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ASCALON RETENTION LEASE APPLICATIONS

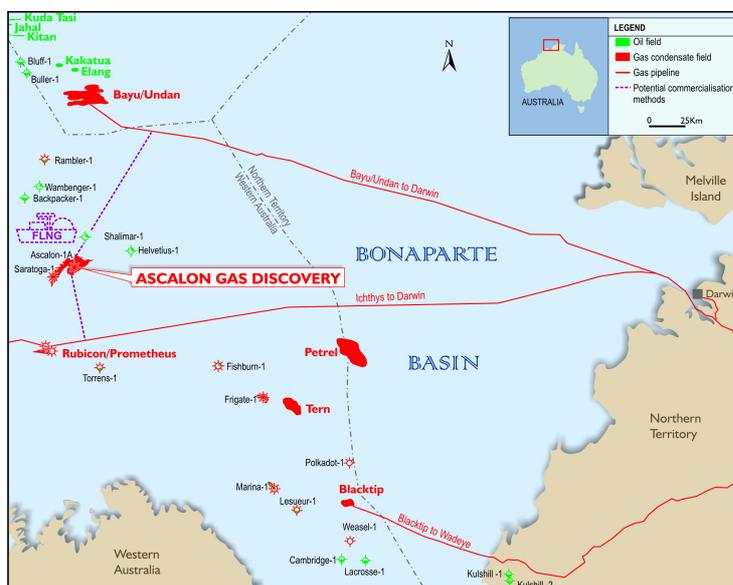
Octanex Limited (**ASX Code: OXX (Octanex)**) advises that it has today been notified by the National Offshore Petroleum Titles Administrator (NOPTA) that the Commonwealth-Western Australia' Offshore Petroleum Joint Authority (JA) is not prepared to grant Petroleum Retention Leases in respect to the Ascalon gas discovery. The Ascalon gas discovery is the subject of two Locations granted by the JA, one in WA-407-P and one in WA-420-P.

The legislative grounds for grant of a Retention Lease are provided at section 142 of the Offshore Petroleum and Greenhouse Gas Storage Act 2006 and require the satisfaction of three criteria:

- (1) The application areas contain petroleum;
- (2) The recovery of petroleum from the application areas is not presently commercially viable; and
- (3) The recovery of petroleum from the application areas is likely to become commercially viable within 15 years

Octanex has been advised that "The Joint Authority is of the view that the commerciality criteria in section 142 of the Act have not been met in relation to the Ascalon Location, on the grounds that the Ascalon Location is unlikely to become commercially viable within the next 15 years." No reason has been given for this view. Octanex had previously submitted a comprehensive assessment of viability with its applications. This assessment was underpinned by Ascalon's size (3.2TCF P50 Contingent Resources), location (proximity to two pipelines – refer diagram below), gas composition (low CO₂ content) and Australia's predicted domestic gas shortage and forecast global LNG demand.

Octanex is seeking to clarify the decision with the JA.



Location of Ascalon Gas Discovery - Proximity to Gas Infrastructure

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