



22nd November, 2021

ASX Market Announcements

NEW VENTURE ACTIVITY

FARMIN OIL AND GAS ASSETS, SURAT BASIN, ONSHORE QUEENSLAND

Gas2Grid Limited (“Company”) (ASX:GGX) advises that that it has executed a non-binding Heads of Agreement – Farmin Proposal (“HoA”) with ASX listed Armour Energy Limited (“AJQ”) (ASX:AJQ) setting out the terms for GGX to fund seismic and drilling activities in selected AJQ’s Surat Basin licences to acquire 50% interests in each of :

- **Riverside Farmin Block;** and
- **Myall-Bainbilla Farmin Block.**

Those Blocks located in the western Surat Basin near the town of Surat include **PL22, PL53, PL227, ATP647 and part of PL 511**, excluding existing production wells, are in areas with known gas bearing Permian age sandstone.

The Company plans to commence drilling and other field operations in Q1 CY 2022 after execution of binding Farmin Agreements, Joint Operating Agreements and a Gas Processing and Transportation Agreement for AJQ to process and transport GGX’s 50% share of gas production.

If these activities are successful it may result in two wells producing and delivering gas into the nearby existing infrastructure for sale commencing in the second half of 2022. The current high gas prices in eastern Australia make this farmin an attractive proposition for GGX.

The farmin program will run from Q1 CY 2022 to Q2 CY 2023 for GGX to earn the 50% interests in the Farmin Blocks and will comprise:

- drilling 1 well and a two-stage fracture stimulation in the Riverside Farmin Block; and
- drilling 2 wells and a 3D seismic survey in the Myall-Bainbilla Farmin Block.

The total investment would be in excess of \$12 million, subject to service providers tender value and finalisation of budgets at each stage of the program.

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Managing Director Dennis Morton said:

“The western Surat Basin is an area that I and other team members have in the past participated in discovery and development of many of the existing oil and gas fields. We are returning to this very attractive exploration area at a time when natural gas and oil prices are very high. We will employ modern 3D seismic coverage to increase the chances for success. Application of 3D seismic surveys has, in the recent decade, been successfully employed in mature areas of the Cooper Basin resulting in numerous oil and gas discoveries. After successfully drilling a new well and fracking it or an existing well, Riverside-1, in the Riverside Farmin Block, we may likely have two wells in gas production from mid next year.”

Riverside Block (part of PL 511)

Riverside-1 (1997) was drilled on the Riverside Anticline and intersected gas bearing sandstones in the Permian age Tinowon Formation – the well kicked and flowed gas to surface before the gas flow was killed by pumping heavy weight mud into the hole. This procedure had caused formation damage.

An open hole DST-1 conducted after the uncontrolled gas flow was brought under control. That test resulted in gas flowing to surface at the rate of 836 Mcfd. Riverside-1 was suspended as a future Tinowon Formation gas production well with 140 mm production casing run to 2,100 m. The well was placed in production for a couple of short periods of trial production. The well was last tested at 60 Mcfd at a WHFP of 800 psi in March, 2020.

Riverside-1 might increase sustainable gas flow rates after being treated with a fracture stimulation over the gas bearing reservoirs. This operation is under consideration. Gas was also encountered in basement – Timbury Hills Formation.

No gas water contact is interpreted in Riverside-1 giving a Lowest Known Gas of 1,805.2 m (Sub-Sea) for the Tinowon Formation and 1,812.4 m (SS) for the Timbury Hills Formation.

The Riverside Gas Field was later covered by a 3D seismic survey and mapping of these data led to an interpreted 480 acres of closure – a reasonable sized structure. GGX will fund the drilling of one well, Riverside North-1, to basement and located on the northern structural high. This well is considered as an appraisal well for gas production.

GGX will also fund a two-stage fracture stimulation of the gas bearing sandstones in either of Riverside-1 or Riverside North-1 to place the well into gas production.

The drilling of Riverside North-1 and the fracture stimulation of the formation offer a relatively low risk and low cost opportunity to produce gas in close proximity to existing, underutilised gas pipeline and processing infrastructure at a time when natural gas is in great demand and prices are very high.

Myall-Bainbilla Farmin Block (PL22, PL53, PL227 and ATP 647)

GGX interpret excellent exploration potential for oil and gas to be trapped both structurally and stratigraphically within Permian, Triassic and Jurassic age sandstone reservoirs sited within these licenses. Little new exploration drilling has been conducted in these licenses since the 1990s.

There is an existing 3D seismic survey coverage over the existing and large Myall Creek-Churchie Gas Field. This gas field has produced about 50 BCF of gas mainly from Permian age sandstones of the Tinowon Formation. Stratigraphic trapping plays a major part in this gas field. There is also extensive 3D seismic coverage of the immediately surrounding areas, with part of those surveys also covering the licenses subject of this AJQ farmin transaction.

Seismic processing of these data, focusing on seismic inversion, has highlighted areas indicative of better quality gas filled reservoirs that have not yet been drilled. These conclusions have been drawn after comparing the processed seismic data characteristics with known gas production. There appears to be a general relationship between seismic inversion character, known good sandstone reservoir development and gas production.

Part of the farmin arrangement provides for GGX to fund processing the complete 3D data set within the farmin area with a focus on seismic inversion. The aim of this work is to highlight areas that could possibly contain good quality sandstone reservoirs which are gas charged and structural/stratigraphically trapped.

Following completion of the seismic reprocessing GGX will fund the drilling to basement of an exploration well to test for natural gas, and if economic, run production casing.

GGX will also fully fund the acquisition and processing of 100 sq kms of new 3D seismic data and also 50% of the costs for an additional 148 sq kms 3D seismic data, all to be acquired in the one survey. The aim of this work is to locate new structural and stratigraphic drilling targets.

GGX will also fully fund the drilling to basement of an exploration well to test one of the newly delineated exploration targets, and if economic, run production casing.

PROPOSED FARMIN PROGRAM

| | | 2021 | | | 2022 | | | | | | 2023 |
|-------------------------------|--|--------------------|--|--------|------|----------------------|--|--------------------------------|--|----|--------|
| | | Q4 | | Q1 | Q2 | Q3 | | Q4 | | Q1 | Q2 |
| Riverside Farmin | | | | 1 well | | Fracture Stimulation | | | | | |
| Myall-Bainbilla Farmin | | Seismic Processing | | | | 1 well | | 300 km ² 3D seismic | | | 1 well |

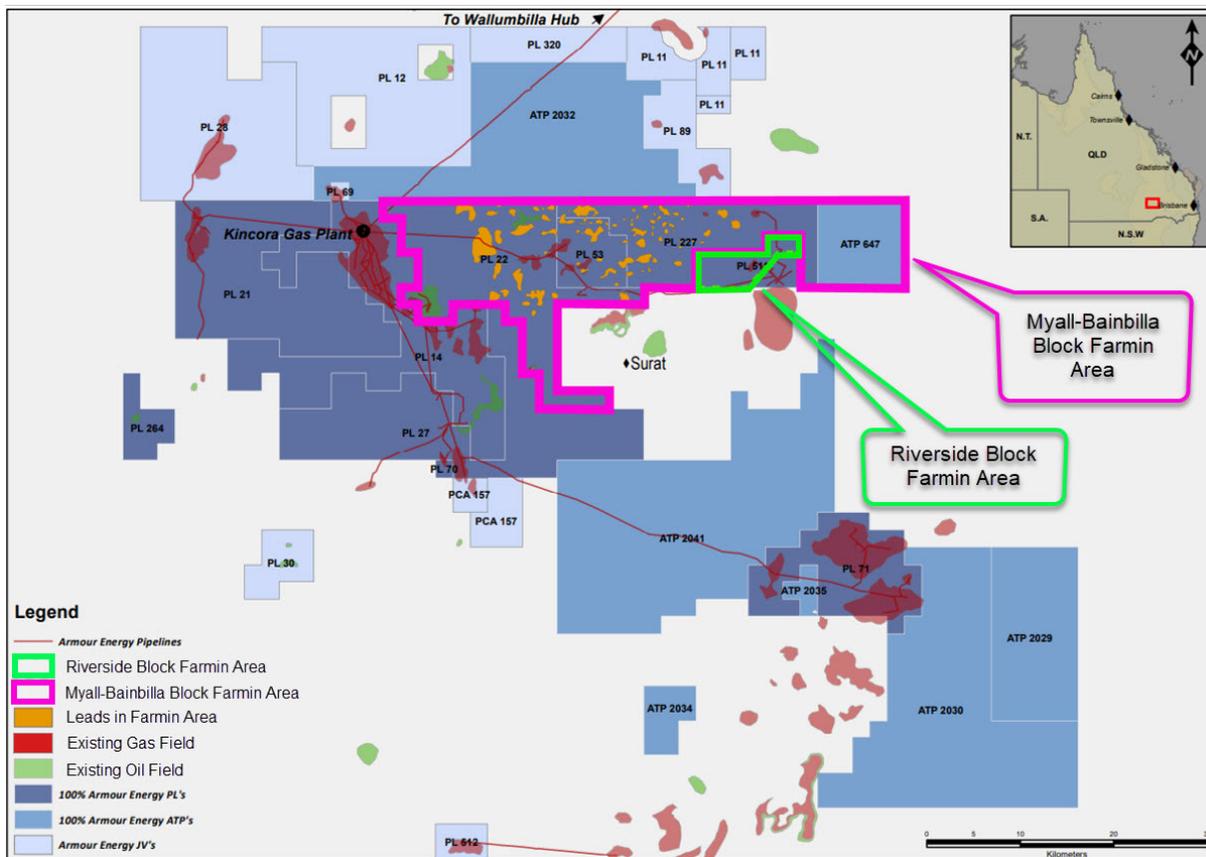


Figure 1. Location of the Riverside Farmin Block and Myall-Bainbilla Farmin Block

The information in this release has been compiled by Dennis Morton, Managing Director of Gas2Grid Limited, who graduated with First Class Honours in Geology (Macquarie University) and has over 44 years' experience in the oil and gas industry.

Authorised for release by the Board of Gas2Grid Limited.

Patrick Sam Yue
Company Secretary