



ACTIVITIES REPORT QUARTER ENDED 30th JUNE, 2018

31st July, 2018

SUMMARY

Philippines

- Pursuing onshore oil and gas projects at appraisal stage as new venture opportunities.
- Plan to drill new wells using 100% Company owned rigs located in Philippines as part contribution to earn equity in new ventures, minimising cash investment.
- Technical review of selected opportunities continuing.
- Target appraisal drilling programs in 2018/2019.
- SC 44: awaiting DOE decision on extension request.
- SC 44: plan to deepen and test Nuevo Malolos-1 once extension is granted.

France

- St Griede: In July 2018, Pau Tribunal directs the French Government to pay Euros 383,500 (about A\$600,000) to the Company in full settlement of penalties, previously imposed by the Tribunal on the Government, for delay in granting the St. Griede permit under the judgement handed down in November 2016.
- Mirande: Toulouse Tribunal directs the Government to pay Euros 29,700 (about A\$47,000) to the Company in full settlement of penalties, previously imposed by the Tribunal on the Government, for failing to provide reasons for not granting the permit within directed time limit.

NEW VENTURES

The Company has identified certain oil and gas appraisal opportunities onshore Philippines which it has been pursuing through technical evaluation and commercial negotiation. Positive conclusion on the evaluations and successful negotiations for investment would result in new appraisal wells being drilled in 2018/19 using the Company owned drilling rig. In one opportunity the Company reached a stage after lengthy negotiations where satisfactory farmin terms could not be agreed and the opportunity has been abandoned.

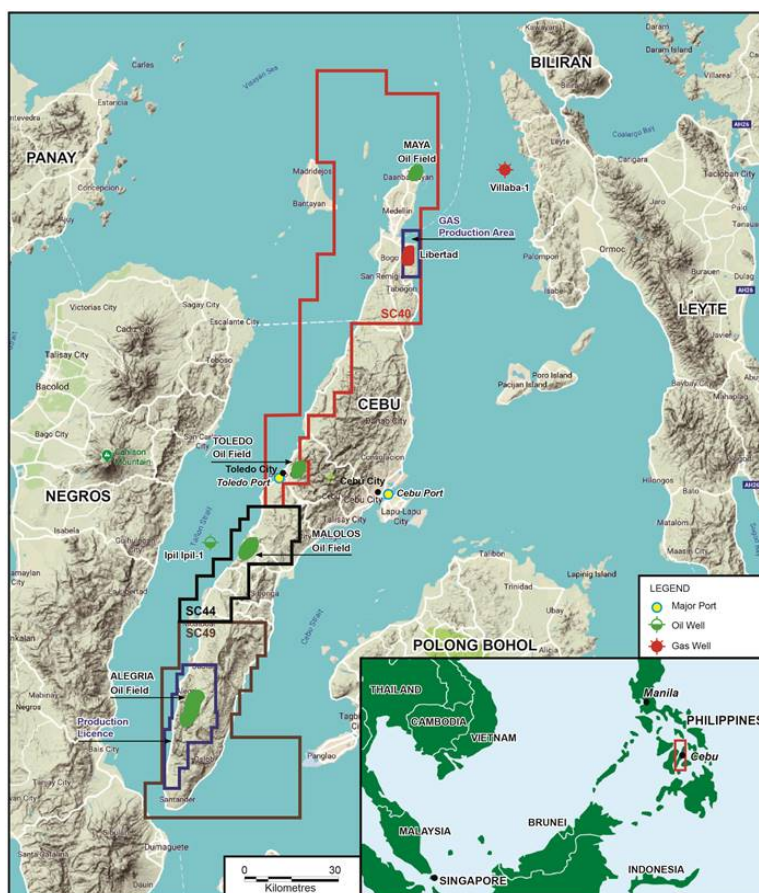
With management's many years of working experience in Philippines, new ventures in that country present good potential for the Company to generate growth in a relatively low cost environment and in short time frame whilst using the Company's 100% owned drilling rig to drill for equity.

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

The Company is still waiting for a formal written response from the DOE regarding the SC 44 extension, although there is indication that an extension is being considered favourably.

The operations in SC 44 are 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. At US\$65+ per barrel, funding for new drilling within SC 44 would be attractive to investors. If an extension of the service contract is awarded the Company plans on deepening the existing Nuevo Malolos-1 well to known oil sands for completion and production testing.

Onshore, Cebu is rapidly becoming the focus of an emerging petroleum production region with the operator of SC 49 in the southern part of the island being recently awarded a 25 year production licence. The SC 49 operator has discovered and is developing the Alegria oil field which produces oil and gas from the same sandstone reservoirs that are oil productive in SC 44. The Libertad gas field in SC 40, northern Cebu has already been awarded a 25 year production licence.



Petroleum Service Contracts and Production Licences, 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. In September 2015, the French Government illegally decided not to grant the renewal.

Following an action in the Pau Tribunal in November 2015, a judgement was handed down in early November 2016 fully supporting 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 Pau Tribunal. On 23rd December, 2017 the French Government issued a decree extending the St. Griede licence up until the 31st May, 2018. This extension is not in accordance with the November 2016 court directions and it provides the Company with only 5 months in which to complete a 5 year work program that was proposed on the application for renewal of the permit in 2013. The Court of Appeal has set the 14th September 2018 for the parties to lodge their final submissions prior to a hearing at a date not yet notified.

As the appeal decision should have no bearing on the payment of the penalty decided by the Pau Tribunal in November 2016, the Company has requested the Pau Tribunal to direct the French Government to pay the imposed €3,000/day penalty. The matter was heard on 3 July 2018 and a judgement was handed down on 5 July 2018 directing the French Government to pay Gas2Grid a total of Euros 383,500 plus Euros 1,200 for costs in settlement of the Company's claim allowing a reduction on the previously imposed total penalty payable. Collection of the penalty is in process.

The Company continues to be 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 was formally advised in the March quarter by the French Government that the three petroleum licence applications, namely Mirande, Tartas and Eauze, it had submitted in 2010 had been rejected on the implementation of a new law decreed in December, 2017 banning petroleum exploration in France.

The Company had pursued for payment by the French Government to the Company of a Toulouse Tribunal imposed €300/day penalty on the Mirande application from 20th October 2017 for failing to provide reasons for not granting the permit within directed time limit. The Tribunal handed down its decision on 29 June 2018 directing the Government to pay Euros 29,700 to the Company in full settlement of the penalties. Collection of the penalty is in process.

The information on oil and gas projects in this report has been compiled by Dennis Morton, Managing Director of Gas2Grid Limited, who graduated with First Class Honours in Geology (Macquarie University) and has 40 years' experience in the oil and gas industry.

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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 LIMITED

ABN

46 112 138 780

Quarter ended ("current quarter")

30 JUNE 2018

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	22
1.2	Payments for		
	(a) exploration & evaluation (see 1.8 below)		
	(b) development		
	(c) production		
	(d) staff costs	-	(40)
	(e) administration and corporate costs	(78)	(255)
1.3	Dividends received (see note 3)		
1.4	Interest received		
1.5	Interest and other costs of finance paid	-	(14)
1.6	Income taxes paid		
1.7	Research and development refunds		
1.8	Other (GST, fx and licence renewal costs)	3	(49)
1.9	Net cash from / (used in) operating activities	(75)	(336)

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 (12 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	-	512
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	-	(5)
3.5	Proceeds from borrowings	-	110
3.6	Repayment of borrowings	(50)	(100)
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	(50)	517

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	348	43
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(75)	(336)
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)	(50)	517
4.5	Effect of movement in exchange rates on cash held	-	(1)
4.6	Cash and cash equivalents at end of period	223	223

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	8	13
5.2 Call deposits	215	335
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)	223	348

6. Payments to directors of the entity and their associates

**Current quarter
\$A'000**

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

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

**Current quarter
\$A'000**

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

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 \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	8,700	8,097
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	
9.5 Administration and corporate costs	35
9.6 Other (provide details if material)	20
9.7 Total estimated cash outflows	55

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	St Griede	Beneficial	100%	100% under request for extension
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: 31 July 2018

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.