

Good Afternoon All,

For the month of **May 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 **Thursday the 25th of April 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 price at which you are prepared to complete the purchase. We will advise successful buyers by **10 AM** (Perth Time) on **Friday the 26th of April** and complete contracts from the **26th** to the **30th of April**.

Market Dynamics

As at the 15th of **April** we are on track to trade 138 TJ of gas (On Market) for the month of **April 2019**. This volume is higher than the final volumes traded in **March** (120 TJ) and in line with the anticipated **April** sales volume of 137 TJ.

The lower trading volumes which manifest in March 2018 (as a result of gas sellers cutting price, and offering greater off take flexibility, to capture increased market share) are slowly turning around. Aggressive marketing of gas at competitive prices, with increased flexibility in the offtake obligations, at the beginning of 2018 saw a number of buyers leave the gasTrading Spot Market™ (at least temporarily). The drop in the January and February 2019 gasTrading Spot Market™ price has stimulated revived interest in the market. Perhaps some of those buyers who left the gasTrading Spot Market™ last year have found themselves stranded on 2018 prices. The gasTrading Spot Market™ contraction halted by the middle of 2018 and is now turning around. The entry of new gas buyers to the market since October 2018 has lifted traded volumes above the levels early in 2018. Agora Gas was joined in the gasTrading Spot Market™ by a second gas seller in June 2018 and a third seller entered the market in November 2018. One of those sellers left the market in mid-March 2019 having achieved its portfolio management objectives.

We expect sales volumes to remain at current levels or to lift further in **May 2019**. The period since the end of 2017 has marked a dynamic phase for the market. While we still find it difficult to predict how market demand might behave in the next few months we are anticipating an upswing. While the lower limit on the size of our near term spot sales is unknown the upside for 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 remains generally at that level. In the absence of a significant lift in demand, the cost of gas is not expected to move much in coming months. Varanus Island capacity will be down on nameplate for substantial parts of May (20 days) and Dongara's capacity will be 0.0 for May. Varanus Island capacity will be below recent production highs for much of the month which may see increased flows from Devil Creek. At this time there would appear to be ample capacity in the market in May but there may be some minor tightening for some buyers.

The offer price range in **April 2019** was \$0.50 per GJ, from \$2.70 to \$3.20 per GJ, up on recent months. This increased offer price range means that buyers continue to react to recent price drops and continue to search for the bottom of the market price range. The increase in the offer price range reflects recent instability in the market and the inevitable testing of the market by buyers. There were seven **April** 2019 price offers below the Back Up Gas Price. Of those, four buyers were offered the Back Up Gas Price, two declined and two accepted. One seller declined to participate in the two remaining lowest priced sales and the remaining seller accepted those sales for the April. Ultimately another two sales were offered the Back Up Gas Price as the seller that accepted those sales was not in the market at the start of the month. Those two sales were offered and accepted the Back Up Gas Price raising the number accepting the Back Up Gas Price in April to four. As a result, no contract came into effect in **April** at a price below \$3.10 per GJ. The **April** Back Up Gas Price remained steady at \$3.19 per GJ.

The currently anticipated average **April** On Market price is \$3.17 per GJ (as at the 15th of **April**). This average is down three cents on the \$3.20 per GJ average **March** price and is up on the **April** average price (\$3.11 per GJ) anticipated when the market was set at the start of the month. The higher than anticipated price April reflects the impact of calling the Back Up Gas Price on two sales after the publication of the Bidding Round results.

Buyers and sellers active in the market continue to use the gasTrading Spot Market for everyday gas supply planning and to manage take or pay risk. The 2018 shifts in the terms of other gas supply contracts have impacted on the level of buyer activity in the gasTrading Spot Market™. The availability of more flexible firm and spot contract terms are proof that the desire for market share, rather than certainty of sales volumes and price, is driving gas sellers in the current market. Where the demand side of the market moves in 2019 is not clear at this time although there are signs that traded volumes may be on the increase. Agora Gas returned to the market in December for Back Up Gas and delivered an anticipated reduction in the Back Up Gas Price. We will publish the Back Up Gas Price for **May** with the Bidding Round Results Summary.

The table below summarises Agora Gas' On Market and Off Market spot gas sales since **April 2018**. The decline in Agora Gas' traded volumes since March 2018 reflects the shrinkage of the market and the sharp declines in Agora Gas spot sales in June and December reflect the fact that a second and then a third gas seller entered the market on each occasion. These new sellers are entitled to an equal share of the market. This reduction in Agora's traded volumes visibly reversed in mid-March when one seller left the market. The Off Market spot sales in November and December 2018 did not carry over to 2019.

	On Market	Off Market	Total	
Month	(TJ)	(TJ)	(TJ)	Comment
Apr-18	105.000	1.500	106.500	
May-18	119.400	3.400	122.800	
Jun-18	69.843	0.000	69.843	
Jul-18	52.900	1.700	54.600	
Aug-18	53.280	2.200	55.480	
Sep-18	48.640	1.130	49.770	
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	46.700	4.900	51.600	<i>:to 15 April</i>

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 for Back Up Gas. Agora Gas is currently expected to be one of at least two gasTrading Spot Market™ sellers in **May**.

We will publish the summary results of the **May 2019 Bidding Round** on or before the **30th of April** on the web site link below.

Market Update

The results of the **April 2019 Bidding Round**, and the gasTrading Spot Market™ history to **March 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 at and above \$3.20 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 **May 2019** are in line with the volumes offered in the **April 2019** Invitation. Given that a significant portions 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 **April 2019**, to the 15th, 100% of daily contract volumes were filled in all price quartiles of the market.

Gas Available May 2019	
Date	Quantity TJ
1/05/2019	6.20
2/05/2019	6.20
3/05/2019	6.20
4/05/2019	6.20
5/05/2019	6.20
6/05/2019	6.20
7/05/2019	6.20
8/05/2019	6.20
9/05/2019	6.20
10/05/2019	6.20
11/05/2019	6.20
12/05/2019	6.20
13/05/2019	6.20
14/05/2019	6.20
15/05/2019	6.20
16/05/2019	6.20
17/05/2019	6.20
18/05/2019	6.20
19/05/2019	6.20
20/05/2019	6.20
21/05/2019	6.20
22/05/2019	6.20
23/05/2019	6.20
24/05/2019	6.20
25/05/2019	6.20
26/05/2019	6.20
27/05/2019	6.20
28/05/2019	6.20
29/05/2019	6.20
30/05/2019	6.20
31/05/2019	6.20

192.20

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 contract 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.

Regards
Mike Lauer