

14 January 2022

Global Petroleum Limited
("Global" or "the Company")

Italian Permit Applications - European Court Judgement

Global Petroleum Limited (AIM: GBP) is pleased to announce that the European Court has found, in effect, that the Company's four Permit Applications ('Permit Applications') offshore Italy in the Southern Adriatic do not contravene EU law.

The Company announced in July 2019 that the Region of Puglia had appealed to the Council of State, the highest level of appeal in Italy, against the judgements at first instance of the Administrative Tribunal in Rome and/or the President of the Republic in relation to the Permit Applications. These judgements related to the four Environmental Decrees (one for each Application) issued in favour of Global by the relevant Ministerial Authorities at different times.

The Company subsequently announced, in February 2020, that the Council of State had suspended the proceedings before it and referred the matter to the European Court ('Court'), requesting the Court to rule whether the four Permit Applications contravened a relevant EU Directive (Directive 94/22) relating to the maximum permissible size of individual permits, in particular having regard to the fact that the Permit Applications are contiguous.

According to the Court, "national legislation which lays down an upper limit on the size of the area that may be covered by a hydrocarbon exploration permit, but does not expressly prohibit granting the same operator more than one permit for adjacent areas that together cover an area exceeding that limit, conforms to EU law.

However, the Court makes that finding subject to two conditions: first, such a grant must be capable of ensuring the best possible exercise of the exploration activity concerned, from both a technical and economic point of view, and the achievement of the objectives pursued by Directive 94/22. Second, in the context of the environmental impact assessment, the national legislation must take into account the cumulative effect of projects likely to have significant effects on the environment, presented by that operator in its applications for hydrocarbon exploration permits."

Accordingly, the Company intends to consult with its advisers regarding the best way forward.

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The summary judgement of the Court may be read here:

<https://curia.europa.eu/jcms/upload/docs/application/pdf/2022-01/cp220003en.pdf>

In the wider context, the moratorium on hydrocarbon exploration activities in Italy expired in the latter part of 2021. Global is advised that the Commission appointed by the Government in parallel with the moratorium has completed its deliberations and that the Hydrocarbon Plan for future exploration and development (known as PITESA) will be published shortly. The Company will make a further announcement thereafter.

For further information, please visit <http://www.globalpetroleum.com.au/> or contact:

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Background

In August 2013, the Company submitted an application, proposed work programme and budget to the Italian Ministry of Economic Development for four exploration areas offshore Italy in the Southern Adriatic (the "Permit Applications") - d80 F.R-GP, d81 F.R-GP, d82 F.R-GP and d83 F.R-GP. The Company's four Application Blocks are contiguous with the Italian median lines abutting Croatia, Montenegro and Albania respectively (Figure 1 below).

As previously reported, various local authorities and interest groups appealed to either the Rome Tribunal or the President of the Republic against the Environmental Decrees in relation to the applications for the four areas. Publication of Environmental Decrees is the final administrative stage before grant of the Permits. All first instance appeals made to the Rome Tribunal and to the President of the Republic were subsequently adjudicated in Global's favour.

However, Puglia, as the Italian region principally interested, made additional appeals to the Council of State (the highest level of appeal in Italy) against the judgements of the Rome Tribunal. The subsequent appeals were heard by the Council of State in January 2020, and in February 2020 the Council of State issued a judgement. Essentially, the Council of State suspended the proceedings before it and referred the matter to the European Court, requesting the Court to rule whether the four Permit Applications contravene a relevant EU Directive relating to the maximum permissible size of individual permits, in particular having regard to the fact that the four permit applications are contiguous. The town of Margherita di Savoia also appealed to the Council of State against the Rome Tribunal judgments previously made against it. The Council of State has deferred the Hearing of this appeal pending the judgement of the European Court with respect to the Puglia appeal.

The European Court's Judgement finds that "Directive 94/22 provides that the extent of the areas covered by an authorisation and the duration of the authorisation must be limited with a view to preventing the reservation to a single entity of an unjustified exclusive right. According to the Court, however, that same directive does not lay down any limitation as regards the number of authorisations that may be issued and/or the number of entities to which authorisations may be issued."

According to the Court "national legislation which lays down an upper limit on the size of the area that may be covered by a hydrocarbon exploration permit, but does not expressly prohibit granting the same operator more than one permit for adjacent areas that together cover an area exceeding that limit, conforms to EU law.

However, the Court makes that finding subject to two conditions: first, such a grant must be capable of ensuring the best possible exercise of the exploration activity concerned, from both a technical and economic point of view, and the achievement of the objectives pursued by Directive 94/22. Second, in the context of the environmental impact assessment, the national legislation must take into account the cumulative effect of projects likely to have significant effects on the environment, presented by that operator in its applications for hydrocarbon exploration permits."

In the wider context for hydrocarbon exploration in Italy, in February 2019 the Italian Parliament passed legislation suspending all hydrocarbon exploration activities - including permit applications - for a period of 18 months. Under the legislation, a Government appointed Commission was to review all onshore and offshore areas for the stated purpose of evaluating their suitability for hydrocarbon exploration and development in the future. In doing so, the suitability of such activities in the context of social, industrial, urban, water source and environmental factors were to be evaluated. In offshore areas, suitability would additionally be assessed having regard to the impact of such activity on the littoral environment, marine ecosystems and shipping routes. Following the 18 month evaluation period, the intention was that a Hydrocarbon Plan would be activated, setting out a strategy for future exploration and development.

Following the expiry of its initial 18 month term, the moratorium has been extended twice. The latest, and final, extension reportedly expired on 30 September 2021. The Company is advised that the Commission has completed its deliberations and that it is expected to publish the Hydrocarbon Plan (known as the PITESAI) shortly.

The southern Adriatic and adjacent areas continue to be the focus of industry activity. Most notably, in Montenegro, offshore concessions were awarded in 2016/2017 to Energean and Eni/Novatek (the latter just 35 km from the nearest of the Permit Applications). Eni/Novatek reportedly committed nearly \$100 million on exploration on these permits, where an exploration well is currently underway with results expected shortly.

Energean acquired 3D seismic data on its blocks in 2019. In Albania, Shell continues to evaluate its Shpiragu discovery after the Shpiragu -4 well tested at several thousand barrels of oil per day in 2019.

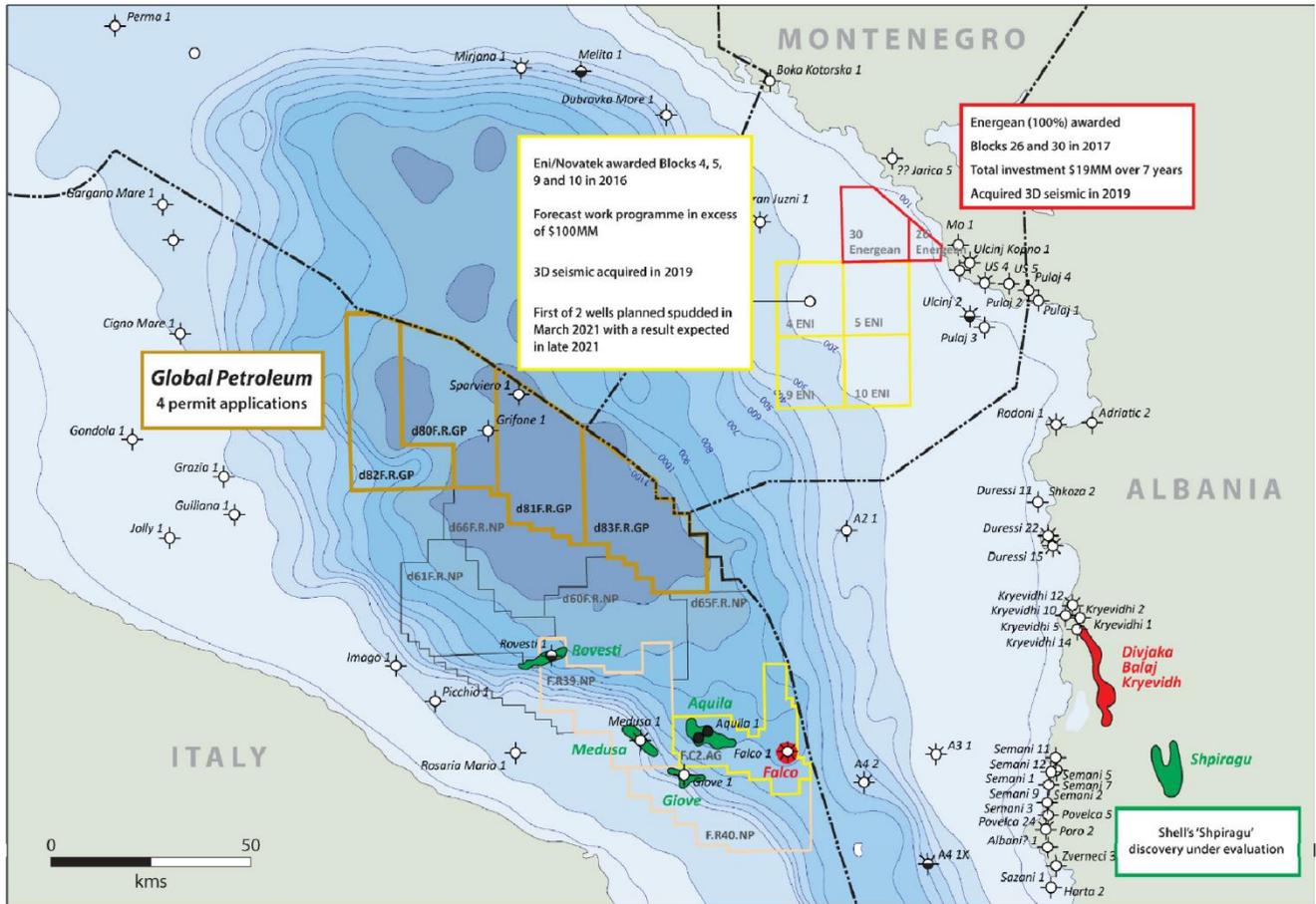


FIGURE 1 - Map of Global Petroleum's 4 Permit Applications offshore Italy in Southern Adriatic

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