



25 September 2019

ASX Market Announcements

INSTRUCTIONS TO LODGE FINANCIAL CLAIM OF EUROS 34.6 MILLION IN THE TRIBUNAL IN FRANCE

Gas2Grid Limited (ASX:GGX) advises that it has today instructed its French lawyers to lodge a €34.6 million (Euro) (approximately A\$55 million at current exchange rate) claim for compensation in the French tribunal against the French Government. This claim is in respect to the damages caused by the French Government in unlawfully refusing to renew the St Griede conventional hydrocarbon exploration permit in accordance with the prevailing mining law.

In July 2019, Gas2Grid Limited submitted a financial claim with the French Ministers. The French Ministers have not responded despite having been given 2 months. The Company is therefore pursuing the matter in the tribunal. While the Company believes it has a good chance of success, based on legal advice, the outcome of this claim is not known at this time.

Background

The St Griede permit in which the Company had 100% interest and located within the Aquitaine Basin in France was due for its first renewal in May 2013 after an initial 5 year term. With the terms and conditions of the work and expenditure commitments having been met for the first 5 year term, a renewal application for a second 5 year term was submitted in January 2013 in order to continue the work program towards the drilling of a well. Normally, a first renewal is expected as a matter of course if the initial commitments have been met. In September 2015 the French Government unlawfully decided not to grant the renewal.

Following an action in the Tribunal in Pau in November 2015, a judgement was handed down in early November 2016 fully supporting the Company by annulling the decision of the French Ministers made in September 2015 in refusing to grant renewal of St Griede permit. The Tribunal also instructed the Ministers to grant, within 30 days, a 5 year extension to the St Griede permit commencing from 3rd November 2016. The Tribunal also ruled for a financial penalty on the French Government of €3,000 for each day after 3rd December 2016 that the grant of the permit extension is delayed. Subsequently, the Tribunal imposed on the French Government penalties and costs totalling €414,400 (approximately A\$626,550) that were paid to the Company in 2018.

On 3rd January 2017, the French Government lodged an appeal at the Appeal Court of Bordeaux against the November 2016 decision of the Tribunal. On 23rd December 2017 the French Government issued a decree extending the St. Griede licence up until 31st May 2018. This extension was not in accordance with the November 2016 court directions and it provided the Company with only 5 months in which to complete a 5 year work program that was proposed on the application for renewal of the permit in 2013.

The Appeal Court of Bordeaux handed down its decision on 5th March 2019 following the hearing held on 5th February 2019 with respect to the appeal lodged on 3rd January 2017 by the French Government against the Tribunal's November 2016 decision relating to the renewal of the St Griede permit.

The Appeal Court handed down its decision as follows:

1. Annulment of the section of the judgment of November 2016 handed down by the Tribunal whereby the Ministers were directed to grant an extension of the St Griede permit for 5 years from the date of that judgement.
2. The Ministers are urged to reconsider the request for an extension of the St Griede permit for a second 5 year period and to make a new decision within 2 months of the judgment of the Appeal Court.
3. A penalty of €1,000 per day of delay for non-compliance by the Ministers to the period fixed by the present judgement.
4. The Government to pay €2,000 to Gas2Grid Limited for costs.

The unlawful resistance over the last 6 years of the French Ministers to renew the St Griede permit, the introduction of new laws that will shut down the petroleum exploration and production industry in France by 2040 and the capital market's perception of the significant sovereign risk created in France for oil and gas explorers compelled the Company to renounce its rights for the renewal of the permit in April 2019. The French sovereign risk discourages investors to fund any of the Company's potential oil and gas operations in France. The Company's success to date in its legal actions conducted in the Tribunal and Appeal Court dictates that the Company should pursue further its legal rights in France.

Dennis Morton - Managing Director

Patrick Sam Yue – Executive Director

Telephone +612 9241 1927
Email: office@gas2grid.com