

LOCKYER CONVENTIONAL GAS DEVELOPMENT

ECONOMIC BENEFITS STATEMENT

Introduction

The Lockyer Conventional Gas Development (**the Project**) is proposed to be developed by Mineral Resources Limited (MinRes), in the mid-west region of Western Australia, 25 km east of Dongara (**Figure 1**).

The Project involves the development of a central gas processing facility (CPF) sized for up to 250 TJ/day and associated infrastructure within petroleum exploration permit EP 368 (with potential to expand activities in Exploration Permit 426). The Lockyer gas field was discovered by MinRes in October 2021 and is subject to continuing exploration and appraisal activities. As this is a conventional gas development, no fracking is required.

A Development Application for the Project is submitted to the Western Australian Planning Commission for assessment and determination via the State Development Assessment Unit. As a Project aligned to the State Government's pathway to decarbonisation policies the economic, social, and environmental benefits of the Project are of State significance. The estimated initial project capex is \$850m, inclusive of the CPF, associated pipelines infrastructure, and gas production wells. Ongoing annual operating expenditure is estimated at \$36m/yr. The Project life is up to 20 years.

This document provides an overview of those benefits and significance of the Project to the State of Western Australia.

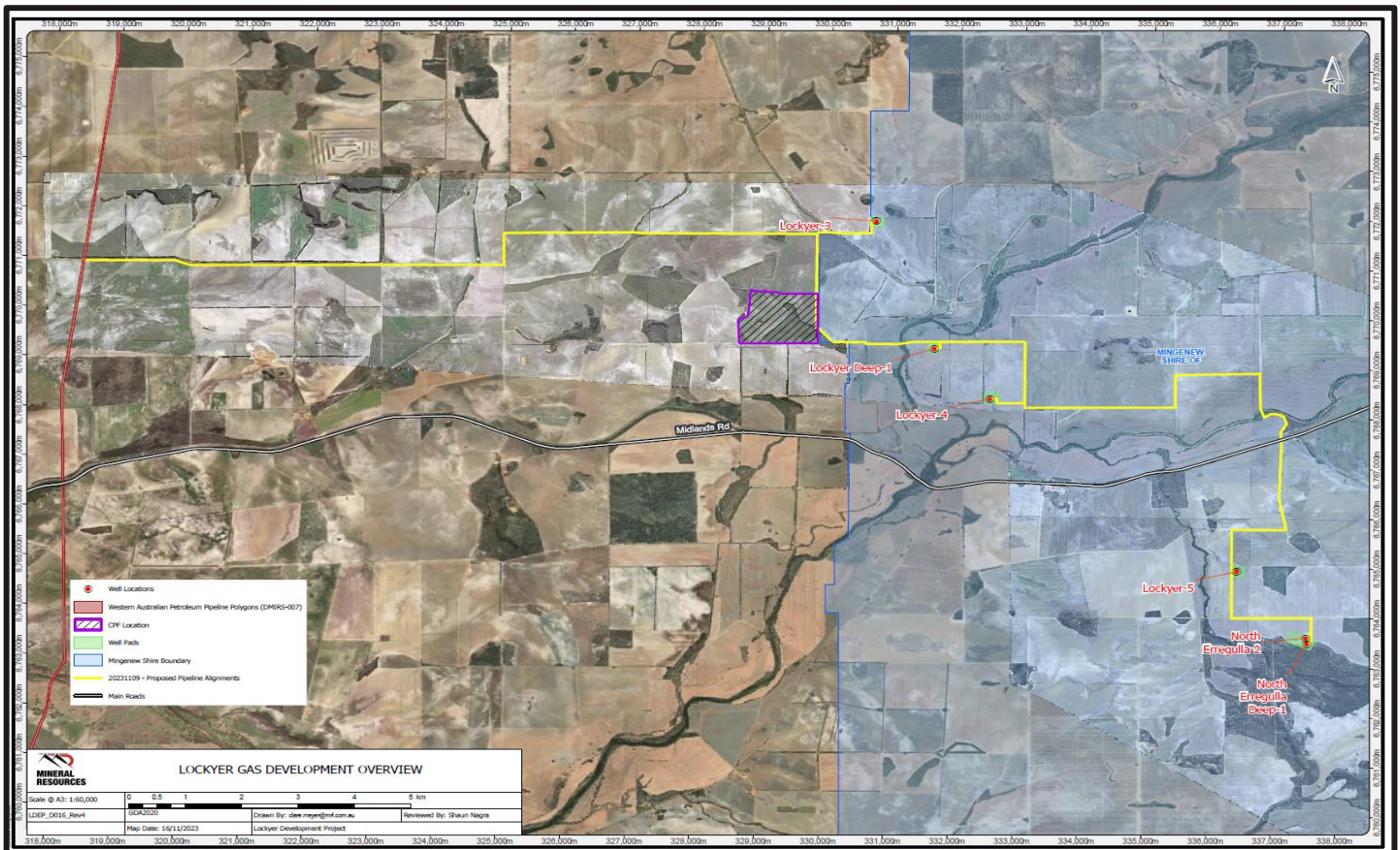


Figure 1: Lockyer Conventional Development Project Infrastructure Locations

TIMELINE FOR DEVELOPMENT

The Project is on an accelerated timeline to meet the forecast critical gas shortfall in the Western Australian market, enabling the delivery of gas by December 2025. A summary of the key project milestones is outlined in Table 1.

Table 1: Project Milestones

Milestone	Estimated Date
DA Approval	March 2024
Environmental Approvals	June 2024
Construction Commencement	July 2024 (linked to DA and Environmental Approvals)
Commissioning/First Gas	December 2025

Economic Benefits

The economic benefits of undertaking the Project include:

- Economic activity and job creation
- Reinforcement of State's domestic gas supply
- Other economic benefits:
 - o Royalties
 - o Downstream opportunities

ECONOMIC ACTIVITY – PROJECT DESIGN AND CONSTRUCTION

The estimated design, construction and commissioning capex for the Project is \$850M. The expected breakdown of this expenditure within WA, rest of Australia and internationally is shown in Table 2, below.

Table 2: Expenditure Breakdown

Infrastructure	Western Australia	Rest of Australia	International
Gas Processing Facility	\$243M	\$88M	\$131M
Pipelines	\$65M	\$7M	\$64M
Wells	\$110M	\$30M	\$60M
Supporting Infrastructure	\$47M	\$5M	\$0
TOTAL	\$465M	\$130M	\$255M

Expenditure within WA will include engineering and technical design, project management, construction and commissioning services, directly employed labour, and materials and equipment procurement. The expected distribution of expenditure within these categories is shown in Table 3, below.

Table 3: Distribution of Expenditure

Items	Western Australia
Services – Engineering & Design, Project Management, Construction and Commissioning	\$121M
Materials & Equipment	\$143M
Labour	\$201M
TOTAL	\$465M

Opportunities exist for local (Mid-West) companies to supply the Project, particularly during the construction and commissioning phases when on-site activity is at its peak.

ECONOMIC ACTIVITY – OPERATIONS PHASE

The Project will operate for up to 20 years. Operations expenditure will include all labour, materials, equipment and services required to operate, maintain, inspect and repair the facilities. MinRes will support local communities through a combination of direct employment of local personnel, use of local contractors and businesses to supply services and materials, and sponsorship of community groups and activities, consistent with MinRes' corporate programs across WA.

The expected annual operations expenditure within WA is shown in the table below. Potential spend within the Mid West is shown, with direct labour and transport services the largest categories by value. The rest of Australia and international spend is estimated at \$5.6M and \$4.3M respectively, comprising materials and equipment and specialist oilfield services not available within WA.

Table 4: Annual Operations Expenditure - WA

Items	WA (excl Mid West)	Mid West	Total WA
Engineering & Design Services	\$0.9M	\$0	\$0.9M
Labour	\$8.6M	\$2.0M	\$10.6M
Materials & Equipment	\$3.2M	\$0.1M	\$3.3M
Operations Services	\$7.0M	\$2.4M	\$9.4M
Other (insurances, leases, community)	\$1.0M	\$1.3M	\$2.3M
TOTAL	\$20.7M	\$5.8M	\$26.5M

JOB CREATION

From ~July 2024, the Project will employ up to 350 people during the development and construction phase through to commissioning. This development and construction phase will see the direct employment of designers, engineers, project managers, safety specialists and construction labour crews covering civil, structural, electrical, mechanical and telecommunications trades. The site-based workforce will be supported by transport, catering and accommodation services personnel.

Indirect employment in WA will be supported by the procurement, fabrication and services contracts required to support the construction and commissioning activities and ongoing operations.

Local contractors will be used where available and are expected to be particularly suitable for the Operations phase services, expected to occur for a period of up to 20 years. The extended operating period will support sustainable business development in the region.

Once commissioned and the facility is operating, approximately 40 full-time site based operational staff will be employed. Suitably qualified local residents will be preferred for employment.

The direct jobs created as a result of undertaking the Project are summarised in Table 5.

Table 5: Direct Job Creation

Phase	Direction Job Creation		
	Jobs	Est Man Hours (WA)	FTE
Construction (~18 months)	Designers	1,200,000	340 (assumes an average of 45 hour weeks and 18 month construction phase)
	Engineers		
	Project Managers		
	Construction Jobs – Labour and Supervision		
	Construction Camp Staff		
Operations (Up to 20 years)	Site Based Operations & Maintenance Personnel (typ. Trade Qualified)	30	
	Hospitality (site based)	6	
	Administration & Logistics (including Condensate transport)	10	
	Engineers, Managers & non-site based support staff	10	

WESTERN AUSTRALIA GAS SUPPLY

The Project will produce gas for sale into the WA domestic gas market and processing to LNG for export and sale internationally through to 2030, after which, all gas produced will be available for domestic use. The gas will be processed at the CPF to meet the Dampier to Bunbury Natural Gas Pipeline (DBNGP) specification then transported via the gas export pipeline to the DBNGP for transport within WA.

The WA domestic gas market is facing a tight supply and demand balance between 2023 and 2029. Demand is forecast to continue to grow with natural gas having an increasingly critical role in maintaining energy security as WA reduces reliance on coal and diesel, and in supporting the transition to more renewable sources of energy as a reliable and flexible stabiliser for the electricity grid (the South West Interconnected System, SWIS). Gas demand is expected to increase significantly from 2028 due to the WA Government plan to permanently retire the Collie and Muja D coal fired power generation. New gas fired generation and more importantly additional gas supply will be needed to fill the forecast shortfall in 2029 and beyond.

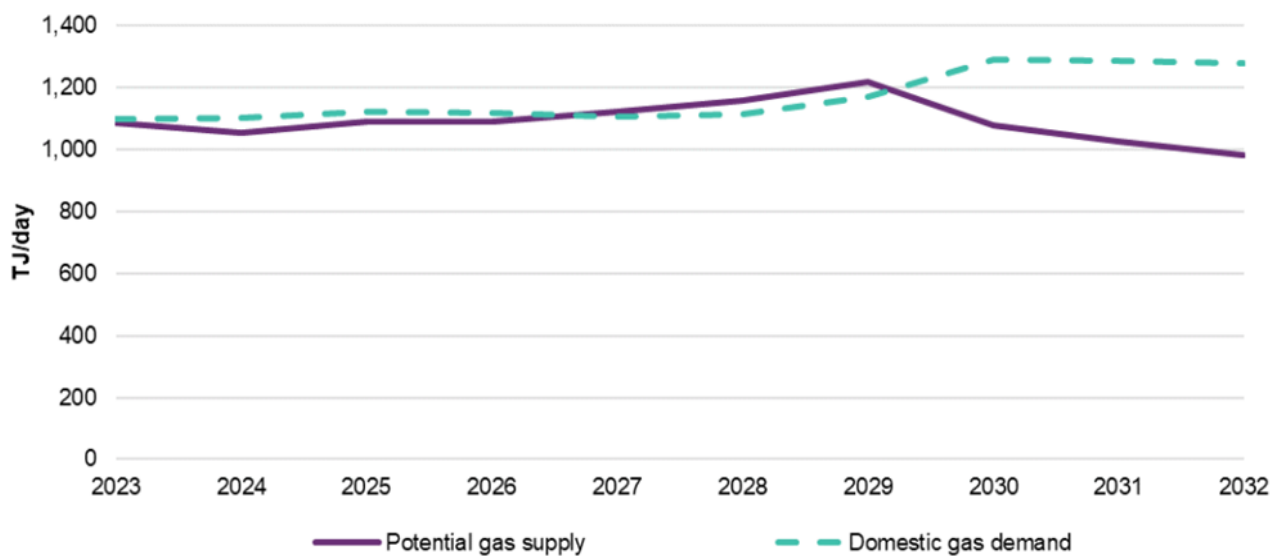


Figure 2: Base Scenario WA gas market balance, 2023 to 2032

OTHER ECONOMIC AND PUBLIC BENEFITS

The direct and indirect flow on effect of MinRes capital investment in the Project will result in several other economic, social and environmental benefits to the State, as detailed below:

▶ Royalties

The Project will result in approximately \$820m¹ of royalties to the State of Western Australia over the life of asset.

▶ Decarbonisation and Energy Security

The Project aligns with the State Government's low carbon transition policies, priority themes and key initiatives including transformation of energy generation and use. As detailed under the WA Government's Low Carbon Transition, the decarbonisation of industry requires innovation and mechanisms to de-risk future investment and secure energy sources. The Project is one such measures facilitating the move to net zero emissions through the adoption of alternative energy sources and improving the efficiency of process.

▶ Reduced gas costs to consumers

It is anticipated that additional supply to the Western Australian domestic gas market will have a downward impact on cost of living pressures for the Western Australian community associated with energy supply.

▶ Local Community and Downstream Opportunities

It is envisaged that the reinforcement of the domestic gas market and security in energy supply will indirectly support further expansion of industry and manufacturing both within the surrounding local communities, the mid-West and broader State.

Project Readiness

Engineering design work for the Project commenced in Q1 2023. The Project is currently undertaking Front End Engineering Design, with detailed design and procurement of equipment and materials expected to commence in Q1 2024. Project construction planning has commenced, including engagement with local and WA government authorities and relevant private third party infrastructure owners. Applications to support the required Environmental regulatory approvals are planned to be submitted in early Q1 2024.

It is the intention of MinRes to commence execution of the Project immediately upon obtaining approval from the Western Australian Planning Commission and the required environmental approvals.

FINANCIAL & TECHNICAL FEASIBILITY

A series of financial and technical feasibility studies have been commissioned by MinRes to assess the viability of the project during both the construction and operations phases.

MinRes will use its existing project execution capability, including construction capability to support on time delivery of the scope.

PROJECT FUNDING

The project is fully funded by MinRes.

¹ Royalties are estimated assuming a gas price of \$10/GJ over the life of the asset. Variations in the gas price and the ultimate recovery from the field will impact royalties.

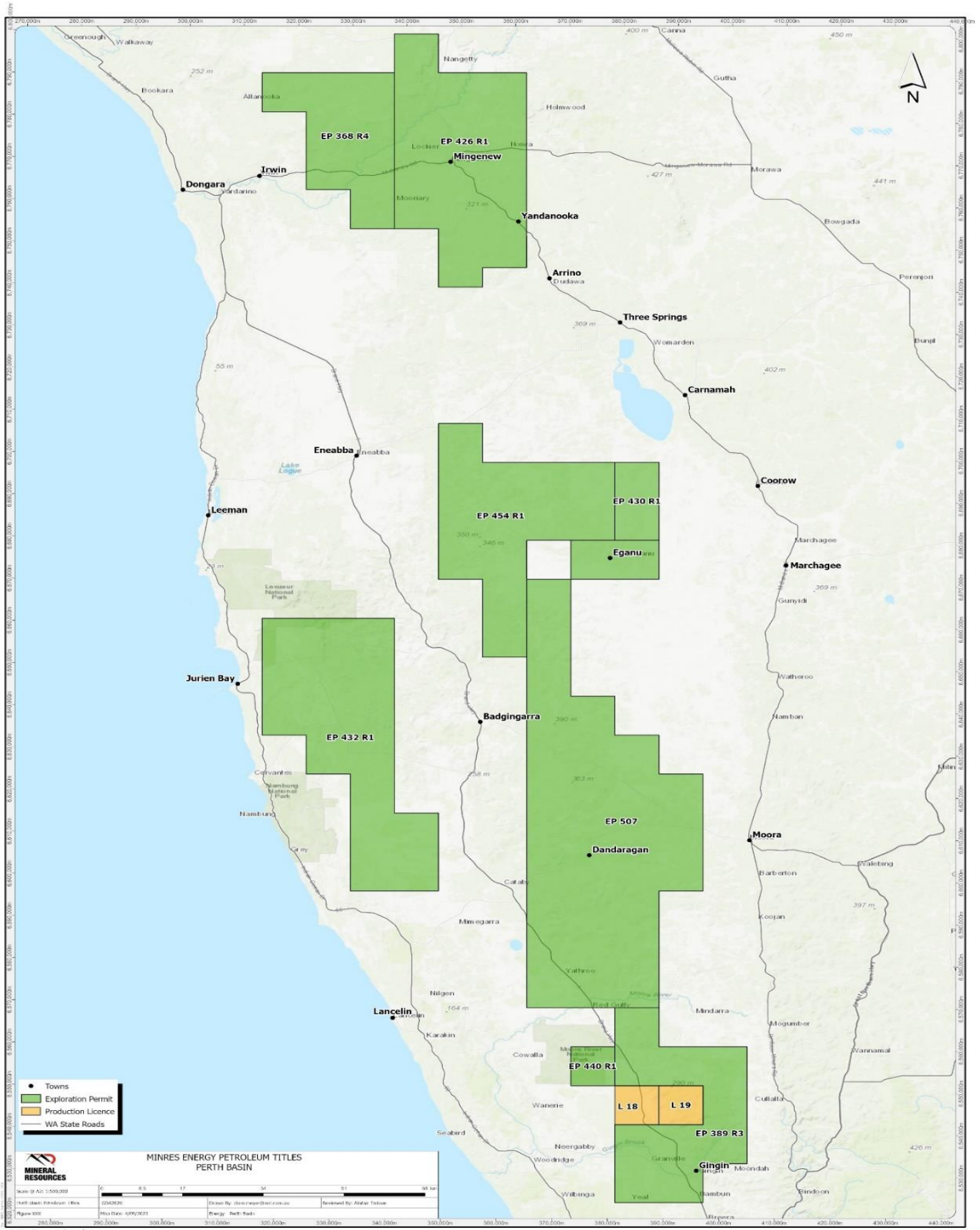


Figure 3: Perth Basin Exploration Permits and Production Licences