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KATE-1 – DRILLING COMMENCED ONSHORE, CANTERBURY BASIN, NZ

Gas2Grid Limited (“GGX”) is pleased to announce that their exploration wildcat well, Kate-1, commenced drilling operations late on Thursday 8th May. The well is at a depth of 140 metres after setting 9 5/8 inch surface casing to a depth of 133.5 metres. Current operation is installing and testing the blow out preventor with the forward program being to drill ahead. It is anticipated that the main target will be intersected within the next 5 days.

Kate-1 is located within the northern part of the onshore Canterbury Basin, South Island, NZ, approximately 60 kms north of the city of Christchurch. Kate-1 is being drilled on a surface anticline that has been mapped in the subsurface using seismic data acquired in 2006.

The main target is sandstone reservoirs within the Late Cretaceous Broken River Formation and secondary targets comprise shallower sandstone and limestone potential reservoirs all within mapped structural closure. The anticline is highly faulted at depth and comprises a prospect with estimated oil in place potential of up to 25 million barrels. An oil seep has been reported on the western side of the Kate anticline and hydrocarbon soil surveys have also recorded anomalously high concentration levels within the same area providing some encouragement for hydrocarbon charge to the Kate Prospect.

BACKGROUND: GGX announced in 2007 that it had entered into an agreement with a privately owned NZ company, Green Gate Limited, to farm in to the onshore portion of PEP 38260 located in the north Canterbury Basin. Under the terms of that original agreement and subsequent amendments GGX has paid \$1.2 million towards the drilling of Kate-1 and in return shall acquire an undivided 40% interest in the onshore portion of PEP 38260, covering an area of 2,429 square kilometres. GGX has also paid \$600,000 cash in order to acquire another 15% interest in the onshore portion of PEP 38260 (total 55%). Execution of the agreements covering the farm in was completed in early 2008.

Dennis Morton: Managing Director
David King: Non-Executive Director

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