

**QUARTERLY ACTIVITIES REPORT
SEPTEMBER, 2009**



SUMMARY

Corporate

- Russell Langusch retires as a Non-Executive Director
- Patrick SamYue appointed as a Non-Executive Director
- Gas2Grid Limited and Orion Petroleum Limited announced a possible change in control transaction
- Annual General Meeting to be held on Friday, 27th November 2009

Philippines, SC 44 (100%)

- well workover program delayed and now due to commence in November/December 2009
- new seismic GPS road and track location survey completed
- planning for new seismic survey advanced

France, St. Griede (50%)

- St. Griede aero-gravity survey contract awarded and to commence in November 2009
- Selected existing seismic data to be reprocessed

Western Australia, EP 453 (100%)

- Licence terms varied by WA Government
- seismic data being interpreted
- pinnacle reef and anticline prospects identified
- farmout for drilling costs planned

New Ventures

- New venture opportunities being assessed

CORPORATE

Patrick Sam-Yue was appointed as a Non-Executive Director on the GGX Board effective the 9th October 2009. Patrick is a member of the Institute of Chartered Accountants in Australia, a member of the Institute of Chartered Accountants in England and Wales, a Fellow of the Chartered Secretaries and Administrators and a Fellow of the Financial Services Institute of Australasia. Patrick had several years experience in international accounting and finance working in the United Kingdom, Africa and the Middle-East before he joined the finance industry in Australia in 1985 immediately prior to moving into the resources industry. He has over 20 years experience in financial and corporate management in Australia having held senior financial executive and company secretary positions within ASX listed entities, Eastern Star Gas Limited, Sydney Gas Ltd, Minerals Corporation Limited, Beach Petroleum

Limited and Claremont Petroleum NL. He was a non-executive director of Jupiter Mines Limited (2007-2008) and until recently an executive director of Ord River Resources Limited.

Russell Langusch retired from the Board effective the 9th October 2009. The Board would like to sincerely thank Mr Langusch for the important role he has played on the Board since his appointment in August, 2008. Mr Langusch was recently appointed Managing Director of ASX listed company Orion Petroleum Limited and he retired from the GGX Board in order to fully commit himself to this new role.

On 15th October, 2009 the Boards of Orion Petroleum Limited (“OIP”) and Gas2Grid Limited (“GGX”) separately announced that they had entered into negotiations with each other in relation to a possible change in control transaction. The Boards of OIP and GGX noted that the negotiations are at a preliminary stage and incomplete with both Boards being in discussions as to the structure and pricing of the transaction, amongst other things. The change in control transaction is being discussed on the basis of 1 OIP share for every 2.25 GGX shares. The OIP and GGX Boards will keep the market informed on any material developments in these negotiations, as appropriate.

PHILIPPINES – SC 44, Onshore Cebu (100%)

Government: The Philippine Department of Energy (“DOE”) agreed to vary the outstanding Service Contract 44 commitments for Sub-Phase 2 (2007-2008: 100 kms seismic, aero-gravity survey, swab tests and one well) and Sub-Phase 3 (2009-2011: 2 wells). The new contract terms provide for the planned well workovers to be completed by the end of June, 2009 plus 100 kms seismic acquisition by the end of December, 2009. This is to be followed by the drilling of one new well by the end of June, 2010 and the drilling of two new wells by the end of December, 2010.

Well Workover/s: Technical studies and planning for operations to remediate the hydrocarbon bearing sandstone reservoirs in either/or the Nuevo Malolos-1 and Malolos-1 wells have been ongoing. The Company considers both these wells are capable of commercial oil and gas production if they can be successfully remediated and overcome drilling and completion induced formation damage. The type of formation damage encountered in these two wells is not uncommon and similar formation damage has been successfully overcome in hydrocarbon bearing sandstones worldwide (eg. Indonesia, USA, North Sea, Brazil, West Africa and the Middle East). Specialist completions and testing consulting engineers have been engaged for this planning and implementation process.

Implementation of the Malolos-1 and Nuevo Malolos-1 workover program has been slightly delayed due to later than expected availability of equipment and services. Organising land based exploration and drilling activities in the Philippines is always a challenge due to the lack of in-country equipment and services. Delays have also occurred due to the recent effects of the devastating typhoon that has affected transport and logistics in and around Manila. The required workover equipment is being assembled and imported into the Philippines. A revised timetable aims to commence the workover and testing operations by November/December 2009.

Seismic Survey: It is planned to acquire approximately 100 kms of new seismic data in early 2010. The survey will target the two main recognised hydrocarbon play types which are Tertiary age, marine

sandstone reservoirs trapped in faulted anticlines and Miocene age carbonate, pinnacle reefs. A detailed GPS survey of existing roads and tracks has recently been completed. The survey aimed to locate all roads and tracks within SC 44 that are suitable for seismic acquisition. The GPS survey was a success being completed on-time and within budget. A seismic acquisition contractor recently visited SC 44 with the aim of providing a detailed program and budget.

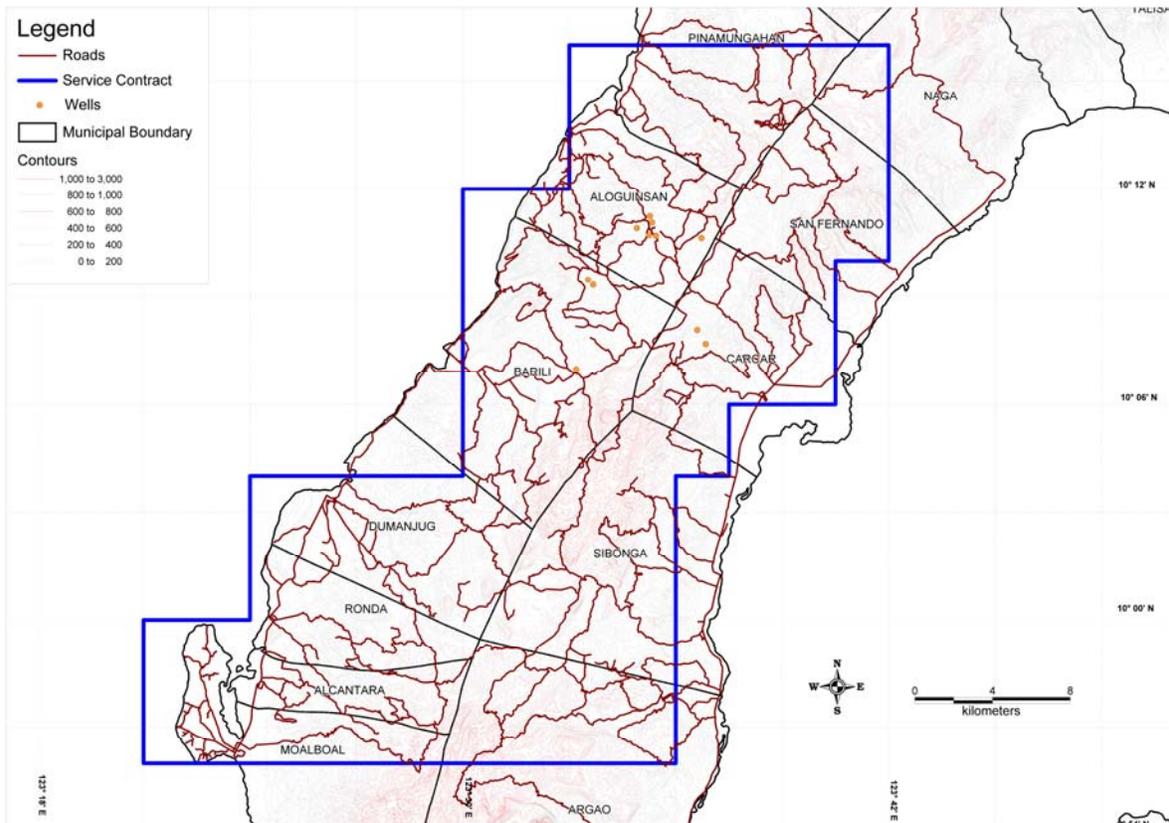


Figure 1: SC 44 – Surveyed Roads and Tracks Suitable for Seismic Acquisition

FRANCE – St. Griede, Onshore Aquitaine Basin (100%)

The Company, in conjunction with joint venture partner Gippsland Offshore Petroleum, has awarded a contract to Bell Geospace Limited to acquire an aero-gravity survey (AGG). The survey will commence in November and take about 1 month to complete. The survey has been slightly delayed due to problems with certification of foreign aircraft, air-crews and environmental issues.

Structural traps attractive for oil and gas exploration in the Aquitaine Basin are generally cored by Triassic salt. Salt has a much lower density than the surrounding sedimentary rocks and gravity is a useful technique to determine areas of thick salt development. In order to regionally define the location of thick salt accumulations and hence likely structural petroleum traps the St. Griede joint venture will acquire a regional aero-gravity survey. The survey will be used to test this technique and the results used in planning the location of seismic data or drilling locations.

The Aquitaine Basin is a prolific hydrocarbon province with a long history of discovery and production. Over 13,000 petajoules (approximately 13 trillion cubic feet) of gas and 450 million barrels of liquid hydrocarbons have been discovered within the basin, mainly by the large French Government-owned corporations. There has been a hiatus in exploration activity since the 1980s, but a resurgence of licensing activity and operations has occurred recently, coincident with the increase in both oil and natural gas prices. Three wells have been drilled in the Aquitaine Basin in the last 12 months but prior to that there had been no drilling in the basin for over 10 years. Markets and gas pipeline infrastructure are well developed and the commercialisation of even small discoveries is likely.

AUSTRALIA – EP 453, Onshore Canning Basin, Western Australia (100%)

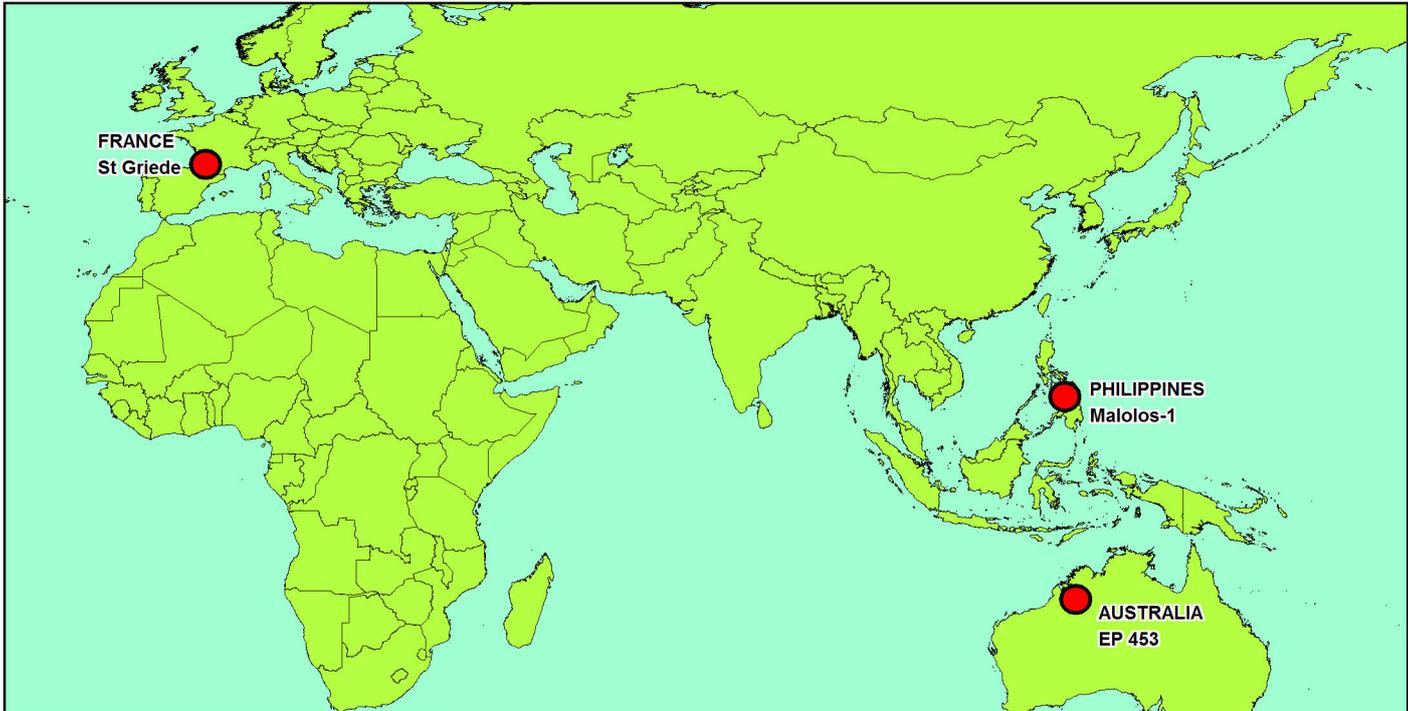
The EP 453 licence conditions have been varied with the combination of the Year 2 and 3 commitments resulting in the requirement to acquire 200 kms new seismic data by 17th January, 2010.

The Company has finished reprocessing all seismic data previously acquired over prospects and leads located within EP 453. These reprocessed data are being interpreted and target horizons mapped to generate drilling prospects. It is possible that prospects will be generated without the need for new seismic acquisition and if so, drilling might be able to commence sometime during the 2009 dry season (April-November) subject to requisite approvals and being funded by farmin partner/s.

EP 453 is a highly prospective licence with both oil and gas targets in Late Devonian-age carbonate, pinnacle reefs and Devonian sandstone reservoirs. A number of pinnacle reef prospects have been mapped on existing seismic data. Only two wells have previously been drilled (during the 1980s) within EP 453 and surrounding areas targeting these reefs. In addition, the prospectivity of Devonian sandstone reservoirs is evidenced by the fact that the only well drilled within EP 453 and the surrounding area in recent history, Chestnut-1 (1994), intersected a shallow (depth ca 1,350 metres) 8 metre thick sandstone reservoir interpreted from logs to be hydrocarbon bearing, although the interval was not tested. A deeper (1,800 metres) sandstone reservoir is hydrocarbon bearing but has relatively poor reservoir parameters and on a drillstem test flowed gas to surface at a rate too small to measure with no produced water. These two sandstone reservoirs were deposited in a submarine fan complex and reservoir quality should improve in the direction of their depositional source (proximal area).

Dennis Morton
Managing Director

29 October 2009



GAS2GRID LIMITED

**Location Map of
Exploration Licences**

November 2009

● Gas2grid Exploration Licences

