



ABN 46 112 138 780

**MINING EXPLORATION ENTITY QUARTERLY REPORT
FOR THE THREE MONTHS ENDED
31 MARCH 2006**

REVIEW OF OPERATIONS

PHILIPPINES OPERATIONS

The drilling of the Nuevo Malolos 1 well, which commenced on December 27th 2005, reached total depth of 6,281 ft (1,945 metres) on 31st January 2006 and was suspended for further testing as a potential production well.

Good oil and gas shows were encountered over an interval of 3,891 ft (1,213 metres) from a depth of 2,400 ft (732 metres), with net (sandstone) reservoir over the interval estimated at up to 764 ft (233 metres). Difficult drilling conditions associated with fault/fracture systems penetrated in the well, and unstable shale intervals interposed between five major interbedded sand packages, prevented the implementation of a comprehensive test program on the well, and resulted in costs in excess of pre-drill estimates. However the well was secured for future testing by setting casing to total depth, cemented over all but a washed out zone around 2700 ft and an underlying sand sequence where a core (2750-2780 ft) exhibiting excellent porosity (23-27%) and permeability (100-400 millidarcies) was recovered during drilling.

An open-hole drillstem test of the cored interval exhibited a strong pressure build up to almost 1000 psi, suggestive of a gas flow, before the tool plugged and the test was aborted. In addition, a test through casing at 6,233-6,243 feet did recover a small amount of oil, with evidence of formation damage.

Detailed analysis of the core cut between 2750-2780 ft did, however, confirm the presence of both light, immature oil, and gas, as well as the exceptional reservoir qualities. This interval was perforated and tubing with sliding sleeve run before rig release, but not able to be tested with the limitations of equipment on site.

Approval has been received from the Philippines DOE and equipment and personnel are being mobilized to the site to conduct a flow-back test on the perforated interval in mid May. In the event of a successful flow back, additional equipment will be sourced to enable a long-term test of this interval.

A successful flow-back and test will have significant implications for the testing of other zones in the well interpreted to be hydrocarbon bearing, and for the entire Malolos anticline and the numerous other leads and prospects in the licence area.

NEW VENTURES

During the quarter the Company, together with joint venture partner Gippsland Offshore Petroleum Limited, lodged an application for an exploration licence over an area in a known gas province in western Europe. Although the application has been acknowledged and registered, details will remain in commercial confidence until any competing applications are resolved.

CORPORATE

Following the successful completion of the initial drilling program at Malolos completed, Mrs Gundi Royle stepped down as Managing Director of the Company to return to the United Kingdom, where she continues as a director with responsibility for new opportunities. Dr David King, previously a non-executive director, assumed responsibilities for local management and on-going operations in the Philippines.

During the Quarter the Company changed its Registered Office to:-
c/- Mitchell and Partners
Level 7, 10 Barrack Street
Sydney NSW 2000
Tel: (02) 9392 8686



The principal place of business remains at:-
Level 14, 19-31 Pitt Street
Sydney NSW 2000
Tel: (02) 9252 7210

EXPLORATION EXPENDITURE

Total expenditure on exploration and evaluation activities for the quarter ended 31st March 2006 was \$2,358,076.

David King
Director
27th April 2006



APPENDIX 5B
Mining Exploration Entity Quarterly Report

Name of Entity

GAS2GRID LIMITED

ABN

46 112 138 780

Quarter Ended ("Current Quarter")

31 MARCH 2006

CONSOLIDATED STATEMENT OF CASH FLOWS

		Current Quarter \$A	Year to Date (9Months) \$A
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	-	-
1.2	Payments for:		
	(a) Exploration and evaluation	(2,358,076)	(4,064,653)
	(b) Development	-	-
	(c) Production	-	-
	(d) Administration	(28,541)	(227,352)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature	19,513	98,888
1.5	Interest and other costs of finance paid	-	(28,189)
1.6	Income taxes paid	-	-
1.7	Other – Net GST	404	29,562
Net operating cash flows		(2,366,700)	(4,191,744)
Cash flows related to investing activities			
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	-	-
Net investing cash flows		0	0
Cash flows related to financing activities			
1.13	Proceeds from issue of shares, options, etc.	-	89,800
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)	-	25,787
Net financing cash flows		-	115,587
Net increase (decrease) in cash held		(2,366,700)	(4,076,157)
1.19	Cash at beginning of quarter/year to date	3,458,753	5,098,930
1.20	Exchange rate adjustments to Item 1.19 above	46,280	115,560
1.21	Cash at end of quarter	1,138,333	1,138,333



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

Name of Entity

GAS2GRID LIMITED

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Quarter Ended ("Current Quarter")

31 MARCH 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	597,351.24
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

Fee for management and geological services (\$36,513.13) to Aquamex Ltd, a company associated with Mrs Royle, office rental (\$3,797.70) to RFC a company of which Michael Stirzaker is a director, and fee for drilling services and materials (\$557,040.41) to DESCO and TD International, firms associated with Mr David Munns.

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	0
	Total	700,000



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

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Quarter Ended ("Current Quarter")

31 MARCH 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	1,088,602	1,203,267
5.2 Deposits at call	46,881	2,229,710
5.3 Bank overdraft	None	None
5.4 Other	2,850	25,776
Total: cash at end of quarter (item 1.21)	1,138,333	3,458,753

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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Quarter Ended ("Current Quarter")

31 MARCH 2006

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	54,520,067	33,731,528		
7.4 Changes during quarter				
a) Increases	None			
b) Decreases	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 . . .

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Quarter Ended ("Current Quarter")

31 MARCH 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.

Signed by

Director

Date