

WA GAS MARKET UPDATE

Supply

Demand

Commercial Trends

Other Developments

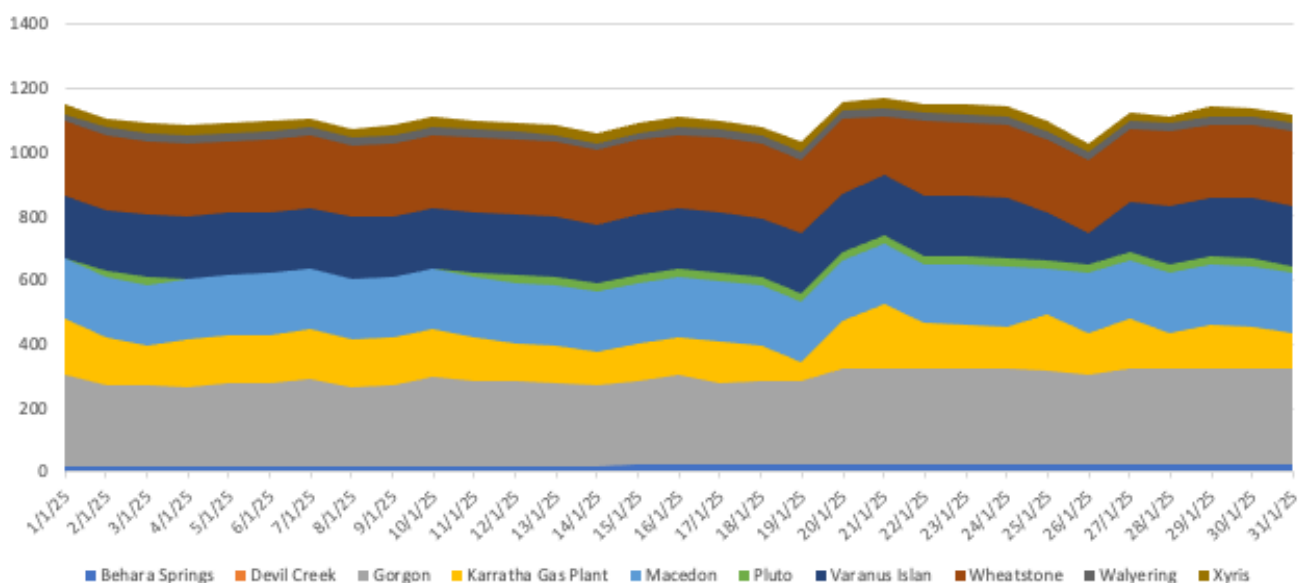
Browse CCS Plan

Woodside, as operator of the Browse project, submitted a Carbon Capture and Storage (CCS) proposal to the Commonwealth regulator for approval in October 2024. That proposal was released by the regulator for public comment on January 2nd. The CCS proposal is a separate but related proposal to the Browse to North west Shelf Project, but both approvals are required before any significant project activity commences. Even if approved by the Commonwealth, the Project still requires WA State Government approval and alignment of interests among the Browse and North West Shelf respective joint ventures. Browse backfill to North west Shelf will include a +200 TJ/d domestic gas commitment which is required to fill the forecast gas supply gap emerging in 2029.

January Summary

- Gas production down in January at 1,106TJ/d
- Varanus Island 2025 supply subject to significant planned interruptions
- Waitsia delayed to Q2, LNG exports from domgas to continue
- Strategic review at Strike could finally unlock West Erregulla
- 2025 gas demand supply balance tighter than forecast in the GSOO
- Market generally moves to shorter term contracts
- DBP new access arrangement reference tariff price shock

Gas Production January 2025

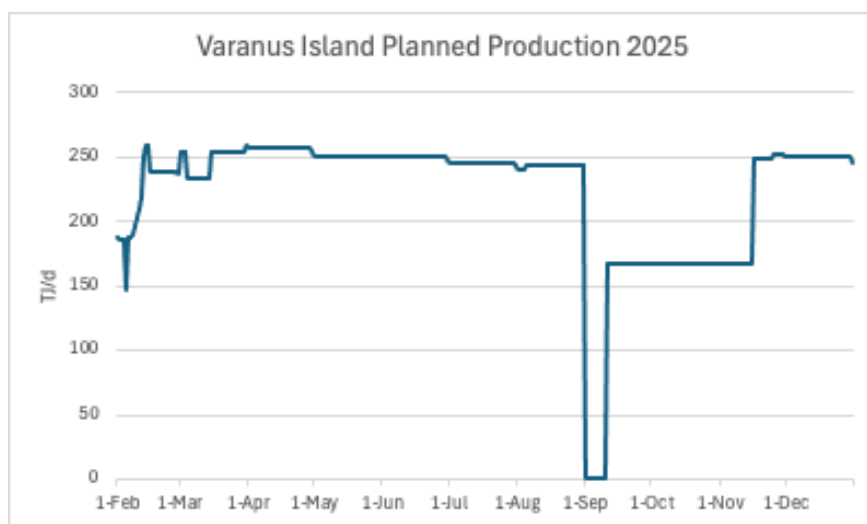


Gas Supply

EXISTING

Gas production in January averaged 1,106 TJ/d, down on December (1,160 TJ/d), and supplemented with 493 TJ of gas withdrawn from storage. Karratha Gas Plant suffered an unplanned shutdown on the 19th but quickly recovered producing 202 TJ on the 21st, its highest rate for the month. Karratha Gas Plant is reported to have a pressure balancing agreement with the DBP which allows Karratha Gas Plant sellers to deliver from pipeline ullage provided the gas balance is restored within a few days.

Remaining supply sources were steady apart from lower production from Varanus Island on the 25th to the 27th. Gas Bulletin Board notices indicated this was both a processing constraint (25th) and a well constraint (26th & 27th). Santos has posted a significant amount of data on the medium term outlook for production capacity at Varanus Island throughout 2025. The graphic below shows the expected daily production capacity for the balance of the calendar year.



NEW

Beach Energy reported that the Waitsia Gas Plant is scheduled to commence first gas sales from the new Waitsia Gas Plant in Q2 2025 (likely June with commissioning gas available prior to steady state supply). Beach reported a further LNG cargo lifting in January sourcing gas supply from the domestic market with an average realised export gas price across the last 2 cargoes of \$16.40 / GJ.

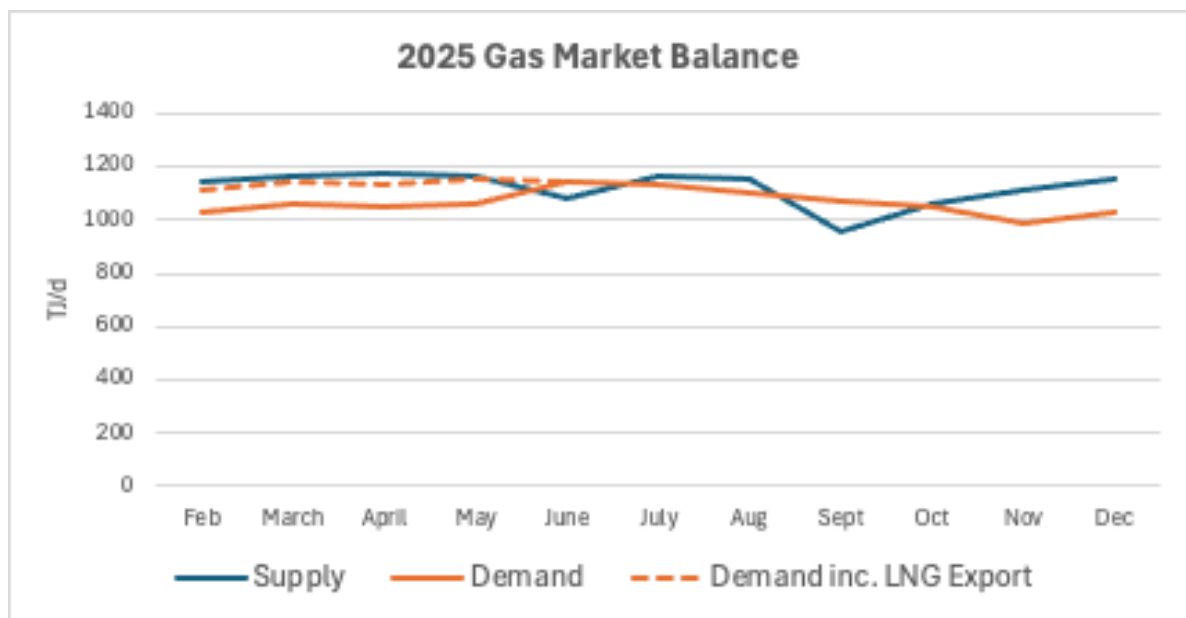
Strike Energy parted ways with its CEO appointing an interim CEO and current Board member to conduct a “strategic review”. With ownership and funding options on the table, consolidation of the West Erregulla resource under Hancock Energy would accelerate development of both the West Erregulla and the Lockyer Deep gas resources. Hancock are known to be focused on development of a new single stand alone gas processing plant.

Woodside reported that the Scarborough Project is at 78% completion still targeting first LNG and domestic gas in 2026. WA gas buyers are rumoured to be keen to discuss the opportunity to take initial commissioning gas, especially given the likely delay to the Perdman Project, the key domestic gas offtaker from the Scarborough Project. New equity partners in Scarborough (JERA & LNG Japan) also have a domestic gas obligation and are expected to be marketing in the coming months.

Gas Demand

Gas consumption in January was reported at 1,031 TJ/d, slightly up on December (1,025 TJ/d). The delta between production (including withdrawals from storage) and consumption was 2.8 PJ, again reflecting export of domestic gas as LNG (Beach reported an LNG cargo loaded in January). The South West and Metro zones accounted an average increase of 19 TJ/d across the month with minor reductions in the Pilbara and Parmelia zones.

Overall gas demand in the WA gas market is expected to be stronger than forecast by AEMO given the further delay to the Waitsia Gas Plant (see page 2) and continued export of gas from domestic suppliers. Based on 2024 data, assuming an average loading rate of 32 PJ per annum (see November 2024 edition), gas demand will be on average 87 TJ/d higher until Waitsia production commences in Q2. The graph below shows the amended demand line with LNG export factored into domestic gas demand. If the Waitsia Gas Plant is delayed further, the demand line including LNG is extended effectively exacerbating the gas market supply shortfall.



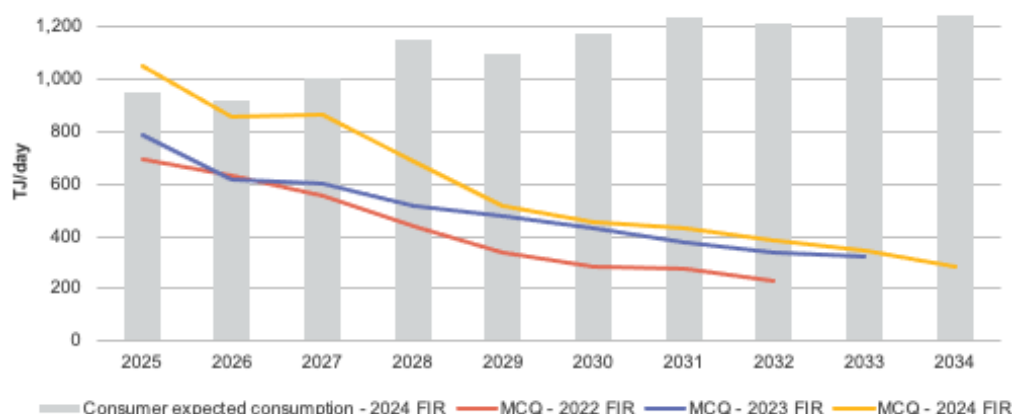
In the above graph supply is assumed to be 100% of nameplate capacity for each facility except assumed 2024 average production from the Karratha Gas Plant (which is constrained by reserves and so feed gas rather than capacity). It also accounts for any planned shutdowns as notified on the Gas Bulletin Board (Varanus Island data is monthly averages). The demand line is based on daily gas demand (rolled into monthly averages) as provided in the WA Gas Statement of Opportunities (GSOO p.11).

Based on this data, the WA gas market balance is likely to be much tighter than set out in the 2024 GSOO released in December. In particular, a shortage emerges in June with the planned shutdown of the Gorgon production facility and then re-emerges in September with the planned shutdown of Varanus Island (see page 2). In the first 4 months of 2025, demand (including LNG exports) almost reaches full production nameplate capacity meaning any unplanned shutdown may lead to gas supply shortages. Gas storage (Mondara and Tubridgi) is expected to play an active role provided they are also able to operate at close to capacity for an extended period.

Commercial Outcomes for Gas Contracting

WA spot gas prices converged in December with outcomes ranging from \$7.25 to \$7.75 / GJ in the Goldfields (Energy Access), to \$7.66 / GJ (forecast) in the South West (Gas Trading). Spot prices continue to be holding steady around \$7 / GJ in private (unpublished) short term transactions, with some gas parcels sold in January at high \$5's / GJ but requiring the buyer to take gas on any day seller offers (non-firm).

Lower short term prices have generally incentivised Buyers to contract only 1 - 2 years ahead. This behaviour is shown in the graph below showing gas consumer maximum contracted level compared to expected consumption. Contracted gas compared to expected consumption declines after 2027 as buyers look to new sources of supply to improve price competition.



Other Market Developments

- The WA Economic Regulator (ERA) posted the Access Arrangement proposed by AGIG for the Dampier Bunbury Pipeline for the 5 year period commencing 1 January 2026. The proposed reference tariff for full haul capacity is \$2.45 / GJ, a significant jump on the current tariff of \$1.57 / GJ. The key drivers are the increase to the rate of return (based on increased interest rates), a 20% increase in opex, and significantly lower contracted demand (9%). The ERA has yet to release an issues paper seeking feedback from stakeholders.
- Santos deferred the Dorado oil and gas project located in the Bedout Basin north of Port Hedland on the Pilbara coast. The project targeted liquids development via an FPSO with later stage gas export of an estimated gas resource of 790 PJ (2C basis). Press reports indicate that Santos was unsuccessful in selling down part of its 80% equity stake as a necessary prerequisite to fund the project.
- AEMO published its Quarterly Energy Dynamics (QED) analysis of the Australian energy market. The Western Australian Electricity Market (WEM) set several new records in Q4 2024, including underlying demand (2,539 MW), peak demand (5,263 MW), and highest peak renewable energy contribution (85.1% on November 17). New battery installations also contributed a record average 103 MW during peak periods. Batteries also participated in ancillary (frequency) services for the first time in Q4 displacing gas generation by 79