Santos

ASX/Media Release

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Santos to increase interest in Papua LNG

TotalEnergies has agreed with ExxonMobil to transfer operatorship of the Papua LNG project to ExxonMobil PNG Antelope Limited, in parallel with a partial sell-down of its participating interest to the other Papua LNG joint venture partners in proportion to their existing interests.

As part of this transaction, Santos has executed a binding agreement to acquire an additional 3.3 per cent participating interest (post State back-in) in PRL15 and the Papua LNG project from TotalEnergies, conditional on regulatory approvals and the occurrence of the final investment decision (FID). The consideration payable by Santos is approximately US$189 million.

The acquisition will increase Santos' participating interest in Papua LNG to 21 per cent (post State back-in) and is expected to increase Santos' equity LNG production from Papua LNG by ~19 per cent to approximately 1.2 Mtpa. The acquisition is consistent with Santos' strategy of disciplined, value-accretive growth around existing infrastructure and increasing exposure to Asian LNG demand.

Santos expects that the proposed operatorship of the Papua LNG project by ExxonMobil, alongside its existing operatorship of PNG LNG, will deliver operational synergies and strengthen project execution.

Completion of the acquisition is subject to conditions precedent, including receipt of regulatory approvals and the Papua LNG project achieving FID, planned for the fourth quarter of 2026. The acquisition will be effective from 1 January 2026.

Santos Managing Director and Chief Executive Officer Kevin Gallagher said the proposed acquisition better aligns Santos' interests across PNG LNG and Papua LNG ahead of planned FID for Papua LNG later this year.

"The Papua LNG project is a world-class development, strategically positioned to supply premium Asian markets and offering multiple value streams for Santos. ExxonMobil brings a proven track record of project delivery and reliable operations in Papua New Guinea, including PNG LNG, and is expected to realise significant synergies by operating both the upstream and midstream project scopes. The Papua LNG project will provide reliable, low-cost production for years to come and Santos is prepared to increase its investment accordingly.

"Papua LNG is a world-class project and this is the right time to increase our position. Santos continues to allocate capital in a disciplined manner across its global portfolio, prioritising exposure to jurisdictions that provide supportive long-term investment settings. As we move the Barossa gas and Pikka oil projects into operations, Papua LNG positions Santos for the next phase of value-accretive growth within our capital allocation framework that targets a free cash flow breakeven oil price of $45-50/bbl.

"Santos acknowledges and thanks TotalEnergies for their efforts in advancing Papua LNG over the last decade with the project on track for a final investment decision later this year," Mr Gallagher said.

Media enquiries
Samantha Hutchinson
+61 (0) 425 317 171
samantha.hutchinson@santos.com

Investor enquiries
Lucia Walsh
+61 (0) 438 872 151
lucia.walsh@santos.com

Santos Limited
ABN 80 007 550 923
GPO Box 2455, Adelaide SA 5001
T +61 8 8116 5000 | F +61 8 8116 5131
santos.com

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The proposed equity and operatorship changes improve alignment across the Papua LNG and PNG LNG joint venture participants. The changes in Papua LNG joint venture equity are summarised below:

Papua LNG Joint venture partners	**Existing interest (post State back-in)**	**Interest post proposed transaction (post State back-in)***
Santos	17.7%	21.0%
ExxonMobil	28.7%	34.1%
TotalEnergies	29.1%	20.0%
ENEOS Xplora	2.0%	2.4%
The Independent State of Papua New Guinea	22.5%	22.5%

* The State will, subject to various conditions, also have the option of an additional aggregate 2.5% interest (~0.9% from Santos)

Santos will update the market at FID on the cost and schedule for Papua LNG, including the economics of the project.

Ends.

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