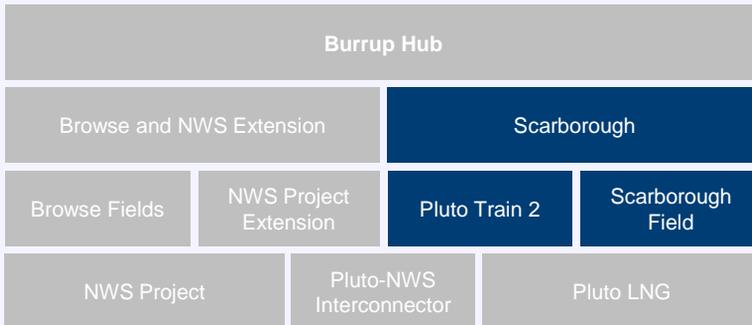


Proposed Development of Scarborough

ECONOMIC IMPACT ASSESSMENT
JUNE 2019

DEVELOPMENT MAP



DEVELOPMENT OVERVIEW

Woodside Energy Ltd (Woodside) as Operator on behalf of the Scarborough Joint Venture is proposing to develop the Scarborough gas resource located offshore in the Carnarvon Basin, approximately 375 km west-north-west of the Burrup Peninsula in Western Australia. This resource is estimated to contain 7.3 trillion cubic feet (100% 2C) of gas. The 1.4 trillion cubic feet Thebe and 0.5 trillion cubic feet Jupiter (100%, 2C) gas fields provide opportunities for future tie-backs to Scarborough infrastructure.

Woodside is proposing to develop the Scarborough gas resource through new offshore facilities connected by an approximately 430 km pipeline to a proposed brownfield expansion of the existing Pluto LNG onshore facility. The expansion of the Pluto LNG facility will be through the construction of a second gas processing train, which is expected to have a capacity of about 5 million tonnes per annum. The proposed Scarborough development will initially include seven subsea, high-rate gas wells tied back to a semi-submersible floating production unit (FPU) moored in 900 metres of water close to the Scarborough field.

This summary report has been independently prepared by ACIL Allen for Woodside to provide a high level overview of the estimated direct and indirect economic impacts of the proposed Scarborough development on the Australia and Western Australian economies, and the regional economy of the City of Karratha, over the life of the project. The results represent the incremental economic impacts over and above current production levels from the Pluto LNG project.

ESTIMATED DEVELOPMENT PRODUCTION



LNG: 1,005 MMBOE

Average annual LNG production is equivalent to over 10% of WA's projected LNG exports



Domestic gas: 151 MMBOE

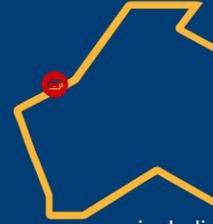
Average annual domestic gas production is enough to generate electricity to power over 380,000 WA homes each year from the proposed Project



Direct contribution

The proposed Scarborough development (during construction and over its productive life) is expected to result in a significant **direct** contribution to the Australian economy through capital and operational spending, employment, taxation payments, and exports. The majority of these direct impacts will be realised in Western Australia including in the Pilbara region. A summary of the **direct** impacts of the proposed development are set out below.

Capital expenditure of **\$15.8 billion** in Western Australia between **2019-2051**



...including **\$70 million** in Karratha

Peak construction workforce of almost **3,200 jobs** in 2022



...or on average **350 jobs** per annum between 2019 and 2051

Almost **600 operations jobs** will be created or sustained on average during operations



...including almost **230 jobs** in the Karratha region during operations

\$348 million of annual average operational expenditure in Western Australia



Over **\$19 billion** in total taxation payments estimated to be directly paid as a result of the proposed development



Proposed capital expenditure from the proposed Scarborough development is equivalent to the construction costs of 10 Optus Stadiums



x10

Businesses in **Karratha** will on average benefit from over **\$51 million per annum** of direct localised spending required to operate the Scarborough Development



The annual average operational spend of the proposed development is equivalent to the average annual retail spending of 27,000 Western Australian residents each year



27,000

Economic impacts

The proposed Scarborough development is expected to deliver significant long term benefits across Australia over the life of the project. The estimated economic impact of the development is presented below in the form of the **direct and indirect** impacts to incomes, output, and full time equivalent (FTE) jobs at a regional, state and national level, as well as the estimated direct and indirect tax payments generated as a result of the development. It is estimated the development will...

Boost the Gross Domestic Product of Australia by
\$125 billion
between 2019-2063



Equivalent to half of the total output produced by the Western Australian economy in 2017-18

...of which **98% will be** in Western Australia

Increase the real incomes of Australian residents by
\$121 billion
between 2019-2063



The boost to national income is equal to the 1.1 times incomes earned by WA residents in 2017-18

...of which **\$6.5 billion** will be retained in Karratha

Create an average of almost
1,300 jobs
per annum nationally between 2019-2063



Equivalent to the employment created by more than 210 new small businesses each year

...with over **550 jobs** located in Karratha

Generate direct taxation and royalty payments to the Commonwealth and State Governments of

\$19 billion

between 2019-2063, and indirect taxation payments of

\$14 billion



Average annual tax payments of \$751 million could construct almost 48 km of national highway every year between 2019-2063



Image courtesy of Woodside

Assumptions

The economic impact assessment has been undertaken on the assumption that joint venture and regulatory approvals are obtained and commercial agreements finalised.

The study period for the economic impact assessment is 2019-2063.

All results presented are for the total share of the development and therefore include the Woodside share as well as joint venture share. Only the Woodside operated assets are included in this report.

All values are reported in real Australian dollars (2018). Production values are reported in millions of barrels of oil equivalent (MMBOE).

All estimated construction and operation spending data for each proposed development has been supplied by Woodside and publicly available information. Capital expenditure includes initial construction costs, ongoing capital costs and end of life abandonment costs.

A flat \$86.66 (USD\$65) per barrel price for oil has been assumed, with prices for LNG, LPG and Condensate benchmarked to this.

Reported direct taxation and royalty payments paid by Woodside and its joint venture participants include all Company Taxation, Petroleum Resources Rent Taxation (PRRT), Payroll Taxation, development specific royalty payments, Condensate Excise, and carbon payments.

Methodology

Economic impacts have been estimated using ACIL Allen's proprietary computable general equilibrium model *Tasman Global*.

Economic impacts include the direct and indirect (or flow on) impacts of each proposed development / project by Woodside and its relevant joint venture participants. The indirect impact is a result of changes in demand in other industries from the initial impact created from the construction and operation of the developments. Economic impacts are reported in terms of:

Gross product or real economic output

A measure of the size of an economy or the output generated by an economy over a period of time.

Real income

A measure of the welfare of residents in an economy through their ability to purchase goods and services and to accumulate wealth.

Real employment (jobs)

The number of net full time equivalent job years created as a result of a project. Real employment creation is the direct and indirect (flow on) employment as a result of a project. Real employment is measured in full time equivalent (FTE) job years which is equivalent to the employment of one person on a full time basis for one year.

Total taxation

The direct taxation paid by the development as well as the indirect taxation created as a result of additional economic activity resulting from the development.

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