

Good Afternoon All,

For the month of **November 2019** we anticipate having the quantities of gas set out below available for sale. You are invited to submit your offer, before **close of business** (Perth Time) on **Friday the 25th of October 2019**, if you propose to purchase all or part of this gas, quoting the indicative daily volumes of gas that you wish to purchase and the Offer Price at which you are prepared to complete the purchase. We will advise successful buyers by **10 AM** (Perth Time) on **Monday the 28th of October** and complete contracts from the **28th** to the **31st of October**.

Market Dynamics

As at the 15th of **October** we are on track to trade 251 TJ of gas (On Market) for the month of **October 2019**. This volume is up 10% on the final volumes traded in **September** (228 TJ) and down by just under 10% on the anticipated **October** sales volume of 263 TJ. The October jump in sale volumes reflects the continuing return of gas buyers to the gasTrading Spot Market™ after the shrinkage of the market in March last year.

Recent trends, including the October results, confirm the turnaround from the lower trading volumes which manifest in March 2018. It may still be that the aggressive marketing of gas (offering competitive prices and increased flexibility in the offtake obligations) at the beginning of 2018 may return but the continued decline in gasTrading Spot Market™ prices appears, for the moment, to have stimulated an organic revival of demand in the market. The drop in the January/February 2019 gasTrading Spot Market™ Back Up Gas Prices, and the significant drop in the June and July Back Up Gas Prices (down almost \$0.50 per GJ) were reinforced in October by a further drop in Back Up Gas Price of \$0.27 per GJ. Buyers who left the gasTrading Spot Market™ last year have found themselves stranded on out-of-market 2018 prices and are reacting predictably. The gasTrading Spot Market™ contraction halted by the middle of 2018 and is now reversing. The entry of new gas buyers to the market since October 2018 has lifted, and continues to lift, traded volumes to well over double the levels realised in early 2018. Agora Gas was joined in the gasTrading Spot Market™ by additional sellers in June 2018 and in November 2018. One of those sellers left the market in mid-March 2019 but re-entered the market in July 2019. Additional sellers may also enter the market, typically offering small volumes of gas for sale, in coming months. In September three sellers have been active but one seller continues to decline all but the highest price sales.

We anticipate that sales volumes will hold for the moment and may lift a little further in **November 2019**. This growth in the market will be threatened if sellers, who do not participate in the gasTrading Spot Market™, return with offers designed to capture market share. The period 2018 - 2019 has marked a dynamic phase for the market. In the absence of external incursions, designed to capture market share, we anticipate the market will continue to grow modestly/organically in the next few months. The upside for market traded volumes is limited only by demand, since substantial volumes of gas are available. The price at which gas is supplied to the market softened in January 2019 and the Back Up Gas Price has fallen again in June, July and in October following Agora Gas' engagement with the market to source additional Back Up Gas. In the absence of a significant lift in demand, there appears to be little pressure to increase the cost of Back Up Gas, on the contrary, the Back Up Gas Price may even soften a little further, and perhaps become a little more volatile, in coming months.

Varanus Island planned maintenance, which commenced in October, is scheduled to continue until 26 November. Capacity remains high (at name plate - 310 TJ per day) until the 07th of November, falls to 149 TJ per day from the 8th to the 13th, and to 0.00 TJ on the 14th, before rising again to 149 TJ per day from 15th to the end of the maintenance plan. Beharra Springs capacity will be reduced to 0.0 TJ per day by planned maintenance from the 6th to the 13th of November. GGT will conduct

planned maintenance on the Neds Creek Compressor Station (1st to 3rd of November), Turee Creek Compressor Station (14th to 19th of November) and the Paraburdoo Compressor Station (29th to 30th of November) on the Goldfields Gas Pipeline. GGP capacity will remain high at all times at 180+ TJ per day during November (recent maximum daily demand has slightly exceeded this capacity). Finally, Telfer Pipeline capacity will be reduced to 16.9 TJ on the 17th of November (again a little under recent maximum daily demand). In general, these capacity constraints may see a tightening in supply of some short term gas in November but otherwise there appears to be sufficient gas available to meet November's market requirements. The GGP and Telfer capacity constraints may have user specific impacts. There is no indication as yet that GGP supply will be affected.

The Offer Price range decreased in **October 2019** to \$0.15 per GJ, with the range from \$2.65 to \$2.79 per GJ. No **October** offers were below the Back Up Gas Price. The static Back Up Gas price leading up to October may explain why buyers were reluctant to test the bottom of the market price range. The Offer Price range in recent months reflects the downward trend in the gas price since early 2017 (halving in that time) and the sharp drop in the Back Up Gas Price in June and now October. The response of the market to the drop in the Back Up Gas Price in October is yet to be seen. The Back Up Gas Price was not called on any sales in September. No contract came into effect in **October** at a price below \$2.65 per GJ. The **October** Back Up Gas Price fell to \$2.45 per GJ, a \$0.27 per GJ from September. Again it will be interesting to see the reaction of buyers, who had previously left the market, to the October Back Up Gas Price adjustment.

The currently anticipated average **October** On Market price is \$2.72 per GJ (as at the 15th of **October**). This average is down \$0.02 cents on the \$2.73 per GJ average **September** price and is the **October** average price anticipated when the market was set at the start of the month.

Buyers and sellers active in the market are increasing their reliance on the gasTrading Spot Market™ for everyday gas supply planning and for the management of take or pay risk. The 2018 shifts in the terms of other short term gas supply contracts impacted on the level of buyer activity in the gasTrading Spot Market™ but this impact appears, for the moment at least, to be turning around. The availability, in 2018, of more flexible short term firm and spot contract terms revealed that the desire for market share, rather than certainty of sales volumes and price, has been driving some gas sellers in the current market. Where the demand side of the gasTrading Spot Market™ moves in the last months of 2019 is not clear and will depend in part on how other short contract gas sellers react to the latest growth in the gasTrading Spot Market™. In the absence of an attack on market share, there are signs that traded volumes are on the increase. Agora Gas returned to the market in September to top up Back Up Gas supplies to the end of 2019. This process of re-contracting Back Up Gas for the market has so far delivered a material reduction in the Back Up Gas Price, down from \$3.19 per GJ (April 19) to \$2.45 per GJ in October. The quantity of gas available at the current Back Up Gas Price may be limited but it is sufficient to meet the market requirements at this time. We will publish the Back Up Gas Price for **November** with the Bidding Round Results Summary.

The table below summarises Agora Gas' On Market and Off Market spot gas sales since **October** 2018. The decline in Agora Gas' spot sales in December 2018 reflect the fact that a third gas seller entered the market at that time. New sellers are entitled to an equal share of the market. When adjusted to account for the number of sellers in the market, these data show the modest but steady growth in traded volumes during the period. The reversal of the reduction in Agora Gas' On Market traded volumes in March 2019 reflects the fact that one of the (new) sellers left the market in March. That seller's return to the market in June 2019 and the impact is visible on Agora Gas' sales

at that time. The impact of additional sellers on Agora Gas' monthly sales volumes varies depending on the day to day engagement of these additional sellers with the market.

	On Market	Off Market	Total	
Month	(TJ)	(TJ)	(TJ)	Comment
Oct-18	53.700	2.100	55.800	
Nov-18	60.481	42.600	103.081	
Dec-18	48.900	68.730	117.630	
Jan-19	36.150	4.000	40.150	
Feb-19	39.099	5.900	44.999	
Mar-19	65.800	8.200	74.000	
Apr-19	83.400	10.900	94.300	
May-19	121.200	6.450	127.650	
Jun-19	178.454	0.000	178.454	
Jul-19	125.429	0.000	125.429	
Aug-19	110.798	2.048	112.846	
Sep-19	216.926	1.000	217.926	
Oct-19	99.128	0.000	99.128	:to 15 October

Agora Gas continues to seek out the most attractive sources of Back Up Gas to ensure the market remains liquid and competitively priced. Agora returned to the market in December 18 and in June and September 19 for Back Up Gas. There are three gas sellers in **October** but, as noted above, not all sellers are participating in all sales. We anticipate one active seller will leave the market in **November** and, given the lower end of the price range being offered by buyers, the number of sellers in the gasTrading Spot Market™ in **November** will depend on the appetite of remaining sellers for the Offer Prices tabled by buyers.

We will publish the summary results of the **November 2019 Bidding Round** on or before the **31st of October** on the web site link below.

Market Update

The results of the **October 2019 Bidding Round**, and the gasTrading Spot Market™ history to **September 2019**, can be found at <http://www.gastrading.com.au/spot-market/historical-prices-and-volume>

We have continued strong supply side support for the market. This support is currently looking for Buyer Offer Prices around \$2.50 per GJ. To understand buyer bidding behaviour it may be helpful to note that gas is allocated first to the top of the bid stack and available supplies are allocated in a cascade down the bid stack.

The indicated daily volumes available for **November 2019** reflect the increase in traded volumes in recent months. Given that a significant portion of this gas will be procured for the market by Agora Gas' Off Market purchases, these volumes are very price sensitive and will increase or decrease in response to Offers received from buyers. Additional gas volumes can be brought into the market above those quoted in the table.

In **October 2019**, to the 15th, 100% of daily contract volumes were filled in all price quartiles of the market.

Gas Available November 2019	
Date	Quantity TJ
1/11/2019	8.70
2/11/2019	8.70
3/11/2019	8.70
4/11/2019	8.70
5/11/2019	8.70
6/11/2019	8.70
7/11/2019	8.70
8/11/2019	8.70
9/11/2019	8.70
10/11/2019	8.70
11/11/2019	8.70
12/11/2019	8.70
13/11/2019	8.70
14/11/2019	8.70
15/11/2019	8.70
16/11/2019	8.70
17/11/2019	8.70
18/11/2019	8.70
19/11/2019	8.70
20/11/2019	8.70
21/11/2019	8.70
22/11/2019	8.70
23/11/2019	8.70
24/11/2019	8.70
25/11/2019	8.70
26/11/2019	8.70
27/11/2019	8.70
28/11/2019	8.70
29/11/2019	8.70
30/11/2019	8.70
NA	

261.00

gasTrading is working to build its gasTrading Sport Market™ book out of the Northern Territory and Queensland and has signed up its first participants. Agora Gas made its first Northern Territory Off Market spot trades in November. The Northern Gas Pipeline is now operating although those operations are still settling down. If the development of an east coast spot market interests you and we have not made contact please give Allan or me a call. If this market development might interest a related operation or an associate please pass on this invitation. At the moment it is not possible to physically move surplus/spot gas out of the Northern Territory. **Unfortunately, to date, there is no Amadeus Gas Pipeline Capacity available to move spot gas out of the Northern Territory.**

Regards
Mike Lauer