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28/05/2021

**Submission on proposed changes to the oil and gas reporting requirements in Chapter 5 of the ASX Listing Rules to reflect recent changes to the SPE-PRMS.**

Dear Kevin,

While in general agreement with all the proposed ASX listing rule changes ASX, Molyneux Advisors challenge the new rule Rule 5.28.3 that states imposing *“the same prohibition on the disclosure of a mean estimate of prospective resources as is imposed in relation to petroleum reserves and contingent resources in rules 5.26.6 and 5.27.2”*.

This is because of the fundamental difference in how risk and uncertainty is treated for undiscovered compared to discovered resources. We believe that a more representative estimate for prospective resources is to use a mean (Chance or Probability of Success multiplied by Mean Success Volume) given that when estimating prospective resources a mean is more appropriate when comparing prospects carrying different risks and different potential rewards (Demirmen, F., Journal of Petroleum Technology 2007, SPE Distinguished Author Series “Reserves Estimation: The Challenge for the Industry”).

It is realised if a discovery is successful that the associated volume estimate is likely to drop when its mean is compared to P50 but that is acceptable, given this is now a discovered (Contingent) resource (see Figure 2., F. Demirmen, 2007). Also worthy of note is that the UK Government’s Oil and Gas Authority (who regulates and is accountable for state exploration & development decisions and approvals) report Prospective Resources as a Mean volume estimate (and Contingent Resources and Reserves as a P50 estimate). This can be seen in UK Oil & Gas Authority publications such as: UK Oil and Gas Reserves and Resources as at end 2019 <https://www.ogauthority.co.uk/news-publications/publications/2020/uk-oil-and-gas-reserves-and-resources-as-at-end-2019/>.

If the ASX have any questions about this submission please direct them to [simon.molyneux@molyneuxadvisors.com](mailto:simon.molyneux@molyneuxadvisors.com) or call +61 418 349 672.

Sincerely,



Simon Molyneux

**Managing Director.**

Molyneux Advisors Pty Ltd