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ACTIVITIES REPORT QUARTER ENDED 30 JUNE 2008

PHILIPPINES: – SC 44, Onshore Cebu (100%)

A review of all technical data and previous reports relating to the drilling and testing of Nuevo Malolos-1 and Malolos-1 has been completed by an international industry consultant group. The aim of the review was to try and determine the cause of previously documented formation damage of good quality, reservoir sandstones that contain both oil and gas.

The new report not only independently verified the conclusions reached previously by other Gas2Grid Limited consultants and G2G management but also some new conclusions all of which are believed to be encouraging:

- Nuevo Malolos-1 contains good quality sandstone reservoirs as confirmed by Core-1
- Formation damage is significant
- Oil and gas were recovered from these sandstone reservoirs in both the Nuevo Malolos-1 and Malolos-1 wells
- Special core analysis is required to determine the cause of the formation damage
- Other testing (mud leak-off test and unsteady state relative permeability work) is also recommended

The Company will now embark upon special core analysis and other testing of the sandstone that was recovered in Core-1. In addition, the Company will engage its' own reservoir engineering consultant to work with a large integrated oil field drilling service company/ies to assist with the development of a work-over program to remediate sandstone reservoirs in the existing two, cased, Malolos wells and to formulate a mud system and drilling program that will not result in formation damage with future drilling activities. A USA based consultant drilling mud expert is also separately formulating a drilling mud program for future drilling.

The Company has also continued pursuing the import into the Philippines of a land seismic crew that is capable of conducting a new seismic acquisition program within SC 44. In order to share the seismic crew mobilisation and demobilisation costs and to complete the proposed seismic program it will be necessary that the program is conducted in conjunction with other acquisition programs carried out by separate operators in onshore Service Contracts located elsewhere in the Philippines. Meetings with seismic contractors have been conducted in the USA and also in South-East Asia and also other Philippine operators of onshore Service Contracts and we remain hopeful that this matter will be progressed.

NEW ZEALAND: PEP 38260 (Onshore only), Canterbury Basin (55%)

Kate-1 spudded on Thursday 8th May and was drilled on a trouble free basis to a total depth of 1,112 metres. The main objective, the Late Cretaceous Broken River Formation, although intersected low to prognosis consisted of approximately 70 metres of thick clean sandstone (30% porosity), high net/gross ratio and with a good quality overlying shale seal. There were no hydrocarbon indications logged in the main objective and the well was plugged and abandoned after running electric logs. The well was drilled within budget.

Kate-1 was located within the northern part of the onshore Canterbury Basin, South Island, New Zealand approximately 60 kilometres north of the city of Christchurch. The well was sited on a surface anticline that had been mapped in the subsurface using seismic data acquired in 2006.

Gas2Grid Limited (“GGX”) announced in 2007 that it had entered into an agreement with a privately owned NZ company, Green Gate Limited, to farm in to the onshore portion of PEP 38260, located in the north Canterbury Basin. Under the terms of that original agreement and subsequent amendments GGX has paid \$1.2 million towards the drilling of Kate-1 and in return acquired a 40% interest in the onshore portion of PEP 38260 covering an area of 2,429 square kilometres. GGX also paid \$600,000 cash in order to acquire another 15% interest (55%). That interest has now been acquired by the drilling of Kate-1. A part licence relinquishment will occur in the near term as provided for under the licence agreement with the NZ Government.

The next exploration stage is subject to joint venture approval but will likely consist of incorporation of the new technical data gathered by drilling Kate-1, including additional geochemical analyses of shale samples to assess oil source potential and maturity. Kate-1 has determined that thick, good quality sandstone reservoirs occur within the licence overlain by good sealing shales. Future work will now concentrate on oil source, maturation and migration studies and then trap definition by new seismic acquisition, possibly in 2009.

FRANCE: St Griede Licence, onshore Aquitaine Basin (50%)

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 21st 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 south of France.

The licence has been awarded for a 5 year term with an aggregate total work commitment of \$3.7 million. 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 oil fields are located a few kilometres west of the licence boundary. Existing technical data is being acquired from the French Government and initial activities will include integration of existing petroleum well information, seismic reprocessing and the likely acquisition of airborne gravity.

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 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. Markets and infrastructure are well developed and the commercialisation of even small discoveries is not expected to be problematic.

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

The Company has been successful in acquiring all existing seismic field and support data from the Western Australian Government and it is currently re-processing these data which will then be interpreted and objective horizons mapped to generate drilling prospects. It is possible that drilling prospects will be generated by these data without the need for new seismic acquisition and if so drilling is anticipated to commence sometime during the 2009 dry season (April-November).

EP 453 is a highly prospective licence with both oil and gas targets in Late Devonian age carbonate, pinnacle reefs and Devonian age sandstone reservoirs. A number of pinnacle reef prospects have been mapped on existing seismic data and only two wells have previously been drilled (during the 1980s) within this region targeting these reefs. The prospectivity of the Devonian age sandstone reservoirs is evidenced by the fact that the only well drilled within the area in recent history, Chestnut-1 (1994), intersected a shallow (1,350 metres - depth) 8 metre thick sandstone reservoir interpreted from logs to be hydrocarbon bearing, although the interval was not tested. A deeper (1,800 metres - depth) 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).

EP 453 enjoys the benefit of an executed Native Title and Heritage Protection Agreement with Kimberley Land Council on behalf of three claimant groups, which took many years to negotiate. The acquisition of this 100% working interest will facilitate the Company attracting a farm-in partner to participate in future exploration, enabling the Company to benefit from any farm-in premium in such a transaction.

Dennis Morton.
Managing Director

Exploration Expenditure Incurred

Exploration expenditure incurred during the quarter ended 30 June 2008 on the group's various projects is set out below:-

Project	Amount Incurred
Philippines SC 44	20,999
New Zealand PEP 38260	<u>5,673</u>
	\$ 26,672
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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")

30 JUNE 2008

CONSOLIDATED STATEMENT OF CASH FLOWS

		Current Quarter \$A	Year to Date (12 Months) \$A
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for:		
	(a) Exploration and evaluation	(26,672)	(147,216)
	(b) Development	-	-
	(c) Production	-	-
	(d) Administration	(106,419)	(531,741)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature	12,376	132,521
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other	(3,163)	8,489
	Net operating cash flows	(123,878)	(537,947)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	(1,171,062)	(1,771,062)
	(c) other fixed assets	-	-
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	(1,171,062)	(1,771,062)
Cash flows related to financing activities			
1.13	Proceeds from issue of shares, options, etc.	-	2,329,319
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	-	2,329,319
	Net increase (decrease) in cash held	(1,294,940)	20,310
1.19	Cash at beginning of quarter/year to date	2,056,086	740,323
1.20	Exchange rate adjustments to Item 1.19 above	(1,232)	(719)
1.21	Cash at end of quarter	759,914	759,914



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

Name of Entity

GAS2GRID LIMITED

ABN

46 112 138 780

Quarter Ended ("Current Quarter")

30 JUNE 2008

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 1.24	16,300
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

Item 1.22 comprises management fees of \$6,300 paid to an entity controlled by a director and consulting fees of \$10,000 paid to an entity controlled by a director.

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	-
Total		300,000



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

Name of Entity

GAS2GRID LIMITED

ABN

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Quarter Ended ("Current Quarter")

30 JUNE 2008

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	756,592	2,052,418
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other	3,322	3,668
Total: cash at end of quarter (item 1.21)	759,914	2,056,086

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	PEP 38260 Canterbury Basin, NZ	40%	55%



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

Name of Entity

GAS2GRID LIMITED

ABN

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Quarter Ended ("Current Quarter")

30 JUNE 2008

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	115,520,066	115,520,066		
7.4 Changes during quarter				
a) Increases	None	None		
b) Decreases	None	None		
7.5 Convertible debt securities	None			
7.6 Changes during quarter				
a) Increases	None			
b) Decreases	None			
7.7 Options	2,600,000	None	Exercise price 30 cents	Expiry date 15.3.2009
7.8 Issued during quarter	None			
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")

30 JUNE 2008

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.

Signed by

Dennis Morton - Director

Date 31 July 2008

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.