



30 April 2010

ACTIVITIES REPORT MARCH 2010 QUARTER

- Proposed merger with Orion Petroleum Limited by Scheme of Arrangement was terminated
- \$1.3 million capital raising by way of private placement
- Phase 1 Malolos-1 workover completed in SC 44, Philippines
- SC 44 seismic acquisition program commenced
- St. Griede aero-gravity survey - data processing in progress

MERGER WITH ORION PETROLEUM LIMITED

The proposed merger of Orion Petroleum Limited (ASX: OIP) ("Orion") and Gas2Grid Limited (Gas2Grid) under the Merger Implementation Agreement dated 5 November 2009 ("MIA") and announced in the December Quarter was abandoned on 11 March 2010. This action followed advice received by Orion from the independent expert engaged by Orion that it would be revising its opinion on the merger from that previously sent to Orion shareholders for the approval of Orion acquiring the Gas2Grid shares and options held by the then Orion Chairman Dennis Morton and his associates.

That revision of opinion by the independent expert meant that it was no longer possible to implement the merger before the End Date of 31 March 2010 under the MIA. After consultation with each other, Orion and Gas2Grid agreed to terminate the MIA.

Orion and Gas2Grid will continue to explore mutually beneficial opportunities to work together in the future.

FUND RAISING

The termination of the proposed merger with Orion put the Company in need of additional funds to supplement working capital and complete the exploration program that was underway i.e. SC 44 Phase 1 workover and seismic acquisition and the processing and interpretation of the St.Griede aero-gravity survey.

The Company agreed to place 52 million new fully paid ordinary shares at \$0.025 per share to raise \$1.3 million from investors not requiring a disclosure document. The Company has issued 26 million shares within the limit allowable under ASX Limited's Listing Rule 7.1. The balance of 26 million shares will be issued shortly following shareholders' approval at the general meeting held on 30 April 2010. The Company also agreed to grant after shareholders' approval (given at the general meeting held on 30 April 2010), 52 million options for no additional consideration on the basis of one option for each share allotted under the private placement, each option exercisable at \$0.05 per ordinary share on or before 30 September 2011.

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

Malolos-1 Workover

The Phase 1 workover is completed achieving the objectives with the following procedures and results:

- The presence of natural gas in Malolos-1 is confirmed.
- The work consisted of an investigation into the current well status and the existing completion followed by swabbing the previously perforated sandstone interval (816.9 – 841.3 metres), retrieving the completion and conducting cased-hole electric logs.
- The swabbing operations resulted in the recovery of formation water confirming that the sandstone reservoir was being accessed through the casing perforations and that reservoir properties are good quality; gas was circulated out of the well after the swabbing operations.
- The cased hole logs did not recognise the gas bearing intervals although hydrocarbon bearing intervals are now more confidently identified by integrating these new logs with interpretation of the original open-hole wireline logs.
- It is now interpreted that the shallow section of the well (i.e. above 915 metres) contains several gas bearing intervals: four separate sandstones (each 3 - 5 metres thick) over the gross interval 367.3 - 478.5 metres, an additional 3 metre thick gas bearing sandstone over the interval 774.2 - 777.3 metres and a gross 23 metre thick gas column (816.9 - 839.7 metres) overlying water.

Gas and oil bearing sandstones are present deeper in the Malolos-1 well but they were not targeted during this Phase 1 workover. The well has been suspended pending the planning and implementation of the Phase 2 workover which will likely involve a well intervention, recompletion and flow testing of selected oil and gas bearing sandstones at both the shallow and deeper levels within Malolos-1. The timing for Phase 2 workover is dependent on equipment availability, funding and requisite approvals, and the target commencement is in Quarter 3, 2010.

Background

A workover on the fully cased Malolos-1 well, offers the Company the lowest cost and nearest term, low risk operation to try to produce commercial gas and oil flow rates. The type of formation damage interpreted to occur in this well is common and similar to damage that has been successfully overcome in other hydrocarbon-bearing sandstones deposited within Tertiary age sedimentary basins worldwide.

The workovers were planned to be conducted in two phases. Phase 1 workover targeted a thick sandstone interval, with a top at a depth of 816.9 metres, which was originally reported to have flowed gas to surface on open-hole drillstem testing. This zone has also recently produced gas but will not currently flow. It was also planned to evaluate several other, shallower gas bearing sandstone intervals. The sandstone interval with a top at a depth of 816.9 metres was chosen for the Phase 1 work as it provided a low cost option to evaluate a

gas bearing interval. The Phase 1 program did not require mobilization of a drilling rig and expensive equipment (the work was conducted using a crane). Whilst better oil and gas bearing intervals exist deeper in the well, the shallow sandstone offered a lower cost option.

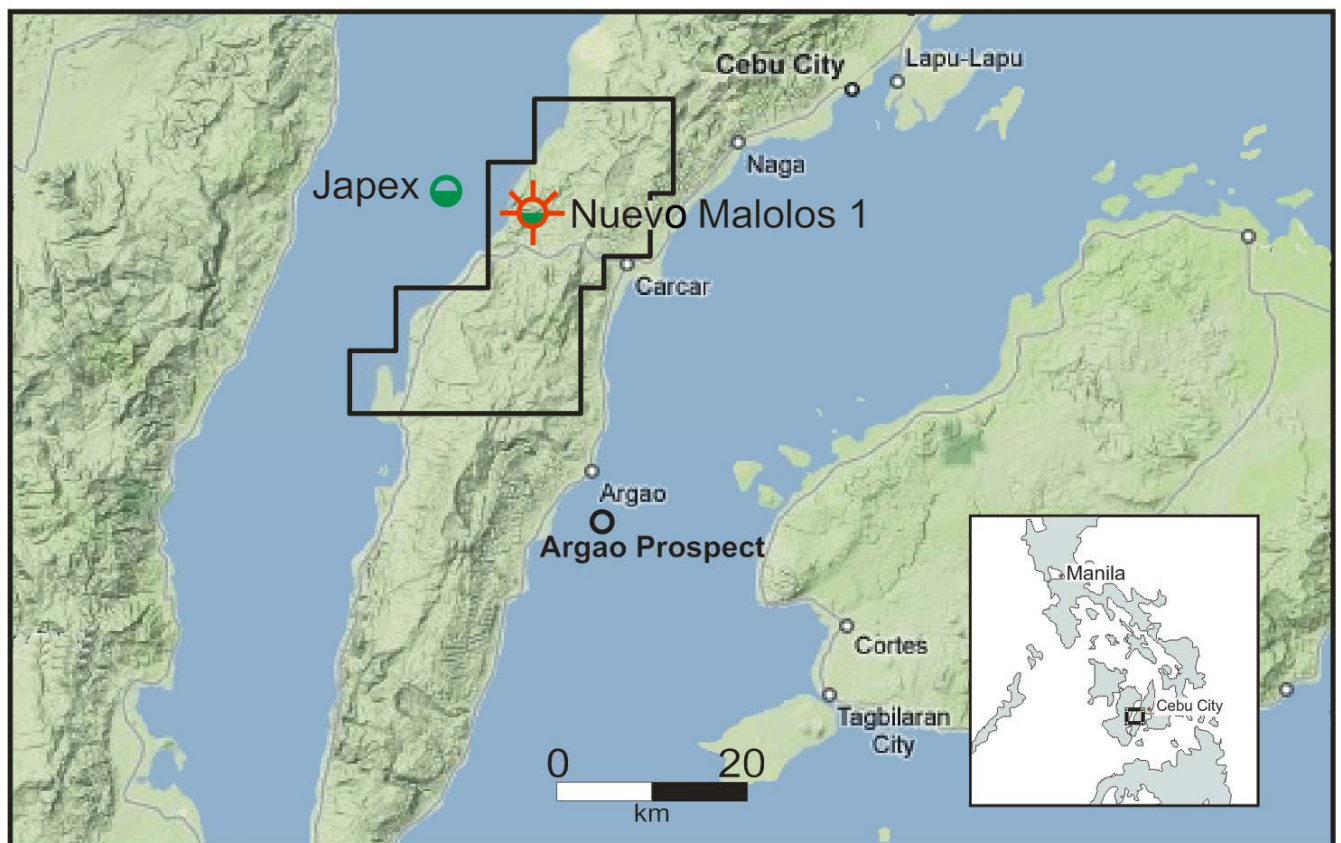
- **Phase 1:** consisted of establishing the well status, installation of wellhead safety equipment, swabbing the existing completion fluid out of the well to reduce back-pressure against the formation and if possible inducing the sandstone interval (816.9 - 841.3 metres) to flow, and running cased-hole logs.
- **Phase 2:** determination and implementation of a well intervention program (of which there are numerous options) to induce selected oil and gas bearing intervals to flow natural gas and oil at commercial rates and conduct a long term production test; this work is planned for Quarter 3, 2010.

Seismic Survey

The seismic acquisition program commenced in March and to date 37 kms new data has been acquired. The seismic acquisition program will likely be completed in early May, before the onset of the wet season halts operations. The survey aims to assess the following:

- detail Miocene age, limestone pinnacle reef prospects that have been interpreted from existing seismic data;
- provide additional coverage over the eastern part of the Malolos anticline; and
- provide regional coverage over selected parts of SC 44.

Figure 1: Service Contract 44, Cebu Island, Philippines



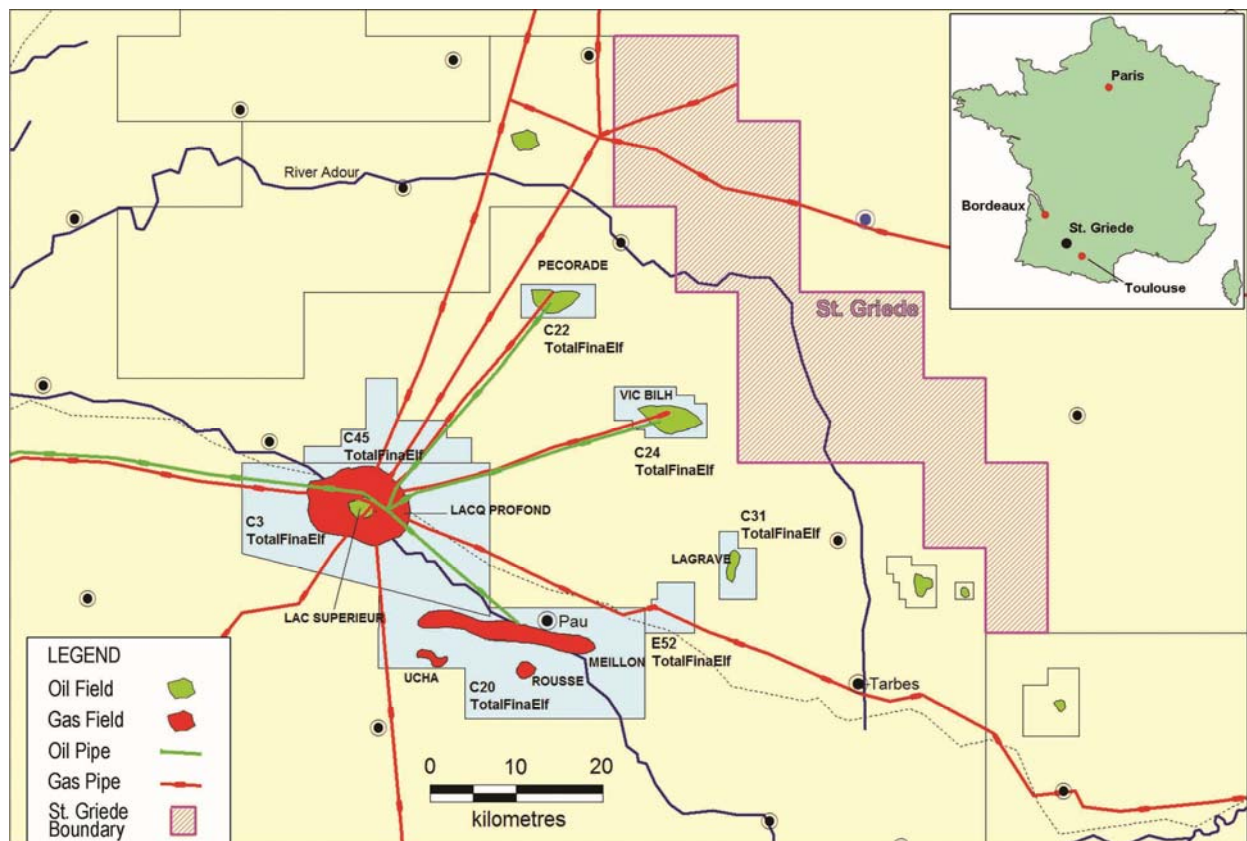
FRANCE: ST. GRIEDE (50%), Onshore Aquitaine Basin

The Company, in conjunction with joint venture partner Flow Energy (formerly Gippsland Offshore Petroleum), awarded a contract to Bell Geospace Limited to acquire an aero-gravity survey (AGG). The survey commenced in November, 2009 and was completed in December, 2009 after acquiring approximately 5,000 line kilometres data. These data are in the final stages of processing prior to interpretation.

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. The regional aero-gravity survey will assist to define the location of thick salt accumulations and hence likely structural petroleum traps. The results will be 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 produced from 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.

Figure 2: St. Griede, Onshore Aquitaine Basin, France



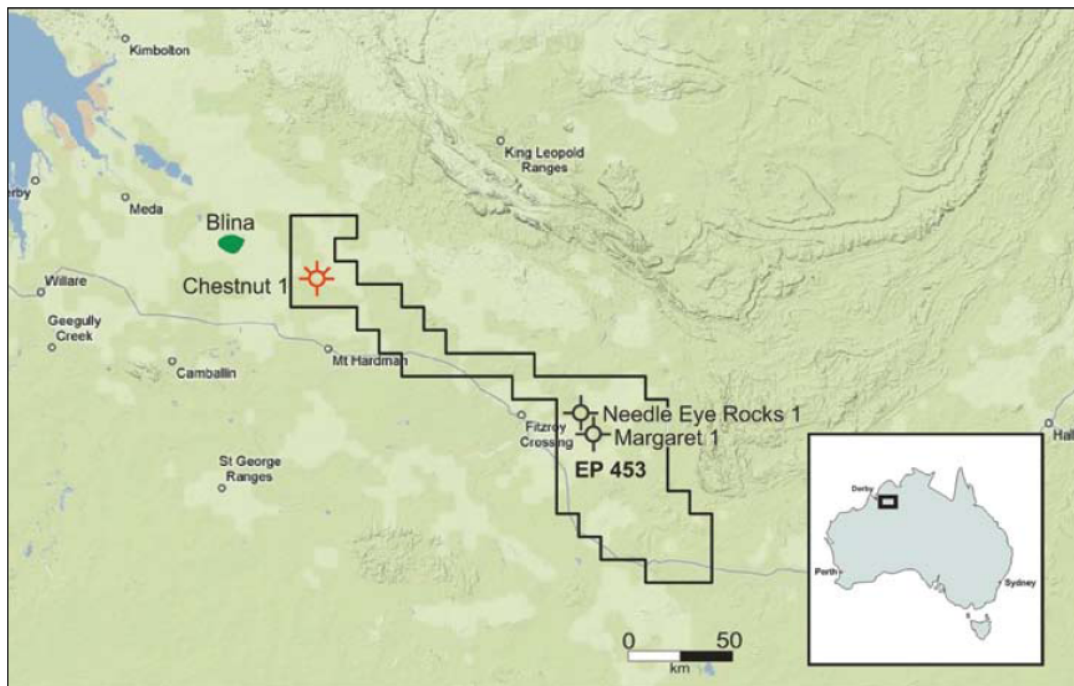
AUSTRALIA: EP 453 (100%), Onshore Canning Basin, Western Australia

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 kilometres new seismic data by 17th January, 2010. This program has not commenced at the date of this report and the Company will be negotiating for additional time to complete the work.

The Company has finished reprocessing all seismic data previously acquired over prospects and leads located within EP 453. These reprocessed data have also been interpreted and target horizons mapped generating drilling prospects without the need for new seismic acquisition. The Company will now attempt to farmout these drilling prospects aiming for drilling to commence as early as the 2010 dry season, subject to requisite approvals and funds being provided 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).

Figure 3: EP 453, Onshore Canning Basin, Western Australia



Dennis Morton
Managing Director
Phone: +61-2-9254 9013
dennis@gas2grid.com

Patrick Sam Yue
Non-Executive Director
Phone : +61-2-9254 9012
psy@gas2grid.com

APPENDIX 5B
Mining Exploration Entity Quarterly Report



Name of Entity

GAS2GRID LIMITED

ABN

46 112 138 780

Quarter Ended ("Current Quarter")

31 MARCH 2010

CONSOLIDATED STATEMENT OF CASH FLOWS

		Current Quarter \$A'000	Year to Date (9 Months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for:		
	(a) Exploration and evaluation	(453)	(1,081)
	(b) Development	-	-
	(c) Production	-	-
	(d) Administration	(128)	(406)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature	5	21
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (GST)	5	22
	Net operating cash flows	(571)	(1,444)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	(3)
1.9	Proceeds from sales 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	-	-
	Net investing cash flows	-	(3)
Cash flows related to financing activities			
1.13	Proceeds from issue of shares, options, etc.	647	1,698
1.14	Proceeds from sale of forfeited shares	-	-
1.15	Proceeds from borrowings	-	-
1.16	Repayments of borrowings	-	-
1.17	Dividends paid	-	-
1.18	Other	-	-
	Net financing cash flows	647	1,698
	Net increase (decrease) in cash held	76	251
1.19	Cash at beginning of quarter/year to date	969	807
1.20	Exchange rate adjustments to Item 1.19 above	(7)	(20)
1.21	Cash at end of quarter	1,038	1,038

Mining Exploration Entity Quarterly Report
Continued . . .



Name of Entity

GAS2GRID LIMITED

ABN

46 112 138 780

Quarter Ended ("Current Quarter")

31 MARCH 2010

PAYMENTS TO DIRECTORS OF THE ENTITY AND ASSOCIATES OF THE DIRECTORS

PAYMENTS TO RELATED ENTITIES OF THE ENTITY AND ASSOCIATES OF THE RELATED ENTITIES

		Current Quarter \$A'000
1.22	Aggregate amount of payments to the parties included in item 1.2	-
1.23	Aggregate amount of loans to the parties included in item 1.10	None
1.24	Explanation necessary for an understanding of the transactions	

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.

None

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.

None

FINANCING FACILITIES AVAILABLE

		Amount Available \$A'000	Amount Used \$A'000
3.1	Loan facilities	500	-
3.2	Credit standby arrangements	None	

ESTIMATED CASH OUTFLOWS FOR NEXT QUARTER

		\$A'000
4.1	Exploration and evaluation	500
4.2	Development	-
Total		500



**Mining Exploration Entity Quarterly Report
Continued . . .**

Name of Entity

GAS2GRID LIMITED

ABN

46 112 138 780

Quarter Ended ("Current Quarter")

31 MARCH 2010

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	1,045	939
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other	(7)	30
Total: cash at end of quarter (item 1.21)	1,038	969

CHANGES IN INTERESTS IN MINING TENEMENTS

	Tenement Reference	Nature of Interest	Interest at Beginning Of Quarter	Interest at End of Quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	None		
6.2	Interests in mining tenements acquired or increased	None		

Mining Exploration Entity Quarterly Report
Continued . . .



Name of Entity

GAS2GRID LIMITED

ABN

46 112 138 780

Quarter Ended ("Current Quarter")

31 MARCH 2010

ISSUED AND QUOTED SECURITIES AT END OF CURRENT QUARTER

	Total Number	Number Quoted	Issue Price per Security (see note 1) (cents)	Amount paid up per security (see note 1) (cents)
7.1 Preference securities	None			
7.2 Changes during quarter				
a) Increases	None			
b) Decreases	None			
7.3 Ordinary securities	209,059,332	209,059,332		
7.4 Changes during quarter				
a) Increases	26,000,000	26,000,000		
b) Decreases	None	None		
7.5 Convertible debt securities	None			
7.6 Changes during quarter				
a) Increases	None			
b) Decreases	None			
7.7 Options	38,584,422	38,584,422	Exercise price 8 cents	Expiry date 30.11.2010
7.8 Issued during quarter				
7.9 Exercised during quarter	None			
7.10 Expired during quarter	None			
7.11 Debentures	None			
7.12 Unsecured notes	None			

Mining Exploration Entity Quarterly Report
Continued . . .



Name of Entity

GAS2GRID LIMITED

ABN

46 112 138 780

Quarter Ended ("Current Quarter")

31 MARCH 2010

COMPLIANCE STATEMENT

1. This statement has been prepared under accounting policies that comply with accounting standards as defined in the Corporations Act or other standards acceptable to the ASX.
2. This statement does give a true and fair view of the matters disclosed.

A handwritten signature in black ink, appearing to read "S. Danielson", with a horizontal line extending to the right.

Signed by

Steven J. Danielson – Company Secretary

Date 30 April 2010

Notes

- 1 **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.