



**ACTIVITIES REPORT
QUARTER ENDED 31st DECEMBER, 2022**

30th January, 2023

PHILIPPINES

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

The Company finalised an arbitration application for submission at the International Chamber of Commerce (“**ICC**”) with respect to the termination of Service Contract 44 (“**SC 44**”) by the Department of Energy (“**DOE**”) in June, 2021 on grounds disputed by the Company. The selection of an arbitrator to be nominated by the Company has been in process.

A new Philippine Government under President Ferdinand Marcos Jr. who won the May, 2022 election has appointed a new administration. This new administration appears to be pro-business and is inviting foreign investment, including for the pursuit of oil and gas ventures in the Philippines. This presents good opportunities for the Company.

SC 44 was unlawfully terminated by the previous Philippine Government during a period of Government imposed Covid-19 sanctions. These sanctions legally forced the Company to stop its active drilling operations that were underway at that time with the Nuevo Malolos-1 Deepening.

The Company has repeatedly requested the DOE for a suspension of the service contract under *Force Majeure*, as provided for under the Service Contract terms. The DOE failed to respond to those requests and unilaterally cancelled SC 44.

With the assistance of Manila based lawyers the Company prepared and was ready to submit an application to the ICC for arbitration, as provided for under SC 44.

Before the Company lodged that application, the Directors decided that the unjust cancellation of SC 44 be first discussed with the new Energy Secretary and his DOE administration backed by legal information in support of our claim.

The DOE has been very receptive to the Company’s grievances and is aware of the Company’s desire to continue exploration for oil and gas in Philippines that commenced over a decade ago. Encouragingly, discussions are in train with the administration for the Company to continue to evaluate the Malolos Oil Field and the areas originally within SC 44. This process is ongoing and the Company hopes for field exploration work to recommence this year.

In addition, and as a direct result of the new Philippine Government welcoming new investment in oil and gas exploration, the Company has been able to enter discussions for new ventures with other companies active in the Philippines. The approach has been to contribute use of our drilling rig for operations to acquire equity in those new projects without cash contributions.

Background

On the 1st June, 2021 the Company received from the DOE a letter which stated “ ... the Department is hereby effectively terminating Service Contract for failure of G2G to comply with all requirements set forth in the extension of the Technical Moratorium.”

That decision was made disregarding the social environment that has prevailed in Philippines since March 2020 when the Covid-19 pandemic and a State of Calamity were declared which caused the Company to suspend its operations for health and safety reasons and rightfully invoking Force Majeure under the terms of the SC 44. Access to the site has not been possible and the international borders in Australia and Philippines were essentially closed until recently in 2022.

A Company request for the DOE to reconsider its decision resulted in a letter on 27th September, 2021 reiterating its earlier decision to terminate SC 44.

SC 44 provides procedures for settlement of disputes in connection with the performance or interpretation of any provision of SC 44. Those procedures require the parties to first attempt settlement amicably any disputes through consultation before arbitration is sought. SC 44 provides that arbitration shall be conducted in accordance with the Rules of Arbitration of the International Chamber of Commerce (“ICC”). The Company invited the DOE to discuss the possibility of amicably settling the matter. The DOE, under the previous Government administration failed to respond to this request.

FRANCE

Legal Claim on unlawful non-renewal by the French Government of ST. GRIEDE (100% working interest), Onshore Aquitaine Basin

In early January 2020, the Company lodged at the Pau Tribunal, France, a claim of €34.35 million (approximately A\$53 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 refusing, unlawfully as ruled by the French Courts, to renew the St Griede conventional hydrocarbon exploration permit in accordance with the prevailing mining law. The non-renewal of the permit prevented the Company continuing exploration with the aim to eventual exploitation of oil and gas to achieve a return on exploration work incurred since the grant of the permit.

The Tribunal had set the 29th June, 2022 for a hearing to be conducted. A few days before the hearing date the Tribunal delayed the scheduled hearing to a future date to be advised.

In December 2022, the Company has made a submission to the Tribunal requesting advice for the new hearing date and is awaiting a response.

NEW VENTURES

The Company continues to review new ventures in eastern Australia with a focus on the Cooper and Bowen-Surat Basins in South Australia and Queensland. The Company considers that there are numerous high quality exploration opportunities potentially the subject of farmin or new State Government Gazettal. The alternative is to purchase existing exploration licences from the current title

holders.

During 2022, the Company has been presented with several oil and gas exploration opportunities by title holders and has conducted technical exploration work consisting of interpretation of available seismic data and well data, reviewing regional setting, in some cases exhaustive technical assessment from first principles and where applicable commercial development economics. More recently during the December quarter the Company has considered participation in an oil production licence in Queensland and gas exploration drilling in WA and they have been deemed unsuitable for the Company.

In the Company's opinion, there are presently Government policies and practices that impede new petroleum exploration investments in the eastern States as follows:

1. Each of South Australia, Queensland and Victoria only make available new areas for exploration by way of Government Gazettal – a public bidding process. NSW has been closed for oil and gas business since 2011. NSW recently cancelled all exploration licences, except the Santos Limited owned Narrabri Gas Project, under a new legislation – *“Petroleum (Onshore) Amendment (Cancellation of Zombie Petroleum Exploration Licences) Bill 2021”*.

Unfortunately, in South Australia and Queensland, public gazettals are infrequent, with the most recent being conducted in 2020, and has not held any new gazettal for conventional petroleum for many years. Victoria has not released any new onshore areas for over a decade having released two small offshore areas in State controlled waters in 2020.

In each of the States that conduct gazettals there is a provision for companies to nominate selected areas to be considered for inclusion in the gazettal. The Company has formally requested areas to be included in the 2019 and 2020 Queensland gazettal, but those requests were not acknowledged.

2. Each of the eastern States that claim they are open for new petroleum exploration business are in practice not open and seem to find reasons to cancel existing licences and convert them to open acreage rather than keep them alive and active for investment.

During 2022, the Company has assessed farmin opportunities in Queensland and reached agreement on farmin terms with the licence holder. The State Government department administering these titles has then been approached to extend the period for committed work performance under these licenses to make up for periods affected by Covid-19 sanctions when field work could not be conducted, essentially Force Majeure events. The requested extension that would have allowed the Company to conduct new seismic acquisition and exploration drilling was in our view unreasonably refused.

3. The Federal Government recently legislated price caps on natural gas has directly impacted the Company's new venture search in eastern Australia.

Whilst the Company is still keen to pursue new ventures by way of farmin, the existing titleholders that we have been in discussion with have paused their interaction with us whilst they review their business model by incorporating the effect of the Federal Government imposed price caps.

The enforced price caps is a departure from free market practices and represents a game changer for high risk and private sector funded petroleum exploration ventures. Explorers are faced with

high funding costs on high risk exploration and retrospective change in rules for financial returns for those few who are fortunate enough to have success and proceed into commercial natural gas production.

EXPLORATION EXPENDITURE

In accordance with Accounting Standards, as the Company does not have current legal tenure in exploration areas, all costs incurred in exploration technical work for new ventures and maintenance related to exploration area SC 44 which is under dispute are classified as “oil and gas exploration project” costs and staff costs related to exploration technical work have not been classified under “oil and gas exploration project”.

PAYMENTS TO RELATED PARTIES OF THE ENTITY AND THEIR ASSOCIATES

The aggregate amount of payments to related parties and their associates for the quarter reported in item 6.1 in Appendix 5B Cash Flow Report of \$110K were for Director’s fees and management fees including amounts due for prior periods.

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

46 112 138 780

Quarter ended ("current quarter")

31 DECEMBER 2022

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		
(b) development		
(c) production		
(d) staff costs	(110)	(200)
(e) administration and corporate costs	(59)	(116)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	3
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Government grants and tax incentives		
1.8 Other (GST/Oil and gas exploration projects)	(39)	(96)
1.9 Net cash from / (used in) operating activities	(206)	(409)

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		
(e) investments		
(f) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6.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	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)		
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	(48)	(152)
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—Payments for lease liabilities	-	(34)
3.10 Net cash from / (used in) financing activities	(48)	(186)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,237	1,578
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(206)	(409)
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)	(48)	(186)

Appendix 5B

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

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6.months) \$A'000
4.5 Effect of movement in exchange rates on cash held		
4.6 Cash and cash equivalents at end of period	983	983

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	42	50
5.2 Call deposits	941	1,187
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)	983	1,237

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	110
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.

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

7.	Financing facilities <i>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.</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1	Loan facilities	5,034	1,434
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	5,034	1,434
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, interest free and mature on 16 April 2024 (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 \$3.440M, D Munns \$0.854M and P Sam Yue \$0.740M):		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(206)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(206)
8.4	Cash and cash equivalents at quarter end (item 4.6)	983
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)	4,583
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	22.2
	<i>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.</i>	
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	

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

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: 30 January 2023

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.