



31st October, 2018

ACTIVITIES REPORT QUARTER ENDED 30th SEPTEMBER, 2018

SUMMARY

Philippines

- Secretary for Energy approves 2 year extension of Service Contract 44 ("SC 44") to September 2020
- Plan to deepen and test oil sandstones in Nuevo Malolos-1 ("NM-1"), as soon as possible
- NM-1 Deepening Drilling Approval already issued by Department of Energy ("DOE")
- Company owned Rig-2 onsite and being prepared for NM-1 Deepening operations
- 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.

France

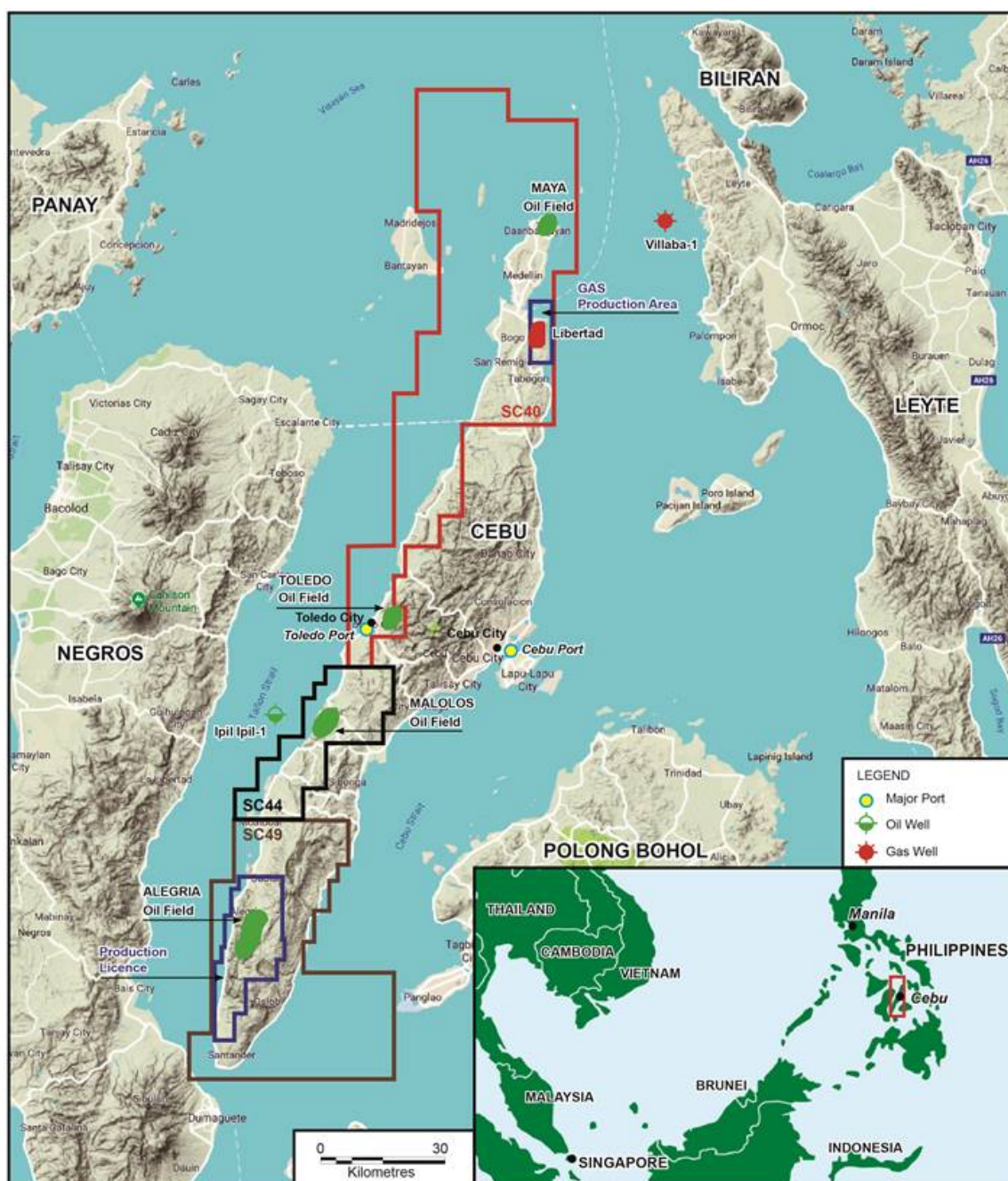
- St Griede: submissions closed on the 14th September, 2018 in relation to the French Government appeal of the November, 2016 Tribunal decision that was in favour of Gas2Grid Limited. Awaiting Court of Appeal decision.

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

The Company has received formal written approval in October from the Secretary of Energy extending the tenure of SC 44 for two (2) years to September 2020. The SC 44 extension has been issued under Presidential Decree 87 (as amended) which addresses the need to fast track oil and gas exploration/development in the country. The extension requires a minimum US\$1.175 million be spent on deepening, completing and testing oil from NM-1.

DOE approval has already been received for the deepening of NM-1. Company owned Rig-2 is onsite at Malolos and it will be re-positioned over Nuevo Malolos-1 as soon as possible in preparation for drilling operations. Funding for new drilling within SC 44 should be attractive to investors as oil prices are currently in the range US\$70+ per barrel and relatively stable.

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

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 well/s being drilled in 2019 using the Company owned drilling rig.

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.

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

The St Griede permit 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.

Deadline for submissions to the Court of Appeal was the 14th September 2018. Decision of the Court of Appeal is awaited.

The penalties and costs totalling €414,400 (equivalent to approximately AU\$662,000) imposed by the Tribunals in France on the French Government have been received during the quarter.

The amounts received relate to the following:

- St Griede - €383,500 penalty and €1,200 costs: Pau Tribunal directed the French Government in July 2018 to pay 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 - €29,700: Toulouse Tribunal directed the Government in June 2018 to pay 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.

The Company continues to be guided by its lawyers in France regarding the various actions available to achieve the best outcome for Gas2Grid Limited shareholders.

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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 over 40 years' experience in the oil and gas industry.

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 SEPTEMBER 2018

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		
1.2	Payments for		
	(a) exploration & evaluation		
	(b) development		
	(c) production		
	(d) staff costs	-	-
	(e) administration and corporate costs	(31)	(31)
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, forex differences, licence renewal costs paid and French Tribunals penalty and cost awards received)	567	567
1.9	Net cash from / (used in) operating activities	536	536

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		
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		

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	223	223
4.2	Net cash from / (used in) operating activities (item 1.9 above)	536	536
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)		
4.5	Effect of movement in exchange rates on cash held	(1)	(1)
4.6	Cash and cash equivalents at end of period	758	758

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	153	8
5.2 Call deposits	605	215
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)	758	223

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

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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

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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 \$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).

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	100
9.2 Development	
9.3 Production	
9.4 Staff costs	
9.5 Administration and corporate costs	60
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	160

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	SC 44 Cebu Philippines	Beneficial	100% under request for extension	100% extension confirmed -

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 October 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.