

14 February 2024

PEP 11 – NEW SOUTH WALES LEGISLATION

MEC Resources Ltd (ASX: MMR, ACN 113 900 020) (“**MEC**” or “the **Company**”) refers to the attached ASX announcement in relation to PEP 11 released to market by both Bounty Oil & Gas NL (ASX:BUY) and BPH Energy Limited (ASX:BPH).

MEC’s investee company Advent Energy Limited’s (MEC 38.27% direct interest) 100% subsidiary Asset Energy Pty Ltd is a participant in the PEP 11 Joint Venture with partner Bounty Oil and Gas NL (ASX:BUY).

The PEP11 interests are:

- Advent Energy 85 %
- Bounty Oil and Gas NL 15%

This announcement has been approved by the MEC managing director David Breeze.

David Breeze
Managing
Director
MEC Resources Ltd



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ASX / MEDIA RELEASE

PEP 11 - New South Wales Legislation

Bounty Oil & Gas NL (“Bounty”) refers to the media release “***NSW introduces legislation to protect coastal waters from offshore drilling and mining***” issued by several New South Wales (NSW) State Government Ministers on 6 February 2024 (the media release). A copy of the media release is attached. Until the proposed Legislation actually becomes NSW law and has been reviewed by our legal advisers Bounty 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 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” is proposed (see Media Release).
3. 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

4. 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 agreed 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

Future Gas Strategy submissions (DISR)²

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⁽²⁾, 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.

Gas user submissions

Notable submissions from Australian gas users included:

Australian Chamber of Commerce and Industry | “Gas will continue to be required to support the electricity network and commercial and industrial gas-reliant businesses over the next thirty years and beyond.”

Australian Aluminium Council “The Australian domestic gas market needs additional diversity of supply to meet current and future needs until at least 2050.”

Cement Industry Federation | “Natural gas is a critical fuel source for domestic cement manufacturing.”

BlueScope Steel | “BlueScope requires 24/7 power supply and gas firming will feature in its energy mix going forward.”

Australian Energy Council “The East Coast Gas Market (ECGM) needs continuing development of new sources of gas supply.”

Australian Steel Institute “Government policy needs to act to ensure there is sufficient availability of natural gas such that there is a competitive market and commensurately affordable pricing that doesn't disadvantage local competitors relative to international competition. The feedback from ASI members is that there is insufficient competition amongst suppliers to the domestic market, due to lack of volume available for domestic consumption.”

Energy Australia

“Without significant investment in new supply, we also face the risk of gas shortfalls on the east coast within a few years. Growing supply scarcity will put upward pressure on gas prices well before customers experience actual shortfalls.”

Energy Users' Association of Australia

“Government needs to increase gas supply, through expanded and new supply.”

Business NSW

“Business NSW has long been concerned that decisions about gas supply, particularly in NSW and Victoria, have become detached from understanding of gas demand, leaving the potential for shortfalls and price rises from the middle of this decade.

For businesses for whom gas is a major input factor, there are significant risks of both physical supply interruptions (in the worst-case scenarios), and of gas becoming prohibitively expensive for gas intensive businesses to be able to maintain operations in NSW.”

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)

Bounty is an Australian ASX listed oil producer and explorer (ASX Code: BUY) with gross oil revenue of A\$ 2.2 million pa Its core petroleum production and exploration assets are located in the Cooper/Eromanga Basins and in the Surat Basin in Queensland. Its growth assets are spread over a number of high impact projects in Australia where it is exploring for oil and gas. In Australia it holds a 15% direct interest in PEP 11 offshore Sydney Basin and Bounty also holds potentially high impact oil exploration interests in Western Australia.

For further information on Bounty, please contact:

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NSW GOVERNMENT MEDIA RELEASE

NSW introduces legislation to protect coastal waters from offshore drilling and mining

Tuesday, 6 February 2024

In a major step to protect NSW waters from environmental damage, the NSW Government has given notice to introduce legislation that will prohibit sea bed petroleum and mineral exploration and recovery in NSW coastal waters.

The Bill will legislatively implement the Offshore Exploration and Mining Policy that was published in February 2022.

The legislation aims to give our communities certainty and reaffirms the NSW Government's long held position of not supporting offshore mineral, coal or petroleum exploration or mining for commercial purposes in or adjacent to NSW coastal waters.

The NSW Government's Bill is designed to prevent the severe environmental impacts that can result from offshore exploration and recovery of petroleum and minerals.

Offshore recovery also carries the risk of major environmental disasters like oil spills and potential climate change impacts, such as greenhouse gas emissions associated with petroleum extraction.

No other States or Territories have acted so comprehensively to prohibit all offshore petroleum mining and exploration in state waters. Only the Northern Territory, in 2021, has prohibited sea bed mineral mining across that jurisdiction.

The Bill will amend the Environmental Planning and Assessment Act 1979 to prohibit:

- a) sea bed petroleum and mineral exploration and recovery in NSW coastal waters; and
- b) other development within the State for the purposes of sea bed petroleum and mineral exploration and recovery anywhere.

The prohibitions of the Bill do not extend to activities which may benefit the environment such as the recovery of sand for beach nourishment or beach scraping which are undertaken to help protect coastal areas from erosion.

Certain dredging activities could also continue, for example, to increase the depth of anchorages, remove sediments or pollutants, lay pipelines or submarine cables.

Minister for Climate Change and the Environment Penny Sharpe said:

"We know an overwhelming majority of people in NSW do not support offshore mining. The passage of this Bill will give certainty that our government is prioritising environmental protection and our own local interests.

“This Bill is a sensible amendment to our legislation to protect NSW against the risks of offshore mining.”

Minister for the Central Coast, David Harris said:

“This is about providing communities with certainty that is in the best interest of NSW as well as protecting the NSW coastal waters and marine environments.

“This is something our communities have long campaigned for and it is great to see it come to fruition.”

MEDIA:

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