

26th October, 2017



**ACTIVITIES REPORT
QUARTER ENDED 30th SEPTEMBER, 2017**

SUMMARY

Philippines

- SC 44: Awaiting a decision from the Philippine Department of Energy ("DOE") to a request for extension of time under "Force Majeure" following the expiry of the technical moratorium on the 27th January, 2017.
- The Company submitted to the DOE a proposed program and budget to be implemented during the requested extension period.

France

- St Griede:
 - o The Company has lodged with the Appeal Court of Bordeaux its submission against the appeal by the French Government on the decision previously handed down in the Company's favour by the Pau Tribunal in November 2016.
 - o Awaiting the Appeal Court's decision.
 - o Awaiting Pau Tribunal decision on the Company's request for payment of €3,000/day penalties from 3rd December 2016 imposed on the French Government by the Tribunal for delay in granting the St. Griede permit.
- Mirande permit application: Tribunal hearing held on 30th June 2017 and decision handed down on 21st July 2017 on the grant of the Mirande application. The Minister is directed to decide within 3 months on the application and any delay is subject to a penalty to the Government of €300/day.
- Tartas and Eauze permit applications: No update has been received.
- The new Minister of Energy has submitted to the French Parliament proposed changes to the Mining Act to stop the granting of new petroleum exploration permits in France and also renewal or extension of existing permits beyond 2040.

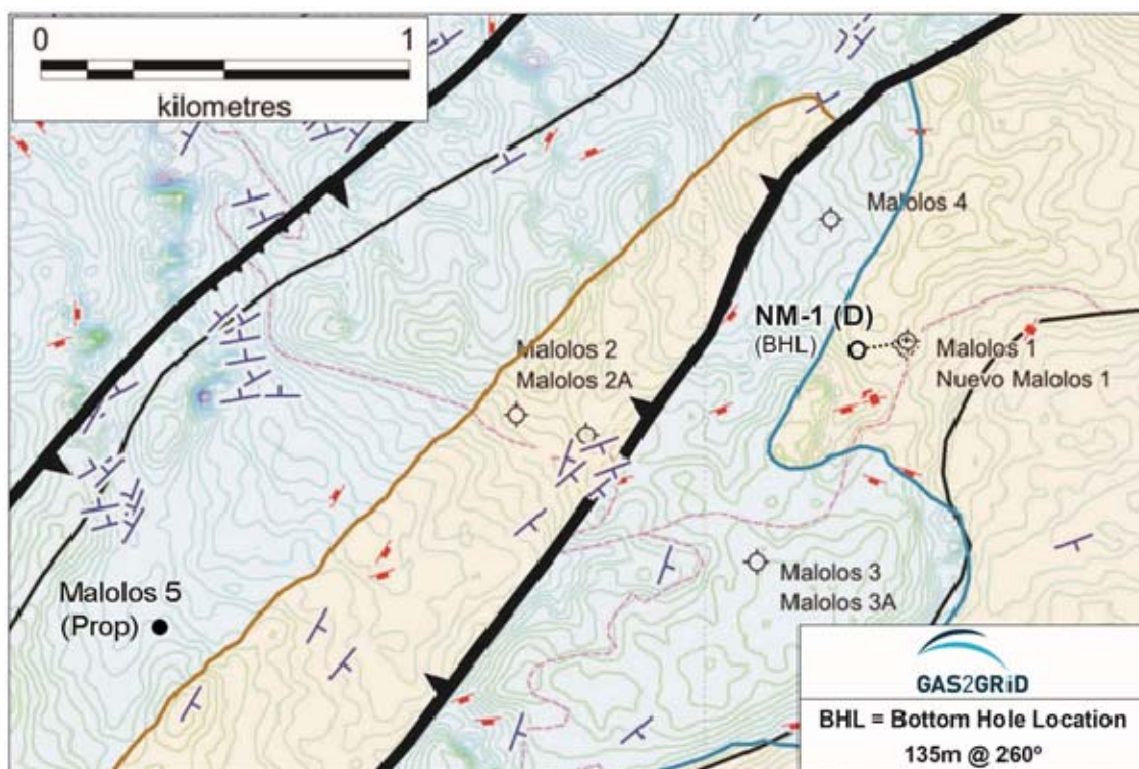
PHILIPPINES: SERVICE CONTRACT 44 (100%), Onshore Cebu

The Philippine Department of Energy ("DOE") had approved a 2 year technical moratorium under the terms of the Service Contract 44 ("SC 44") in order to provide sufficient time to complete studies and establish the appropriate drilling and completion technology for maximising sustainable oil production that if successful would lead to full oil field appraisal/development.

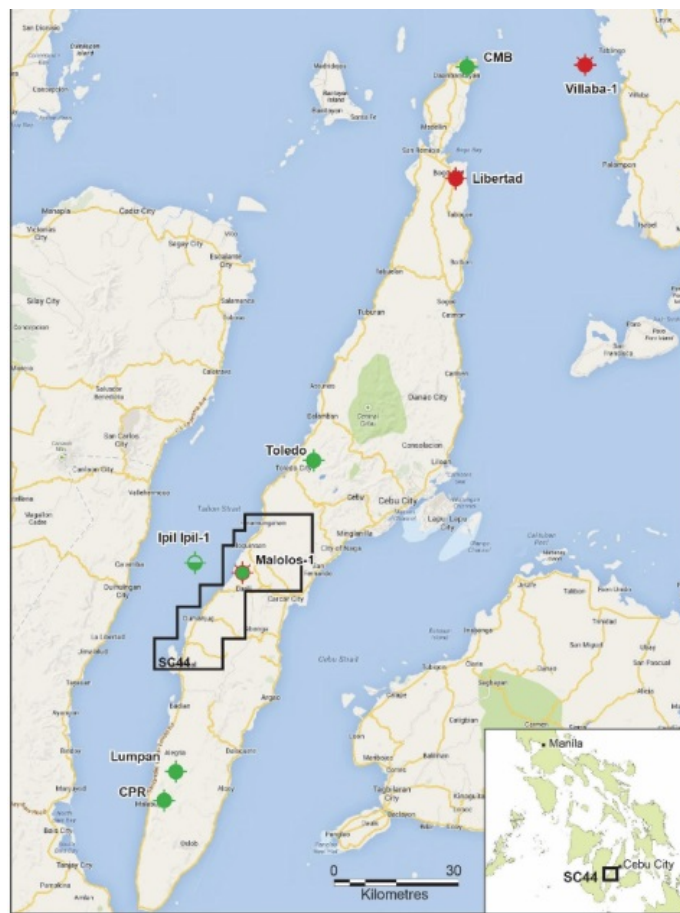
The Drilling Proposal for the Nuevo Malolos-1 Deepening was submitted to the DOE for their approval in March 2016. Approval was not received by the Company until mid-September 2016. The late approval did not allow sufficient time to complete the drilling operations, conduct a long term oil production test of the well and if successful, submit an application for a 25 year production term prior to the expiry of the technical moratorium on 27 January 2017.

The Company has been in discussions with the DOE and has lodged an application under “Force Majeure”, as provided for under the Service Contract terms. Following a meeting with the DOE earlier this quarter the Company submitted a proposed work program to be implemented during the requested extension period. To date there has been no response and the timing for an outcome is not known.

The Company has put operations in SC 44 on hold until security of title has been established as under the current situation, security of title is not guaranteed. Minimum expenditure is being incurred to maintain security of equipment and well site.



Nuevo Malolos-1 Deepening well location and well track



SC 44 Location on Cebu Island, Philippines

FRANCE: ST. GRIEDE (100%), Onshore Aquitaine Basin

The St Griede permit (100% working interest) located within the Aquitaine Basin, France was due for its first renewal in May 2013 after an initial 5 year term. With the terms and conditions of the work and expenditure commitments having been met for the first 5 year term, a renewal application for a second 5 year term was submitted in January 2013 in order to continue the work program towards the drilling of a well. Normally, a first renewal is expected as a matter of course if the initial commitments have been met. That application was processed by French Government officials who recommended renewal and submitted it to the Minister of Energy for signature and issue.

In October 2015, the Company was formally advised by the French Government that it has decided not to grant the renewal. The decision not to renew the permit is based solely on local elected members and “public disorder risk” considerations within the area where the permit is located. We note an inconsistency with approval being granted earlier in 2015, by local authorities, for the Company to conduct a seismic acquisition survey with the aim to define a well location in the same area.

In November 2015 the Company lodged an action in the French tribunal for the suspension and annulment of the decision by the French Government to cancel the permit on the grounds of it being unlawful.

On 29th December 2015, the judge hearing the matter determined in the Company's favour and suspended the French Government's decision not to renew the St Griede permit. The judge concluded that the St. Griede permit itself cannot cause risks to public order and that there had been an error of law in the decision of the Ministers. The relevant Ministers were given 2 months to reconsider the St. Griede permit renewal.

On 28th January 2016, the Company received notice that the French Minister of Energy had lodged with the "Conseil d'Etat" (a high court for legal affairs of the state) an appeal for the annulment of the ruling made on 29th December 2015 by the judge at the Tribunal. That appeal was not admitted, as advised to the Company in August 2016, on the grounds that the Minister had not presented any valid argument. This decision affirmed the Company's legal rights to renewal of the permit.

On 11th October 2016, a full hearing of the licence cancellation dispute was held in front of three judges of the Administrative Tribunal of Pau. In the process an independent magistrate presented his assessment of the facts and the applicable law as well as his opinion on a solution to the dispute. He concluded that the decision made by the Ministers in refusing an extension to the St Griede permit is not valid.

In early November 2016, the Administrative Tribunal of Pau handed down a judgement that fully supports the Company as follows:

1. Annulment of the decision of the French Ministers made in September 2015 to refuse the renewal of St Griede permit;
2. Instruction to the Ministers to grant, within 30 days, a 5 year extension to the St Griede permit commencing from 3rd November 2016; and
3. A penalty, to the French Government, of Euros 3,000 for each day after 3rd December 2016 that the grant of the permit extension is delayed.

On 3rd January 2017, the French Government lodged an appeal against the decision of the Administrative Tribunal of Pau. The Company recently submitted its response to that appeal and we are waiting for the Appeal Court's determination .

In the opinion of the Company's lawyers, the €3,000 /day penalty has been accruing from 3rd December 2016. The Company has lodged a request in the Tribunal to direct the Government to pay

the court determined penalty that has been accruing. In June 2017, the Government and the Company have both lodged their arguments relating to the payment and a decision is awaited.

The Company is guided by its lawyers in France of the various actions available to achieve the best outcome for its shareholders.

FRANCE: NEW APPLICATIONS (100%), Onshore Aquitaine Basin

The Company has 3 permit applications, namely Tartas, Eauze and Mirande (all 100% interest), in the Aquitaine Basin that are waiting grant.

Tartas, having been fully processed, has been recommended for grant by the French Government officials and is awaiting the Minister of Energy's approval.

The Company has disputed in the Tribunal the implicit rejection of the Mirande application as a result of no decision being made by the Government within the prescribed time. After final documents were lodged in the Tribunal in June 2017 by both the Company and the Minister, a hearing was held on 30th June 2017 and the judgement was handed down on 21st July 2017. The judgement annulled the implicit rejection of the application and directed the Minister to advise its decision with reasons on the application within 3 months and any delay is subject to a penalty to the Government of €300/day. Costs were also awarded to the Company. No decision of the Minister has been received at the date of this report.

No new information has been received on progress relating to the processing of Tartas and Eauze applications and we understand that there are hundreds of applications pending the Government's determination.

The new Minister of Energy has submitted to the French Parliament proposed changes to the Mining Act to stop the granting of new petroleum exploration permits in France and also renewal or extension of existing permits beyond 2040.

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Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

GAS2GRID LIMIT

ABN

46 112 138 780

Quarter ended ("current quarter")

30 SEPTEMBER 2017

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	12	12
1.2	Payments for		
	(a) exploration & evaluation (see 1.8 below)		
	(b) development		
	(c) production		
	(d) staff costs	(13)	(13)
	(e) administration and corporate costs	(46)	(46)
1.3	Dividends received (see note 3)		
1.4	Interest received		
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Research and development refunds		
1.8	Other (GST and licence renewal costs)	(23)	(23)
1.9	Net cash from / (used in) operating activities	(70)	(70)

2.	Cash flows from investing activities		
2.1	Payments to acquire:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other		
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings	40	40
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	40	40

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	43	43
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(70)	(70)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	40	40
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	13	13

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	12	5
5.2 Call deposits	1	38
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	13	43

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter
\$A'000**

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7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter
\$A'000**

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Mining exploration entity and oil and gas exploration entity quarterly report

8.	Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end	Amount drawn at quarter end
		\$A'000	\$A'000
8.1	Loan facilities	8,700	7,520
8.2	Credit standby arrangements		
8.3	Other (please specify)		
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The loan facilities are provided by related parties of the 3 Directors of the Company (D Morton, D Munns and P Sam Yue), are unsecured and bear interest at 9% per annum accruing quarterly in arrears.

9.	Estimated cash outflows for next quarter	\$A'000
9.1	Exploration and evaluation	
9.2	Development	
9.3	Production	
9.4	Staff costs	15
9.5	Administration and corporate costs	35
9.6	Other (provide details if material)	
9.7	Total estimated cash outflows	50

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2	Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.



Sign here:
(Director/Company secretary)

Date: 26 October 2017

Print name: Patrick Sam Yue

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.