mmboe) before production of 103 mmboe to 1,745 mmboe. The annual 2P reserves replacement ratio (RRR) was 166 per cent and the three-year RRR 366 per cent.

Reserves were added in Alaska (+165 mmboe) following the sanction of the Pikka Phase 1 project in Alaska. Reserves were also added pre-production in Papua New Guinea (PNG)(+14 mmboe), Queensland and New South Wales (+10 mmboe) and Cooper Basin (+9 mmboe). These additions were partially offset by a 26 mmboe reduction in Western Australia, primarily from earlier than expected water influx at the Spar/Halyard field.

2P reserves held in international assets now comprise 42 per cent of the Santos' total 2P reserves. A sell-down of 5 per cent of PNG LNG to Kumul Petroleum was announced in September 2022, and is expected to result in a reduction of 65 mmboe on completion.

After production of 103 mmboe, 2P reserves at the end of 2022 were 1,745 mmboe.

2C contingent resources increased to 3,280 mmboe at the end of 2022. Additions were primarily from Alaska where additions more than offset the reduction from Pikka Phase 1 commercialisation, and from the successful Pavo exploration discovery in the Bedout Sub-basin.

CO2 Storage capacity and contingent storage resource volumes remain unchanged from the previous year at 9 million tonnes 2P capacity and 91 million tonnes 2C contingent resource.

RESERVES AND 2C CONTINGENT RESOURCES (SANTOS SHARE AS AT 31 DECEMBER)

Santos share	**Unit**	**2022**	**2021**	**% change**
Proved reserves	mmboe	1,028	1,009	2%
Proved plus probable reserves	mmboe	1,745	1,676	4%
2C contingent resources	mmboe	3,280	3,219	2%

RESERVES AND 2C CONTINGENT RESOURCES BY PRODUCT (SANTOS SHARE AS AT 31 DECEMBER)

Santos share	**Sales gas** PJ	**Crude oil** mmbbl	**Condensate** mmbbl	**LPG** 000 tonnes	**Total** mmboe
Proved reserves	5,090	118	34	382	1,028
Proved plus probable reserves	8,493	217	63	929	1,745
2C contingent resources	14,397	629	153	3,833	3,280

KEY METRICS

Annual proved reserves replacement ratio	119%
Annual proved plus probable reserves replacement ratio	166%
Three-year proved plus probable reserves replacement ratio	366%
Organic annual proved plus probable reserves replacement ratio	162%
Organic three-year proved plus probable reserves replacement ratio	212%
Developed proved plus probable reserves as a proportion of total reserves	37%
Reserves life[1]	17 years

1 2P reserves life as at 31 December 2022 using production of 103 mmboe.

PROVED RESERVES

Santos share as at 31 December 2022

Asset	Sales gas PJ	Crude oil mmbbl	Condensate mmbbl	LPG 000 tonnes	All products mmboe Developed	Undeveloped	Total
Cooper Basin	247	9	3	382	42	15	57
Queensland & NSW[1]	1,001	-	-	-	118	54	172
PNG	2,206	9	16	-	231	173	403
Northern Australia & Timor-Leste	1,268	-	12	-	-	229	229
Western Australia	368	9	3	-	52	24	76
USA (Alaska)	-	90	-	-	-	90	90
Total 1P	**5,090**	**118**	**34**	**382**	**443**	**585**	**1,028**
Proportion of total proved reserves that are unconventional							17%

1 Queensland proved sales gas reserves include 828 PJ GLNG and 167 PJ other Santos non-operated Eastern Queensland assets.

Proved reserves reconciliation

Product	Unit	2021	Production	Revisions and extensions	Net acquisitions and divestments	2022
Sales gas	PJ	**5,436**	(517)	171	-	**5,090**
Crude oil	mmbbl	**32**	(8)	93	-	**118**
Condensate	mmbbl	**41**	(6)	(1)	-	**34**
LPG	000 tonnes	**442**	(150)	90	-	**382**
Total 1P	**mmboe**	**1,009**	**(103)**	**123**	**-**	**1,028**

Reserves Statement
for the year ended 31 December 2022 continued

PROVED PLUS PROBABLE RESERVES

Santos share as at 31 December 2022

Asset	Sales gas PJ	Crude oil mmbbl	Condensate mmbbl	LPG 000 tonnes	All products mmboe Developed	Undeveloped	Total
Cooper Basin	605	16	7	905	85	49	134
Queensland & NSW[1]	1,915	-	-	-	129	200	329
PNG	3,085	20	25	-	328	246	574
Northern Australia & Timor-Leste	2,048	-	24	24	1	374	375
Western Australia	841	17	7	-	110	58	168
USA (Alaska)	-	165	-	-	-	165	165
Total 2P	**8,493**	**217**	**63**	**929**	**653**	**1,092**	**1,745**
Proportion of total proved plus probable reserves that are unconventional							19%

1 Queensland proved plus probable sales gas reserves include 1,479 PJ GLNG and 430 PJ other Santos non-operated Eastern Queensland assets.

Proved plus probable reserves reconciliation

Product	Unit	2021	Production	Revisions and extensions	Net acquisitions and divestments	2022
Sales gas	PJ	**8,967**	(517)	16	27	**8,493**
Crude oil	mmbbl	**59**	(8)	166	-	**217**
Condensate	mmbbl	**71**	(6)	(2)	-	**63**
LPG	000 tonnes	**1,046**	(150)	32	-	**929**
Total 2P	**mmboe**	**1,676**	**(103)**	**167**	**5**	**1,745**

2C CONTINGENT RESOURCES

Santos share as at 31 December 2022

Asset	Sales gas PJ	Crude oil mmbbl	Condensate mmbbl	LPG 000 tonnes	All products mmboe
Cooper Basin	1,207	28	17	1,704	266
Queensland & NSW	2,982	-	-	-	513
PNG	4,698	1	54	-	860
Northern Australia & Timor-Leste	4,110	-	63	-	766
Western Australia	1,400	161	18	2,130	437
USA (Alaska)	-	438	-	-	438
Total 2C	**14,397**	**629**	**153**	**3,833**	**3,280**

2C Contingent resources reconciliation

Product	Unit	2021	Revisions and extensions	Discoveries	Net acquisitions and divestments	2022
Total 2C	**mmboe**	**3,219**	**5**	**36**	**19**	**3,280**

CO2 STORAGE

Storage capacity and 2C contingent resources as at 31 December 2022

Santos share	Unit	2022	2021	% change
Proved capacity	MtCO2	6	6	-
Proved plus probable capacity	MtCO2	9	9	-
2C contingent resources	MtCO2	91	91	-

Reserves Statement
for the year ended 31 December 2022
continued

Notes

1. This reserves statement:
   a. is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, the qualified petroleum reserves and resources evaluators listed in note 15 of this reserves statement. Details of each qualified petroleum reserves and resources evaluator's employment and professional organisation membership are set out in note 15 of this reserves statement; and
   b. as a whole has been approved by Paul Lyford, who is a qualified petroleum reserves and resources evaluator and whose employment and professional organisation membership details are set out in note 15 of this reserves statement; and
   c. is issued with the prior written consent of Paul Lyford as to the form and context in which the estimated petroleum reserves and contingent resources and the supporting information are presented.
2. The estimates of petroleum reserves, contingent resources and CO2 storage quantities contained within this reserves statement are as at 31 December 2022.
3. Santos prepares its petroleum reserves and contingent resources estimates in accordance with the 2018 Petroleum Resources Management System (PRMS) and CO2 Storage capacity and contingent resource estimates, in accordance with the 2017 CO2 Storage Resources Management System (SRMS) sponsored by the Society of Petroleum Engineers (SPE).
4. This reserves statement is subject to risk factors associated with the oil and gas industry. It is believed that the expectations of petroleum reserves and contingent resources reflected in this statement are reasonable, but they may be affected by a range of variables that could cause actual results or trends to differ materially, including, but not limited to: price fluctuations, actual demand, currency fluctuations, geotechnical factors, drilling and production results, gas commercialisation, development progress, operating results, engineering estimates, loss of market, industry competition, environmental risks, physical risks, legislative, fiscal and regulatory developments, economic and financial market conditions in various countries, approvals and cost estimates.
5. All estimates of petroleum reserves, contingent resources and CO2 Storage reported by Santos are prepared by, or under the supervision of, a qualified petroleum reserves and resources evaluator or evaluators. Processes are documented in the Santos Reserves Policy, which is overseen by a Reserves Committee. The frequency of reviews is dependent on the magnitude of the petroleum reserves and contingent resources and changes indicated by new data. If the changes are material, they are reviewed by the Santos internal technical leaders and externally audited.
6. Santos engages independent experts Gaffney, Cline & Associates; Netherland, Sewell & Associates, Inc.; RISC Advisory Pty Ltd; and Ryder Scott Company to audit and/or evaluate reserves, contingent resources and CO2 storage. Each auditor found, based on the outcomes of its respective audit and evaluation, and its understanding of the estimation processes employed by Santos, that Santos' 31 December 2022 petroleum reserves, contingent resources and CO2 storage quantities in aggregate compare reasonably to those estimates prepared by each auditor. Thus, in the aggregate, the total volumes summarised in the tables included in this reserves statement represent a reasonable estimate of Santos' petroleum reserves, contingent resources and CO2 storage position as at 31 December 2022.
7. Unless otherwise stated, all references to petroleum reserves, contingent resources and CO2 storage quantities in this reserves statement are Santos' net share.
8. Reference points for Santos' petroleum reserves and contingent resources and production are defined points within Santos' operations where normal exploration and production business ceases, and quantities of produced product are measured under defined conditions prior to custody transfer. Fuel, flare and vent consumed to the reference points are excluded.
9. Petroleum reserves, contingent resources and CO2 storage are aggregated by arithmetic summation by category and, as a result, proved reserves may be a very conservative estimate due to the portfolio effects of arithmetic summation.
10. Petroleum reserves, contingent resources and CO2 storage quantities are typically prepared by deterministic methods with support from probabilistic methods.
11. Any material concentrations of undeveloped petroleum reserves that have remained undeveloped for more than 5 years: (a) are intended to be developed when required to meet contractual obligations; and (b) have not been developed to date because they have not yet been required to meet contractual obligations. Development will comprise well construction and connection activities.
12. The petroleum reserves replacement ratio is the ratio of the change in petroleum reserves (excluding production) divided by production. Organic reserves replacement ratio excludes net acquisitions and divestments.
13. Information on petroleum reserves, contingent resources and CO2 storage quoted in this reserves statement is rounded to the nearest whole number. Some totals in the tables may not add due to rounding. Items that round to zero are represented by the number 0, while items that are actually zero are represented with a dash (-).
14. Santos define Unconventional accumulations as continuous-type deposits that cannot be recovered with traditional recovery projects primarily due to reservoir permeability that impedes natural mobility, ie coal seam, shale and tight gas.
15. Qualified Petroleum Reserves and Resources Evaluators

Name	Employer	Professional Organisation
P Lyford	Santos Ltd	SPE, SPEE
N Pink	Santos Ltd	SPE, SPEE
A White	Santos Ltd	SPE
D Nicolson	Santos Ltd	SPE
S Lawton	Santos Ltd	SPE
A Western	Santos Ltd	SPE
M Ireland	Santos Ltd	SPE, SPEE
J Hattner	NSAI	SPE, AAPG

SPE: Society of Petroleum Engineers

SPEE: Society of Petroleum Evaluation Engineers

AAPG: American Association of Petroleum Geologists

Abbreviations and conversion factors

Abbreviations	
1P	proved reserves
2P	proved plus probable reserves
GJ	gigajoules
LNG	liquefied natural gas
LPG	liquefied petroleum gas
mmbbl	million barrels
mmboe	million barrels of oil equivalent
NGLs	natural gas liquids
PJ	petajoules
tcf	trillion cubic feet
TJ	terajoules

Conversion factors	
Sales gas and ethane, 1 PJ	171,937 boe
Crude oil, 1 barrel	1 boe
Condensate, 1 barrel	0.935 boe
LPG, 1 tonne	8.458 boe

DIRECTORS' REPORT

The Directors present their report together with the consolidated Financial Report of the consolidated entity, being Santos Limited (Santos or the Company) and its controlled entities, for the financial year ended 31 December 2022, and the Auditor's Report thereon. Information in the Annual Report referred to in this report, including the Remuneration Report, or contained in a note to the financial statements referred to in this report, forms part of, and is to be read as part of, this report.

DIRECTORS, DIRECTORS' SHAREHOLDINGS AND DIRECTORS' MEETINGS

Directors and Directors' shareholdings

The names of Directors of the Company during the year ended 31 December 2022, and up to the date of this report and details of the relevant interest of each of those Directors in shares in the Company at the date of this report are as set out below:

Surname	Other names	Shareholdings in Santos Limited
Allen	Yasmin Anita	48,883
Cowan	Guy Michael	45,487
Doyle	Eileen Joy	47,367
Gallagher	Kevin Thomas (Managing Director and CEO)	2,351,397[1]
Goh	Hock	–[2]
Guthrie	Vanessa Ann	39,188
Hearl	Peter Roland	48,808
McArdle	Janine Marie	50,000
Spence	Keith William (Chair)	105,688
Utsler	Michael Jesse	–
Werror	Musje Moses	620

1 Includes shares received as a result of the 2019 LTI vesting.

2 Mr Goh held a balance of 67,215 fully paid ordinary shares as at the date of his resignation as a Director on 3 May 2022, reflecting a nil closing balance at the date of this report.

The above-named Directors held office during the financial year. Mr Hock Goh resigned as a Director on 3 May 2022. Mr Michael Utsler was appointed as a Director on 3 May 2022.

There were no other persons who acted as Directors at any time during the financial year and up to the date of this report. All shareholdings are of fully paid ordinary shares. No Director holds a relevant interest in a related body corporate of Santos Limited.

At the date of this report, Mr Gallagher holds 2,441,960 share acquisition rights (SARs) and 217,767 restricted shares. No other Director holds options or SARs.

Details of the qualifications, experience and special responsibilities of each Director are set out in the Directors' biographies on pages 6 to 9 of this Annual Report. This information includes details of other listed company directorships held during the last three years.

Directors' Report continued

Directors' meetings

The number of Directors' meetings and meetings of committees of Directors held during the financial year and the number of meetings attended by each Director are set out below:

Table of Directors' meetings

Director		Directors' meetings	Audit & Risk Committee	Environment Health, Safety & Sustainability Committee	People, Remuneration & Culture Committee	Nomination Committee
		Attended/Held[1]	Attended/Held[1]	Attended/Held[1]	Attended/Held[1]	Attended/Held[1]
Allen	Yasmin Anita	10 of 11	4 of 4	n/a	4 of 4	3 of 3
Cowan	Guy Michael	11 of 11	4 of 4	n/a	n/a	3 of 3
Doyle[2]	Eileen Joy	11 of 11	n/a	1 of 2	n/a	n/a
Gallagher	Kevin Thomas	11 of 11	n/a	4 of 4	n/a	n/a
Goh[3]	Hock	3 of 3	1 of 1	2 of 2	n/a	n/a
Guthrie	Vanessa Ann	11 of 11	n/a	4 of 4	4 of 4	n/a
Hearl	Peter Roland	11 of 11	n/a	4 of 4	4 of 4	3 of 3
McArdle	Janine Marie	11 of 11	4 of 4	4 of 4	n/a	n/a
Spence	Keith William	11 of 11	n/a	n/a	n/a	3 of 3
Utsler[4]	Michael	8 of 8	3 of 3	n/a	n/a	n/a
Werror[5]	Musje Moses	11 of 11	n/a	n/a	3 of 3	n/a

1 Reflects the number of meetings held during the time the Director held office, or was a member of the Committee, during the year.

2 Dr Eileen Doyle was appointed to the Environment, Health, Safety and Sustainability Committee effective 4 May 2022.

3 Mr Hock Goh retired as a Director on 3 May 2022.

4 Mr Michael Utsler was appointed as a Director on 3 May 2022 and to the Audit and Risk Committee effective 4 May 2022.

5 Mr Musje Werror was appointed to the People, Remuneration and Culture Committee effective 4 May 2022.

OPERATING AND FINANCIAL REVIEW

Santos' principal activities during 2022 were the exploration, development, production, transportation and marketing of hydrocarbons, and the development of decarbonisation technologies such as carbon capture and storage. Revenue is derived primarily from the sale of gas and liquid hydrocarbons.

In December 2021, Santos completed a merger with Oil Search Limited ("Oil Search") following approvals by Oil Search shareholders and the National Court of Papua New Guinea. The merger combined two industry leaders to create a company with a diversified portfolio of assets and cash flows to successfully navigate the transition to a lower-carbon future. The Oil Search assets are included in the results of the consolidated Group from 11 December 2021.

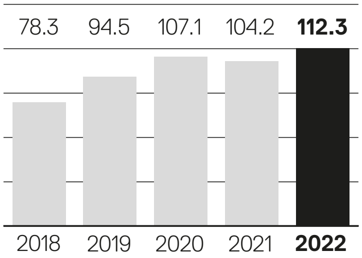
A review of the operations and the results of those operations of the consolidated entity during the year is as follows:

Summary of results table	**2022 mmboe**	2021 mmboe	Variance %
Production volume	**103.2**	92.1	12
Sales volume	**112.3**	104.2	8
	US$million	US$million	
Product sales	**7,790**	4,713	65
EBITDAX[1]	**5,646**	2,805	101
Exploration and evaluation expensed	**(148)**	(126)	(17)
Depreciation and depletion	**(1,747)**	(1,243)	(41)
Net impairment loss	**(328)**	(8)	nm
Change in future restoration assumptions	**(221)**	(6)	nm
EBIT[1]	**3,202**	1,422	125
Net finance costs	**(254)**	(217)	(17)
Taxation expense	**(836)**	(547)	(53)
Net profit/(loss) for the period and attributable to equity holders of Santos	**2,112**	658	221
Underlying profit for the period[1]	**2,461**	946	160
Underlying earnings per share (cents)[1]	**73.4**	44.3	66

1 EBITDAX (earnings before interest, tax, depreciation and depletion, exploration and evaluation expensed, net impairment loss and change in future restoration assumptions), EBIT (earnings before interest and tax) and underlying profit are non-IFRS measures that are presented to provide an understanding of the underlying performance of Santos' operations. Underlying profit excludes the impacts of asset acquisitions, disposals and impairments, as well as items that are subject to significant variability from one period to the next, including the effects of commodity hedging. Please refer to page 25 for the reconciliation from net profit to underlying profit for the period. Underlying earnings per share represents underlying profit for the period divided by the weighted average number of shares on issue during the year. The non-IFRS financial information is unaudited; however, the numbers have been extracted from the financial statements that have been subject to audit by the Company's auditor.

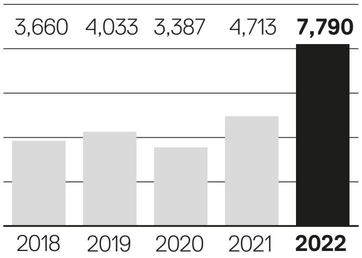
Directors' Report
continued

Sales volume
mmboe



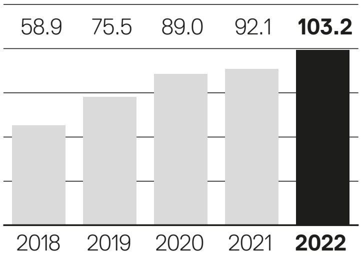
Sales volumes of 112.3 million barrels of oil equivalent (mmboe) were 8 per cent higher than the previous year. This was primarily due to higher LNG volumes because of inclusion of the Oil Search assets for a full year; partially offset by lower Northern Australia and Timor-Leste, and Western Australia volumes due to natural field decline.

Product sales revenue
$million



Sales revenue was up 65 per cent compared to the previous year to a record $7.8 billion, primarily due to higher realised prices for all products and inclusion of the Oil Search assets for a full-year following the merger. The average realised oil price increased 45 per cent to US$110/bbl, and the average realised LNG price increased 68 per cent to US$15.51/mmBtu.

Production volume
mmboe



Production was up 12 per cent to a record 103.2 mmboe. This was primarily due to inclusion of the Oil Search assets for a full-year; partially offset by lower Northern Australia and Timor-Leste, and Western Australia volumes due to natural field decline.

Review of operations

Santos' operations are focused on five core, long-life asset hubs: Cooper Basin, Queensland and NSW, Papua New Guinea, Northern Australia and Timor-Leste, and Western Australia. The merger with Oil Search, completed in December 2021, added assets in Papua New Guinea (additional equity in PNG LNG and operated oil fields) and North America (Alaska) to Santos' portfolio.

Cooper Basin

The Cooper Basin produces natural gas, gas liquids and crude oil. Gas is sold primarily to domestic retailers, industry and for the production of liquefied natural gas, while gas liquids and crude oil are sold in domestic and export markets.

Santos' strategy in the Cooper Basin is to deliver value by being a low-cost business, increasing reserves, investing in new technology to lower development and exploration costs, reducing emissions and increasing utilisation of infrastructure including the Moomba and Port Bonython plants (Santos 66.7 per cent interest).

Santos is also focused on reducing emissions by investing in carbon capture and storage (CCS). The Moomba CCS Project took FID in November 2021 with first injection expected in 2024.

Cooper Basin	2022	2021
Production (mmboe)	**14.0**	15.3
Sales volume (mmboe)	**16.6**	20.2
Revenue (US$m)	**1,065**	1,000
Production cost (US$/boe)	**9.55**	9.35
EBITDAX (US$m)	**512**	423
Capex (US$m)	**419**	329

Cooper Basin EBITDAX was $512 million, 21 per cent higher than 2021. This was primarily due to higher realised prices, partially offset by higher state royalty costs and lower production volumes.

Santos' share of Cooper Basin sales gas and ethane production of 57.8 petajoules (PJ) was 9 per cent lower than the previous year (63.8 PJ) due to natural field decline and lower drilling activity as a result of wet weather events leading to flooding, which caused delays to the development program. Santos' share of oil production was in line with the previous year as development activity offset natural field decline. A fifth drilling rig was added to the program in the middle of 2022. There was a decrease in Cooper Basin third-party oil sales volumes following implementation of revised crude oil processing agreements from 1 July 2022, under which third-party purchases and sales of crude are now classified as net other revenue, rather than sales revenue and third-party purchase costs. There is no impact to net profit and cashflow as a result of the new arrangements.

Queensland and NSW

The GLNG project in Queensland produces liquefied natural gas (LNG) for export to global markets from the LNG plant at Gladstone. Gas is also sold into the domestic market. Santos has a 30 per cent interest in GLNG.

The LNG plant has two LNG trains with a combined capacity of 8.6 mtpa. Production from Train 1 commenced in September 2015 and Train 2 in May 2016. Feed gas is sourced from GLNG's upstream fields, Santos portfolio gas and third-party suppliers.

The LNG plant produced 6.1 million tonnes of LNG in 2022, and shipped 104 cargoes. Annual LNG production was lower than the previous year (6.3 million tonnes) due to lower volumes of third-party gas supply, partially offset by the continued ramp-up in GLNG upstream equity gas supply.

Santos aims to build GLNG gas supply through upstream development, seeking opportunities to extract value from existing infrastructure and drive efficiencies to operate at lowest cost.

Santos is also progressing the proposed Narrabri domestic gas project in NSW. Santos acquired Hunter Gas Pipeline Pty Ltd in 2022, which owns an approved underground pipeline route, and is progressing land access agreements and environmental surveys to finalise the proposed pipeline alignment.

Queensland and NSW	**2022**	2021
Production (mmboe)	**14.0**	13.7
Sales volume (mmboe)	**20.4**	22.1
Revenue (US$m)	**1,538**	973
Production cost (US$/boe)	**5.67**	5.79
EBITDAX (US$m)	**984**	525
Capex (US$m)	**213**	195

Queensland and NSW EBITDAX of $984 million increased by 87 per cent, compared to 2021. This was as a result of higher realised prices and higher equity production volumes, partially offset by higher royalty and third-party product purchase costs.

Papua New Guinea

The merger with Oil Search, which completed in December 2021, substantially increased Santos' asset position in PNG. Santos' interest in the PNG LNG project increased to 42.5 per cent, and the merger also added interests in the proposed Papua LNG project and PRL3 (P'nyang) to the portfolio. Santos also became operator of all of PNG's oil fields.

PNG LNG produces LNG for export to global markets, as well as sales gas and gas liquids. The LNG plant near Port Moresby has two LNG trains with the combined capacity to produce more than eight million tonnes per annum. Production from both trains commenced in 2014.

The PNG LNG plant produced 8.6 million tonnes of LNG in 2022, and shipped 114 cargoes. Annual LNG production was higher than the previous year (8.4 million tonnes), primarily due to the timing of planned maintenance activities in 2021. Santos' share of PNG LNG production was significantly higher in 2022, due to the increased working interest in PNG LNG following the Oil Search merger.

In September 2022, Santos announced it had received a 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. This included a proportionate share of PNG LNG project finance debt of approximately US$0.3 billion. The offer is conditional on Kumul obtaining waivers of certain pre-emptive rights by each other PNG LNG project participant under the project operating agreement to allow the transaction to proceed. In December 2022, Santos announced that Kumul had extended the period in which the offer will remain open until 30 April 2023. Santos has agreed to deal exclusively with Kumul during this period regarding the sale of equity in PNG LNG.

The Papua LNG project (Santos 22.8 per cent interest before PNG government back-in) is a proposed LNG project that would share certain midstream infrastructure with PNG LNG. In 2022, the project continued to progress technical, commercial, regulatory, social and environmental planning activities. The operator, TotalEnergies, announced the launch of the first phase of front-end engineering and design (FEED) studies in June 2022. A decision to enter integrated FEED for the project is planned for 2023.

Following the merger with Oil Search, Santos operates the Kutubu, Agogo, Moran and Gobe fields. These fields produce oil and raw gas, with the gas being sent to PNG LNG, delivering 14% in 2022 of PNG LNG gas supply. Net production from the operated fields was higher than the previous year due to the Oil Search merger.

PNG	**2022**	2021
Production (mmboe)	**41.9**	14.2
Sales volume (mmboe)	**39.4**	13.4
Revenue (US$m)	**3,459**	736
Production cost (US$/boe)	**6.73**	4.69
EBITDAX (US$m)	**2,920**	615
Capex (US$m)	**300**	34

PNG EBITDAX of $2,920 million increased 375 per cent compared to 2021, mainly due to higher realised prices and increased volumes following the merger with Oil Search.

Directors’ Report
continued

Northern Australia and Timor-Leste

Santos’ business in Northern Australia and Timor-Leste is focused on the Bayu-Undan/Darwin LNG (DLNG) project (Santos 43.4 per cent interest). In operation since 2006, DLNG produces LNG and gas liquids for export to global markets.

The LNG plant near Darwin has a single LNG train with a capacity of 3.7 mtpa. The plant produced 1.3 million tonnes of LNG in 2022 and shipped 19 cargoes. LNG production was significantly lower than 2021 due to natural field decline in the Bayu-Undan field, which supplies all gas to DLNG. Production from the field is expected to continue to decline and cease in early 2023. A decision to enter FEED for the proposed Bayu-Undan carbon capture and storage project was announced in March 2022. The project could potentially safely and permanently store up to 10 million tonnes of CO2 per annum. The FEED work includes engineering and design for additional CO2 processing capacity at Darwin LNG, plus repurposing of the Bayu-Undan facilities for carbon sequestration operation after gas production ceases. Following FID in 2021 Santos is progressing development of the Barossa gas and condensate project (Santos 50 per cent interest) to backfill DLNG. The project was 55 per cent complete at the end of 2022. In the third quarter of 2022, Barossa drilling operations were suspended following the Federal Court decision to set aside the acceptance by the regulator of the drilling and completion activities environmental plan. Santos is proceeding with applications for all remaining approvals in accordance with guidance provided by the court.

Northern Australia and Timor-Leste	**2022**	2021
Production (mmboe)	**5.5**	15.2
Sales volume (mmboe)	**5.6**	15.3
Revenue (US$m)	**630**	903
Production cost (US$/boe)	**25.48**	15.37
EBITDAX (US$m)	**498**	728
Capex (US$m)	**549**	377

Northern Australia and Timor-Leste EBITDAX of $498 million was 32% lower than 2021, primarily due to lower production because of natural field decline in the Bayu-Undan field.

Western Australia

Santos is the largest producer of domestic natural gas in Western Australia and is also a significant producer of oil and natural gas liquids. Santos’ assets include 100 per cent ownership and operatorship of the Varanus Island and Devil Creek domestic gas hubs, a 28.6 per cent interest in the Macedon gas hub and a leading position in the highly prospective Bedout Basin.

Santos’ share of Western Australia domestic gas production of 137 PJ was 18 per cent lower than the previous year (168 PJ), primarily due to natural field decline and the temporary shutdown of the John Brookes platform in late November 2022 for repairs. Santos’ share of crude oil production of 3.4 mmbbl was in line with the previous year.

An FID decision on the proposed Dorado integrated oil and gas project (Santos 80 per cent interest) was deferred during 2022 in order that further work can be undertaken on the integrated development concept. Santos is seeking to develop a carbon capture and storage hub in Western Australia and is working with potential industrial CCS customers in north-west WA.

Western Australia	**2022**	2021
Production (mmboe)	**27.8**	33.7
Sales volume (mmboe)	**28.8**	33.2
Revenue (US$m)	**1,097**	1,105
Production cost (US$/boe)	**7.49**	6.38
EBITDAX (US$m)	**976**	851
Capex (US$m)	**384**	316

Western Australia EBITDAX of $976 million was 15 per cent higher than 2021, predominantly driven by higher realised prices and offset by lower volumes.

North America

Santos' assets in North America include the Pikka Unit (Santos 51 per cent equity interest) located on the North Slope of Alaska, a world-class oil province with more than 50 years of oil and gas development and extensive existing infrastructure.

Santos, as operator of the Pikka Unit, took FID to proceed with Pikka Phase 1 in August 2022. Phase 1 of the project is expected to produce 80,000 barrels of oil per day gross, with first oil expected in 2026. Capital expenditure to nameplate capacity for Phase 1 is expected to be US$2.6 billion gross (US$1.3 billion Santos share). Santos is committed to delivering a net-zero project (scope 1 and 2, equity share) and has entered into memorandums of understanding with Alaska native corporations to deliver carbon offset projects.

Net profit

The 2022 net profit attributable to equity holders of Santos Limited of $2,112 million is $1,454 million higher than the net profit of $658 million in 2021. This increase is primarily due to higher realised pricing, offset by higher depreciation and depletion, amortisation, restoration expense and impairment charges.

Net profit includes items before tax of $504 million ($349 million after tax), as referred to in the following table. Underlying profit was $2,461 million, $1,515 million higher than 2021.

Reconciliation of net profit/(loss) to underlying profit[1]

	2022 US$million			2021 US$million		
	Gross	**Tax**	**Net**	Gross	Tax	Net
Net profit after tax attributable to equity holders of Santos Limited			**2,112**			658
Add/(deduct) the following:						
Net gains on sales of non-current assets	**(15)**	**2**	**(13)**	(12)	(32)	(44)
Impairment losses	**328**	**(104)**	**224**	8	(2)	6
Fair value adjustments on hedges	**–**	**–**	**–**	(2)	–	(2)
Fair value adjustments on commodity hedges	**140**	**(42)**	**98**	249	(74)	175
Costs associated with acquisitions and disposals	**51**	**(11)**	**40**	100	(20)	80
One-off tax adjustments	**–**	**–**	**–**	–	73	73
	504	**(155)**	**349**	343	(55)	288
Underlying profit[1]			**2,461**			946

1 Underlying profit is a non-IFRS measure that is presented to provide an understanding of the underlying performance of Santos' operations. The measure excludes the impacts of asset acquisitions, disposals and impairments, as well as items that are subject to significant variability from one period to the next, including the effects of commodity hedging. The non-IFRS financial information is unaudited; however the numbers have been extracted from the financial statements that have been subject to audit by the Company's auditor.

Financial position

Summary of financial position

	2022 US$million	2021[4] US$million	Variance US$million
Exploration and evaluation assets	**2,271**	2,862	(591)
Oil and gas assets and other land, buildings, plant and equipment	**18,223**	18,785	(562)
Restoration provision	**(3,931)**	(3,817)	(114)
Other net assets[1]	**2,648**	2,199	449
Total funds employed	**19,211**	20,029	(818)
Net debt[2]	**(3,450)**	(5,157)	1,707
Net tax (liabilities)/assets[3]	**(918)**	(1,262)	344
Net assets/equity	**14,843**	13,610	1,233

1 Other net assets comprise trade and other receivables, prepayments, inventories, contract assets, other financial assets, share of investments in equity accounted associates and joint ventures, goodwill and assets classified as held-for-sale (excluding amounts included within net debt), offset by trade and other payables, contract liabilities, provisions, other financial liabilities, and liabilities classified as held-for-sale (excluding amounts included within net debt).

2 Net debt reflects the net borrowings position and includes interest-bearing loans, net of cash, commodity hedges, and interest rate and cross-currency swap contracts (inclusive of amounts classified as held-for-sale).

3 Net tax (liabilities)/assets comprises deferred tax assets and tax receivable, offset by deferred tax liabilities and current tax payable (excluding amounts included within net debt).

4 2021 restated.

Directors' Report
continued

Impairment of assets

During the Company's regular review of asset carrying values, Santos undertook an impairment review as part of the preparation of its 2022 full-year accounts.

At 31 December 2022, non-cash after tax impairment losses of $224 million were recognised. The total after-tax impairment losses relate to the impairment of late-life producing assets and Goodwill.

Exploration and evaluation assets

Exploration and evaluation assets were $2,271 million, compared to $2,862 million at the end of 2021. This decrease of $591 million was due to the transfer of the Pikka project to oil and gas assets in development following FID, and remeasurement of the fair value of assets acquired through the merger with Oil Search, which was offset by 2022 capital expenditure, including Pikka FEED, Dorado and Papua LNG FEED.

Oil and gas assets and other land, buildings, plant and equipment

Oil and gas assets and other land and buildings, plant and equipment of $18,223 million were $562 million lower than in 2021. This was mainly due to depreciation and depletion charges of $1,747 million and the 5% interest in PNG LNG to be sold to Kumul being classified as held-for-sale; offset by remeasurement of the fair value of assets acquired through the merger with Oil Search, and 2022 capital expenditure across Cooper Basin, GLNG, WA Offshore, PNG and Alaska.

Restoration provision

Restoration provision balances have increased by $114 million to $3,931 million, mainly due to revised restoration cost estimates, which are partially offset by change in discount rates and favourable exchange differences.

Net debt

Net debt of $3,450 million was $1,707 million lower than at the end of 2021, driven by over $3.6 billion in free cash flow generated, and proceeds from the disposal of a 12.5% working interest in Barossa to Jera; offset by major growth capex, capital returns through dividends and buy-backs.

Net tax (liabilities)/assets

Net tax liabilities of $918 million have decreased by $344 million in comparison to 2021, primarily due to the reallocation of deferred tax liabilities on PNG LNG assets held for sale and a reduction in deferred tax assets recognised due to the utilisation of carried forward tax losses; partially offset by the recognition of deferred tax assets in relation to the Pikka project after FID was made.

Net assets/equity

Total equity increased by $1,233 million to $14,843 million at year end. This increase reflects the net profit after tax attributable to owners of Santos of $2,112 million, which was offset by payments of dividends to shareholders of $536 million and on-market share purchases of $384 million.

Future commitments

Due to the nature of Santos' operations, the Company has future obligations for capital expenditure, for which no amounts have been provided in the financial statements. Santos also has certain requirements to perform minimum exploration work and spend minimum amounts of money pursuant to the terms of the granting of petroleum exploration permits, in order to maintain rights of tenure. The minimum exploration commitments are less than the normal level of exploration expenditures expected to be undertaken by the Company.

Oil price hedging

The objectives of Santos' oil price hedging policy are to reduce the effect of commodity price volatility and support annual capital expenditure plans. The Company will continue to monitor commodity market conditions and will enter hedging transactions as appropriate. For the year ending 31 December 2022, the Group recognised a loss on oil hedges of $140 million.

As at 31 December 2022, the Company has no outstanding oil price hedging.

Business strategy and prospects for future financial years

Business strategy

In November 2022, Santos announced a new purpose, strategy and business organisation as the Company reaffirmed its commitment to delivering strong shareholder returns and achieving net-zero emissions (scope 1 and 2, equity share) by 2040.

Santos' purpose is to provide cleaner energy that is both affordable and sustainable to help create a better world for everyone.

Santos' new strategy builds on the successful execution of the previous Transform, Build and Grow strategy. Since 2016, it has transformed Santos into a safe, reliable and low-cost producer positioned for disciplined growth and sustainable shareholder returns.

The new strategy is focused on backfill and sustaining our core assets to deliver the critical fuels the world needs into the 2040s. Santos will also seek to decarbonise these critical fuels, in line with our target of net-zero emissions (scope 1 and 2, equity share) by 2040, and produce clean fuels as customer demand evolves.

Santos' strategy aims to deliver a low-carbon intensity base business that creates a strong foundation to provide sustainable shareholder returns and fund the energy transition.

To deliver the transition, we have restructured the business into two divisions: Upstream Gas and Liquids, and Santos Energy Solutions.

Upstream Gas and Liquids is composed of Santos' three LNG projects (PNG LNG, GLNG, and Bayu-Undan and Barossa to Darwin LNG) and two Australian domestic gas businesses on the West and East coasts. Santos Energy Solutions is our transition business to a cleaner energy future and comprises the development of low-carbon processing of our and third-party gas and liquids, decarbonisation and carbon management services, and clean fuels production. Outside the two divisions is our Alaskan net-zero Scope 1 and 2 emission (equity share) development project.

Prospects for future financial years

Energy security is a top priority for countries in our region. Natural gas is expected to supply around a quarter of the world's total energy needs until at least 2050, according to forecasts from the International Energy Agency.

Santos remains confident in the long-term underlying demand for energy, and particularly natural gas, due to Asian economic growth, the rising global population, rapid urbanisation in developing economies and growing demand for lower-emissions fuels. Santos is also investing in projects to lower emissions such as carbon capture and storage.

Production in 2023 is expected to be in a range of 89 to 96 million barrels of oil equivalent (mmboe), lower than 2022 (103 mmboe). This is primarily due to the expected cessation of production from the Bayu-Undan field in early 2023, combined with natural field decline in Western Australia domestic gas. Capital expenditure in 2023 is expected to be approximately US$1 billion for sustaining capital, approximately US$200 million for restoration and approximately US$1.8 billion for major projects. Guidance assumes current Santos interest in all projects.

Material business risks

The achievement of Santos' purpose and vision, business strategy, production growth outlook and future financial performance is subject to various risks, including the material business risks following. Santos undertakes steps to identify, assess and manage these risks and operates under a Board-approved enterprise-wide Risk Management Framework.

This summary is not an exhaustive list of all risks that may affect the Company, nor have they been listed in any particular order of materiality.

Strategic risks

Volatility in oil and gas prices

Our business relies primarily on the production and sale of oil and gas products (including LNG) to a variety of buyers under a range of short and long-term contracts. All the oil, a majority of the LNG and a portion of the gas produced in our portfolio are sold under sales contracts where the sale price is linked to global benchmark prices for oil such as Brent crude. Spot sales of our LNG are predominantly sold at prices linked to either global benchmark prices for oil or the Platts Japan-Korea-Marker ("JKM"), which is the LNG benchmark price assessment for spot physical cargoes. Sales of domestic gas typically occur under short to medium-term sales contracts at fixed prices indexed to inflation.

Fluctuations in the global oil, LNG and domestic gas markets and, in particular, any extended or substantial decline in demand or prices for oil and gas, may materially affect our financial position and results of operations and/or ability to fund our activities. Increases and decreases in oil and gas prices affect the amount of profit and cash flow available for servicing our funding requirements and capital expenditure. Such fluctuations may also impact our ability to borrow money or raise additional capital, and may also impact our credit rating. Lower oil and gas prices may reduce our reserves and/or the amount of oil and natural gas that we can produce economically.

Santos' three-tiered strategy, disciplined operating model and Hedging Policy directly address oil price risk to build resilience to oil price fluctuations. This includes a clear focus on cash flow management, operational and cost efficiencies, debt reduction and production growth opportunities to backfill and sustain our existing infrastructure.

Directors' Report
continued

Oil and gas reserves development

Reserve and resource quantities are inherently uncertain and may not materialise. Significant uncertainties are inherent in the reservoir geology, the seismic and well data available and other factors such as project development and operating costs, together with relevant commodity prices. The process of estimating oil and gas reserves and resources is complex. Estimated reserve quantities are based on interpretations of geophysical, geological and reservoir models and assessments of the technical feasibility and commercial viability of producing the reserves. These assessments require assumptions to be made regarding future development and production costs, commodity prices, exchange rates and fiscal regimes.

A failure to successfully develop existing reserves may impact Santos' ability to fully support LNG, gas or oil under customer contracts.

Santos has adopted a reserves management process that is consistent with the Society of Petroleum Engineers' Petroleum Resource Management System and complies with ASX requirements for Australian publicly listed companies. The Company's reserves and resources estimations are subject to independent audits and evaluations on a rolling basis.

Santos applies an integrated management system across all aspects of business performance, including reserves estimation and delivery. Progress against key reserves metrics is routinely reviewed by senior management and the Board, and reserves estimates are published annually.

Exploration and reserves replacement

Santos' long-term prospects are also directly related to the success of efforts to replace existing oil and gas reserves as they are depleted through production, from either exploration or acquisition. Exploration activities are subject to geological and technological uncertainties and the failure to replace utilised reserves is a risk inherent in the industry.

Exploration risks are managed through an established exploration prospect evaluation methodology and risking process. In addition, business development processes identify, review and progress opportunities to build reserves through acquisition in support of the Company's strategy to backfill and sustain production through existing assets.

Demand and market

The demand for oil, gas, LNG and other products Santos markets may be adversely affected by a range of external factors including the level of economic activity in the markets we serve, the level of worldwide economic activity, geopolitical developments and military conflicts in major oil and gas producing and trading regions such as the Russian invasion of Ukraine and tensions in the Taiwan Strait. External factors also include the weather, the ability of the Organization of the Petroleum Exporting Countries ("OPEC") and other producing regions (including North America and Russia) to influence global production levels and prices, the price and availability of new technology, the availability and cost of alternative sources of energy and the transition away from fossil fuels and towards renewables. The Company's robust business strategy development and review process considers independent oil, gas and LNG market forecasts, and other relevant macro-economic factors, to assess the Company's portfolio under a range of scenarios, to enable the delivery of plans in support of the Company's purpose and vision.

Project development

Santos' strategy is robust and resilient to external volatility and aims to deliver shareholder value across three horizons, namely backfill and sustain, decarbonisation and clean fuels. Investment is undertaken in a variety of oil and gas projects to backfill and sustain our infrastructure assets to supply oil and gas to a variety of customers. In addition, there is increasing investment towards decarbonisation projects such as the Moomba CCS Project.

With any major capital project we undertake, there is a risk that we may fail or incompletely deliver on the various project objectives, resulting in the returns on our investment being lower than we initially forecasted. This risk could arise from a range of causes, such as subsurface hazards, delay or failure to obtain the necessary government or joint venture approvals; failure to retain approvals through legal challenge, delay or failure to obtain land access (including by native title agreement); procurement issues (including equipment fabrication delays and logistical and sourcing challenges due to disruption in global supply chains, labour shortages, inflation and geopolitical instability); the inability to maintain community support; failure to appropriately develop or meet project scope, budget and definition; failure to deliver on project design and quality; process safety issues; failure to control costs and manage delivery schedules; governance failures (including poor contract management); capability gaps due to insufficient resourcing; and poor decision making. If this risk eventuates, it could prevent us from realising profits or result in the total or partial loss of our investment.

Santos has a comprehensive project development process, supported by effective governance, risk management and reporting practices. Progress and performance of material projects is actively reviewed by senior management and the Board.

Joint venture arrangements

Much of Santos' business is carried out through joint ventures. The use of joint ventures is common in the oil and gas exploration and production industry, and serves to mitigate the risk and associated cost of exploration, production and operational failure. However, failure of agreement or alignment with joint venture partners, or the failure of third-party joint venture operators, could have a material impact on Santos' business. The failure of joint venture partners to meet their commitments, share costs and liabilities can result in increased cost to Santos.

Santos has defined critical expectations and requirements for participation and operation of joint ventures in order to optimise the Company's commercial and operational interests. The Company works closely with its joint venture partners to reduce the risk of misalignment in joint venture activities.

Operational risks

Technical and engineering

Santos is exposed to risks in relation to its ongoing oil and gas exploration and production activities. These include failure of drilling and completions equipment, pipeline and facilities integrity failures, major processing or transportation incidents, release of hydrocarbons or other substances, security incidents and other well control and process safety risks, which may have an adverse effect on Santos' profitability and results of operations.

An integrated operational excellence system is applied across all operational activities to manage and monitor operations performance and material risk controls. The management system includes relevant technical, operational, asset reliability and integrity standards and incident management standards, and competency requirements. The system is designed to ensure the Company meets regulatory and industry standards in operations.

Access and licence to operate

Santos has interests in areas that may be subject to claims by communities and landowners who may have concerns over the social or environmental impacts of oil and gas operations, or the distribution of oil and gas royalties and access to mining- and petroleum-related benefits. This has the potential to impact on land access or result in community unrest and activism, and may adversely impact the Company's reputation.

A number of Santos' interests are subject to one or more claims or applications for native title determination. In Australia, compliance with the requirements of the *Native Title Act 1993* (Cth) can delay the grant of mineral and petroleum tenements and subsequent timing of exploration, development and production activities.

Santos and its operating joint venture partners work closely with relevant stakeholders including governments, communities, landowners and Indigenous groups to address concerns wherever practicable and we seek an outcome where local communities benefit from Santos' presence in their communities. In addition, Santos and its operating joint venture partners develop and employ security and risk management plans, and are committed to conducting operations in a way that protects the security of personnel, facilities, operations and surrounding communities.

Santos has a long history of safe and sustainable operations working with communities and landholders across the country. Land access agreements are in place and a team of experienced community and land access representatives work with Indigenous stakeholders, landholders and communities to ensure issues are understood and addressed appropriately. Maintaining ongoing dialogue and conducting open, transparent engagement has allowed Santos to benefit from the ongoing support of all stakeholders.

Human rights

Human rights risks include the use of force by public and private security forces, interference with Indigenous community land access or cultural heritage, sexual harassment and discrimination and the labour practices of suppliers and contractors. These are particularly relevant where operations, or the operations of suppliers, customers and joint venture partners, occur in high-risk jurisdictions, including PNG. The occurrence of any of these risks may result in the loss of social licence to operate, litigation or reputational damage. Training and awareness covering key human rights topics such as responsible security and modern slavery is conducted for employees in key functions including Security and Procurement. Grievance mechanisms are in place and overseen at Board Committee level. Santos is committed to respecting human rights, and continues to improve human rights-related controls following the release of Santos' inaugural policy titled 'Human Rights and Modern Slavery' in 2Q 2022 to establish an integrated approach to managing its human rights risks.

Cyber security

Cyber security risks, including threats to information and operational systems from computer viruses, unauthorised access, cyber-attack and other similar disruptions, have evolved rapidly and can impact all sectors of the economy, including the energy sector. The increasing technological advances in operations require monitoring and protection to ensure cyber security threats are appropriately managed and prevented. Cyber security risks may lead to disruption of critical business processes, a breach of privacy and theft of commercially sensitive information. A cyber event may lead to adverse impacts on Santos' profitability and reputation.

Focused cyber security risk management is incorporated into Santos' risk management and assurance processes and practices across the Company's business and operational information management systems.

Workforce

Santos' future success is significantly influenced by the expertise and continued service of certain key Executives and personnel. An inability to attract and retain such personnel, caused by a range of factors, could adversely affect business continuity and, as such, employment arrangements and succession plans are designed to secure and retain the services of key personnel. Key workforce metrics, succession and business continuity plans are routinely reviewed by senior management and the Board.

Directors' Report
continued

Environmental, safety and sustainability risks

Health, safety and environment

The size, nature and complexity of Santos' operations pose risks in relation to the health and safety of employees and contractors, and a range of environmental risks exist when carrying out exploration and production activities. Environmental incidents, and real or perceived threats to the environment, or the amenity of local communities, could result in the loss of Santos' licence to operate, leading to delays, disruption or the shut-down of exploration and production activities.

Santos has a comprehensive approach to management of health, safety and environmental risks. The Company's management system integrates technical and engineering requirements with personal health and safety requirements to comprehensively manage health, safety and environmental risks within Company operations.

Climate change

Santos anticipates its activities will be subject to increasing regulation and costs associated with climate change and the management of carbon emissions. Risks are identified and managed in two broad categories: Physical, relating to acute and chronic effects of climate change on Santos' operations and Transitional, arising from the move into a lower carbon economy.

Operational, legal, technological, reputational, funding, workforce and community risks and opportunities associated with climate change are incorporated into policy, strategy and risk management processes and practices. The Company actively monitors current and emerging climate change risk and proactively takes steps to prevent and mitigate any impacts on its objectives and activities. Santos' net-zero Scope 1 and Scope 2 emissions 2040 target remains a strong focus in the delivery of its strategic commitments. Along with specific projects focused on reducing emissions, an emissions reduction and minimisation focus forms part of the Company's routine operations.

Financial risks

The financial risk management strategy seeks to ensure Santos is able to fund its corporate objectives and meet its obligations to stakeholders. Financial risk management is carried out by a central treasury department that operates in line with a Board-approved policy and framework. The framework and principles for overall financial risk management address specific financial risks, such as commodity price risk, foreign exchange risk, interest rate risk and credit risk, approved derivative and non-derivative financial instruments, and liquidity management.

An oil price hedging policy is in place with the objective of reducing the effect of commodity price volatility and to support annual capital expenditure plans. Santos continues to monitor commodity market conditions and will enter hedging transactions as appropriate.

Foreign currency

Foreign exchange risk arises from commercial transactions and valuations of assets and liabilities that are denominated in a currency that is not the entity's functional currency.

Exposure to foreign currency risk arises principally through the sale of products denominated in currencies other than the functional currency, and capital and operating expenditure incurred in currencies other than US$, principally A$. Santos also holds investment interests in domestic operations in which net assets are exposed to foreign currency translation risk.

A foreign currency hedging policy is in place with the objective of reducing the effect of foreign currency exchange rate volatility and to support annual capital expenditure plans. Santos continues to monitor foreign currency market conditions and will enter hedging transactions as appropriate.

Credit

Credit risk represents a potential financial loss if counterparties fail to perform as contracted, and arises from investments in cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions. Credit exposures exist to customers in the form of outstanding receivables and committed transactions.

Access to capital and liquidity

Santos' business and, in particular, the development of large-scale projects, relies on access to debt and equity financing. The ability to secure financing, or financing on acceptable terms, may be adversely affected by a number of factors including investor ESG concerns, the Company's financial position and volatility in the financial markets. Volatility in financial markets may be global or affecting a particular geographic region, industry or economic sector. Access to debt and equity funding may also be negatively affected by a downgrade to its credit rating.

Santos had $5.5 billion in liquidity (cash and undrawn committed bank facilities) available as at 31 December 2022.

Contract and counterparty risks

As part of our ongoing commercial activities, Santos is party to a number of material contracts including finance agreements, infrastructure access agreements, agreements for the sale and purchase of hydrocarbon, transportation agreements, joint venture agreements, and engineering, procurement and construction (EPC) contracts. Santos also enters into sale and purchase contracts with third parties for the sale and purchase of natural gas, LNG and other products.

The economic effects of these contracts over their term may be impacted by fluctuations in commodity prices, price reviews, operational performance and other market conditions. Failure to perform material obligations under these contracts by Santos and/or the applicable counterparties, or to secure any extensions or amendments to these contracts, may result in a material impact on Santos' operations and financial results.

Santos tracks key contractual obligations and monitors performance across its material contracts.

Political and legal risks

Political, legal and regulatory

Santos' business is subject to various laws and regulations in each of the jurisdictions in which it operates that relate to the development, production, marketing, pricing, transportation and storage of its products. A change in the laws that apply to the Company's business, or the way it is regulated, could have a materially adverse effect on Santos' business, on the results of operations and the Company's financial performance. For example, a change in government regime, taxation laws, environmental laws or land access laws could have a material effect on the Company.

The domestic gas business and GLNG project, including its ability to purchase gas, develop future growth projects and meet supply commitments, may also be adversely impacted by any governmental intervention, including limitations on LNG export volumes, domestic gas price caps and the redirection of gas from export to domestic markets. Any such intervention may also have broader implications for the future of the gas industry in Australia.

Continuous monitoring of legislative and regulatory changes and associated risks is undertaken, and regular engagement with regulators and governments supports the management of risks arising from these changes.

Litigation and disputes

The nature of Santos' business means that it is likely to be involved in litigation or regulatory actions arising from a wide range of matters. Santos may also be involved in investigations, inquiries or disputes, debt recoveries, commercial and contractual disputes, native title claims, land tenure and access disputes, environmental claims or occupational health and safety claims. Any of these claims or actions could result in delays, increase costs or otherwise adversely impact Santos' assets and operations, and adversely impact Santos' financial performance and future financial prospects.

Santos has an experienced legal team that monitors and manages potential and actual claims, actions and disputes.

Unreasonable prejudice

As permitted by sections 299(3) and 299A(3) of the *Corporations Act 2001* (Cth), Santos has omitted some information from the Operating and Financial Review and Directors' Report in this annual report in relation to the Group's business strategies, future prospects and likely developments in operations and the expected results of those operations in future financial years. This has been done on the basis that such information, if disclosed, would likely result in unreasonable prejudice (for example, because the information is premature, commercially sensitive, confidential or could give a third party a commercial advantage). The omitted information typically relates to internal budgets, forecasts and estimates, details of the business strategy and contractual pricing.

Directors’ Report
continued

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The Material Business Risks section (pages 27 to 31) refers to risks that, if materialised, may have a significant effect on the state of affairs of the Company.

Dividends

On 21 February 2023, the Directors resolved to pay a final dividend of US15.1 cents per fully paid ordinary share on 29 March 2023 to shareholders registered in the books of the Company on 28 February 2023 (Record Date). This final dividend amounts to approximately US$500.3 million. The Board also resolved that the Dividend Reinvestment Plan (DRP) will not be in operation for the 2022 final dividend.

In addition, an interim dividend of US7.6 cents per fully paid ordinary share was paid to members on 22 September 2022. The DRP was not in operation for the interim dividend.

Environmental regulation

The consolidated entity’s Australian operations are subject to various environmental regulations under Commonwealth, state and territory legislation. Applicable legislation and requisite environmental licences are specified in the consolidated entity’s EHS Compliance Database, which forms part of the consolidated entity’s overall management system. Environmental compliance performance is monitored on a regular basis and in various forms, including audits conducted by regulatory authorities and the Company, either through internal or external resources.

On 20 January 2022, Santos received a penalty infringement notice and $13,785 fine from the Queensland Department of Environment and Science relating to an incident that occurred on 29 September 2021, where treated water was released to a watercourse.

The consolidated entity undertook corrective measures in respect of the infringement to prevent re-occurrence.

POST BALANCE DATE EVENTS

On 21 February 2023, the Directors of Santos Limited resolved to pay a final dividend on ordinary shares in respect of the 2022 financial year. The financial effect of these dividends has not been brought to account in the full-year Financial Report for the year ended 31 December 2022.

SHARES UNDER OPTION AND UNVESTED SHARE ACQUISITION RIGHTS (SARS)

Options

There are no unissued ordinary shares of Santos Limited under options at the date of this report.

Unvested SARs

Unissued ordinary shares of Santos Limited under unvested SARs at 31 December 2022 are as follows:

Date SARs granted	Number of shares under unvested SARs
15 March 2019	2,130,455
18 April 2019	279,035
9 May 2019	637,631
30 August 2019	525,245
4 October 2019	213,594
19 March 2020	2,023,027
9 April 2020	442,298
11 June 2020	352,746
31 August 2020	1,440,799
26 March 2021	489,130
30 March 2021	7,974
11 April 2021	847,458
15 April 2021	577,033
12 May 2021	2,435,207
27 August 2021	264,386
17 December 2021	110,957
15 July 2022	4,130,748
5 September 2022	28,218
7 September 2022	831,500
20 September 2022	703,086
5 October 2022	1,557,466
21 October 2022	166,250
16 December 2022	382,689
	20,576,932

Since 31 December 2022, no SARs have been granted over unissued ordinary shares of Santos Limited.

No amount is payable on the vesting of SARs. SARs do not confer an entitlement to participate in a bonus or rights issue, prior to the vesting of the SAR. Further details regarding the SARs (including when they will lapse) are contained in Note 7.2 to the Financial Report.

Directors' Report
continued

SHARES ALLOCATED ON THE EXERCISE OF OPTIONS AND ON THE VESTING OF SARS

Options

No options were exercised during the year ended 31 December 2022, or up to the date of this report.

Vested SARs

The following ordinary shares of Santos Limited were allocated during the year ended 31 December 2022, on the vesting of SARs granted under the Santos Employee Equity Incentive Plan (SEEIP) (formerly known as the Santos Employee Share Purchase Plan (SESPP)) and ShareMatch Plan (ShareMatch). No amount is payable on the vesting of SARs and accordingly no amounts are unpaid on any of the shares.

Date SARs granted	Number of shares allocated
21 March 2018	2,530,368
7 May 2018	520,183
21 March 2019	24,886
18 April 2019	95,367
16 July 2019	493,068
18 July 2019	10,734
20 August 2019	26,364
30 August 2019	546,200
20 December 2019	10,872
26 March 2020	7,328
31 August 2020	16,523
3 December 2020	9,658
30 March 2021	6,112
27 August 2021	824
7 September 2022	1,500
	4,299,987

Since 31 December 2022, 489,130 ordinary shares of Santos Limited have been allocated on the vesting of SARs granted under the SEEIP and ShareMatch.

DIRECTORS' AND SENIOR EXECUTIVES' REMUNERATION

Details of the Company's remuneration policies and the nature and amount of the remuneration of the Directors and senior management (including shares, options and SARs granted during the financial year) are set out in the Remuneration Report commencing on page 35 of this report and in Notes 7.2 and 7.3 to the Financial Report.

Remuneration Report

MESSAGE FROM YASMIN ALLEN, PEOPLE, REMUNERATION AND CULTURE COMMITTEE CHAIR

Dear fellow Shareholders,

On behalf of the Board, I am pleased to introduce Santos' Remuneration Report for 2022.

Response to first remuneration strike

At the 2022 Annual General Meeting there was a 25.3 per cent vote against the 2021 Remuneration Report. Under Australian Corporations Law this constitutes a first 'strike'. Your Board has engaged widely with shareholders and other stakeholders since the vote to understand specific concerns with Santos' framework, and how the report itself can be improved to increase the level of transparency and address misinterpretations that, in part, contributed towards the strike.

On behalf of the Board, I would like to thank shareholders and other stakeholders who have taken time to meet with us, or otherwise provide feedback, on Santos' remuneration framework and remuneration disclosures. Section 3 of this year's Remuneration Report outlines the key concerns that have been raised and the steps taken to address those concerns or otherwise explain our rationale in response to those concerns.

We hope that the changes to this year's Remuneration Report improve its overall readability and transparency. Most importantly, we trust that the Remuneration Report clearly demonstrates the alignment of total remuneration outcomes with the Company's performance in 2022 and the significant value that has again been generated for shareholders.

Record sales revenue, annual production and free cash flow, and shareholder returns

The 2022 year was transformative for Santos, as the assets obtained from the merger with Oil Search were embedded to further enhance our diversified and resilient portfolio. The Company's strategy and commitment to its disciplined low-cost operating model continues to deliver significant value for shareholders.

Highlights from 2022 include:

- record annual production of 103.2 mmboe;
- record annual sales revenue of US$7.8 billion, up 65 per cent on 2021;
- record free cash flow generation of US$3.6 billion in 2022, more than double the level in 2021;
- net debt was reduced by over US$1.7 billion and gearing was reduced to around 18.9 per cent which further strengthens the balance sheet to support disciplined future growth and higher returns to shareholders;
- Moomba carbon capture and storage (CCS) project is 40 per cent complete. On track for first injection of carbon dioxide in 2024;
- Barossa gas project is 55 per cent complete;
- Pikka Phase 1 contracting and early works have progressed since final investment decision (FID) was made in August 2022;
- realignment of Santos' strategy to deliver shareholder value across the three horizons of backfill and sustain, decarbonisation and clean fuels; and
- successful achievement of US$122 million in sustaining annual synergies (excluding integration and other one-off costs) following the merger with Oil Search.

While annual production was at a record level, production from our core and late life assets achieved slightly above threshold performance on the Company Scorecard. This was primarily due to natural field decline and the temporary shutdown of the John Brookes platform in Western Australia.

Furthermore, while stretch targets related to Landholder, Community and Traditional Ownership Relationships were achieved, the Board considered the outcomes of this metric in light of the Federal Court decision for the Barossa Gas Project in respect to Santos' stakeholder engagement and moderated the outcome for this metric down from stretch to threshold.

The overall Company Scorecard outcome, which determines the Short-Term Incentive pool for 2022, was 106.3 per cent of target (out of a possible 167 per cent). The STI is subject to a positive free cash flow gateway and awards are subject to a cap of five per cent of the Company's free cash flow, which apply to the STI pool in any year. The STI pool for 2022 was accommodated well within the five per cent of free cash flow cap.

The Board takes any environmental incident seriously and acknowledges the ongoing incident review and independent investigation into the Varanus Island loading line leak. Until the results of these investigations are known the portion of the Company Scorecard outcome applicable to the Environment KPI will be withheld from Executive KMP and Senior Leadership.

A description of outcomes against individual measures on the Company Scorecard is set out in Table 3 on pages 44—47.

Remuneration Report
continued

Strong performance on Long-Term Incentive measures and share price appreciation over four-year performance period

Long-Term Incentive (LTI) awards granted in 2019 were tested following the end of their four-year performance period at 31 December 2022. Over this four-year performance period, the Santos share price increased 30 per cent from A$5.48 to A$7.14.

Total Shareholder Return (TSR), which includes the value of dividends earned and reinvested over the performance period was 48.2 per cent. This TSR growth ranked Santos at the 59.5 percentile against the ASX100 comparator group, leading to a partial vesting of this component and at the 49.1 percentile against the S&P Global 1200 Energy Index comparator group, which was below the threshold vesting for this component. The Company's average free cash flow breakeven point over 2019 to 2022 was US$16.61 and return on average capital employed over 2019 to 2022 was 142.7 per cent of weighted average cost of capital leading to full vesting outcomes for these two components.

These performance outcomes contributed to an overall 66.8 per cent vesting outcome for the 2019 LTI awards.

Realised Remuneration strongly correlated with Company performance

Realised remuneration outcomes for 2022 are shown in Table 6 on page 51. Realised remuneration includes fixed pay received during the year and the cash component of Short-Term Incentives paid in respect of the year. Realised remuneration also includes the value of deferred Short-Term Incentive awards from 2020 and LTI awards from 2019 that vested during the year, including the value of share price movements between award and vesting.

The CEO's realised remuneration for 2022 was lower than in 2021. This reflected a lower Company Scorecard outcome compared with the prior year, which delivered a cash Short-Term Incentive that was 28 per cent lower than in 2021. The Long-Term Incentive vesting outcome was also lower compared with the prior year.

Long-term equity compensation comprises a significant share of remuneration for the Company's CEO and other Executive Key Management Personnel (KMP). In 2022, over 55 per cent of the CEO's realised remuneration resulted from the vesting of performance-related equity awards.

The Company has a policy that mandates a significant shareholding requirement for the CEO and other Senior Executives. The Company's Minimum Shareholding Requirement requires the CEO and Senior Executives to build, over a five-year period and then maintain, a minimum shareholding of Santos shares. For the CEO, this is approximately three times annual Total Fixed Remuneration (TFR) and for Senior Executives it is approximately one and a half times the average TFR. These levels of minimum shareholdings are significant compared to typical market practice. They ensure ongoing alignment with shareholders by requiring the CEO and Senior Executives to hold shares beyond vesting until the minimum holding is achieved.

The Minimum Shareholding Policy does allow the CEO and Senior Executives to sell shares to manage arising tax liabilities that occur on the vesting of awards. Disposals to manage tax liabilities are encouraged to occur as closely as possible to the end of the deferred taxing point for the relevant award.

CEO Growth Projects Incentive

Progress and achievements have continued in 2022 with the FID of Pikka (which the Board added to the scope following the Oil Search merger) and the achievement of the 2025 target to reduce operational emissions by five per cent in Cooper Basin and Queensland.

Thank you for taking the time to review our Remuneration Report.

Yasmin Allen
Chair, People, Remuneration and Culture Committee

The Directors of Santos present this Remuneration Report for the consolidated entity for the year ended 31 December 2022. The information provided in this report has been audited as required by section 308(3C) of the *Corporations Act 2001* (Cth) (Corporations Act) and forms part of the Directors' Report.

The Remuneration Report outlines the Company's key remuneration activities in 2022 and remuneration information for KMP of the consolidated entity for the purposes of the Corporations Act and Accounting Standards, as set out in this report.

Remuneration is disclosed in US$ (unless otherwise indicated) with all remuneration components having been converted from A$ to US$ using an average rate of A$1 = US$0.6949 for 2022 and A$1 = US$0.7514 for 2021. This means year-on-year changes in remuneration amounts when stated in US$ are partly attributable to exchange rate variations and not necessarily a change in the amount paid in A$.

Report structure

The Remuneration Report is set out in the following sections:

1. KMP covered by the Remuneration Report and summary of 5-year Company performance
2. Remuneration Governance
3. Response to the strike against the 2021 Remuneration Report
4. Executive Remuneration Framework
5. 2022 Company Performance Outcomes and Realised Remuneration
6. Incentive Plan Operation
7. Key terms of employment contracts for Executive KMP
8. Non-executive Director (NED) Remuneration
9. Statutory Disclosures

1. KMP COVERED BY THE REMUNERATION REPORT AND SUMMARY OF 5-YEAR COMPANY PERFORMANCE

KMP are the personnel who had authority and responsibility for planning, directing and controlling the activities of the Company's major financial, commercial and operating divisions during 2022. The KMP during 2022 are set out in Table 1. Unless otherwise indicated in Table 1, all individuals were KMP for the full term in 2022.

Table 1: 2022 Key Management Personnel

Executive KMP	Non-executive Directors
Kevin Gallagher, Managing Director and Chief Executive Officer	Keith Spence, Independent non-executive Chair
David Banks, Chief Operations Officer	Yasmin Allen, Independent non-executive Director
Brett Darley, President Upstream Gas and Liquids	Guy Cowan, Independent non-executive Director
Anthea McKinnell, Chief Financial Officer[1]	Eileen Doyle, Independent non-executive Director
Anthony Neilson, Chief Commercial Officer	Hock Goh, Independent non-executive Director[2]
Brett Woods, President Santos Energy Solutions	Vanessa Guthrie, Independent non-executive Director
	Peter Hearl, Independent non-executive Director
	Janine McArdle, Independent non-executive Director
	Michael Utsler, Independent non-executive Director[3]
	Musje Werror, Independent non-executive Director

1 Anthea McKinnell commenced as a KMP on 1 January 2022.
2 Hock Goh ceased as a KMP on 3 May 2022.
3 Michael Utsler commenced as a KMP on 3 May 2022.

Remuneration Report
continued

Table 2 sets out the Company's performance over the past five years in respect of key financial and non-financial indicators and the Short-Term Incentive (STI) and Long-Term Incentive (LTI) award metrics during this period.

Table 2: 5-Year Company Performance

	2022	2021	2020	2019	2018
Injury frequency:					
Total recordable case frequency	**2.11**	4.18	3.5	4.3	4.5
Lost time injury rate[1]	**0.24**	0.81	0.24	0.6	0.6
Moderate harm rate[2]	**0.20**	0.34	0.08	0.3	0.4
Production (mmboe)	**103.2**	92.1	89.0	75.5	58.9
Reserve replacement rate – 2P organic (one-year average %)	**166**	464	11	56	69
Net profit/(loss) after tax (US$m)	**2,112**	658	(357)	674	630
Dividends per ordinary share (US cents)	**22.7**	14.0	7.1	11.0	9.7
Share price – closing price on last trading day of year (A$)[3]	**7.14**	6.31	6.27	8.18	5.48
Company Scorecard result expressed as % of target of 100%	**106.3%**	135.6%	111.3%	120.0%	138.8%
LTI performance (% vesting) – shown against final year of performance period	**66.8%**	89.5%	90.7%	100%	0%

1 The outcome for 2018 is presented as a three-year average. Annual performance reporting applied in 2019 and used for following years.

2 Moderate harm rate was introduced in 2018 as the Company adopted a harm-based approach, in addition to lost time reporting for injury classification.

3 The closing share price on the last trading day of 2017 was A$5.45.

2. REMUNERATION GOVERNANCE

The following diagram illustrates Santos' remuneration governance framework.

Shareholders

Board

The Board reviews, challenges and approves the recommendations of the Committee around policy, performance, the remuneration arrangements for the Managing Director & Chief Executive Officer, all Executive KMP and non-executive Directors (NEDs) and the remuneration policies and processes for the wider Group.

People, Remuneration and Culture Committee

Members

- Yasmin Allen (Chair)
- Vanessa Guthrie
- Peter Hearl
- Musje Werror

Role

The People, Remuneration and Culture Committee (Committee) oversees and formulates recommendations to the Board on the remuneration policies and practices of the Company generally (including the remuneration of non-executive Directors, the CEO and Senior Executives) and reviewing whether they are aligned to the Company's values, strategic direction and risk appetite.

Charter

The Committee operates under a Charter approved by the Board and regularly conducts a review of its performance, structure, objectives and purpose. The Committee Charter is available on the Company's website at **www.santos.com**.

External Advisers

The Board and the Committee may seek advice from independent experts and advisors.

The Board has adopted a protocol for engaging and seeking advice from independent remuneration consultants from time to time. In 2022, no remuneration recommendations were provided by remuneration consultants as per section 9B of the Corporations Act.

Managing Director & Chief Executive Officer (MD/CEO) and Management

The MD/CEO makes recommendations to the Committee regarding Executives' remuneration. These recommendations take into account performance, culture and values.

The Managing Director's remuneration is considered separately to manage conflicts of interest.

3. RESPONSE TO THE STRIKE AGAINST THE 2021 REMUNERATION REPORT

The Board has engaged with shareholders, proxy advisors and other stakeholders to further understand the concerns that led to a strike. This section outlines the key concerns and the steps taken to address those concerns, or otherwise explain our rationale in response to those concerns.

Element	Issue raised	Response
CEO growth incentive	Disclosures of performance measures, use of strategic performance hurdles and potential re-testing of awards. Overall quantum of the award.	Given the commercially sensitive nature of the performance hurdles, as stated in the 2021 Notice of Meeting, the Board provides a more detailed description of measures, performance outcomes and vesting each year in the Remuneration Report on a retrospective-basis. Details on the CEO growth incentive for 2022 can be found in sections 5 and 6. There has been growing demand from investors and other stakeholders for oil and gas companies to accelerate their transition to cleaner energy and fuels. The industry is investing tremendous effort into the transformation and the market demand for leaders driving the transformation is higher than ever. The purpose of the incentive is to accelerate and enhance the execution of Santos' strategy and vision. The Board carefully selected performance targets that are linked to delivery of major projects and emission reduction initiatives that drive shareholder value and Mr Gallagher is successfully leading the transition. Santos expects that achievement of these objectives will deliver sustainable growth and longer-term profitability to our shareholders and benefits for other stakeholders. The Board is aware of the concerns of proxy advisors and investors about strategic performance conditions that may be considered less objective compared to financial factors. The Board has established performance objectives that are sufficiently challenging at each stage. Growth incentive performance outcomes are assessed as part of the CEO annual performance assessment and STI moderation discussion, taking into account Company Scorecard performance to ensure there is no duplication in outcomes between STI moderation and growth incentive recognition. Santos does not permit re-testing for any incentive awards. There were also some concerns raised in relation to the quantum of the once-off award and the impact on market relativities if the full value of the award is added to other remuneration provided in respect of 2021. The incentive is actually earned over a five-year period (2021 to 2025) and, in addition to the respective performance conditions, is contingent on Mr Gallagher being employed at 31 December 2025. The Board considered the quantum to be reasonable when taking into account both the likelihood of vesting and the 5-year period over which the incentive is earned.
Dividend equivalent payment	Treatment of dividends under the LTI award	For Share Acquisition Rights (SARs) issued under the Long-Term Incentive Plan since 2020, participants are entitled to receive additional Santos shares equivalent in value to notional dividends that would have otherwise been accrued and reinvested during the period between allocation and vesting, or the cash equivalent value. However, these additional shares, or cash equivalent in value, will be provided at or around the time of vesting, only for the amount of awards that vest. The provision of a notional dividend entitlement on awards is entirely consistent with using the face value of Santos shares in the calculation of individual Long-Term Incentive awards. No dividends are provided in relation to SARs that do not vest, as is common practice among ASX companies.

Remuneration Report
continued

Element	Issue raised	Response
LTI Performance Measures	Free cash flow breakeven point (FCFBP) performance level	Core to the success of Santos‘ strategy has been the establishment of a disciplined low-cost operating model that delivers strong cash flows through the oil price cycle. Free cash flow breakeven is the average annual oil price at which cash flows from operating activities equals cash flows. FCFBP is therefore a key performance metric for Santos. Vesting of 25 per cent of LTI awards is determined by FCFBP measured over the four-year vesting period. FCFBP performance requirements are determined by the Board following a thorough analysis of forecasts and business operations. This measure is tested and audited internally and all results are externally audited. When FCFBP was first introduced as a hurdle in the LTI plan in 2016, threshold vesting was set at US$40/bbl with full vesting at US$35/bbl. Over time these hurdles have been made progressively harder to achieve by lowering them to the current levels of US$35/bbl and US$25/bbl respectively. The Board has determined to maintain the current threshold and maximum vesting level despite the cost inflationary environment in which we are operating that is expected to continue over the four-year vesting period.
NED Fee Pool and fees	Size of increase	Santos had not increased the NED Fee Pool over the past nine years prior to the most recent increases. Following the merger with Oil Search Limited, the Fee Pool increase was necessary to accommodate the appointment of additional Board members. While there are no plans to increase the NED Fee Pool in the foreseeable future, the Board will continue to review the fees paid to Directors periodically to meet the market standards appropriately, in order to continue to attract and retain highly skilled and experienced NEDs.

The Board will continue to take a proactive approach to engage with shareholders in 2023 so we can continue to address queries in a transparent manner.

4. EXECUTIVE REMUNERATION FRAMEWORK

The fundamental purpose of Santos' remuneration policy is to develop and maintain an effective remuneration framework that supports and reinforces the ongoing successful execution of Santos' strategy and vision.

Remuneration policy objectives

Attract, motivate and retain talented and qualified Executives	Focus Executives to deliver superior performance	Align Executive and shareholder interests

Enabled through the Company's Executive remuneration framework

Total Fixed Remuneration (TFR)
(base salary plus superannuation)

- Remuneration levels are market-aligned against similar roles in comparable companies within the ASX50 as well as the ASX100 energy and resources sectors.
- Individual remuneration is set with regard to the Executive's role and responsibilities and also the individual's experience and competencies.
- The target market position for fixed remuneration for Executives is below market median, in line with the Company's cost focus.

Short-Term Incentive (STI)

- A significant component of remuneration is at-risk. The value to the Executive is dependent on the Company and the individual meeting challenging targets.
- STI levels are set to ensure that total compensation appropriately rewards the delivery of Santos' operating model and the increasingly demanding STI scorecard metrics.
- STI outcomes are based on a balanced scorecard of annual performance measures aimed at delivering challenging outcomes for the Company across a range of financial, safety, environment, growth and culture KPIs.
- Half (50%) of Executives' STI award is delivered as cash following the end of the performance year.
- The other 50% is delivered in equity, subject to a two-year restriction period. A service condition applies during the restriction period.

Long-Term Incentive (LTI)

- Long-Term Incentives are delivered as Share Acquisition Rights (SARs) following a four-year vesting period.
- Vesting of Long-Term Incentives is contingent on achieving performance hurdles that are aligned with creation of long-term shareholder value.
- These are:
  - Relative total shareholder return against the ASX100
  - Relative total shareholder return against the S&P Global 1200 Energy Index
  - Return on average capital employed versus weighted average cost of capital
  - Free cash flow breakeven point
- The share plan rules give the Company the discretion to lapse or forfeit unvested equity awards and claw back any vested shares or cash paid in certain circumstances.

Remuneration Report
continued

4.1 Remuneration Mix

A significant portion of Executive remuneration is at-risk. The following charts show the remuneration mix for the CEO and Senior Executives at the following performance levels:

Performance level	Comprises
Minimum	TFR for the year only
Target	TFR for the year, STI at target level (awarded half in cash and half in deferred equity vesting two years after the end of the performance year, subject to continued service) and target LTI. LTI awards are allocated on a face value basis that is by dividing award values by the Santos share price to arrive at the number of SARs to be awarded. Vesting of LTI awards is subject to the achievement of the relevant performance and service conditions. The target LTI values in the following charts are shown on a 'fair value' basis to estimate a long-term probabilistic vesting outcome. Fair value has been calculated by applying a 40 per cent discount to the face value of the award.
Maximum	TFR for the year, STI at the maximum level (provided half in cash and half in deferred equity vesting two years after the end of the performance year) and the maximum LTI (being the face value of the award). Vesting of awards is subject to the achievement of performance and service conditions.

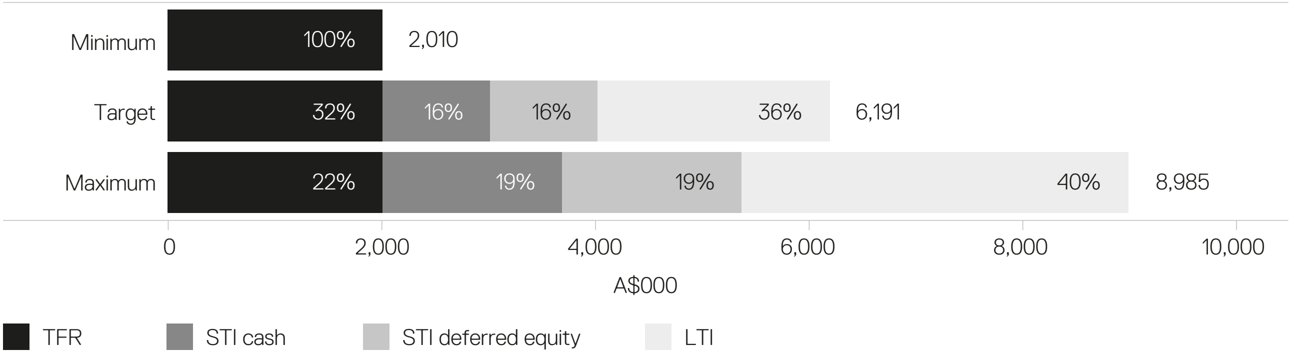
The value of the STI deferred equity award and LTI does not include the impact of future share price movements or dividend payments.

The actual remuneration mix in any year varies with actual performance and incentive outcomes.

CEO remuneration quantum and mix

The remuneration quantum and mix for the CEO at minimum, target and maximum performance for 2022 is shown in Chart 1. This is unchanged from 2021.

Chart 1: CEO remuneration quantum and mix



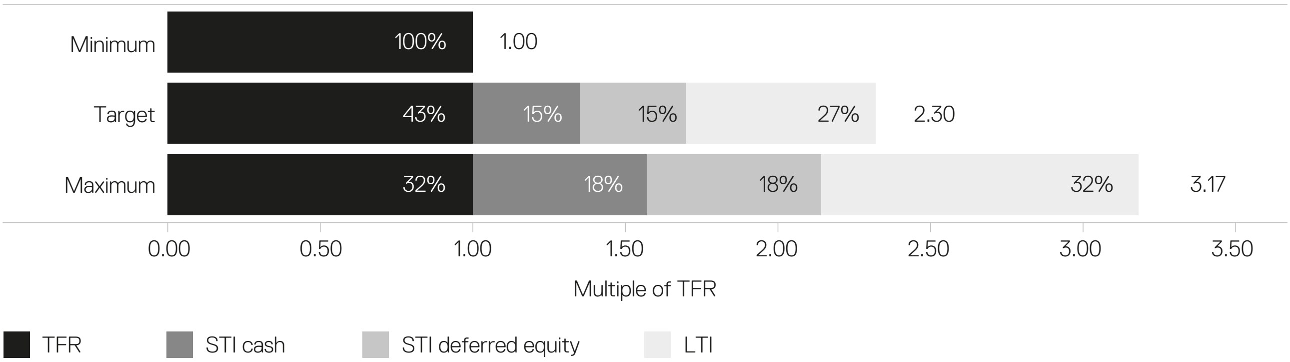
- Minimum: TFR of A$2,010,000.
- Target: TFR, target STI at 100% of TFR (a cash award of 50% of TFR and a deferred equity award of 50% of TFR) and target LTI of 108% of TFR.
- Maximum: TFR, the maximum STI of 167% of TFR (a cash award of 83.5% of TFR and a deferred equity award of 83.5% of TFR) and the maximum LTI award of 180% of TFR.

In addition, the CEO participates in a once-off Growth Projects Incentive. This is described in more detail in sections 5 and 6. The Growth Projects Incentive was provided as a once-off grant of performance rights subject to achieving key milestones and is not reflected in Chart 1.

Senior Executive remuneration mix and quantum

The remuneration quantum (as a multiple of TFR) and mix for Senior Executives at minimum, target and maximum performance is shown in Chart 2.

Chart 2: Senior Executive remuneration quantum and mix



Quantum is expressed as a multiple of TFR as Senior Executives have different TFRs.

- Minimum: TFR only.
- Target: TFR, target STI at 70% of TFR (a cash award of 35% of TFR and a deferred equity award of 35% of TFR) and target LTI of 60% of TFR.
- Maximum: TFR, the maximum STI of 117% of TFR (a cash award of 58.5% of TFR and a deferred equity award of 58.5% of TFR) and the maximum LTI award of 100% of TFR.

Remuneration Report
continued

5. 2022 COMPANY PERFORMANCE OUTCOMES AND REALISED REMUNERATION

2022 Business Performance

The 2022 year was transformative for Santos as we brought together our enhanced and diversified portfolio following the merger with Oil Search.

The portfolio delivered record annual production of 103.2 mmboe, sales revenue of US$7.8 billion and free cash flow of more than $3.6 billion, which is more than double the free cash flow generated in the previous year.

Santos is well positioned to continue to provide reliable, affordable and sustainable energy both domestically and into strengthening Asian markets.

5.1 2022 Company Scorecard Performance Outcomes

Performance of the 2022 Company Scorecard as assessed by the Board resulted in an outcome of 106.3 per cent of target (63.7 per cent of maximum).

Table 3 provides further details of Scorecard KPIs and the Company's performance against them. Performance targets on achievements on each measure are cumulative. For example, achievement of a target level of performance requires the threshold metrics to also have been achieved, and achievement of a stretch outcome requires both the threshold and target metrics to have been achieved.

Table 3: 2022 Company Scorecard – KPI performance

Key performance indicators, measures and rationale		Performance requirements	Achievement
Sustainability (25%)			Threshold Target Max
Heath, Safety and Environment[1] (10%)	The targets for personal safety reflect the Company's commitment to providing a workplace without injury or illness.	Threshold on the health and safety component required there to be no severe harm incidents. Target performance required 2021 International Oil and Gas Producers Lost Time Injury Rate (IOGP LTIR) at the top quartile and Moderate Harm Rate better than previous years. Stretch performance required zero Moderate Harm incidents.	There were no severe harm injuries during 2022. The Lost Time Injury Rate was slightly below top quartile performance, and the Moderate Harm Rate was not met. The overall achievement on this metric was Threshold Performance.
	The targets for Environment and Process Safety represent the Company's commitment to reducing the number of process safety-related incidents with potential for high-impact consequences, and the occurrence of significant environment incidents.	Threshold required there be no environmental incidents with a consequence of moderate harm or greater. Target required a reduction in Tier 1 and Tier 2 Loss of Containment Incidents (LOCIs) compared to 2021. Stretch required zero Tier 1 and Tier 2 LOCIs events.	During 2022 there were no incidents with an environment consequence of moderate harm or greater. There was a reduction in LOCIs compared to 2021. The overall achievement on this metric was Target Performance.
People and Culture (5%)	Included to reinforce the importance of cultural improvement and employee engagement as well as the development of capability to support future business growth.	This component relates to the implementation, participation and completion of training and development programs fundamental to the Santos culture, leadership and operating model.	All measures and initiatives on this indicator were achieved with identified training programs for the broader workforce implemented and/or completed and Coaching & Mentoring programs implemented for Senior Leaders. The overall achievement on this metric was Stretch Performance.

1 The portion of the 2022 Company Scorecard outcome applicable to the Environment KPI will be withheld from Executive KMP and Senior Leadership until the ongoing incident review and independent investigation into the Varanus Island loading line leak are completed.

Key performance indicators, measures and rationale		Performance requirements	Achievement
Landholder, Community and Traditional Owner Relationships (5%)	Strong Landholder, Community and Traditional Owner Relationships are key as we aspire to partner with, and be trusted by Indigenous people and the communities in which we operate.	Thresholds required there be no material unauthorised impacts on cultural heritage or landholder properties.	There were no material unauthorised impacts and a landholder and traditional owner survey was completed resulting in the stretch target for this metric being met. However, in light of the Federal Court decision and the requirement to complete additional stakeholder engagement on the Barossa project the Board moderated the outcome for this metric down from Stretch to Threshold performance. The overall achievement on this metric was Threshold Performance.
		Target performance required designing an independent auditable traditional owner, community and landholder relationship survey.	
		Stretch performance required conducting the survey and delivering results by year end.	
Emissions Intensity Reduction (5%)	The Company is held to account on emissions to air, land and water within targets and transparent reporting, in line with the recommendations of the Task Force on Climate-related Financial Disclosures.	Threshold achievement on this measure required Santos equity Scope 1 and Scope 2 emissions intensity <52.1ktCO_2e/mmboe.	Santos' equity Scope 1 and 2 emissions intensity for 2022 was 48.4ktCO_2e/mmboe further progressing the reduction of Scope 1 and Scope 2 emissions in line with our Climate Transition Action Plan. The overall achievement on this metric was between Target and Stretch Performance.
		Target achievement on this measure required Santos equity Scope 1 and Scope 2 emissions intensity <50.9ktCO_2e/mmboe.	
		Stretch achievement on this measure required Santos equity Scope 1 and Scope 2 emissions intensity <44.8ktCO_2e/mmboe.	

The overall outcome for **Sustainability** measures was marginally above target, contributing 26.6 per cent to the total Scorecard outcome.

Production (25%)

Threshold Target Max

Core Asset Group Production (20%)	Production is the primary driver of revenue and therefore critical to the Company's profitability which is a key measure of the Company's overall performance, underpinning annual earnings and cash flow.	Threshold achievement on this measure required annual production of equal to or greater than 93.32 mmboe.	Core Asset Group Production for 2022 was 94.35 mmboe. The overall achievement on this metric was slightly above Threshold.
		A Target outcome on this measure required annual production of greater than 101.03 mmboe.	
		A Stretch outcome on this measure required annual production of greater than 105.60 mmboe.	
Late Life Assets Production (5%)		Threshold achievement on this measure required annual production of equal to or greater than 10.78 mmboe.	Late Life Assets Production for 2022 was 11.01 mmboe. The overall achievement on this metric was between Threshold and Target.
		A Target outcome on this measure required annual production of greater than 11.67 mmboe.	
		A Stretch outcome on this measure required annual production of greater than 12.20 mmboe.	

The overall outcome for the **Production** measure was below target, contributing 18.1 per cent to the total Scorecard outcome.

Remuneration Report
continued

Key performance indicators, measures and rationale		Performance requirements	Achievement
Financial (25%)			Threshold Target Max
Unit Production Costs excluding Bayu-Undan (5%)	Included to ensure the Company maintains its cost and efficiency focus for every unit of production.	Threshold on this measure required achieving unit production costs of US$7.23/boe. Target on this measure required achieving unit production costs of US$6.95/boe. Stretch on this measure required achieving unit production costs of equal to or lower than US$6.81/boe.	Unit production costs excluding Bayu-Undan for 2022 were US$6.83/boe. The overall achievement on this metric was slightly above Target.
Sustaining Capex (5%)	Sustaining capex represents capital expenditure incurred in the operation of the underlying business. This measure is included to ensure the focused and cost-effective delivery of necessary capital programs to sustain the base business.	Threshold on this measure required achieving sustaining capex of less than US$1,100m. Target on this measure required achieving sustaining capex of less than US$1,045m. Stretch on this measure required achieving sustaining capex of less than US$1,000m.	Sustaining CAPEX over 2022 was US$964 million. The overall achievement on this metric was above Stretch, with the contribution from this measure capped at 167% of the Target level.
Gearing (10%)	Santos is well positioned to fund growth out of operating cash flow and debt while maintaining gearing levels within a range that is consistent with an investment-grade credit rating. This measure rewards the delivery of strong free cash flow generation from the base business and through the optimisation of the broader asset portfolio with strategically aligned farm outs and disposals.	Threshold on this measure required achieving gearing of less than 30%. Target on this measure required achieving gearing of equal to or less than 27.5%. Stretch on this measure required achieving gearing of less than 22.5%.	Record free cash flow generation and profit resulted in increased equity and reduced net debt. At 31 December 2022, gearing was 18.9%. The overall achievement on this metric was above Stretch, with the contribution from this measure capped at 167% of the Target level.
Decommissioning (5%)	This measure rewards the efficient decommissioning of assets in a safe and timely manner.	Threshold performance requires delivery of all 2022 decommissioning operated scope/activities as per budget.	While significant progress was made on a number of the Company's decommissioning projects, the overall achievement on this metric was below Threshold.

The overall outcome for **Financial** measures was above target, contributing 33.0 per cent percent to the total Scorecard outcome.

Key performance indicators, measures and rationale		Performance requirements	Achievement
Growth (25%)			Threshold Target Max
Deliver synergies from Oil Search merger (7.5%)	The disciplined operating model has provided Santos with the opportunity to capitalise on growth opportunities. This measure rewards the accelerated delivery of synergies from the Oil Search merger.	A scorecard of key synergy initiatives has been set. Delivery of the initiatives contributes to the overall Scorecard on this metric.	During 2022, US$122 million in sustaining annual synergies (excluding integration and other one-off costs) have been realised. This result is toward the upper end of the US$110-125 million guidance range to be achieved following full integration. The overall achievement on this metric was above Stretch, with the contribution from this measure capped at 167% of the Target level.
Oil and Gas Growth Projects (7.5%)	The Oil and Gas Growth Projects scorecard measures our success on delivering a suite of initiatives across our oil and gas assets.	A scorecard of key Oil and Gas Project initiatives and project milestones has been set. Delivery of the initiatives contributes to the overall score on this metric.	Santos achieved significant milestones on projects to backfill and sustain core assets. The overall achievement on this metric was slightly above Target.
Decarbonisation and Clean Fuels Projects (10%)	This measure incentivises the delivery of a suite of decarbonisation and clean fuels projects.	A scorecard of key decarbonisation and clean fuels initiatives, which are critical to the Company's significant ambitions to drive sustainable returns in a lower carbon future, has been set. Delivery of the initiatives contributes to the overall score on this metric.	Key achievements in respect to this metric include • FEED taken for the Cooper Gas Electrification Project; • FEED phase entered for Bayu-Undan CCS and FID taken on Darwin Pipeline Duplication • PNG Biomass project repurposed to a conservation forest for carbon sequestration and FID on new project While there was significant progress made across the decarbonisation and clean fuels projects, the overall achievement on this metric was between Threshold and Target.
The overall outcome for **Growth** was above target, contributing 28.6 per cent to the total Scorecard outcome.			
Total The total Company Scorecard outcome for 2022 as a percentage of target was 106.3 per cent (63.7 per cent of maximum).			

Capping STI outcomes to ensure alignment with shareholder experience

To ensure alignment with the shareholder experience and to make sure awards under the STI Plan are reasonable relative to free cash flow generated, a cap of five per cent of the Company's free cash flow applies to the STI pool in any year. The STI pool for 2022 was accommodated well within the five per cent of free cash flow cap.

Remuneration Report
continued

2022 STI OUTCOMES

KMP	Company Scorecard	2022 STI Performance
CEO	The CEO's performance is primarily assessed using the Company Scorecard. In determining the CEO's final STI payment for 2022, the Board also considered outcomes outside of the Scorecard and the impact of the CEO's personal performance and leadership on five dimensions: corporate activity, growing shareholder value, futureproofing the business, leadership and culture, and stakeholder engagement.	The STI amount for 2022 represents an outcome that is 106.3 per cent of the target amount (63.7 per cent of maximum STI opportunity), which is in line with the Company Scorecard outcome.
Senior Executives	The Company performance result based on the Company Scorecard outcomes outlined above sets the size of the pool. Individual allocations of the pool are then modified to reflect individual performance and demonstration of the Santos Values.	The 2022 STI outcomes for ongoing Senior Executives ranged from 57 per cent to 64 per cent of their maximum opportunity, depending on their individual performance contribution. Further detail of each individual Senior Executive's outcome is provided in Table 5 on page 49. All Senior Executives had individual KPIs relating to environment, health, safety, culture and leadership. Role-specific KPIs by Senior Executive are set out in Table 4.

Table 4: Senior Executive role-specific KPIs

Note, some KPIs contain commercially sensitive information that cannot be detailed here.

Senior Executive	Role-specific KPIs	Key achievements in 2022
D Banks	• Technical and operations governance across the business • Provide capability to deliver Santos' growth program • Reserves replacement	• Improved model for operational governance across the company • Drove focus on and improvement of facilities integrity • Successful integration of Information Technology systems during Oil Search merger • Verification of Pikka project readiness for FID sanction • Implementation of technical limit benchmarking process to drive performance in drilling and completions • Exploration portfolio rationalisation to align with climate transaction action plan including strategy for acquisition of greenhouse gas storage permits
B Darley	• Production, volume and cost • Health, safety and environment outcomes • Emissions reduction	• Established leadership centre for Upstream division in Brisbane including the integration of PNG assets • Drove improvement focus on Cooper Basin
A McKinnell	• Corporate cost reduction • Balance sheet improvement and capital management • Investor relations outcomes	• Successfully launched new capital management framework • Executed on-market share buyback • Re-financed syndicated bank facilities valued at US$1.25 billion • Delivered reduced gearing
A Neilson	• Commercial management • Marketing and trading leadership • Establishment of Carbon Solutions	• Established Carbon Solutions business • Achieved binding offer from Kumul for 5% of PNG LNG • Negotiated toll for Papua LNG project to support FEED • Managed customer relationships through difficult market conditions for domestic gas • Completed sale of 12.5% Barossa interest to JERA • Finalised gas agreement for P'nyang project setting out the fiscal framework and supporting project scoping and evaluation
B Woods	• Operational cost efficiency • Progression of low carbon operations including carbon capture and storage • Health, safety and environment outcomes	• Progressed Moomba CCS project • Developed climate transition action plan and progressed initiatives on several fronts

Table 5 sets out the individual STI outcomes for Senior Executives in 2022, as a percentage of their STI target and maximum STI opportunity.

Table 5: Senior Executive 2022 STI outcomes

	Target 2022 STI (% of TFR)	Actual 2022 STI (% of TFR)	2022 STI as a % of Maximum	% of Maximum STI forfeited	Total STI Value A$	STI Cash A$	STI Deferred A$
Executive Director							
K Gallagher	100%	106%	64%	36%	2,136,630	1,068,315	1,068,315
Senior Executives							
D Banks	70%	67%	57%	43%	535,700	267,900	267,800
B Darley	70%	71%	60%	40%	593,700	296,900	296,800
A McKinnell	70%	74%	64%	36%	520,800	260,400	260,400
A Neilson	70%	67%	57%	43%	617,700	308,900	308,800
B Woods	70%	67%	57%	43%	552,400	276,200	276,200

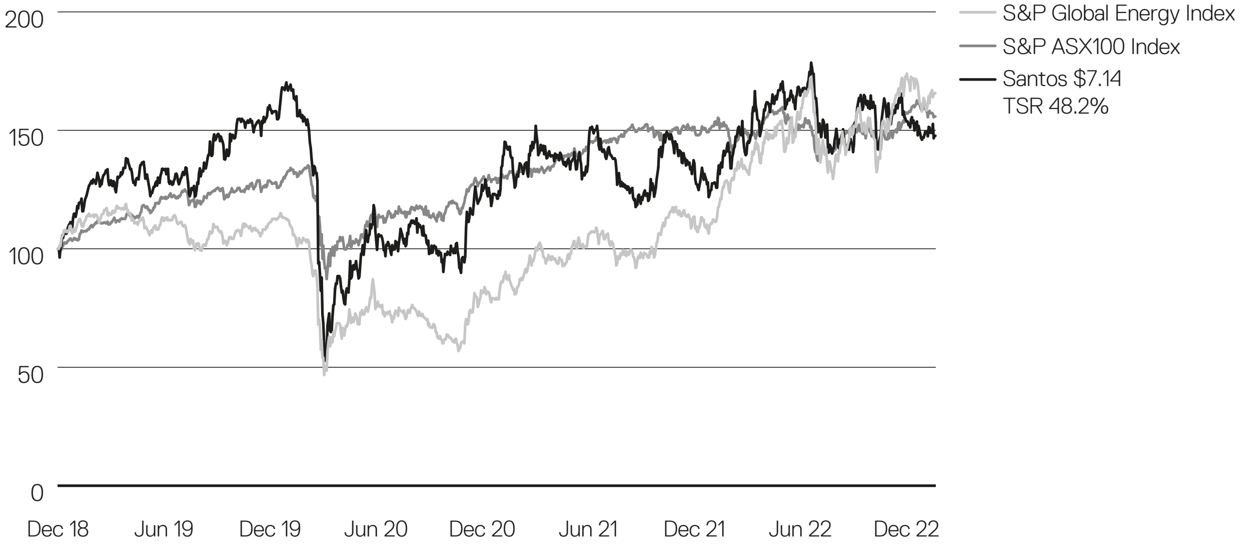
5.2 2019 LTI Performance Outcomes

The 2019 LTI award was tested over the four-year performance period 1 January 2019 to 31 December 2022. As a result, 66.8 per cent of the 2019 LTI awards vested.

The 2019 LTI grant was allocated at a base share price of A$5.48.

Performance measures	Weighting	Threshold Vesting	Full Vesting	Result	Vesting Outcome
Relative TSR measured against constituent members of the ASX100 at the commencement of the performance period	**25%**	51st percentile	76th percentile	59.5 percentile	16.8%
Relative TSR measured against constituent members of the S&P Global 1200 Energy Index (GEI) at the commencement of the performance period	**25%**	51st percentile	76th percentile	49.1 percentile	0%
Free cash flow breakeven point (FCFBP)	**25%**	=US$40/boe	<=US$35/boe	US$16.61	25.0%
Return on average capital employed (ROACE) compared with weighted average cost of capital (WACC)	**25%**	=100% of WACC	>=120% of WACC	142.7%	25.0%
Total	**100%**				**66.8%**

Chart 3: TSR performance against S&P ASX100 Index and S&P Global 1200 Energy Index



Remuneration Report
continued

5.3 CEO Growth Incentive

Achievements in 2022

Following Board review, the following milestone initiatives were noted as being achieved during 2022:

Major Growth Projects

- The Board approved the Final Investment Decision for the Pikka Project in August 2022.

Emissions Reduction Net Zero Plan and Energy Transition

- Achieved 2025 target to reduce operational emissions by five per cent in the Cooper Basin and Queensland.

Achievements in 2021

Following Board review, the following milestone initiatives were noted as having been achieved during 2021.

Major Growth Projects

- The Board approved the Final Investment Decision for the Barossa Project on 30 March 2021.
- Santos completed the sell-down of 25 per cent interests in both Bayu-Undan and Darwin LNG to SK E&S on 30 April 2021. This sell-down further aligned partner interests in the Barossa Project with those in Bayu-Undan and Darwin LNG.
- On 29 June 2021, Santos announced the launch of front end engineering and design (FEED) for the Dorado Project in the Bedout Sub-basin, offshore Western Australia. Entering FEED for the Dorado project is a significant milestone and has the project on schedule for a final investment decision around mid-2022. Dorado has high-quality reservoirs making it a very cost-competitive project globally. Dorado is also a very low CO2 reservoir with approximately 1.5 per cent CO2.

Emissions Reduction Net Zero Plan and Energy Transition

- On 1 November 2021, Santos and joint venture partner Beach Energy announced the final investment decision to proceed with Santos' A$210 million Moomba CCS project. Moomba CCS will be one of the biggest CCS projects in the world and will safely and permanently store 1.7 million tonnes of carbon dioxide per year in the same reservoirs that held oil and gas in place for tens of millions of years. The decision followed Santos' successful registration of the Moomba CCS project with the Clean Energy Regulator. The Clean Energy Regulator's CCS method provides a crediting period of 25 years, over which period the project will qualify for Australian Carbon Credit Units for emissions reduction from Moomba CCS.

Achievement of these milestones are key enablers on the critical path to delivery of the overall performance goals in the Growth Projects Incentive.

All awards remain subject to forfeiture if the CEO resigns from his employment prior to 31 December 2025 unless otherwise agreed by the Board.

5.4 Realised Remuneration

Table 6 shows realised remuneration for the CEO and Senior Executives in 2022 and 2021.

Realised remuneration differs from statutory remuneration reported in Table 9 and other statutory tables that are prepared in accordance with the Corporations Act and Accounting Standards which require a value to be placed on share-based payments at the time of grant and to be reported as remuneration, even though the CEO and Senior Executives may ultimately not realise any actual value from the share-based payments.

The Realised Remuneration table is shown in Australian dollars (the currency in which remuneration is paid), whereas the statutory tables are shown in US dollars, which is the Company's reporting currency. Showing remuneration in Australian dollars removes the impact of exchange rate movements.

Realised remuneration has been calculated as:

- TFR paid in the year;
- cash STI awards earned in respect of performance for the year (albeit paid after the end of the year);
- deferred STI awards from prior years that vested in the year; and
- LTI SARs that were tested at 31 December in the year.

Vesting deferred STI awards and SARs are valued at the closing share price on 31 December of the respective year. Termination payments and leave movements are not included in the following table.

Table 6: Realised Remuneration (non-IFRS and non-audited)

	Year	TFR[1] A$	Cash STI[2] A$	Deferred STI that vested in the year[3] A$	LTI[4] A$	Other vested grants A$	Other[5] A$	Total A$
Executive Director								
K Gallagher	2022	2,010,000	1,068,315	1,413,884	2,551,879	–	12,377	7,056,455
	2021	2,010,000	1,362,780	896,323	2,937,703	–	6,313	7,213,119
Senior Executives								
D Banks	2022	800,000	267,900	352,780	499,200	–	6,188	1,926,068
	2021	800,000	360,700	224,087	580,287	5,696	6,313	1,977,083
B Darley	2022	840,000	296,900	399,133	584,430	–	3,164	2,123,627
	2021	840,000	358,800	257,101	538,577	576,825	14,889	2,586,192
A McKinnell	2022	700,000	260,400	218,641	–	–	5,120	1,184,161
	2021	–	–	–	–	–	–	–
A Neilson	2022	922,500	308,900	504,127	591,913	–	–	2,327,440
	2021	922,500	459,700	314,882	688,049	–	–	2,385,131
B Woods	2022	815,625	276,200	365,311	534,857	–	6,188	1,998,181
	2021	768,750	401,300	224,087	621,731	–	6,313	2,022,181

1 TFR is composed of base salary and superannuation. The amounts shown here are actually received TFR, ie they are pro-rata amounts for the period that Executives were in KMP roles.

2 The 'Cash STI' column reflects the 50 per cent of the STI award for 2022 performance for continuing Executives that will be paid in cash. The remaining 50 per cent will be awarded as equity restricted for two years.

3 The deferred restricted equity from the 2020 STI award that vested on 31 December 2022, at a closing share price of A$7.14.

4 The 2019 LTI was tested at the end of its performance period on 31 December 2022 and 66.8 per cent of awards vested. The value shown in the table is based on the closing share price of A$7.14 on 30 December 2022, the last trading day of the vesting period. For the value of share-based payments calculated in accordance with the Accounting Standards, see Table 9 Statutory Executive KMP remuneration details on page 60.

5 'Other' includes ad hoc payments treated as remuneration, such as assignment and mobilisation allowances and other non-monetary benefits.

Remuneration Report
continued

Notes on Mr Gallagher's Realised Remuneration for 2022

Mr Gallagher's Realised Remuneration for 2022 included the following at-risk performance related elements:

- the cash component of Mr Gallagher's STI award based on 2022 performance;
- the value of Mr Gallagher's deferred STI award from 2020, which vested on 31 December 2022; and
- the value of Mr Gallagher's Long-Term Incentive award from 2019, which was tested at 31 December 2022.

As noted above, the CEO was awarded a cash STI for 2022 of A$1,068,315. The basis for this award is described in section 5.1.

Mr Gallagher's 2020 STI was awarded half in cash and half in Restricted Shares, with the Restricted Shares vesting on 31 December 2022. The share price appreciated 14 per cent between the start of the performance period (A$6.27) and vesting (A$7.14) increasing the value of the award received by Mr Gallagher to A$1.41 million from A$1.24 million.

Chart 4: Realised value of Mr Gallagher's Deferred 2020 STI

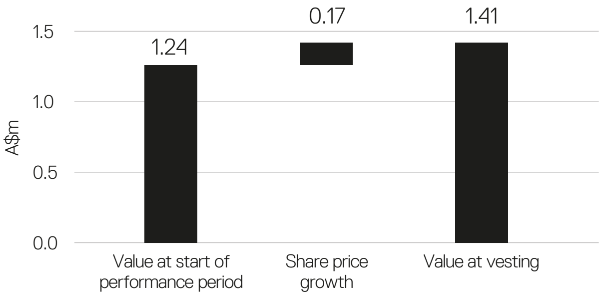
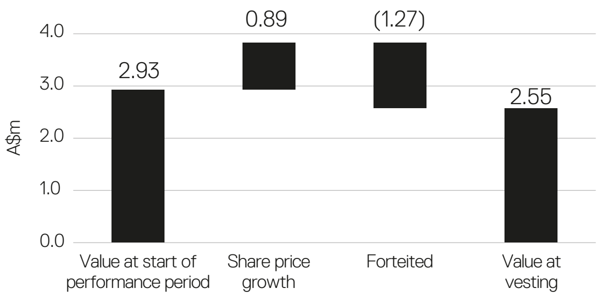


Chart 5: Realised value of Mr Gallagher's 2019 LTI



Mr Gallagher's 2019 LTI allocation had a face value of A$2.93 million at the start of the performance period. The Santos share price appreciated 30 per cent between the start of the performance period and vesting. The value based on the closing share price on the last trading day of the year ending 2022 of A$7.14 was A$3.82 million. The vesting outcome of the 2019 LTI was 66.8 per cent and the value of the final vesting award at 31 December 2022 was A$2.55 million.

6. INCENTIVE PLAN OPERATION

6.1 Short-Term Incentive

The STI framework aligns Executive interests with the delivery of the operating model and the Company's challenging short-term operational and financial goals for the year. Goals are chosen to drive outcomes and behaviours that support safe operations and the achievement of the business outcomes that contribute to the delivery of long-term growth in shareholder value.

Element	**Description**
Performance Period	1 year (ie 1 January to 31 December)
Performance measures	The Company's annual performance is assessed using the Company Scorecard. The Scorecard contains a balance of challenging financial and operational KPIs that support the execution of the business strategy and which drive business performance. In 2022, Scorecard KPIs covered a range of areas including production, operating efficiency, safety, growth and culture. The measures include lagging indicators to assess the Company's past performance, as well as forward-looking indicators to ensure the Company is positioning itself effectively for future growth. The Board believes that this Scorecard is balanced and focuses the CEO and Senior Executives on achieving the key outcomes necessary to deliver stronger returns to shareholders.
STI Pool	The STI pool for each performance year is set by reference to the Company Scorecard result. The Scorecard result is generally applied as a percentage of the target pool size (subject to the application of any Board discretion).
Vesting Hurdle and Cap	The STI award is subject to a **free cash flow gate** that requires the Company to be free cash flow positive for an STI award to be made, regardless of performance against all other KPIs. This is aligned with the Company's position to its shareholders under the Dividend Policy, which is to deliver strong cash flows through the oil price cycle. To provide further alignment with the shareholder experience and to ensure awards under the STI Plan are reasonable relative to free cash flow generated, **a cap of five per cent** of the Company's free cash flow (excluding growth capex) is applied to the STI pool in any year.
Performance and Vesting	The **Company Scorecard** is composed of a range of KPIs with set threshold, target and stretch goals agreed with the Board at the start of the performance year. The relative importance of each KPI is determined and assigned a proportionate weighting of the total Scorecard result. Each KPI receives a percentage score relative to target performance, as follows: • 0% for performance below threshold • 67–100% for performance between threshold and target • 100–167% for performance between target and stretch • 167% for performance at or above stretch The KPI weightings are then applied to these scores to derive a rating for each KPI. The overall Scorecard result is a weighted average of KPI scores. The Scorecard has a maximum result of 167 per cent of target. This maximum result can only be achieved for exceptional Company performance. The Board believes the above method of assessment is rigorous and provides a balanced assessment of the Company's performance. The People, Remuneration and Culture Committee formally assesses the Company's performance against the overall Scorecard at the end of each financial year, and this forms the basis of a recommendation to the Board. The Board assesses the CEO's performance and determines his STI award. The CEO assesses Senior Executive performance and determines STI award proposals that are then formally endorsed by the Board and the People, Remuneration and Culture Committee.
Award	Half (50 per cent) of STIs provided to Senior Executives are delivered in cash in March following the end of the performance year. The remaining half (50 per cent) is provided as deferred equity (in the form of Restricted Shares), restricted for two years and subject to a service condition during this time. Deferral provides increased alignment with shareholders and encourages longer-term thinking given the equity exposure.
Forfeiture and clawback	Deferred STI is forfeited if the Executive leaves the Company during the vesting period due to resignation or summary dismissal (including for fraud or misconduct). STI awards are also subject to clawback (see section 6.4 for further information).
Dividends	Dividends are payable during the restriction period on Restricted Shares awarded under the STI.

Remuneration Report
continued

6.2 2022 Long-Term Incentive

The LTI aligns the interests of Senior Executives with the creation of long-term shareholder value.

The relative TSR performance criteria provide for vesting when there are strong shareholder returns against relevant peer groups. The free cash flow breakeven point (FCFBP) and return on average capital employed (ROACE) measures are achieved when the Company demonstrates underlying operational efficiency that generates free cash flow throughout the oil price cycle and disciplined use of capital to generate shareholder returns over a four-year period.

Element	Description
LTI Grant	LTI grants are based on a set percentage of the Executive's TFR allocated on a face value basis (based on the closing share price on 31 December of the prior year) and provided in the form of Share Acquisition Rights (SARs). SARs are a conditional entitlement to a fully paid ordinary share at zero price, subject to satisfaction of the relevant performance conditions. If SARs vest, shares are automatically allocated to the Executive. Nothing is payable by Executives if SARs vest. Trading in these shares is subject to compliance with the Company's Securities Dealing Policy and the Minimum Shareholding Requirement. The Board has discretion to settle the value of vesting SARs in cash.
Performance Period	SARs have a four-year performance period. This period represents an appropriate balance between providing a genuine and foreseeable incentive to Senior Executives and fostering a long-term view of shareholder interests.
Performance measures	The LTI is measured against four equally weighted performance measures:

Weighting	Performance measures	Description and rationale
25%	Relative TSR measured against constituent members of the ASX100 at the commencement of the performance period	The calculation of TSR takes into consideration share price growth and dividend yield and is therefore a robust and objective measure of shareholder returns.
25%	Relative TSR measured against constituent members of the S&P Global 1200 Energy Index (GEI) at the commencement of the performance period	TSR continues to effectively align the interests of individual Senior Executives with that of the Company's shareholders by motivating Senior Executives to achieve superior shareholder outcomes relative to Santos' competitors for investor capital and its energy sector peers.
25%	Free cash flow breakeven point (FCFBP)	FCFBP is the US$ oil price at which cash flows from operating activities equal cash flows from investing activities, as published in the Company's financial statements. As the aim of this performance hurdle is to measure the performance of the underlying business, the Board has discretion to adjust the FCFBP for individual material items including asset acquisitions and disposals that may otherwise distort the measurement.
25%	Return on average capital employed (ROACE) compared with weighted average cost of capital (WACC)	ROACE is measured as the underlying earnings before interest and tax (EBIT) divided by the average capital employed, being shareholders' equity plus net debt, as published in the Company's financial statements. The use of ROACE as a performance measure aligns Senior Executives with shareholder interest by focusing on the efficient and disciplined use of capital to generate shareholder returns.

<table>
<tr><th>Element</th><th>Description</th></tr>
<tr><td>Vesting Conditions</td><td>
The vesting scales set out in the following tables apply to both the CEO's and Senior Executives' LTI performance grants. SARs that do not vest upon testing of the performance condition lapse.

Relative TSR against the ASX100 and S&P GEI
<table>
<tr><th>TSR percentile ranking</th><th>% of component vesting</th></tr>
<tr><td>Below 51st percentile</td><td>0%</td></tr>
<tr><td>51st percentile</td><td>50%</td></tr>
<tr><td colspan="2">Straight line pro-rata vesting in between</td></tr>
<tr><td>76th percentile and above</td><td>100%</td></tr>
</table>
Free Cash Flow Breakeven Point (FCFBP)
<table>
<tr><th>FCFBP</th><th>% of component vesting</th></tr>
<tr><td>Above US$35/bbl</td><td>0%</td></tr>
<tr><td>Equal to US$35/bbl</td><td>50%</td></tr>
<tr><td colspan="2">Straight line pro-rata vesting in between</td></tr>
<tr><td>Equal to or below US$25/bbl</td><td>100%</td></tr>
</table>
Core to Santos' strategy has been the establishment of a disciplined low-cost operating model that delivers strong cash flows through the oil price cycle. Free cash flow breakeven is the average annual oil price at which cash flows from operating activities equal cash flows. FCFBP is a key metric for Santos and it is therefore critical for it to form part of the Long-Term Incentive performance assessment.

When the FCFBP hurdle was introduced in 2016, Santos' FCFBP was approximately US$50/bbl. There was concern from some shareholders that this KPI could result in under-investment in onshore drilling activity, leading to further production decline and reserves liquidation. However, Santos has delivered a trend of increasing investment in drilling across Queensland and Cooper Basin onshore operations since 2016, with a 240 per cent increase in wells drilled in 2022 compared to 2016. Production has also increased by 13 per cent across Santos' Queensland and Cooper Basin assets during this period, with a reserves replacement ratio of well over 100 per cent across the last two years achieved in Queensland.

In 2022, the threshold target was made harder to achieve by lowering it from US$40/bbl to US$35/bbl despite increasing cost pressures across the business.

Return On Average Capital Employed (ROACE)
<table>
<tr><th>ROACE percentile ranking</th><th>% of component vesting</th></tr>
<tr><td>Santos ROACE <= 110% of WACC</td><td>0%</td></tr>
<tr><td>Santos ROACE > 110% of WACC then:</td><td>50%</td></tr>
<tr><td colspan="2">Straight line pro-rata vesting in between</td></tr>
<tr><td>Santos ROACE >= 140% of WACC</td><td>100%</td></tr>
</table>
Performance on all measures are externally audited. The Board has discretion to adjust the result on non-market measures, based on the agreed methodology.
</td></tr>
<tr><td>Re-testing</td><td>There is no re-testing of the performance conditions.</td></tr>
<tr><td>Dividends and Dividend Equivalent Payment (DEP)</td><td>
Dividends are not payable on SARs during the LTI performance period.

The DEP is payable on shares that vest in accordance with performance outcomes.

The provision of a notional dividend entitlement on awards is entirely consistent with using the face value of Santos shares in the calculation of individual Long-Term Incentive awards. No dividends are provided in relation to SARs which do not vest, as is common practice among ASX companies.

The DEP is not payable on SARs that lapse or are forfeited (see section 6.4 for further information).
</td></tr>
</table>

Remuneration Report
continued

6.3 CEO Growth Incentive

In April 2021, the Board agreed to provide the CEO a once-off Growth Projects Incentive to reward Mr Gallagher for the successful delivery of Santos' major growth projects and energy transition strategy to 31 December 2025. Mr Gallagher is well-recognised as one of Australia's leading chief executives with a proven track record of delivering for shareholders.

Santos is moving into a growth phase with significant major growth projects including Barossa, Dorado, Moomba CCS, Narrabri and Pikka Phase 1 underway. Santos is leading the energy transition to cleaner fuels and has a clear plan targeting net-zero Scope 1 and 2 equity emissions by 2040 and our vision is strongly supported by investors and other stakeholders. Mr Gallagher is uniquely placed to lead Santos through this transition.

This offer recognises the unique value that Mr Gallagher brings to Santos and the significant role he will play in leading and driving delivery of the major growth projects through to the end of 2025. The projects are a critical part of Santos' strategy and vision, which Mr Gallagher has designed and led since joining Santos. Achievement of these goals will accelerate and strengthen the transition to a lower-carbon future enabling more effective realisation of sustainable growth and shareholder returns with longer-term profitability.

<table>
<tr><th>Element</th><th>Description</th></tr>
<tr><td>CEO Growth Incentive Grant</td><td>The Growth Projects Incentive was provided wholly in the form of 847,458 SARs granted under the Santos Employee Equity Incentive Plan. This was calculated by dividing the maximum award quantum of A$6 million by the volume weighed average price of Santos shares for the five trading days up to and including 9 April 2021 of A$7.08.</td></tr>
<tr><td>Performance Period</td><td>Five-year performance period (1 January 2021 to 31 December 2025)</td></tr>
<tr><td>Performance Measures</td><td>The underlying performance conditions of the Growth Projects Incentive are commercially sensitive and therefore only a high-level overview of the deliverables and milestones has been provided below. A more detailed description of achievements will be provided each year in the Remuneration Report on a retrospective basis, as seen in section 5.3.
<table>
<tr><th>Deliverables</th><th>Allocation (% of total award)</th><th>Targets</th></tr>
<tr><td>Major Growth Projects</td><td>60%</td><td>Initiatives related to the delivery of:
• the Barossa Project;
• the Dorado and/or Pikka Project; and
• developing backfill resources to maximise ongoing utilisation and future expansion of existing facilities.</td></tr>
<tr><td>Emissions reduction, net-zero plan and energy transition</td><td>40%</td><td>Initiatives related to the delivery of:
• CCS operational targets;
• progress towards net-zero Scope 1 and 2 operations emissions;
• new energy business development which supports energy transition; and
• achieve significant progress on a commercial scale hydrogen or downstream clean fuels project.</td></tr>
</table>
The Board considers that the 40 per cent weighting to emissions, net-zero and energy transition significantly increases the exposure of the CEO's remuneration to climate change measures.</td></tr>
<tr><td>Progressive Assessment</td><td>The CEO growth incentive comprises milestones and initiatives to be achieved over the five years to 31 December 2025.

The Board will review performance annually as part of the CEO's performance assessment. Achievement of initiatives over the five calendar year performance period (2021-2025) allows success to be 'locked in' along the way, noting that any award is subject to the final performance assessment. There is no re-testing of this award.</td></tr>
<tr><td>Final Performance Assessment</td><td>The SARs are at-risk and vesting will be determined following an assessment of delivery against strict performance conditions related to growth projects and emissions reduction and energy transition deliverables, as detailed in the Performance Measures section of this table.</td></tr>
</table>

Element	Description
Vesting	Following this assessment, if the SARs vest, shares are automatically allocated to Mr Gallagher. Nothing is payable by Mr Gallagher to the Company if SARs vest. While any vesting awards will not be subject to a further restriction period post vesting, Mr Gallagher is required to retain a minimum shareholding of approximately three times his annual Total Fixed Remuneration. Trading in shares is subject to compliance with the Company's Securities Dealing Policy. Mr Gallagher also participates in deferred STI and LTI, which are provided in equity and that provide ongoing alignment with shareholders.
Termination and Forfeiture	All awards remain subject to forfeiture if the CEO resigns from his employment prior to 31 December 2025 unless agreed by the Board.
Dividends and Dividend Equivalent Payment (DEP)	Dividends are not payable on SARs during the LTI performance period. The DEP is payable on shares that vest in accordance with performance outcomes. The DEP is not payable on SARs that lapse or are forfeited (see section 6.4 for further information).

6.4 General Terms Applying to Equity Awards

Element	Description
Award allocation	Awards are allocated using a face value approach – that is using the full Santos share price. No discount is applied to reflect the probability of vesting or to reflect dividends forgone over the vesting period. As noted below a Dividend Equivalent Payment is payable on Share Acquisition Rights which satisfy their vesting conditions.
Treatment on Termination and Change of Control	Generally, if an Executive resigns or is summarily dismissed, their unvested SARs will lapse and restricted shares are forfeited. In all other circumstances (including death, total and permanent disability, redundancy and termination by mutual agreement), unvested SARs and restricted shares remain on foot and will vest or lapse in accordance with their original terms, unless the Board determines otherwise. Where there is a change in control, the Board may determine whether, and the extent to which, SARs may vest and restricted shares released.
Malus/Clawback	The share plan rules give the Company the discretion to lapse or forfeit unvested equity awards under the STI or LTI programs, and claw back any vested shares or cash paid in certain circumstances. These circumstances include dishonest or fraudulent conduct, breach of material obligations, miscalculation or error, a material misstatement or omission in the accounts of a Group company or events that require re-statement of the Group's financial accounts in circumstances where an LTI or deferred STI award would not otherwise have been granted or would not have vested. This is in addition to any rights the Company has under the plan rules and general legal principles to seek to recover payments made in error.
Securities Hedging	Under the Company's Securities Dealing Policy, Directors, Executives and employees cannot enter into hedging or other financial arrangements that operate to limit the economic risk associated with holding Santos securities prior to the vesting of those securities or while they are subject to a holding lock or restriction on dealing.
Minimum Shareholding Requirement	The Company's Minimum Shareholding Requirement requires the CEO and Senior Executives to build, over a five-year period and then maintain, a minimum shareholding of Santos shares. For the CEO this is approximately three times annual Total Fixed Remuneration (TFR) and for Senior Executives it is approximately one and a half times the average TFR. These levels of minimum shareholdings are significant compared to typical market practice. They ensure ongoing alignment with shareholders by requiring the CEO and Senior Executives to hold shares beyond vesting until the minimum holding is achieved. The Minimum Shareholding Policy does allow the CEO and Senior Executives to sell shares to manage arising tax liabilities that occur on the vesting of awards. Disposals to manage tax liabilities are encouraged to occur as closely as possible to the end of the deferred taxing point for the relevant award.
Dividend Equivalent Payment (DEP)	Share Acquisition Rights (SARs) are eligible for a cash payment, or the equivalent value in shares, equal to the dividend amount that would have been earned on the underlying shares that ultimately vest to the participant. The provision of a notional dividend entitlement on equity awards is entirely consistent with using the face value of Santos shares in the calculation of individual awards. The DEP is made to participants once the SARs vest into restricted or ordinary shares. No DEP is made in respect to SARs that lapse or are forfeited.

Remuneration Report
continued

7. KEY TERMS OF EMPLOYMENT CONTRACTS FOR EXECUTIVE KMP

The main terms of employment contracts for Executive KMP are set out in Table 7.

Table 7: Executive KMP contract terms

	Contract duration	Notice period – Company	Notice period – Individual
K Gallagher	Ongoing	12 months	12 months
	Termination Provision Employment may be ended immediately in certain circumstances including misconduct, incapacity and mutual agreement, or in the event of a fundamental change in the CEO's role or responsibility. The Company may elect to pay the CEO in lieu of any unserved notice period. If termination is by mutual agreement the CEO will receive a payment of A$1.5 million. In the case of death, incapacity or fundamental change the CEO is entitled to a payment equivalent to 12 months base salary.		
Other KMP	Ongoing	6 months	6 months
	Termination Provision In a company-initiated termination, the Company may make a payment in lieu of notice equivalent to the TFR that the Senior Executive would have received over the notice period. All Senior Executives' service agreements may be terminated immediately for cause whereupon no payments in lieu of notice of other termination payments are payable under the agreement.		

8. NON-EXECUTIVE DIRECTOR REMUNERATION

Remuneration Policy

The key objectives of Santos' non-executive Director Remuneration Policy and how these are implemented through the Company's remuneration framework are as follows:

Remuneration Policy objectives

Securing and retaining talented, qualified Directors	Promoting independence and impartiality	Aligning Director and shareholder interest

Enabled through the non-executive Director remuneration framework

Fee levels are set with regard to: • time commitment and workload; • the risk and responsibility attached to the role; • experience and expertise; and • market benchmarking.	Fee levels do not vary according to the performance of the Company or individual Director performance from year to year. Non-executive Director's performance is assessed at the time of re-election.	Santos encourages its non-executive Directors to build a long-term stake in the Company. Non-executive Directors are required to acquire and maintain a shareholding in the Company equivalent in value to one year's remuneration.

Under the Minimum Shareholding Requirement, non-executive Directors must acquire (over a four-year period) and maintain a shareholding in the Company equal in value to at least one year's remuneration (base fee and committee fees).

Maximum aggregate amount

Total fees paid to all non-executive Directors in a year, including Board Committee fees, must not exceed A$3,500,000, being the amount approved by shareholders at the 2022 AGM.

Remuneration

Fees paid to non-executive Directors are reviewed periodically and are fixed by the Board. During 2021, the Board reviewed Directors' fees including consideration of updated market data provided by PwC. The Board approved to increase the Chair fee to A$561,325, member fees to A$200,000, all sub-committee Chair fees to A$50,000, all sub-committee member fees to A$25,000 and to eliminate the Nominations Committee fee, effective from 1 January 2022.

Table 8 summarises the fee structure for main Board and committees for 2022.

Table 8: Non-executive Directors' annual fee structure[1]

	Chair[2] A$	Member A$
Board	561,325	200,000
Audit and Risk Committee	50,000	25,000
Environment, Health, Safety and Sustainability Committee	50,000	25,000
Nomination Committee[3]	N/A	N/A
People, Remuneration and Culture Committee	50,000	25,000

1 Fees are shown inclusive of superannuation.

2 The Chair of the Board does not receive any additional fees for serving on or chairing any Board committee.

3 The fees payable to the Chair and Members of the Nomination Committee were abolished effective 1 January 2022.

Directors may also be paid additional fees for special duties or exertions and are entitled to be reimbursed for all business-related expenses. The total remuneration provided to each non-executive Director in 2022 and 2021 is shown in section 9, Table 10.

Superannuation and retirement benefits

Superannuation contributions are made on behalf of non-executive Directors in accordance with the requirements of the Company's statutory superannuation obligations. Non-executive Directors are not entitled to retirement benefits (other than mandatory statutory entitlements).

Remuneration Report
continued

9. STATUTORY DISCLOSURES

Statutory disclosures are prepared in accordance with Australian Accounting Standards and include share-based payments expensed during the financial year, calculated in accordance with AASB 2 *Share-based payments*.

9.1 Executive Remuneration

Table 9 presents summarised details of the remuneration for Executive KMPs in 2022 and 2021 as required under the Corporations Act. The current KMPs are the Executives that have the requisite authority and responsibility to meet the definition of Key Management Personnel as required under the Corporations Act.

Statutory remuneration components have been converted from A$ to US$ using an average rate of $0.6949 for 2022 and $0.7514 for 2021. Year-on-year changes in remuneration amounts when stated in US$ are partly attributable to exchange rate variations and not necessarily a change in the amount paid in A$.

Table 9: Statutory Executive KMP remuneration details

		Short-term employee benefits			Post-employment	Share-based payments[1]									
		Base salary US$	STI[2] US$	Other[3] US$	Superannuation contributions US$	LTI (SARs) US$	Growth Projects Incentive (SARs) US$	Deferred STI[4] US$	SharePLUS[5] US$	Options US$	Total share-based payments US$	Termination benefits US$	Other long-term benefits (long service)[6] US$	Total US$	Total at-risk %
Executive Director															
K Gallagher	2022	1,377,639	742,372	8,601	19,110	2,126,527	819,794	893,930	2,065	–	3,842,316	–	85,787	6,075,825	75%
	2021	1,490,590	1,023,993	4,744	19,724	1,903,020	911,898	898,541	2,233	–	3,715,692	–	84,368	6,339,111	75%
Senior Executives															
D Banks	2022	536,810	186,164	4,300	19,110	409,728	–	228,103	1,180	–	639,011	–	7,937	1,393,332	59%
	2021	581,396	271,030	4,744	19,724	333,758	–	229,414	1,886	–	565,058	–	20,616	1,462,568	57%
B Darley	2022	564,606	206,316	2,198	19,110	450,303	–	245,217	2,065	–	697,585	–	28,533	1,518,348	60%
	2021	611,452	269,602	11,188	19,724	543,925	–	247,845	2,233	–	794,003	–	28,624	1,734,593	61%
A McKinnell	2022	469,453	180,952	3,558	16,977	147,042	–	196,994	–	–	344,036	–	15,100	1,030,076	51%
	2021	–	–	–	–	–	–	–	–	–	–	–	–	–	–
A Neilson	2022	621,935	214,655	–	19,110	480,945	–	296,000	1,180	–	778,125	–	35,246	1,669,071	59%
	2021	673,442	345,419	–	19,724	396,032	–	313,025	1,276	–	710,333	–	23,759	1,772,677	60%
B Woods	2022	547,668	191,931	4,300	19,110	419,832	–	242,414	2,065	–	664,311	–	36,184	1,463,504	59%
	2021	557,915	301,537	4,744	19,724	348,822	–	243,181	2,233	–	594,236	–	27,372	1,505,528	59%

1 In accordance with the requirements of the Accounting Standards, remuneration includes a proportion of the value of the equity-linked compensation determined as at the grant date and progressively expensed over the vesting period. The amount allocated as remuneration is not relative to, or indicative of, the actual benefit (if any) that the Executives may ultimately realise should the equity instruments vest. The value of equity-linked compensation was determined in accordance with AASB 2 *Share-based Payment* applying the Monte Carlo simulation method. Details of the assumptions underlying the valuation are set out in Note 7.2 to the financial statements.

2 The 2022 amount represents the cash portion of the STI performance award for 2022, which will be paid during March 2023. The 2021 amount represents the cash STI payment for 2021, which was paid during March 2022.

3 'Other' comprises ad hoc payments treated as remuneration, such as assignment and mobilisation allowance and other non-monetary benefits.

4 This amount represents a proportion of the estimated value of the deferred STI, determined in accordance with the requirements of AASB 2 *Share-based Payment* and progressively expensed over a three-year vesting period being the year of performance and a two-year period of service to which the grant relates. The amount allocated as remuneration is not relative to, or indicative of, the actual benefit (if any) that the Senior Executives may ultimately realise should the equity instruments vest. The value has been calculated in accordance with AASB 2 *Share-based Payment* based on an estimate of the fair value of the equity instruments. The deferred equity component of the 2022 STI award is intended to be allocated in March 2023.

5 SharePLUS is the collective term used for the Santos general employee share plans. Refer to Note 7.2 in the financial statements for details.

6 'Other long-term benefits' represents the movement in the Executive's long service leave entitlements, measured as the present value of the estimated future cash outflows to be made in respect of the Executive's service between the respective reporting dates.

9.2 Non-executive Director Remuneration

Details of the fees and other benefits paid to non-executive Directors in 2022 are set out in Table 10. Differences in fees received between 2022 and 2021 reflect an increase in fees effective 1 January 2022 and currency movements as fees are paid in Australian dollars but disclosed in US dollars.

No share-based payments were made to any non-executive Director.

Table 10: 2022 and 2021 non-executive Director remuneration

		Short-term benefits			Retirement benefits		
Director	**Year**	**Directors' fees (incl. committee fees) US$**	**Fees for special duties or exertions US$**	**Other long-term benefits US$**	**Superannuation[1] US$**	**Share-based payments US$**	**Total US$**
Y Allen	2022	174,121	–	–	16,977	–	191,098
	2021	175,789	–	–	16,926	–	192,715
G Cowan	2022	157,575	–	–	16,151	–	173,726
	2021	158,442	–	–	15,447	–	173,889
E Doyle[2]	2022	140,831	–	–	14,437	–	155,268
	2021	4,764	–	–	476	–	5,240
V Guthrie	2022	157,575	–	–	16,151	–	173,726
	2021	156,939	–	–	15,301	–	172,240
P Hearl	2022	174,121	–	–	16,977	–	191,098
	2021	168,275	–	–	16,550	–	184,825
J McArdle	2022	173,726	–	–	–	–	173,726
	2021	169,309	–	–	–	–	169,309
K Spence	2022	373,088	–	–	16,977	–	390,065
	2021	374,978	–	–	17,005	–	391,983
M Utsler[3]	2022	103,348	52,267[4]	–	–	–	155,615
	2021	–	–	–	–	–	–
M Werror[2]	2022	155,268	–	–	–	–	155,268
	2021	5,241	–	–	–	–	5,241
Former Director							
H Goh[5]	2022	57,891	–	–	1,419	–	59,310
	2021	164,453	–	–	16,033	–	180,486

1 Includes superannuation guarantee payments. Superannuation guarantee payments are made to Mr Goh only in relation to days worked in Australia.

2 Dr Doyle and Mr Werror joined the Santos Board effective from Oil Search merger implementation on 17 December 2021.

3 Mr Utsler joined the Santos Board effective 3 May 2022.

4 Mr Utsler received a one-off Directors' fee payment in equivalent non-executive Director fees following his appointment in May 2022 in retrospect for the attendance of Board meetings as an observer in the period from Oil Search merger implementation on 17 December 2021 to 2 May 2022.

5 Mr Goh ceased as a KMP on 3 May 2022.

Remuneration Report
continued

9.3 Movement in SARs and Restricted Shares for Executive KMP

Tables 11 and 12 contain details of the number and value of SARs and shares granted, vested and lapsed for Executive KMP in 2022. No Executive KMP had any options granted, vesting or lapsing in 2022.

Table 11: Executive KMP SARs

	LTI SARs						
	Granted[1]		Vested[3]		Lapsed	Dividend equivalent shares[4]	
	Number	Maximum Value[2] US$	Number	Value US$	Number	Number	Value US$
Executive Director							
K Gallagher	573,375[5]	2,370,707	357,406[6]	1,773,301	178,036	–	–
Senior Executives							
D Banks	126,782	524,198	69,916	346,894	34,828	–	–
B Darley	133,122	550,412	81,853	406,121	40,774	–	–
A McKinnell	110,935	458,677	–	–	–	–	–
A Neilson	146,196	604,470	82,901	411,320	41,296	–	–
B Woods	130,744	540,581	74,910	371,672	37,316	–	–
Total	**1,221,154**	**5,049,045**	**666,986**	**3,309,308**	**332,250**	**–**	**–**

	Other SARs						
	Granted		Vested		Lapsed	Dividend equivalent shares[4]	
	Number	Maximum Value US$	Number	Value US$	Number	Number	Value US$
Senior Executive							
A McKinnell[7]	–	–	30,622	151,934	–	1,286	6,559

1 This relates to the 2022 LTI award.

2 The maximum value represents the fair value of LTI grants received in 2022, determined in accordance with AASB 2 *Share-based Payment*. The weighted average fair value of each SAR as at the grant date of 15 July 2022 is A$5.95. Details of the assumptions underlying the valuations are set out in Note 7.2 to the financial statements. The minimum total value of the grant to the Executive KMP, if the applicable vesting conditions are not met, is nil in all cases. All values have been converted to US$.

3 Vesting of LTI SARs that relates to the 2019 LTI award. The value is determined by the share price of A$7.14 on 30 December 2022, the last trading day of the vesting period.

4 SAR awards as of 2020 attract additional shares in value of the dividends accrued and reinvested during the vesting period under the terms that apply to such equity awards. The additional shares are delivered in full following release of the vested SARs. Dividend equivalent shares are not issued for awards that do not satisfy their performance conditions.

5 The SARs granted to the CEO relate to his 2022 LTI performance grant as approved at the 2022 Annual General Meeting (AGM), under Listing Rule 10.14. This grant relates to the LTI award for the four-year performance period ending on 31 December 2025.

6 The number of SARs vested for the CEO relates to the CEO's 2019 LTI performance grants as approved at the 2019 Annual General Meeting. This was tested based on performance to 31 December 2022 with 66.8 per cent of the award vested as described in section 5.2. There are no retesting provisions under the LTI and the lapsed amount reflects the 33.2 per cent which did not satisfy the vesting conditions.

7 Ms McKinnell received SARs on grant in 2021 from the general 2020 STI award which preceded her appointment as Executive KMP on 1 January 2022. Under the terms of this plan, 50 per cent of the grant was awarded in SARs with a two-year vesting period. The value of the SARs is determined by the share price of A$7.14 on 30 December 2022, the last trading day of the vesting period. The value of the dividend equivalent shares is determined by the share price of A$7.34 on the date of release effective 16 January 2023.

Table 12: Executive KMP Restricted Shares

	Granted[1]		Vested[3]		Lapsed
	Number	Maximum Value US$[2]	Number	Value US$	Number
Executive Director					
K Gallagher	215,971	1,049,047	198,023[2]	982,508	–
Senior Executives					
D Banks	57,147	277,583	49,409	245,147	–
B Darley	56,846	276,121	55,901	277,358	–
A McKinnell	37,369	181,514	–	–	–
A Neilson	72,852	353,868	70,606	350,318	–
B Woods	63,597	308,913	51,164	253,855	–
Total	**503,782**	**2,447,046**	**425,103**	**2,109,186**	**–**

1 This relates to the 2021 STI award delivered as Restricted Shares.

2 For Restricted Shares, the maximum value represents the fair value of 2021 STI shares received in 2022 determined in accordance with AASB 2 *Share-based Payment*. The fair value of the deferred STI grant as at the grant date of 15 July 2022 was A$6.99. The minimum total value of the grant, if the applicable vesting conditions are not met, is nil. All values have been converted to US$.

3 This relates to the 2020 STI grant that was deferred for two years from 1 January 2021 to 31 December 2022 and vested in full on 31 December 2022.

9.5 KMP Shareholdings

Table 13 sets out the movements during the reporting period in the number of fully paid ordinary shares of the Company held directly, indirectly or beneficially by each KMP, including their related parties.

Full details of all outstanding equity awards can be found in Note 7.2 to the financial statements and in prior Remuneration Reports.

Table 13: 2022 movements in ordinary shareholdings for KMP

	Opening balance	Received upon vesting of SARs[1]	Purchased	Sold	Deferred 2020 STI that vested on 31 December 2022	Other changes	Closing balance
Non-executive Directors							
Y Allen	48,883	–	–	–	–	–	48,883
G Cowan	45,487	–	–	–	–	–	45,487
E Doyle	33,567	–	13,800	–	–	–	47,367
V Guthrie	39,188	–	–	–	–	–	39,188
P Hearl	48,808	–	–	–	–	–	48,808
J McArdle	18,000	–	32,000	–	–	–	50,000
K Spence	105,688	–	–	–	–	–	105,688
M Utsler	–	–	–	–	–	–	–
M Werror	–	–	620	–	–	–	620
Former non-executive Director							
H Goh	67,215	–	–	–	–	(67,215)[2]	–
Executive Director							
K Gallagher	1,730,405	465,563	–	(400,000)	198,023	–	1,993,991
Senior Executives							
D Banks	82,468	91,963	–	–	49,409	–	223,840
B Darley	135,447	85,353	–	(100,000)	55,901	–	176,701
A McKinnell	11,185	–	–	–	30,622[3]	–	41,807
A Neilson	265,689	109,041	–	–	70,606	–	445,336
B Woods	325,033	98,531	–	(158,000)	51,164	–	316,728
Total	**2,957,063**	**850,451**	**46,420**	**(658,000)**	**455,725**	**(67,215)**	**3,584,444**

1 This reflects SARs that vested and converted to ordinary shares in 2022. The 2019 LTI was tested at the end of its performance period on 31 December 2022 and 66.8 per cent vested, and the vested SARs converted to ordinary shares after 31 December 2022.

2 Mr Goh held a balance of 67,215 fully paid ordinary Santos shares upon his resignation from the Board on 3 May 2022 reflecting a nil closing balance at year end.

3 Ms McKinnell received SARs on grant in 2021 from the general 2020 STI award which preceded her appointment as Executive KMP on 1 January 2022. The tenure assessed STI SARs converted to ordinary shares upon vesting in full on 31 December 2022. The dividend equivalent shares in respect of the deferred 2020 STI SARs were released on 16 January 2023.

Remuneration Report
continued

9.6 Executive KMP SARs and Restricted Shares

Tables 14 and 15 set out the movement during the reporting period in the number of SARs and Restricted Shares of the Company held directly, indirectly or beneficially by each KMP, including their related parties. There are no options held by KMPs.

Table 14: Movements in Executive KMP SARs

	Grant date	Balance at 1 Jan 2022	SARs granted	SARs vested[1]	SARs lapsed	Balance at 31 Dec 2022	% vested in the year	% forfeited in the year	Financial year of vesting	Dividend equivalent shares[2]
Executive Director										
K Gallagher	9/5/19	535,442	–	(357,406)	(178,036)	–	66.8%	33.2%	2022	–
	9/4/20	442,298	–	–	–	442,298			2023	–
	31/8/20	898	–	–	–	898			2023	–
	31/8/20	898	–	–	–	898			2024	–
	11/4/21	847,458[3]	–	–	–	847,458			2025	–
	15/4/21	577,033	–	–	–	577,033			2024	–
	15/7/22	–	573,375	–	–	573,375			2025	–
	Total	**2,404,027**	**573,375**	**(357,406)**	**(178,036)**	**2,441,960**				**–**
Senior Executives										
D Banks	15/3/19	104,744	–	(69,916)	(34,828)	–	66.8%	33.2%	2022	–
	19/3/20	91,687	–	–	–	91,687			2023	–
	31/8/20	898	–	–	–	898			2023	–
	12/5/21	127,591	–	–	–	127,591			2024	–
	15/7/22	–	126,782	–	–	126,782			2025	–
	Total	**324,920**	**126,782**	**(69,916)**	**(34,828)**	**346,958**				**–**
B Darley	18/4/19	122,627	–	(81,853)	(40,774)	–	66.8%	33.2%	2022	–
	19/3/20	102,689	–	–	–	102,689			2023	–
	31/8/20	898	–	–	–	898			2023	–
	31/8/20	898	–	–	–	898			2024	–
	12/5/21	133,971	–	–	–	133,971			2024	–
	15/7/22	–	133,122	–	–	133,122			2025	–
	Total	**361,083**	**133,122**	**(81,853)**	**(40,774)**	**371,578**				**–**
A McKinnell	19/3/20	63,264	–	–	–	63,264			2023	–
	26/3/21	30,622[4]	–	(30,622)	–	–	100%	0%	2022	1,286
	12/5/21	45,853	–	–	–	45,853			2024	–
	15/7/22	–	110,935	–	–	110,935			2025	–
	Total	**139,739**	**110,935**	**(30,622)**	**–**	**220,052**				**–**
A Neilson	15/3/19	124,197	–	(82,901)	(41,296)	–	66.8%	33.2%	2022	–
	19/3/20	112,775	–	–	–	112,775			2023	–
	31/8/20	898	–	–	–	898			2023	–
	12/5/21	147,129	–	–	–	147,129			2024	–
	15/7/22	–	146,196	–	–	146,196			2025	–
	Total	**384,999**	**146,196**	**(82,901)**	**(41,296)**	**406,998**				**–**
B Woods	15/3/19	112,226	–	(74,910)	(37,316)	–	66.8%	33.2%	2022	–
	19/3/20	93,979	–	–	–	93,979			2023	–
	31/8/20	898	–	–	–	898			2023	–
	31/8/20	898	–	–	–	898			2024	–
	12/5/21	122,607	–	–	–	122,607			2024	–
	15/7/22	–	130,744	–	–	130,744				–
	Total	**330,608**	**130,744**	**(74,910)**	**(37,316)**	**349,126**				**–**

1 Rights vested represents SARs that had satisfied their vesting performance conditions in 2022. Vested LTI SARs do not convert to ordinary shares until 2023.

2 SAR awards as of 2020 attract additional shares in value of the dividends accrued and reinvested during the vesting period under the terms that apply to such equity awards. The additional shares are delivered in full following release of the vested SARs. Dividend equivalent shares are not issued for awards that do not satisfy their performance conditions.

3 This relates to the special once-off Growth Projects Incentive SARs granted in 2021. The award will vest on 31 December 2025 contingent on the achievement of the relevant performance and employment conditions outlined in more detail in sections 5 and 6.

4 Ms McKinnell received SARs on grant in 2021 from the general employee 2020 STI award which preceded her appointment as Executive KMP on 1 January 2022.

Table 15: Movements in Executive KMP Restricted Shares

	Grant date	Balance at 1 Jan 2022	Restricted Shares granted	Restricted Shares vested	Restricted Shares forfeited	Balance at 31 Dec 2022	% vested in the year	% forfeited in the year	Financial year of vesting
Executive Director									
K Gallagher	31/8/20	898	–	–	–	898			2023
	31/8/20	898	–	–	–	898			2024
	12/3/21	198,023	–	(198,023)	–	–	100%	0%	2022
	15/7/22	–	215,971	–	–	215,971			2023
	Total	**199,819**	**215,971**	**(198,023)**	**–**	**217,767**			
Senior Executives									
D Banks	31/8/20	898	–	–	–	898			2023
	12/3/21	49,409	–	(49,409)	–	–	100%	0%	2022
	15/7/22	–	57,147	–	–	57,147			2023
	Total	**50,307**	**57,147**	**(49,409)**	**–**	**58,045**			
B Darley	31/8/20	898	–	–	–	898			2023
	31/8/20	898	–	–	–	898			2024
	12/3/21	55,901	–	(55,901)	–	–	100%	0%	2022
	15/7/22	–	56,846	–	–	56,846			2023
	Total	**57,697**	**56,846**	**(55,901)**	**–**	**58,642**			
A McKinnell	15/7/22	–	37,369	–	–	37,369			2023
	Total	**–**	**37,369**	**–**	**–**	**37,369**			
A Neilson	31/8/20	898	–	–	–	898			2023
	12/3/21	70,606	–	(70,606)	–	–	100%	0%	2022
	15/7/22	–	72,852	–	–	72,852			2023
	Total	**71,504**	**72,852**	**(70,606)**	**–**	**73,750**			
B Woods	31/8/20	898	–	–	–	898			2023
	31/8/20	898	–	–	–	898			2024
	12/3/21	51,164	–	(51,164)	–	–	100%	0%	2022
	15/7/22	–	63,597	–	–	63,597			2023
	Total	**52,960**	**63,597**	**(51,164)**	**–**	**65,393**			

Loans to Key Management Personnel

No loans have been made, guaranteed or secured, directly or indirectly, by the Company or any of its subsidiaries at any time throughout the year to any KMP, including their related parties.

Directors' Report
continued

INDEMNIFICATION

Rule 61 of the Company's Constitution provides that the Company indemnifies, on a full indemnity basis and to the full extent permitted by law, officers of the Company for all losses or liabilities incurred by the person as an officer of the Company, a related body corporate or trustee of a company-sponsored superannuation fund. Rule 61 does not permit the Company to indemnify an officer for any liability involving a lack of good faith.

Rule 61 also permits the Company to purchase and maintain a Directors' and Officers' insurance policy.

In conformity with Rule 61, the Company is party to Deeds of Indemnity in favour of each of the Directors referred to in this report, who held office during the year, and certain Senior Executives of the consolidated entity. The indemnities operate to the full extent permitted by law and are not subject to a monetary limit. Santos is not aware of any liability having arisen, and no claims have been made during or since the financial year ending 31 December 2022 under the Deeds of Indemnity.

During the year, the Company paid premiums in respect of Directors' and Officers' liability and legal expenses insurance contracts for the year ended 31 December 2022, and since the end of the year the Company has paid, or agreed to pay, premiums in respect of such contracts for the year ending 31 December 2023. The insurance contracts insure against certain liability (subject to exclusions) persons who are, or have been, Directors or Officers of the Company and its controlled entities. A condition of the contracts is that the nature of the liability indemnified and the premium payable not be disclosed.

NON-AUDIT SERVICES

Amounts paid or payable to the Company's auditor, Ernst & Young, for non-audit services provided during the year were:

Taxation and other services	$492,000
Assurance services, not required to be performed by the Company's auditor	$589,000
Other assurance services required by legislation to be performed by the Company's auditor	$297,000

The Directors are satisfied, based on the advice of the Audit and Risk Committee, that the provision of the non-audit services detailed above by Ernst & Young is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth).

The reason for forming this opinion is that all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor.

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* (Cth) is set out on page 149.

ROUNDING

Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 applies to the Company. Accordingly, amounts have been rounded off in accordance with that Instrument, unless otherwise indicated.

This report is made out on 21 February 2023 in accordance with a resolution of the Directors.

Director

Financial Report

Consolidated Income Statement
for the year ended 31 December 2022

	Note	**2022 US$million**	2021 US$million
Revenue from contracts with customers – Product sales	2.2	**7,790**	4,713
Cost of sales	2.3	**(3,900)**	(2,982)
Gross profit		**3,890**	1,731
Revenue from contracts with customers – Other	2.2	**197**	124
Other income	2.7	**294**	118
Impairment of non-current assets	3.4	**(328)**	(8)
Other expenses	2.3	**(835)**	(568)
Finance income	5.2	**54**	5
Finance costs	5.2	**(308)**	(222)
Share of net (loss)/profit of associates and joint ventures	6.4(b)	**(16)**	25
Profit before tax		**2,948**	1,205
Income tax expense	2.4(a)	**(745)**	(363)
Royalty-related tax expense	2.4(b)	**(91)**	(184)
Total tax expense		**(836)**	(547)
Net profit for the period attributable to owners of Santos Limited		**2,112**	658
Earnings per share attributable to the equity holders of Santos Limited (¢)			
Basic profit per share	2.5	**63.0**	30.8
Diluted profit per share	2.5	**62.8**	30.6
Dividends per share (¢)			
Paid during the period	2.6	**16.1**	10.5
Declared in respect of the period	2.6	**22.7**	14.0

The Consolidated Income Statement is to be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2022

	2022 US$million	2021 US$million
Net profit for the period	**2,112**	658
Other comprehensive income, net of tax		
Items to be reclassified to the income statement in subsequent periods		
Exchange loss on translation of foreign operations	**(7)**	(30)
	(7)	(30)
Movement in cash flow hedge reserve	**67**	(70)
Tax effect	**(20)**	21
	47	(49)
Net other comprehensive income/(loss) to be reclassified to the income statement in subsequent periods	**40**	(79)
Items not to be reclassified to the income statement in subsequent periods		
Fair value changes on financial liabilities designated at fair value due to own credit risk	**(1)**	(1)
Tax effect	**–**	–
	(1)	(1)
Net other comprehensive loss not to be reclassified to the income statement in subsequent periods	**(1)**	(1)
Other comprehensive income/(loss), net of tax	**39**	(80)
Total comprehensive income attributable to owners of Santos Limited	**2,151**	578

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Financial Position
as at 31 December 2022

	Note	**2022 US$million**	(Restated) 2021 US$million
Current assets			
Cash and cash equivalents	4.1	**2,352**	2,976
Trade and other receivables	4.2	**768**	873
Prepayments		**70**	82
Contract assets	2.2(b)	**75**	122
Inventories	4.3	**443**	406
Other financial assets	5.5(h)	**109**	7
Assets held for sale	6.3	**1,311**	285
Total current assets		**5,128**	4,751
Non-current assets			
Contract assets	2.2(b)	**252**	297
Investments in associates and joint ventures	6.4(b)	**379**	399
Other financial assets	5.5(h)	**29**	53
Prepayments		**270**	100
Exploration and evaluation assets	3.1	**2,271**	2,862
Oil and gas assets	3.2	**17,810**	18,397
Other land, buildings, plant and equipment		**413**	388
Deferred tax assets	2.4(d)	**1,114**	1,299
Goodwill	3.3	**1,190**	1,463
Total non-current assets		**23,728**	25,258
Total assets		**28,856**	30,009
Current liabilities			
Trade and other payables	4.4	**1,145**	1,215
Contract liabilities	2.2(b)	**135**	106
Lease liabilities	3.6	**244**	196
Interest-bearing loans and borrowings	5.1	**694**	889
Current tax liabilities		**72**	211
Provisions	3.5	**443**	288
Other financial liabilities	5.5(h)	**68**	98
Liabilities directly associated with assets held for sale	6.3	**671**	8
Total current liabilities		**3,472**	3,011
Non-current liabilities			
Contract liabilities	2.2(b)	**160**	237
Lease liabilities	3.6	**602**	677
Interest-bearing loans and borrowings	5.1	**3,979**	6,287
Deferred tax liabilities	2.4(d)	**1,960**	2,350
Provisions	3.5	**3,792**	3,817
Other financial liabilities	5.5(h)	**48**	20
Total non-current liabilities		**10,541**	13,388
Total liabilities		**14,013**	16,399
Net assets		**14,843**	13,610
Equity			
Issued capital	5.3	**14,652**	15,030
Reserves	5.4	**260**	806
Accumulated losses	5.4	**(118)**	(2,226)
Equity classified as held for sale	6.3	**49**	–
Equity attributable to owners of Santos Limited		**14,843**	13,610
Total equity		**14,843**	13,610

The Consolidated Statement of Financial Position is to be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Cash Flows
for the year ended 31 December 2022

	Note	2022 US$million	2021 US$million
Cash flows from operating activities			
Receipts from customers		**8,201**	4,700
Interest received		**54**	5
Dividends received		**5**	38
Pipeline tariffs and other receipts		**434**	185
Payments to suppliers and employees		**(2,451)**	(1,667)
Restoration expenditure		**(154)**	(55)
Exploration and evaluation seismic and studies		**(103)**	(101)
Royalty and excise paid		**(206)**	(81)
Payments for commodity hedging		**(160)**	(230)
Borrowing costs paid		**(191)**	(183)
Income taxes paid		**(529)**	(115)
Royalty-related taxes paid		**(356)**	(247)
Insurance proceeds		**15**	40
Overriding royalty		**(1)**	(17)
Net cash provided by operating activities	4.1(b)	**4,558**	2,272
Cash flows from investing activities			
Payments for:			
Exploration and evaluation assets		**(217)**	(207)
Oil and gas assets		**(1,470)**	(853)
Other land, buildings, plant and equipment		**(20)**	(27)
Acquisitions of exploration and evaluation assets		**–**	(16)
Acquisitions of a controlled entity, net of cash acquired	6.2(a)	**(17)**	946
Costs associated with acquisition of subsidiaries		**(108)**	(108)
Net proceeds associated with disposal	6.2(b)	**302**	186
Borrowing costs paid		**(139)**	(58)
Net cash used in investing activities		**(1,669)**	(137)
Cash flows from financing activities			
Dividends paid	2.6	**(536)**	(221)
Drawdown of borrowings		**800**	996
Repayment of borrowings		**(3,003)**	(1,066)
Repayment of principal portion of lease liabilities		**(242)**	(147)
Purchase of shares on-market (Treasury shares)		**(36)**	(43)
Purchase of shares on-market (Share buy-back)	5.3	**(384)**	–
Net cash used in financing activities		**(3,401)**	(481)
Net (decrease)/increase in cash and cash equivalents		**(512)**	1,654
Cash and cash equivalents at the beginning of the period		**2,976**	1,319
Effects of exchange rate changes on the balances of cash held in foreign currencies		**(34)**	3
Amounts classified as assets held for sale	6.3	**(78)**	–
Cash and cash equivalents at the end of the period	4.1	**2,352**	2,976

The Consolidated Statement of Cash Flows is to be read in conjunction with the Notes to the Consolidated Financial Statements.

Consolidated Statement of Changes in Equity
for the year ended 31 December 2022

		Equity attributable to owners of Santos Limited					
US$million	Note	**Issued capital**	**Foreign currency trans-lation reserve**	**Hedging reserve**	**Accum-ulated profits reserve**	**Accum-ulated losses**	**Total equity**
Balance at 1 January 2021		9,013	(910)	(11)	2,028	(2,893)	7,227
Items of comprehensive income							
Net profit for the period		–	–	–	–	658	658
Other comprehensive loss for the period		–	(30)	(50)	–	–	(80)
Total comprehensive (loss)/income for the period		–	(30)	(50)	–	658	578
Transactions with owners in their capacity as owners							
Shares issued		6,038	–	–	–	–	6,038
Dividends paid	2.6	–	–	–	(221)	–	(221)
On-market share purchase (Treasury shares)	5.3	(43)	–	–	–	–	(43)
Share-based payment transactions	5.3	22	–	–	–	9	31
Balance at 31 December 2021		15,030	(940)	(61)	1,807	(2,226)	13,610
Balance at 1 January 2022		**15,030**	**(940)**	**(61)**	**1,807**	**(2,226)**	**13,610**
Items of comprehensive income							
Net profit for the period		**–**	**–**	**–**	**–**	**2,112**	**2,112**
Other comprehensive (loss)/income for the period		**–**	**(7)**	**46**	**–**	**–**	**39**
Total comprehensive (loss)/income for the period		**–**	**(7)**	**46**	**–**	**2,112**	**2,151**
Transactions with owners in their capacity as owners							
Dividends paid	2.6	**–**	**–**	**–**	**(536)**	**–**	**(536)**
On-market share purchase (Treasury shares)	5.3	**(36)**	**–**	**–**	**–**	**–**	**(36)**
On-market share purchase (Share buy-back)	5.3	**(384)**	**–**	**–**	**–**	**–**	**(384)**
Share-based payment transactions	5.3	**42**	**–**	**–**	**–**	**(4)**	**38**
Balance at 31 December 2022		**14,652**	**(947)**[1]	**(15)**	**1,271**	**(118)**	**14,843**

1 Includes $49 million held for sale

The Consolidated Statement of Changes in Equity is to be read in conjunction with the Notes to the Consolidated Financial Statements.

Notes to the Consolidated Financial Statements for the year ended 31 December 2022
Section 1: Basis of Preparation

This section provides information about the basis of preparation of the Financial Report, and certain accounting policies that are not disclosed elsewhere in the Financial Report. Accounting policies specific to individual elements of the financial statements are located within the relevant section of the report.

1.1 STATEMENT OF COMPLIANCE

The consolidated financial report ("Financial Report") of Santos Limited (the Company) for the year ended 31 December 2022 was authorised for issue in accordance with a resolution of the Directors on 21 February 2023.

The Financial Report of the Company for the year ended 31 December 2022 comprises the Company and our controlled entities (the Group). Santos Limited (the Parent) is a company limited by shares incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange (ASX) and on Papua New Guinea's National Stock Exchange (PNGX), and is the ultimate parent entity of the Group. The Group is a for-profit entity for the purpose of preparing the Financial Report. The nature of the operations and principal activities of the Group are described in the Directors' Report.

This consolidated Financial Report is:

- a general purpose financial report that has been prepared in accordance with the requirements of the *Corporations Act 2001* (Cth), Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB)
- compliant with Australian Accounting Standards as issued by the AASB and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board, including new and amended accounting standards issued and effective for reporting periods beginning on or after 1 January 2022
- presented in United States dollars (US$)
- prepared on the historical cost basis except for derivative financial instruments, contingent consideration and other financial instruments measured at fair value
- rounded to the nearest million dollars, unless otherwise stated, in accordance with *ASIC Corporations (Rounding in Financial/ Directors' Reports) Instrument 2016/191*.

1.2 KEY EVENTS IN THE CURRENT PERIOD

The financial position and performance of the Group was particularly impacted by the following events and transactions during the year:

- production of 103.2 mmboe (2021: 92.1 mmboe), and sales of 112.3 mmboe (2021: 104.2 mmboe);
- average realised oil price of $110.09 per barrel compared to $76.11 per barrel in 2021;
- net profit after tax of $2,112 million for 2022 (2021: net profit after tax $658 million)
- free cash flow generated of $3,641 million for 2022 (2021: $1,504 million)
- net debt decreased to $3,450 million at 31 December 2022, from $5,157 million at 31 December 2021.

Notes to the Consolidated Financial Statements
Section 1: Basis of Preparation

1.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The carrying amount of certain assets and liabilities are often determined based on management's judgement regarding estimates and assumptions of future events. The key judgements, estimates and assumptions that have significant risk of causing material adjustment to the carrying amount of certain assets and liabilities within the next annual reporting period are highlighted throughout the Financial Report.

The full-year Financial Report has been prepared using a going concern basis of preparation and the Group continues to pay its debts as they fall due.

Financial reporting impacts of climate change and sustainability matters

In preparing the Financial Report, management has considered the impact of climate change and current climate-related legislation.

Santos is committed to managing climate risk and delivering a sustainable business model in a low-carbon world. Santos reports on our climate strategy, Climate Transition Action Plans (CTAP), annual emissions and emissions targets in the Santos Climate Change Report. Since 2018 Santos has published a Climate Change Report annually in accordance with the Financial Stability Board's Task Force on Climate-Related Disclosures (TCFD) recommendations on climate-related financial disclosures.

In 2022, Santos reaffirmed our commitment to achieving net-zero emissions (scope 1 and 2, equity share) by 2040. In addition, Santos announced a new purpose, strategy and organisation, as the Company evolves through the energy transition. The new purpose is to provide cleaner energy that is both affordable and sustainable to help create a better world for everyone. The strategy incorporates backfilling existing facilities and sustaining production into the future, decarbonisation of own and others' emissions through technology such as carbon capture and storage and generation of clean fuels.

To deliver on the strategy a new business, Santos Energy Solutions, will focus on processing of Santos' and third-party gas and liquids, decarbonisation and carbon management services and clean fuels production. Effective 1 January 2023, Santos Energy Solutions will form an operating segment as defined by Australian Accounting Standards.

The estimated impacts of climate change may be assessed through a range of economic and climate-related policies and scenarios, as reported in the Santos Climate Change Report, which includes the Santos CTAP. This includes market supply and demand profiles, carbon emissions reduction profiles, legislative impacts and technological impacts, all of which are affected by the global demand profile of the economy as a whole. A carbon price is included in Santos' economic modelling of projects, and the portfolio as a whole.

The energy transition is expected to bring volatility in commodity prices. This may result in scenarios of lower prices through demand destruction and conversely structurally higher commodity prices through demand and supply dynamics. The current estimates and forecasts used by the Group are in accordance with current enacted climate-related legislation and policy. In accordance with IFRS, Santos' financial statements are based on reasonable and supportable assumptions that represents the Group's current best estimate of the range of economic conditions that may exist in the foreseeable future.

The potential impacts of climate change and sustainability-related matters have been considered in the significant judgements and key estimates in a number of areas in the Financial Report, including:

- asset carrying values (exploration and evaluation assets, oil and gas assets) through determination of valuations considered for impairment – refer Note 3.4 and consideration of asset useful lives – refer Note 3.2
- restoration obligations, including the timing of such activities – refer Note 3.5
- deferred taxes, primarily related to asset carrying values and restoration obligations – refer Note 2.4.

The Group continues to monitor climate-related policy and its impact on the Financial Report.

1.4 FOREIGN CURRENCY

Functional and presentation currency

The Group's financial statements are presented in United States dollars (US$), as that presentation currency most reliably reflects the global business performance of the Group as a whole and is more comparable with our peers.

The functional currency of the Parent and the majority of subsidiaries is US$. The assets, liabilities, income and expenses of non-US dollar denominated functional currency companies are translated into US$ using the following applicable exchange rates:

Foreign currency amount	Applicable exchange rate
Income and expenses	Average rate prevailing for the relevant period
Assets and liabilities	Period-end rate
Equity	Historical rate
Reserves	Historical and period-end rate
Statement of cash flows	Average rate prevailing for the relevant period

Foreign exchange differences resulting from translation to presentation currency are initially recognised in the foreign currency translation reserve and subsequently transferred to the income statement on disposal of the operation.

The period-end exchange rate used was A$/US$ 1:0.6813 (2021: 1:0.7247).

Transactions and balances

Transactions in currencies other than an entity's functional currency are initially recorded in the functional currency by applying the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in currencies other than an entity's functional currency are translated at the foreign exchange rate ruling at the reporting date. Foreign exchange differences arising on translation are recognised in the income statement with the exception of monetary items that form part of the net investment in a foreign operation.

Foreign exchange differences that arise on the translation of monetary items that form part of the net investment in a foreign operation are recognised in the translation reserve in the consolidated financial statements until the net investment is disposed of, at which time, the cumulative amount is reclassified to the income statement.

Non-monetary assets and liabilities that are measured at historical cost in currencies other than an entity's functional currency are translated using the exchange rate at the date of the initial transaction. Non-monetary assets and liabilities denominated in currencies other than an entity's functional currency that are stated at fair value are translated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined.

Group companies

The results of subsidiaries with a functional currency other than US$ (the functional currency of the Parent) are translated to US$ as at the date of each transaction. The assets and liabilities are translated to US$ at foreign exchange rates ruling at the reporting date. Foreign exchange differences arising on translation are recognised directly in the translation reserve.

Exchange differences arising from the translation of the net investment in foreign operations and of related hedges are recognised in the translation reserve. They are released into the income statement upon disposal of the foreign operation.

Also refer to Note 5.5(g) for further details on any net investment hedge in place.

Notes to the Consolidated Financial Statements
Section 2: Financial Performance

This section focuses on the operating results and financial performance of the Group. It includes disclosures of segmental financial information, taxes, dividends and earnings per share, including the relevant accounting policies adopted in each area.

2.1 SEGMENT INFORMATION

The Group has identified its operating segments to be the five key assets/operating areas of the Cooper Basin, Queensland and New South Wales (NSW), Papua New Guinea (PNG), Northern Australia and Timor-Leste, and Western Australia, based on the nature and geographical location of the assets, and 'Other' non-core assets. This is the basis on which internal reports are provided to the Chief Executive Officer for assessing performance and determining the allocation of resources within the Group.

In the prior period, the assets acquired as part of the Oil Search merger were incorporated into the PNG segment, where domiciled in PNG, and into the Corporate, exploration, eliminations & other segment, for exploration and other corporate assets, since the merger date of 10 December 2021.

Segment performance is measured based on earnings before interest, tax, depreciation and depletion, exploration and evaluation expensed, net impairment loss and change in future restoration assumptions (EBITDAX). Corporate and exploration expenditure and inter-segment eliminations are included in the segment disclosure for reconciliation purposes.

2.1 SEGMENT INFORMATION (CONTINUED)

US$million	Cooper Basin 2022	Queens-land & NSW 2022	PNG 2022	Northern Australia & Timor-Leste 2022	Western Australia 2022	Corporate, exploration, elimin-ations & other 2022	Total 2022
Revenue							
Product sales to external customers	818	1,410	3,427	629	1,088	418	7,790
Inter-segment sales[1]	156	99	–	–	4	(259)	–
Revenue – other from external customers	91	29	32	1	5	39	197
Total segment revenue	**1,065**	**1,538**	**3,459**	**630**	**1,097**	**198**	**7,987**
Costs							
Production costs	(133)	(79)	(282)	(140)	(208)	35	(807)
Other operating costs	(160)	(122)	(197)	–	(12)	(65)	(556)
Third-party product purchases	(249)	(237)	(8)	–	(10)	(253)	(757)
Inter-segment purchases[1]	(4)	(100)	–	–	–	104	–
Other	(7)	(16)	(52)	8	109	(263)	(221)
EBITDAX	**512**	**984**	**2,920**	**498**	**976**	**(244)**	**5,646**
Depreciation and depletion	(243)	(238)	(549)	(113)	(590)	(14)	(1,747)
Exploration and evaluation expensed	(9)	(7)	(46)	(17)	(43)	(26)	(148)
Net impairment loss	–	–	–	(2)	(326)	–	(328)
Change in future restoration assumptions	–	–	7	(91)	(134)	(3)	(221)
EBIT	**260**	**739**	**2,332**	**275**	**(117)**	**(287)**	**3,202**
Net finance costs						(254)	(254)
Profit before tax							**2,948**
Income tax expense						(745)	(745)
Royalty-related tax expense	–	–	–	38	(129)	–	(91)
Net profit							**2,112**
Asset additions and acquisitions:							
Exploration and evaluation assets	24	11	41	2	108	66	252
Oil and gas assets[2]	346	203	3	429	576	117	1,674
	370	**214**	**44**	**431**	**684**	**183**	**1,926**

1 Inter-segment pricing is determined on an arm's length basis. Inter-segment sales and purchases are eliminated on consolidation.
2 Includes impact on restoration assets following changes in restoration provision assumptions (refer Note 3.5).

2022 Revenue from external customers by geographical location US$million

Australia	4,528
Papua New Guinea	3,459
Total	**7,987**

2022 Non-current assets by geographical location (excluding financial and deferred tax assets) US$million

Australia	11,471
Papua New Guinea	10,119
Other	994
Total	**22,584**

Notes to the Consolidated Financial Statements
Section 2: Financial Performance

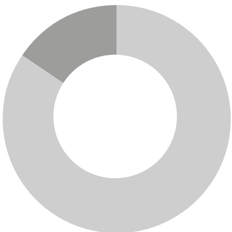
2.1 SEGMENT INFORMATION (CONTINUED)

US$million	Cooper Basin 2021	Queensland & NSW 2021	PNG 2021	Northern Australia & Timor-Leste 2021	Western Australia 2021	Corporate, exploration, eliminations & other 2021	Total 2021
Revenue							
Product sales to external customers	820	893	730	903	1,099	268	4,713
Inter-segment sales[1]	105	63	–	–	–	(168)	–
Revenue – other from external customers	75	17	6	–	6	20	124
Total segment revenue	**1,000**	**973**	**736**	**903**	**1,105**	**120**	**4,837**
Costs							
Production costs	(143)	(79)	(67)	(234)	(215)	23	(715)
Other operating costs	(101)	(98)	(61)	–	(4)	(83)	(347)
Third-party product purchases	(340)	(191)	–	–	–	(123)	(654)
Inter-segment purchases[1]	(1)	(64)	–	–	–	65	–
Other	8	(16)	7	59	(35)	(339)	(316)
EBITDAX	**423**	**525**	**615**	**728**	**851**	**(337)**	**2,805**
Depreciation and depletion	(272)	(252)	(170)	(151)	(382)	(16)	(1,243)
Exploration and evaluation expensed	(21)	(6)	(1)	(11)	(40)	(47)	(126)
Net impairment loss	–	(8)	–	–	–	–	(8)
Change in future restoration assumptions	–	–	–	–	(10)	4	(6)
EBIT	**130**	**259**	**444**	**566**	**419**	**(396)**	**1,422**
Net finance costs						(217)	(217)
Profit before tax							**1,205**
Income tax expense						(363)	(363)
Royalty-related tax expense	–	–	–	(85)	(99)	–	(184)
Net profit							**658**
Asset additions and acquisitions:							
Exploration and evaluation assets	48	31	1,241	64	64	870	2,318
Oil and gas assets[2]	241	163	6,728	509	234	8	7,883
	289	**194**	**7,969**	**573**	**298**	**878**	**10,201**

1 Inter-segment pricing is determined on an arm's length basis. Inter-segment sales and purchases are eliminated on consolidation.

2 Includes impact on restoration assets following changes in restoration provision assumptions (refer Note 3.5).

2021 Revenue from external customers by geographical location US$million



Australia	4,101
Papua New Guinea	736
Total	**4,837**

2021 Non-current assets by geographical location (excluding financial and deferred tax assets) US$million

Australia	11,272
Papua New Guinea	11,721
Other	913
Total	**23,906**

2.2 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised in the income statement when the performance obligations are considered met, which is when control of the hydrocarbon products or services provided are transferred to the customer. Revenue is recognised at the transaction price, which is an amount that reflects the consideration the Group expects to be entitled to, net of goods and services tax or similar taxes.

Revenue from contracts with customers – Product sales

Revenue from contracts with customers – Product sales is recognised based on volumes sold under contracts with customers at the point in time where performance obligations are considered met. Generally, regarding the sale of hydrocarbon products, the performance obligation will be met when the product is delivered to the specified measurement point (gas) or point of loading/unloading (liquids). No adjustments are made to revenue for any differences between volumes sold to customers and unsold volumes that the Group is entitled to sell based on its working interest.

The Group's sales of crude oil, liquefied natural gas, ethane, condensate, LPG, and in some contractual arrangements, natural gas, are generally based on market prices. In contractual arrangements with market-based pricing, at the time of the delivery, there is only minimal risk of a change in transaction price to be allocated to the product sold. Accordingly, at the point of sale where there is no significant risk of revenue reversal relative to the cumulative revenue recognised, there is no constraining of variable consideration.

The Group applies the allocation exception that allows an entity to allocate the market price to product sales as delivered, rather than recognising an average price over the term of the contract. For those contractual arrangements based on market pricing, the aggregate transaction price allocation to unsatisfied performance obligations is fully constrained at the end of the reporting period. Revenue for existing contracts will be recognised over varying contract tenures.

During the year, no individual customers transactions amounted to ten per cent or more of the Group's revenue (2021: nil).

Contract assets

In a business combination, pre-existing revenue contracts are fair valued and may result in contract assets that represent the differential in contract pricing and market price, and will be realised as performance obligations are considered met in the underlying revenue contract. The contract asset will be unwound through other expenses. Where different tranches exist within a contractual arrangement, individual contracts acquired may contain both a contract liability in respect of deferred revenue and a contract asset arising from revenue contracts being fair valued on acquisition.

Contract liabilities

In a business combination, pre-existing revenue contracts are fair valued and may result in contract liabilities being recognised. The contract liabilities represent the differential in contract pricing and market price, and will be realised as performance obligations are considered met in the underlying revenue contract. To the extent the contract liability represents the fair value differential between contract pricing and market price, it will be unwound through 'revenue – other' upon satisfaction of the performance obligation.

Contract liabilities – Deferred revenue

A contract liability for deferred revenue is recorded for obligations under sales contracts to deliver natural gas in future periods for which payment has already been received. Where the period between when payment is received and performance obligations are considered met is more than 12 months, an assessment will be made for whether a significant financing component is required to be accounted for. Deferred revenue liabilities unwind as revenue from contracts with customers, upon satisfaction of the performance obligation, and if a significant financing component associated with deferred revenue exists, will be recognised as finance costs over the life of the contract.

Notes to the Consolidated Financial Statements
Section 2: Financial Performance

2.2 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

(a) Revenue from contracts with customers	2022 US$million	2021 US$million
Product sales		
Gas, ethane and liquefied natural gas	**6,009**	3,464
Crude oil	**1,087**	688
Condensate and naphtha	**568**	428
Liquefied petroleum gas	**126**	133
Total product sales[1]	**7,790**	4,713
Revenue – other		
Pipeline tolls and tariffs	**104**	88
Unwind of acquired contract liabilities	**6**	6
Other	**87**	30
Total revenue – other	**197**	124
Total revenue from contracts with customers	**7,987**	4,837

1 Total product sales include third party product sales of $1,147 million (2021: $936 million).

(b) Assets and liabilities related to contracts with customers

The Group has recognised the following assets and liabilities related to contracts with customers:

	2022 US$million	2021 US$million
Acquired contract assets		
Current		
Acquired contract assets	**75**	122
	75	122
Non-current		
Acquired contract assets	**252**	297
	252	297
Total acquired contract assets	**327**	419
Contract liabilities		
Current		
Acquired contract liabilities	**5**	6
Deferred revenue	**130**	100
	135	106
Non-current		
Acquired contract liabilities	**3**	8
Deferred revenue	**157**	229
	160	237
Total contract liabilities	**295**	343

2.2 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONTINUED)

(b) Assets and liabilities related to contracts with customers (continued)

The following table illustrates the movement in contract asset and contract liability balances for the current reporting period:

	Note	**2022 US$million**	2021 US$million
Acquired contract assets			
Opening balance		**419**	129
Contract assets arising from acquisition	6.2(a)	**–**	318
Transfer to assets held for sale	6.3	**(18)**	–
Other expenses	2.3	**(74)**	(28)
Total acquired contract assets		**327**	419
Acquired contract liabilities			
Opening balance		**14**	20
Revenue – other	2.2(a)	**(6)**	(6)
		8	14
Contract liabilities – Deferred income			
Opening balance		**329**	325
Additional receipts in advance		**10**	52
Revenue from contracts with customers – product sales		**(79)**	(64)
Interest accretion for financing component	5.2	**16**	17
Other		**11**	(1)
		287	329
Total contract liabilities		**295**	343

Notes to the Consolidated Financial Statements
Section 2: Financial Performance

2.3 EXPENSES

	2022 US$million	2021 US$million
Cost of sales:		
Production costs	**807**	715
Other operating costs:		
LNG plant costs	**98**	61
Pipeline tariffs, processing tolls and other	**169**	164
Movements in onerous pipeline contracts	**(2)**	(2)
Royalty and excise	**225**	109
Shipping costs	**66**	15
Total other operating costs	**556**	347
Total cash cost of production	**1,363**	1,062
Depreciation and depletion:		
Depreciation of plant, equipment and buildings	**867**	808
Depletion of subsurface assets	**880**	435
Total depreciation and depletion	**1,747**	1,243
Third-party product purchases	**757**	654
Decrease in product stock	**33**	23
Total cost of sales	**3,900**	2,982
Other expenses		
Selling	**19**	10
General and administration	**139**	72
Costs associated with acquisition and disposals	**33**	70
Change in future restoration assumptions for non-producing assets	**221**	6
Foreign exchange losses	**22**	3
Fair value hedges, losses on the hedging instrument	**–**	(2)
Fair value losses on commodity derivatives (oil hedges)	**140**	249
Exploration and evaluation expensed	**148**	126
Unwind of acquired contract assets	**74**	28
Other	**39**	6
Total other expenses	**835**	568

2.4 TAXATION

Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except in relation to items recognised directly in equity.

Current tax is the amount of income tax payable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from, or paid to, the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income. Where applicable, tax balances include an estimate of any amounts expected to be paid to settle uncertain tax positions if it is probable that an amount will settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of an amount of tax payable to be reimbursed, the expense relating to the income tax payable is presented in the income statement net of any reimbursement that is virtually certain. If the effect of the time value of money is material, current tax payable is discounted.

The Company and all of our eligible wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. Santos Limited is the head entity in the tax-consolidated group. The head entity and the controlled entities in the tax-consolidated group continue to account for their own current and deferred tax amounts. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

The Company and the other entities in the tax-consolidated group have entered into a tax funding agreement and a tax sharing agreement.

Royalty-related tax

Petroleum Resource Rent Tax (PRRT), Resource Rent Royalty and Timor-Leste and PNG's Additional Profits Tax are accounted for as income tax or royalty tax.

Notes to the Consolidated Financial Statements
Section 2: Financial Performance

2.4 TAXATION (CONTINUED)

Income tax and royalty-related tax recognised in the income statement for the Group are as follows:

	2022 US$million	2021 US$million
(a) Income tax expense/(benefit)		
Current tax expense/(benefit)		
Current year	**412**	171
Adjustments for prior years	**(33)**	(9)
	379	162
Deferred tax expense		
Origination and reversal of temporary differences	**315**	176
Adjustments for prior years	**51**	25
	366	201
Total income tax expense	**745**	363
(b) Royalty-related tax expense		
Current tax expense		
Current year	**365**	254
	365	254
Deferred tax benefit		
Origination and reversal of temporary differences	**(274)**	(70)
	(274)	(70)
Total royalty-related tax expense, net of income tax benefit	**91**	184
(c) Numerical reconciliation between pre-tax net profit and tax expense		
Profit before tax	**2,948**	1,205
Prima facie income tax expense at 30% (2021: 30%)	**884**	361
Increase/(decrease) in income tax expense/(benefit) due to:		
Movements in losses and deferred tax assets not recognised	**(62)**	1
Deferred tax assets not previously recognised	**(106)**	–
Other deductible expenses	**(37)**	(12)
Non-deductible expenses	**44**	–
Tax adjustments relating to prior years	**18**	16
Other	**4**	(3)
Income tax expense	**745**	363
Royalty-related tax expense, net of income tax benefit	**91**	184
Total tax expense	**836**	547

2.4 TAXATION (CONTINUED)

(d) Deferred tax assets and liabilities

Deferred tax is determined using the statement of financial position approach, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the appropriate tax bases.

The following temporary differences are not provided for:

- the initial recognition of assets or liabilities that affect neither accounting or taxable profit; nor
- differences relating to investments in subsidiaries to the extent it is probable that they will not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Significant judgement – Uncertain tax positions

The calculation of the Group's tax charge involves a degree of estimation and judgement in respect of certain items for which the ultimate tax determination is uncertain.

The Group recognises deferred tax assets only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Future taxable profits are estimated by internal budgets and forecasts. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

		Assets		Liabilities		Net	
Recognised deferred tax assets and liabilities	Note	**2022 US$million**	2021 US$million	**2022 US$million**	2021 US$million	**2022 US$million**	2021 US$million
Exploration and evaluation assets		**458**	135	**(65)**	(227)	**393**	(92)
Oil and gas assets		**970**	806	**(3,060)**	(2,442)	**(2,090)**	(1,636)
Other assets		**7**	17	**(25)**	(50)	**(18)**	(33)
Derivative financial instruments		**24**	53	**(129)**	(135)	**(105)**	(82)
Interest-bearing loans and borrowings		**296**	305	**(2)**	–	**294**	305
Provisions		**173**	172	**–**	–	**173**	172
Royalty-related tax		**–**	–	**(293)**	(489)	**(293)**	(489)
Other items		**31**	58	**(76)**	(114)	**(45)**	(56)
Tax value of carry-forward losses recognised		**596**	860	**(6)**	–	**590**	860
Tax assets/(liabilities)		**2,555**	2,406	**(3,656)**	(3,457)	**(1,101)**	(1,051)
Set-off of tax		**(1,441)**	(1,107)	**1,441**	1,107	**–**	–
Net deferred tax assets/(liabilities)		**1,114**	1,299	**(2,215)**	(2,350)	**(1,101)**	(1,051)
Amounts classified as held for sale	6.3	**–**	–	**255**	–	**255**	–
Adjusted deferred tax assets/(liabilities)		**1,114**	1,299	**(1,960)**	(2,350)	**(846)**	(1,051)

Accounting judgement and estimate – Deferred taxes unrecognised

Deferred tax assets have not been recognised in respect of the following items set out below, because it is not probable that the temporary differences will reverse in the future and that there will be sufficient future taxable profits against which the benefits can be utilised. There are no tax losses which are expected to expire. The remaining deductible temporary differences and tax losses do not expire under current tax legislation.

Notes to the Consolidated Financial Statements
Section 2: Financial Performance

2.4 TAXATION (CONTINUED)

Unrecognised deferred tax assets	2022 US$million	2021 US$million
Deferred tax assets have not been recognised in respect of the following items:		
Temporary differences in relation to investments in subsidiaries	**668**	1,667
Deductible temporary differences in respect of provisions	**171**	182
Deductible temporary differences relating to royalty-related tax (net of income tax)	**3,362**	2,988[1]
Tax losses	**363**	501
	4,564	5,338

1 Comparative disclosure has been restated.

2.5 EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit or loss for the year attributable to ordinary equity holders of Santos Limited by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by adjusting basic earnings per share by the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

Earnings used in the calculation of basic and diluted earnings per share reconcile to the net profit or loss after tax in the income statement as follows:

	2022 US$million	2021 US$million
Earnings used in the calculation of basic and diluted earnings per share	**2,112**	658

The weighted average number of shares used for the purpose of calculating diluted earnings per share reconciles to the number used to calculate basic earnings per share as follows:

	2022 Number of shares	2021 Number of shares
Basic earnings per share	**3,350,618,460**	2,133,214,333
Dilutive potential ordinary shares	**13,497,452**	17,280,859
Diluted earnings per share	**3,364,115,912**	2,150,495,192

Earnings per share attributable to the equity holders of Santos Limited	2022 ¢	2021 ¢
Basic earnings per share	**63.0**	30.8
Diluted earnings per share	**62.8**	30.6

2.6 DIVIDENDS

Dividends are recognised as a liability at the time the Directors resolve to pay or declare the dividend.

Dividends recognised during the year	Franked/ unfranked	Dividend per share US¢	Total US$million
2022			
2021 Final ordinary dividend – paid on 24 March 2022	Partially Franked	**8.5**	**288**
2022 Interim ordinary dividend – paid on 22 September 2022	Unfranked	**7.6**	**248**
		16.1	**536**
2021			
2020 Final ordinary dividend – paid on 25 March 2021	Franked	5.0	104
2021 Interim ordinary dividend – paid on 21 September 2021	Franked	5.5	117
		10.5	221

Dividends declared in respect of the year	Franked/ unfranked	Dividend per share US¢	Total US$million
2022			
Final ordinary dividend	Unfranked	**15.1**	**500**
Interim ordinary dividend	Unfranked	**7.6**	**255**
		22.7	**755**
2021			
Final ordinary dividend	Partially Franked	8.5	288
Interim ordinary dividend	Franked	5.5	114
		14.0	402

Dividend franking account	2022 US$million	2021 US$million
30% franking credits available to the shareholders of Santos Limited for future distribution	**20**	94

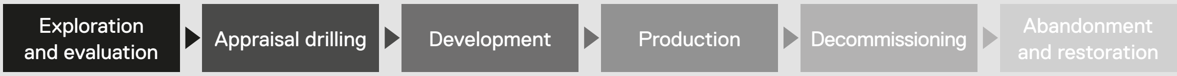
2.7 OTHER INCOME

	Note	2022 US$million	2021 US$million
Other income			
Gain on sale of non-current assets		**15**	10
Other income associated with lease arrangements	3.6	**72**	56
Insurance recoveries		**15**	40
Overriding royalties		**13**	10
Other		**16**	2
Fair value gain on embedded derivatives		**146**	–
Fair value gain on electricity derivatives		**17**	–
Total other income		**294**	118

Notes to the Consolidated Financial Statements
Section 3: Capital Expenditure, Operating Assets and Restoration Obligations

This section includes information about the assets used by the Group to generate profits and revenue, specifically information relating to exploration and evaluation assets, oil and gas assets, associated restoration obligations, and commitments for capital expenditure not yet recognised as a liability.

The life cycle of the Group's assets is summarised as follows:



3.1 EXPLORATION AND EVALUATION ASSETS

Exploration and evaluation expenditure

Exploration and evaluation activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Expenditure in respect of each area of interest is accounted for using the successful efforts method of accounting.

The successful efforts method requires all exploration and evaluation expenditure to be expensed in the period it is incurred, except the costs of acquiring interests in new exploration and evaluation assets, the cost of successful wells and appraisal costs relating to determining development feasibility, which are capitalised as intangible exploration and evaluation assets.

Exploration and evaluation expenditure is recognised in relation to an area of interest when the rights to tenure of the area of interest are current and either:

- such expenditure is expected to be recovered through successful development and commercial exploitation of the area of interest or, alternatively, by its sale; or
- the exploration activities in the area of interest have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves and active and significant operations in, or in relation to, the area of interest are continuing.

Where an ownership interest in an exploration and evaluation asset is exchanged for another, the transaction is recognised by reference to the carrying value of the original interest. Any cash consideration paid, including transaction costs, is accounted for as an acquisition of exploration and evaluation assets. Any cash consideration received, net of transaction costs, is treated as a recoupment of costs previously capitalised with any excess accounted for as a gain on disposal of non-current assets.

No amortisation is charged during the exploration and evaluation phase.

Acquisition of assets

All assets acquired are recorded at their cost of acquisition, being the amount of cash or cash equivalents paid, and the fair value of assets given, shares issued or liabilities incurred. The cost of an asset comprises the purchase price including any incidental costs directly attributable to the acquisition, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating, and the estimate of the costs of dismantling and removing the asset and restoring the site on which it is located.

Exploration licence and leasehold property acquisition costs are capitalised as intangible assets. Licence costs paid in connection with a right to explore in an existing exploration area are capitalised.

3.1 EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Significant judgement – Exploration and evaluation

The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances, particularly in relation to the assessment of whether economic quantities of resources have been found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be impaired through the income statement.

Exploration and evaluation activities give rise to a number of uncertainties with regard to the estimates and assumptions made as to the existence and economic viability of hydrocarbon recovery within a prospect. The nature and extent of the energy transition can impact the assessment of those uncertainties with regard to considerations such as project economics, development scenarios and potential time horizons.

	2022 US$million	(Restated) 2021 US$million
Cost	**3,743**	4,332
Less: Accumulated impairment	**(1,472)**	(1,470)
Balance at 31 December	**2,271**	2,862
Reconciliation of movements		
Balance at 1 January	**2,862**	1,818
Acquisitions	**14**	1,742
Additions	**252**	256
Unsuccessful wells expensed	**(26)**	(25)
Impairment losses	**(2)**	(8)
Transfer to oil and gas assets in production	**(32)**	(86)
Transfer to oil and gas assets in development	**(774)**	(841)
Assets classified as held for sale	**(33)**	–
Exchange differences	**10**	6
Balance at 31 December	**2,271**	2,862
Comprising:		
Acquisition costs	**1,673**	2,406
Successful exploration wells	**420**	332
Pending determination of success	**178**	124
	2,271	2,862

3.2 OIL AND GAS ASSETS

Oil and gas assets are usually single oil or gas fields being developed for future production or are in the production phase. Where several individual oil or gas fields are to be produced through common facilities, the individual oil or gas field and the associated production facilities are managed and reported as a single oil and gas asset.

Assets in development

When the technical and commercial feasibility of an undeveloped oil or gas field has been demonstrated and approval of commercial development occurs, the field enters its development phase from the exploration and evaluation phase. Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines, and the drilling of development wells, as well as exploration and evaluation costs, are capitalised as tangible assets within oil and gas assets. Other subsurface expenditures include the costs of dewatering coal seam gas fields to provide access to coal seams to enable production from coal seam gas reserves. Dewatering expenditures include the costs of extracting, transporting, treating and disposing of water during the development phase of the coal seam gas fields.

When commercial operation commences, the accumulated costs are transferred to oil and gas producing assets.

Notes to the Consolidated Financial Statements
Section 3: Capital Expenditure, Operating Assets and Restoration Obligations

3.2 OIL AND GAS ASSETS (CONTINUED)

Producing assets

The costs of oil and gas assets in production are separately accounted for as tangible assets and include past exploration and evaluation costs, pre production development costs and the ongoing costs of continuing to develop reserves for production and the expansion or replacement of plant and equipment, and any associated land and buildings.

Ongoing exploration and evaluation activities

Often the initial discovery and development of an oil or gas asset will lead to ongoing exploration for, and evaluation of, potential new oil or gas fields in the vicinity with the intention of producing any near-field discoveries using the infrastructure in place.

Exploration and evaluation expenditure associated with oil and gas assets is accounted for in accordance with the policy in Note 3.1. Exploration and evaluation amounts capitalised in respect of oil and gas assets are separately disclosed in the table below.

Depreciation and depletion

Depreciation charges are calculated to write off the value of buildings, plant and equipment over their estimated economic useful lives to the Group. Each component of an item of buildings, plant and equipment with a cost that is significant in relation to the total cost of the asset is depreciated separately.

Depreciation of onshore buildings, plant and equipment and corporate assets is calculated using the straight-line method of depreciation from the date the asset is available for use, unless a units of production method represents a more reasonable allocation of the asset's depreciable value over its economic useful life.

The estimated useful lives for each class of onshore assets for the current and comparative periods are generally as follows:

- Buildings 20 – 50 years
- Pipelines 10 – 30 years
- Plant and facilities 10 – 50 years

Depreciation of offshore plant and equipment is calculated using the units of production method from the date of commencement of production.

Depletion charges are calculated to amortise the depreciable value of carried forward exploration, evaluation and subsurface development expenditure over the life of the estimated Proved plus Probable (2P) reserves for a hydrocarbon reserve, together with future subsurface costs necessary to develop the respective hydrocarbon reserve.

Significant judgement – Estimates of reserve quantities

The estimated quantities of 2P hydrocarbon reserves reported by the Group are integral to the calculation of depletion and depreciation expense. The 2P hydrocarbon reserves are incorporated into the assessment of impairment of assets, along with contingent resources (2C) as appropriate. Estimated reserve quantities are based upon interpretations of geological and geophysical models and assessments of the technical feasibility and commercial viability of producing the reserves. These assessments require assumptions to be made regarding future development and production costs, commodity prices, exchange rates and fiscal regimes. The estimates of reserves may change from period to period as the economic assumptions used to estimate the reserves can change from period to period, and as additional geological data is generated during the course of operations. Reserves estimates are prepared in accordance with the Group's policies and procedures for reserves estimation which conform to guidelines prepared by the Society of Petroleum Engineers.

Accounting judgement and estimate – Depletion charges

Depletion and certain depreciation charges are calculated using the units of production method. This is based on barrels of oil equivalent which will amortise the cost of carried-forward exploration, evaluation and subsurface development expenditure (subsurface assets) over the life of the estimated 2P hydrocarbon reserves for an asset or group of assets, together with future subsurface costs necessary to develop the hydrocarbon reserves in the respective asset or group of assets.

3.2 OIL AND GAS ASSETS (CONTINUED)

	2022			(Restated) 2021		
	Subsurface assets US$million	**Plant and equipment US$million**	**Total US$million**	Subsurface assets US$million	Plant and equipment US$million	Total US$million
Cost	**14,561**	**22,956**	**37,517**	13,382	22,754	36,136
Less: Accumulated depreciation, depletion and impairment	**(8,572)**	**(11,135)**	**(19,707)**	(7,631)	(10,108)	(17,739)
Balance at 31 December	**5,989**	**11,821**	**17,810**	5,751	12,646	18,397
Reconciliation of movements						
Assets in development						
Balance at 1 January	**1,065**	**363**	**1,428**	73	67	140
Additions[1]	**211**	**582**	**793**	244	139	383
Acquisitions	**–**	**–**	**–**	186	177	363
Transfer from exploration and evaluation assets	**774**	**–**	**774**	841	–	841
Assets classified as held for sale	**(34)**	**–**	**(34)**	(279)	(20)	(299)
Disposals	**(3)**	**(27)**	**(30)**	–	–	–
Exchange differences	**(7)**	**(1)**	**(8)**	–	–	–
Balance at 31 December	**2,006**	**917**	**2,923**	1,065	363	1,428
Producing assets						
Balance at 1 January	**4,686**	**12,283**	**16,969**	3,096	7,689	10,785
Additions[1]	**241**	**636**	**877**	622	329	951
Acquisitions	**4**	**–**	**4**	1,362	5,144	6,506
Transfer from exploration and evaluation assets	**32**	**–**	**32**	86	–	86
Disposals	**(1)**	**(1)**	**(2)**	–	(7)	(7)
Remeasurement of lease arrangements	**–**	**–**	**–**	–	(31)	(31)
Depreciation and depletion	**(892)**	**(897)**	**(1,789)**	(450)	(810)	(1,260)
Transfer to assets held for sale	**–**	**(988)**	**(988)**	–	–	–
Net impairment losses	**(50)**	**(129)**	**(179)**	–	–	–
Exchange differences	**(37)**	**–**	**(37)**	(30)	(31)	(61)
Balance at 31 December	**3,983**	**10,904**	**14,887**	4,686	12,283	16,969
Total oil and gas assets	**5,989**	**11,821**	**17,810**	5,751	12,646	18,397
Comprising:						
Exploration and evaluation expenditure pending commercialisation	**–**	**–**	**–**	15	–	15
Other capitalised expenditure	**5,989**	**11,821**	**17,810**	5,736	12,646	18,382
	5,989	**11,821**	**17,810**	5,751	12,646	18,397

1 Includes impact on capitalised restoration costs following changes in future restoration provision assumptions (refer Note 3.5).

Notes to the Consolidated Financial Statements
Section 3: Capital Expenditure, Operating Assets and Restoration Obligations

3.3 GOODWILL

Goodwill arises as a result of a business combination and has an indefinite useful life which is not subject to amortisation. Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses.

Where goodwill has been allocated to a cash-generating unit (CGU) and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal.

		Note	**2022 US$million**	2021 US$million
Cost			**1,435**	1,561
Less: Accumulated impairment		3.4	**(245)**	(98)
Balance at 31 December			**1,190**	1,463
Allocated as follows:				
CGU	**Segment**	Note		
WA Gas	Western Australia		**236**	383
PNG	PNG		**954**	1,080
Reconciliation of movements:				
Balance at 1 January			**1,463**	383
Acquisitions		6.2	**–**	1,080
Impairment		3.4	**(147)**	–
Classified as held for sale		6.3	**(126)**	–
Balance at 31 December			**1,190**	1,463

The provisional value of goodwill arising as a result of the Oil Search merger in the prior period of $1,080 million was finalised without change during the year. Refer to Note 6.2(a) for details.

3.4 IMPAIRMENT OF NON-CURRENT ASSETS

Impairment of goodwill

For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGU that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Goodwill that is created on acquisition as a consequence of deferred tax balances is tested for impairment net of those associated deferred tax balances. Goodwill is tested at least annually for impairment and more frequently if events or changes in circumstances indicate that it might be impaired.

Impairment of oil and gas assets

The carrying amounts of the Group's oil and gas assets are reviewed at each reporting date to determine whether there is any indication of impairment or impairment reversal. Where an indicator of impairment or impairment reversal exists, a formal estimate of the recoverable amount is made.

a) Indicators of impairment – Exploration and evaluation assets

The carrying amounts of the Group's exploration and evaluation assets are reviewed at each reporting date, to determine whether any of the following indicators of impairment exist:

- tenure over the licence area has expired during the period or will expire in the near future, and is not expected to be renewed; or
- substantive expenditure on further exploration for, and evaluation of, mineral resources in the specific area is not budgeted or planned; or

3.4 IMPAIRMENT OF NON-CURRENT ASSETS (CONTINUED)

a) Indicators of impairment – Exploration and evaluation assets (continued)

- exploration for, and evaluation of, resources in the specific area have not led to the discovery of commercially viable quantities of resources, and the Group has decided to discontinue activities in the specific area; or
- sufficient data exists to indicate that, although a development is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or from sale.

b) Cash-generating units – Oil and gas assets

Oil and gas assets, land, buildings, plant and equipment are assessed for impairment on a CGU basis. A CGU is the smallest grouping of assets that generates largely independent cash inflows, and generally represents oil or gas fields that are being produced through a common facility.

Individual assets within a CGU may become impaired if their ongoing use changes or if the benefits to be obtained from ongoing use are likely to be less than the carrying value of the individual asset.

Impairment losses or reversal of impairment losses

An impairment loss is recognised in the income statement whenever the carrying amount of an asset or its CGU (including any amount of allocated goodwill) exceeds its recoverable amount. Impairment losses recognised in respect of CGUs are allocated to reduce goodwill first (if goodwill is included within the carrying amount of the CGU) and then allocated to reduce the carrying amount of the assets in the CGU on a pro-rata basis.

A reversal of impairment losses is recognised in the income statement when the recoverable amount of an asset or CGU exceeds its carrying amount. An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined, if no impairment loss had been recognised.

Recoverable amount

The recoverable amount of an asset or CGU is the greater of its fair value less costs of disposal (FVLCD) (classified as level 3 in the fair value hierarchy) and its value-in-use (VIU), using an asset's estimated future cash flows (as described below) discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Significant judgement – Impairment of oil and gas assets

For oil and gas assets, the expected future cash flow estimation is based on a number of factors, variables and assumptions. For VIU calculations, the most important variables for future cash flows are estimates of hydrocarbon reserves and resources, future production profiles, commodity prices, operating costs, foreign exchange rates and carbon price and abatement cost assumptions. Operating costs include third-party gas purchases and any future development costs necessary to produce the reserves and resources.

Under a FVLCD calculation, future cash flows are based on the variables noted above for VIU calculations plus other relevant factors such as value attributable to additional resource and exploration opportunities beyond reserves based on production plans.

In most cases, the present value of future cash flows is most sensitive to estimates of hydrocarbons reserves and resources, future oil price and discount rates

Estimates of future commodity prices are based on the Group's best estimate of future market prices with reference to external market analysts' forecasts, current spot prices and forward curves. Future commodity prices are reviewed at least annually. Where volumes are contracted, future prices are based on the contracted price.

The nominal future Brent prices (US$/bbl) used in impairment calculations were:

	2023	2024	2025	2026	2027
31 December 2022	**85.00**	**75.00**	**69.49**[1]	**71.15**[1]	**72.86**[1]

1 Based on US$62.50/bbl (2022 real) from 2025 escalated at 2.4% p.a.

Forecasts of the exchange rate for foreign currencies, where relevant, are estimated with reference to observable external market data and forward values, including analysis of broker and consensus estimates.

Notes to the Consolidated Financial Statements
Section 3: Capital Expenditure, Operating Assets and Restoration Obligations

3.4 IMPAIRMENT OF NON-CURRENT ASSETS (CONTINUED)

The future estimated long-term exchange rate applied in impairment calculations were (A$/US$):

	2023	2024
31 December 2022	**0.70**	**0.72**[1]

1 From 2024, the long-term exchange rate assumption remains at A$1:US$0.72.

The discount rates applied to the future forecast cash flows are based on the weighted average cost of capital, adjusted for risks where appropriate, including functional currency of the asset and risk profile of the countries in which the asset operates. The range of pre-tax discount rates that have been applied to non-current assets is typically between 12 per cent and 18 per cent.

The Group has a net-zero emissions (scope 1 and 2 equity share) target by 2040. The Group's CTAP includes current and proposed investments to give effect to the plan and deliver the Group's emissions targets. Where relevant, the cost of the CTAP is taken into account in the carrying value of assets held. In addition, the Group includes a cost of carbon assumption in determining the carrying values of assets held as noted below.

The nominal future carbon prices (US$/tonne CO2e) used in impairment calculations were:

	2023	2024	2025	2026	2027[1]
31 December 2022	**20.78**	**24.96**	**29.13**	**33.30**	**37.48**

1 Long-term price $50.00 (2030 real).

Risks associated with climate change are factored into the recoverable amount calculation and will continue to be monitored. This includes the assessment of discount rates and the potential impact to future prices of commodities such as oil and natural gas. This may, in turn, affect the recoverable amount of oil and gas assets and goodwill in the future as may future demand and supply profiles. Management continue to review cost of capital, price assumptions and demand profile assumptions as the energy transition progresses.

In the event that future circumstances vary from these assumptions, the recoverable amount of the Group's oil and gas assets could change materially and result in impairment losses or the reversal of previous impairment losses.

Due to the interrelated nature of the assumptions, movements in any one variable can have an indirect impact on others and individual variables rarely change in isolation. Additionally, management can be expected to respond to some movements, to mitigate downsides and take advantage of upsides, as circumstances allow. Consequently, it is impracticable to estimate the indirect impact that a change in one assumption has on other variables and hence, on the likelihood, or extent, of impairments, or reversals of impairments, under different sets of assumptions in subsequent reporting periods.

During the period, there were no changes to asset useful lives nor depletion or depreciation rates as a result of climate-related risks. If changes are required in the future, these changes will be accounted for on a prospective basis in accordance with IFRS.

Recoverable amount and resulting impairment write-downs recognised in the year ended 31 December 2022:

Impairment expense	**2022 US$million**	2021 US$million
Exploration and evaluation assets	**2**	8
Oil and gas assets	**179**	–
Goodwill – WA Gas	**147**	–
Total impairment	**328**	8

3.4 IMPAIRMENT OF NON-CURRENT ASSETS (CONTINUED)

Recoverable amounts and resulting impairment write-downs recognised in the year ended 31 December 2022:

2022	Segment	Subsurface assets US$million	Plant and equipment US$million	Goodwill US$million	Total US$million	Recoverable amount US$million
Goodwill:						
Goodwill – WA Gas	Western Australia	–	–	147	147	483[1]
Total impairment of goodwill		**–**	**–**	**147**	**147**	
Oil and gas assets – producing:						
Barrow	Western Australia	–	179	–	179	Nil[2]
Total impairment of oil and gas assets		**–**	**179**	**–**	**179**	
Exploration and evaluation assets:						
Rouge Rock	Northern Australia	2	–	–	2	Nil[3]
Total impairment of exploration and evaluation		**2**	**–**	**–**	**2**	
Total impairment		**2**	**179**	**147**	**328**	

2021	Segment	Subsurface assets US$million	Plant and equipment US$million	Goodwill US$million	Total US$million	Recoverable amount US$million
Exploration and evaluation assets:						
Gunnedah Basin	Queensland and NSW	8	–	–	8	16[3]
Total impairment of exploration and evaluation		**8**	**–**	**–**	**8**	
Total impairment		**8**	**–**	**–**	**8**	

1 Recoverable amount calculated on the fair value less costs of disposal (FVLCD) method

2 Recoverable amount calculated using the value-in-use (VIU) method

3 All exploration and evaluation asset amounts use the FVLCD method. Impairment of exploration and evaluation assets relates to certain individual licenses/areas of interest that have been impaired to nil.

Goodwill

The WA Gas CGU was impaired by $147 million. The primary driver of the impairment recognised on Goodwill – WA Gas was the write-down of 2P reserves in the Spar/Halyard gas field, Western Australia (-23 mmboe), that impacted the recoverable amount of the CGU. Where a CGU contains goodwill, the goodwill is required to be impaired first. As the CGU carries goodwill arising from the acquisition of the assets in 2018, goodwill has been impaired by $147 million.

The recoverable amount of the WA Gas CGU is calculated at FVLCD. The fair value is level 3 in the fair value hierarchy.

Sensitivity

To the extent Goodwill relating to the WA Gas CGU has been written down to its recoverable amount, any adverse change in key assumptions on which the valuation is based would further impact the asset carrying value. When modelled in isolation, it is estimated additional impairment would arise due to the reasonably possible changes in the following assumptions; 5% production decrease ($80 million additional impairment), A$0.40/GJ (real) reduction in uncontracted gas prices ($29 million additional impairment), 0.5% increase in discount rate ($8 million additional impairment), $5/bbl decrease in oil price all years ($14 million additional impairment).

Oil and gas assets

The impairment of the Barrow CGU has arisen due to an increase in oil and gas asset carrying values, following remeasurement of restoration obligations. The recoverable amount of the asset is nil due to the late-life phase of the asset.

Notes to the Consolidated Financial Statements
Section 3: Capital Expenditure, Operating Assets and Restoration Obligations

3.5 RESTORATION OBLIGATIONS AND OTHER PROVISIONS

Provisions recognised for the period are as follows:

	2022 US$million	2021 US$million
Current		
Restoration obligations	**313**	176
Other provisions	**130**	112
	443	288
Non-current		
Restoration obligations	**3,618**	3,641
Other provisions	**174**	176
	3,792	3,817

Restoration obligations

Provisions for future removal and environmental restoration costs are recognised where there is a present obligation as a result of exploration, development, production, transportation or storage activities having been undertaken, and it is probable that future outflow of economic benefits will be required to settle the obligation. The estimated future obligations include the costs of removing facilities, abandoning wells and restoring the affected areas and is the best estimate of the present value of the future expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements or observed industry analogs.

Restoration provisions are updated regularly, with changes in the estimate reflected in the present value of the restoration provision at the reporting date, with a corresponding change in the cost of the associated asset. In the event the restoration provision is reduced, the cost of the related oil and gas asset is reduced by an amount not exceeding its carrying value. If the decrease in restoration provision exceeds the carrying amount of the asset, the excess is recognised immediately in the income statement. The amount of the provision for future restoration costs relating to exploration, development and production facilities is capitalised and depleted as a component of the cost of those activities.

The timing of restoration activities and the requirements to decommission assets may change, thereby impacting the present value of associated decommissioning provisions. In addition, cost estimates may change in the future, including as a result of the energy transition.

Risks associated with climate change are factored into forecast timing of restoration activities and will continue to be monitored.

Significant judgement – Provision for restoration

The Group estimates the future removal and restoration costs of oil and gas production facilities, wells, pipelines and related assets at the time of installation of the assets and reviews these assessments periodically. In most instances, the removal of these assets will occur many years in the future. The estimate of future removal costs therefore requires management to make judgements utilising current knowledge and information regarding the removal date, future environmental legislation and regulations, the extent of restoration activities required, the engineering methodology for estimating costs, and discount rates to determine the present value of future cash flows.

The Group’s restoration estimates are based on compliance with regulations in the respective jurisdictions in which it operates.

The Group's provision includes the following costs:

- for onshore assets, provision has been made for the plug and abandonment of all wells and the full removal of production facilities and pipelines.
- for offshore assets, provision has been made for:
  - plug and abandonment of all wells;
  - removal of infrastructure, including but not limited to, platforms and vessels; and
  - removal of subsea infrastructure, except some major trunklines as set out below.

3.5 RESTORATION OBLIGATIONS AND OTHER PROVISIONS (CONTINUED)

In addition, the Group is progressing its three hub carbon capture and storage strategy. This strategy incorporates the utilisation of some elements of existing infrastructure, potentially extending the life of these assets. Extending the life of these assets will likely defer certain decommissioning activities and could reduce the decommissioning provision accordingly.

The Group's estimated future removal and restoration costs may include certain major trunklines remaining in-situ where the Group believes it will result in better environmental and safety outcomes than full removal and that will be satisfactory to the relevant regulator and the regulator's compliance obligations. In the event that all major trunklines currently assumed to be restored in-situ are required to be removed, the Group estimates the additional cost would result in an increase to the provision of approximately $400-$600 million.

The Group's restoration provisions reflect estimates based on current knowledge and information, with further assessment and analysis of restoration activities to be performed towards the end of an asset's operational life and/or when decommissioning plans are required by the relevant regulator. The basis of future restoration decommissioning plans or directions issued by the regulator can differ from the restoration assumptions disclosed above. Actual costs and cash outflows can materially differ from the current estimates included in the provision recognised as at 31 December 2022 as a result of changes in regulations and their application, prices, analysis of site conditions, future studies, timing of restoration and changes in removal technology.

The Group has recorded provisions for restoration obligations as follows:

	2022 US$million	2021 US$million
Current provision	**313**	176
Non-current provision	**3,618**	3,641
	3,931	3,817

Movements in the provision during the financial year are set out below:

	Total restoration US$million
Balance at 1 January 2022	**3,817**
Provisions made and changes to assumptions during the year	**1,303**
Provisions used during the year	**(153)**
Liabilities transferred to held for sale	**(47)**
Unwind of discount	**89**
Change in discount rate	**(923)**
Exchange differences	**(155)**
Balance at 31 December 2022	**3,931**

Other provisions

In addition to the provision for restoration shown above, other items for which a provision has been recorded are:

	Note	**2022 US$million**	2021 US$million
Current			
Employee benefits	7.1	**116**	99
Onerous contracts		**–**	4
Remediation provision		**1**	2
Other provisions		**13**	7
		130	112
Non-current			
Employee benefits	7.1	**18**	20
Onerous contracts		**–**	2
Remediation provision		**7**	9
Other provisions		**149**	145
		174	176

Notes to the Consolidated Financial Statements
Section 3: Capital Expenditure, Operating Assets and Restoration Obligations

3.6 LEASES

The Group as a lessee

Recognition of lease liabilities and right-of-use assets

As a lessee, the Group will recognise a right-of-use asset, representing its right to use the underlying asset, and a lease liability, for all leases with a term of more than 12 months, exempting those leases where the underlying asset is deemed to be of a low-value.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date, ie when the underlying asset is first available for use. The right-of-use asset is initially measured to be equal to the lease liability and adjusted for any lease incentives received, initial direct costs and estimates of costs to dismantle or remove the underlying leased asset. Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate, adjusted for asset-specific factors.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether purchase, renewal or termination options are reasonably certain to be exercised.

The Group has applied judgement to determine the lease term for some contracts in which Santos is a lessee that include purchase, renewal or termination options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which affects the value of lease liabilities and right-of-use assets recognised.

Modifications to lease arrangements

In the event that there is a modification to a lease arrangement, a determination of whether the modification results in a separate lease arrangement being recognised needs to be made. Where the modification does result in a separate lease arrangement needing to be recognised, due to an increase in scope of a lease through additional underlying leased assets and a commensurate increase in lease payments, the measurement requirements as described above need to be applied.

Where the modification does not result in a separate lease arrangement, from the effective date of the modification, the Group will remeasure the lease liability using the redetermined lease term, lease payments and applicable discount rate. A corresponding adjustment will be made to the carrying amount of the associated right-of-use asset. Additionally, where there has been a partial or full termination of a lease, the Group will recognise any resulting gain or loss in the income statement.

Lease impact on joint operating arrangements

Where lease arrangements impact the Group's joint operating arrangements (JOA), the facts and circumstances of each lease arrangement in a JOA are assessed to determine the Group's rights and obligations associated with the lease arrangement.

The Group applies judgement in its determination of which party directs the use of a leased asset. Outlined below are a number of scenarios that could exist for lease arrangements which impact the Group's JOAs:

1) Where it has been determined that the Group directs the use of the leased asset, and is the only party with legal obligation to pay the lessor, the Group will recognise the full lease liability and right-of-use asset on its statement of financial position. Depreciation is then recognised on the entire right-of-use asset, however, other income would be recognised for any amount of the lease payments that are recoverable from other parties, representing other income associated with lease arrangements; or

2) If it has been determined that the leased asset is either jointly controlled by all parties in a joint operation, or is utilised by a single joint operation, and the Group is the only party with a legal obligation to pay the lessor, the Group will recognise the full lease liability, its net share of the right-of-use asset and a receivable for the amounts recoverable from other parties; or

3) In instances where it has been determined that all parties to the joint arrangement jointly have the right to control the leased asset and all parties have a legal obligation to make lease payments to the lessor, the Group will recognise only its net share of the lease liability and right-of-use asset on its consolidated statement of financial position.

3.6 LEASES (CONTINUED)

The Group's leasing activities

The Group leases a number of different types of assets, including properties and plant and production equipment, such as oil rigs. The lease arrangements have varying renewal and termination options. Lease terms for major categories of leased assets are shown below:

- Oil rigs 1 – 5 years
- Marine vessels, including LNG tankers 3 – 30 years
- Helicopters 1 – 5 years
- Building office space 10 – 20 years
- Other plant and production equipment 2 – 20 years

The Group presents the following in relation to AASB 16, within its consolidated statement of financial position:

- 'Other land, buildings, plant and equipment' or 'Oil and gas assets' – right-of-use assets are presented in either depending on the type of leased asset
- 'Lease liabilities' – Lease liabilities.

Set out below are the carrying amounts of right-of-use assets recognised and their movements during the period:

	2022			2021		
US$million	**Oil and gas assets**	**Other land, buildings, plant and equipment**	**Total**	Oil and gas assets	Other land, buildings, plant and equipment	Total
Balance at 1 January	**621**	**218**	**839**	288	115	403
Acquisitions	**–**	**–**	**–**	377	120	497
Additions	**256**	**6**	**262**	112	2	114
Remeasurements of lease arrangements	**(5)**	**(28)**	**(33)**	(31)	(6)	(37)
Depreciation	**(205)**	**(26)**	**(231)**	(125)	(13)	(138)
Transfer of assets to held for sale	**(67)**	**–**	**(67)**	–	–	–
Balance at 31 December	**600**	**170**	**770**	621	218	839

During the period, $100 million of depreciation on right-of-use assets has been capitalised and forms a component of additions to Oil and gas assets. This capitalisation results in a difference between the amount of depreciation expense recorded during the period and the movement in accumulated depreciation.

Set out below are the carrying amounts of lease liabilities and the movements during the period:

Lease liabilities	**2022 US$million**	2021 US$million
Balance at 1 January	**873**	457
Acquired lease liabilities	**–**	497
Additions	**332**	114
Remeasurements of lease arrangements	**(44)**	(35)
Accretion of interest	**36**	18
Payments	**(278)**	(165)
Foreign exchange gain on lease liabilities	**(20)**	(13)
Transfer of liabilities to held for sale	**(53)**	–
Balance at 31 December	**846**	873

	2022 US$million	2021 US$million
Current lease liabilities	**244**	196
Non-current lease liabilities	**602**	677
	846	873

Notes to the Consolidated Financial Statements
Section 3: Capital Expenditure, Operating Assets and Restoration Obligations

3.6 LEASES (CONTINUED)

Short-term and low-value lease asset exemptions

The Group had total cash outflows for leases of $435 million in 2022 (2021: $417 million), including outflows for short-term leases, leases of low-value assets, and variable lease payments.

For the 12-month period ended 31 December, the following payments have been made for lease arrangements that have been classified as short-term or for low-value assets:

	2022 US$million	2021 US$million
Short-term leases	**22**	70
Leases for low-value assets	**39**	29
Total payments made	**61**	99

Variable lease payments

The Group holds lease contracts which contain variable payments based on the usage profile of the leased asset. The type and quantum of activities undertaken utilising these assets (primarily oil rigs) is entirely at the Group's discretion in response to operational requirements.

The lease liability and corresponding right-of-use asset for these lease contracts is calculated based on the fixed rental payment components of the contracts. The table below indicates the relative magnitude of variable payments to fixed payments made during the year ended 31 December, for those lease contracts which contain a variable payment component.

	2022 US$million	2021 US$million
Fixed payments (included in calculation of lease liability)	**279**	161
Variable payments	**96**	153
Total payments made for leases with a variable payment component	**375**	314

Other income associated with lease arrangements

Where it has been determined that the Group directs the use of the leased asset and is the only party with legal obligation to pay the lessor, the Group recognises other income for any amount of the lease payments that are recoverable from other parties, representing 'other income associated with lease arrangements' in the income statement. For the year ending 31 December 2022, the amount recognised was $72 million (2021: $56 million).

3.7 COMMITMENTS FOR EXPENDITURE

The Group has certain obligations to perform minimum exploration work and expend minimum amounts of money pursuant to the terms of the granting of petroleum exploration permits in order to maintain rights of tenure.

These commitments may be varied as a result of renegotiations of the terms of the exploration permits, licences or contracts or alternatively upon their relinquishment. The minimum exploration commitments are less than the normal level of exploration expenditures expected to be undertaken by the Group.

The Group has the following commitments for expenditure for which no liabilities have been recorded in the financial statements as the goods or services have not been received, including commitments for non-cancellable lease arrangements where the lease term has not commenced:

	Capital		**Minimum exploration**		**Leases**	
Commitments	**2022 US$million**	2021 US$million	**2022 US$million**	2021 US$million	**2022 US$million**	2021 US$million
Not later than one year	**1,127**	487	**121**	114	**192**	312
Later than one year but not later than five years	**882**	520	**701**	265	**432**	332
Later than five years	**–**	–	**4**	162	**1,390**	2,048
	2,009	1,007	**826**	541	**2,014**	2,692

Section 4: Working Capital Management

This section provides information about the Group's working capital balances and management, including cash flow information. Cash flow management is a significant consideration in running our business in an efficient and resourceful manner. We also consider inventories which contribute to the business platform for generating profits and revenues.

4.1 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and short-term deposits that are readily convertible to cash, are subject to an insignificant risk of changes in value, and generally have an original maturity of three months or less.

The carrying amounts of cash and cash equivalents represent fair value. Bank balances and short-term deposits earn interest at floating rates based upon market rates.

	2022 US$million	2021 US$million
Cash at bank and in hand	**1,502**	1,384
Short-term deposits	**850**	1,592
	2,352	2,976

(a) Restricted cash balances

As at 31 December 2022, total Group restricted cash was $668 million (2021: $500 million). In accordance with the terms of the PNG LNG project financing, cash relating to the Group's interest in undistributed cash flows from the PNG LNG project is required to be held in restricted bank accounts. As at 31 December 2022, $668 million (2021: $471 million) was held in these accounts.

(b) Reconciliation of cash flows from operating activities

	2022 US$million	2021 US$million
Net profit after income tax	**2,112**	658
Add/(deduct) non-cash items:		
Depreciation and depletion	**1,747**	1,243
Exploration and evaluation expensed – unsuccessful wells	**26**	25
Exploration and evaluation expensed – seismic costs	**19**	–
Impairment loss	**328**	8
Net (gain)/loss on fair value derivatives	**(17)**	1
Share-based payment expense	**42**	31
Restoration expense	**221**	–
Unwind of the effect of discounting on provisions	**106**	38
Foreign exchange losses	**22**	3
Gain on sale of non-current assets and subsidiaries	**(15)**	(10)
Share of net profit/(loss) of associates	**16**	(25)
Net cash provided by operating activities before changes in assets or liabilities	**4,607**	1,972
Add/(deduct) change in operating assets or liabilities, net of acquisitions or disposals of businesses:		
Decrease in trade and other receivables	**92**	98
(Increase)/decrease in inventories	**(47)**	28
Decrease in other assets	**89**	22
Decrease in net deferred tax assets	**50**	108
(Decrease)/increase in net current tax liabilities	**(144)**	63
Increase in trade and other payables	**49**	2
Decrease in provisions	**(138)**	(21)
Net cash provided by operating activities	**4,558**	2,272

Notes to the Consolidated Financial Statements
Section 4: Working Capital Management

4.1 CASH AND CASH EQUIVALENTS (CONTINUED)

(c) Reconciliation of liabilities arising from financing activities to financing cash flows

US$million	Short-term borrowings	Long-term borrowings	Lease liabilities	Assets held to hedge borrowings	Total
Balance at 1 January 2021	233	4,309	457	(24)	4,975
Financing cash flows[1]	(445)	375	(147)	–	(217)
Operating cash flows	–	–	(18)	–	(18)
Non-cash changes:					
Changes in fair values	–	(14)	–	13	(1)
Additions from acquisitions	920	1,782	497	–	3,199
Reclassification to current liability	179	(179)	–	–	–
Additions to lease liabilities	–	–	114	–	114
Other	2	14	(30)	–	(14)
Balance at 31 December 2021	889	6,287	873	(11)	8,038
Balance at 1 January 2022	**889**	**6,287**	**873**	**(11)**	**8,038**
Financing cash flows[1]	**(883)**	**(1,320)**	**(242)**	**–**	**(2,445)**
Operating cash flows	**–**	**–**	**(36)**	**–**	**(36)**
Non-cash changes:					
Changes in fair values	**(8)**	**(3)**	**–**	**11**	**–**
Reclassification to current liability	**787**	**(787)**	**–**	**–**	**–**
Additions to lease liabilities	**–**	**–**	**332**	**–**	**332**
Other	**–**	**13**	**(28)**	**–**	**(15)**
Transfer of liabilities to held for sale	**(91)**	**(211)**	**(53)**	**–**	**(355)**
Balance at 31 December 2022	**694**	**3,979**	**846**	**–**	**5,519**

1 Financing cash flows consist of the net amount of proceeds from borrowings, repayments of borrowings and repayment of lease liabilities in the statement of cash flows.

4.2 TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognised at the transaction price, as described in Note 2.2, and other receivables are initially recognised at fair value, which in practice is the equivalent of the transaction price, and subsequently measured at cost, less any impairment losses.

Long-term receivables are initially recognised at fair value and are subsequently stated at amortised cost, less any impairment losses.

Trade receivables are non-interest bearing and settlement terms are generally within 30 days.

	2022 US$million	2021 US$million
Trade receivables	**523**	623
Other receivables	**245**	250
	768	873

Due to the nature of the Group's receivables, their carrying amount is considered to approximate their fair value.

The Group applies the simplified approach to providing for expected credit losses for all trade receivables as set out in Note 5.5(e).

4.3 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined as follows:

- Drilling and maintenance stocks, which include plant spares, consumables and maintenance and drilling tools used for ongoing operations, are valued at weighted average cost; and
- Petroleum products, which comprise extracted crude oil, liquefied natural gas, liquefied petroleum gas, condensate and naphtha stored in tanks and pipeline systems and processed sales gas and ethane stored in subsurface reservoirs, are valued using the absorption cost method.

	2022 US$million	2021 US$million
Petroleum products	**192**	180
Drilling and maintenance stocks	**251**	226
Total inventories at lower of cost and net realisable value	**443**	406
Inventories included above that are stated at net realisable value	**24**	30

4.4 TRADE AND OTHER PAYABLES

Trade and other payables are recognised when the related goods or services are received, at the amount of cash or cash equivalents that will be required to discharge the obligation, gross of any settlement discount offered. Trade payables are non-interest bearing and are settled on normal terms and conditions.

	2022 US$million	2021 US$million
Trade payables	**805**	867
Non-trade payables	**340**	348
	1,145	1,215

The carrying amounts of trade and other payables are considered to approximate their fair values, due to their short-term nature.

Notes to the Consolidated Financial Statements
Section 5: Funding and Risk Management

Our business has exposure to capital, credit, liquidity and market risks. This section provides information relating to our management of, as well as our policies for measuring and managing these risks.

Capital risk management objectives

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, allowing returns to shareholders and benefits for other stakeholders to be maintained, and to retain an efficient capital structure. In order to optimise the capital structure, the Group may adjust its dividend distribution policy, return capital to shareholders, issue new shares, draw or repay debt or undertake other corporate initiatives consistent with its strategic objectives.

In applying these objectives, the Group aims to:

- minimise the weighted average cost of capital while retaining appropriate financial flexibility;
- ensure ongoing access to a range of debt and equity markets; and
- maintain an investment-grade credit rating.

A range of financial metrics are used to monitor the capital structure including ratios measuring gearing, funds from operations to debt (FFO to Debt) and debt to earnings before interest, tax, depreciation and amortisation (Debt to EBITDA). The Group monitors these capital structure metrics on both an actual and forecast basis.

At 31 December 2022, Santos Limited's corporate credit rating was BBB- (stable outlook) from Standard & Poor's, BBB (stable outlook) from Fitch and Baa3 (stable outlook) from Moody's.

5.1 INTEREST-BEARING LOANS AND BORROWINGS

Interest-bearing loans and borrowings are recognised initially at fair value, net of transaction costs incurred. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis. The carrying values of the Group's interest-bearing loans and borrowings are shown below.

Fixed-rate notes that are hedged by interest rate swaps are recognised at fair value.

All borrowings are unsecured, with the exception of the secured bank loans and lease liabilities.

All interest-bearing loans and borrowings, with the exception of secured bank loans and lease liabilities, are borrowed through Santos Finance Ltd, which is a wholly-owned subsidiary of Santos Limited. All interest-bearing loans and borrowings by Santos Finance Ltd are guaranteed by Santos Limited. Refer to Note 3.6 for disclosures related to leases.

	Ref	**2022 US$million**	2021 US$million
Current			
Bank loans – secured	(a)	**694**	669
Long-term notes	(c)	**–**	220
		694	889
Non-current			
Bank loans – secured	(a)	**1,596**	2,846
Bank loans – unsecured	(b)	**–**	1,043
Long-term notes	(c)	**2,383**	2,398
		3,979	6,287

5.1 INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

The Group's weighted average interest rate on interest-bearing liabilities was 4.88% for the year ended 31 December 2022 (2021: 4.15%).

(a) Bank loans – secured

Facility	***PNG LNG***
Currency	US dollars
Limit	\$2,593 million (2021: \$3,269 million)
Drawn principal	\$2,593 million (2021: \$3,269 million)
Accounting balance	\$2,290 million (2021: \$3,260 million) including prepaid amounts *Does not include \$302 million reclassified as liabilities held for sale in 2022 (refer Note 6.3)*
Effective interest rate	7.42% (2021: 3.56%)
Maturity	2024 and 2026
Other	Loan facilities for the PNG LNG project, in which Santos entities hold an equity interest of 42.5% (2021: 42.5%), were entered into by the joint venture participants, through the entity Papua New Guinea Liquified Natural Gas Global Company LDC (the "Borrower") and are provided by commercial banks and export credit agencies, bear fixed and floating rates of interest and have final maturity dates of June 2024 and June 2026 respectively. *Assets pledged as security and restricted cash* The PNG LNG facilities include security over assets and entitlements of the participants in respect of the project. The total carrying value of the Group's assets pledged as security is \$9,351 million at 31 December 2022 (2021: \$9,682 million). As referred to in Note 4.1(a), under the terms of the project financing, cash relating to the Group's interest in undistributed project cash flows is required to be held in restricted bank accounts. The liquids and LNG sales proceeds from the PNG LNG project are received into a sales escrow account from which agreed expenditure obligations and debt servicing are first made and, subject to meeting certain debt service cover ratio tests, surpluses are distributed to the project participants. Each borrower granted to the security trustee for the PNG LNG facilities has: – a first-ranking security interest in all of its assets, with a few limited exceptions; – a fixed and floating charge over existing and future funds in the offshore accounts; a deed of charge (and assignment) over the sales contracts, LNG charter party agreements, rights under insurance policies, LNG supply and sales commitment agreements, on-loan agreements and the sales, shipping and finance administration agreements, collectively known as Borrower Material Agreements – a mortgage of contractual rights over Borrower Material Agreements. The Santos participants have granted the security trustee for the Project Finance Debt Facility a security interest in all their rights, titles, interests in and to all of their assets, excluding any non-PNG LNG project assets. The Company, as the shareholder in the Santos Participants, has provided the security trustee for the PNG LNG facilities a share mortgage over its shares in the Santos Participants. The PNG LNG facilities are subject to various covenants and a negative pledge restricting further secured borrowings, subject to a number of permitted lien exceptions. Neither the covenants nor negative pledge have been breached at any time during the reporting period.

Notes to the Consolidated Financial Statements
Section 5: Funding and Risk Management

5.1 INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(a) Bank loans – secured (continued)

Facility	***Syndicated and bilateral bank loans***
Currency	US dollars
Limit	Nil (2021: $825 million)
Drawn principal	Nil (2021: $255 million)
Accounting balance	Nil (2021: $255 million)
Effective interest rate	0% (2021: 3.47%)
Maturity	2023 and 2026
Other	The syndicated and bilateral bank loans bore a floating interest rate. As part of the Oil Search merger, refer Note 6.2(a), Santos acquired four additional facilities. As part of the terms and conditions of these facilities, Santos has provided a charge over the Debt Service Reserve Account and Offshore Receivable Account which are included as restricted cash in Note 4.1(a). In 2022, these syndicated and bilateral bank loans were cancelled.

(b) Bank loans – unsecured

Facility	***Syndicated and bilateral bank loans***
Currency	US dollars
Limit	$3,115 million (2021: $3,115 million)
Drawn principal	Nil (2021: $1,050 million)
Accounting balance	Nil (2021: $1,043 million) including prepaid amounts
Effective interest rate	0% (2021: 2.05%)
Maturity	Various – 2023 to 2028
Other	The syndicated and bilateral bank loans bore a floating interest rate. During 2022, the Group refinanced its syndicated facilities. The majority of the syndicated and bilateral bank loan agreements were amended for the transition from the US Dollar London Interbank Offered Rate (“LIBOR”) to the Secured Overnight Financing Rate (SOFR).

5.1 INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(c) Long-term notes

Facility	***US private placement notes***
Currency	US dollars
Limit	Nil (2021: $227 million)
Drawn principal	Nil (2021: $227 million)
Accounting balance	Nil (2021: $238 million) including fair value accounting measurement and prepaid amounts
Effective interest rate	0% (2021: 1.05%)
Maturity	2022 and 2027
Other	The long-term notes were fully repaid during 2022. The long-term notes bore fixed interest rates of 6.45% to 6.81%, which were swapped to floating rate commitments.

Facility	***Regulation-S bond***
Currency	US dollars
Limit	$1,400 million (2021: $1,400 million)
Drawn principal	$1,400 million (2021: $1,400 million)
Accounting balance	$1,387 million (2021: $1,384 million) including prepaid amounts
Effective interest rate	4.76% (2021: 4.76%)
Maturity	2027 and 2029
Other	Both bonds bear fixed interest rates.

Facility	***Rule 144A/Regulation-S bond***
Currency	US dollars
Limit	$1,000 million (2021: $1,000 million)
Drawn principal	$1,000 million (2021: $1,000 million)
Accounting balance	$996 million (2021: $996 million)
Effective interest rate	3.69% (2021: 3.69%)
Maturity	2031
Other	The bonds bear a fixed interest rate.

Notes to the Consolidated Financial Statements
Section 5: Funding and Risk Management

5.2 NET FINANCE COSTS

Borrowing costs

Borrowing costs relating to major oil and gas assets under development are capitalised as a component of the cost of development. Where funds are borrowed specifically for qualifying projects, the actual borrowing costs incurred are capitalised. Where the projects are funded through general borrowings, the borrowing costs are capitalised based on the weighted average cost of borrowing. Borrowing costs incurred after commencement of commercial operations are expensed to the income statement.

All other borrowing costs are recognised in the income statement using the effective interest method.

Interest income

Interest income is recognised in the income statement as it accrues using the effective interest method.

	2022 US$million	2021 US$million
Finance income		
Interest income	**54**	5
Total finance income	**54**	5
Finance costs		
Interest expense	**305**	207
Interest on lease liabilities	**36**	18
Deduct borrowing costs capitalised	**(139)**	(58)
	202	167
Unwind of the effect of discounting on contract liabilities – deferred revenue	**16**	17
Unwind of the effect of discounting on provisions	**90**	38
Total finance costs	**308**	222
Net finance costs	**254**	217

5.3 ISSUED CAPITAL

Ordinary share capital

Ordinary share capital is classified as equity. The issued shares do not have a par value and there is no limit on the authorised share capital of the Company.

Fully paid ordinary shares carry one vote per share, which entitles the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of, and amounts paid on, the shares held. The market price of the Company's ordinary shares on 31 December 2022 was A$7.14 (2021: A$6.31).

Transaction costs

Transaction costs of an equity transaction are accounted for as a deduction from equity, net of any related income tax benefit. During 2022, no transaction costs in respect of capital raisings were deducted from equity (2021: $0.3 million).

Movement in ordinary shares	Note	**2022 Number of shares**	2021 Number of shares	**2022 US$million**	2021 US$million
Balance at 1 January		**3,386,921,635**	2,083,066,041	**15,030**	9,013
Issue of new shares	6.2(a)	**–**	1,303,855,594	**–**	6,038
On-market share purchase (Treasury shares)		**–**	–	**(36)**	(43)
On-market share purchase (Share buy-back)		**–**	–	**(384)**	–
Utilisation of Treasury shares on vesting of employee share schemes		**–**	–	**42**	22
Treasury shares cancelled pursuant to on-market buy-backs		**(73,622,758)**	–	**–**	–
Balance at 31 December		**3,313,298,877**	3,386,921,635	**14,652**	15,030

In the prior year, new shares were issued as consideration for the merger with Oil Search through an exchange of shares at a ratio of 0.6275 Santos shares for one Oil Search share. The shares were recorded at the closing Santos share price and AUD/USD foreign exchange rate on the acquisition date of 10 December 2021. Refer to Note 6.2(a) for further details.

Included within the Group's ordinary shares at 31 December 2022 are 10,000 (2021: 10,000) ordinary shares paid to one cent with a value of $nil (2021: $nil).

Treasury shares

Treasury shares are purchased as part of the capital management framework and for use on vesting of employee share schemes. Shares are accounted for at weighted average cost. During 2022, 73,622,758 shares were purchased on-market and cancelled as part of the capital management framework. The total amount of shares acquired for this purpose was $384 million.

In addition, $36 million (2021: $43 million) of Treasury shares were purchased on-market for employee share schemes.

Movement in Treasury shares	Note	**2022 Number of shares**	2021 Number of shares
Balance at 1 January		**9,637,233**	6,464,902
Shares purchased on-market		**80,122,752**	8,250,000
Treasury shares cancelled pursuant to on-market buy-backs		**(73,622,758)**	–
Treasury shares utilised:			
Santos Employee Share1000 Plan	7.2	**(179,760)**	(259,448)
Santos Employee ShareMatch Plan	7.2	**(573,038)**	(579,817)
Utilised on vesting of SARs		**(2,663,841)**	(39,806)
Executive STI (deferred shares)	7.2	**(689,384)**	(576,552)
Executive LTI (ordinary shares)		**(2,815,560)**	(3,633,409)
Santos Employee Share1000 Plan (relinquished shares)		**1,527**	11,363
Balance at 31 December		**9,217,171**	9,637,233

Notes to the Consolidated Financial Statements
Section 5: Funding and Risk Management

5.4 RESERVES AND ACCUMULATED LOSSES

The balance of the Group's reserves and accumulated losses, and movements during the period, are disclosed in the Statement of Changes in Equity.

Foreign currency translation reserve

The foreign currency translation reserve is used to record foreign exchange differences arising from the translation of the financial statements of foreign entities from their functional currency to the Group's presentation currency.

Santos Limited and the majority of its wholly-owned subsidiaries within the Group have a functional currency of US$, the same currency as the presentation currency of the Group. For non-US$ functional currency entities (foreign operations), foreign exchange differences resulting from translation to presentation currency are recognised in the foreign currency translation reserve, and subsequently transferred to the income statement on disposal of the operation. The difference in foreign exchange rates at 31 December 2021 to 31 December 2022, resulted in the Group recognising a foreign currency loss in the translation reserve of $7 million for non-US$ functional currency companies.

Hedging reserve

The hedging reserve comprises the cash flow hedge reserve and the own credit risk revaluation reserve. The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

The own credit risk revaluation reserve comprises the cumulative changes in the fair value of the financial liabilities designated at fair value through profit or loss attributable to changes in the Group's own credit risk. Refer to Note 5.5(g) for a reconciliation and movement of cash flow hedge reserve and own credit risk revaluation reserve.

Accumulated profits reserve

The accumulated profits reserve acts to quarantine profits generated in current and prior periods. The reserve was established during 2015.

Accumulated losses

Accumulated losses represents the cumulative net profits/(losses) that have been generated across the Group.

5.5 FINANCIAL RISK MANAGEMENT

Exposure to foreign currency risk, interest rate risk, commodity price risk, credit risk and liquidity risk arises in the normal course of the Group's business. The Group's overall financial risk management strategy is to ensure that the Group is able to fund its corporate objectives and meet its obligations to stakeholders. Derivative financial instruments may be used to hedge exposure to fluctuations in foreign exchange rates, interest rates and commodity prices.

The Group uses various methods to measure the types of financial risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange, interest rate and commodity price risk, and ageing and credit rating concentration analysis for credit risk.

Financial risk management is carried out by a central treasury department (Treasury) which operates under Board-approved policies. The policies govern the framework and principles for overall risk management and cover specific financial risks, such as foreign exchange risk, interest rate risk and credit risk, approved derivative and non-derivative financial instruments, and liquidity management.

(a) Financial instruments

The Group classifies its financial instruments in the following categories: financial assets at amortised cost, financial assets at fair value through profit or loss (FVTPL), financial assets at fair value through other comprehensive income (FVOCI), financial liabilities at amortised cost, financial liabilities at FVTPL and derivative instruments. The classification depends on the purpose for which the financial instruments were acquired, which is determined at initial recognition based upon the business model of the Group.

5.5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial instruments (continued)

Financial assets at amortised cost

The Group classifies its financial assets at amortised cost if the asset is held with the objective of collecting contractual cash flows and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest. These include trade receivables and bank term deposits. They are financial assets at amortised cost and are included in current assets, except for those with maturities greater than 12 months after the reporting date.

Financial assets at fair value through profit or loss

The Group classifies its financial assets at fair value through profit or loss if they are acquired principally for the purpose of selling in the short-term, ie are held for trading. The Group has not elected to designate any financial assets at fair value through profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise debt securities where the contractual cash flows are solely principal and interest and the objective of the Group's business model is achieved both by collecting contractual cash flows and selling financial assets. Upon disposal, any balance within the other comprehensive income (OCI) reserve for these debt investments is reclassified to accumulated losses.

Financial liabilities

On initial recognition, the Group measures a financial liability at its fair value minus, in the case of a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the issue of the financial liability.

After initial recognition, trade payables and interest-bearing loans and borrowings are stated at amortised cost. Fixed-rate notes that are hedged by an interest rate swap are recognised at fair value. For financial liabilities classified as fair value through profit or loss, the element of gains or losses attributable to changes in the Group's own credit risk are recognised in other comprehensive income.

Policies for the recognition and subsequent measure of derivative liabilities are as outlined below.

Derivative instruments

Derivative financial instruments are entered into by the Group for the purpose of managing its exposures to changes in foreign exchange rates and interest rates arising in the normal course of business and have been designated as part of cash flow and fair value hedge relationships. The principal derivatives that may be used are forward foreign exchange contracts and interest rate swaps. Commodity and electricity derivatives are also used to manage the Group's exposure to changes in commodity and electricity prices. The use of derivative financial instruments is subject to a set of policies, procedures and limits approved by the Board of Directors. The Group does not trade in derivative financial instruments for speculative purposes.

The Group holds the following financial instruments:

Financial assets[1]	**2022 US$million**	2021 US$million
Financial assets at amortised cost		
Cash and cash equivalents	**2,430**	2,976
Trade and other receivables	**791**	873
Other	**120**	49
Financial assets at FVTPL		
Derivative financial instruments	**18**	11
	3,359	3,909

1 Balances include held for sale assets.

Notes to the Consolidated Financial Statements
Section 5: Funding and Risk Management

5.5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial instruments (continued)

Financial liabilities[1]	2022 US$million	2021 US$million
Financial liabilities at amortised cost		
Trade and other payables	**1,164**	1,215
Borrowings at amortised cost	**4,975**	6,938
Lease liabilities	**899**	873
Other	**109**	–
Financial liabilities at FVTPL		
Borrowings designated at FVTPL	**–**	238
Commodity derivatives	**6**	79
Other derivatives	**–**	16
Other	**–**	23
	7,153	9,382

1 Balances include held for sale liabilities.

The Group's financial instruments resulted in the following income, expenses, gains and losses recognised in the income statement:

	2022 US$million	2021 US$million
Interest on cash investments	**54**	5
Interest on debt held at FVTPL	**(15)**	(15)
Interest on debt held at amortised cost	**(165)**	(146)
Interest on derivative financial instruments	**14**	12
Interest accretion on lease liabilities	**(36)**	(18)
Fair value gains on debt held at FVTPL	**11**	15
Fair value losses on derivative financial instruments	**(140)**	(262)
Net foreign exchange losses	**(22)**	(3)
	(299)	(412)

(b) Liquidity

The Group adopts a prudent liquidity risk management strategy and seeks to maintain sufficient liquid assets and available committed credit facilities to meet short-term to medium-term liquidity requirements. The Group's objective is to maintain flexibility in funding to meet ongoing operational requirements, exploration and development expenditure, and other corporate initiatives.

The following tables analyse the contractual maturities of the Group's financial assets and liabilities held to manage liquidity risk. The relevant maturity groupings are based on the remaining period to the contractual maturity date, as at 31 December. The amounts disclosed in the table are the contractual undiscounted cash flows comprising principal and interest repayments. Estimated variable interest expense is based upon appropriate yield curves as at 31 December.

5.5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity (continued)

Financial assets and liabilities held to manage liquidity risk[1] **2022**	**Less than 1 year US$million**	**1 to 2 years US$million**	**2 to 5 years US$million**	**More than 5 years US$million**
Cash and cash equivalents	**2,430**	**–**	**–**	**–**
Derivative financial assets				
Other derivatives	**18**	**–**	**–**	**–**
Non-derivative financial liabilities				
Trade and other payables	**(1,164)**	**–**	**–**	**–**
Lease liabilities	**(250)**	**(142)**	**(231)**	**(557)**
Bank loans	**(899)**	**(764)**	**(1,172)**	**–**
Long-term notes	**(101)**	**(101)**	**(1,093)**	**(1,759)**
Derivative financial liabilities				
Commodity derivatives	**(6)**	**–**	**–**	**–**
	28	**(1,007)**	**(2,496)**	**(2,316)**

1 Balances include held for sale assets and liabilities

Financial assets and liabilities held to manage liquidity risk **2021**	**Less than 1 year US$million**	**1 to 2 years US$million**	**2 to 5 years US$million**	**More than 5 years US$million**
Cash and cash equivalents	2,976	–	–	–
Derivative financial assets				
Interest rate swap contracts	14	1	3	1
Non-derivative financial liabilities				
Trade and other payables	(1,215)	–	–	–
Lease liabilities	(207)	(127)	(252)	(580)
Bank loans	(811)	(1,085)	(3,068)	–
Long-term notes	(328)	(102)	(306)	(2,692)
	429	(1,313)	(3,623)	(3,271)

(c) Foreign currency risk

Foreign exchange risk arises from commercial transactions and valuations of assets and liabilities that are denominated in a currency that is not the entity's functional currency.

The Group is exposed to foreign currency risk principally through the sale of products, borrowings and capital and operating expenditure incurred in currencies other than the entity's functional currency. In order to economically hedge foreign currency risk, the Group may enter into forward foreign exchange, foreign currency swap and foreign currency option contracts.

The Group also has certain investments in domestic and foreign operations whose net assets are exposed to foreign currency translation risk. All external borrowings of the Group are denominated in US$.

The Group has lease liabilities and other monetary items, including financial assets and liabilities, denominated in currencies other than the functional currency of an operation. These items are restated to US$ equivalents at each period end, and the associated gain or loss is taken to the income statement. The exception is foreign exchange gains or losses on foreign currency provisions for restoration at operating sites that are capitalised in oil and gas assets.

Sensitivity to foreign currency movement

Based on the Group's net financial assets and liabilities at 31 December 2022, the estimated impact of a ±15 cent movement in the Australian dollar exchange rate (2021: ±15 cent) against the US dollar, with all other variables held constant is $19 million (2021: $13 million) on post-tax profit and $12 million (2021: $76 million) on equity.

Notes to the Consolidated Financial Statements
Section 5: Funding and Risk Management

5.5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Market risk

Cash flow and fair value interest rate risk

The Group's interest rate risk arises from its borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group has in place a policy which requires that the majority of its exposure to changes in interest rates on borrowings is on a floating rate basis. Interest rate swaps were entered into as fair value hedges of long-term notes. When transacted, these swaps had maturities ranging from one to 20 years, aligned with the maturity of the related notes. These swaps were cancelled during 2022.

The Group's interest rate swaps have a notional contract amount of nil (2021: $227 million) and a net fair value of nil (2021: $11 million). The net fair value amounts were recognised as fair value derivatives.

Sensitivity to interest rate movement

Based on the net debt position as at 31 December 2022, it is estimated that if the US dollar London Interbank Offered Rate (LIBOR) interest rates changed by ±0.50% (2021: ±0.50%) with all other variables held constant, the impact on post-tax profit is $1 million (2021: $4 million).

This assumes that the change in interest rates is effective from the beginning of the financial year and the net debt position and fixed/floating mix is constant over the year. However, interest rates and the debt profile of the Group are unlikely to remain constant and therefore the above sensitivity analysis will be subject to change.

Price risk exposure

The Group is exposed to commodity price fluctuations through the sale of petroleum products and other oil price-linked contracts. The Group may enter into crude oil price swap and option contracts to manage its commodity price risk. At 31 December 2022, the Group had no open oil price swap and option contracts (2021: 6.0 million barrels). Final settlement on December 2022 contracts of $6 million is due to be paid in January 2023. These contracts had been designated in cash flow hedge relationships.

The Group is exposed to electricity price fluctuations on the purchase of electricity for use in the business. The Group may enter into electricity swap contracts to manage this exposure. At 31 December 2022, the Group had 226,612 megawatt-hours (MWh) of electricity forward contracts maturing in 2023 and 2024 that are designated in cash flow hedge relationships.

(e) Credit risk

Credit risk represents the potential financial loss if counterparties fail to complete their obligations under financial instrument or customer contracts. Santos employs credit policies which include monitoring exposure to credit risk on an ongoing basis through management of concentration risk and ageing analysis.

The majority of Santos' gas contracts are spread across major energy retailers and industrial users. Contracts exist in every mainland state, while the largest customer accounts for less than ten per cent of sales revenue.

The Group considers the probability of default upon initial recognition of the asset and whether there has been a significant depreciation in credit quality on an ongoing basis throughout each reporting period. A significant decrease in credit quality is defined as a debtor being greater than 30 days past due in making a contractual payment. The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9 *Financial Instruments*, which permits the use of the lifetime expected loss provision for all trade receivables and contract assets.

A default on a financial asset is when the counterparty fails to make contractual payments within 60 days of when they fall due. Financial assets are written off when there is no reasonable expectation of recovery. The Group categorises a loan or receivable for write-off when a debtor fails to make contractual repayments greater than 120 days past due. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in the income statement.

At 31 December 2022, there were no significant concentrations of credit risk within the Group and financial instruments are spread amongst a number of financial institutions to minimise the risk of counterparty default.

The maximum exposure to financial institution credit risk is represented by the sum of all cash deposits plus accrued interest, bank account balances and fair value of derivative assets. The Group's counterparty credit policy limits this exposure to commercial and investment banks, according to approved credit limits based on the counterparty's credit rating. The minimum credit rating is A- from Standard & Poor's subject to approved exceptions.

Under the simplified approach, determination of the loss allowance provision and expected loss rate incorporates past experience and forward-looking information, including the outlook for market demand and forward-looking interest rates. As the expected loss rate at 31 December 2022 is nil (2021: nil), no loss allowance provision has been recorded at 31 December 2022 (2021: nil).

5.5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(f) Fair values

Fair value is the price that would be received to sell an asset or the price that would be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability that is accessible by the Group.

The financial assets and liabilities of the Group are all initially recognised in the statement of financial position at their fair values. Receivables, payables, interest-bearing liabilities and other financial assets and liabilities, which are not subsequently measured at fair value, are carried at amortised cost. The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments:

Derivatives

The fair value of interest rate swaps is calculated by discounting estimated future cash flows based on the terms of maturity of each contract, using market interest rates for a similar instrument at the reporting date.

The fair value of forward foreign exchange contracts is determined by discounting future cash flows using market interest rates and translating the amounts into US dollars using the spot rate at the reporting date. The fair value of oil and electricity derivative contracts is determined by estimating the difference between the relevant market prices and the contract strike price, for the notional volumes of the derivative contracts.

Financial liabilities

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. Where these cash flows are in a foreign currency, the present value is converted to US dollars at the foreign exchange spot rate prevailing at the reporting date.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets and liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

All of the Group's financial instruments were valued using the Level 2 valuation technique.

Notes to the Consolidated Financial Statements
Section 5: Funding and Risk Management

5.5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Derivatives and hedging activity

The Group's accounting policy for fair value and cash flow hedges are as follows:

Types of hedges	Fair value hedges	Cash flow hedges
What is it?	A derivative or financial instrument designated as hedging the change in fair value of a recognised asset or liability.	A derivative or financial instrument designated to hedge the exposure to variability in cash flows attributable to a particular risk associated with an asset, liability or forecast transaction.
Recognition date	At the date the instrument is designated as a hedging instrument.	At the date the instrument is designated as a hedging instrument.
Measurement	Measured at fair value (refer to Note 5.5(f)).	Measured at fair value (refer to Note 5.5(f)).
Changes in fair value	The gains or losses on both the derivative or financial instrument and hedged asset or liability attributable to the hedged risk are recognised in the income statement immediately. The gain or loss relating to the effective portion of interest rate swaps hedging fixed-rate borrowings is recognised in the income statement within finance costs, together with the loss or gain in the fair value of the hedged fixed-rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the income statement within other income or other expenses. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item, for which the effective interest method is used, is amortised to the income statement over the period to maturity using a recalculated effective interest rate. Movements in fair value of liabilities designated at FVTPL due to changes in the Group's own credit risk are recorded in the Own credit risk revaluation reserve through OCI and do not get recycled to the income statement.	Changes in the fair value of derivatives designated as cash flow hedges are recognised directly in other comprehensive income and accumulated in equity in the hedging reserve to the extent that the hedge is effective. Ineffectiveness is recognised on a cash flow hedge where the cumulative change in the designated component value of the hedging instrument exceeds on an absolute basis the change in value of the hedged item attributable to the hedged risk. In hedges of foreign currency purchases this may arise if the timing of the transaction changes from what was originally estimated. To the extent that the hedge is ineffective, changes in fair value are recognised immediately in the income statement within other income or other expenses. Amounts accumulated in equity are transferred to the income statement or the statement of financial position, for a non-financial asset, at the same time as the hedged item is recognised. When a hedging instrument expires or is sold, terminated or exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the underlying forecast transaction occurs. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. The Group enters into hedge relationships where the critical terms of the hedging instrument match exactly with the terms of the hedged item, and so a qualitative assessment of effectiveness is performed. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, the Group uses the hypothetical derivative method to assess effectiveness.

5.5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Derivatives and hedging activity (continued)

Hedge of monetary assets and liabilities

When a derivative financial instrument is used to hedge economically the foreign exchange exposure of a recognised monetary asset or liability, hedge accounting is not applied and any gain or loss on the hedging instrument is recognised in the income statement.

Hedge of net investment in a foreign operation

The gain or loss on an instrument used to hedge a net investment in a foreign operation is recognised directly in equity. On disposal of the foreign operation, the cumulative value of any such gains or losses recognised directly in equity is transferred to the income statement. There was no such hedging activity during 2022.

The effects of applying hedge accounting on the Group's financial position and performance are as follows:

Fair value hedge: Derivative financial instruments – Interest rate swap contracts	**2022 US$million**	2021 US$million
Carrying amount	**–**	11
Notional amount	**–**	227
Maturity date	**–**	2022-2027
Hedge ratio[1]	**–**	1:1
Change in value of outstanding hedging instruments since 1 January	**3**	(13)
Change in value of hedged item used to determine hedge effectiveness	**(3)**	13
Weighted average hedged rate	**–**	1.05%

Cash flow hedge: Derivative financial instruments – Oil derivative contracts	**2022 US$million**	2021 US$million
Carrying amount	**(6)**	(79)
Notional amount (mmbbl)	**–**	6
Maturity date	**–**	2022
Hedge ratio[1]	**–**	1:1
Change in value of outstanding hedging instruments since 1 January	**(87)**	(44)
Change in value of hedged item used to determine hedge effectiveness	**87**	44
Weighted average hedged rate	**–**	$50.00

Cash flow hedge: Derivative financial instruments – Foreign exchange contracts	**2022 US$million**	2021 US$million
Carrying amount	**10**	(16)
Notional amount (A$ millions)	**207**	600
Maturity date	**2023**	2022
Hedge ratio[1]	**1:1**	1:1
Change in value of outstanding hedging instruments since 1 January	**10**	(44)
Change in value of hedged item used to determine hedge effectiveness	**(10)**	44
Weighted average hedged rate	**$0.6365**	$0.7519

1 The Group has established a hedge ratio of 1:1 for the hedging relationships with the underlying risk of the hedging instrument being identical to the hedged risk component of the hedged item.

Notes to the Consolidated Financial Statements
Section 5: Funding and Risk Management

5.5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(g) Derivatives and hedging activity (continued)

Cash flow hedge: Derivative financial instruments – Electricity derivatives	**2022 US$million**	2021 US$million
Carrying amount	**8**	**–**
Notional amount (MWh)	**226,612**	–
Maturity date	**2023 - 2024**	–
Hedge ratio[1]	**1:1**	–
Change in value of outstanding hedging instruments since designation	**(9)**	–
Change in value of hedged item used to determine hedge effectiveness	**9**	–
Weighted average hedged rate	**$62.80**	–

Reserves – Cash flow hedge reserve	**2022 US$million**	2021 US$million
Balance at 1 January	**49**	–
Add: Change in fair value of hedging instrument recognised in OCI for the year (effective portion)	**(67)**	70
Less: Deferred tax	**20**	(21)
Balance at 31 December	**2**	49

Reserves – Own credit risk revaluation reserve	**2022 US$million**	2021 US$million
Balance at 1 January	**12**	11
Add: Fair value changes on financial liabilities designated at fair value due to own credit risk	**1**	1
Less: Deferred tax	**–**	–
Balance at 31 December	**13**	12

1 The Group has established a hedge ratio of 1:1 for the hedging relationships with the underlying risk of the hedging instrument being identical to the hedged risk component of the hedged item.

5.5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(h) Other financial assets and liabilities

The table below contains all other financial assets and liabilities as shown in the statement of financial position, including derivative financial instruments used for hedging:

	2022 US$million	2021 US$million
Current assets		
Foreign exchange contracts	**10**	–
Interest rate swap contracts	**–**	7
Electricity derivatives	**8**	–
Deposit	**55**	–
Sub-lease receivables	**36**	–
	109	7
Non-current assets		
Interest rate swap contracts	**–**	4
Electricity derivatives	**1**	–
Sub-lease receivables	**10**	–
Other	**18**	49
	29	53
Current liabilities		
Commodity derivatives (oil hedges)	**6**	79
Foreign exchange contracts	**–**	16
Sundry liability	**55**	–
Other	**7**	3
	68	98
Non-current liabilities		
Other	**48**	20
	48	20

(i) Interest Rate Benchmark Reform

During 2022, the majority of Santos exposures to interbank offered rates (IBOR) have either matured or been amended to a benchmark rate referencing Secured Overnight Financing Rate (SOFR). The remaining significant exposure to IBOR relates to the floating component of the PNG LNG secured bank loans which have a reference rate of USD LIBOR (six months) and a total carrying value of $2,592 million as at 31 December 2022 (refer Note 5.1(a)). These loans are expected to transition to SOFR during 2023.

Notes to the Consolidated Financial Statements
Section 6: Group Structure

This section provides information which will help users understand how the Group structure affects the financial position and performance of the Group as a whole. Specifically, it contains information about consolidated entities, acquisitions and disposals of subsidiaries, joint arrangements as well as parties to the Deed of Cross Guarantee under which each company guarantees the debts of others.

6.1 CONSOLIDATED ENTITIES

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed to, or has the rights to, variable returns from its involvement with an entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Acquisitions of subsidiaries are accounted for using the acquisition method of accounting. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree at the lower of either fair value or the proportionate share of the acquiree's identifiable net assets.

Entities have a 12-month measurement period from the acquisition date to finalise the fair values of assets and liabilities acquired. If new information obtained within the 12 months from acquisition date about facts and circumstances that existed at the acquisition date identifies adjustments to fair values, or any additional provisions that existed at the acquisition date, then the accounting for the acquisition, including the value of goodwill, is updated retrospectively.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the income statement.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 9 either in the income statement or as a charge to other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured until it is finally settled within equity. In instances where the contingent consideration does not fall within the scope of AASB 9, it is measured in accordance with the appropriate AASB standard.

A change in ownership interest of a subsidiary that does not result in the loss of control is accounted for as an equity transaction.

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

All subsidiaries within the Group are wholly-owned.

6.1 CONSOLIDATED ENTITIES (CONTINUED)

Name	Country of incorporation
Santos Limited[1] (Parent Company) Controlled entities:	
Alliance Petroleum Australia Pty Ltd[1]	AUS
Basin Oil Pty Ltd[1]	AUS
Bridgefield Pty Ltd	AUS
Bridge Oil Developments Pty Ltd[1]	AUS
Bronco Energy Pty Ltd[1]	AUS
Doce Pty Ltd	AUS
Fairview Pipeline Pty Ltd[1]	AUS
Moonie Pipeline Company Pty Ltd	AUS
Oil Search Ltd	PNG
Oil Search (Middle Eastern) Ltd	BVI
Oil Search (Iraq) Ltd	BVI
Oil Search (Libya) Ltd	BVI
Oil Search (Tunisa) Ltd	BVI
Oil Search (Newco) Ltd	BVI
Oil Search (Gas Holdings) Ltd	PNG
Oil Search (Tumbudu) Ltd	PNG
Oil Search Highlands Power Ltd	PNG
Oil Search (PNG) Ltd	PNG
Oil Search (Drilling) Ltd	PNG
Oil Search (Exploration) Inc	CI
Oil Search (LNG) Ltd	PNG
Oil Search Finance Ltd	BVI
Oil Search Power Holdings Ltd	PNG
PNG Biomass Ltd	PNG
Markham Valley Renewables Ltd	PNG
Oil Search Foundation Ltd[3]	PNG
Papuan Oil Search Ltd	AUS
Oil Search (Uramu) Pty Ltd	AUS
Oil Search (USA) Inc	USA
Oil Search (Alaska) LLC	USA
Pac LNG Investments Ltd	PNG
Pac LNG Assets Ltd	PNG
Pac LNG International Ltd	PNG
Pac LNG Overseas Ltd	PNG
Pac LNG Holdings Ltd	PNG
Reef Oil Pty Ltd[1]	AUS
Santos Australian Hydrocarbons Pty Ltd	AUS
Santos (BOL) Pty Ltd[1]	AUS
Santos Browse Pty Ltd	AUS
Santos CSG Pty Ltd[1]	AUS
Santos Darwin LNG Pty Ltd	AUS
Santos Direct Pty Ltd	AUS
Santos Finance Ltd	AUS
Santos GLNG Pty Ltd	AUS
Santos International Holdings Pty Ltd	AUS
Santos Americas and Europe LLC	USA
Santos TPY LLC	USA
Santos Queensland LLC	USA
Santos TOG LLC	USA
Santos TPY CSG LLC	USA
Barracuda Ltd	PNG
Lavana Ltd	PNG
Sanro Insurance Pte Ltd	SGP
Santos Bangladesh Ltd	GBR
Santos (UK) Ltd	GBR
Santos Northwest Natuna B.V.	NDL
Santos NA (19-12) Pty Ltd	AUS
Santos NA (19-13) Pty Ltd	AUS
Santos NA Bayu Undan Pty Ltd	AUS
Santos NA Emet Pty Ltd	AUS
Santos NA Timor Sea Pty Ltd	AUS
Santos NA Timor Leste Pty Ltd	AUS
Santos Hides Ltd	PNG
Santos P'nyang Ltd	PNG
Santos Sangu Field Ltd	GBR
Santos Vietnam Pty Ltd	AUS
Santos TOGA Pty Ltd	AUS
Santos (JPDA 91-12) Pty Ltd	AUS
Santos Midstream Holdings Pty Ltd[1]	AUS
Santos Devil Creek Pty Ltd[1]	AUS
Santos Resources Pty Ltd[1]	AUS
Santos Infrastructure Holdings Pty Ltd	AUS
Santos Midstream Asset Holdings Pty Ltd	AUS
Santos Infrastructure WAQ Holdings Pty Ltd	AUS
Santos Infrastructure WAQVIDC Pty Ltd	AUS
Santos Infrastructure WAQ Assets Pty Ltd	AUS
Santos Infrastructure West Holdings Pty Ltd	AUS
Santos Infrastructure WASDCA Pty Ltd	AUS
Santos Infrastructure WASVIA Pty Ltd	AUS
Santos (NARNL Cooper) Pty Ltd[1]	AUS
Santos NSW Pty Ltd	AUS
Santos NSW (Betel) Pty Ltd	AUS
Santos NSW (Hillgrove) Pty Ltd	AUS
Santos NSW (Holdings) Pty Ltd	AUS
Santos NSW (LNGN) Pty Ltd	AUS
Santos NSW (Pipeline) Pty Ltd	AUS
Santos NSW (Narrabri Energy) Pty Ltd	AUS
Santos NSW (Eastern) Pty Ltd	AUS
Hunter Gas Pipeline Pty Ltd[2]	AUS
Santos NSW (Narrabri Gas) Pty Ltd	AUS
Santos NSW (Narrabri Power) Pty Ltd	AUS
Santos NSW (Operations) Pty Ltd	AUS
Santos (N.T.) Pty Ltd	AUS
Bonaparte Gas & Oil Pty Ltd	AUS
Santos Offshore Pty Ltd[1]	AUS
Santos Petroleum Pty Ltd[1]	AUS
Santos QLD Upstream Developments Pty Ltd	AUS
Santos QNT Pty Ltd[1]	AUS
Outback Energy Hunter Pty Ltd	AUS
Santos QNT (No. 1) Pty Ltd	AUS
Santos QNT (No. 2) Pty Ltd	AUS
Petromin Pty Ltd	AUS
Santos Wilga Park Pty Ltd	AUS
Santos (TGR) Pty Ltd	AUS
Santos Timor Sea Pipeline Pty Ltd	AUS
Santos Ventures Pty Ltd	AUS
Santos WA Holdings Pty Ltd[1]	AUS
Santos KOTN Holdings Pty Ltd[1]	AUS
Santos KOTN Pty Ltd[1]	AUS

Notes to the Consolidated Financial Statements
Section 6: Group Structure

Name	Country of incorporation
Santos Agency Pty Ltd	AUS
Santos NA Barossa Pty Ltd	AUS
Santos NA Browse Basin Pty Ltd	AUS
Santos Singapore Management Pte Ltd	SGP
Santos NA Energy Holdings Pty Ltd[1]	AUS
Santos NA Energy Pty Ltd[1]	AUS
Santos NA Asset Holdings Pty Ltd[1]	AUS
Santos NA Assets Pty Ltd[1]	AUS
Santos NA Darwin Pipeline Pty Ltd	AUS
Santos WA AEC Pty Ltd[1]	AUS
Santos WA Energy Holdings Pty Ltd[1]	AUS
Santos WA Asset Holdings Pty Ltd[1]	AUS
Santos WA Lowendal Pty Ltd	AUS
Santos WA International Pty Ltd	AUS
Harriet (Onyx) Pty Ltd[1]	AUS
Santos WA Energy Ltd[1]	AUS
Ningaloo Vision Holdings Pte Ltd	SGP
Northwest Jetty Services Pty Ltd	AUS
Santos WA DC Pty Ltd	AUS
Santos WA (Exmouth) Pty Ltd	AUS
Santos WA East Spar Pty Ltd[1]	AUS
Santos WA Julimar Holdings Pty Ltd	AUS
Santos WA Kersail Pty Ltd[1]	AUS
Santos WA LNG Pty Ltd	AUS
Santos WA Management Pty Ltd	AUS
Santos WA Finance Holdings Pty Ltd	AUS
Santos WA Finance General Partnership	AUS
Santos WA Northwest Pty Ltd[1]	AUS
Santos WA Onshore Holdings Pty Ltd	AUS
Santos WA PVG Holdings Pty Ltd[1]	AUS
Santos WA PVG Pty Ltd[1]	AUS
Santos WA Southwest Pty Ltd[1]	AUS
Santos WA Varanus Island Pty Ltd[1]	AUS
SESAP Pty Ltd	AUS
Vamgas Pty Ltd[1]	AUS

Notes

1 Company is party to a Deed of Cross Guarantee (refer Note 6.6).

2 Company acquired during the 2022 financial year.

3 Oil Search Foundation Ltd is a Trustee of the Oil Search Foundation Trust, a not-for-profit organisation established for charitable purposes in Papua New Guinea. This Trust is not controlled and is not consolidated within the Group.

Country of incorporation

AUS Australia
BVI British Virgin Islands
CI Cayman Islands
GBR United Kingdom
NDL Netherlands
PNG Papua New Guinea
SGP Singapore
USA United States of America

6.2 ACQUISITIONS AND DISPOSALS

(a) Acquisitions

On 10 December 2021, the Group acquired 100 per cent of the shares in Oil Search Limited, a PNG oil and gas producer. Finalisation of the purchase price accounting was completed within the 12-month measurement period, resulting in retrospective changes to the provisional fair values presented in the 31 December 2021 Financial Report.

Details of the revised net identifiable assets and goodwill are as follows:

Fair value of net identifiable assets and goodwill acquired on acquisition date	Final US$million	Provisional US$million
Cash and cash equivalents	**946**	946
Trade and other receivables	**240**	240
Inventories	**146**	146
Exploration and evaluation assets	**1,730**	2,050
Oil and gas assets	**6,869**	6,549
Other land, buildings and equipment	**135**	135
Contract assets	**318**	318
Other assets acquired	**173**	173
Trade and other payables	**(345)**	(345)
Current tax liabilities	**(117)**	(117)
Lease liabilities	**(497)**	(497)
Interest-bearing liabilities	**(2,702)**	(2,702)
Restoration provision	**(800)**	(800)
Other liabilities acquired	**(58)**	(58)
Deferred tax liability (net)	**(1,080)**	(1,080)
Net identifiable assets acquired	**4,958**	4,958
Goodwill arising on acquisition	**1,080**	1,080
Purchase consideration transferred	**6,038**	6,038

The finalisation of acquisition accounting resulted in a number of fair value adjustments completed during the measurement period, including $320 million transfer of value from exploration and evaluation assets to oil and gas assets on finalisation of the acquired asset fair values. Other adjustments were not considered significant and did not impact the total fair value of net identified assets acquired.

The prior year balances have been restated to reflect the final fair value adjustments, to the extent these were identified during the measurement period. Due to the offsetting nature of the adjustments, there is no impact on reported net assets, profit after tax, or comprehensive income as previously disclosed for the comparative period.

In 2022, the Group acquired the company Hunter Gas Pipeline Pty Ltd for $14 million. This was accounted for as an asset acquisition.

Goodwill

Goodwill arising from the acquisition has been recognised as the excess of consideration paid above the fair value of the assets acquired and liabilities assumed as part of the business combination. The goodwill solely arises from the net deferred tax liability recognised on acquisition, in accordance with accounting standards. Accounting for taxation at the acquisition date is within the scope of AASB 112 *Income Taxes*. The general principle of AASB 112 is that deferred tax is recognised for all taxable temporary differences. In a business combination, there is no initial recognition exemption for deferred tax and the corresponding accounting entry for a deferred tax asset or liability forms part of the goodwill balance. A net deferred tax liability has been reflected of $1,080 million created primarily as a consequence of historical tax bases assumed in the merger being lower than the fair value of the assets acquired. The balance is offset by an amount booked as goodwill for $1,080 million.

Notes to the Consolidated Financial Statements
Section 6: Group Structure

6.2 ACQUISITIONS AND DISPOSALS (CONTINUED)

(a) Acquisitions (continued)

Goodwill is initially measured at cost and is subsequently measured at cost less any accumulated impairment losses. For the purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Furthermore, goodwill is not amortised for accounting but will be annually assessed for impairment in accordance with the accounting policy set out in Note 3.4.

Business combination accounting

The Company typically uses a discounted cash flow model to estimate the expected future cash flows of the oil and gas assets acquired, based on both reserves and resources at acquisition date. The expected future cash flows are based on estimates of future production and commodity prices, operating costs, and forecast capital expenditures using the life-of-field models as at the acquisition date. Contingent and prospective resources are separately valued using methods including expected future cash flow models and resource multiples established by evaluating recent comparable transactions. These amounts are included in exploration and evaluation assets.

Contractual assets and liabilities are recognised in respect of sales agreements, which are required to be recognised at fair value under the accounting standards. Valuations of contracts are calculated taking into account the difference between the market prices and contract prices, adjusted for the time value of money.

Restoration provisions are recognised on acquisition fair value, taking into account the risks associated with the specific restoration obligations.

Contingent liabilities arising in a business combination are accounted for in accordance with AASB 3 *Business Combinations*. For contingent liabilities, an amount is recognised at fair value at acquisition date if there is a present obligation, arising from a past event that can be reliably measured, even if it is not probable that an outflow of resources will be required to settle the obligation.

(b) Disposals

The Group finalised the sale of 12.5 per cent of the Barossa project in April 2022 for net consideration of $320 million. The associated assets and liabilities were classified as held for sale in the 31 December 2021 annual financial report. The following assets and liabilities in relation to the Barossa project, were disposed of during the period resulting in a net $5 million gain.

Assets and liabilities disposed	2022 US$million
Prepayments	**41**
Oil and gas assets	**288**
Assets	**329**
Other liabilities	**(13)**
Liabilities	**(13)**
Net assets	**316**

Other disposals

During 2022, other asset disposals, which completed in a prior period, resulted in an $18 million cash outflow in the current year.

At 31 December 2022, an amount of $10 million was receivable relating to these disposals, which also resulted in a gain of the same amount being recognised in the income statement in the current year.

6.3 ASSETS HELD FOR SALE

Non-current assets are classified as held for sale and measured at the lower of their carrying amount and fair value less costs of disposal if their carrying amount will be recovered principally through a sale transaction. They are not depreciated or amortised. For an asset to be classified as held for sale, it must be available for immediate sale in its present condition and its sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less cost of disposal. A gain is recognised for any subsequent increases in fair value less cost of disposal of an asset (or disposal group) but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

In September 2022, Santos received a binding conditional offer from Kumul Petroleum Holdings Limited (Kumul) to acquire a 5 per cent interest in PNG LNG assets, including a proportionate share of project finance debt. In December 2022, the period over which the offer will remain open was extended from 31 December 2022 to 30 April 2023. The PNG LNG project is an integrated development that includes gas production and processing facilities and is part of the PNG segment.

As completion of the sale is expected in the next 12 months, the associated assets and liabilities of the disposal group have been classified as held for sale as at 31 December 2022. No impairment of the assets occurred on classification to held for sale.

The following amounts are included within the financial statements in relation to assets and liabilities classified as held for sale:

Assets and liabilities classified as held for sale	**2022 US$million**
Cash and cash equivalents	**78**
Trade and other receivables	**23**
Prepayments	**2**
Contract assets	**18**
Inventories	**10**
Exploration and evaluation assets	**33**
Oil and gas assets	**1,021**
Goodwill	**126**
Assets classified as held for sale	**1,311**
Trade and other payables	**19**
Interest-bearing loans and borrowings	**302**
Provisions	**42**
Lease liabilities	**53**
Deferred tax liabilities	**255**
Liabilities classified as held for sale	**671**
Net assets	**640**
Amounts included in equity:	
Foreign currency translation reserve	**49**
Reserves of the disposal group	**49**

In the prior period, the Group had entered into an agreement to sell a 12.5 per cent interest in Barossa to JERA Co. Inc (JERA). At 31 December 2021, the assets attributable to the sale had been classified as held for sale. The sale completed in April 2022 and is disclosed as a disposal in Note 6.2(b).

Notes to the Consolidated Financial Statements
Section 6: Group Structure

6.4 JOINT ARRANGEMENTS

The Group's investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. Santos' exploration and production activities are often conducted through joint arrangements governed by joint operating agreements, production sharing contracts or similar contractual relationships.

The differences between joint operations and joint ventures are as follows:

Types of arrangement	Joint operation	Joint venture
Characteristics	A joint operation involves the joint control, and often the joint ownership, of assets contributed to, or acquired for the purpose of, the joint operation. The assets are used to obtain benefits for the parties to the joint operation and are dedicated to that purpose.	The Group has interests in joint ventures, whereby the venturers have contractual arrangements that establish joint control over the economic activities of the entities.
Rights and obligations	Each party has control over its share of future economic benefits through its share of the joint operation, and has rights to the assets, and obligations for the liabilities, relating to the arrangement.	Parties that have joint control of the arrangement have rights to the net assets of the arrangement.
Accounting method	The interests of the Group in joint operations are brought to account by recognising the Group's share of jointly controlled assets, share of expenses and liabilities incurred, and the income from its share of the production of the joint operation.	The Group recognises its interest in joint ventures using the equity method of accounting. Under the equity method, the investment in a joint venture is initially recognised in the Group's statement of financial position at cost and adjusted thereafter to recognise the post-acquisition changes to the Group's share of net assets of the joint venture. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the joint venture. The Group's share of the joint venture's post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in reserves is recognised in the statement of changes in equity and, when applicable, in the statement of comprehensive income. Dividends receivable from the joint venture reduce the carrying amount of the investment in the consolidated financial statements of the Group.

6.4 JOINT ARRANGEMENTS (CONTINUED)

(a) Joint operations

The following are the material joint operations in which the Group has an interest:

Joint operation	Area of cash generating unit/ area of interest	Principal activities	2022 % Interest	2021 % Interest
Oil and gas assets				
Bayu-Undan	Bayu-Undan	Gas and liquids production	**43.4**	43.4
Combabula	GLNG	Gas production	**7.3**	7.3
Fairview	GLNG	Gas production	**22.8**	22.8
GLNG Downstream	GLNG	LNG facilities	**30.0**	30.0
Macedon/Pyrenees	North Carnarvon	Oil and gas production	**28.6**	28.6
PNG LNG[3]	PNG LNG	Gas and liquids production	**42.5**	42.5
Roma	GLNG	Gas production	**30.0**	30.0
SA Fixed Factor Area	Cooper Basin	Oil and gas production	**66.6**	66.6
SWQ Unit	Cooper Basin	Gas production	**60.1**	60.1
Caldita/Barossa[1]	Bonaparte Basin	Gas production	**50.0**	62.5
Pikka Unit (Phase 1)[2]	Alaska	Oil production	**51.0**	51.0
Exploration and evaluation assets				
EP161	McArthur Basin	Contingent gas resource	**75.0**	75.0
WA-435-P, WA-437-P	Bedout	Contingent oil and gas	**80.0**	80.0
WA-436-P, WA-438-P	Bedout	Oil and gas exploration	**70.0**	70.0
WA-58-R (WA-274-P)	Bonaparte Basin	Gas development	**30.0**	30.0
WA-80-R	Browse	Contingent gas resource	**47.8**	47.8
WA-281-P	Browse	Gas and liquids exploration	**70.5**	70.5
WA-90-R, WA-91-R, WA-92-R	Browse	Gas and liquids exploration	**40.0**	40.0
Muruk 1	PNG	Gas and liquids exploration	**57.5**	57.5
Petrel	Bonaparte Basin	Contingent gas resource	**40.3**	40.3
PRL-9	PNG	Gas and liquids exploration	**40.0**	40.0
Pikka Unit (Phase 2)[2]	Alaska	Oil and gas exploration	**51.0**	51.0
PRL-15 (Papua LNG Project)	PNG	Gas exploration	**22.8**	22.8
PRL-3	PNG	Gas exploration	**38.5**	38.5

1 Santos completed a sell-down of a 12.5% interest in the Barossa project to an Australian subsidiary of JERA. The sale completed in April 2022.

2 Santos announced a FID has been taken on Pikka Phase 1 to proceed with the oil project in August 2022.

3 Santos has received a binding conditional offer to sell a 5.0% interest in the PNG LNG project to Kumul. Refer Note 6.3.

Notes to the Consolidated Financial Statements
Section 6: Group Structure

6.4 JOINT ARRANGEMENTS (CONTINUED)

(b) Investments in equity accounted associates and joint ventures

The Group's only material joint venture is Darwin LNG Pty Ltd, which operates the Darwin LNG liquefaction facility that currently processes gas from the Bayu-Undan gas fields. The Group's interest in Darwin LNG is 43.4 per cent. The investment is accounted for as an equity accounted investment in an associate, given the Group is deemed to have only significant influence over the separately incorporated company, based on the structure of voting and decision-making rights.

Summarised financial information of the joint venture, based on the amounts presented in its financial statements, and a reconciliation to the carrying amount of the investment in the consolidated financial statements, are set out below:

Share of investment in Darwin LNG Pty Ltd	**2022 US$million**	2021 US$million
Group's equity interest	**43.4%**	43.4%
Summarised net asset position		
Current assets	**225**	497
Non-current assets	**876**	1,199
Current liabilities	**(162)**	(416)
Non-current liabilities	**(81)**	(360)
Closing net assets	**858**	920
Group's share of net assets	**373**	399
Summarised income statement		
Gross profit	**60**	141
Other income and expenses	**(48)**	36
Depreciation and amortisation	**(71)**	(103)
(Loss)/profit before tax	**(59)**	74
Income tax benefit/(expense)	**10**	(21)
Net (loss)/profit after tax for the period	**(49)**	53
Group's share of net (loss)/profit of associates	**(21)**	25
Reconciliation to carrying amount		
Opening balance	**399**	734
Add: Group's share of net (loss)/profit	**(21)**	25
Less: Disposal of equity investment in Darwin LNG Pty Ltd	**–**	(323)
	378	436
Dividends received	**(5)**	(37)
Carrying amount of investments in associate	**373**	399

6.4 JOINT ARRANGEMENTS (CONTINUED)

(b) Investments in equity accounted associates and joint ventures (continued)

The following are the equity accounted associates and joint ventures in which the Group has an interest, including those which are immaterial:

Equity accounted associate or joint venture	2022 % Interest	2021 % Interest
Darwin LNG Pty Ltd	**43.4**	43.4
GLNG Operations Pty Ltd	**30.0**	30.0
NiuPower Limited	**50.0**	50.0
NiuEnergy Limited	**50.0**	50.0

At 31 December 2022, the Group reassessed the carrying amount of its investments in equity accounted associates and joint ventures for indicators of impairment. As a result, no impairment was recorded (2021: $nil).

The opening carrying value of equity accounted associates and joint ventures (other than Darwin LNG Pty Ltd) was nil. Share of profits for the period were $6 million, which equates to the closing carrying value at 31 December 2022.

6.5 PARENT ENTITY DISCLOSURES

Selected financial information of the ultimate parent entity in the Group, Santos Limited, is as follows:

	2022 US$million	2021 US$million
Net profit/(loss) for the period	**11**	(220)
Total comprehensive income/(loss)	**11**	(220)
Current assets	**808**	720
Total assets	**13,728**	14,527
Current liabilities	**366**	397
Total liabilities	**822**	711
Issued capital	**14,691**	15,075
Accumulated profits reserve	**1,271**	1,808
Other reserves	**(1,306)**	(1,306)
Accumulated losses	**(1,750)**	(1,761)
Total equity	**12,906**	13,816
Commitments of the parent entity		
The parent entity's commitments are:		
Capital expenditure commitments	**27**	3
Minimum exploration commitments	**12**	19

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

All interest-bearing loans and borrowings, as disclosed in Note 5.1, with the exception of the lease liabilities and secured bank loans, are arranged through Santos Finance Ltd, which is a wholly-owned subsidiary of Santos Limited. All interest-bearing loans and borrowings of Santos Finance Ltd are guaranteed by Santos Limited.

Contingent liabilities of the parent entity

Contingent liabilities arise in the ordinary course of business through claims against Santos Limited, including contractual, third-party and contractor claims. In most instances it is not possible to reasonably predict the outcome of these claims and, as at reporting date, Santos Limited believes that the aggregate of such claims will not materially impact the Company's Financial Report.

Notes to the Consolidated Financial Statements
Section 6: Group Structure

6.6 DEED OF CROSS GUARANTEE

Pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* (the Instrument), the Company and each of the wholly-owned subsidiaries identified in Note 6.1 (collectively, the Closed Group) are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of their financial reports.

As a condition of the Instrument, the Closed Group has entered into a Deed of Cross Guarantee (the Deed). The effect of the Deed is that the Company has guaranteed to pay any deficiency in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. The subsidiaries have also given a similar guarantee in the event that the Company is wound up.

Set out below is a consolidated income statement, consolidated statement of comprehensive income and summary of movements in consolidated accumulated losses for the year ended 31 December of the Closed Group.

	2022 US$million	2021 US$million
Consolidated income statement		
Product sales	**2,394**	2,244
Cost of sales	**(1,828)**	(1,615)
Gross profit	**566**	629
Other revenue	**99**	80
Other income	**222**	14
Other expenses	**(418)**	(274)
Impairment of non-current assets	**(328)**	(213)
Interest income	**72**	8
Finance costs	**(580)**	(346)
Loss before tax	**(367)**	(102)
Income tax benefit/(expense)	**68**	(131)
Royalty-related tax expense	**(29)**	(82)
Total tax benefit/(expense)	**39**	(213)
Net loss for the period	**(328)**	(315)
Total comprehensive loss	**(328)**	(315)
Summary of movements in the Closed Group's accumulated losses:		
Accumulated losses at 1 January	**(3,526)**	(3,273)
Net loss for the period	**(328)**	(315)
Share-based payment transactions	**(4)**	(9)
Adjustments for companies removed from the Deed during the year	**–**	79
Adjustments for companies added to the Deed during the year	**–**	(8)
Accumulated losses at 31 December	**(3,858)**	(3,526)

6.6 DEED OF CROSS GUARANTEE (CONTINUED)

Set out below is a consolidated statement of financial position as at 31 December of the Closed Group.

	2022 US$million	2021 US$million
Current assets		
Cash and cash equivalents	**129**	654
Trade and other receivables	**6,268**	6,345
Other current assets	**287**	262
Total current assets	**6,684**	7,261
Non-current assets		
Other financial assets	**11,227**	11,032
Exploration and evaluation assets	**959**	870
Oil and gas assets	**5,668**	5,308
Other non-current assets	**1,821**	1,030
Total non-current assets	**19,675**	18,240
Total assets	**26,359**	25,501
Current liabilities		
Trade and other payables	**9,991**	9,369
Other current liabilities	**527**	430
Total current liabilities	**10,518**	9,799
Non-current liabilities		
Provisions	**2,498**	2,165
Other non-current liabilities	**676**	106
Total non-current liabilities	**3,174**	2,271
Total liabilities	**13,692**	12,070
Net assets	**12,667**	13,431
Equity		
Issued capital	**14,652**	15,030
Reserves	**1,873**	1,927
Accumulated losses	**(3,858)**	(3,526)
Total equity	**12,667**	13,431

Notes to the Consolidated Financial Statements
Section 7: People

This section includes information relating to the various programs the Group uses to reward and recognise our people. It includes details of our employee benefits, share-based payment schemes and key management personnel.

7.1 EMPLOYEE BENEFITS

Wages, salaries and sick leave

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled within 12 months of the reporting date, are recognised in respect of employee service up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-vesting sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long-term service benefits

Liabilities for long service leave and annual leave that is not expected to be taken within 12 months of the respective service being provided, are recognised and measured at the present value of the estimated future cash outflows to be made in respect of employee service up to the reporting date.

Defined contribution plans

The Group makes contributions to several defined contribution superannuation plans. Obligations for contributions are recognised as an expense in the income statement as incurred. The amount incurred during the year was $19 million (2021: $22 million).

The following amounts are recognised in the Group's statement of financial position in relation to employee benefits:

	2022 US$million	2021 US$million
Current provisions		
Employee benefits	**116**	99
Non-current provisions		
Employee benefits	**18**	20
Total employee benefits provisions	**134**	119

7.2 SHARE-BASED PAYMENT PLANS

The Group provides benefits to employees of the Group through share-based incentives. Employees are paid for their services or incentivised for their performance in part through shares or rights over shares.

Santos share-based payment plans are equity-settled. The equity-settled plans consist of the general employee share-based payment plans, Executive Long-Term Incentive share-based payment plans and Executive Short-Term Incentive share-based payment plans.

The amounts recognised in the income statement of the Group during the financial year in relation to shares issued under the share plans are summarised as follows:

	2022 US$000	2021 US$000
Employee expenses:		
General employee share plans:		
Share1000 Plan	**(831)**	(1,138)
ShareMatch Plan (matched Share Appreciation Rights ("SARs"))	**(2,882)**	(3,435)
Executive Long-Term Incentive share-based payment plans – equity-settled	**(11,538)**	(9,552)
Executive Short-Term Incentive share-based payment plans – equity-settled	**(6,055)**	(3,740)
Other equity grants	**(5,012)**	(2,902)
	(26,318)	(20,767)

The net impact from share-based payment plans, net of Treasury shares utilised in the current year, is a decrease in accumulated losses of $4 million. The net impact on accumulated losses from share-based payment plans in 2021 was an increase of $9 million.

Notes to the Consolidated Financial Statements
Section 7: People

7.2 SHARE-BASED PAYMENT PLANS (CONTINUED)

(a) Equity-settled share-based payment plans

The cost of equity-settled transactions is determined by the fair value at the grant date using an appropriate valuation model. The cost is recognised, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are met. Currently, the Company has four equity-settled share-based payment plans in operation, the details of which are as follows:

i. General employee share plans

Santos operates two general employee share plans, the Share1000 Plan and the ShareMatch Plan. Eligible employees have the option to participate in either the Share1000 Plan or the ShareMatch Plan. Directors of the Company, key management personnel, Senior Executives, casual employees, employees on fixed-term contracts, employees on international assignment and employees with an unsatisfactory performance rating in the previous year are excluded from participating in the Share1000 Plan and the ShareMatch Plan.

	Share1000	ShareMatch
What is it?	The Share1000 Plan provides for grants of fully paid ordinary shares up to a value determined by the Board, which in 2022 was A$1,000 per employee (2021: A$1,000).	The ShareMatch Plan allows for the purchase of shares up to $5,000 on a pre-tax basis. Shares are provided via an employee loan, repaid over a maximum 12-month period, and employees receive matched shares according to their performance rating.
The employee's ownership and right to deal with them	Subject to restrictions until the earlier of the expiration of the three-year restriction period and the time when the employee ceases to be in employment.	Upon vesting, subject to restrictions until the earlier of the expiration of the three-year restriction period and the time when he or she ceases to be an employee.
How is the fair value recognised?	The fair value of these shares is recognised as an employee expense with a corresponding increase in issued capital, and the fair value per share is determined by the Volume Weighted Average Price (VWAP) of ordinary Santos shares on the ASX during the week up to and including the date of issue of the shares.	The fair value of the shares is recognised as an increase in issued capital and a corresponding increase in loans receivable. The fair value per share is determined by the VWAP of ordinary Santos shares on the ASX during the week up to and including the date of issue of the shares. The fair value of services required in return for matched SARs granted is measured by reference to the fair value of matched SARs granted. The estimate of the fair value of the services received is measured by discounting the share price on the grant date using the assumed dividend yield and recognised as an employee expense for the term of the matched SARs.

The following shares were issued pursuant to the employee share plans during the period:

		Share1000 Plan		ShareMatch Plan	
Year	**Issue date**	**Issued shares No.**	**Fair value per share A$**	**Issued shares No.**	**Fair value per share A$**
2022	**4 October**	**179,760**	**7.11**	**573,038**	**7.11**
2021	31 August	259,448	6.06	579,246	6.06
2021	23 July	–	–	571	5.56

7.2 SHARE-BASED PAYMENT PLANS (CONTINUED)

i. *General employee share plans (continued)*

The number of SARs outstanding and movements throughout the financial year are:

Year	Beginning of the year No.	Granted No.	Lapsed No.	Vested No.	End of the year No.
2022 Total	**2,402,984**	**703,437**	**(176,240)**	**(521,287)**	**2,408,894**
2021 Total	2,677,233	290,183	(122,889)	(441,543)	2,402,984

The inputs used in the valuation of the SARs are as follows:

Matched SARs grant	4 Oct 2022
Share price on grant date (A$)	**7.11**
Exercise price (A$)	**nil**
Right life (weighted average, years)	**3.0**
Expected dividends (% p.a.)	**–**
Fair value at grant date (A$)	**7.11**

The loan arrangements relating to the ShareMatch Plan are as follows:

During the year the Company utilised $3 million of Treasury shares (2021: $1 million) under the ShareMatch Plan, with $2 million (2021: $5 million) received from employees under loan arrangements. The movements in loans receivable from employees are:

	2022 US$000	2021 US$000
Employee loans at 1 January	**1,515**	4,897
Treasury shares utilised during the year	**2,650**	1,263
Cash received during the year	**(2,136)**	(4,519)
Foreign exchange movement	**78**	(126)
Employee loans at 31 December	**2,107**	1,515

ii. *Executive Long-Term Incentive share-based payment plans*

The Company's Executive Long-Term Incentive Program ("LTI Program") provides for eligible Executives selected by the Board to receive SARs upon the satisfaction of set market and non-market performance conditions. Each SAR is a conditional entitlement to a fully paid ordinary share, subject to the satisfaction of performance or service conditions, on terms and conditions determined by the Board. The Board has the discretion to cash-settle SARs granted under the amended Santos Employee Equity Incentive Plan.

The fair value of SARs is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the Executive becomes unconditionally entitled to the SARs. The fair value of the performance-based SARs granted is measured using a Monte Carlo simulation method, taking into account the terms and market conditions upon which the SARs were granted. The fair value of the deferred SARs granted is measured by discounting the share price on the grant date using the assumed dividend yield for the term of the SAR. The amount recognised as an expense is only adjusted when SARs do not vest due to non-market related conditions.

The 2022 LTI Program offers consisted only of SARs. Performance Awards were granted to eligible Executives in 2022 who were granted one four-year grant (1 January 2022 – 31 December 2025).

Notes to the Consolidated Financial Statements
Section 7: People

7.2 SHARE-BASED PAYMENT PLANS (CONTINUED)

ii. *Executive Long-Term Incentive share-based payment plans (continued)*

Vesting of the grants is based on the following performance targets:

- 25 per cent of the SARs are subject to Santos' Total Shareholder Return (TSR) relative to the performance of the ASX 100 companies (ASX 100 comparator group);
- 25 per cent are subject to Santos' TSR relative to the performance of the Standard & Poor's Global 1200 Energy Index companies (S&P GEI comparator group);
- 25 per cent are subject to Santos' Free Cash Flow Breakeven Point (FCFBP) relative to internal targets; and
- 25 per cent are subject to Santos' Return on Average Capital Employed (ROACE) relative to internal targets, measured at the end of the performance period.

The numbers of SARs outstanding at the end of, and movements throughout, the financial year are:

Year	Beginning of the year No.	Granted No.	Lapsed No.	Vested No.	End of the year No.
2022 Total	**9,068,020**	**4,355,676**	**(1,362,982)**	**(2,176,508)**	**9,884,206**
2021 Total	9,323,465	3,338,263	(778,148)	(2,815,560)	9,068,020

The SARs granted during 2022 totalling 4,355,676 were issued across the following four tranches, each with varying valuations:

Senior Executive LTI – granted 15 July 2022

	2022			
Performance Awards	**Q1**	**Q2**	**Q3**	**Q4**
Performance index	ASX 100	S&P GEI	FCFBP	ROACE
Fair value at grant date (A$)	$5.34	$4.48	$6.99	$6.99
Share price on grant date (A$)	$6.99	$6.99	$6.99	$6.99
Exercise price (A$)	nil	nil	nil	nil
Expected volatility (weighted average, % p.a.)	41%	41%	41%	41%
Right life (weighted average, years)	4	4	4	4
Risk-free interest rate (% p.a.)	3.1%	3.1%	3.1%	3.1%
Total granted (No.)	872,455	872,429	872,407	872,384

Senior Executive LTI – granted 5 September 2022

	2022			
Performance Awards	**Q1**	**Q2**	**Q3**	**Q4**
Performance index	ASX 100	S&P GEI	FCFBP	ROACE
Fair value at grant date (A$)	$6.06	$3.20	$7.97	$7.97
Share price on grant date (A$)	$7.97	$7.97	$7.97	$7.97
Exercise price (A$)	nil	nil	nil	nil
Expected volatility (weighted average, % p.a.)	42%	42%	42%	42%
Right life (weighted average, years)	4	4	4	4
Risk-free interest rate (% p.a.)	3.2%	3.2%	3.2%	3.2%
Total granted (No.)	6,579	6,579	6,579	6,579

7.2 SHARE-BASED PAYMENT PLANS (CONTINUED)

ii. Executive Long-Term Incentive share-based payment plans (continued)

Senior Executive LTI – granted 5 October 2022

	2022			
Performance Awards	**Q1**	**Q2**	**Q3**	**Q4**
Performance index	ASX 100	S&P GEI	FCFBP	ROACE
Fair value at grant date (A$)	$6.10	$4.65	$7.61	$7.61
Share price on grant date (A$)	$7.61	$7.61	$7.61	$7.61
Exercise price (A$)	nil	nil	nil	nil
Expected volatility (weighted average, % p.a.)	42%	42%	42%	42%
Right life (weighted average, years)	4	4	4	4
Risk-free interest rate (% p.a.)	3.2%	3.2%	3.2%	3.2%
Total granted (No.)	166,894	166,884	166,880	166,889

Senior Executive LTI – granted 16 December 2022

	2022			
Performance Awards	**Q1**	**Q2**	**Q3**	**Q4**
Performance index	ASX 100	S&P GEI	FCFBP	ROACE
Fair value at grant date (A$)	$5.43	$4.10	$7.22	$7.22
Share price on grant date (A$)	$7.22	$7.22	$7.22	$7.22
Exercise price (A$)	nil	nil	nil	nil
Expected volatility (weighted average, % p.a.)	42%	42%	42%	42%
Right life (weighted average, years)	4	4	4	4
Risk-free interest rate (% p.a.)	3.1%	3.1%	3.1%	3.1%
Total granted (No.)	43,037	43,034	43,031	43,036

The above tables include the valuation assumptions used for Performance Awards SARs granted during the current year. The expected vesting period of the SARs is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the SARs is indicative of future trends, which may not necessarily be the actual outcome.

Vesting of Performance Awards

All Performance Awards are subject to hurdles based on the Company's TSR relative to both the ASX 100 and S&P GEI comparator group over the performance period, as well as the FCFBP and ROACE at the end of the vesting period. There is no re-testing of performance conditions. Each tranche of the Performance Awards subject to TSR granted during 2022 vests in accordance with the following vesting schedule:

TSR percentile ranking	% of grant vesting
< 51st percentile	0%
= 51st percentile	50%
52nd to 75th percentile	Further 2.0% for each percentile over 51st
≥ 76th percentile	100%

Notes to the Consolidated Financial Statements
Section 7: People

7.2 SHARE-BASED PAYMENT PLANS (CONTINUED)

iii. *Executive Deferred Short-Term Incentives (STIs)*

Short-term incentive outcomes for Senior Executives and Executives are delivered in a mix of cash and equity, which are subject to a two-year restriction period. For the Managing Director and Chief Executive Officer and his direct reports, the equity is provided in the form of deferred shares. For other Executives, the equity is provided in the form of Share Acquisition Rights.

Deferred shares

The deferred shares are subject to a 24-month continuous service period following the year to which the STI is related. The number of deferred STI shares outstanding at the end of, and movements throughout, the financial year are:

Year	Beginning of the year No.	Granted No.	Lapsed No.	Vested No.	End of the year No.
2022 Total	**576,552**	**742,162**	**(52,778)**	**(568,147)**	**697,789**
2021 Total	471,090	576,552	–	(471,090)	576,552

On 15 July 2022, the Company issued 742,162 deferred shares to eligible Executives. The share price and fair value on the grant date was A$6.99, with no discounting applied for a dividend yield assumption, given the deferred shares being eligible to receive dividends from the date of grant.

Share acquisition rights

The share acquisition rights are subject to a 24-month continuous service period following the year to which the STI related. The number of deferred STI share acquisition rights outstanding at the end of, and movements throughout, the financial year are:

Year	Beginning of the year No.	Granted No.	Lapsed No.	Vested No.	End of the year No.
2022 Total	**514,917**	**688,219**	**(39,257)**	**(489,130)**	**674,749**
2021 Total	–	550,052	(35,135)	–	514,917

On 15 July 2022, the Company issued 688,219 acquisition rights to eligible Executives. The share price and fair value on the grant date was A$6.99. No discounting was applied for a dividend yield assumption, as for SARs which vest, participants receive additional Santos shares equivalent in value to notional dividends accrued and reinvested during the period between allocation and vesting, or the cash equivalent value. No entitlement to additional shares or cash payment is provided in respect of SARs which do not vest.

iv. *Other equity grants*

The SARs in the table below are subject to varying continuous service periods, depending on the specific grant. The number of other equity grants outstanding at the end of, and movements throughout, the financial year are:

Year	Beginning of the year No.	Granted No.	Lapsed No.	Vested No.	End of the year No.
2022 Total	**2,502,743**	**2,136,938**	**(141,924)**	**(637,896)**	**3,859,861**
2021 Total	2,448,488	861,544	(133,191)	(674,098)	2,502,743

7.2 SHARE-BASED PAYMENT PLANS (CONTINUED)

iv. Other equity grants (continued)

The other SARs granted during the year are as follows:

2022							
		Continuous Service Period			Grant Date		
Grant Date	SARs Granted	Commencing	Expiring	Vesting Date	Share Price	Fair Value	Dividend Yield
5 Sep 2022	10,148	18 Mar 2022	16 Mar 2023	17 Mar 2023	7.97	7.97	–
5 Sep 2022	10,147	18 Mar 2022	17 Mar 2023	18 Mar 2023	7.97	7.97	–
5 Sep 2022	7,923	31 Mar 2022	30 Mar 2024	31 Mar 2024	7.97	7.97	–
7 Sep 2022	842,000	22 Mar 2022	20 Mar 2025	21 Mar 2025	7.81	7.81	–
5 Oct 2022	889,819	1 Jan 2022	30 Dec 2024	31 Dec 2024	7.61	7.61	–
21 Oct 2022	166,250	22 Mar 2022	20 Mar 2025	21 Mar 2025	7.60	7.60	–
16 Dec 2022	210,551	7 Oct 2022	6 Oct 2025	7 Oct 2025	7.22	7.22	–

Notes to the Consolidated Financial Statements
Section 7: People

7.3 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Key management personnel compensation	2022 US$000	2021 US$000
Short-term benefits	**7,583**	8,096
Retirement benefits	**212**	211
Other long-term benefits	**209**	197
Termination benefits	**–**	–
Share-based payments	**6,965**	6,643
	14,969	15,147

(b) Loans to key management personnel

In 2020, Key Management Personnel were able to participate in the Santos ShareMatch employee share plan. The 2020 ShareMatch offer provided the opportunity for participants to acquire up to A$10,000 in Santos shares funded through pre-tax and post-tax deductions from salary which concluded in June 2021. No amounts were outstanding at 31 December 2022. ShareMatch was not offered to Key Management Personnel in 2022.

No other loans have been made, guaranteed or secured, directly or indirectly, by the Company or any of its subsidiaries at any time throughout the year to any Key Management Personnel, including their related parties.

Notes to the Consolidated Financial Statements
Section 8: Other

This section provides information that is not directly related to the specific line items in the financial statements, including information about contingent liabilities, events after the end of the reporting period, remuneration of auditors and changes to accounting policies and disclosures.

8.1 CONTINGENT LIABILITIES

Contingent liabilities arise in the ordinary course of business through claims against the Group, including contractual, third-party and contractor claims. In most instances it is not possible to reasonably predict the outcome of these claims. As at reporting date, the Group believes that the aggregate of such claims will not materially impact the Group's financial report.

8.2 EVENTS AFTER THE END OF THE REPORTING PERIOD

On 21 February 2023, the Directors of Santos Limited resolved to pay a final dividend of US15.1 cents in respect of the 2022 financial year. Consequently, the financial effect of these dividends has not been brought to account in the full-year financial statements for the year ended 31 December 2022. Refer to Note 2.6 for details.

8.3 REMUNERATION OF AUDITORS

The auditor of Santos Limited is Ernst & Young.

(a) Audit and review services

Amounts received or due and receivable for an audit or review of the financial report of the entity and any other entity in the Group by:

	2022 US$000	2021 US$000
Audit of statutory report of Santos Limited Group	**1,504**	2,313
Audit of statutory report of controlled entities	**832**	346
	2,336	2,659

(b) Other services

Amounts received or due and receivable for other services in relation to the entity and any other entity in the Group by:

	2022 US$000	2021 US$000
Ernst & Young for other assurance services required by legislation, to be performed by the auditor	**297**	290
Ernst & Young (Australia) for other assurance services, not required to be performed by the auditor	**589**	851
Ernst & Young (Australia) for taxation and other services	**492**	1,832
	1,378	2,973

Notes to the Consolidated Financial Statements
Section 8: Other

8.4 ACCOUNTING POLICIES

(a) Changes in accounting policies and disclosures

The Group applied the following amendment to accounting standards applicable for the first time for the financial year beginning 1 January 2022:

- AASB 2020-3 *Amendments to AASB 137 – Onerous Contracts – Cost of Fulfilling a Contract*
- AASB 2020-3 *Amendments to AASB 116 – Property, Plant and Equipment: Proceeds before Intended Use*

These amendments have not had a significant or immediate impact on the Group's annual consolidated financial statements or half-year condensed financial statements.

(b) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual reporting periods beginning on or after 1 January 2023 and have not been applied in preparing these consolidated financial statements. The Group's assessment of the impact of these new standards, amendments to standards and interpretations is set out below.

i) Amendments to AASB 112 – *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Description	The amendments narrow the scope of the initial recognition exception under AASB 112, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.
Impact on Group financial report	It is yet to be determined what the impact on the Group would be as a result of this amendment to the standard.
Application of standard	1 January 2023

ii) Amendments to AASB 101 – *Classification of Liabilities as Current or Non-current*

Description	The amendments clarify that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (eg the receipt of a waver or a breach of covenant). The amendments also clarify what it means when it refers to the 'settlement' of a liability.
Impact on Group financial report	It is yet to be determined what the impact on the Group would be as a result of this amendment to the standard.
Application of standard	1 January 2024 (Applied retrospectively)

International sustainability standards

During 2022, the International Sustainability Standards Board (ISSB) issued two exposure drafts in response to the demand for better information about sustainability related matters. The exposure drafts issued were:

- IFRS S1 *General Requirements of Sustainability-related Financial Information*, the objective of which is to require entities to provide all material information about the entity's exposure to sustainability-related risks and opportunities that is useful to users of general-purpose financial reporting in making decisions about whether to provide economic resources to the entity.
- IFRS S2 *Climate-related Disclosures*, the objective of which is to require entities to provide information about their exposure to climate-related risks and opportunities.

While the standards are still draft and are not mandatory for compliance with IFRS Accounting Standards, the Group is monitoring the development of the standards.

Several other amendments to standards and interpretations will apply on or after 1 January 2022, and have not yet been applied, however they are not expected to impact the Group's annual consolidated financial statements.

Directors' Declaration
for the year ended 31 December 2022

In accordance with a resolution of the Directors of Santos Limited (the Company), we state that:

1. In the opinion of the Directors:
   (a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001* (Cth), including:
      (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the year ended on that date
      (ii) complying with Accounting Standards and the *Corporations Regulations 2001* (Cth)
   (b) the financial statements and notes comply with International Financial Reporting Standards as disclosed in Note 1.1 and
   (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 295A of the *Corporations Act 2001* (Cth) for the financial year ended 31 December 2022.
3. As at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 6.6 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those members of the Closed Group pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.

Dated this 21st day of February 2023 on behalf of the Board:

K. W. Spence

Director

Independent Auditor's Report
to the members of Santos Limited

Building a better working world

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REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Santos Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2022 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Carrying values of exploration and evaluation, oil and gas assets and goodwill

Why significant	How our audit addressed the key audit matter
Australian Accounting Standards require the Group to assess in respect of the reporting period, whether there is any indication that an asset may be impaired, or conversely whether reversal of a previously recognised impairment may be required. If any such indication exists, an entity shall estimate the recoverable amount of the asset or Cash Generating Unit (CGU). At year end, the Group identified impairment indicators in respect of certain oil and gas asset CGUs. Where required, impairment testing was undertaken, which resulted in an impairment charge of $326m being recognised, as disclosed in Note 3.4 of the financial report. The Group also identified impairment indicators in respect of certain exploration and evaluation assets. The impairment testing of those assets resulted in an impairment charge of $2m being recorded during the year, as set out in Note 3.4 of the financial report. The assessments for indicators of impairment and reversals of impairment are judgmental and include assessing a range of external and internal factors. Where impairment indicators are identified, forecasting cash flows for the purpose of determining the recoverable amount of a CGU involves critical accounting estimates and judgements and is affected by expected future performance and market conditions. The key forecast assumptions, including discount rates, foreign exchange rates, commodity prices and recoverable hydrocarbon reserves used in the Group's impairment assessment are set out in the financial report in Note 3.4. We considered the impairment testing of the Group's CGUs and its exploration and evaluation assets, and the related disclosures in the financial report, to be a key audit matter.	*Assessing indicators of impairment* We evaluated whether there had been significant changes to the external or internal factors considered by the Group, in assessing whether indicators of impairment or reversal of impairment existed. Those indicators included specific matters related to the Group, CGUs and industry as well as broader market-based indicators. *Impairment testing of CGUs with goodwill and those for which triggers were identified* We focussed on the composition of the forecast cash flows and the reasonableness of key inputs used to formulate recoverable amounts. Depending on the CGU, these procedures included: • Reconciling future production profiles to the latest hydrocarbon reserves and resources estimates (discussed further below), currentsanctioned development budgets, long-term asset plans and historical operations • Independently developing a reasonable range of forecast oil and gas prices, based upon external data. We compared this range to the Group's forecast oil and gas price assumptions to challenge whether the Group's assumptions were reasonable. In developing our ranges, we obtained a variety of reputable third-party forecasts, peer information and market data (which contemplate forecast oil and gas demand in a decarbonising global economy). • Independently evaluating discount rates used by the Group for impairment tests (which contemplate costs of capital considerations in light of a decarbonising global economy). • Independently evaluating the reasonableness of inflation rates, foreign exchange rates and carbon costs used by the Group for impairment tests • Understanding the operational performance of the CGUs relative to plan, comparing future operating and development expenditure within the impairment assessments to current sanctioned budgets, historical expenditures and long-term asset plans and ensuring variations were in accordance with our expectations based upon other information obtained throughout the audit. • Examining the key drivers of changes to calculated recoverable amounts and ensuring the reasonableness of those drivers' assumptions. • Testing the mathematical accuracy of the Group's discounted cash flow models. *Future production profiles* A key input to impairment assessments is the Group's production forecast, which is closely related to the Group's hydrocarbon reserves and resource estimates and development plans. Our audit procedures focused on the work of the Group's internal and external experts and included: • Assessing the processes and controls associated with estimating reserves and resources. • Reading reports provided by internal and external experts and assessing their scopes of work and findings. • Assessing the qualifications, competence and objectivity of the Group's internal and external experts involved in the estimation process. • Considering whether key economic assumptions used in the estimation of reserves and resources volumes were consistent with those used by the Group in the impairment testing of oil and gas assets and goodwill, where applicable. • Understanding the reasons for reserve changes or the absence of reserves changes, for consistency with other information that we obtained throughout the audit.

Independent Auditor's Report
to the members of Santos Limited (continued)

Why significant	How our audit addressed the key audit matter
	Impact of Sustainability and Climate-Related Risks In undertaking our impairment procedures, we incorporated consideration of sustainability and climate change-related risks by: • Carrying out sensitivity analysis of recoverable amounts across a range of key inputs which have been formulated to incorporate uncertainty risk associated with climate change, such as the inclusion of premiums in discount rates and alternative oil price forecasts which contemplate varied climate change-related assumptions and scenarios. • Reviewing the recoverable amount for the appropriate inclusion of carbon costs and sensitising the modelling based upon a range of reasonably possible outcomes, including consideration of the amount of the Group's carbon emissions subject to a carbon cost. • Considering the audit results of procedures carried out over restoration and rehabilitation obligations and their impact on impairment risk (refer to the 'Accounting for Restoration Obligations' Key Audit Matter below). • Inquiring of management and reading the Group's communication and publicly stated climate-related commitments regarding sustainability and climate-related risks where relevant and their impact on financial reporting; • Carrying out procedures to determine whether the 'other information' presented by the Group, including their publicly stated climate-related commitments presents a current period impairment indicator for any CGUs at reporting date. *Exploration and Evaluation Assets* For exploration and evaluation assets, we assessed whether any impairment indicators, as set out in AASB 6: *Exploration for and Evaluation of Mineral Resources*, were present, and performed audit procedures in respect of the conclusions reached by management, including: • Considering whether the Group's right to explore was current, which included obtaining and assessing supporting documentation such as licenses, permits and agreements. • Considering the Group's intention to carry out significant ongoing exploration and evaluation activities in the relevant areas of interest and enquiring of senior management as to their intentions and the strategy of the Group as it relates to particular areas of interest. • Assessing whether exploration and evaluation data or other information existed to indicate that the carrying value of capitalised exploration and evaluation assets was unlikely to be recovered through successful evaluation and development or sale. With respect to impairment generally, we also assessed the adequacy of the financial report disclosures regarding the assumptions, key estimates and judgments applied by the Group in relation to the carrying values of exploration and evaluation, oil and gas assets and goodwill.

Accounting for Restoration Obligations

Why significant	How our audit addressed the key audit matter
At 31 December 2022, the Group has recognised provisions for restoration obligations relating to onshore and offshore assets of $3,931 million. As disclosed in Note 3.5, the calculation of restoration provisions is conducted by specialist engineers and requires judgemental assumptions to be made by the Group regarding removal date, compliance with environmental legislation and regulations, the extent of restoration activities required, the engineering methodology for estimating costs, future removal technologies in determining the removal costs and liability-specific discount rates to determine the present value of these cash flows. The judgements and estimates in respect of restoration provisions are based upon conditions existing at 31 December 2022, including key assumptions related to certain items remaining insitu. Australian regulatory approval for these items remaining in-situ will only be sought towards the end of the respective asset's field life and accordingly, at 31 December 2022, there is uncertainty whether the Australian regulator will approve plans for these items to be decommissioned in-situ. The significant assumptions and estimates outlined above are inherently subjective. Changes to these assumptions can lead to changes in the restoration provisions. In this context, the disclosures in the financial report provide important information about the assumptions made in the calculation of the restoration provision and uncertainties at 31 December 2022, in arriving at the Group's best estimate of the present value of future obligations. We consider the restoration provision calculation and the related disclosures in the financial report to be a key audit matter. We draw attention to the information in Note 3.5.	We assessed the restoration obligation provisions repared by the Group, evaluating the assumptions and methodologies used and the estimates made. Our audit procedures included the following: • Evaluating the Group's process for identifying its legal and regulatory obligations for restoration and decommissioning and testing the completeness of operating locations; • Understanding and testing controls over the Group's internal methodology for determining and approving gross cost estimates used to calculate the Group's restoration provisions; • In conjunction with our environmental specialists, assessing the reasonableness and completeness of restoration cost estimates based on the relevant current legal and regulatory requirements; • Assessing the competence, capability and objectivity of the Group's internal and external experts engaged to carry out the gross restoration cost estimations as a basis for our reliance on the output of their work; • Comparing current year cost estimates to those of the prior year and considered explanations by management and both internal and external experts for observed changes; • Comparing the timing of the future cash outflows against the anticipated end-of-field lives, cross-checking that these dates were consistent with the Group's reserve estimates and impairment calculations; • Evaluating the appropriateness of the discount rates, inflation rates and foreign exchange rates used to calculate the present value of each of the provisions; • Testing the mathematical accuracy of the restoration provision calculations. *Impact of Sustainability and Climate-Related Risks* In undertaking our restoration procedures, we incorporated consideration of sustainability and climate change-related risks by: • Understanding the regulatory framework in which each project operates to ensure compliance with the regulatory requirements of the various jurisdictions as they relate to restoration obligations; • Evaluating the assumptions associated with the form and extent of abandonment activities, including conformity with regulation and industry practice and the nature of the items expected to be left in-situ, in abandonment activities; • Reviewing litigation registers, correspondence with solicitors and regulators to confirm the completeness of liabilities recognised; • Considering the estimated dates for the commencement of restoration and rehabilitation activities, possible impacts of physical risks of climate change and performing sensitivity analyses aligned with a range of scenarios associated with the Group's net zero climate-related targets. We also considered the adequacy and completeness of the financial report disclosure of the assumptions, key estimates and judgements applied by the Group.

Independent Auditor's Report
to the members of Santos Limited
(continued)

Information Other than the Financial Report and Auditor's Report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2022 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON THE AUDIT OF THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 35 to 65 of the directors' report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of Santos Limited for the year ended 31 December 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

D Lewsen
Partner

D Hall
Partner

Adelaide
21 February 2023

Auditor's independence declaration
to the members of Santos Limited

As lead auditor for the audit of the financial report of Santos Limited for the financial year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Santos Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

D S Lewsen
Partner

21 February 2023

Securities Exchange and Shareholder Information

Listed on the Australian Securities Exchange at 31 January 2023 were 3,313,298,877 fully-paid ordinary shares. Unlisted were 5,000 partly-paid Plan 0 shares and 5,000 partly-paid Plan 2 shares.

There were 176,153 holders of all classes of issued ordinary shares, including: one holder of Plan 0 shares: one holder of Plan 2 shares. This compared with 169,197 holders of all classes of issued ordinary shares a year earlier.

As at 31 January 2023 there were also: 1,812 holders of 17,694,192 Share Acquisition Rights pursuant to the SEEIP and 1,599 holders of 2,980,410 Share Acquisition Rights pursuant to the ShareMatch Plan.

The listed issued ordinary shares plus the ordinary shares issued pursuant to the SEEIP, and the restricted shares issued pursuant to the SESPP and ShareMatch Plan represent all of the voting power in Santos. The holdings of the 20 largest holders of ordinary shares represent 77.12% of the total voting power in Santos (78.33% on 31 January 2022). The largest shareholders of fully-paid ordinary shares in Santos as shown in the Company's Register of Members at 31 January 2023 were:

Name	Balance at 31 January 2023	% Units
HSBC Custody Nominees (Australia) Limited	1,061,951,562	32.05
J P Morgan Nominees Australia Pty Limited	541,103,368	16.33
Citicorp Nominees Pty Limited	348,253,446	10.51
National Nominees Limited	197,350,849	5.96
BNP Paribas Noms Pty Ltd <Drp>	93,791,392	2.83
Citicorp Nominees Pty Limited <Colonial First State Inv A/C>	58,180,178	1.76
UBS Nominees Pty Ltd	45,337,120	1.37
HSBC Custody Nominees (Australia) Limited - A/C 2	42,793,011	1.29
Buttonwood Nominees Pty Ltd	38,685,210	1.17
Argo Investments Limited	23,604,895	0.71
BNP Paribas Nominees Pty Ltd Acf Clearstream	22,488,066	0.68
HSBC Custody Nominees (Australia) Limited <Nt-Comnwlth Super Corp A/C>	18,864,373	0.57
BNP Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <Drp A/C>	13,183,500	0.40
Netwealth Investments Limited <Wrap Services A/C>	10,190,434	0.31
Australian Foundation Investment Company Limited	9,589,773	0.29
CPU Share Plans Pty Ltd <Sto Est Unallocated A/C>	9,198,086	0.28
HSBC Custody Nominees (Australia) Limited-Gsco Eca	6,313,525	0.19
Neweconomy Com Au Nominees Pty Limited <900 Account>	5,685,457	0.17
BNP Paribas Noms (Nz) Ltd <Drp>	4,354,770	0.13
Australian Foundation Investment Company Limited	4,330,916	0.13
Total:	**2,555,249,931**	**77.12**
Total remaining holders balance	**758,048,946**	**22.88**

Securities Exchange and Shareholder Information
continued

ANALYSIS OF SHARES – RANGE OF SHARES HELD

	Fully paid ordinary shares (holders)	Number of shares held	% of shares held
1–1,000	76,182	33,563,089	1.01
1,001–5,000	68,823	169,898,446	5.13
5,001–10,000	17,789	127,751,481	3.86
10,001–100,000	12,939	281,649,257	8.50
100,001 over	420	2,700,436,604	81.50
Rounding	**–**	**–**	
Total	**176,153**	**3,313,298,877**	**100.00**
Less than a marketable parcel of $500	4,468		

Substantial Shareholders as disclosed by notices received by the Company as at 31 January 2023:

Name	Number of voting shares held	Date of notice
BlackRock Group	129,700,122	30 March 2021
State Street Corporation and subsidiaries	169,557,750	6 September 2022
Perpetual Limited and its related bodies corporate	180,285,371	25 January 2023

For Directors' shareholdings see the Directors' Report as set out on page 19 of this Annual Report.

VOTING RIGHTS

Every member present in person or by an attorney, a proxy or a representative shall on a show of hands, have one vote and upon a poll, one vote for every fully-paid ordinary share held. Pursuant to the Rules of the Santos Executive Share Plan, Plan 2 and Plan 0 shares do not carry any voting rights except on a proposal to vary the rights attached to Plan shares.

Glossary

Absolute
When used in reference to emissions reduction targets, means reduction against the total emissions at the relevant point in time, rather than a relative or comparative amount

Barrel (bbl)
The standard unit of measurement for all oil and condensate production: one barrel equals 159 litres or 35 imperial gallons

Carbon capture and storage (CCS)
A process in which greenhouse gases, including carbon dioxide, methane and nitrous oxide, from industrial and energy-related sources, are separated (captured), conditioned, compressed, transported and injected into a geological formation, that provides safe and permanent storage deep underground

CEO
Chief Executive Officer

clean fuels
Fuels which have the potential to materially reduce Scope 1, 2 and/or 3 greenhouse gas emissions. Clean hydrogen is an example of a clean fuel

Clean hydrogen
Hydrogen with lower Scope 1 and 2 emissions when produced from natural gas combined with CCS or when produced from other lower emissions production technologies, including renewable sources, and/or using offsets as required

Cleaner energy/Cleaner fuels
Energy sources that are used for power generation, transport, industrial processes or heating which have lower emissions of greenhouse gases or air pollutants (NOx, SOx and particulates) than other fuel sources. Natural gas is an example of a cleaner fuel and energy source/fuel, as it has lower greenhouse gas emissions than coal when used in power generation

CO2
Carbon dioxide

CO2e
Carbon dioxide equivalent, being a measure of greenhouse gases (e.g carbon dioxide, methane, nitrous oxide) with equivalent potential impact on global warming as carbon dioxide

Company
Santos Limited and all its subsidiaries

Condensate
A mixture of hydrocarbons (mainly pentanes and heavier) that exist in the gaseous phase at original temperature and pressure of the reservoir, but when produced, are in the liquid phase at surface pressure and temperature conditions. Condensate differs from natural gas liquids in two respects:

1. natural gas liquid is extracted and recovered in gas plants rather than lease separators or other lease facilities, and
2. natural gas liquid includes very light hydrocarbons (ethane, propane, or butanes) as well as the pentanes-plus that are the main constituents of condensate

Contingent resources (2C)
Those quantities of hydrocarbons that are estimated, on a given date, to be potentially recoverable from known accumulations, but that are not currently considered to be commercially recoverable. Contingent resources may be of a significant size, but still have constraints to development. These constraints, preventing the booking of reserves, may relate to lack of gas marketing arrangements or to technical, environmental or political barriers

Critical fuels
Oil and natural gas, being hydrocarbon fuels that supply around 80 per cent of the world's primary energy supply. Hydrocarbon fuels are critical to meet current and forecast energy demand and to the manufacturing of everyday products

Crude oil
Crude oil is the portion of petroleum that exists in the liquid phase in natural underground reservoirs and remains liquid at atmospheric conditions of pressure and temperature (excludes retrograde condensate). Crude oil may include small amounts of non-hydrocarbons produced with the liquids but does not include liquids obtained from the processing of natural gas

CTAP
Climate Transition Action Plan

decarbonise
The process of avoiding, reducing or offsetting anthropogenic greenhouse gas emissions through operational activities or efficiencies, technology deployment, use of generated or acquired carbon credit units, and/or other means

DLNG
Darwin LNG

Exploration
Drilling, seismic or technical studies undertaken to identify and evaluate regions or prospects with the potential to contain hydrocarbons

Emissions
Greenhouse gas emissions, unless otherwise specified

FEED
Front-end engineering design

FID
Final investment decision

Gas
Natural gas

Hydrocarbon
Compounds containing only the elements hydrogen and carbon, which may exist as solids, liquids or gases

Joules
The metric measurement unit for energy

KPI
Key Performance Indicator

Liquid hydrocarbons (liquids)
A sales product in liquid form; for example, condensate and LPG

LNG
Liquefied natural gas. Natural gas that has been liquefied by refrigeration to store or transport it. Generally, LNG comprises mainly methane

Lost time injury rate (LTIR)
A statistical measure of health and safety performance, calculated by the number of hours worked. A lost-time injury is a work-related injury or illness that results in a person's disability, or time lost from work of one day shift or more

Glossary
continued

LPG
Liquefied petroleum gas. A mixture of light hydrocarbons derived from oil bearing strata that is gaseous at normal temperatures but that has been liquefied by refrigeration or pressure to store or transport it. Generally, LPG comprises mainly propane and butane

Net Zero
In relation to greenhouse gas emissions, is achieved when anthropogenic emissions of greenhouse gases are balanced by anthropogenic removal of greenhouse gases through means such as operational activities or efficiencies, technology (e.g, CCS), offset through the use of carbon credit units, or other means

Net-zero emissions
Net Zero Scope 1 and Scope 2 greenhouse gas emissions; when referring to Santos, meaning net-zero equity share of these emissions

Net-zero Scope 1 and 2 emissions
Santos' equity share of Net Zero Scope 1 and 2 greenhouse gas emissions

Oil
A mixture of liquid hydrocarbons of different molecular weights

PNG
Papua New Guinea

Proved reserves (1P)
Reserves that, to a high degree of certainty (90 per cent confidence), are recoverable under defined economic conditions. Proved developed reserves are reserves that can be recovered from existing wells with existing infrastructure and operating methods. Proved undeveloped reserves require development

Proved plus probable reserves (2P)
Reserves that, via an analysis of geological and engineering data, are more likely than not to be recoverable under defined economic conditions. There is at least a 50 per cent probability that actual reserves recovered will equal or exceed the proved plus probable reserves estimate

Sales gas
Natural gas that has been processed by gas plant facilities and meets the required specifications under gas sales agreements

Santos
Santos Limited and its subsidiaries

Sustainable/Sustainably
At Santos, sustainability is about striving to ensure safe operations, minimising environmental harm and greenhouse gas emissions, and creating long-term value for our stakeholders including our customers, community, employees, partners and shareholders; balancing the needs of today without undermining the ability to meet the demands of tomorrow

target
An outcome sought that Santos has identified a pathway, or pathways, toward delivery, subject to conditions and assumptions

Units of measure

bbl	Barrel
boe	Barrels of oil equivalent
kt	Thousand tonnes
mmbbl	Million barrels
mmboe	Million barrels of oil equivalent
mmBtu	Million British thermal units
MtCO2e	Million tonnes of carbon dioxide equivalent
Mtpa	Million tonnes per annum
PJ	Petajoules, 1 joule x 10^{15}
t	Tonnes
TJ	Terajoules, 1 joule x 10^{12}

Conversion factors

Sales gas and ethane	1 PJ = 171.937 boe x 10^{3}
Crude oil	1 barrel = 1 boe
Condensate	1 barrel = 0.935 boe
LPG	1 tonne = 8.458 boe
LNG	1 PJ = 18,040 tonnes
LNG	1 tonne = 52.54 mmBtu

For a comprehensive online conversion calculator tool, please visit: **www.santos.com/conversion-calculator/**

Corporate Directory

Santos Limited ABN 80 007 550 923

SECURITIES EXCHANGE LISTING

Santos Limited. Incorporated in Adelaide, South Australia, on 18 March 1954.

Quoted on the official list of the Australian Securities Exchange (ordinary shares code STO).

Quoted on the official list of the Papua New Guinea National Stock Exchange (ordinary shares code STO).

COMPANY SECRETARY

Jodie Hatherly
BA, LLB, GAICD
General Counsel and Company Secretary

Ms Hatherly's biography can be read on page 11.

Amanda Devonish
BCom, LLB (with Hons), GAICD
Company Secretary and Senior Corporate Lawyer

Ms Devonish joined Santos in 2012 and was appointed to the role of Company Secretary in 2017. She has over 19 years' experience in commercial and corporate legal practice.

REGISTERED AND HEAD OFFICE

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