



QUARTERLY ACTIVITIES REPORT DECEMBER, 2019

31st January, 2020

SUMMARY

Philippines

- Rig-2 maintenance and service completed and moved onto Nuevo Malolos-1 well ("NM-1").
- NM-1 cased section cleaned out to a depth of 1,913.7 metres (6,287.5 feet) from ground level.
- In early December 2019, a metal "pry" bar that accidentally fell in the hole during operations has wedged against the drilling assembly with the drill bit stuck at a depth of 837 metres ground level (2,746 feet) and attempts to free the drilling assembly until prior to Christmas were unsuccessful.
- A program to free the drilling assembly has been devised, equipment is being sourced/imported, but it will take weeks to obtain approvals from relevant authorities for delivery of required consumables, including string shot, for the operation.
- The well has been suspended and the drill crew placed on leave prior to Christmas holiday period until the operations restart, planned for this March quarter.
- Continuing to seek opportunities to earn equity in new ventures with minimum cash investment by providing the services of the Company wholly owned rigs located in Philippines to drill new wells.

France

- Company's claim of €34.35 million (approximately A\$55 million at current exchange rate) for compensation against the French Government lodged and registered in early January 2020 at the Pau Tribunal, France. This claim is in respect to the damages caused by the French Government in unlawfully refusing, as ruled by the French Courts, to renew the St Griede conventional hydrocarbon exploration permit in accordance with the prevailing mining law.

PHILIPPINES

SERVICE CONTRACT 44 (100% working interest), Onshore Cebu

The DOE confirmed the tenure extension of SC 44 for two (2) years to September 2020 following issue of Presidential Decree 87 (as amended) which addresses the need to fast track oil and gas exploration/development in the country. The extension requires a minimum US\$1.175 million be spent on deepening, completing and testing oil from NM-1 with the drilling operations to have commenced by the end of September 2019.

Malolos Oil Field operations re-commenced in September 2019. Rig-2 was moved onto the NM-1 well and the cased section of the well was re-entered with two existing cement plugs drilled out. A significant amount of gas had accumulated below the lower cement plug and the gas was circulated out of the hole.

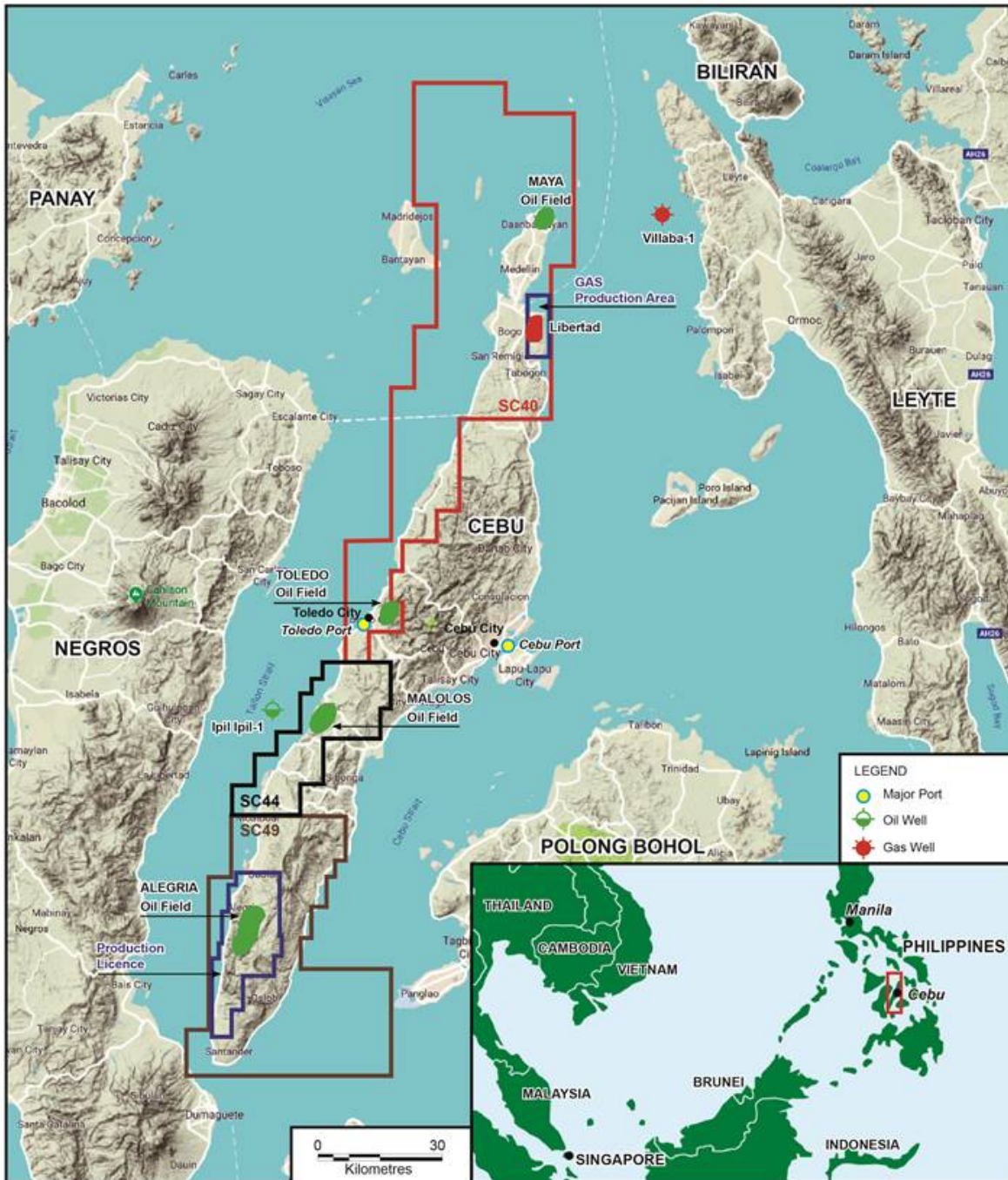
The well was cleaned out to a depth of 1,913.7 metres (6,287.5 feet) from ground level (GL) and the drilling assembly was being pulled out of the hole prior to conducting a cement squeeze with the casing shoe at 1,934.2 metres (6,345.7 feet) GL. In early December 2019 during the pulling of the drilling assembly to surface, a metal “pry” bar accidentally fell into the hole. The pry bar eventually wedged against the drilling assembly while it was being pulled out of the hole with the drill bit at a depth of 837 metres (2,746 feet GL). The drilling assembly has become stuck at this depth. It comprises a drill bit, drill collars and 2 7/8” tubing.

Attempts to free the drilling assembly until prior to Christmas were unsuccessful. Lack of necessary oil field operations equipment and consumables within the Philippines has made remedial operations challenging.

To be able to continue with drilling operations, the Company has devised a program to free the drilling assembly that requires approvals of relevant authorities for the movement and storage of explosives (string-shot) which take weeks to obtain, sourcing the required equipment some of which will need to be imported and assessing the cost. In the meantime, the well has been suspended and the drill crew placed on leave since Christmas. Operations are planned to re-commence in this March quarter.

Onshore, Cebu is rapidly becoming the focus of an emerging petroleum production region with the operator of SC 49 in the southern part of the island having been recently awarded a 25 year production licence. The SC 49 operator has discovered and is developing the Alegria oil field which

produces oil and gas from the same sandstone reservoirs that are oil productive in SC 44. The Libertad gas field in SC 40, northern Cebu has already been awarded a 25 year production licence.

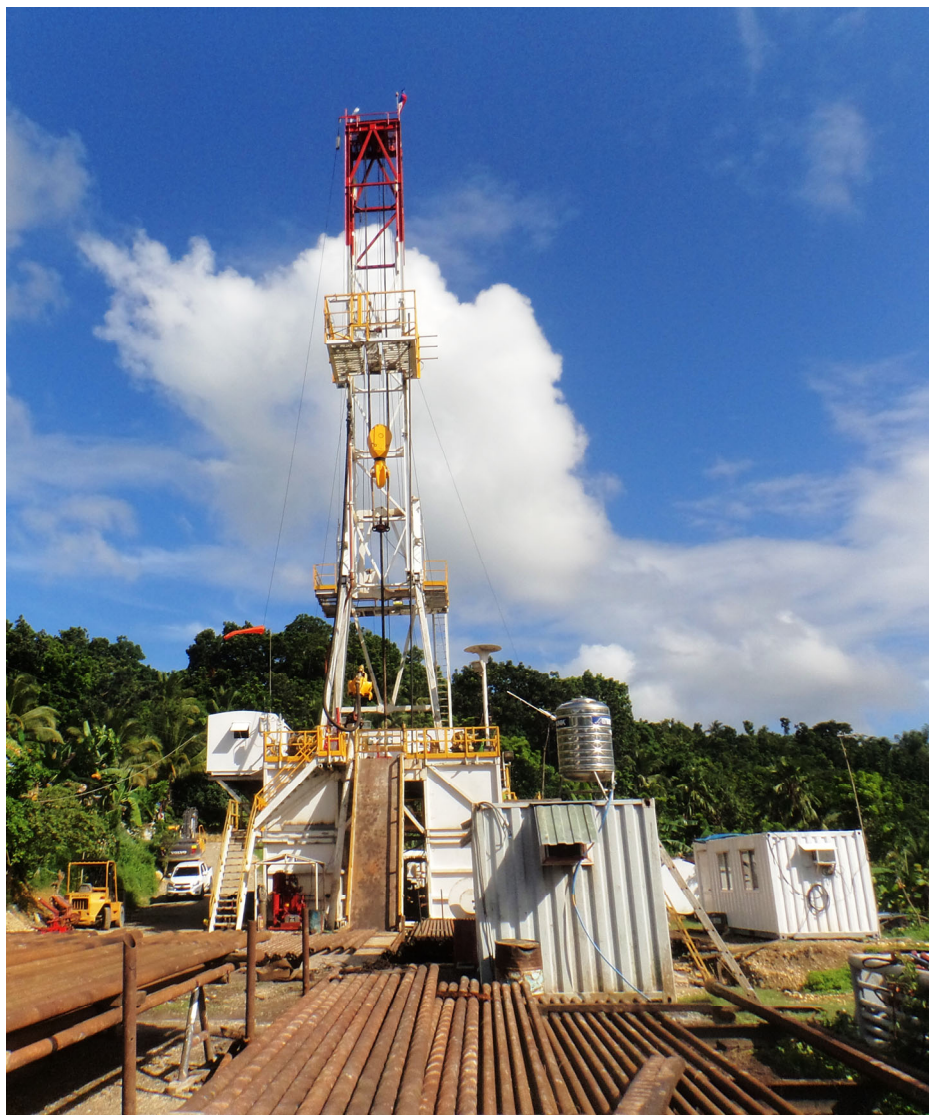


Petroleum Service Contracts and Production Licences, Cebu Island, Philippines

NEW VENTURES

The Company has identified certain oil and gas appraisal opportunities onshore Philippines which it has been pursuing through technical evaluation and commercial negotiation. The Company has recommenced negotiations on one farmin opportunity. If negotiations are successfully concluded it would result in new oil appraisal well/s being drilled in 2020 using the Company owned drilling rig thus minimising cash outlays.

With management's many years of working experience in Philippines, new ventures in that country present good potential for the Company to generate growth in a relatively low cost environment and in short time frame whilst using the Company's 100% owned drilling rig to drill for equity.



Gas2Grid's Rig-2 located on Nuevo-Malolos - 1

FRANCE

ST. GRIEDE (100% working interest), Onshore Aquitaine Basin

In early January 2020, the Company has lodged and registered at the Pau Tribunal, France, a claim of €34.35 million (approximately A\$55 million at current exchange rate) for compensation against the French Government. This claim is in respect to the damages caused by the French Government in unlawfully refusing, as ruled by the French Courts, to renew the St Griede conventional hydrocarbon exploration permit in accordance with the prevailing mining law.

While the Company believes it has a good chance of success, based on legal advice, the outcome of this claim is uncertain.

In July 2019, the Company had submitted a financial claim with the French Ministers who did not respond within 2 months effectively and implicitly rejecting the claim. In September 2019, the Company instructed its lawyers to pursue the matter in the tribunal.

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, the Tribunal imposed on the French Government penalties and costs totalling €414,400 (approximately A\$626,550) that were paid to the Company in 2018.

On 3rd January 2017, the French Government lodged an appeal at the Appeal Court of Bordeaux against the 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 unlawful resistance over the last 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.

Competent Person

The information on oil and gas projects in this report has been compiled by Dennis Morton, Managing Director of Gas2Grid Limited, who graduated with First Class Honours in Geology (Macquarie University) and has over 40 years' experience in the oil and gas industry.

Forward-Looking Statement

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. Although Gas2Grid Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

GAS2GRID LIMITED

ABN

46 112 138 780

Quarter ended ("current quarter")

31 DECEMBER 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(510)	(531)
(b) development		
(c) production		
(d) staff costs	(1)	(1)
(e) administration and corporate costs	(60)	(90)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		(2)
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (GST, forex differences, licence renewal costs)	13	(4)
1.9 Net cash from / (used in) operating activities	(558)	(628)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other		
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	339
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options	(3)	(8)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)	(3)	(34)
3.10	Net cash from / (used in) financing activities	(6)	297

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	747	502
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(558)	(628)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(6)	297
4.5	Effect of movement in exchange rates on cash held	(6)	6
4.6	Cash and cash equivalents at end of period	177	177

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	151	529
5.2 Call deposits	26	218
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	177	747

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	8,700	8,097
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The loan facilities are unsecured, bear interest at 9% per annum accruing quarterly in arrears and are provided by related parties of the 3 Directors of the Company (D Morton, D Munns and P Sam Yue):

	\$A'000
D Morton	5,250
D Munns	2,000
P Sam Yue	1,450

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	250
9.2 Development	
9.3 Production	
9.4 Staff costs	
9.5 Administration and corporate costs	40
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	290

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:

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(Director/Company secretary)

Date: 31 January 2020

Print name: Patrick Sam Yue

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.