
23rd October, 2013

MALOLOS-1: OIL DISCOVERY DECLARATION
SERVICE CONTRACT 44 (100%), Onshore Cebu, Philippines

The Company advises that it has lodged with the Philippine Department of Energy (“DOE”), under the terms and conditions of the Service Contract, an application to declare Malolos-1 an oil discovery.

Gas2Grid Limited successfully perforated and flow tested two oil bearing sandstones in Malolos-1 at depths of 2,219 – 2,227.5 metres (7,280 – 7,308 feet) and 2,178 – 2,195.4 metres (7,152 – 7,207 feet). Oil was produced on short term test at indicative production rates of between 100 to 200 barrels of oil per day (“bopd”). Oil from the lower sandstone also flowed to just below surface. These results have now been integrated with all other available technical data and we consider Malolos-1 is an oil discovery.

The two oil bearing sandstones that have tested oil are located within the eastern limb of the Malolos anticline where they are steeply dipping (60°). Previously drilled wells, Malolos-1 and Malolos-4, recorded oil bearing sandstones **over a 496 metre (1,627 feet) vertical interval**. The recent oil test production rates (between 100 – 200 bopd) confirm Malolos-1 as an oil discovery well. We are confident that further testing of Malolos-1 will result in commercial oil production from a much larger Malolos oil field than currently assessed.

Initial assessment of the oil volume potential within the Malolos oil field is a “Contingent Resource” oil in place in the two oil productive sandstones in the range of between a “Low Estimate” (1C) of **4 million** barrels and a “High Estimate” (3C) of **42 million** barrels, with a “Best Estimate” (2C) of **12 million** barrels of “Total Oil Initially in Place”.

A technical summary of all observations, measurements and testing in Malolos-1 follows:

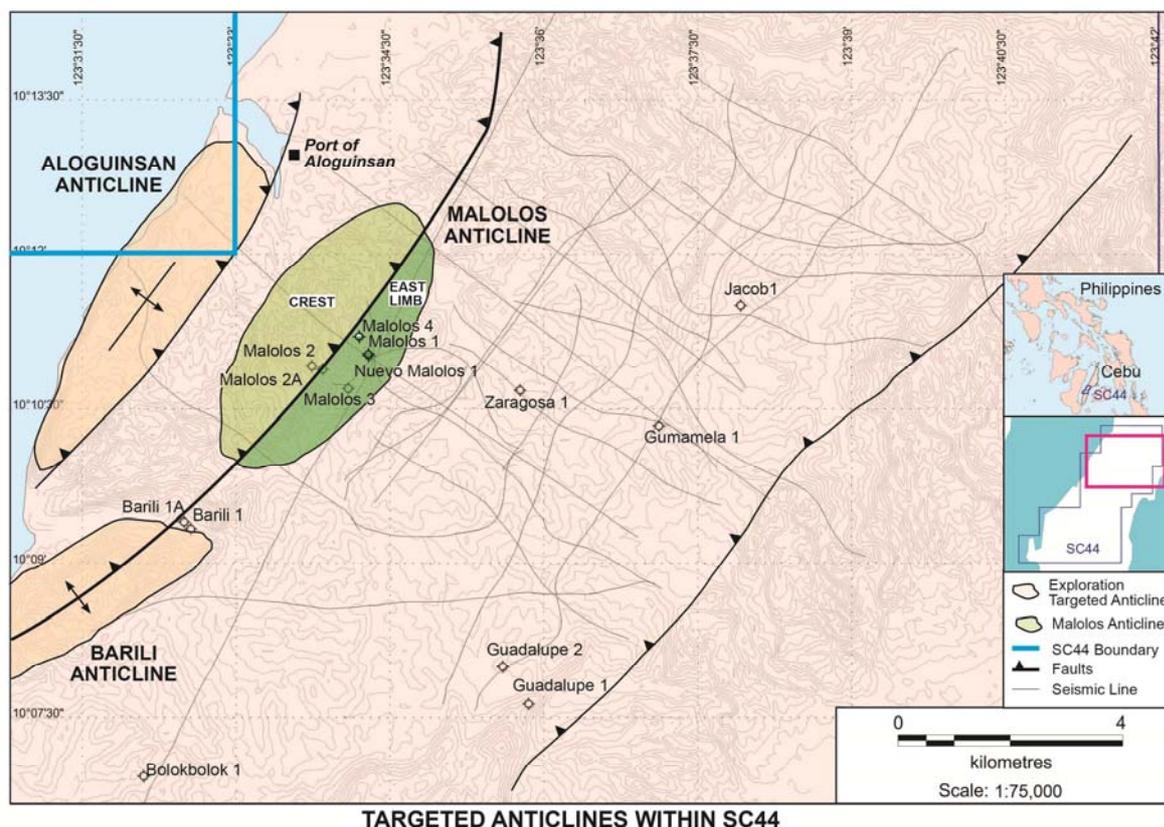
- Oil has been produced from two separate sandstone intervals in Malolos-1 at rates between 100 to 200 bopd.
- Oil saturated sandstone was recovered in a rock core retrieved from Malolos-4 with several other intervals containing sandstones with excellent oil shows at correlative stratigraphic levels to the oil bearing sandstones in Malolos-1.
- The bedding dip in Malolos-1 and 4 averages about 60° to the east (based on core, seismic and dipmeter data).
- Both wells were sited on the very eastern margin (limb) of the surface anticline.
- No oil-water contact has been intersected - each oil bearing sandstone has oil on rock.
- The anticlinal crest and western limb of the Malolos oil field remain to be tested.
- Recently acquired seismic data images the steeply dipping eastern margin of the surface anticline where Malolos-1 & 4 are located.

WORK PROGRAM AND BUDGET

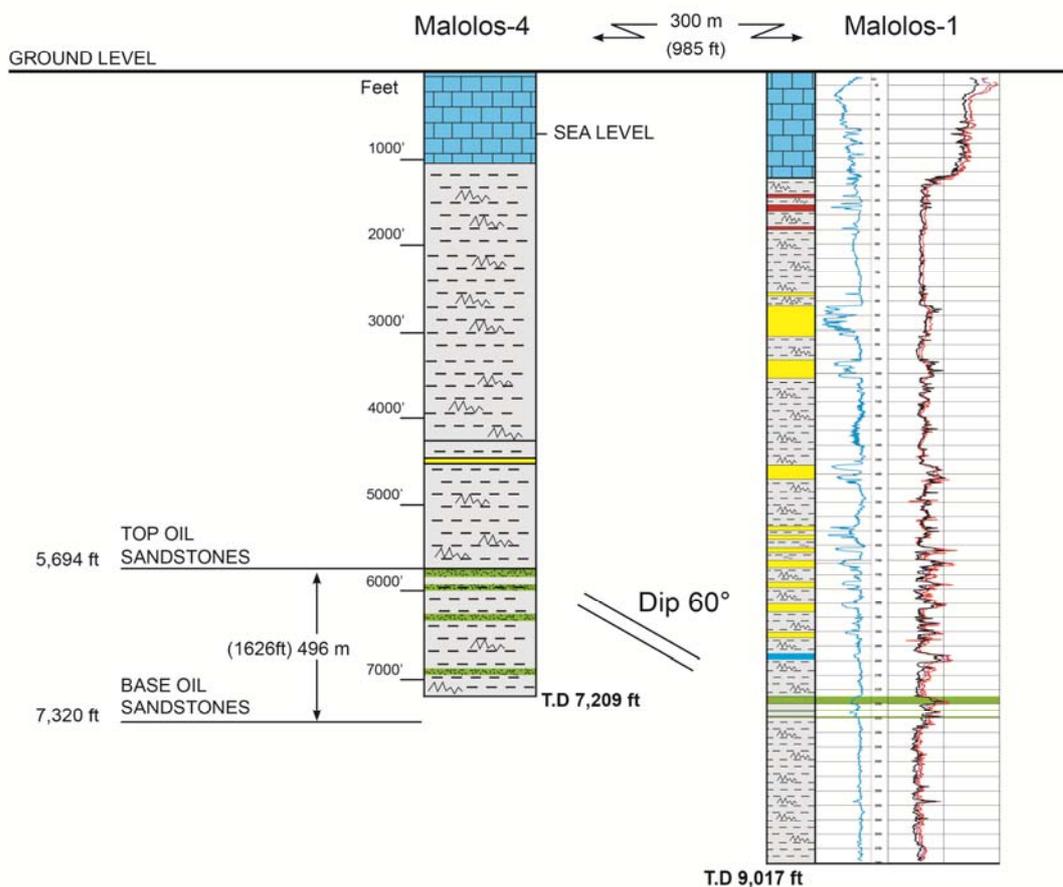
The two oil bearing sandstones were recently production tested for only short periods of time and whilst both showed commercial productive capacity, they will need to be tested for a longer period in order to establish commerciality. In order to complete a longer term testing a beam pump and oil storage will be required onsite. Planning is underway to recommence testing when requisite government approvals have been obtained and equipment delivered to site. The estimated cost of this work is US\$500,000 - \$1 million.

The extended production test will involve individually placing each of the two oil bearing sandstones on extended pump test for a minimum period of three weeks each (production time may be extended based on results). The production period will be followed by a longer shut-in period to assess the reservoir pressure build-up, the results from which will enable determination of reservoir quality and better assessment of relative size of the oil reservoir.

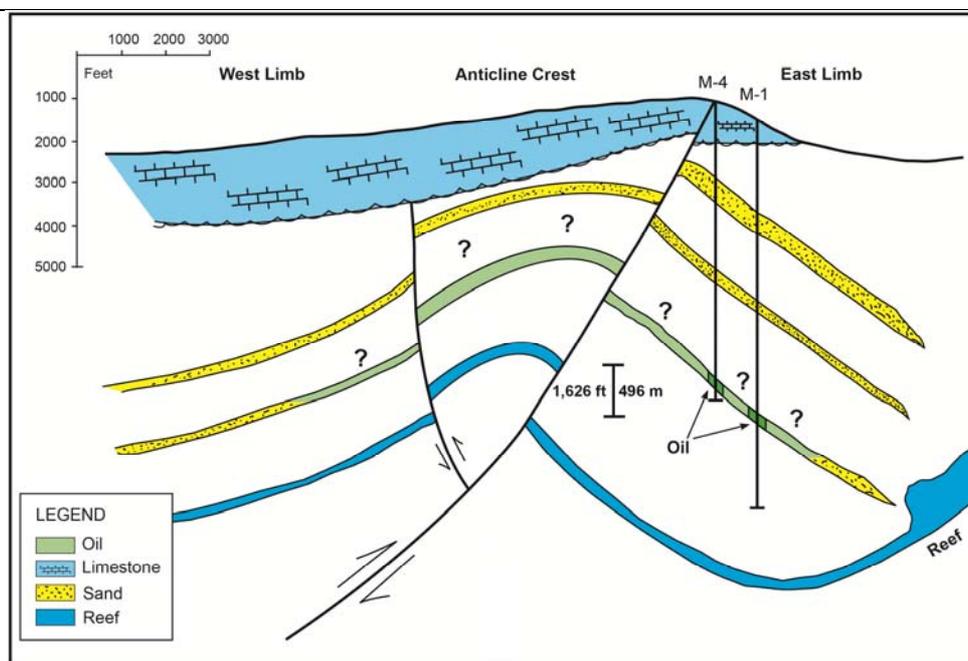
We consider that the longer term testing will also enable an independent expert to certify and convert some of the Contingent Resource of oil in place into Proven, Probable and Possible oil reserves.



Location Map: Malolos Oil Field



Oil Sandstone Correlation: Malolos-1 to Malolos-4



Schematic Cross-Section: Malolos Anticline

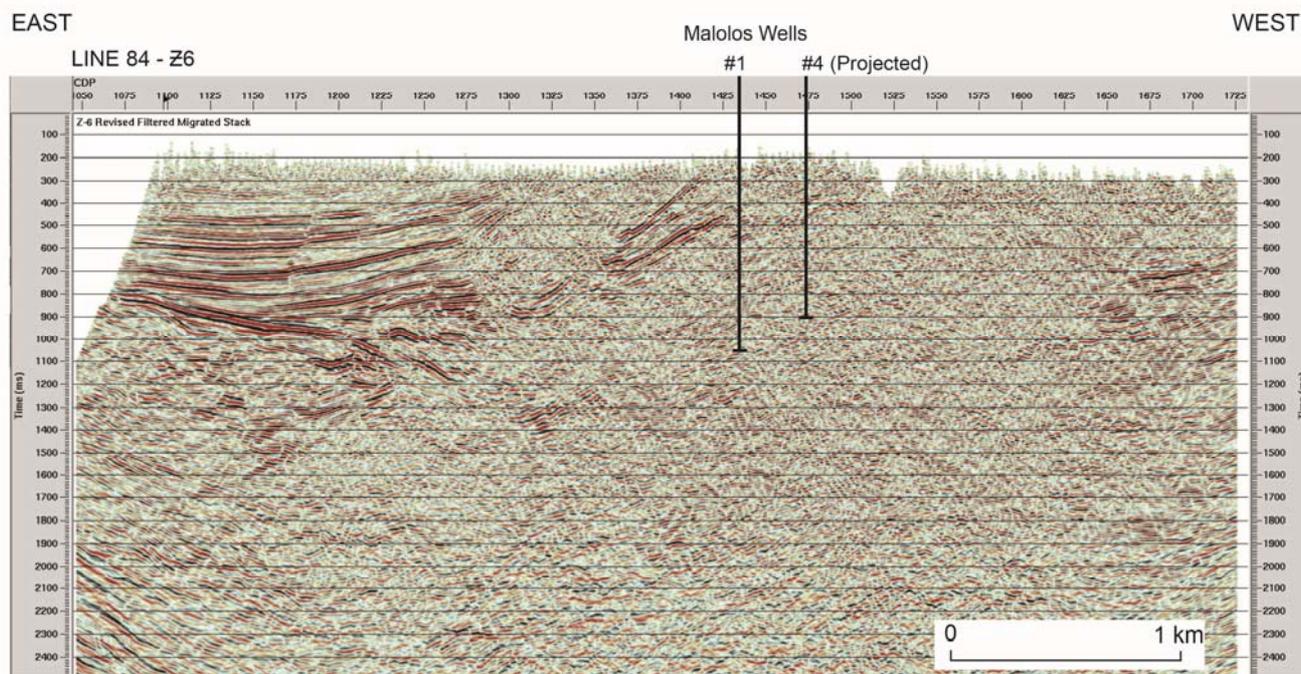
FUNDING

The Company's preferred funding for the complete appraisal and development work is by a farmout of SC 44, reducing its current 100% interest. Discussions with interested parties in Australia and overseas are continuing.

Dennis Morton (Managing Director) had the following comments:

"The application for declaration of an oil discovery is the first step in appraising and developing the Malolos oil field. When approved by the DOE it will provide an additional minimum period of 12 months to flow test the well and establish commercial production. Following the completion of that work and with the DOE's approval of commercial status, the Malolos oil field will enter a 25 year production phase."

The Malolos anticline has at least 500 metres of indicative vertical closure, it covers a large area and therefore it holds potential for a very large oil accumulation. The Malolos oil field can be cost effectively assessed, as it is located onshore and very close to facilities. It is now a high priority to appraise the Malolos oil field and actively explore the surrounding surface anticlines, which are also very attractive exploration targets. We also have the knowledge that oil fields discoveries have previously been made within sandstone reservoirs trapped in similar types of anticlines, immediately to the north and south of SC 44."



Seismic Section with Malolos-1 and Malolos-4 (projected) Locations

The Resources assessment follows guidelines set forth by the Society of Petroleum Engineers – Petroleum Resource Management System (SPE-PRMS). The Resource estimates used in this presentation were compiled by Mr Len Diekman (Member SPE), Energetica Consulting, who is a qualified person as defined under the ASX Listing Rule 5.11 and has consented to the use of Resource figures in the form and context in which they appear in this presentation. The information in this release has been compiled by Dennis Morton, Managing Director of Gas2Grid Limited, who graduated with First Class Honours in Geology (Macquarie University) and has 38 years experience in the oil and gas industry.

Contact details:

Dennis Morton
Managing Director

Ph: +61-2-8298 3682
dennis@gas2grid.com

Patrick Sam Yue Ph: +61-2-8298 3668
Director psy@gas2grid.com