



**ACTIVITIES REPORT
QUARTER ENDED 31st MARCH, 2023**

28th April, 2023

PHILIPPINES

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

The Company is in the final stages of completing application documents for a new Service Contract after negotiations with the newly appointed Philippine Department of Energy (“DOE”) were successfully concluded. These negotiations resulted in a very satisfactory outcome for the Company.

Under current negotiations with the DOE the Company has suspended the pending action against the DOE at the International Chamber of Commerce (“ICC”) with respect to the unlawful termination of Service Contract 44 (“SC 44”) by the DOE in June, 2021.

The new administration under recently elected President Ferdinand Marcos Jr. appears pro-business and is inviting foreign investment, including for the pursuit of oil and gas ventures in the Philippines. The successful negotiation with the DOE is testament to their support for the Company’s desire to continue exploration for oil and gas in Philippines that commenced over a decade ago particularly, in the Malolos Oil Field originally within SC 44.

The Government encouragement of investment in the Philippine oil and gas industry has presented opportunities for the Company to discuss new ventures with other companies also active in the industry on the basis of contributing use of the Company’s drilling rig for operations to acquire equity in 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 had prevailed in Philippines from 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 late 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

The Company has not been advised of the date for the new court hearing to determine its €34.35 million (approximately A\$57 million at current exchange rate) compensation claim against the French Government. The Company’s France based lawyers are pursuing the matter.

In early January 2020, the Company lodged with the Pau Tribunal, France, a claim of €34.35 million 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 made a submission to the Tribunal requesting advice for the new hearing date. The Company has not received a response from the Tribunal to date and the Company’s lawyer is pursuing the matter with the Tribunal.

NEW VENTURES IN AUSTRALIA

The Company has suspended the pursuit of new exploration opportunities in eastern Australia with a focus on the Cooper and Bowen-Surat Basins in South Australia and Queensland.

In the Company’s opinion, there are presently Government policies and practices that impede new petroleum exploration investments in the eastern States (see the Activities Report for the December 2022 quarter lodged with ASX on 30 January 2023 for description of the issues perceived by the Company).

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

In December 2022, the Competition and Consumer Act 2010 was amended to introduce a new part that relates to the gas market. Under this new part, the Minister may make orders, known as emergency gas market price orders, regulating the terms (including prices) on which gas is supplied or acquired.

On 23 December, the Order made by the Minister under the Competition and Consumer (Gas Market Emergency Price) Order 2022 came into effect which sets out a price cap of \$12 per gigajoule.

The Minister has delegated the power to grant a price cap exemption to the ACCC by delegation that commenced on 23 December 2022.

The Act was also amended to prohibit conduct engaged in for the purpose of avoiding the application

of an order, and to allow for a mandatory code of conduct to be introduced. The ACCC is responsible for enforcing these new laws.

Whilst the Company is still keen to pursue new ventures in Australia by way of farmin certain legislated retrospective changes in gas pricing have greatly increased the risk for investors. Retrospective changes create a sovereign risk and worsens the commercial terms for investments in petroleum exploration in Australia and these changes are not one that encourages the Company to invest.

The recent legislated enforced gas price cap 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.

ASX LISTING RULE 12.1 ON ADEQUACY OF LEVEL OF OPERATIONS

Australian Securities Exchange (“ASX”) Listing Rule 12.1 provides that the level of an entity’s operations must, in ASX’s opinion, be sufficient to warrant the continued quotation of the entity’s securities and its continued listing.

In March 2023, ASX advised the Company that in their opinion the Company’s level of operations are not of a level sufficient to satisfy the requirements of Listing Rule 12.1. However, the Company has been actively conducting technical work in its pursuit of new ventures and seeking returns from its past investments in oil and gas ventures in France and Philippines although not by conducting field activities.

ASX has afforded the Company until 1 September 2023 to demonstrate to ASX that it is or has become compliant with Listing Rule 12.1. If the Company does not demonstrate compliance with this rule to ASX’s satisfaction, ASX intends to suspend the Company’s securities from official quotation.

In the Company’s opinion a recommencement of operations in SC 44 or a new Service Contract in Philippines should assist in a positive outcome when ASX assess the level of operation of the Company.

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 that 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 \$75K 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 MARCH 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 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	(59)	(259)
(e) administration and corporate costs	(51)	(167)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	5
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/Projects)	(51)	(147)
1.9 Net cash from / (used in) operating activities	(159)	(568)
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 (9 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	-	(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	-	(186)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	983	1,578
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(159)	(568)
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)	-	(186)

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 (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	824	824

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	28	42
5.2	Call deposits	796	941
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)	824	983

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	75
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>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.</i>		

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)	(159)
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)	(159)
8.4	Cash and cash equivalents at quarter end (item 4.6)	825
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)	4,425
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	27.8
	<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: 28 April 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.