



## **ACTIVITIES REPORT QUARTER ENDED 31 MARCH 2009**

### **HIGHLIGHTS**

- Final planning for the Philippines SC 44 multi-well workover program
- France - St. Griede technical data acquisition
- Canning Basin - EP 453 seismic data reprocessing completed and data being interpreted
- NZ – PEP 38260 (onshore) G2G to withdraw
- New Venture opportunities assessed

### **CORPORATE**

Company management has now settled with Dennis Morton (Managing Director) established and working full-time on company matters with the assistance of both the Chairman David Munns and Non-Executive Director Russell Langusch. David Munns is mainly assisting with the Philippine SC44 multi-well workover operations and new ventures whilst Russell Langusch is assisting with corporate reporting and management. In order to preserve the Company's cash position the payment of salaries and fees is being minimised.

The Company is leveraging off the extensive industry experience that the Board possesses in order to develop commercial production from the existing oil and gas assets and also to acquire ground-floor entry to low risk, onshore, oil and gas development/exploration opportunities. New opportunities, both technical and corporate, are appearing on a more regular basis, likely driven by the Global Financial Crisis. SC44 (Philippines), EP 453 (Australia) and St. Griede (France) are all assets that have been acquired by the Company in this manner and as a priority the Company will continue to acquire assets in this way. Where possible the Company will aim to expand in areas where it is currently active, as these provide low cost entry, excellent fiscal terms and reduced sovereign risk.

The Directors decided not to place the Rights Issue share shortfall at this time but they will continue to review funding requirements and capital raising alternatives which might include also corporate transactions.

### **PHILIPPINES – SC44, Onshore Cebu (100%)**

The Company is still waiting on a reply from the Philippine Department of Energy (“DOE”) regarding a request to combine the outstanding Service Contract 44 commitments for Sub-Phase 2 (2007-2008: 100km seismic, aero-gravity survey, swab tests and one well) and Sub-Phase 3 (2009-2011: 2 wells). No field activity will take place until this request has been resolved.

The Company has continued with technical studies and planning for operations to remediate the hydrocarbon-bearing sandstone reservoirs in both the Nuevo Malolos-1 and Malolos-1 wells. It considers that both these wells are capable of commercial oil and gas production after they are successfully remediated to 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 resolved in hydrocarbon-bearing sandstones worldwide in other sedimentary basins (eg. Indonesia, USA, North Sea, Brazil, West Africa and the Middle East).

Malolos-1 was drilled and cased to a total depth of 2,748 metres in 1960. Numerous open hole drillstem tests of sandstone reservoirs in this well resulted in gas flows to surface and also significant volumes of 39° API oil being recovered. The cased hole was re-entered in 2006 and the casing integrity found to be in excellent condition. This means the well can be used for further formation testing and oil and gas production. It is planned to re-enter Malolos-1 to remediate sandstone reservoirs and complete for test production intervals that originally flowed gas or recovered oil.

Nuevo Malolos-1 was drilled, cased and suspended to a total depth of 1,945 metres in early 2007. The well intersected a number of thick sandstone intervals that possess good reservoir properties and are interpreted to be oil and gas bearing. The sandstone reservoirs were damaged during the drilling and completion process and as a result they have only produced small amounts of oil and gas on both cased and open hole tests.

The 2009 work program will involve the implementation of a multi-reservoir remediation program on both the Malolos-1 and Nuevo Malolos-1 wells. Finalisation of the remediation program design and sourcing the necessary equipment and contractors is at an advanced stage. The plan is to implement and complete the workover program on both wells by the end of the 3<sup>rd</sup> quarter, 2009.

The proposed Malolos-1 and Nuevo Malolos-1 workovers offer the Company the lowest cost and nearest term, low risk operations to achieve commercial flow rates of gas and/or oil.

There are currently no land seismic acquisition crews located in the Philippines and the Company is interested in acquiring new seismic data. In order to mobilise a crew into the Philippines sufficient work needs to be aggregated with other service contract operators. Accordingly the Company has met with other onshore operators and it is participating in a campaign to import a seismic crew into the Philippines in 2009.

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

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 may 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 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).

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

The St. Griede licence was awarded by the French Government to Gas2Grid Limited (50%) and its joint venture partner, Gippsland Offshore Petroleum Limited (50%), on the 21<sup>st</sup> April, 2008 after a two year application process. The licence covers 1,238 square kilometres within the onshore part of the Aquitaine Basin, north and east of the city of Pau in the southwest of France.

The licence has been awarded for a 5 year term with an aggregate total work commitment of €942,000 for the first two years. The licence is already covered by a regional grid of seismic data and there are a number of petroleum exploration wells that have been drilled both within and surrounding the licence. Three large oil fields are located a few kilometres west of the licence boundary. Selective seismic is being acquired from the French Government for reprocessing and these data will be integrated with existing petroleum well information in order to formulate the forward exploration program. Planning is also underway to acquire an aero-gravity survey over the licence area. Most of the existing oil and gas fields have been formed by or modified by salt movement and gravity data should enable more accurate mapping of structural closures within the licence area.

The Aquitaine Basin is a prolific hydrocarbon province with a long history of discovery and production. Over 13,000 PJ (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.

## **NEW ZEALAND – PEP 38260 (onshore), Canterbury Basin (55%)**

The Company intends to withdraw from the licence.

Dennis Morton.  
Managing Director

## **Exploration Expenditure Incurred**

Exploration expenditure incurred during the quarter ended 31 March 2009 on the group's various projects is set out below:-

<b>Project</b>	<b>Amount Incurred</b>
Philippines - SC 4	15,785
WA – EP453	4,647
France – St Griede	<u>4,423</u>
	\$ 24,855
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**APPENDIX 5B**  
Mining Exploration Entity Quarterly Report

Name of Entity

**GAS2GRID LIMITED**

ABN

**46 112 138 780**

Quarter Ended ("Current Quarter")

**31 MARCH 2009**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

		Current Quarter \$A	Year to Date (9 Months) \$A
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for:		
	(a) Exploration and evaluation	(24,855)	(529,715)
	(b) Development	-	-
	(c) Production	-	-
	(d) Administration	(144,543)	(277,809)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature	6,248	12,897
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (GST)	(3,546)	(11,393)
	<b>Net operating cash flows</b>	<b>(166,696)</b>	<b>(806,020)</b>
<b>Cash flows related to investing activities</b>			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(2,526)	(2,526)
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	-	-
	<b>Net investing cash flows</b>	<b>(2,526)</b>	<b>(2,526)</b>
<b>Cash flows related to financing activities</b>			
1.13	Proceeds from issue of shares, options, etc.	(28,085)	1,129,448
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	-	-
	<b>Net financing cash flows</b>	<b>(28,085)</b>	<b>1,129,448</b>
	<b>Net increase (decrease) in cash held</b>	<b>(197,307)</b>	<b>320,902</b>
1.19	Cash at beginning of quarter/year to date	1,283,596	759,914
1.20	Exchange rate adjustments to Item 1.19 above	(3,236)	2,237
<b>1.21</b>	<b>Cash at end of quarter</b>	<b>1,083,053</b>	<b>1,083,053</b>



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

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**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
1.22	Aggregate amount of payments to the parties included in item 1.2	8,989
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	
	Directors' fees paid to Executive Directors	

**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	Amount Used \$A
3.1	Loan facilities	None	
3.2	Credit standby arrangements	None	

**ESTIMATED CASH OUTFLOWS FOR NEXT QUARTER**

		\$A
4.1	Exploration and evaluation	300,000
4.2	Development	-
	<b>Total</b>	<b>300,000</b>



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

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**31 MARCH 2009**

**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	Previous Quarter \$A
5.1 Cash on hand and at bank	1,078,584	1,283,534
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other	4,469	62
<b>Total: cash at end of quarter (item 1.21)</b>	<b>1,083,053</b>	<b>1,283,596</b>

**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 2009**

**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)
<b>7.1 Preference securities</b>	None			
7.2 Changes during quarter				
a) Increases	None			
b) Decreases	None			
<b>7.3 Ordinary securities</b>	154,104,488	154,104,488		
7.4 Changes during quarter				
a) Increases	None	None		
b) Decreases	None	None		
<b>7.5 Convertible debt securities</b>	None			
7.6 Changes during quarter				
a) Increases	None			
b) Decreases	None			
<b>7.7 Options</b>	38,584,422	38,584,422	<b>Exercise price</b> 8 cents	<b>Expiry date</b> 30.11.2010
7.8 Issued during quarter	None			
7.9 Exercised during quarter	None			
7.10 Expired during quarter	2,600,000	2,600,000	30 cents	15.3.2009
<b>7.11 Debentures</b>	None			
<b>7.12 Unsecured notes</b>	None			



Mining Exploration Entity Quarterly Report  
Continued . . .

Name of Entity

**GAS2GRID LIMITED**

ABN

**46 112 138 780**

Quarter Ended ("Current Quarter")

**31 MARCH 2009**

**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 "Russell Langusch", is written over a horizontal line.

Signed by

Russell Langusch - Director

Date 30 April 2009

**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.