



**ABN 46 112 138 780**

**ACTIVITIES REPORT  
QUARTER ENDED 31 DECEMBER 2006**

**PHILIPPINES OPERATIONS – SC 44, Cebu**

The possibilities for re-entering the Nuevo Malolos-1 well to using methodologies to mitigate observed formation damage remain under investigation. Although the shallower Maingit sequence can be re-tested using equipment which is (with some re-furbishment) available locally in the Philippines, operations will be deferred until additional equipment has been sourced which will enable efficient testing of the lower oil-bearing Toledo zone in the same campaign. The Company is in negotiations with a number of companies who have expressed interest in participating in the re-testing, and in future exploration operations, on a contractor and/or joint venture basis.

**NEW VENTURES**

The Company's application for an exploration licence over an area in the Aquitaine Basin in southwest France remains in process. The prospectivity of the Aquitaine Basin is evidenced by a high level of competing applications for exploration rights; the attractive fiscal regime for oil and gas production in France and the well developed markets and infrastructure in the area are such that the commercialization of even small discoveries is likely to be economically attractive. Following a meeting during the quarter between the Company's representatives and the French designated authority, the application is now proceeding to its final stages.

The Company has continued to evaluate opportunities to expand its acreage portfolio in Australasia as well as in Asia and Europe, and a number of new opportunities are under active review.

**CORPORATE**

Late in the quarter the Company moved its principal place of business to Level 7, 10 Barrack Street, Sydney, so that its business office and registered office are now at the same address.

**EXPLORATION EXPENDITURE**

Total expenditure on exploration and evaluation activities for the quarter ended 31st December 2006 was \$12,489.00.

David King  
Director  
30th January 2007



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

Name of Entity

**GAS2GRID LIMITED**

ABN

**46 112 138 780**

Quarter Ended ("Current Quarter")

**31 DECEMBER 2006**

**CONSOLIDATED STATEMENT OF CASH FLOWS**

		Current Quarter \$A	Year to Date (3 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	(12,489)	(393,990)
	(b) Development	-	-
	(c) Production	-	-
	(d) Administration	(69,877)	(105,759)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature	4,150	10,396
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other – Net GST	(3,184)	(447)
<b>Net operating cash flows</b>		<b>(81,400)</b>	<b>(489,800)</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.	-	-
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 (JV partners)	-	-
<b>Net financing cash flows</b>		<b>-</b>	<b>-</b>
<b>Net increase (decrease) in cash held</b>		<b>(81,400)</b>	<b>(489,800)</b>
1.19	Cash at beginning of quarter/year to date	401,408	810,605
1.20	Exchange rate adjustments to Item 1.19 above	(1,612)	(2,409)
<b>1.21</b>	<b>Cash at end of quarter</b>	<b>318,396</b>	<b>318,396</b>



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

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Quarter Ended ("Current Quarter")

**31 DECEMBER 2006**

**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	None
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	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	30,000
4.2	Development	-
<b>Total</b>		30,000



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

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**31 DECEMBER 2006**

**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	313,056	394,419
5.2 Deposits at call	None	None
5.3 Bank overdraft	None	None
5.4 Other	5,340	6,989
<b>Total: cash at end of quarter (item 1.21)</b>	<b>318,396</b>	<b>401,408</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 . . .

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**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>	59,520,067	38,731,528		
7.4 Changes during quarter				
a) Increases	None			
b) Decreases	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  
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**31 DECEMBER 2006**

**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.

David King

Signed by

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Director

Date 30th January 2007