



5 October 2010

ASX Limited
Company Announcements Office

NON-RENOUCEABLE RIGHTS ISSUE

Gas2Grid Limited ("Company") advises that it is offering shareholders on the share register at 11 pm NST on 14 October 2010 ("Record Date") with an address in Australia or New Zealand ("Eligible Shareholders") an opportunity to subscribe for approximately 78.35 million fully paid ordinary shares (subject to adjustment for fractions and exercise of options before the Record Date which then become entitled to participate in the rights issue) at A\$0.025 per share under a 1 for 3 non-renounceable rights issue, to raise approximately A\$1.959 million. Fractions will be disregarded when determining entitlements and holdings on different registers (ie sub-registers) will not be aggregated. The rights issue is fully underwritten by Budside Pty Ltd ("Underwriter") a company controlled by Managing Director Dennis Morton.

For each new share issued, a new option will also be granted for no additional cash consideration. Each new option will entitle the holder to acquire one fully paid ordinary share in the Company at A\$0.05 on or before 5 pm NST on 15 June 2012.

The funds raised are to be applied to exploration, expenses of the issue and working capital.

The indicative timetable for the rights issue is as follows:

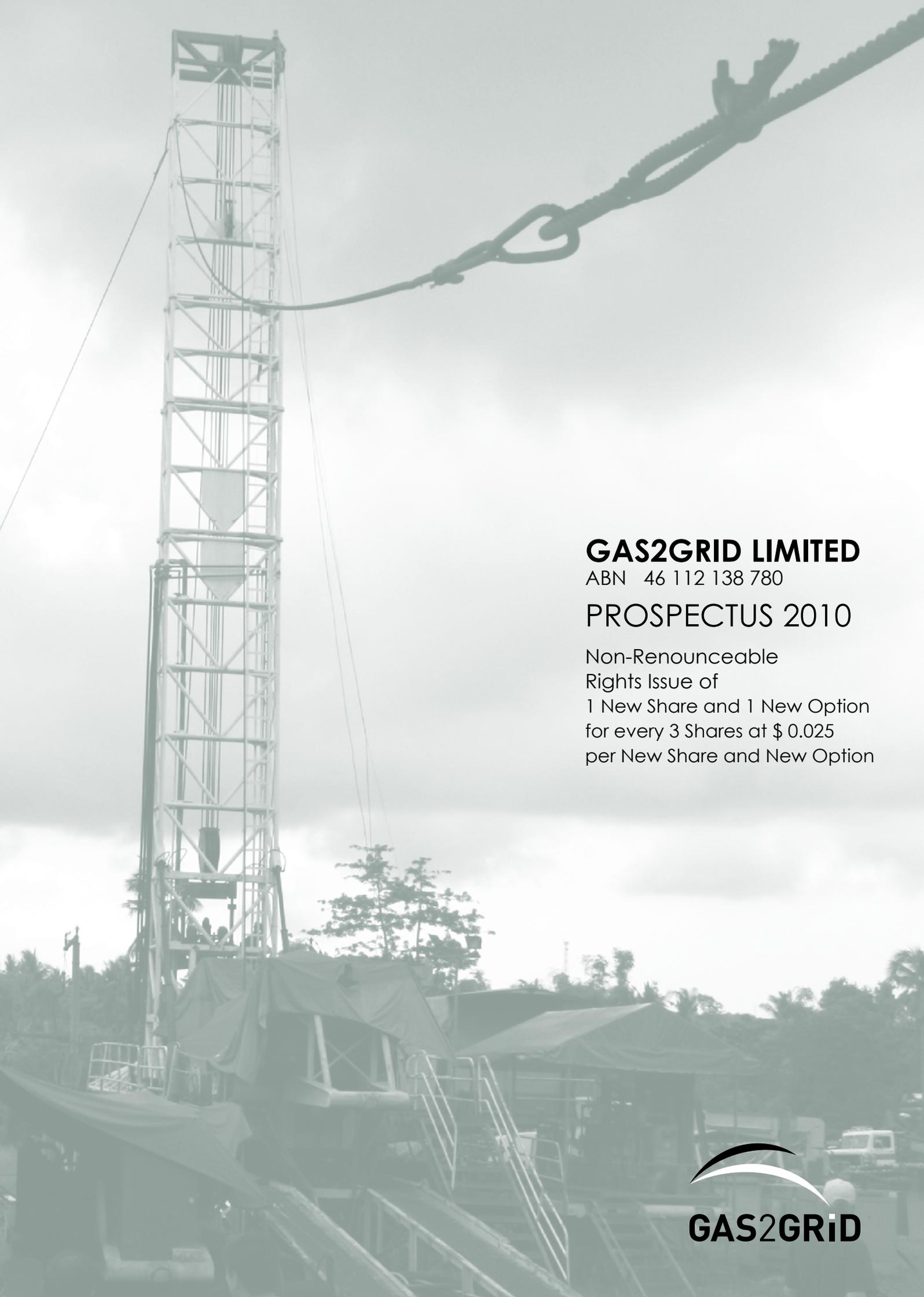
Lodgment of Prospectus	5 October 2010
Notice of rights issue sent to all shareholders	6 October 2010
Ex-Date: the date on which shares of the Company commence trading without entitlement to participate in the rights issue (11 pm NST)	8 October 2010
Record Date (11 pm NST)	14 October 2010
Dispatch of Prospectus to shareholders	18 October 2010
Closing Date (5 pm NST)	15 November 2010
New shares quoted on deferred settlement basis	16 November 2010
Shortfall Shares notification to ASX	18 November 2010
Dispatch of holding statements for new shares	22 November 2010
Expected commencement of trading of new shares	23 November 2010

The Company reserves the right to vary the dates and times of the issue without prior notice, subject to compliance with the Listing Rules.

The rights issue Prospectus is lodged with ASX on 5 October 2010 and is available on the ASX website from on or about 5 October 2010 and the Company's website www.gas2grid.com.

A copy of the Prospectus and an Appendix 3B relating to the rights issue is attached.

David Munns
Chairman



GAS2GRID LIMITED

ABN 46 112 138 780

PROSPECTUS 2010

Non-Renounceable
Rights Issue of

1 New Share and 1 New Option
for every 3 Shares at \$ 0.025
per New Share and New Option



GAS2GRID

CORPORATE DIRECTORY

Gas2Grid Limited

ABN 46 112 138 780

Directors

David A Munns (Non-Executive Chairman)
Dennis J Morton (Managing Director)
Patrick W Sam Yue (Non-Executive Director)

Company Secretary

Steven J Danielson

Registered Office

c/- Mitchell & Partners
Level 7, 10 Barrack Street
Sydney NSW 2000

Telephone: (02) 9392 8686

Website: www.gas2grid.com

Auditor

PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
Sydney NSW 1171

Share Registry

Gould Ralph Pty Limited
Level 42, Suncorp Place
259 George Street
Sydney NSW 2000

Telephone: (02) 9032 3000

Fax: (02) 9032 3088

ASX Code

Ordinary shares: GGX

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KEY DATES

Proposed Timetable

Lodgement of Prospectus with ASIC	5 October 2010
Notice of rights issue sent to all shareholders	6 October 2010
Ex-Date: the date on which shares of the Company commence trading without entitlement to participate in the rights issue (11:00 pm NST)	8 October 2010
Record Date (11:00 PM NST)	14 October 2010
Dispatch of Prospectus and Acceptance Form to shareholders	18 October 2010
Closing Date (5:00 pm NST)	15 November 2010
New Shares quoted on deferred settlement basis	16 November 2010
Shortfall Shares notification to ASX	18 November 2010
Dispatch of holding statements for New Shares and New Options	22 November 2010
Expected commencement of trading of New Shares	23 November 2010

This timetable is indicative only. The Company reserves the right to vary the dates and times of the Issue without prior notice, subject to compliance with the Listing Rules and written consent of the Underwriter.

IMPORTANT NOTE

This Prospectus is dated 5 October 2010 and was lodged with ASIC on 5 October 2010. Neither ASIC nor ASX takes any responsibility for the contents of this Prospectus nor the merits of the investment to which this Prospectus relates.

No New Shares will be allotted or issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

The Company will make application to ASX for quotation of the New Shares on the date of announcement of the Issue. No application will be made to ASX for quotation of the New Options.

You should carefully consider whether the New Shares and New Options are an appropriate investment for you. There are significant risks associated with an investment in the Company. The New Shares and New Options to be issued under this Prospectus should be regarded as a speculative investment. The New Shares and New Options carry no guarantee whatsoever with respect to return on capital investment, payment of dividends or the future value of the New Shares and New Options. Share and option prices can fall as well as rise.

This document is important and you should read it in its entirety (including the "Investment Risks" section). If you do not understand it, you should consult your professional adviser.

The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice on, and observe the requirements of, these laws. Non-observance by such persons may violate securities laws. Any recipient of this Prospectus residing outside Australia and New Zealand should consult their professional advisers on requisite formalities. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify this Prospectus or to otherwise permit a public offering of New Shares or New Options outside Australia and New Zealand.

Certain words and terms used in this Prospectus have defined meanings that are explained in the section "Glossary of Terms".

Electronic Prospectus

The Prospectus is available in electronic form via the Company's website www.gas2grid.com. Any person accessing the electronic version of the Prospectus for the purposes of becoming a security holder must be an Australian or New Zealand resident and must only access the Prospectus from within Australia or New Zealand.

The Corporations Act prohibits any person passing on to another person an application form unless it is attached to a hard copy of the Prospectus or accompanied by the complete and unaltered version of this Prospectus. Prospective applicants should read this Prospectus in its entirety before completing an application form. Any person may obtain a copy of this Prospectus free of charge by contacting Gas2Grid Limited.

Special Prospectus Content Rules

The Company is a "disclosing entity" for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations. Specifically, as a listed company, the Company is subject to the Listing Rules which, subject to certain exceptions, require continuous disclosure to the market of any information the Company has, and which a reasonable person would expect to have, a material effect on the price or value of its securities.

This Prospectus is issued by the Company in accordance with the provisions of the Corporations Act which are applicable to a "transaction specific prospectus". In general terms, a "transaction specific prospectus" is only required to contain information in relation to the effect of the issue of the offered securities on the Company and the rights and liabilities attaching to the offered securities to the extent it is reasonable for investors and their professional advisors to expect to find it in this Prospectus. It is not necessary to include general information in relation to all the assets and liabilities, financial position, profits and losses or prospects of the Company unless it has not previously been disclosed but is relevant to these matters.

This Prospectus is intended to be read in conjunction with publicly available information on the Company which has been notified to ASX.

Copies of documents released to ASX in relation to the Company may be obtained from the ASX announcements website.

The Company will provide a copy of each of the following documents, free of charge, to any person who requests it during the application period for this Prospectus:

- the Annual Report (being the annual financial report most recently lodged with ASIC by the Company); and
- continuous disclosure notices given by the Company after the lodgement of the Annual Report and before the lodgement of a copy of this Prospectus with ASIC. A list of the disclosure notices is on page 8.

No Forecasts

The business of oil and gas exploration, appraisal and development is speculative where there are no proven oil or gas reserves, and there are significant uncertainties associated with forecasting revenues and expenses of such operations. Accordingly, the Directors believe that reliable forecasts cannot be prepared and forecasts have therefore not been included in this Prospectus in accordance with ASIC Regulatory Guide 170.

Privacy

The Company (and the Share Registry on its behalf) collects, holds and uses personal information of security holders in order to service their needs as security holders, provide facilities and services that they request or that are connected with their interests in New Shares and New Options and carry out appropriate administration.

The information may also be used from time to time and disclosed to persons inspecting the securities register, bidders for the securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers and mail houses.

A security holder may request access, correct and update his or her personal information held by the Company or the Share Registry, by contacting the Company Secretary.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Commonwealth) (as amended), the Privacy Act 1993 (New Zealand) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules of ASX.

New Zealand Investment Warning

New Zealand investors are advised to read the warning statement set out in the 'New Zealand Investment Warning Statement' section of this Prospectus.

LETTER FROM THE CHAIRMAN

Dear Shareholder,

On behalf of the Directors, it is my pleasure to invite you to subscribe for New Shares in the Company at \$0.025 each, under a non-renounceable 1 for 3 rights issue. For each New Share issued, the Company will also issue one New Option for no additional consideration. Each New Option entitles the holder to acquire one Share at \$0.05, on or before 15 June 2012.

The Company believes it owns good quality conventional oil and gas exploration and near term appraisal opportunities that require funding. The money raised from the rights issue will be applied to the following immediate programs:

- approximately 50 kilometres of additional seismic survey and the Phase 2 Malolos-1 well workover in Service Contract 44 ("SC 44") in the Philippines, an area considered by the Company to be low risk with potentially high reward;
- application costs for new areas of exploration identified by the Company;
- general working capital; and
- cost related to this rights issue.

Moneys raised on exercise of the New Options will be used for exploration, development and general working capital purposes.

The acquisition of the 50 kilometres seismic data and the Phase 2 workover of Malolos-1 well are work commitments that the Company has agreed with the Department of Energy, Philippines to maintain the tenure of SC 44.

The Phase 1 Malolos-1 well workover program, which was completed in May 2010, targeted shallow (above 915 metres), sandstone gas bearing intervals that had reported gas production during open-hole well testing in the 1960s. The sandstones were thought to have been damaged during the drilling process and they required new investigation and assessment. The Phase 1 workover and testing program flowed gas to the surface from storage in both the annulus and tubing and it confirmed the presence of natural gas in several sandstone intervals but it did not result in a commercial flow of gas. Importantly, the workover also established that the sandstone reservoirs are of good quality and they have not been damaged. The Company is now targeting the deeper, oil and gas bearing sandstone intervals for flow testing with the Phase 2 workover to be carried out in fourth quarter 2010.

54 kilometres of new seismic data was acquired in SC 44 from March to May 2010. The quality of the new seismic data is very good. In addition, vintage seismic data has also been reprocessed. The newly acquired data has clearly identified two new hydrocarbon plays which are the Miocene age Cebu limestone reefs and the younger turbidite sandstones that are structurally and stratigraphically trapped. Miocene age limestone reefs are oil and gas producers elsewhere in the Philippines and also in nearby Indonesia. These results have greatly enhanced the exploration potential of SC 44. The Company plans to acquire approximately another 50 kilometres data in fourth quarter 2010 with the aim of maturing the carbonate reef leads into drilling prospects. Exploration drilling is planned for the first half of 2011.

Please read the terms and conditions contained in this Prospectus carefully before deciding whether or not to take up your rights issue entitlement. If you are in any doubt as to whether or not to take up your rights, or the effect the taking up your rights may have, please consult your financial or other professional adviser.

Yours sincerely



David Munns
Chairman

5 October 2010

1. PURPOSE OF THE ISSUE

It is proposed to raise approximately \$1,958,827 by the issue of approximately 78,353,110 New Shares and 78,353,110 New Options, without taking into account shares which would be issued as a result of conversion of Existing Options prior to the Record Date and subject to adjustments for fractions (such fractions to be disregarded in calculating entitlements).

The money raised from the Issue is planned to be applied as follows:

	\$ 000
Exploration - Phase 2 Malolos-1 well workover in SC 44 in Philippines	750
Exploration - Seismic survey in SC 44 in Philippines	500
Exploration - Application costs of new areas	150
Expenses of the Issue	150
Working capital	409
Total	1,959

2. DETAILS OF THE ISSUE

The details of the Issue are as follows.

2.1 Issue Ratio and Price

For every three (3) Shares held on the Record Date, a Shareholder is offered one (1) New Share at an issue price of \$0.025 per New Share. For every New Share issued, the applicant will also receive one (1) New Option for no additional consideration. The issue price of \$0.025 per New Share is payable on application. Each New Option entitles the holder to acquire one Share at \$0.05 on or before 15 June 2012.

2.2 Fractions

Holdings on different registers (or sub-registers) will not be aggregated for the purpose of calculating entitlements. Fractions will then be disregarded in determining entitlements to the New Shares and New Options.

2.3 Record Date

The New Shares and New Options are offered to shareholders who are registered at 11:00 pm NST on 14 October 2010.

2.4 Overseas Holders

The Company has determined that it would be unreasonable to extend the Issue to holders of Shares with registered addresses outside of Australia and New Zealand having regard to the cost of complying with securities laws of other jurisdictions.

Accordingly, New Shares and New Options will not be issued to holders of shares at the Record Date with registered addresses outside Australia and New Zealand (ie foreign shareholders).

Shareholders resident in New Zealand should consult their professional advisers as to whether any governmental or other consents are required or whether formalities need to be observed to allow them to accept their entitlement.

This Prospectus is sent to shareholders with registered addresses outside Australia and New Zealand for information purposes only.

2.5 Non Renounceable Issue

The entitlement to New Shares and New Options is non-renounceable. This means holders of Shares cannot sell or assign their entitlements. Holders of Shares who do not accept their entitlements will receive no benefit.

New Shares and New Options not subscribed for by Shareholders under their entitlements will become part of the rights issue shortfall. Entitlements not accepted by Shareholders will revert to the Underwriter in accordance with the terms of the Underwriting Agreement.

2.6 Existing Option Holder Participation

Holders of Existing Options are not inherently entitled to participate in the Issue. However, holders of Existing Options that are exercisable, may participate in the Issue by exercising their relevant exercisable Existing Options and becoming registered as a holder of Shares, by 11.00 pm NST on the Record Date.

Holders of Existing Options will be notified by the Company of the need to exercise their respective Existing Options before the Record Date, if they wish to participate in the Issue.

2.7 Rights on Issue of New Shares and of New Options

New Shares will have the same rights as Shares. The terms and conditions of the New Options are set out in the section 7 "Additional Information" under the heading "Rights Attaching to New Options".

2.8 No Minimum Subscription

There is no minimum subscription for the Issue.

2.9 Offer Underwritten

The Offer is underwritten by the Underwriter. Subject to the terms of the Underwriting Agreement, the Underwriter will lodge or cause to be lodged with the Company, applications for all the New Shares to the extent of any Shortfall Amount in relation to this Issue. The Underwriter is entitled to nominate all the applicants.

A summary of the other material terms of the Underwriting Agreement appears under the heading "Underwriting Agreement" in section 8 "Summary of Material Contract" of this Prospectus.

2.10 Allotment of New Shares and Grant of New Options

It is expected that New Shares will be allotted and New Options granted, no later than 22 November 2010 with despatch of holding statements expected to occur on 22 November 2010.

A Statement of Holding for the purposes of CHES for the New Shares and New Options allotted pursuant to this Prospectus will be mailed, at the risk of the Applicant, by ordinary post to the address appearing on the completed Acceptance Form.

Where the number of New Shares and New Options allotted is less than the number of additional New Shares and New Options applied for, the surplus Application Monies will be returned by cheque within 14 days after the Closing Date. Interest will not be paid on monies refunded.

If the Acceptance Form is not completed properly, or if the accompanying payment is for the wrong amount, it may still be treated as a valid Application. The Directors' decision whether to treat the Application as valid, and how to construe, amend or complete the Acceptance Form is final. However, an Applicant will not be treated as having applied for more New Shares and New Options than is indicated by the amount of the cheque for Application Monies.

2.11. Expenses of the Issue

The estimated expenses which are payable by the Company for underwriting fees, legal fees, printing fees and other costs incurred in preparing and distributing this Prospectus in respect of the Issue are estimated to be approximately \$150,000.

2.12. Quotation of New Shares and New Options

The Company will make application to ASX for quotation of the New Shares on the date of announcement of the Issue.

The Company will not make application to ASX for quotation of the New Options. However, application will be made to ASX for quotation of Shares to be allotted on exercise of the New Options in accordance with the Listing Rules.

2.13 How to Apply for New Shares

An Application for New Shares in response to this Issue may only be made on an Acceptance Form that accompanies this Prospectus.

Instructions as to how to complete the Acceptance Form are included on the reverse of the Acceptance Form. Applications that are not made on an Acceptance Form will not be accepted by the Company.

Applications for New Shares must be accompanied by the appropriate Application Monies for the number of New Shares applied for in the Acceptance Form. Cheques should be drawn on an Australian bank in Australian dollars and should be made payable to "**Gas2Grid Limited – Rights Issue Account**" and be crossed "Not Negotiable".

Application Monies sent by Shareholders in New Zealand must be in the form of a draft drawn on an Australian bank in Australian dollars.

Applications must be lodged on or before 5:00 pm NST on 15 November 2010. The Directors generally reserve the right to vary the Closing Date for Applications without prior notice, subject to compliance with the Listing Rules.

The Directors recommend that completed Acceptance Forms be posted promptly to minimise any risk of being delayed in the mail.

All Acceptance Forms must be lodged at the following address of the Share Registry:

Gould Ralph Pty Limited
Level 42, Suncorp Place
259 George Street
Sydney NSW 2000

Telephone: 02 9032 3000

Facsimile: 02 9032 3088

2.16. Enquiries

Enquiries regarding this Prospectus should be directed to the Directors on (02) 9254 9012 or via email to psy@gas2grid.com.

3. EFFECT OF THE ISSUE

Capital Structure

Upon completion of the Issue, the securities of the Company on issue will be as follows:

Shares ¹	Number
Shares on issue at the date of this Prospectus	235,059,332
New Shares to be issued under this Prospectus	78,353,110
Total Shares on issue (notional expanded capital)	313,412,442

Options ¹	Exercise Price per Share	Expiry Date	Number
Existing Options at the date of this Prospectus	\$0.08	30 November 2010	38,584,422 ²
Existing Options at the date of this Prospectus	\$0.05	30 November 2011	52,000,000 ³
New Options to be issued under this Prospectus	\$0.05	15 June 2012	78,353,110
Total			168,937,532

1. The above tables assume that no Existing Options are exercised on or before the Record Date. Existing Options are unlikely to be exercised as the exercise price of Existing Options is substantially above the price of Shares at the date of this Prospectus.
2. These Existing Options are listed on ASX.
3. These Existing Options are unlisted.

Effect of New Shares on Voting Power

Whether the Underwriter acquires New Shares and New Options and, if it does, the effect of such acquisition of New Shares and New Options on its voting power in the Company for the purposes of the Corporations Act, is dependent on the size of the Shortfall Amount (if any) and in the case of New Options, whether and when they are exercised. The Directors also consider that the effect needs to be considered in the context of the substantial shareholdings in the Company prior to the Issue, especially Dennis J Morton who is a director of the Company and who controls the Underwriter.

The following tables set out the possible effects of the Issue (on the basis sets out below) on Dennis J Morton, the Underwriter's and substantial shareholders' voting power in the Company.

Table 1 - before the Issue (as at 5 October 2010)

Voting Power	Number of Shares	Shares	
		%	If all Existing Options exercised ¹
Darren W Reeder	35,000,000	14.89	57,500,000
Dennis J Morton and Underwriter	30,450,320	12.95	48,054,386
David A Munns	16,021,256	6.82	22,733,056
David W King	11,996,652	5.10	16,161,585
Other Shareholders	141,591,104	60.24	181,194,727
Total	235,059,332	100.00	325,643,754

Note

- Assuming, for the purposes of illustration only, all Existing Options are exercised (although unlikely as the exercise price of Existing Options is substantially above the price of Shares at the date of this Prospectus) and, following the exercise, assuming there was no disposal of any of the Shares issued on the exercise of the Existing Options.

Before the Issue under this Prospectus, Dennis J Morton (through personal and his related entities' holdings and through the Underwriter) was the Company's second largest shareholder with interest in 12.95% of the Company's shares.

Table 2 - after the Issue (excluding exercise of Existing Options⁷)

Voting Power ¹	No Shortfall Amount		50% Shortfall Amount		100% Shortfall Amount	
	Number of Shares	Shares %	Number of Shares	Shares %	Number of Shares	Shares %
Darren W Reeder ²	46,666,666	14.89	40,833,333	13.03	35,000,000	11.17
Dennis J Morton and Underwriter ³	40,600,426	12.95	74,701,928	23.83	108,803,430	34.71
David A Munns ⁴	21,361,674	6.82	18,691,465	5.96	16,021,256	5.11
David W King ⁵	15,995,536	5.10	13,996,094	4.47	11,996,652	3.83
Other Shareholders ⁶	188,788,140	60.24	165,189,622	52.71	141,591,104	45.18
Total	313,412,442	100.00	313,412,442	100.00	313,412,442	100.00

Note

- Assumes no Existing Options are exercised on or after the date of this Prospectus.
- Assumes full (columns 2 and 3), 50% (columns 4 and 5) and no (columns 6 and 7) take up of entitlements under the Issue by Darren W Reeder.
- Assumes full take up of entitlements under the Issue by Dennis J Morton and the Underwriter performs its obligations under the Underwriting Agreement.
- Assumes full (columns 2 and 3), 50% (columns 4 and 5) and no (columns 6 and 7) take up of entitlements under the Issue by David A Munns.
- Assumes full (columns 2 and 3), 50% (columns 4 and 5) and no (columns 6 and 7) take up of entitlements under the Issue by David W King.
- Assumes full (columns 2 and 3), 50% (columns 4 and 5) and no (columns 6 and 7) take up of entitlements under the Issue by other Shareholders.
- Existing Options are unlikely to be exercised as the exercise price of Existing Options is substantially above the price of Shares at the date of this Prospectus.

On completion of the Issue under this Prospectus, if none of the Existing Options are exercised, Dennis J Morton (through personal and his related entities' holdings and through the Underwriter) will have interests in 12.95% of the Company's Shares, if there is no Shortfall Amount, 23.83% of the Company's Shares if the Underwriter takes up 50% of the maximum possible Shortfall Amount, and 34.71% of the Company's Shares if the Underwriter takes up the maximum possible Shortfall Amount.

Table 3A - after the Issue (including exercise of all Existing Options⁷ after the Record Date, but no exercise of New Options)

This Table 3A has been prepared on the same basis as Table 2 above, but assuming (for illustrative purposes) that all of the Existing Options are exercised after the Record Date and the Shares issued upon exercise of the Existing Options do not participate in the Issue and that no New Options are exercised.

Voting Power ¹	No Shortfall Amount		50% Shortfall Amount		100% Shortfall Amount	
	Number of Shares	Shares %	Number of Shares	Shares %	Number of Shares	Shares %
Darren W Reeder ²	69,166,666	17.12	63,333,333	15.67	57,500,000	14.23
Dennis J Morton and Underwriter ³	58,204,492	14.41	92,305,994	22.85	126,407,496	31.29
David A Munns ⁴	28,073,474	6.95	25,403,265	6.29	22,733,056	5.63
David W King ⁵	20,160,469	4.99	18,161,027	4.50	16,161,585	4.00
Other Shareholders ⁶	228,391,763	56.53	204,793,245	50.69	181,194,727	44.85
Total	403,996,864	100.00	403,996,864	100.00	403,996,864	100.00

Note

- Assumes all Existing Options are exercised after the date of this Prospectus and after the Record Date and that the Shares issued upon exercise of the Existing Options do not participate in the Issue.
- Assumes full (columns 2 and 3), 50% (columns 4 and 5) and no (columns 6 and 7) take up of entitlements under the Issue by Darren W Reeder.
- Assumes full take up of entitlements under the Issue by Dennis J Morton and the Underwriter performs its obligations under the Underwriting Agreement.
- Assumes full (columns 2 and 3), 50% (columns 4 and 5) and no (columns 6 and 7) take up of entitlements under the Issue by David A Munns.
- Assumes full (columns 2 and 3), 50% (columns 4 and 5) and no (columns 6 and 7) take up of entitlements under the Issue by David W King.
- Assumes full (columns 2 and 3), 50% (columns 4 and 5) and no (columns 6 and 7) take up of entitlements under the Issue by other Shareholders.
- Existing Options are unlikely to be exercised as the exercise price of Existing Options is substantially above the price of Shares at the date of this Prospectus.

After completion of the Issue under this Prospectus and on the above basis, if all of the Existing Options are exercised after the Record Date so that the Shares issued on the exercise of those Existing Options do not participate in the Issue, Dennis J Morton (through personal and related entities' holdings and through the Underwriter) will have interests in 14.41% of the Company's Shares, if there is no Shortfall Amount, 22.85% of the Company's Shares if the Underwriter takes up 50% of the maximum possible Shortfall Amount, and 31.29% of the Company's Shares if the Underwriter takes up the maximum possible Shortfall Amount.

Table 3B - after the Issue (including exercise of all Existing Options⁷ before the Record Date, but no exercise of New Options)

This Table 3B has been prepared on the same basis as Table 2 above, but assuming (for illustrative purposes) that all of the Existing Options are exercised before the Record date and that the Shares issued upon exercise of the Existing Options participate in the Issue and that no New Options are exercised.

Voting Power ¹	No Shortfall Amount		50% Shortfall Amount		100% Shortfall Amount	
	Number of Shares	Shares %	Number of Shares	Shares %	Number of Shares	Shares %
Darren W Reeder ²	76,666,666	17.66	67,083,333	15.45	57,500,000	13.24
Dennis J Morton and Underwriter ³	64,072,515	14.76	110,337,409	25.41	156,602,303	36.07
David A Munns ⁴	30,310,741	6.98	26,521,898	6.11	22,733,056	5.24
David W King ⁵	21,548,780	4.96	18,855,183	4.34	16,161,585	3.72
Other Shareholders ⁶	241,592,969	55.64	211,393,848	48.69	181,194,727	41.73
Total	434,191,671	100.00	434,191,671	100.00	434,191,671	100.00

Note

- Assumes all Existing Options are exercised on or after the date of this Prospectus but before the Record Date and that the Shares issued upon exercise of the Existing Options participate in the Issue.
- Assumes full (columns 2 and 3), 50% (columns 4 and 5) and no (columns 6 and 7) take up of entitlements under the Issue by Darren W Reeder.
- Assumes full take up of entitlements under the Issue by Dennis J Morton and the Underwriter performs its obligations under the Underwriting Agreement.
- Assumes full (columns 2 and 3), 50% (columns 4 and 5) and no (columns 6 and 7) take up of entitlements under the Issue by David A Munns.
- Assumes full (columns 2 and 3), 50% (columns 4 and 5) and no (columns 6 and 7) take up of entitlements under the Issue by David W King.
- Assumes full (columns 2 and 3), 50% (columns 4 and 5) and no (columns 6 and 7) take up of entitlements under the Issue by other Shareholders.
- Existing Options are unlikely to be exercised as the exercise price of Existing Options is substantially above the price of Shares at the date of this Prospectus.

After completion of the Issue under this Prospectus and on the above basis, if all of the Existing Options are exercised before the Record Date so that the Shares issued on the exercise of those Existing Options participate in the Issue, Dennis J Morton (through personal and related entities' holdings and through the Underwriter) will have interests in 14.76% of the Company's Shares, if there is no Shortfall Amount, 25.41% of the Company's Shares if the Underwriter takes up 50% of the maximum possible Shortfall Amount, and 36.07% of the Company's Shares if the Underwriter takes up the maximum possible Shortfall Amount.

Table 3C - after the Issue (including exercise of all Existing Options⁷ after the Record Date, and exercise of all New Options)

This Table 3C has been prepared on the same basis as Table 2 above, but assuming (for illustrative purposes) that all of the Existing Options are exercised after the Record Date and the Shares issued upon exercise of the Existing Options do not participate in the Issue and all New Options are exercised.

Voting Power ¹	No Shortfall Amount		50% Shortfall Amount		100% Shortfall Amount	
	Number of Shares	Shares %	Number of Shares	Shares %	Number of Shares	Shares %
Darren W Reeder ²	80,833,332	16.76	69,166,666	14.34	57,500,000	11.92
Dennis J Morton and Underwriter ³	68,354,598	14.17	136,557,603	28.31	204,760,604	42.45
David A Munns ⁴	33,413,892	6.93	28,073,474	5.82	22,733,056	4.71
David W King ⁵	24,159,353	5.01	20,160,469	4.18	16,161,585	3.35
Other Shareholders ⁶	275,588,797	57.13	228,391,760	47.35	181,194,727	37.57
Total	482,349,972	100.00	482,349,972	100.00	482,349,972	100.00

Note

1. Assumes all Existing Options are exercised after the date of this Prospectus and after the Record Date, and that the Shares issued upon exercise of the Existing Options do not participate in the Issue and that all New Options are exercised.
2. Assumes full (columns 2 and 3), 50% (columns 4 and 5) and no (columns 6 and 7) take up of entitlements under the Issue by Darren W Reeder.
3. Assumes full take up of entitlements under the Issue by Dennis J Morton and the Underwriter performs its obligations under the Underwriting Agreement.
4. Assumes full (columns 2 and 3), 50% (columns 4 and 5) and no (columns 6 and 7) take up of entitlements under the Issue by David A Munns.
5. Assumes full (columns 2 and 3), 50% (columns 4 and 5) and no (columns 6 and 7) take up of entitlements under the Issue by David W King.
6. Assumes full (columns 2 and 3), 50% (columns 4 and 5) and no (columns 6 and 7) take up of entitlements under the Issue by other Shareholders.
7. Existing Options are unlikely to be exercised as the exercise price of Existing Options is substantially above the price of Shares at the date of this Prospectus.

After completion of the Issue under this Prospectus and on the above basis, if all of the Existing Options are exercised after the Record Date so that the Shares issued on the exercise of those Existing Options do not participate in the Issue, and all New Options are exercised, Dennis J Morton (through personal and related entities' holdings and through the Underwriter) will have interests in 14.17% of the Company's Shares, if there is no Shortfall Amount, 28.31% of the Company's Shares if the Underwriter takes up 50% of the maximum possible Shortfall Amount, and 42.45% of the Company's Shares if the Underwriter takes up the maximum possible Shortfall Amount

Table 3D - after the Issue (including exercise of all Existing Options⁷ before the Record Date, and exercise of all New Options)

This Table 3D has been prepared on the same basis as Table 2 above, but assuming (for illustrative purposes) that all of the Existing Options are exercised before the Record date and that the Shares issued upon exercise of the Existing Options participate in the Issue and all New Options are exercised.

Voting Power ¹	No Shortfall Amount		50% Shortfall Amount		100% Shortfall Amount	
	Number of Shares	Shares %	Number of Shares	Shares %	Number of Shares	Shares %
Darren W Reeder ²	95,833,333	17.66	76,666,667	14.13	57,500,000	10.59
Dennis J Morton and Underwriter ³	80,090,643	14.76	172,620,433	31.81	265,150,222	48.85
David A Munns ⁴	37,888,427	6.98	30,310,741	5.58	22,733,056	4.19
David W King ⁵	26,935,975	4.96	21,548,780	3.97	16,161,585	2.98
Other Shareholders ⁶	301,991,212	55.64	241,592,969	44.51	181,194,727	33.39
Total	542,739,590	100.00	542,739,590	100.00	542,739,590	100.00

Note

1. Assumes all Existing Options are exercised on or after the date of this Prospectus and before the Record Date, that the Shares issued upon exercise of the Existing Options participate in the Issue and that the New Options are exercised.
2. Assumes full (columns 2 and 3), 50% (columns 4 and 5) and no (columns 6 and 7) take up of entitlements under the Issue by Darren W Reeder.
3. Assumes full take up of entitlements under the Issue by Dennis J Morton and the Underwriter performs its obligations under the Underwriting Agreement.
4. Assumes full (columns 2 and 3), 50% (columns 4 and 5) and no (columns 6 and 7) take up of entitlements under the Issue by David A Munns.

5. Assumes full (columns 2 and 3), 50% (columns 4 and 5) and no (columns 6 and 7) take up of entitlements under the Issue by David W King.
6. Assumes full (columns 2 and 3), 50% (columns 4 and 5) and no (columns 6 and 7) take up of entitlements under the Issue by other Shareholders.
7. Existing Options are unlikely to be exercised as the exercise price of Existing Options is substantially above the price of Shares at the date of this Prospectus.

After completion of the Issue under this Prospectus and on the above basis, if all of the Existing Options are exercised before the Record Date so that the Shares issued on the exercise of those Existing Options participate in the Issue and all New Options are exercised, Dennis J Morton (through personal and related entities' holdings and through the Underwriter) will have interests in 14.76% of the Company's Shares, if there is no Shortfall Amount, 31.81% of the Company's Shares if the Underwriter takes up 50% of the maximum possible Shortfall Amount, and 48.85% of the Company's Shares if the Underwriter takes up the maximum possible Shortfall Amount

4. DISCLOSING ENTITY OBLIGATIONS AND ASX DISCLOSURES

The Company is a disclosing entity under the Corporations Act and is subject to regular reporting and disclosing obligations under the Corporations Act and the Listing Rules. Copies of documents lodged by the Company may be obtained from, or inspected at, an office of ASIC and on the Company's website at www.gas2grid.com.

As required by s713(4)(a)(iii) of the Corporations Act, the Company specifically refers shareholders to its 2010 Annual Report and the following ASX disclosures (being all disclosures from the date of the lodgement of the 2010 Annual Report up to the date of this Prospectus) and will give copies of the 2010 Annual Report or these other disclosures to Shareholders on request:-

1. Company Presentation 30 September 2010

5. COMPANY'S SHARE PRICE ON ASX

The last sale price of Shares on ASX on 1 October 2010 (being the last trading day before the date of this Prospectus of 5 October 2010) was \$0.028.

The highest and lowest market sale prices of Shares on ASX during the three months immediately preceding 5 October 2010 were:

Highest - \$0.033 on 6 August 2010.

Lowest - \$0.022 on 16 August and 14 and 29 September 2010.

6. INVESTMENT RISKS

Prospective investors should be aware that the value of the Company's securities on ASX may be influenced by many unpredictable factors and may rise and fall depending on factors beyond the control of the Company. Shareholders taking up their entitlements under the Issue carries no guarantee with respect to the return of capital or price at which the Shares issued will trade.

The Company is at an early exploration stage. Any profitability in the future from the Company's business will be dependent upon successful exploration, development, production and marketing of petroleum from the Company's petroleum exploration licences and investments.

The New Shares and New Options being offered under this Prospectus are considered speculative due to the present stage of development of the Company and the risks inherent in the petroleum exploration business in Australia and overseas. While some of the risks can be minimised by the use of safeguards and appropriate systems, some are outside the control of the Company.

The principal risk factors applicable to the business of the Company include but are not limited to the following.

General Economic Climate

The Company's future revenues and operating costs can be affected by such factors as supply and demand for goods and services, industrial disruption, interest rates, currency fluctuation, inflation and global economic conditions or events. Accordingly, the future profitability of the Company and Share prices may be affected by these factors. These factors are beyond the control of the Company.

Exploration and Production

The business of exploration and project development involves a degree of risk. To prosper, the Company depends on factors that include: successful acquisition of appropriate exploration licences; successful exploration and the establishment of petroleum resources and reserves; design, construction and operation of efficient production infrastructure; managerial performance; and efficient marketing of the products. Exploration is a speculative endeavour. Exploration and development operations can be hampered by force majeure circumstances and cost overruns for unforeseen events, including unexpected variations in location and quality of the petroleum and equipment and plant malfunction.

Share Market

The market price of Shares may be subject to general movements in local and international stock exchanges, economic conditions, currency fluctuations and interest rates. The New Shares or Shares issued on the exercise of the New Options may trade at a price above or below the issue price depending on a range of factors including the performance of the market generally; the performance of the oil and gas sector of the market; national and international economic performance; market perceptions of the Company; the degree of success in the Company's exploration endeavours and results of development of petroleum reserves (if and when that stage is reached) by the Company; and the financial performance of the Company.

Funding Risk

The exploration programme and development of the Company is dependent on the Company successfully raising the necessary capital from investors or alternative debt or farmin funding arrangements at various stages of development of the Company. The later development of its exploration licences in the event of petroleum discoveries will be dependent on the Company obtaining financing through project financing and or other forms of financing.

Licence Work Commitments Performance

Under the exploration licences and certain other contractual agreements to which the Company is or may in the future become party, the Company is or may become subject to payment and other obligations. In particular, the licence area holders are required to expend the funds necessary to meet the minimum work commitments attaching to the exploration licences. Failure to meet these work commitments may render the licence area liable to be cancelled. In the case of SC 44, a security bond of US\$1 million provided by the Company for work performance may be forfeited.

Risk of Foreign Operations

The Company operates and invests in the Philippines and France where there may be a number of associated risks over which it will have no or limited control. These may include economic, social, or political instability or change, nationalisation, expropriation of property without fair compensation, cancellation or modification of contract rights, hyperinflation, currency non-convertibility or instability, and changes of laws affecting foreign ownership, government participation, royalties, taxation, working conditions, foreign nationals work permits, rates of exchange, exchange control, exploration licensing, minerals export licensing, export duties, government control over product pricing, and other risks arising out of foreign governmental sovereignty over the areas in which the Company's operations are conducted, as well as risks of loss due to civil strife, acts of war, terrorism, guerrilla activities and insurrections.

The Company's operations may also be adversely affected by laws and policies of Australia affecting foreign trade, taxation and investment. In the event of a dispute arising in connection with its operations the Company may be subject to the exclusive jurisdiction of foreign courts or may not be successful in subjecting foreign persons to the jurisdiction of courts in Australia or enforcing Australian judgements in foreign jurisdictions.

Volatility of Prices of Petroleum

The demand for, and price of, petroleum is highly dependent on a variety of factors, including international supply and demand, the level of consumer product demand, actions taken by governments and major petroleum corporations and global economic and political developments. International petroleum prices fluctuate and at times the fluctuations can be quite wide.

Environmental Impact Constraints

The Company's operations are subject to the environmental risks inherent in the oil and gas industry. The Company's exploration and development programmes are, in general, subject to approval by government authorities before it can undertake activities which are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking the desired activities.

Exploration and development of any of the Company's properties is also dependent on meeting planning and environmental laws and guidelines. Although the Company believes that it is in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities that could subject the Company to extensive liability. The Company is unable to predict the effect of additional environmental laws and regulations which may be adopted in the future, including

whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area. However, there can be no assurances that new environmental laws, regulations or stricter enforcement policies, once implemented, will not oblige the Company to incur significant expenses and undertake significant investments in such respect which could have a material adverse effect on the Company's business, financial condition and results of production operations.

Taxation

Taxation obligations can vary depending on the circumstances of each individual Shareholder, the particular circumstances relating to his or her holdings of securities, and the taxation laws applicable to Shareholders as residents of different jurisdictions.

The acquisition and disposal of New Shares and New Options and the exercise of the New Options may have taxation and social security consequences which will differ depending on the specific financial and personal circumstances of each Shareholder. Shareholders should consult their own professional advisers on the taxation and social security implications of investing in the New Shares and New Options as it relates to them.

The Company, its advisers and officers do not accept any responsibility or liability for any taxation or social security consequences to holders of New Shares and New Options. It is solely the responsibility of individual Shareholders to inform themselves of their taxation position resulting from the investment in New Shares and New Options under this Prospectus.

Changes in taxation law and its application in Australia and overseas may adversely affect the operations and business of the Company.

Joint Venture

The Company is and will be a participant in joint ventures for the exploration and development of joint venture properties. Under joint venture operating agreements, the Company may not control the approval of work programs and budgets which the joint venture may vote to participate in and could be subject to the risk of dilution of its interest generally or in respect of a particular program or be at risk of not gaining the benefit of the program at a later time, except at a significant cost or penalty. Delays in programs may arise due to joint venture partners not reaching agreement on exploration and development activities. The Company has no assurance of the financial viability of other joint venture partners and may incur unforeseen costs and losses in the event of default of joint venture participants.

Insurance

The Company maintains insurance within ranges of coverage that it believes to be consistent with industry practice and having regard to the nature of activities being conducted. The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the Company.

7. ADDITIONAL INFORMATION

Material Rights Attaching to Shares

The rights attaching to Shares are derived through a combination of statute, the Constitution of the Company, common law and other applicable legislation. The following is a broad summary (though not an exhaustive or definitive statement) of the rights which are attached to Shares.

Voting Rights

Subject to any rights or restrictions for the time being attached to any class of Shares, at a meeting of shareholders, each shareholder entitled to vote may vote in person or by proxy or attorney or, being a corporation, by a representative duly authorised under the Corporations Act, and has one vote on a show of hands and one vote per Share on a poll.

General Meetings

Each shareholder is entitled to receive notice of, and to attend and vote at, general meetings of the Company and to receive all notices, accounts and other documents required to be furnished to shareholders under the Constitution, the Corporations Act or the Listing Rules.

Dividend Rights

No dividend is payable except out of the profits of the Company. The Directors have the power to declare the amount of profits, determine that a dividend is payable, and to declare dividends. Any dividend declared is payable equally on all Shares. The Directors are not anticipating paying dividends at this stage of the Company's development.

Rights on Winding-up

If the Company is wound up, any surplus will be divided amongst shareholders in proportion to the number of Shares held by shareholders. Subject to the Constitution, the Corporations Act and the Listing Rules, the liquidator may, with the authority of a special resolution, divide among the shareholders in kind the whole or any part of the property of the Company and may, for that purpose, set such value as the liquidator considers fair upon the property and determine how the division is to be carried out between the shareholders.

Offer of Shares

Subject to the Corporations Act and the Listing Rules, the Company may issue shares and grant options over unissued shares on any terms, with any rights or restrictions attached to the shares, at any time, and for any consideration the Directors decide.

Transfer of Shares

Subject to the Constitution, the Corporations Act and ASX Settlement Operating Rules of ASX, Shares are freely transferable. However, the Directors may refuse to register a transfer or apply a holding lock to prevent a transfer of Shares only in limited circumstances, such as where the Company has a lien on those Shares.

Rights attaching to New Options

The full terms and conditions on which the New Options are to be issued are as follows:-

- a. Each New Option entitles the holder to subscribe for one Share.

- b. The New Options shall expire at 5.00 pm NST on 15 June 2012 ("Expiry Date"). Any New Option which has not been exercised on or before the Expiry Date automatically lapses.
- c. The New Options are exercisable at an exercise price of \$0.05 per New Option exercisable at any time on or before the Expiry Date.
- d. The New Options are fully transferable.
- e. All Shares issued pursuant to the exercise of New Options will be allotted within 10 business days after the exercise of the New Options and will rank *pari passu* in all respects with Shares. The Company will apply for official quotation by ASX of all Shares issued upon exercise of the New Options on or before the third business day on which ASX is open after the date of allotment of the Shares.
- f. Exercise of the New Options is effected by completing and submitting the Notice of Exercise of Options (the form of which will accompany the holding statement for the options) to the Company together with the required exercise price. If the New Options are exercised in part prior to the Expiry Date, the Company will issue a holding statement for the balance of the New Options held and not yet exercised.
- g. There are no participating rights or entitlement inherent in the New Options and holders will not be entitled to participate in new issues of capital offered to share holders generally during the currency of the New Options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be determined in accordance with the Listing Rules.
- h. In the event of any reconstruction (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, the number of New Options or the exercise price of the New Options or both will be reconstructed (as appropriate) in the manner required by the Listing Rules.
- i. If there is a pro-rata issue (except a bonus issue) to the holders of the Shares, the exercise price of each New Option shall be reduced according to the following formula.
$$O' = O - \frac{E[P-(S+D)]}{N + 1}$$
Where
O' = the new exercise price of New Option.
O = the old exercise price of New Option.
E = the number of Shares into which one New Option is exercisable.
P = the average market price per Share (weighted by reference to volume) of the Shares during the 5 trading days ending on the day before the ex-rights or ex-entitlements date.
S = the subscription price for a Share under the pro-rata issue.
D = the dividend due but not yet paid on the Shares (except those to be issued under the pro-rata issue).
N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

- j. If there is a bonus issue to the holders of Shares, the number of Shares over which the New Option is exercisable will be increased by the number of Shares which the holder of New Option would have received if the New Option had been exercised before the record date for the bonus issue.
- k. If and to the extent any of the preceding terms and conditions are inconsistent with the rules or requirements of ASX, the Listing Rules or ASX requirements will prevail in all respects to the extent of the inconsistency.
- l. These terms and conditions will be governed by the laws of the State of New South Wales and the holder of the options unconditionally submits to the jurisdiction of the courts of that State and courts of appeal from them.

Consents

The following have given their written consents to the issue of this Prospectus with references to them included in the form and context in which they are included and have not withdrawn those consents before the lodgement of this Prospectus with ASIC.

PricewaterhouseCoopers has given and has not before lodgment of this Prospectus withdrawn its written consent to being named in this Prospectus as the auditor to the Company in the form and context in which it is named. PricewaterhouseCoopers has made no statement included in this Prospectus, nor any statement on which a statement in this Prospectus is based.

Gould Ralph Pty Limited has given and has not before lodgment of this Prospectus withdrawn its written consent to being named in this Prospectus as share registrar to the Company in the form and context in which it is named. Gould Ralph Pty Limited has made no statement included in this Prospectus, nor any statement on which a statement in this Prospectus is based.

Dennis J Morton, Managing Director of the Company has over 35 years experience in petroleum exploration. Dennis J Morton assisted with the preparation of the "Letter from the Chairman" section of this Prospectus (so far as it refers to petroleum exploration projects). Dennis J Morton has given and has not before lodgment of this Prospectus withdrawn his written consent to being named in this Prospectus in the form and context in which he is named.

Third parties named in this Prospectus and not specifically named in this section have not consented to the inclusion of their names in this Prospectus. The Directors assume responsibility for the references to those third parties and the statements that include those references.

Litigation

A shareholder, Octanex N.L, had lodged a claim in the Federal Court against the Company for costs of \$257,477 including goods and service tax that it had incurred to end of March 2010 in proceedings as objector to the Schemes of Arrangement proposed by the Company under a Scheme Booklet dated 21 December 2009. The Company had disputed the claim with court hearings concluding in mid-April 2010. Judgement in this matter was handed down on 16 September 2010 with the court finding that the Company was not liable for Octanex N.L's costs.

The Company is not involved in any other legal proceedings nor, so far as the Directors are aware, are any such proceedings pending or threatened against the Company.

Directors' and Others' Interest

Other than as set out in this section or elsewhere in this Prospectus, no Director or proposed Director; person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; or promoter of the Company holds, or has held within two years before the date of this Prospectus, any interest in the Issue or holds, or has held within two years before the date of this Prospectus, any interest in the Issue or promotion of, or in any property acquired or proposed to be acquired by, the Company in connection with its formation or promotion or the Issue.

Set out below are the amounts that anyone has paid or agreed to pay and the nature and value of any benefit anyone has given or agreed to give to a Director or proposed Director to induce him to become, or to qualify him as, a Director of the Company; or for services provided in connection with the formation or promotion of the Company or the Issue by any Director or proposed Director, any person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus or any promoter of the Company.

PricewaterhouseCoopers has acted as auditor to the Company. During the two years before the lodgement of this Prospectus with ASIC, PricewaterhouseCoopers has received fees of \$108,020 inclusive of goods and services tax for auditor services provided to the Company.

Gould Ralph Pty Limited provides share registry services to the Company. Share registry costs in relation to this Issue are estimated to be \$3,000. During the two years before the lodgement of this Prospectus with ASIC, Gould Ralph Pty Limited has received fees of \$49,317 inclusive of goods and services tax for share registry services provided to the Company.

The aggregate number of securities of the Company held directly, indirectly or beneficially by the current Directors or their related entities at the date of this Prospectus are:

	Shares Number	Existing Options \$0.08 - 30 November 2010 Number
David A Munns	16,021,256	6,711,800
Dennis J Morton	30,450,320	17,604,066
Patrick Sam Yue	-	-
TOTAL	46,471,576	24,315,866

Remuneration of Executive Directors and Non-Executive Directors are disclosed in the annual report of the Company.

Documentation

A copy of the Company's Constitution is available for inspection during normal business hours, free of charge, at the registered office of the Company for 12 months after the date of this Prospectus.

8. SUMMARY OF MATERIAL CONTRACT

In the opinion of the Directors, the material contract, in the context of the Issue, that has been entered into by the Company is summarised below.

Underwriting Agreement

The Company has entered into the Underwriting Agreement with the Underwriter, dated 1 October 2010 for the Underwritten Amount.

Under the Underwriting Agreement, if less than the required number of New Shares are subscribed for under this Issue, then the Company will issue the Underwriter with a shortfall notice. On receipt of a shortfall notice the Underwriter must, within 5 Business Days of receipt, lodge with the Company Applications for New Shares and New Options representing the Shortfall Amount, together with the correct Application Monies.

Pursuant to the Underwriting Agreement, the Company must pay to the Underwriter an underwriting commission representing 6% of the funds to be raised by the Issue. Such commission to be paid to the Underwriter on the same date on which the New Share and New Options representing the Shortfall Amount are issued to the Underwriter.

The Company will be liable to the Underwriter for interest (at a rate of 10% per annum) for any amounts paid including the commission later than the day on which they are due. Such interest to be calculated daily in arrears.

The Company has various obligations to the Underwriter including (in summary) holding to the Issue timetable, complying with all applicable laws regarding the issue of the Prospectus, inviting applications and advertising the offer in accordance with all applicable laws, complying with the Listing Rules and having the offered New Shares admitted to the Official List of ASX, opening a designated account for application monies, and issuing the securities once the Underwriter has lodged applications for the shortfall shares.

The Company has made certain representations, warranties and undertakings to the Underwriter common for such agreements, including that the Company has the power to issue the New Shares and New Options, that it will not dispose of a substantial part of its business, to allow the Underwriter to undertake investigations of the Company's accounts and business, the Company must keep due diligence records for at least seven years and allow the Underwriter access to them, that the Company will not issue or grant securities for a period of 3 months after the Closing Date, that the Prospectus contains information reasonably required by investors to make an informed decision, and that information given to the Underwriter is accurate.

The Company indemnifies the Underwriter for losses caused by a breach of warranty, claims or investigations brought against the Underwriter in respect of the offer or the Prospectus, advertising of the Issue, or material sent to Shareholders or other third parties (including ASX and ASIC).

9. NEW ZEALAND INVESTMENT WARNING STATEMENT

New Zealand investors are advised to read the following warning statement which is provided in accordance with regulations 13(1)(d) to (g) of the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

- o Regulation 13(1)(d):-
 - (a) This offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.
 - (b) This offer and the content of the offer document are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the offer must be made.
 - (c) There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.
 - (d) The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.
 - (e) Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this offer. If you need to make a complaint about this offer, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.
 - (f) The taxation treatment of Australian securities is not the same as for New Zealand securities.
 - (g) If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.
- o Regulation 13(1)(e):-
 - (a) The offer may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.
 - (b) If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.
- o Regulation 13(1)(f):-
 - (a) If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

GLOSSARY OF TERMS

"Acceptance Form" means the acceptance form accompanying this Prospectus.

"Annual Report" means the annual report of the Company for the financial year ended 30 June 2010.

"Applicant" means an applicant for New Shares and New Options who duly completes an Acceptance Form and pays the applicable Application Monies.

"Application" means an application for New Shares and New Options pursuant to the Issue and made on an Acceptance Form.

"Application Monies" means the \$0.025 issue price multiplied by the number of New Shares for which an Applicant has applied.

"ASIC" means the Australian Securities and Investments Commission.

"ASX" means ASX Limited ABN 98 008 624 691 (also known as Australian Securities Exchange).

"Closing Date" means the last date by which Applications on an Acceptance Form will be accepted, which is 5:00 pm NST on 15 November 2010 or such other date as the Directors determine.

"Company" means Gas2Grid Limited ABN 46 112 138 780 and, where the context requires, includes the Company's subsidiaries.

"Corporations Act" means the Corporations Act 2001 (Commonwealth).

"Directors" means the directors of the Company.

"Dollars" or **"\$"** means dollars in Australian currency.

"Existing Options" means the existing quoted and unquoted options over Shares at the date of this Prospectus.

"Issue" means the issue or proposed issue of New Shares and New Options under this Prospectus.

"Listing Rules" means the Listing Rules of ASX.

"New Options" means options over Shares offered under this Prospectus, the terms of which are set out under section 7.

"New Shares" means Shares offered under this Prospectus.

"NST" means NSW Standard Time in accordance with the Standard Time Act 1987 (NSW).

"Prospectus" means this prospectus dated 5 October 2010.

"Record Date" means the date and time at which Shareholders must hold Shares in order to qualify for the pro-rata entitlement in the Issue, being 11:00 pm NST 14 October 2010.

"Share" means a fully paid ordinary share in the Company.

"Shareholder" means a holder of Shares registered on the share register of the Company at the Record Date.

"Shortfall Amount" means the difference between the number of New Shares that would be issued if all Shareholders took up all of their entitlements under this Issue (including entitlements in respect of Shares issued on exercise of Existing Options before the Record Date), and the total number of New Shares for which valid Acceptance Forms and Application Monies have been received.

"Underwriter" means Budside Pty Ltd ABN 71 003 989 393, a company controlled by Dennis J Morton.

"Underwriting Agreement" means the underwriting agreement dated 1 October 2010 between the Company and the Underwriter.

"Underwritten Amount" means the amount payable by the Underwriter on application for the whole of the Shortfall Amount, pursuant to the Underwriting Agreement.

DIRECTORS' STATEMENT AND CONSENT

The Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Signed for and on behalf of Gas2Grid Limited

A handwritten signature in black ink, appearing to read 'D. J. Morton', with a long horizontal flourish extending to the right.

Dennis J Morton
Managing Director

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

GAS2GRID LIMITED

ABN

46 112 138 780

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | (a) Fully Paid Ordinary Shares
(b) New Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | (a) Approximately 78,353,110 (subject to adjustment for fractional entitlements and exclusive of shares issued on exercise of options before the record date of the rights issue)
(b) 78,353,110 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Shares – same as existing ordinary shares
New Options - each new option will be exercisable at \$0.05 per ordinary share on or before 5pm NST 15 June 2012 |

+ See chapter 19 for defined terms.

4	Do the ⁺ securities rank equally in all respects from the date of allotment with an existing ⁺ class of quoted ⁺ securities?	Yes for fully paid ordinary shares Yes for fully paid ordinary shares issued on exercise of New Options							
	If the additional securities do not rank equally, please state:								
	<ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 								
5	Issue price or consideration	\$0.025 per new fully paid ordinary share \$Nil per New Option							
6	Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	Rights Issue under a Prospectus dated 5 October 2010							
7	Dates of entering ⁺ securities into uncertificated holdings or despatch of certificates	To be advised							
8	Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in clause 2 if applicable)	<table border="1"> <thead> <tr> <th data-bbox="715 1155 995 1189">Number</th> <th data-bbox="995 1155 1286 1189">⁺Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="715 1196 995 1570">approximately 313,412,442 (subject to adjustment for fractional entitlements and exclusive of shares issued on exercise of options before the record date of the rights issue)</td> <td data-bbox="995 1196 1286 1267">Fully paid ordinary shares</td> </tr> <tr> <td data-bbox="715 1626 995 1659">38,584,422</td> <td data-bbox="995 1458 1286 1536">Options \$0.08 – 30 November 2010</td> </tr> </tbody> </table>	Number	⁺ Class	approximately 313,412,442 (subject to adjustment for fractional entitlements and exclusive of shares issued on exercise of options before the record date of the rights issue)	Fully paid ordinary shares	38,584,422	Options \$0.08 – 30 November 2010	
Number	⁺ Class								
approximately 313,412,442 (subject to adjustment for fractional entitlements and exclusive of shares issued on exercise of options before the record date of the rights issue)	Fully paid ordinary shares								
38,584,422	Options \$0.08 – 30 November 2010								
9	Number and ⁺ class of all ⁺ securities not quoted on ASX (including the securities in clause 2 if applicable)	<table border="1"> <thead> <tr> <th data-bbox="715 1760 959 1794">Number</th> <th data-bbox="959 1760 1286 1794">⁺Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="715 1800 959 1839">52,000,000</td> <td data-bbox="959 1800 1286 1872">Options \$0.05 – 30 September 2011</td> </tr> <tr> <td data-bbox="715 1906 959 1944">78,353,110</td> <td data-bbox="959 1906 1286 1977">New Options \$0.05 – 15 June 2012</td> </tr> </tbody> </table>	Number	⁺ Class	52,000,000	Options \$0.05 – 30 September 2011	78,353,110	New Options \$0.05 – 15 June 2012	
Number	⁺ Class								
52,000,000	Options \$0.05 – 30 September 2011								
78,353,110	New Options \$0.05 – 15 June 2012								

10	Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	NA
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Part 2 - Bonus issue or pro rata issue

11	Is security holder approval required?	No
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12	Is the issue renounceable or non-renounceable?	Non-renounceable
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13	Ratio in which the +securities will be offered	1:3
----	--	-----

14	+Class of +securities to which the offer relates	Fully paid ordinary shares
----	--	----------------------------

15	+Record date to determine entitlements	11pm NST on 14 October 2010
----	--	-----------------------------

16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	No
----	--	----

17	Policy for deciding entitlements in relation to fractions	Fractions will be disregarded
----	---	-------------------------------

18	<p>Names of countries in which the entity has +security holders who will not be sent new issue documents</p> <p><small>Note: Security holders must be told how their entitlements are to be dealt with.</small></p> <p><small>Cross reference: rule 7.7.</small></p>	The Prospectus will be sent to all shareholders (for information purposes only for those outside Australia and New Zealand)
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19	Closing date for receipt of acceptances or renunciations	5pm NST on 15 November 2010
----	--	-----------------------------

20	Names of any underwriters	Budside Pty Ltd
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21	Amount of any underwriting fee or commission	6%
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22	Names of any brokers to the issue	NA
----	-----------------------------------	----

23	Fee or commission payable to the broker to the issue	NA
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+ See chapter 19 for defined terms.

24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	NA
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	NA
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	18 October 2010
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	5 October 2010
28	Date rights trading will begin (if applicable)	NA
29	Date rights trading will end (if applicable)	NA
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	NA
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	NA
32	How do ⁺ security holders dispose of their entitlements (except by sale through a broker)?	NA
33	⁺ Despatch date	22 November 2010

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) Securities described in Part 1
- (b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
 - 1 - 1,000
 - 1,001 - 5,000
 - 5,001 - 10,000
 - 10,001 - 100,000
 - 100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought
- 39 Class of +securities for which quotation is sought
- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:
 - the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

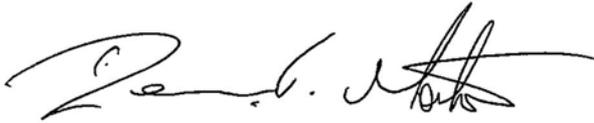
+ See chapter 19 for defined terms.

41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)	NA	
42	Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in clause 38)	Number	⁺ Class
		NA	

Quotation agreement

- 1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those ⁺securities should not be granted ⁺quotation.
 - An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.
 - We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the ⁺securities to be quoted, it has been provided at the time that we request that the ⁺securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before ⁺quotation of the ⁺securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here:
(Managing Director)

Date: 5 October 2010

Print name: Dennis Morton

+ See chapter 19 for defined terms.