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Australian Securities Exchange
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

ASX / MEDIA RELEASE

PEP 11 - New South Wales Legislation

BPH Energy (“BPH”) refers to legislation Environmental Planning and Assessment Amendment (Sea Bed Mining and Exploration) Bill currently before the New South Wales (NSW) State Parliament. Until the proposed Legislation actually becomes NSW law and has been reviewed by our legal advisers BPH is unable to provide any detailed comment except to say:-

PEP 11 – NSW Jurisdiction

1. The State of NSW and the NSW Government only have jurisdiction and the power to control exploration and extraction in coastal waters up to 3 nautical miles (4.83 km) offshore from the NSW coast. PEP 11 is beyond that 3 nautical mile limit and all such matters touching PEP 11 are under the jurisdiction of the Commonwealth of Australia (ie the Australian Government). Gas exploration operations including safety and environment are controlled by NOPSEMA ⁽¹⁾ a Commonwealth of Australia authority.
2. The registered holders of PEP 11, including Bounty Oil & Gas NL (ASX:BUY), and the operator, Advent Energy (through Asset Energy Pty Ltd) are aware of the legislation and should it be enacted the titleholders will consider, if necessary, challenging the validity of the Bill under s 109 of the Commonwealth Constitution which provides: “When a law of a State is inconsistent with a law of the Commonwealth, the latter shall prevail, and the former shall, to the extent of the inconsistency, be invalid”.
3. The holders of PEP 11 intend to pursue gas exploration (by drilling around 26 km offshore) well beyond the limit of NSW coastal waters. No “mining” or pipeline construction is proposed.
4. Bounty and BPH fully support protecting the coastal and offshore marine environment and note that in respect of PEP 11 any activity undertaken in the permit area would require specific approval of the independent regulator NOPSEMA.

Extension and Variation Applications for PEP 11 Permit to Enable Drilling of Seablue 1 Gas Well at Baleen

In *Asset Energy -v- Commonwealth Minister for Resources* (Federal Court of Australia) 14 February 2023 the NSW State Government (as a member of the Joint Authority) was a Defendant and submitted to Orders directing them and the Commonwealth Minister to determine the PEP 11 extension et al applications according to law

While the applications for the variation and suspension of work program conditions and related extension of PEP-11 are being considered, Asset is continuing to investigate the availability of a mobile offshore drilling unit to drill the proposed Seablue-1 well on the Baleen prospect and is in communication with drilling contractors and other operators who have recently contracted rigs for work in the Australian offshore beginning in the first half of 2024. Further updates will be provided to ASX.

PEP 11 continues in force under the *Offshore Petroleum and Greenhouse Gas Storage Act 2006 (the Act) (Cth)* and the Joint Venture is in compliance with the contractual terms of PEP 11 with respect to such matters as reporting, payment of rents and the various provisions of the Act.

The Importance of New Gas Projects and Gas Supply

Asset and its Joint Venture partner Bounty Oil & Gas NL (ASX: BUY) have continued to monitor gas market demand.

The analysis contained in the AEMO (Australian Energy Market Operator) report ‘Gas Statement of Opportunities’² (GSOO) has made a number of key findings.

- Despite increased production commitments from the gas industry since the 2022 GSOO, gas supply in southern Australia is declining faster than projected demand.
- As Australia transforms to meet a net zero emissions future, gas will continue to complement zero emissions and renewable forms of energy, and to provide a reliable and dispatchable form of electricity generation.
- The 2023 GSOO highlights continued risks of short-term gas supply shortfalls and long-term gas supply gaps arising from reducing production from southern Australia.
- In particular, the risk of peak day shortfalls continues to be forecast under very high demand conditions in the southern states from winter 2023.
- Short-term critical gas adequacy conditions include:
 - Extreme weather conditions across southern regions that drive high coincident peak demand for gas consumption may lead to gas shortfalls, particularly if combined with high gas generation (if alternative electricity generation resources are unavailable).
 - Peak day gas shortfall risks would increase if committed infrastructure developments to reduce transmission constraints were not delivered to schedule.

The GSOO report confirms:

- Production (from existing sources) is projected to decline significantly with much of the decline occurring in the Gippsland Basin (Victoria).
- New sources of gas supply will be needed.

Future Gas Strategy submissions (DISR)³

The Australian Government's Future Gas Strategy consultation closed on 27 November 2023, with submissions now available on the Department of Industry, Science and Resources (DISR) [website](#). As outlined by DISR⁽³⁾, the Future Gas Strategy aims to “provide a medium (to 2035) and long-term (to 2050) plan for gas production and consumption in Australia”.

Almost 300 submissions were made from a range of stakeholders, including industry, peak bodies, civil society, individuals and government. Submissions were provided by key gas and energy producers as well as a range of energy-intensive industries that rely on gas - including cement, aluminium and steel.

Across the submissions, there appears to be a trend that respondents— either producers or users of energy and gas – recognised the ongoing important role gas will play in providing secure, affordable energy on the road to net zero, including as a complement to renewable energy deployment.

Abbreviations / References:

1. NOPSEMA: National Offshore Petroleum and Safety Authority
2. Future Gas Strategy: consultation paper - Consult hub (industry.gov.au)
DISR: Department of Science Industry and Resources (Cth)
3. GSOO <https://aemo.com.au/en/energy-systems/gas/gas-forecasting-and-planning/gas-statement-of-opportunities-gsoo>

David Breeze (Director) authorised the release of this announcement to the market.

David Breeze
Executive Director