



**ABN 46 112 138 780**

**ACTIVITIES REPORT  
QUARTER ENDED 31 DECEMBER 2007**

**CORPORATE**

Shareholders approved all resolutions at the Company's Annual General Meeting held on November 29<sup>th</sup> 2007.

**PHILIPPINES OPERATIONS – SC 44, Cebu**

During the quarter, independent contractor Geo-Microbial Technologies, Inc, of Oklahoma, USA ("GMT"), under the supervision of the Company, conducted a reconnaissance geomicrobiological survey of 251 sample sites in SC 44. Preliminary microbial analysis has delineated some well defined active hydrocarbon microseepage anomalies, and samples with the highest microbial values are currently undergoing gas analysis at GMT's laboratories in the USA. The survey conducted is part of an evaluation of technologies to assist in delineating prospect areas in topographically challenging areas within the Service Contract area.

Drilling by Japex and others in the contract area to the immediate west of SC 44, in the Tanon Straits, commenced during the quarter. Drilling was continuing at the end of the quarter, and progress in the well is reported on a regular basis by the Philippines Department of Energy to the Philippines Stock Exchange, Inc.

**NEW ZEALAND**

**PEP 38260 Onshore Canterbury Basin**

During the quarter, the Company and its Joint Venture partner Green Gate Limited secured all necessary land access agreements for the drilling of the upcoming Kate-1 well; and have also reached agreement to contract a fit-for purpose drilling rig to undertake the drilling. Subject to final determination of the rig drilling schedule, it is anticipated that the Kate-1 well will commence in early April 2008.

Gas2Grid and Green Gate have also reached an agreement whereby Gas2Grid will acquire an additional 15% participating interest in the onshore portion of PEP 38260 for \$600,000, so that on completion of the Kate-1 drilling the Company's interest in the permit will increase to 55%.

The Company is continuing to assess additional exploration opportunities in New Zealand.

**FRANCE**

**Aquitaine Basin Application Area**

The Company continues to await a formal offer for an exploration licence area of 1,238 square kilometres at St Griede, on the eastern margin of the Aquitaine Basin, SW France. During the quarter, the Designated Authority in France advised the Company that it is awaiting completion of reports from local prefectures, following which it will proceed with its awarding proposal as previously agreed with the Company and its joint venture partner Gippsland Offshore Petroleum.

**EXPLORATION EXPENDITURE INCURRED**

Total exploration and evaluation expenditure incurred for the quarter ended 31 December 2007 was \$94,927.

David King  
Director  
30 January 2008



**APPENDIX 5B**  
Mining Exploration Entity Quarterly Report

Name of Entity

**GAS2GRID LIMITED**

ABN

**46 112 138 780**

Quarter Ended ("Current Quarter")

**31 DECEMBER 2007**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

		Current Quarter \$A	Year to Date (6 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	(94,927)	(102,289)
	(b) Development	-	-
	(c) Production	-	-
	(d) Administration	(252,061)	(334,543)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature	49,119	87,767
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other – Net GST	8,507	(8,482)
	<b>Net operating cash flows</b>	<b>(289,362)</b>	<b>(357,547)</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 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>-</b>	<b>-</b>
<b>Cash flows related to financing activities</b>			
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	-	-
	<b>Net financing cash flows</b>	<b>-</b>	<b>2,329,319</b>
	<b>Net increase (decrease) in cash held</b>	<b>(289,362)</b>	<b>1,971,772</b>
1.19	Cash at beginning of quarter/year to date	3,003,074	740,323
1.20	Exchange rate adjustments to Item 1.19 above	(859)	758
<b>1.21</b>	<b>Cash at end of quarter</b>	<b>2,712,853</b>	<b>2,712,853</b>



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

Name of Entity

**GAS2GRID LIMITED**

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**46 112 138 780**

Quarter Ended ("Current Quarter")

**31 DECEMBER 2007**

**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	30,000
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 \$30,000 paid to an entity controlled by a director. Other administration costs incurred in the quarter include an amount of \$82,500 paid to two former directors in full satisfaction of outstanding fees for prior years.

**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	700,000
4.2	Development	-
<b>Total</b>		<b>700,000</b>



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

Name of Entity

**GAS2GRID LIMITED**

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Quarter Ended ("Current Quarter")

**31 DECEMBER 2007**

**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	2,695,731	2,998,591
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other	17,122	4,483
<b>Total: cash at end of quarter (item 1.21)</b>	<b>2,712,853</b>	<b>3,003,074</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

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Quarter Ended ("Current Quarter")

**31 DECEMBER 2007**

**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>	109,520,066	109,520,066		
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>	2,600,000	None	<b>Exercise price</b> 30 cents	<b>Expiry date</b> 15.3.2009
7.8 Issued during quarter	None			
7.9 Exercised during quarter	None			
7.10 Expired during quarter	None			
<b>7.11 Debentures</b>	None			
<b>7.12 Unsecured notes</b>	None			



Mining Exploration Entity Quarterly Report  
Continued . . .

Name of Entity

**GAS2GRID LIMITED**

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Quarter Ended ("Current Quarter")

**31 DECEMBER 2007**

**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

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David King - Director

Date 30 January 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.