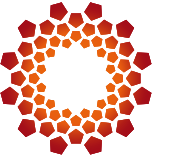


# Eastern Australian Gas Market

## The Challenge & Opportunity for Gas

CORE  
ENERGY  
GROUP



# EA Gas Market | Opportunity and Challenge

- The EA gas market presents an enormous opportunity and challenge over the next ~40 years
  - > There is an opportunity to commercialise and produce over 70,000 PJ of gas resource
  - > Opportunities include an extension of LNG contracts, gas replacement of coal in power generation sector and innovative entry into other energy sectors such as transport
  - > The greatest challenge is reservoir/well productivity and lowering extraction costs
- Under existing oil/LNG pricing structures gas extraction costs will need to be close to USD6-7/GJ, delivered Wallumbilla, to target delivered LNG price to Asian region of USD10-11/mmbtu (versus latest contracts closer to USD15/mmbtu)
- Even at these prices, electricity generation costs will rise substantially – fuel cost translates to almost AUD50/MWh. Sunk cost of a number of under utilised units could dampen price increases, depending on capacity supply/demand balance

CORE  
ENERGY  
GROUP



# Eastern Australian Gas Market

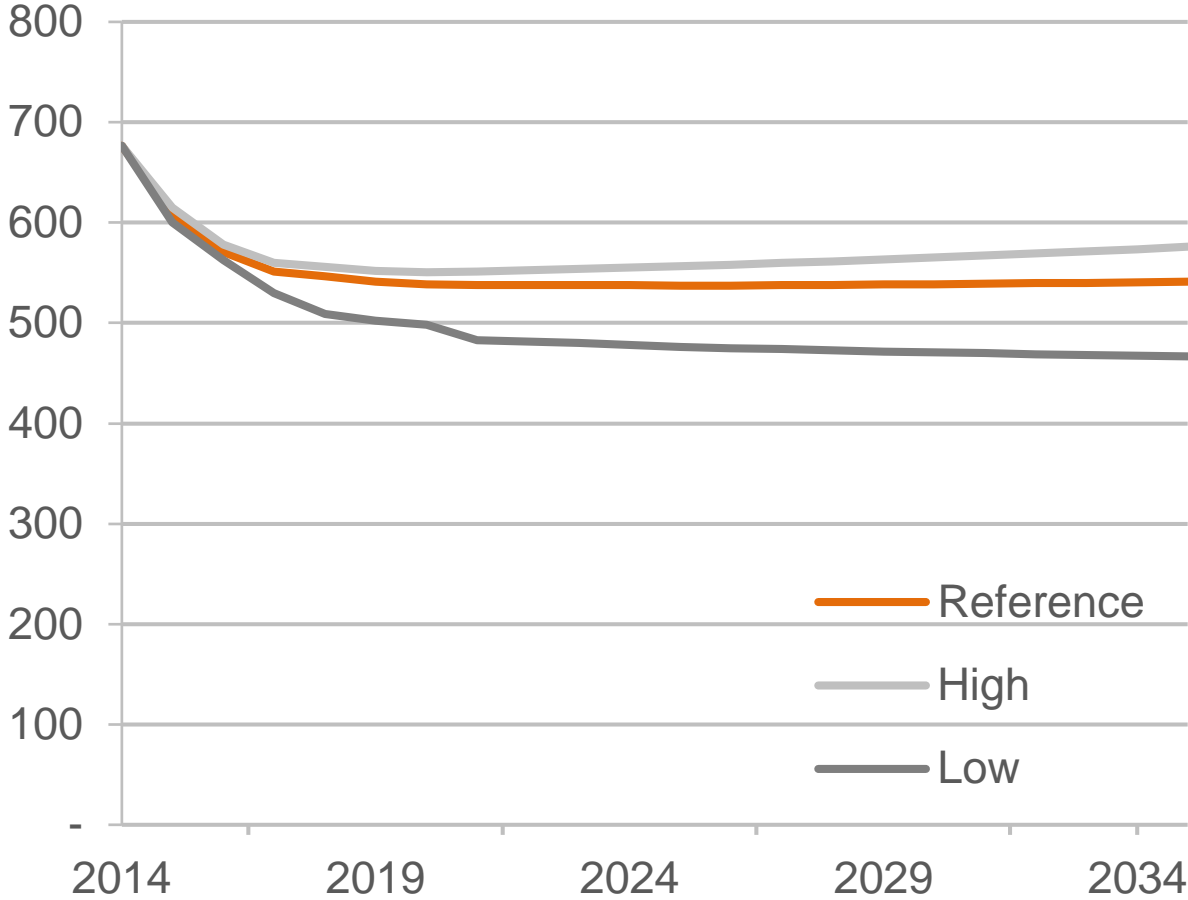
Short to Mid term

CORE  
ENERGY  
GROUP



# EA Gas Market | Domestic Demand Outlook to 2035

Figure: Domestic Demand Projection | PJ



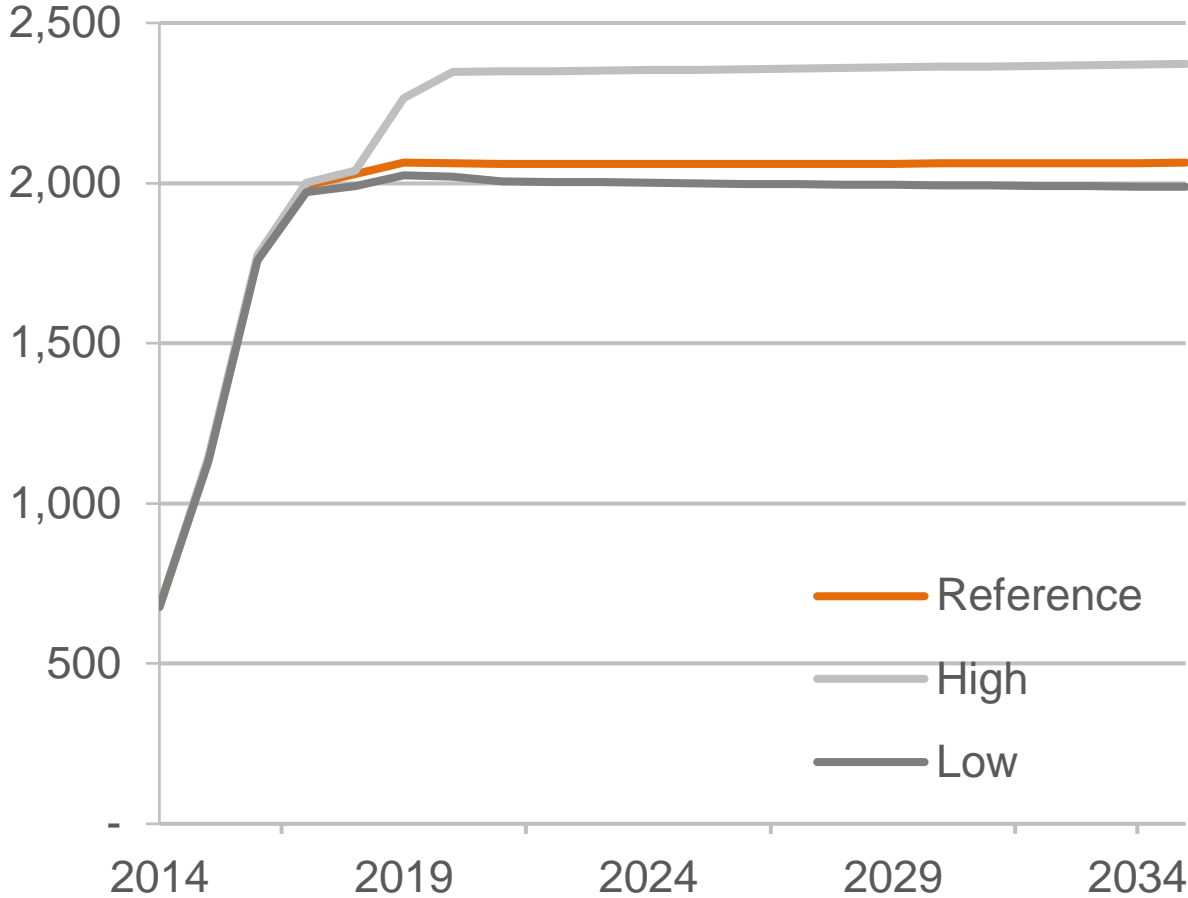
- Based on latest evidence domestic demand is an adjustment phase which is expected to flatten out by 2019
- Mid term growth in demand will depend largely on trends in energy efficiency, policy, price and related energy substitution

CORE ENERGY GROUP



# EA Gas Market | Total Demand Outlook to 2035

Figure: Total Demand Projection | PJ



- LNG demand under existing contracts requires reserves of over 30,000 PJ and deliverability of ~1,500 PJ p.a. or 4,000 TJ p/d; taking total demand to > 2,000 PJ p.a.
- Deliverability per average well per 'play area' has become the primary focus area – SRMC not LRMC

CORE ENERGY GROUP



# EA Gas Market | Supply Reserves/Deliverability

Figure: Map of 2P Reserves | PJ | Reported as of 2014



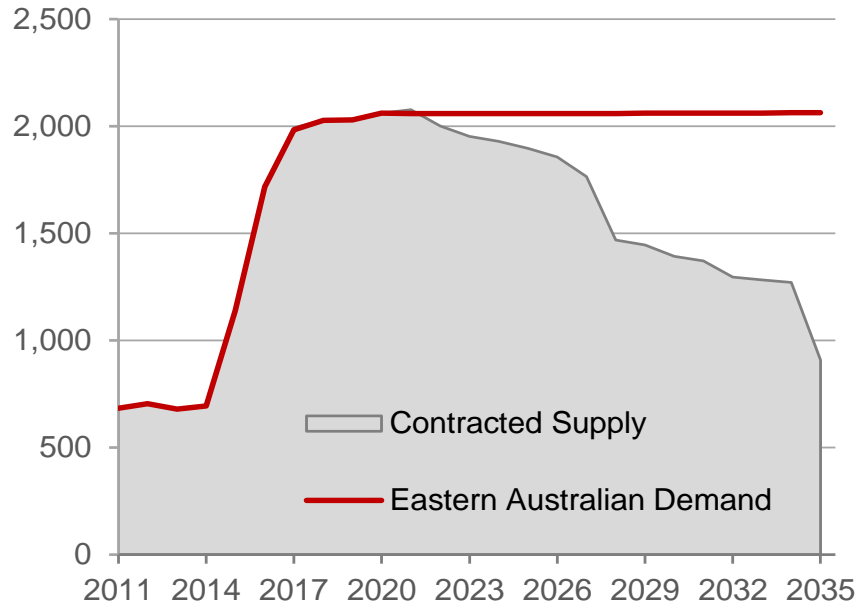
- Booked 2P reserves > 50,000 PJ
- There is significant uncertainty regarding future reservoir/well performance which will clearly impact economics

CORE  
ENERGY  
GROUP



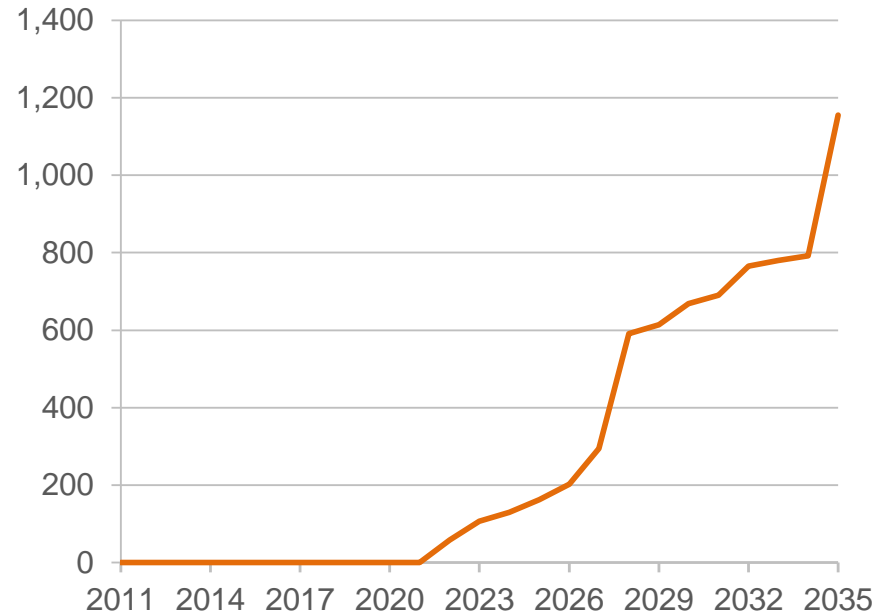
# EA Gas Market | Contracted Supply & Unfulfilled Demand

Figure: Contracted Supply | PJ



- The EA market is largely contracted to 2020 – although there will be some gaps, particularly for industrial customers

Figure: Unfulfilled Demand | PJ



- Unfulfilled demand opens in both domestic and LNG areas from 2020

CORE  
ENERGY  
GROUP



# Eastern Australian Gas Market

Longer term

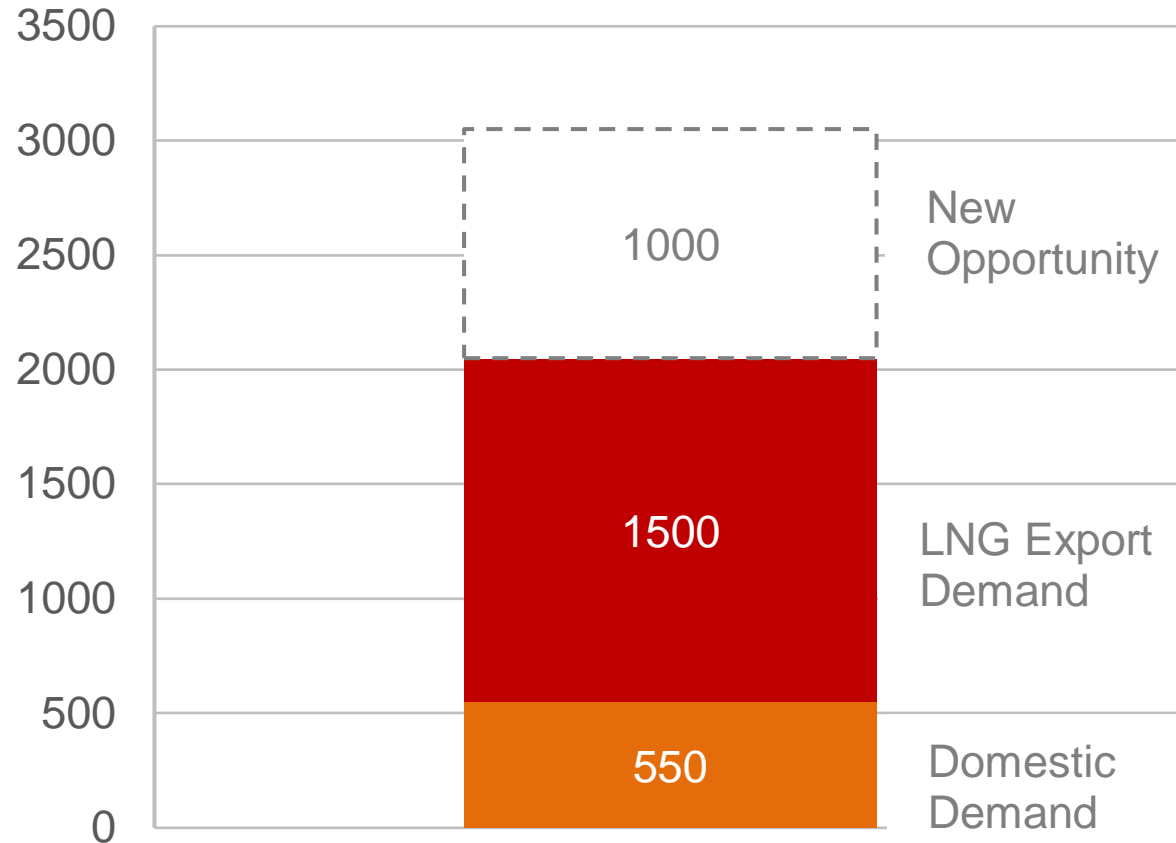
CORE  
ENERGY  
GROUP





# EA Gas Market | Longer Term

Figure: Projected Demand per Annum to 2055 | PJ



- There is an opportunity to roll over LNG contracts and to supply domestic market - totalling over 2,000 PJ for 20 years or over 30,000 PJ of reserves
- There is also an opportunity to develop new markets including coal replacements in power generation and transport fuel

CORE  
ENERGY  
GROUP



# Thank you

## **Core Energy Group**

Level 10, 81 Flinders St

Adelaide SA 5000

T:+61 8412 6400 | w:coreenergy.com.au

## **Paul Taliangis**

Chief Executive Officer

T:+61 8412 6401

E:pt@coreenergy.com.au

CORE  
ENERGY  
GROUP

