

30th October, 2014



## ACTIVITIES REPORT SEPTEMBER 2014 QUARTER

### SUMMARY

#### Philippines

- Application for a 2 year moratorium commencing 28 January 2015 submitted to the Department of Energy.

#### France

- St. Griede seismic survey application approved to be carried out in first half 2015.
- 3 new petroleum exploration licence applications reaching final processing stage before approval

#### **PHILIPPINES: SERVICE CONTRACT 44 (100%), Onshore Cebu**

Oil production flow testing of Malolos-1 in the June 2014 quarter has demonstrated that the well is capable of producing oil at commercial rates. The well has produced approximately 200 barrels of oil per day on several occasions but only for short periods of time. Oil flow has been impaired by blockage of the perforations within the wellbore by formation fines.

Well testing has determined that the two objective sandstones are oil bearing, established an oil-water contact for the lower oil sandstone indicating a minimum 500 metre vertical oil accumulation (when Malolos-1 is correlated with the oil sands in Malolos-4) and established that oil production rates are being impeded by fines migration and sand production.

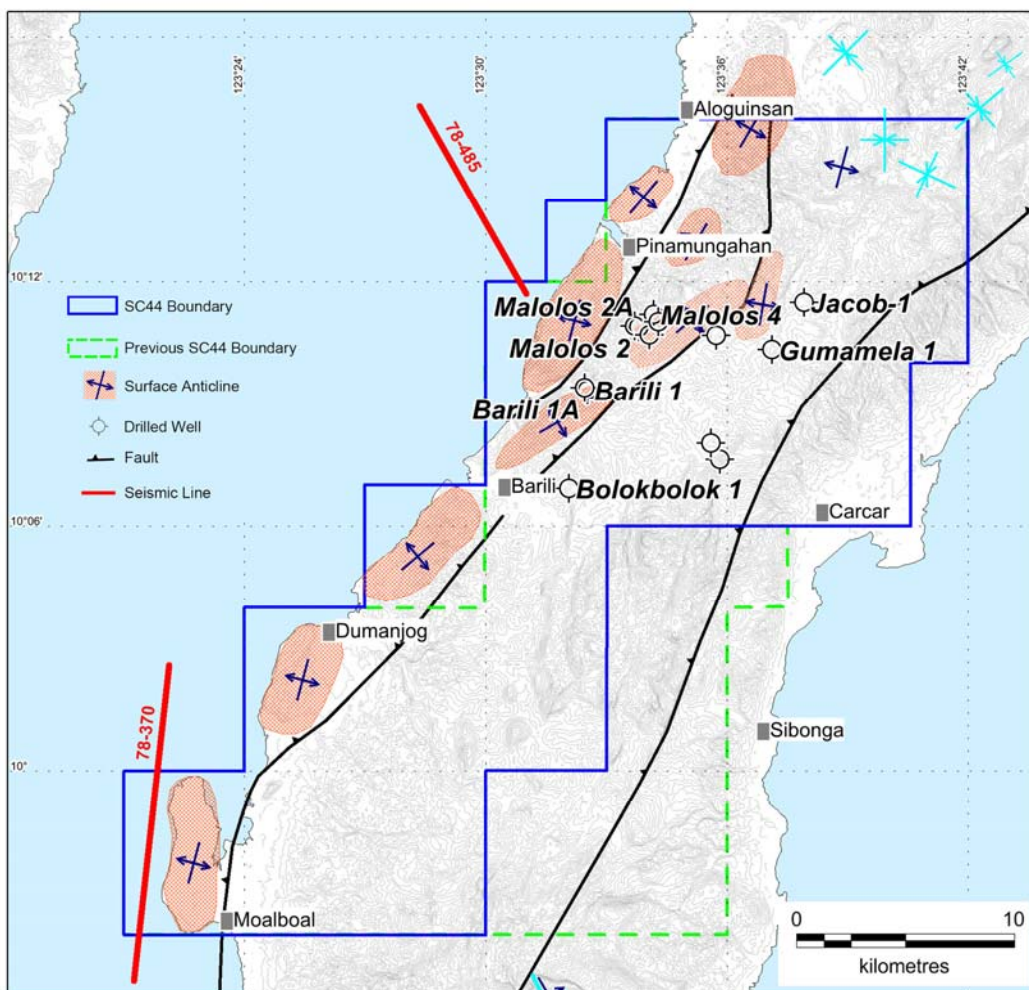
Malolos-1 production testing by swabbing was suspended on the 17th June 2014 after sufficient test data had been gathered to support an application to the Philippine Department of Energy ("DOE") for a 2 year technical moratorium to complete further work to establish the appropriate completion technology for sustained production and full appraisal and development of the Malolos Oil Field. The application is in accordance with the terms of the Service Contract with the 2 year moratorium to commence on the 28 January 2015. The well continues to be produced under natural flow conditions.

DOE approval is expected in the December quarter and the forward plan includes the deepening of Nuevo Malolos, which is located a few metres from Malolos-1, to reach the oil producing sandstones and apply a completion technique that could solve the issue of fines migration and sustain oil

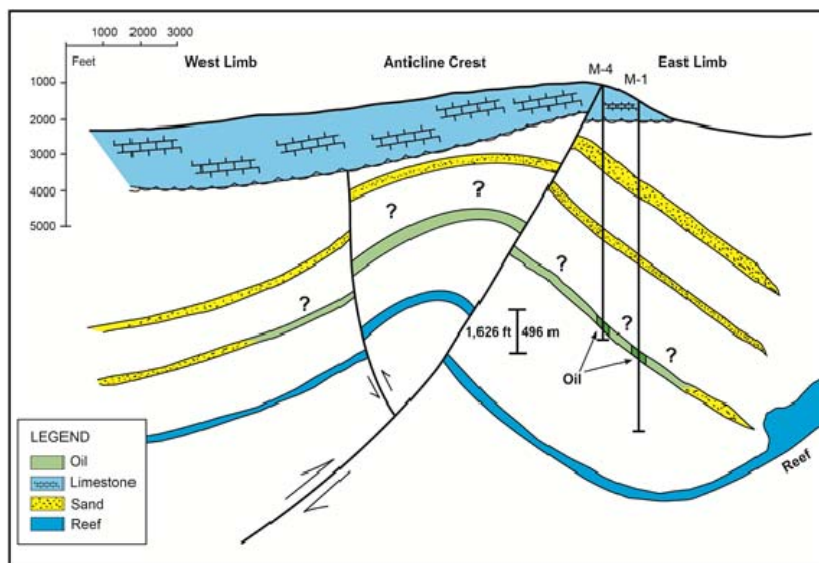
production. Future work will also include seismic acquisition to locate a site to drill a new appraisal well on the crest of the anticline which forms the Malolos Oil Field.

Additional technical data recently gathered from the 2014 production flow test will be combined with vintage data and used to attract a farminee to fund field appraisal and development.

**RESOURCE ESTIMATES:** In the Malolos Oil Field, the “Contingent Resource” of oil in place in the two productive sandstones was re-assessed upwards in the March Quarter 2014 to be between **6.8 million** barrels (Low Estimate “1C”) and **68.1 million** barrels (High Estimate “3C”), with a Best Estimate “2C” of **20.4 million** barrels of “Total Oil Initially in Place”. (In June 2013, the Company had reported a “Contingent Resource” of the Malolos Oil Field to between **4 million** barrels (Low Estimate “1C”) and **42 million** barrels (High Estimate “3C”), with a Best Estimate “2C” of **12 million** barrels of “Total Oil Initially in Place”.) The size of these resources warrants further investment in that oil field.

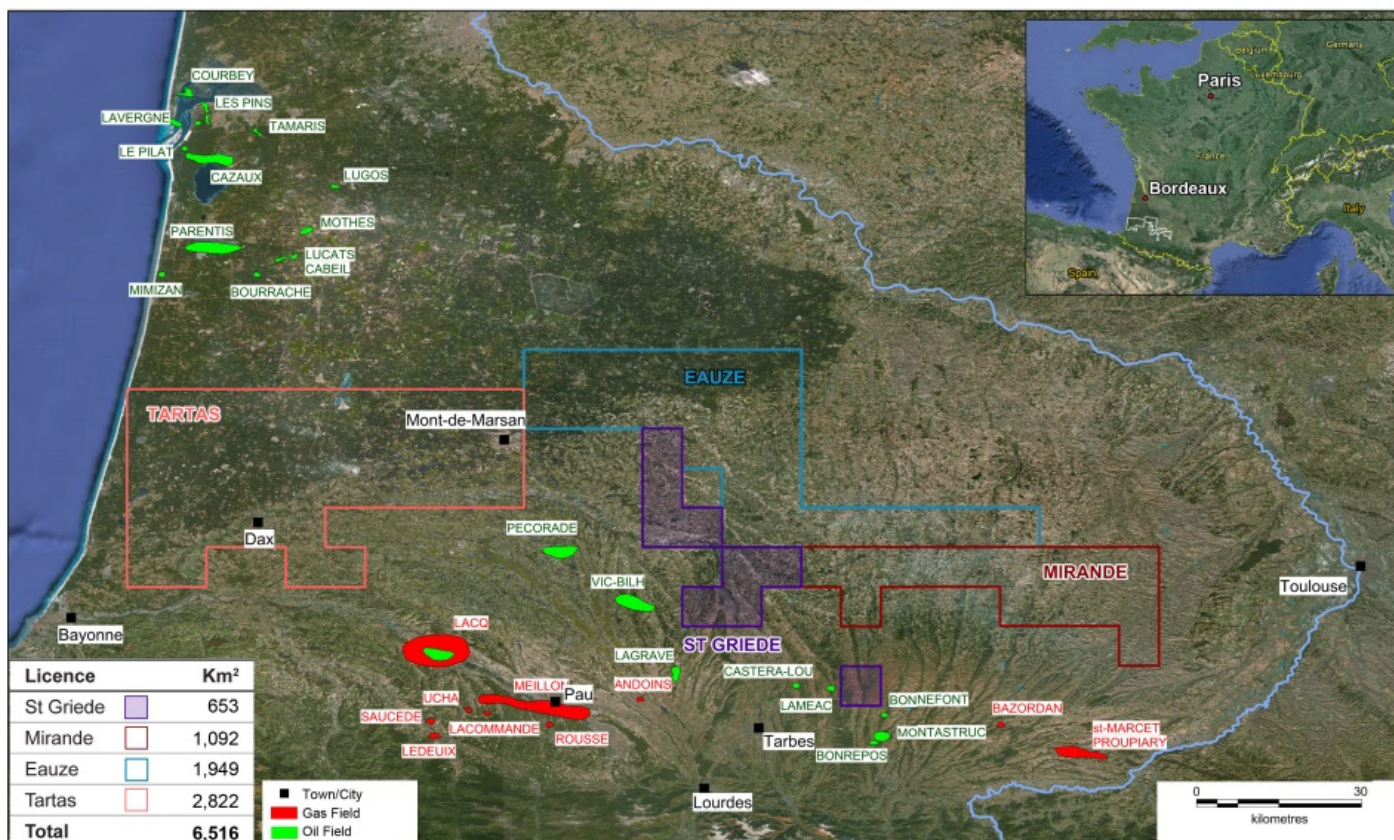


Outline of SC 44



**Cross-Section: Malolos Oil Field within SC 44**

**FUNDING:** The preferred funding for the complete appraisal and development of the Malolos Oil Field is by a farmout of SC 44, thus reducing the Company's current 100% interest. The Company is engaged in discussions with entities interested in this opportunity.



**France Aquitaine Basin: St. Griede Licence and 3 New Licence Application Areas with Oil and Gas Field Locations**



**FRANCE: ST. GRIEDE (100%), Onshore Aquitaine Basin**

The Company owns 100% of the St. Griede licence and it regards the oil and gas exploration potential within that licence as being exceptional and the 100% ownership provides a great opportunity to create significant value for shareholders.

The Company planned acquisition of a new seismic survey has been approved by the French Government during the quarter. The survey is expected to be carried out in the June quarter 2015.

Interpretation of seismic survey will seek to determine at least one well location on a conventional oil and gas prospect for drilling in financial year 2015/2016.

**FRANCE: NEW APPLICATIONS (100%), Onshore Aquitaine Basin**

Three new licence applications targeting conventional oil and gas (Tartas, Eauze and Mirande) were submitted to the French Government over 3 years ago. These licence applications have been advertised in the European Union Gazette under normal processing procedures and are approaching grant decisions by the French Government. The areas applied for Eauze and Mirande have been reduced for competitive applications settlement.

**LICENCES STATUS**

Pursuant to ASX Listing Rule 5.4.3 the Company reports as follows in relation to oil and gas tenements held at the end of the 30 September 2014 quarter and acquired or disposed of during that quarter and their locations.

Tenement	Location	Beneficial Percentage Interest	Status
Service Contract 44	Onshore, Cebu, Philippines	100%	Granted Extension to 28 January 2015 Under application for 2 year technical moratorium to 28 January 2017
St Griede	Aquitaine Basin, France	100%	Under renewal application to May 2018

There were no tenements acquired or disposed of or change in beneficial interests under farm-in or farm-out agreements during the quarter.

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*The information in this report 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.*

<sup>1</sup> 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.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

GAS2GRID LIMITED

ABN

46 112 138 780

Quarter ended ("current quarter")

30 SEPTEMBER 2014

### Consolidated statement of cash flows

		Current quarter	Year to date (3 months)
		\$A'000	\$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	10	10
1.2	Payments for (a) exploration & evaluation	(497)	(497)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(117)	(117)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	1	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (GST/forex differences)	(11)	(11)
	<b>Net Operating Cash Flows</b>	<b>(614)</b>	<b>(614)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (security deposit)	-	-
	<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(614)</b>	<b>(614)</b>

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(614)	(614)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	409	409
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	-	-
	<b>Net financing cash flows</b>	<b>409</b>	<b>409</b>
	<b>Net increase (decrease) in cash held</b>	<b>(205)</b>	<b>(205)</b>
1.20	Cash at beginning of quarter/year to date	304	304
1.21	Exchange rate adjustments to item 1.20	2	2
1.22	<b>Cash at end of quarter</b>	<b>101</b>	<b>101</b>

### Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	128
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payment for outstanding invoices for exploration services provided in prior periods by Black Diamond Well Services, a company related to Director DW Reeder.

### Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

### Financing facilities available

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	5,550	4,457
3.2 Credit standby arrangements	-	-

Funds will be drawn from the loan facilities to meet cash flows in next quarter.

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100
4.2 Development	-
4.3 Production	-
4.4 Administration	110
<b>Total</b>	<b>210</b>

### Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	98	176
5.2 Deposits at call	3	128
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>101</b>	<b>304</b>

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+ See chapter 19 for defined terms.



## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

#### Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

#### Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	<b>Preference securities</b>			
	<i>(description)</i>			
7.2	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	756,542,413	723,692,413	
7.4	Changes during quarter			
	(a) Increases through issues			
	(b) Decreases through returns of capital, buy-backs			
7.5	<b>+Convertible debt securities</b>			
	<i>(description)</i>			

+ See chapter 19 for defined terms.

## Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (totals only)				

## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not\* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: ..... Date: 30 October 2014  
Company secretary

Print name: Patrick Sam Yue

+ See chapter 19 for defined terms.

## Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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