



6th September, 2022

ASX Market Announcements

UPDATE ON LEGAL PROCEEDINGS IN FRANCE

Dispute on the penalty paid to Gas2Grid Limited by the French Government in 2018

In August 2018, the French Government paid Gas2Grid Limited (“Company”) €383,500 in penalties imposed by the Pau Tribunal in France in a judgement handed down on 5th July 2018. The penalties were in respect of delays by the French Government to grant a 5 year extension to the St Griede permit commencing from 3rd November 2016 as decided by the Pau Tribunal in November 2016.

The French Government after having paid the penalties lodged an appeal with the Court of Appeal of Bordeaux in September 2018 against the Pau Tribunal judgement of 5th July 2018. The Court of Appeal held a hearing on 17th November 2020 (not notified to the Company) and handed its decision on 15th December 2020 annulling the Pau Tribunal judgement of 5th July 2018.

In June 2021, the Company’s French Lawyers lodged an appeal with the Conseil d’état of France (i.e., High Court) against the decision of the Court of Appeal of Bordeaux .

Last night Gas2Grid Limited has been informed by its lawyers in Paris that the Conseil d’état of France under its preliminary procedures has declined to admit the Company’s appeal for a full hearing. The Company’s lawyers in France are advising on further action that can be undertaken by the Company to protect its rights.

While the Company believes it may have a chance of success, based on legal advice, the outcome and timing for determination of the various legal proceedings are uncertain.

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 Pau Tribunal in November 2015, a judgement was handed down in early November 2016 fully supporting the Company by annulling the September 2015 decision of the French Ministers refusing to grant renewal of the 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, following an action by the Company, in a judgement dated 5th July 2018 the Pau Tribunal imposed on the French Government penalties €383,500 and costs for their delays in implementing the November 2016 judgement. The penalties were paid to the Company in August 2018.

On 3rd January 2017, the French Government lodged an appeal at the Appeal Court of Bordeaux against the early November 2016 decision of the Tribunal. While the appeal was on foot, 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 Court of Appeal of Bordeaux handed down its decision on 5th March 2019 as follows:

- 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.
- 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.
- A penalty of €1,000 per day of delay for non-compliance by the Ministers to the period fixed by the present judgement.
- The Government to pay €2,000 to Gas2Grid Limited for costs.

The resistance during 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.

In early January 2020, the Company lodged at the Pau Tribunal, France, a claim of €34.35 million (approximately A\$50 million at current exchange rate) for compensation against the French Government. This claim is in respect to the damages caused by the French Government in refusing, unlawfully as ruled by the French Courts, to renew the St Griede conventional hydrocarbon exploration permit in accordance with the prevailing mining law. Notification of a date from the Tribunal for the hearing is anticipated.

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