

Good Evening All,

For the month of **July 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 **Monday the 24th of June 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 **Tuesday the 25th of June** and complete contracts from the **25th** to the **28th** of **June**.

Market Dynamics

As at the 15th of **June** we are on track to trade over 220 TJ of gas (On Market) for the month of **June 2019**. This volume is in line with the final volumes traded in **May** (228 TJ) and significantly above the anticipated **June** sales volume of 190 TJ. The May sales forecast published on the web site at the end of April (272 TJ) included a forecast, one off, plant maintenance demand for 90 TJ of gas. Of that 90 TJ only 45 TJ was taken. Notwithstanding that one off plant maintenance demand for gas, the May result, and the forecast June sales volumes, reflect a strong return of gas buyers to the gasTrading Spot Market™ after the shrinkage of the market in March last year.

At this stage it looks like the lower trading volumes which manifest in March 2018 have turned around. There is no reason to believe that the aggressive marketing of gas (offering competitive prices and increased flexibility in the offtake obligations) at the beginning of 2018 has come to an end but the continued decline in gasTrading Spot Market™ prices has stimulated an organic revival of demand. The drop in the January and February 2019 gasTrading Spot Market™ prices has stimulated that revived interest in the market. This stimulus can be expected to continue with the significant drop in the June Back Up Gas Price (see below). 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 well and truly reversing. The entry of new gas buyers to the market since October 2018 has lifted, and continues to lift, traded volumes to over double the levels realized in early 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 for the moment. We are expecting additional sellers to enter the market, offering small volumes of gas for sale, in coming months.

Sales volumes should follow recent trends and even lift a little further in **July 2019**. This growth in the market may be threatened if sellers outside 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, 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 followings Agora Gas' return to the market to buy additional gas. In the absence of a significant lift in demand, the cost of gas is not expected to move much from the June levels for the moment. Varanus Island will be subject to planned maintenance with capacity reductions below nameplate for the whole of July and especially in the first two weeks when capacity will be below recent production highs. This capacity limitation may see increased flows from Devil Creek. At this time there would appear to be sufficient capacity in the market in July.

The Offer Price range remained narrowed in **June 2019** at \$0.14 per GJ, from \$3.07 to \$3.20 per GJ. All 11 June offers were above the Back Up Gas Price. Buyers can, in light of the Back Up Gas Price drop, be expected to begin again to test the bottom of the market price range. The stability of

the Offer Price and Offer Price range in recent months reflects recent stability in the market and in the Back Up Gas Price since January. There were no **June** 2019 price offers below the Back Up Gas Price. No contract came into effect in **June** at a price below \$3.07 per GJ. The **June** Back Up Gas Price fell by \$0.39, to \$2.80 per GJ. Buyers who had previously left the market have shown renewed interest in market following the publication of this price shift.

The currently anticipated average **June** On Market price is \$3.17 per GJ (as at the 15th of **June**). This average is down two cents on the \$3.19 per GJ average **May** price and is the **June** 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 have been turned 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 market moves in the last half 2019 is not clear and will depend on how other packages of short contract gas 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 June to source additional Back Up Gas for the last half of 2019. This process delivered a material reduction in the Back Up Gas Price from \$3.19 per GJ to \$2.80 per GJ. The quantity of gas available at this 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 **July** with the Bidding Round Results Summary.

The table below summarises Agora Gas' On Market and Off Market spot gas sales since **June** 2018. This table traces market traded volumes after the decline in market traded volumes at the beginning of 2018. Agora Gas' spot sales declined in June and in December reflecting 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. 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 earlier reductions in Agora Gas' On Market traded volumes in March 2019 reflect that fact that one of the (new) sellers left the market in March.

	On Market	Off Market	Total	
Month	(TJ)	(TJ)	(TJ)	Comment
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	83.400	10.900	94.300	

May-19	119.300	6.828	126.128	
Jun-19	59.308	0.000	59.308	:to 15 June

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 June 19 for Back Up Gas. The number of sellers in the gasTrading Spot Market™ in July will depend on the appetite of individual sellers for the Offer Prices tabled by buyers.

We will publish the summary results of the **July 2019 Bidding Round** on or before the **28st of June** on the web site link below.

Market Update

The results of the **June 2019 Bidding Round**, and the gasTrading Spot Market™ history to **May 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 \$2.80 per GJ. To understand buyer bidding behavior 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 **July 2019** reflect the increase in traded volumes in May and **June 2019**. 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 **June 2019**, to the 15th, 100% of daily contract volumes were filled in all price quartiles of the market.

Gas Available July 2019

Date	Quantity TJ
1/07/2019	7.20
2/07/2019	7.20
3/07/2019	7.20
4/07/2019	7.20
5/07/2019	7.20
6/07/2019	7.20
7/07/2019	7.20
8/07/2019	7.20
9/07/2019	7.20
10/07/2019	7.20
11/07/2019	7.20
12/07/2019	7.20
13/07/2019	7.20
14/07/2019	7.20
15/07/2019	7.20
16/07/2019	7.20
17/07/2019	7.20
18/07/2019	7.20
19/07/2019	7.20
20/07/2019	7.20
21/07/2019	7.20
22/07/2019	7.20
23/07/2019	7.20
24/07/2019	7.20
25/07/2019	7.20
26/07/2019	7.20
27/07/2019	7.20
28/07/2019	7.20
29/07/2019	7.20
30/07/2019	7.20
31/07/2019	7.20

223.20

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.