

GAS2GRID LIMITED
2012 ANNUAL GENERAL MEETING
CHAIRMAN'S ADDRESS

Dear Shareholders,

Welcome to the 2012 Annual General Meeting – it is pleasing to see so many shareholders in attendance. I would like to thank you for your past and ongoing support of the Company. The Company is positioned to complete the drilling of three exploration wells and the workover and flow testing of an existing discovery well. These activities provide all shareholders a chance of success by the discovery of oil and gas over the next few months.

It has taken the current Board and management over 4 years to get the Company from a position of little hope to where it is today with a good chance of success. 4 years ago the Company had just drilled a dry hole in NZ, was in arrears with its commitments in Service Contract 44 (100%), Philippines, St. Griede licence had not been awarded and had little money in the bank.

Today Gas2Grid owns 2 drilling rigs, has complied with its SC 44 commitments, is funded, is drilling 3 exploration wildcat wells, workingover and testing an existing discovery well and it has acquired 100% in the St. Griede petroleum exploration licence in the Aquitaine Basin, France where it has conducted geophysical surveys, reprocessed and interpreted all available seismic data.

During the year, the Company has been very active in onshore exploration in Service Contract 44 in the Philippines and the St. Griede licence in France. The Company has focussed on these assets, as they are considered to be the most likely assets to convert the Company from an explorer into an oil and/or gas producer.

In Service Contract 44 the Company completed seismic acquisition, processing and interpretation of seismic data over prospects that had been targeted for drilling in 2012. Seismic data quality is excellent and these new data have been integrated with all existing geological and geophysical information resulting in the detailing of three, very large, robust and exciting conventional oil and gas drilling prospects, onshore Cebu.

Three wildcat, exploration wells are being drilled back to back. Drilling commenced last month and the three wells have been named Jacob-1, Gumamela-1 and Ilang-1. Reservoir targets are Miocene age limestone reefs and channelised, marine, turbidite sandstones. These formations are of the same age and lithology as those that are hydrocarbon bearing elsewhere onshore Cebu and also they comprise the reservoir in producing fields offshore Palawan, Philippines and elsewhere within Southeast Asia (Indonesia, Malaysia). The prospects have individual recoverable oil potential ranging in size between 5, 15 and 50 million barrels (Jacob is the largest) and if successful could eventually prove to be large oil fields. There is a ready market for any oil or gas discovered by these wells.

Faced with difficulty in securing reliable drilling contractors the Company decided to purchase a drilling rig (Rig-2) as the Company was fortunate to have the Chairman and several consultants who came from a drilling contractor background. Rig-2 was purchased in May and it now provides certainty with timing and cost. The rig is a Gardner Denver 500, 800 HP, SCR (electric) drilling rig with capacity to drill to 2,740 metres with 4.5 inch (117 mm) drillpipe. This rig has a small “footprint” and is ideally suited to working in rural Cebu. The rig is now worth far more than its total cost to the Company.

The acquisition of a workover rig (Rig-1 – Brewster 200) during the year will enable the Company to conduct the Malolos-1 workover and flow testing of the deeper targets. Malolos-1 has several oil bearing sandstones below 2,191 metres that in 1960 recovered oil in the drillpipe during open hole testing and where over 20 barrels of oil was also recovered by Gas2Grid during the Phase 2 workover in 2011. This month we will be drilling out the junk in the wellbore that is preventing us accessing and flow testing the oil bearing sandstones. Recent cased hole logging with a pulsed neutron tool has also identified 4 potentially gas bearing sandstone intervals below 1,646 metres that have not been previously flow tested. We also plan on flow testing these intervals as they may contain enough recoverable gas to fuel a 50 MW power station in Cebu, which has a great need for energy.

The Philippine Department of Energy has kindly granted an extension of time, until the 28th January, 2014, for the Company to complete the drilling of its three exploration wells. We will likely complete this obligation before the end of 2012.

In the St. Griede licence (100%) in France we purchased the remaining vintage seismic data and reprocessed and interpreted these data. These data have now been incorporated with all other existing geophysical and geological data and numerous attractive targets have been identified. The Company has also outlined the locations of approximately 250 kilometres of new seismic program that will detail these targets and hopefully convert some of them into drilling prospects. New seismic data acquisition is planned for early 2013 and we have already tendered for seismic acquisition services. The first exploration wildcat well is programmed for mid-2013, should a suitable drilling location be determined.

The Company has also submitted applications for three new licences, all located in the Aquitaine Basin, France. If all the new applications are approved, the Company will have a huge acreage position within this very prospective sedimentary basin that will generate significant value for the Company. However, the process to grant an exploration licence in France takes a long time and the exploration plans for the new areas will not be until the medium term.

EP 453 (100% ownership) is located in the onshore, Canning Basin, Western. Existing seismic data has been reprocessed and integrated with well data. Results of this work have not turned out as well as we would have liked. We also completed a technical study that assessed the petroleum potential of shale bearing formations within the licence – this type of play is being actively explored by other Canning Basin operators, including oil and gas majors. EP 453 appears to be located on the edge of the main shale play areas and, in our assessment, has limited potential. The Company has written to the WA Government regarding its licence commitments that have not been satisfied and we are at this stage uncertain as to whether the Company will actively pursue new opportunities in EP 453.

From July, 2011 to date the Company has been successful in raising \$9.8 million to fund all the activities that I have described earlier including the 3 new exploration wells and the Malolos-1 workover, with very little being used for administration costs. These funds have been raised by way of exercise of the 30th September 2011 options, exercise of the 15th June 2012 options and several placements to sophisticated investors and Directors. Additional funds will be raised, as and when required, in order to fully fund future exploration and development operations.

On behalf of the Board, I would like to thank our staff and consultants for their efforts in progressing the Company assets. In addition, I would also like to thank shareholders for their patience and continued support.

Dennis Morton.
Chairman of the Annual General Meeting.