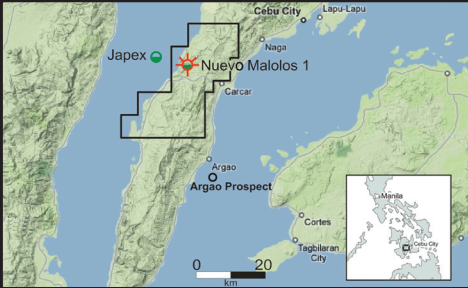
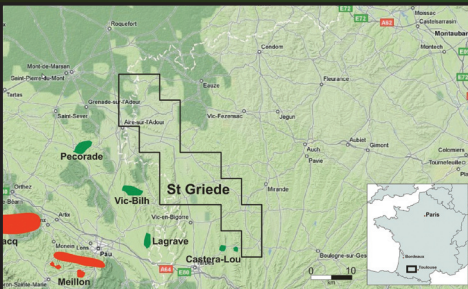


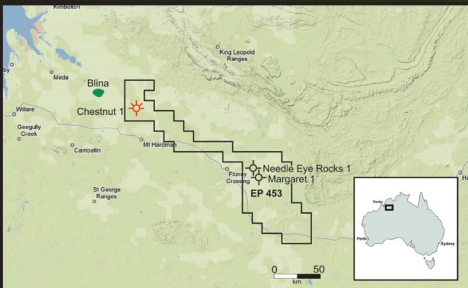
# P R O S P E C T U S



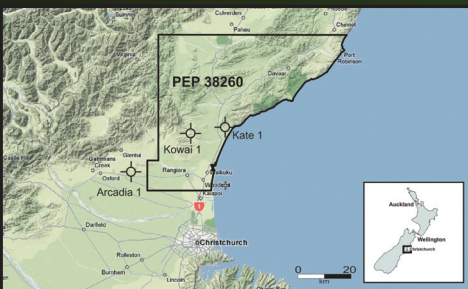
**Philippines**



**France**



**Australia**



**New Zealand**

1:1 Non-renounceable Rights Issue  
of 1 New Share plus a New Option  
for every one share held

## **CORPORATE DIRECTORY**

**Gas2Grid Limited**  
ACN 112 138 780

### **Directors**

David A Munns (Non-Executive Chairman)  
Dennis J Morton (Managing Director)  
Russell D Langusch (Non-Executive Director)  
Eric D Espiritu (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](http://www.gas2grid.com)

### **Australian Solicitors**

**Piper Alderman**  
Level 23, Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000

### **Share Registry**

**Gould Ralph Pty Limited**  
Level 42, AAP Centre  
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	7 November 2008
Notice of rights issue sent to all shareholders	11 November 2008
Ex-Date: the date on which Shares of the Company commence trading without entitlement to participate in the rights issue (11 pm NST)	12 November 2008
Record Date	18 November 2008
Dispatch of Prospectus and Acceptance Form to shareholders	24 November 2008
Closing Date (5:00 pm NST)	8 December 2008
New Shares quoted on deferred settlement basis	9 December 2008
Shortfall Shares notification to ASX	11 December 2008
Dispatch of holding statements for New Shares and New Options	16 December 2008
Expected commencement of trading of New Shares and New Options	17 December 2008

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.

### IMPORTANT NOTE

This Prospectus is dated 7 November 2008 and was lodged with ASIC on 7 November 2008. 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 apply to ASX within seven days after the date of this Prospectus for permission for the New Shares and New Options offered by this Prospectus to be officially quoted.

*You should carefully consider whether 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 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 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 outside Australia.

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](http://www.gas2grid.com). Any person accessing the electronic version of the Prospectus for the purposes of becoming a security holder must be an Australian resident and must only access the Prospectus from within Australia.

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 for the Company for the financial year ended 30 June 2008 (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 the 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 Corporations Act and certain rules such as the ASTC Settlement Rules of ASX.

## **LETTER FROM THE CHAIRMAN**

### ***Rights Issue***

On behalf of the Directors, it is my pleasure to invite you to subscribe for New Shares in the Company at \$0.03 each, under a non-renounceable 1 for 1 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 \$0.08, on or before 30 November 2010.

The money raised from the rights issue will be applied to low risk and potentially high reward operations to be conducted in early 2009. Moneys raised on exercise of the New Options will be used for exploration, development and general working capital purposes.

The challenge for the Board is to increase the Company's value and to do so it requires capital for investment. While financial markets are in turmoil and the Company's share price is low, only a limited size of capital may be raised (which consequently limits the number of exploration opportunities that can be pursued).

The Company believes the lowest risk and lowest cost project that can deliver early results is a re-completion of both the Nuevo Malolos-1 and Malolos-1 wells located within SC 44, onshore Cebu, Philippines. These wells have recovered oil and gas on short term test. They are both cased to total depth but the target sandstone reservoirs suffer from damage caused by the original drilling process. A re-completion of these target sandstones is planned for early 2009, depending on equipment and contractor availability, in order to overcome the reservoir damage and with the aim of demonstrating oil and gas flows at commercial rates. Most of the proceeds of this rights issue will be applied to this operation.

### ***General Business Update***

During the last 12 months, the Company completed the acquisition of new, onshore assets through Government gazettal (France) and issuing shares (Canning Basin). Both these assets are located in oil and gas productive basins that have seen little exploration activity over the last decade. The Company has significant equity in both of these new areas.

The Canning Basin licence (EP 453 – 100%) has two main exploration targets, with gas having already been tested from one of these targets. An extensive grid of existing seismic data covers the two main target areas within the licence and this data is being reprocessed in order to define new drilling targets. It is planned to conduct exploration drilling, by farmout funding, in EP 453 during the 2009 dry season. The Canning Basin has become an area of active exploration by other industry players during the last two years.

The St.Griede licence awarded to the Company (50%) and its venture partner (Gippsland Offshore Petroleum Limited – 50%) in April 2008, is located in the oil and gas productive Aquitaine Basin, located in the south of France. The licence contains an existing grid of seismic data and previous exploration wells data from which are being integrated in order to define new exploration drilling targets. Three large oilfields are located on the western border of the licence. The Company with its joint venture partner proposes to embark on a seismic reprocessing and re-interpretation program which, if successful, may lead to exploration drilling in the second half of 2009 (subject to funds, equipment and contractor availability).

### ***Management Update***

On 31st March, 2008, Mr Dennis Morton joined the Company as its Managing Director. Dennis was a founder and until late 2007 Managing Director of Eastern Star Gas Limited.

In August 2008, Russell Langusch was appointed to the Board as a Non- Executive Director and as a consultant. Russell also has a long career in the oil and gas industry in technical, financial and corporate roles and until recently was the Managing Director of the dual ASX and AIM listed oil and gas company Elixir Petroleum Limited.

Both Dennis and Russell bring to the Board a wealth of oil and gas exploration and corporate experience to help grow the Company.

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 of taking up your rights may have on you, please consult your financial or other professional adviser.

Yours sincerely

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

**David Munns**  
Chairman

7 November, 2008

## 1. PURPOSE OF THE ISSUE

It is proposed to raise approximately \$3,465,602 by the issue of approximately 115,520,066 New Shares and 115,520,066 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:

	<b>\$ 000</b>
Exploration – Wells re-completion in SC 44 in Philippines	1,500
Exploration - Seismic reprocessing and integration in EP 453 and St. Griede licences	1,000
Expenses of the Issue	35
Working capital	930
<b>Total</b>	<b>3,465</b>

If the Company raises less than \$3,465,000:

- a. the Company intends to apply the funds to exploration in the Philippines and working capital as its first priority and then to EP 453 and St. Griede as funds allow; and
- b. the Company will need to raise further capital in the future, should it wish to undertake all the activities set out above.

## 2. DETAILS OF THE ISSUE

The details of the Issue are as follows.

### 2.1 Issue Ratio and Price

For every Share held on the Record Date, a Shareholder is offered 1 New Share at an issue price of \$0.03 per New Share. For every New Share issued, the applicant will also receive 1 New Option for no additional consideration. The issue price of \$0.03 per New Share is payable on application. Each New Option entitles the holder to acquire one Share at \$0.08 on or before 30 November 2010.

### 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 11:00pm NST on 18 November 2008 ("Record Date").

### 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 by Shareholders under their entitlements will become part of the rights issue shortfall. The Company reserves the right to issue the shortfall within 3 months of the Closing Date at the discretion of the Directors including to Shareholders who have applied for New Shares and New Options additional to their entitlements and then to other investors who do not require a disclosure document.

## **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 the 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 the Existing Options before the Record Date, if they wish to participate in the Issue.

## **2.7. Rights on Issue 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 "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 Not Underwritten**

The Offer is not underwritten.

## **2.10. Allotment of Shares and Grant of Options**

It is expected that New Shares will be allotted and New Options granted, no later than 16 December 2008 with despatch of holding statements expected to occur on 16 December 2008.

A Statement of Holding for the purposes of CHESS 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.

As noted above, the Company reserves the right to issue the shortfall within 3 months of the Closing Date at the discretion of the Directors including to Shareholders who have applied for New Shares and New Options additional to their entitlements, and then to other investors who do not require a disclosure document.

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 legal fees, printing fees and other costs incurred in preparing and distributing this Prospectus in respect of the Issue are estimated to be approximately \$35,000.

### 2.12. Quotation of Options and Shares

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

In addition, 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 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 8 December 2008. 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, AAP Centre  
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 Company Secretary on (02) 9392 8686 or via email to [admin@gas2grid.com](mailto:admin@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	Number
Shares on issue at the date of this Prospectus	115,520,066 <sup>1</sup>
New Shares to be issued under this Prospectus	115,520,066
<hr/>	
Total Shares on issue (notional expanded capital)	231,040,132

Options	Exercise Price per Share	Expiry Date	Number
Existing Options	\$0.30	15 March 2009	2,600,000 <sup>1</sup>
New Options to be issued under this Prospectus	\$0.08	30 November 2010	115,520,066

<sup>1</sup>The above tables assume that no Existing Options are exercised on or before the Record Date, as the exercise price per Share of those Existing Options is higher than the issue price of New Shares at the date of this Prospectus.

### 4. ASX DISCLOSURES

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

1. Quarterly Activities and Cashflow Report 28 October 2008
2. Notice of Annual General Meeting/Proxy Form 23 October 2008
3. Change of Director's Interest Notice 22 October 2008
4. Initial Director's Interest Notice 22 October 2008

### 5. COMPANY'S SHARE PRICE ON ASX

The last sale price of Shares on ASX on 5 November 2008 (being the last trading day before the date of this Prospectus of 7 November 2008) was \$0.048.

The highest and lowest market sale prices of Shares on ASX during the three months immediately preceding 6 November 2008 were:

Highest - \$0.050 on 19 to 22 August 2008, 4 to 5 September 2008 and 19 September 2008.

Lowest - \$0.025 on 28 October 2008.

### 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. This Offer carries no guarantee with respect to the return of capital or price at which the Shares issued will trade.

The Company is at 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 and 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 farm-in 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.

### **Risk of Foreign Operations**

The Company operates and invests in the Philippines, France and New Zealand 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.

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.

### **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 the 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 mining 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 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 implications of investing in 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 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 application in Australia and overseas may affect adversely 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 penalty. Delays in programs may arise due to joint venture partners not reaching agreements 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, 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 ASTC Settlement 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:-

- c. Each New Option entitles the holder to subscribe for one Share.
- d. The New Options shall expire at 5.00 pm NST on 30 November 2010 ("Expiry Date"). Any New Option which has not been exercised on or before the Expiry Date automatically lapses.
- e. The New Options are exercisable at an exercise price of \$0.08 per New Option exercisable at any time on or before the Expiry Date.
- f. The New Options are fully transferable.
- g. 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.
- h. 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.
- i. 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 shareholders 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.
- j. 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.
- k. 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.

- l. 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.
- m. 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.
- n. 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.

Piper Alderman has given and has not before lodgment of this Prospectus withdrawn its written consent to being named in this Prospectus as Australian Solicitor to the Issue in the form and context in which it is named. Piper Alderman has made no statement 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 lodgement 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.

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**

The Company is not involved in any 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.

Piper Alderman has acted as Australian Solicitor to the Issue. Total fees payable to Piper Alderman for work done in relation to the Issue are approximately \$15,000. During the two years before the lodgement of this Prospectus with ASIC, Piper Alderman has received fees of \$5,852 for legal 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 \$5,000. During the two years before the lodgement of this Prospectus with ASIC, Gould Ralph Pty Limited has received fees of \$48,323.17 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 Number
David A Munns	6,711,800	500,000
Dennis J Morton	8,494,066	300,000
Russell D Langusch	-	-
Eric D Espiritu	147,769	-
<b>TOTAL</b>	<b>15,353,635</b>	<b>800,000</b>

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.



## **GLOSSARY OF TERMS**

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

**"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 \$0.03 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 8 December 2008 or such other date as the Directors determine.

**"Company"** means Gas2Grid Limited ACN 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 unquoted options over unissued ordinary shares in the Company 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 offered under this Prospectus.

**"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 7 November 2008.

**"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 11:00pm NST 18 November 2008.

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

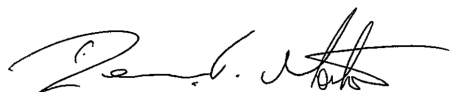
**"Shareholder"** means a holder of Shares registered on the share register of the Company at the Record Date.

## **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 'Dennis J Morton', written in a cursive style.

**Dennis J Morton**  
Managing Director

