

27 November 2025

Dear Shareholder

Boosting gas supply is a priority for Australia's economic and energy security. The following extracts illustrate the critical nature of gas supply shortages.

The ACCC Gas Enquiry¹ update released in June 2025- key findings: -

- An efficient and well-functioning east coast gas market is critical to support Australia's long-term energy security
- The east coast has sufficient gas reserves and resources to meet projected domestic demand for at least the next decade. However, a combination of policy, technical and commercial factors over the past 15 years has impeded their development.
- Gas production is not being brought online fast enough to meet demand, and we now expect ongoing shortfalls in southern states as local reserves reach the end of their economic life. The market is now in the position of having to rely on uncontracted gas from Queensland and transporting it large distances across the east coast.
- The ACCC considers it critical to gas market efficiency and long-term energy security that underlying impediments to the development of domestic supply are addressed.
- Supply gaps are forecast to emerge from 2028, unless new gas supply is brought online.
- Governments can further support efficient and timely gas supply by addressing competition in upstream markets, regulatory barriers to investment, and developing a gas market system plan that confirms the role of gas during the energy transition and supports market led solutions to achieve energy sufficiency and security.
- The composition of projected supply remains a concern because substantial volumes of east coast gas production are forecast to come from projects in Queensland's Surat and Bowen basins, while supply from locally produced gas in the southern states' is in decline.

The ACCC reports the gas supply shortfall increasing to 2037 of approx. 300 PJ per year, which is more than double the entire consumption of NSW.

In a recent release² on the Australian east coast energy market gas supply made by the Australian Energy Producers key points were made by CEO Samantha McCulloch

“Natural gas will play an essential role in Australia’s energy mix to 2050 and beyond, but regulatory uncertainty, approval delays and policy interventions have delayed critical projects and damaged Australia’s reputation as a safe place to invest,” Ms McCulloch said.

“Australia has abundant gas resources and yet we are facing forecast gas shortfalls on the east coast from 2027 and from 2030 in Western Australia”.

“Without new gas projects, Australian households and businesses face higher energy prices, uncertain energy supply, and increased risk of blackouts that will hit every part of the economy. Addressing these risks should be a national priority.”

“Australia and our region’s economic growth and energy security needs reliable and affordable gas supply, and this requires continued investment in new gas exploration and development,” Ms McCulloch said.

“The Australian gas industry contributes \$105 billion a year to the Australian economy and supports 215,000 jobs. Natural gas provides around 40 per cent of the energy used by Australia’s manufacturing sector, and in WA gas provides more than half the energy used in mining and minerals processing”.

The Australian Energy Market Operator (AEMO) CEO has warned in a submission to a review of Australia’s grid reliability, that the increasing penetration of renewables in the last decade has increased the risk that it will not be able to restart the grid during daylight hours after a Spain type blackout - *“insufficient new investment in the technologies that could replace the grid-stabilizing role of coal in such situations, including synchronous condensers, grid-forming inverters and gas turbines that can spin without burning fuel.”*

In a keynote address to the Climate and Energy Summit³ in May 2025 the AEMO CEO stated

“- flexible gas-powered generation will remain the ultimate backstop in a high-renewable power system. Gas, alongside batteries and pumped hydro, will enable higher renewable contributions and support reliability as coal-fired power stations retire. And importantly, new gas-fired power stations can play an active role in system security even when no gas is being consumed.

This is because their heavy spinning generators – like those of coal and hydro – have benefits beyond generation. If designed and built with this functionality in mind, they can spin freely to keep the main power grid secure and resilient without burning fuel...

In order for gas to play its critical role as a back stop for reliability, there must also be enough gas in our domestic networks to meet demand.

Gas is still used as a fuel for heating, as a manufacturing feedstock, and as a fuel for generators. However, gas production is falling faster than demand in the southern states, reinforcing the need for investment in new gas supply”.

Yours Sincerely

David Breeze

Managing Director

1 <https://www.accc.gov.au/system/files/gas-inquiry-interim-june-2025.pdf>

2 Media Release Australian Energy Producers 26 February 2025

3 <https://www.aemo.com.au/newsroom/speeches-and-presentations/aemo-ceo-speech-at-ceda-climate-and-energy-summit>