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**13<sup>th</sup> May, 2014**

**PHILIPPINE DEPARTMENT OF ENERGY – OIL RECOVERY CONTINUED, GAS FLARED  
MALOLOS-1 OIL PRODUCTION TEST PROGRAM  
SERVICE CONTRACT 44 (100%), Onshore Cebu, Philippines**

Gas2Grid Limited is pleased to advise that swabbing operations continued at the Malolos-1 well. Whilst drill water is still being swabbed from the well the percentage of oil has continued to increase.

Associated gas is also breaking out of the oil as the back-pressure on the oil bearing formation is reduced. 95 psi wellhead pressure was recorded on both Monday and Tuesday mornings after the well was shut-in overnight. This morning the gas was flared for 35 minutes before subsiding (see photo below).



Malolos-1 (7am Tuesday, 13<sup>th</sup> May) – gas flare

Swabbing fluid from the production tubing and lowering the fluid level reduces the back-pressure on the oil bearing formations and as this is done the percentage of oil recovered and the production rate will likely increase. It will likely take several more days before an initial oil production rate can be determined.

The extended oil production testing program aims to gather sufficient technical information to confirm commerciality of the Malolos Oil Field to justify the Department of Energy awarding a 25 year production period and leading to full field appraisal and development. Proving commercial production at Malolos Oil Field will have a very significant impact on the value of the Company and will benefit the Philippine economy.

On the 29<sup>th</sup> January, 2014 the Company reported a “Contingent Resource” of oil in the two productive sandstones for the Malolos Oil Field between a “Low Estimate” (1C) of **6.8 million** barrels and a “High Estimate” (3C) of **68.1 million** barrels, with a “Best Estimate” (2C) of **20.4 million** barrels of “Total Oil Initially in Place”. This Contingent Resource is in addition to the Unrisked Prospective Resources released to the ASX on the 29<sup>th</sup> January, 2014.

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