ACTIVITIES REPORT

QUARTER ENDED 30th JUNE 2020

31st July, 2020

SUMMARY

Philippines

- Nuevo Malolos 1 ("NM-1") well has been suspended since December 2019 after the drilling assembly became stuck in the hole when a "pry" bar accidentally fell in the hole and wedged off.
- In the last quarter, the Company requested from the Department of Energy ("DOE") a 12 month extension of Service Contract No. 44 ("SC 44") which will expire in early September 2020. The requested extension of time is in order to complete drilling operations at NM-1 and was based on the grounds of *Force Majeure*. This request is made under the terms of SC 44 having regards to the *State of Calamity* declared in Philippines with travel and other restrictions in the Philippines, Australia and other Asian countries as the result of the Covid-19 pandemic making operational activities impossible. No response has yet been received as Manila and Cebu are still under Enhanced Community Quarantine.
- Imported equipment to be used to free the drilling assembly has been delivered to the well site.
- The recent WTI oil price recovery to around US$40 per barrel provides a better commercial outlook than in the previous quarter. If production testing is successful and results in the grant of a 20 year production licence combined with a stable oil price then the Malolos Oil Field economic model remains attractive despite the Covid-19 impact.

France

- The French Ministers have not yet submitted their defence against the Company's claim of €34.35 million (approximately A$56 million at current exchange rate) for compensation against the French Government that was lodged and registered in early January 2020 at the Pau Tribunal, France. The period of confinement and travel restrictions in France due to the Covid-19 pandemic may be a cause for delays in progressing the matter. With current summer holiday season in France and the continued impact of Covid-19 a Tribunal decision on the claim may not be expected before 2021.

PHILIPPINES

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

The current 2 year tenure extension of SC 44 will expire in early September 2020 and the Company planned to complete a deepening of well Nuevo Malolos-1 followed by production testing by that deadline in order to apply for a 20 year production licence should the testing be successful.

The Company commenced the drilling and deepening operation at Nuevo Malolos-1 in September 2019 but unfortunately the drilling assembly became stuck in cased hole. The Company needed to source requisite Government approvals and equipment to conduct recovery operations. During the March quarter, the Company sourced the required equipment and obtained the necessary Government approvals.

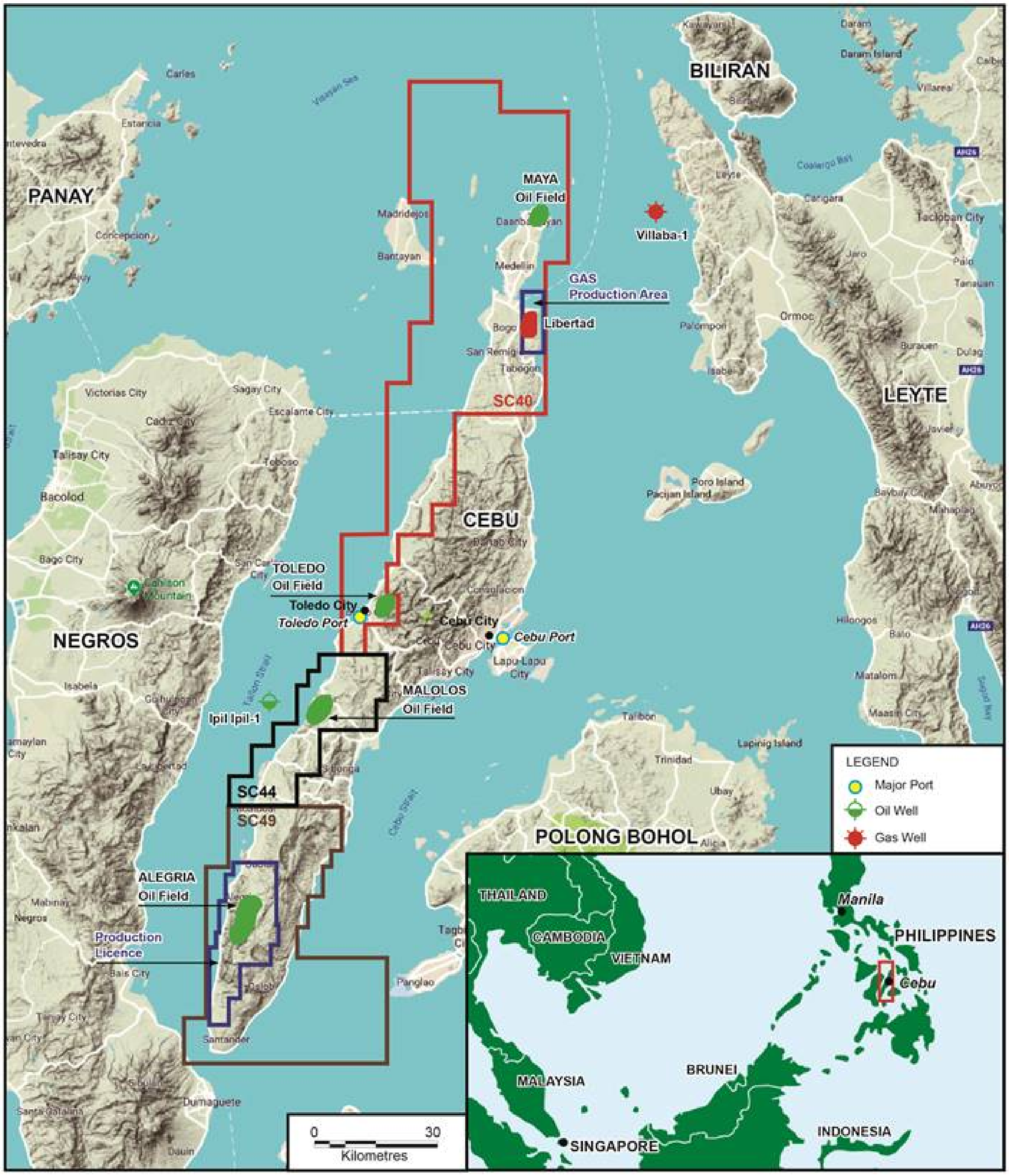
While the Company was ready to re-commence operations during that quarter, the plan was disrupted by direct effects of the Covid-19 pandemic and restrictions, including on travel, imposed by the Philippine Government and the declaration of a *State of Calamity* to control the spread of the virus in the country.

With the Covid-19 related restrictions in place and uncertainty in the duration of Government imposed measures, the Company requested from the DOE an extension of time of at least 12 months to complete the drilling operations at Nuevo Malolos-1 on the grounds of *Force Majeure,* as provided for under the terms of SC 44.

The DOE offices have been affected by the Covid-19 locked down and the Company has not yet had a response. The Company looks forward to Government support which has seen the need to fast track oil and gas exploration/development in the country.

NEW VENTURES

The Company had identified certain oil and gas appraisal opportunities onshore Philippines which it has been pursuing through technical evaluation and commercial negotiation. Despite the significant effects on business related to the Covid-19 pandemic the Company continues to pursue new venture opportunities.



Petroleum Service Contracts and Production Licences, Cebu Island, Philippines

SC 44 boundary in black

FRANCE

Legal Claim: ST. GRIEDE (100% working interest), Onshore Aquitaine Basin – Renewal Renounced

In early January 2020, the Company lodged and registered at the Pau Tribunal, France, a claim of €34.35 million (approximately A$56 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.

The period of confinement and travel restrictions in France as a result of the Covid-19 pandemic have inevitably impacted on the legal procedures both at the offices of the Government and the Tribunal. The French Ministers have not yet lodged their defence at the Tribunal. With current summer holiday season in France and the continued impact of Covid-19 a Tribunal decision on the claim may not be expected before 2021.

While the Company believes it has a good chance of success, based on legal advice, the outcome and timing for determination of this claim are uncertain.

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 during 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.

Authorised by:

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity	
GAS2GRID LIMITED	
ABN	**Quarter ended ("current quarter")**
46 112 138 780	

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12.months) $A'000
1.	**Cash flows from operating activities**		
1.1	Receipts from customers		
1.2	Payments for		
	(a) exploration & evaluation		
	(b) development		
	(c) production		
	(d) staff costs	-	(1)
	(e) administration and corporate costs	(31)	(151)
1.3	Dividends received (see note 3)		
1.4	Interest received		
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (provide details if material)	7	11
1.9	**Net cash from / (used in) operating activities**	**(24)**	**(141)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) exploration & evaluation	(20)	(627)
	(e) investments		
	(f) other non-current assets		

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12.months) $A'000**
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**	**(20)**	**(627)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	619
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(3)	(12)
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)	1	(22)
3.10	**Net cash from / (used in) financing activities**	**(2)**	**585**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	362	502
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(24)	(141)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(20)	(627)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2)	585

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12.months) $A'000**
4.5	Effect of movement in exchange rates on cash held	(5)	(8)
4.6	**Cash and cash equivalents at end of period**	**311**	**311**

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	78	67
5.2	Call deposits	233	295
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)**	**311**	**362**

6.	**Payments to related parties of the entity and their associates**	**Current quarter $A'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1	-
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	8,700	5,100
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	**Total financing facilities**	8,700	5,100

7.5	**Unused financing facilities available at quarter end**	3,600

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

The loan facilities are unsecured, bear interest at 9% per annum, mature on 6 April 2022 (extension can be renegotiated and early repayment at Company's election with no penalty) and are provided by related parties of the 3 Directors of the Company (D Morton $5.25 M, D Munns $2 M and P Sam Yue $1.45M). The lenders have agreed with the Company that interest and facility fees accrued and unpaid to date (accounted as accruals by the Company) should not be included as drawn under the facilities as previously provided and only actual principal amounts drawn are now stated as amount drawn.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(24)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(20)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(44)
8.4	Cash and cash equivalents at quarter end (item 4.6)	311
8.5	Unused finance facilities available at quarter end (item 7.5)	3,600
8.6	Total available funding (item 8.4 + item 8.5)	3,911
8.7	**Estimated quarters of funding available (item 8.6 divided by item 8.3)**	88.9

Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.

8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: N/A

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: N/A

8.8.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
Answer: N/A	
Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.	

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.

Date: 31 July 2020

Authorised by: Dennis Morton – Managing Director

Patrick Sam Yue – Director/Company Secretary
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.