

## LETTER TO SHAREHOLDERS

Dear GEV Shareholder,

Global Energy Ventures Ltd (ASX: GEV), a leading developer of global integrated compressed natural gas (CNG) projects has started off strongly in 2019, receiving formal American Bureau of Shipping (ABS) approval for construction of our CNG 200 Optimum ship following three years of hard work by our team in Canada. This key milestone, along with yesterday's announcement of a completed capital raising means that we are well funded to continue delivering on our strategy to contract to build CNG 200 Optimum ships once project Final Investment Decision (FID) is approved by the GEV Board.

### SHARE PLACEMENT TO RAISE \$4,700,000

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GEV announced on the 5 February 2019, a Placement of 31.3 million new fully paid ordinary shares at an issue price of \$0.15 cents to raise \$4,700,000 million. This includes the subscription by your Directors for \$210,000 (subject to Shareholder approval). Following the December 2018 quarterly report, this brings our proforma cash to \$6.5 million.

The funds raised will be applied towards:

- Finalisation of technical specification, selection of a ship yards (s), contract negotiations and evaluation of ship financing options for 4 CNG Optimum 200 ships
- Development of global CNG opportunities and the deliver of GEV's target to achieve a Final Investment Decisions for a CNG Optimum 200 ship in 2019 and
- Working capital for calendar year 2019.

As GEV has now completed all of the testing and approvals for the CNG Optimum 200 ship, R&D expenditure required during 2018 is behind the company with the focus on shipyard selection for construction and project delivery.

### FULL DESIGN APPROVAL RECEIVED FROM ABS

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A critical company value creation milestone in 2018 was the successful completion of the engineering, design and testing required to achieve full Design Approval from the American Bureau of Shipping (ABS) for our CNG Optimum ship (CNG-O-200). ABS design approval for a new ship type means that the novel design concepts have been verified and the CNG containment system successfully tested. It also verifies that the design complies with ABS Rules and Guidelines. The design can now be turned over to a shipyard for detailed engineering, fabrication and construction.

GEV chose ABS to verify the optimum design because it is the world's premier classification society for tankers and gas carriers with more than 50 years of experience building and classing gas carriers of every type and size. ABS was also the lead classification society for the development of the Coselle CNG ship, the predecessor of the Optimum CNG Ship.

The GEV Canada management team has extensive experience in working with ABS on several innovative designs for offshore structures and ships, including the Coselle ship. Many of the Coselle ship's features and safety systems have been incorporated into the Optimum design. This extensive body of work provided the basis for achieving Full Design Approval for the CNG ship in one year.

ABS has now issued the letter of full design approval for the CNG-O-200 ship.

The ABS verification process continues during the shipyard's final detailed design and construction process. ABS will provide continuous review and verification services to the shipyard ensuring that the ship is built according to its Rules. Once constructed and sea trials passed the ship will be Classed as a ABS A1 Compressed Natural Gas Carrier. While in service ABS carries out periodic surveys to ensure continued safe operation.

***Classification is an extremely rigorous and long-term process, but it is critical for our customers, insurers, financiers, and most importantly our shareholders to have confidence that this ship, once built, will operate to the highest standards of safety and reliability and for up to 35 years.***

## **PATENTS FOR CNG OPTIMUM PROTECTS GEV INTELLECTUAL PROPERTY AND MARKETS**

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The patent application has been made to protect two ideas that arose during the design work undertaken in support of the American Bureau of Shipping (ABS) full design approval process. The inventor is GEV Canada's Chief Technical Officer, John Fitzpatrick.

### **The Additional Patent Application encompasses two main ideas**

1. To avoid overstressing of the ship's side structure, small spaces are required between the pipes. When the pipes are pressurised, they will try and expand radially but since they are constrained vertically by the forcing beam, they will tend to oval horizontally. If there were no spaces, these horizontal expansions would accumulate and press against the side shell of the ship and cause distortion. In the patent application, GEV is laying claims to the idea of separating the pipes with a small space (methodology) and a mechanism for easily accommodating these spaces during construction (apparatus).
2. The original Basic Optimum Patent application (see description below) taught that shims could be used to take up any gaps that exist between the forcing beam and the pipe. Two improved ways of filling these gaps were developed and GEV has captured these ideas within the patent application.

***The Basic Optimum Patent Application was filed in August 2016 and following the completion of the Provisional Patent Application process, GEV will have lodged formal Patent Applications in 37 countries by 12 February 2019.***

The Basic Optimum Patent application protects the concept of forcing long straight pipes, in the hold of a ship or on the deck of a barge, together so forcefully that the friction developed between the pipes prevents relative movement between the pipes themselves and between the pipes and the ship or barge. This is the key Intellectual Property (IP) owned by GEV that allows bundles of long-straight pipe to be used as CNG pressure vessels in a ship or on a barge.

## **SELECTION OF SHIP YARD(s)**

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The next step moving forward for GEV is to finalise all technical and commercial discussions with the four ship yards shortlisted to build CNG 200 Optimum ships. GEV plans to have selected a yard(s) during the March 2019 quarter, and in the June 2019 quarter, move towards ship building contracts. GEV will only execute the ship construction contract when it has secured a CNG project and all financing arrangements have been signed and are unconditional. It is envisaged that a fixed price capital cost of the four ships will be agreed with the selected shipyard(s) together with a validity period (similar to that of an EPC contract for land based LNG facilities).

GEV has secured the services of SeaQuest Marine to work with the ship yards in order to finalize the technical specification and contracts so that GEV is in a position during 2019 to award a ship construction contract. We

have also secured the services of an experience Japanese steel trading house to assist with procurement of the X80 pipe.

Importantly, each of the CNG projects under development will use the CNG - 200 - Optimum ship, so there is no need to undertake any further re-testing of the on-board gas storage system.

## **CNG PROJECTS UNDER DEVELOPMENT**

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In tandem with our CNG 200 Optimum ship yard selection process, finalising ship technical specifications, construction and scheduling plans, GEV will continue to develop and grow our global CNG project reach.

We are jointly working with Twinza Oil Ltd on gas supply from their offshore PNG Pasa A liquids rich gas field. In December we issued to Twinza a positive draft Pre-Feasibility Study for the commercialisation of CNG and held positive meetings with gas buyers in the Asia-Pac region. GEV expects to be able to provide further updates on this project in the March quarter.

GEV remains extremely active in sourcing gas in the middle east to meet its obligations pursuant to the signed Heads of Agreement with the Indian Oil Corporation (IOC). Gas supply is the critical next step for this project. We have now engaged the services of key personnel with deep contacts in the region and will update shareholders in the coming quarters as to the progress made on multiple targets.

GEV has identified two proven gas fields for gas supply into the UK and European gas markets within the required CNG radius of Port Meridian in the UK. Meridian already has a signed Gas Sales Agreement (GSA) with Uniper Global Commodities SE. The Uniper GSA has been extended to 31 December 2019 with a commercial start date of 1 January 2023. GEV agreements with Meridian are to 21 December 2020. Subject to UK regulatory clearances and tolling terminal agreement, GEV considers that Port Meridian and the accompanying gas rights for GEV, will put us in a strong position to supply into one of the world's most liquid gas markets.

With respect to our efforts to source stranded gas fields in markets high in demand for imported gas, Malaysia has a number of gas discoveries which are truly stranded and are ideal candidates for CNG, with regional gas markets available within a 2,500 km radius. Early stage due diligence and discussions have commenced with key stakeholders in the region that have passed our screening process.

I am also delighted to report that additional new CNG gas supply markets have opened up to GEV following last month's final ABS approvals. Several of these opportunities show potential for timely development and GEV will immediately advise shareholders of any material development.

GEV has a clear plan and focus in place to generate significant value for our shareholders and we are now in a position where we are funded to accelerate towards our first CNG project and the award of maiden ship construction contracts.

The Directors, Management and staff at GEV look forward to delivering on this strategy in 2019.

Best wishes for 2019,

Maurice Brand  
*Chairman & CEO*  
**Global Energy Ventures Ltd**

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## About Global Energy Ventures Ltd

The Company's mission is to create shareholder value through the delivery of integrated CNG solutions to global gas markets. CNG is a well proven solution with technical and commercial advantages along with being safe and environmentally friendly. This will be achieved by:

- Continuing the roll out of **GEV CNG Optimum Technology** and maintain global leadership in marine CNG technology;
- Pursue **multiple CNG projects** to improve the probability of success;
- Secure **access to strategic gas resources** that provides for an integrated CNG gas supply solution;
- Offer CNG project stakeholders **flexible commercial arrangements**;
- Employ **world class management** and staff that are leaders in their chosen discipline; and
- Maintain the **highest standards** of efficiency, safety and environmental responsibility.