To

The Kingdom of Sweden
Attn Justitekansler Mari Heidenborg
Box 2308
103 17 Stockholm
Sweden

Dear Sirs,

RE. CLAIM FOR DAMAGES UNDER THE ENERGY CHARTER, UNION LAW AND EUROPEAN LAW

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1. We, the undersigned counsels, act for and on behalf of Aura Energy Limited, registered office and principal place of the company is Level 1, 34-36 Punt Road, Windsor Victoria Australia 3181 (the "**Claimant**" or the "**Investor**").

2. The Claimant is direct owner of the Swedish limited liability company Vanadis Battery Metals AB (former trade name Energy Sweden AB) (the "**SPV**") for its Swedish mining activities/businesses. The Claimant represents 100 % of all the total investment in the SPV.

3. Overall information on the Swedish uranium mining projects of the Investor (developed in the name of the SPV):

4. Kinderåsen Uranium Project: An exploration permit for Molybden (and thereby covering all minerals set out in Chapter 1 § 1 in the Minerals Act) is granted for the specific area Kinderåsen 1 in the municipality of Berg in the county of Jämtland. The permit is valid until 2020-02-02. It shall be noted that the municipality of Berg opposed to granting the SPV the permit.

5. Häggån Uranium Project: An exploration permit for Molybden (and thereby covering all minerals set out in Chapter 1 § 1 in the Minerals Act) is granted for the specific area Häggån 1 in the municipality of Berg and Åre respectively in the county of Jämtland. The permit is valid until 2022-08-22. It shall be noted that the municipality of Berg opposed to granting the SPV the permit.

6. Bölåsen Uranium Project: An exploration permit for Molybden (and thereby covering all minerals set out in Chapter 1 § 1 in the Minerals Act) is granted for the specific area Bölåsen 1 in the municipality of Berg and Åre respectively in the county of Jämtland. The permit is valid until 2020-02-02. It shall be noted that

the municipality of Berg opposed to granting the SPV the permit.

7. Skallböle Uranium Project: An exploration permit for Molybden (and thereby covering all minerals set out in Chapter 1 § 1 in the Minerals Act) is granted for the specific area Skallböle 1 in the municipality of Berg and Åre respectively in the county of Jämtland. The permit is valid until 2019-01-20. It shall be noted that the municipality of Berg opposed to granting the SPV the permit.

8. Möckelåsen Uranium Project: An exploration permit for Molybden (and thereby covering all minerals set out in Chapter 1 § 1 in the Minerals Act) is granted for the specific area Möckelåsen 1 in the municipality of Berg and Åre respectively in the county of Jämtland. The permit is valid until 2019-01-20. It shall be noted that the municipality of Åre opposed to granting the SPV the permit.

9. Koborgsmyren Uranium Project: An exploration permit for Molybden (and thereby covering all minerals set out in Chapter 1 § 1 in the Minerals Act) is granted for the specific area Koborgsmyren 1 in the municipality of Berg in the county of Jämtland. The permit is valid until 2019-01-23. It shall be noted that the municipality of Berg opposed to granting the SPV the permit.

10. The Investor has successfully developed, and continue to operate, a number of mining projects globally. The investments in the Sweden were made with regard to the favourable investment conditions for the uranium mining industry that existed in Sweden prior to 1 August 2018, and which could have been reasonably expected to last for a number of years to come. At the time of the events giving rise to the claim, the Investor owned a number of large uranium mining projects in Sweden.

11. The conflict between the Investor and the Swedish government was triggered by the summer 2018 decision of the Swedish Parliament to phase-out/ban uranium prospection and/or exploration in Sweden. It was the culmination of an intensive and controversial public debate driven by the green activists regaring *inter alia* uranium mining. Due to the measures taken by Sweden as per 1 August 2018, the Investor has been deprived of the benefit of its Swedish Uranium projects.

12. The new act adopted in Sweden as from 1 August 2018 was a complete game changer. All mining of uranium in Sweden was as from such period in time outlawed. The ban also applies to processing of residual uranium in existing tailings, and processing of uranium unearthed in conjunction with extraction of other minerals, e.g. iron, base metals and rare earth elements.

13. The Claimant alleges that its claim arises from a dispute under the Energy Charter ("**ECT**") article 26, and the European Union law and the European

Convention of Human Rights.

14. The Claimant qualifies as an investor under ECT. The ECT protects the Claimant's investments in Sweden. All of the acts complained of occurred after the ECT entered into force for Sweden. Claimant's investments fall clearly within the definition of "*Investment*" in Art. 1(6) ECT.

15. These measures by Sweden have been taken, in the Investor's opinion, in a non-transparent and chaotic manner, undermining the Investor's reliance on Sweden and precluding any reasonable business planning. The contested measures: (i) were radical and unexpected, (ii) violated the legitimate expectations of the Investor, (iii) violated the obligation of Sweden to ensure stable and predictable legal and economic framework for long-term investments in the mining sector, (iv) violated the obligations of Sweden of transparency and candour towards the Investor, (v) were not taken in public interest, and indeed, they were taken against Sweden's legitimate public interest, (vi) were arbitrary, (vii) did not follow due process; (viii) were disproportionate, (ix) were discriminatory, and (x) they were not accompanied by the prompt, adequate and effective compensation.

16. The measures by Sweden caused, needless to say, an effective collapse of the Swedish uranium mining market. As a result, the Investor is unable to sell its Swedish uranium projects to third-party buyers or in the future operate any uranium mines in Sweden. Due to the ban, the Investor has been forced to abandon and write off its uranium mining projects which were under development. Accordingly we conclude that the Investor was deprived of the economic benefits from its uranium investments in Sweden.

17. We conclude that these developments constitute compensable breaches of Sweden's international obligations under the ECT, in particular under the expropriation and the fair and equitable treatment standards. The loss in the value of the SPV results directly from the contested measures by Sweden.

18. The legal grounds for the claim concern regulatory measures decisions that have frustrated the Claimant's investments in the Uranium mining projects in Sweden under development. The banning of Uranium mining in Sweden directly contradicts International, Union and European law.

19. Article 13 of the ECT requires that, in order to be internationally lawful, expropriation needs (a) to be done in the public interest; (b) to be non-discriminatory; (c) to be carried out under due process of law and (d) should be followed by prompt, adequate and effective compensation.

20. The criteria for an unlawful expropriation have been met in this case. This is because the legal restrictions made it impossible to finalize the on-going development of the Investor's Swedish uranium mining projects and shall be regarded as expropriation under international law. The Investor cannot sell its on-going uranium mining projects to third-party buyers for a satisfactory price corresponding to the fair market value of these projects. Neither can the Investor enjoy the benefits of exploitation of the uranium mining operations, because - due to the measures taken by Sweden.

21. Article 13 of the ECT thus provides that investments may not be nationalized or expropriated or subjected to "an action equivalent to nationalisation or expropriation" without compensation. In the case concerned, the ban by Sweden resulting in a fact that no permits to prospect for, to explore or exploit uranium deposits can be issued amounts to a so-called "indirect expropriation" or a "measure having an effect equivalent to nationalisation or expropriation" under Article 13. The new Swedish legislation amounts to an (indirect) expropriation, as the Investor's ownership of the relevant mining projects has become worthless as a result of the uranium ban pursuant to the new Swedish Act, and the Investor should be compensated accordingly.

22. The measures adopted by Sweden has also breached the fair and equitable treatment standard set forth in Article 10, para 1, of ECT, which is a composite provision that refers not only to "*fair and equitable treatment*" (FET), but also to constant protection and security, to a prohibition of unreasonable or discriminatory measures, to treatment required by international law and to the observance of obligations entered into.[1] There is a considerable body of case law that has added specific meaning and content to the standard, making it clear that specific types of host state misconduct are prohibited. The prohibited conduct includes:

- Actions that violate an investor's legitimate expectations in relation to the

[1] In detail, the text of this provision states as follows: 'Each Contracting Party shall, in accordance with the provisions of this Treaty, encourage and create stable, equitable, favourable and transparent conditions for Investors of other Contracting Parties to make Investments in its Area. Such conditions shall include a commitment to accord at all times to Investments of Investors of other Contracting Parties fair and equitable treatment. Such Investments shall also enjoy the most constant protection and security and no Contracting Party shall in any way impair by unreasonable or discriminatory measures their management, maintenance, use, enjoyment or disposal. In no case shall such Investments be accorded treatment less favourable than that required by international law, including treaty obligations. Each Contracting Party shall observe any obligations it has entered into with an Investor or an Investment of an Investor of any other Contracting Party.

investment;

- Conduct that creates an unstable or unpredictable legal framework or business environment for the investment;
- Conduct that violates due process or results in a "denial of justice," including (but not limited to) improper judicial or administrative proceedings as well as governmental interference in such proceedings;
- Interference with a contractual relationship;
- Actions that treat an investor or an investment inconsistently, ambiguously, or with a lack of transparency;
- Failure to sufficiently notify an investor in advance of impending acts that will impact the investment;
- Actions that are discriminatory;
- Harassment or coercive conduct; and

23. Conduct that is in bad faith

The Tecmed v. Mexico decision presents the most frequently quoted articulation of the FET standard, cited and applied by other Tribunals. That description is as follows:

[The FET standard] requires the Contracting Parties to provide to international investments treatment that does not affect the basic expectations that were taken into account by the foreign investor to make the investment. The foreign investor expects the host State to act in a consistent manner, free from ambiguity and totally transparently in its relations with the foreign investor, so that it may know beforehand any and all rules and regulations that will govern its investments, as well as the goals of the relevant policies and administrative practices or directives, to be able to plan its investment and to comply with such regulations. The foreign investor also expects the host State to act consistently, i.e. without arbitrarily revoking any preexisting decisions or permits issued by the State that were relied upon by the investor to assume its commitments as well as to plan and launch its commercial and business activities. The foreign investor also expects the State to use the legal instruments that govern the actions of the investor or the investment in conformity with the function usually assigned to such instruments, and not to deprive the investor of its investment without the required compensation."

24. The measures adopted by the Swedish state violates the FET standard.

25. The Claimant alleges that Sweden's expropriatory measures were discriminatory

and constituted a breach of the ECT's FET standard and the ECT's impairment clause. The state of Sweden has also failed in its obligation to pay prompt, adequate, and effective compensation, as required by Art. 13 ECT and as firmly grounded in international law. To date, no compensation has been paid. Cumulatively, the conclusion that the state of Sweden indirectly expropriated the Claimant's investments is inescapable.

26. In summary the claim concerns the Claimant's uranium mining activities in Sweden which were under development, which due to the Swedish banning of Uranium mining activities within the territory has lost all value.

27. The principal remedy for violations of the ECT is damages. In accordance with the settled principle of public international law "reparation must, as far as possible, wipe out all the consequences of the illegal act and re-establish the situation which would, in all probability, have existed if the act had not been committed."

28. As the Investor's investments in Swedish Uranium mining activities was destroyed completely, it should be taken into account the market value of the SPV before its destruction netted of residual value (compare actual value and the value but for the breach). The Claimants presently estimate the damages suffered in total as a result of those measures at some USD 1,8 Billion. The damages correspond to the loss of investment made and to the capital gains that the Claimant is unable to realize on its investment.

29. The Claimant hereby invites you to negotiations regarding the claim.

Stockholm 4th of November 2019

For and on behalf of the Claimant

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