

Good Afternoon All,

For the month of **December 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 25th of November 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 **midday** (Perth Time) on **Tuesday the 26th of November** and complete contracts from the **26th to the 30th of November**.

Market Dynamics

As at the 15th of **November** we are on track to trade **230 TJ** of gas (On Market) for the month of **November 2019**. This volume is marginally down on the final volumes traded in **October** (237 TJ) and down by 5% on the anticipated **November** sales volume of 243 TJ. November volumes look to be maintained against October, despite one Seller having left the market.

Volumes appear to have stabilised during the second half of 2019 in the low to mid 200 TJ. This may be in part to Buyers responding to low gas market prices, positioning themselves to take advantage of low spot gas prices as older agreements end and they look to contract for take or pay gas at lower MDQs.

The continued fall in the gasTrading Spot Market™ Back Up Gas Prices, down to \$2.44/GJ for October, may also be assisting in stabilizing demand on the Spot Market™. The low Back Up Gas Price may be lifting buyer confidence that gas will continue to be available at attractive prices.

We anticipate that sales volumes will hold for the moment but, are likely to fall a little as we enter the December/January holiday period. Allowing for the holidays, we anticipate that volumes will continue to trend around the current level with increases in demand possible in the last half of January, as we move into the new year. Volumes could reduce in response to attractive offers to supply from sellers who do not participate in the gasTrading Spot Market™.

The gasTrading Spot Market™ continues to be limited only by demand, since substantial volumes of gas remain available. The price at which gas is supplied to the market continues to soften and the Back Up Gas Price has fallen throughout the year, most recently in September following Agora Gas' engagement with the market to source additional Back Up Gas. In the absence of a significant lift in demand, our view remains that there appears to be little pressure to increase the price 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. Beharra Springs capacity has returned, whilst Dongara has noted no production until the end of November. GGT will conduct planned maintenance on the Paraburdoo Compressor Station at the end of November (29th to 30th of November) on the Goldfields Gas Pipeline. Finally, Telfer Pipeline capacity will be reduced to 22.4 TJ on the 11th of December for 6 days of maintenance at Boodarie Compressor Station. In general, these capacity constraints are unlikely to impact supply in December. The Telfer capacity constraints may have user specific impacts.

The Offer Price range increased in **November 2019** to \$0.34 per GJ, with the range from \$2.40 to \$2.74 per GJ. One **October** offer was below the Back Up Gas Price. Buyers are still reacting to the unexpected September fall in the Back Up Gas price and they are continuing to look for the bottom of the market. One buyer was offered, and accepted, the Back Up Gas Price in October. No contract came into effect in **November** at a price below \$2.44 per GJ. The **November** Back Up Gas Price fell

to \$2.44 per GJ, a \$0.01 per GJ from October. Again, it will be interesting to see the reaction of buyers, who had previously left the market, to the steady decline in the Back Up Gas Price.

The currently anticipated average **November** On Market price is \$2.60 per GJ (as at the 15th of **November**). This average is down \$0.12 cents on the \$2.72 per GJ average **October** price and slightly higher than the anticipated November average of \$2.58 per GJ.

Buyers and sellers active in the market are increasing their reliance on the gasTrading Spot Market™ for everyday gas supply and portfolio 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™ trends as we move into 2020 is not clear and will depend in part on how other short contract gas sellers react to recent 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 resulted in the significant Back Up Gas Price reduction in September. 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 \$2.44 per GJ in November. The quantity of gas available at the current Back Up Gas Price is sufficient to meet the market requirements at this time. We will publish the Back Up Gas Price for **December** with the Bidding Round Results Summary.

The table below summarises Agora Gas' On Market and Off Market spot gas sales since **November** 2018. The volatility in Agora Gas' spot sales primarily reflects the number of sellers active in the market at any time. When a new seller enters the market, it is entitled to an equal share of all sales. When adjusted to account for the number of sellers in the market, these data show the modest but steady growth in total traded volumes (see web site) since early 2018. 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
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	153.808	18.500	172.308	
Nov-19	88.466	0.000	88.466	:to 15 November

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 2018 and in June and September 2019 for Back Up Gas. There were three gas sellers in **October** but not all sellers participated in all sales. One active seller left the market in **November** and another will leave in **December**. At this time the expectation is that Agora Gas will be only seller in the market by the end of the year.

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

Market Update

The results of the **November 2019 Bidding Round**, and the gasTrading Spot Market™ history to **October 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 \$2.45 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 **December 2019** reflect the 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 **November 2019**, to the 15th, 100% of daily contract volumes were filled in all price quartiles of the market.

Gas Available December 2019	
Date	Quantity TJ
1/12/2019	9.20
2/12/2019	9.20
3/12/2019	9.20
4/12/2019	9.20
5/12/2019	9.20
6/12/2019	9.20
7/12/2019	9.20
8/12/2019	9.20
9/12/2019	9.20
10/12/2019	9.20
11/12/2019	9.20
12/12/2019	9.20
13/12/2019	9.20
14/12/2019	9.20
15/12/2019	9.20
16/12/2019	8.50
17/12/2019	8.50

18/12/2019	8.50
19/12/2019	8.50
20/12/2019	8.50
21/12/2019	8.50
22/12/2019	8.50
23/12/2019	8.50
24/12/2019	8.50
25/12/2019	8.50
26/12/2019	8.50
27/12/2019	8.50
28/12/2019	8.50
29/12/2019	8.50
30/12/2019	8.50
31/12/2019	8.50

274.00

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 has already made its first Northern Territory Off Market spot trades. 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. **Unfortunately, to date, there is no Amadeus Gas Pipeline Capacity available to move spot gas out of the Northern Territory**

Regards
Mike Lauer