

Our Ref: EVG/JXH/ASC1.1

5 May 2022

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BY EMAIL AND COURIER

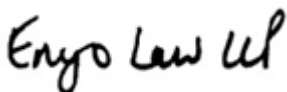
Dear Sir or Madam,

Treaty Claims against the Republic of Slovenia (“Slovenia”) by Ascent Resources Plc and Ascent Slovenia Ltd (together, “Ascent”)

- 1.1. We refer to our Notice of Dispute dated 23 July 2020 and your letter dated 21 October 2020 responding to it. We adopt the definitions set out in these letters.
- 1.2. Since our Notice of Dispute, the content of which Ascent relies on in full and is repeated, Slovenia has committed further breaches of the BIT and ECT, as set out below.
 - 1.2.1. On 6 April 2022, Slovenia’s Parliament voted to adopt amendments to Slovenia’s Mining Law which prohibit holders of mining rights from carrying out the exploration and exploitation of hydrocarbons with the use of any hydraulic stimulation (the “Ban”). The Ban entered into force on 5 May 2022. As Slovenia is aware, Ascent had always expected to be able to continue the historic practice of conducting low volume hydraulic stimulation of the Wells in order to enable gas production from the Petišovci Gas Field, and took the decision to invest in Slovenia based on this reasonable expectation. This ban effectively prevents Ascent from doing so, thus fully depriving Ascent of the value of its investment in Slovenia.

- 1.2.2. In addition to the events identified in the Notice of Dispute, this Ban is yet another attempt by Slovenia to thwart Ascent's investment in the country. We refer in particular to the hostile climate put in place by Slovenia and targeted at Ascent, as described at paragraph 4.4 of the Notice of Dispute.
- 1.2.3. This Ban is Slovenia's latest targeted attempt at destroying Ascent's investments. It is transparent that, through this Ban, it is Ascent as a foreign Investor that is specifically targeted. This anti-Ascent sentiment is clear from the parliamentary discussions which took place when discussing the Ban on 31 March 2022, when members of Parliament specifically mentioned banning "*fracking*" by "*the British corporation*".
- 1.3. In addition to those breaches already identified in the Notice of Dispute, the Ban amounts to a further breach of the protections enshrined in the BIT and the ECT and in particular of Slovenia's guarantee that Investors will not be subjected to unlawful expropriation (Article 5 of the BIT and Article 13 of the ECT), as well as of Slovenia's guarantee that the investments would be accorded fair and equitable treatment and that the management, maintenance, use, enjoyment or disposal of the investments would not be impaired by arbitrary, unreasonable or discriminatory measures (Article 2(2) of the BIT and Article 10(1) of the ECT).
- 1.4. The Investors hereby formally reiterate their consent to submit their investment dispute with Slovenia (including the dispute in relation to Slovenia's unlawful expropriation of its investment) to international arbitration under Article 8(2) of the BIT and Article 26(2)(c) of the ECT, and reserve their right to initiate arbitral proceedings in accordance with these provisions. Together with the Notice of Dispute, this letter shall be considered as a formal notification of the existence of a dispute under Articles 8(1) and (2) of the BIT and Articles 26(1) and (2) of the ECT.
- 1.5. We sincerely hope that an amicable solution can be found to the present dispute and will welcome any constructive proposals you may have. While noting the failure of earlier negotiations with Slovenia, the Investors are ready to re-engage at a senior level with the Government of Slovenia at the earliest possible opportunity, provided that the Government of Slovenia is prepared to engage in such discussions meaningfully and promptly.
- 1.6. The Investors fully reserve all of their rights and remedies arising out of Slovenia's treaty breaches. Nothing in this letter should be considered as a limitation of any kind on the facts, evidence, or legal arguments the Investors may present, or on the legal rights and remedies they may pursue, in support of their claims before an arbitral tribunal or otherwise.

Yours faithfully



Enyo Law LLP

Copy to:

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