

16 April 2020

Santos signs LOI to sell a 12.5% interest in Barossa to JERA

Santos today announced it had signed a Letter of Intent (LOI) to sell a 12.5% interest in Barossa to JERA.

JERA already has a 6.1% interest in Darwin LNG. Santos' signing of the LOI with JERA advances partner alignment between the Darwin LNG and Barossa joint ventures for the development of Barossa as backfill for Darwin LNG.

Santos Managing Director and Chief Executive Officer Kevin Gallagher said signing the LOI with JERA further builds partner alignment and follows the recent agreement to sell a 25% interest in Darwin LNG to SK E&S.

"Santos continues to build alignment between the Darwin LNG and Barossa joint ventures. Following completion of the ConocoPhillips acquisition and the sell-downs to JERA and SK E&S, Santos will hold a 43.4% interest in Darwin LNG and a 50% interest in Barossa. We are continuing to advance discussions with other parties for the sale of further equity in the Barossa project in line with our previously stated target ownership level of around 40% to achieve increased partner alignment and prudent future allocation of growth capital. We are also in discussions with buyers for Barossa volumes."

"However as we announced on 23 March, given the uncertain economic impact of COVID-19 combined with lower oil prices, we expect to defer FID on Barossa until business conditions improve. Barossa remains an important project for Santos due to its brownfield nature and low cost of supply, and we will continue to use this time to achieve alignment and seek to further strengthen the economics of the project," Mr Gallagher said.

The sale of the 12.5% interest in Barossa to JERA is subject to the negotiation and execution of a binding sale and purchase agreement, completion by Santos of the acquisition of ConocoPhillips' northern Australia and Timor-Leste portfolio as announced on 14 October 2019, third-party consents, regulatory approvals and a final investment decision on Barossa.

Ends.

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

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