



16th February, 2021

ASX Market Announcements

UPDATE ON LEGAL PROCEEDINGS IN FRANCE

Financial Claim of Euros 34.35 million against French Government

According to the Pau Tribunal public records the Government has lodged a defence statement yesterday against the claim of Euros 34.35 million (approximately A\$54 million at current exchange rate). For background see ASX Announcement of 12th January 2021. The Company's lawyers in France will study the statement once they receive a copy and advise on procedures.

Decision on an appeal lodged by French Government against penalties paid in 2018

Last weekend the Company became aware of a decision handed down by the Court of Appeal of Bordeaux on 15th December 2020 following a hearing held on 17th November 2020 (not notified to the Company), in appeal proceedings that the French Government would have exercised on 10th September, 2018 and to which the Company may not have been able to defend itself in front of the French judge.

The decision annulled the Pau Tribunal judgement of 5th July 2018 that imposed penalties of €383,500 on the Government and already paid in August 2018 to the Company. The penalties were in respect of delays by the 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 Company will be seeking resolutions from the Court, including likely referral to the Conseil d'Etat of France (i.e. High Court).

The penalties were spontaneously paid to the Company in August 2018 after the judgement in July 2018 prior to the French Government lodging an appeal in September 2018 against the penalties.

While the Company believes it has a good 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 Appeal Court 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. 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.

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