



ACTIVITIES REPORT
QUARTER ENDED 31st DECEMBER 2021

31st January, 2022

PHILIPPINES

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

The Company is preparing a submission for arbitration at the International Chamber of Commerce (“ICC”) with respect to the termination of Service Contract 44 (“SC 44”) by the Department of Energy (“DOE”) in June 2021 on grounds disputed by the Company.

Background

On the 1st June, 2021 the Company received from the DOE a letter which stated “ ... the Department is hereby effectively terminating Service Contract for failure of G2G to comply with all requirements set forth in the extension of the Technical Moratorium.”

That decision was made disregarding the social environment that has prevailed in Philippines since March 2020 when the Covid-19 pandemic and a State of Calamity were declared which caused the Company to suspend its operations for health and safety reasons and rightfully invoking Force Majeure under the terms of the Service Contract. To date access to the site is not possible and the international borders in Australia and Philippines remain closed/restraint.

A Company request for the DOE to reconsider its decision resulted in a letter on 27th September, 2021 reiterating its earlier decision to terminate SC 44.

SC 44 provides procedures for settlement of disputes in connection with the performance or interpretation of any provision of SC 44. Those procedures require the parties to first attempt settlement amicably any disputes through consultation before arbitration is sought. SC 44 provides that arbitration shall be conducted in accordance with the Rules of Arbitration of the International Chamber of Commerce (“ICC”). The Company invited the DOE to discuss the possibility of amicably settling the matter. The DOE failed to respond to this request. The Company is therefore initiating arbitration proceedings at the ICC.

FRANCE

Legal Claim on unlawful non-renewal by the French Government of ST. GRIEDE (100% working interest), Onshore Aquitaine Basin

In early January 2020, the Company lodged at the Pau Tribunal, France, a claim of €34.35 million (approximately A\$54 million at current exchange rate) for compensation against the French Government. This claim is in respect to the damages caused by the French Government in refusing, unlawfully as ruled by the French Courts, to renew the St Griede conventional hydrocarbon exploration permit in accordance with the prevailing mining law.

The Company has submitted its final statements to the Tribunal on the 26th November, 2021, the final deadline set by the Tribunal.

The next step is for the Tribunal to nominate a date for the hearing in order to make its decision on the claim.

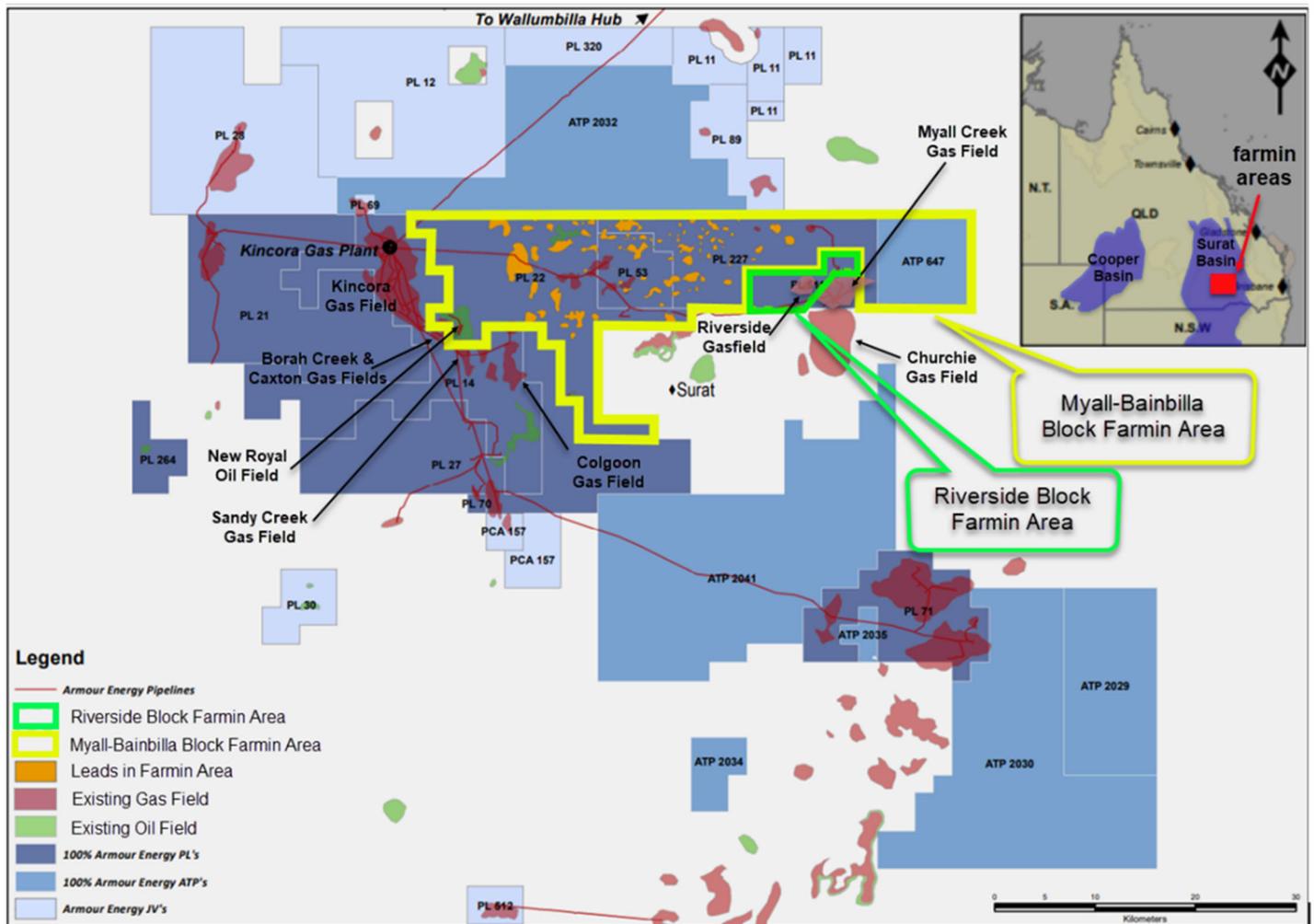
NEW VENTURES

On the 22nd November, 2021 the Company announced that it had executed a non-binding Heads of Agreement (“HoA”) with ASX listed Armour Energy (ASX:AJQ) (“AJQ”) to fund seismic and drilling activities in selected AJQ’s Surat Basin, Queensland licences in order to acquire in two separate transactions a 50% participating interest in each of:

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

Drilling and other operations are planned to commence in the first quarter, 2022 after the signing of binding agreements which are presently nearly finalized to executed very soon. If these activities are successful it may result in two gas wells being produced into the existing infrastructure and gas sales commencing in the second half of 2022.

The AJQ assets subject to the HoA are located in the western Surat Basin near the town of Surat. The licences subject to the farmin activity include PL22, PL53, PL227, ATP647 and part of PL 511, excluding existing production wells and infrastructure.



Map of proposed Farmin Areas in Surat Basin in QLD

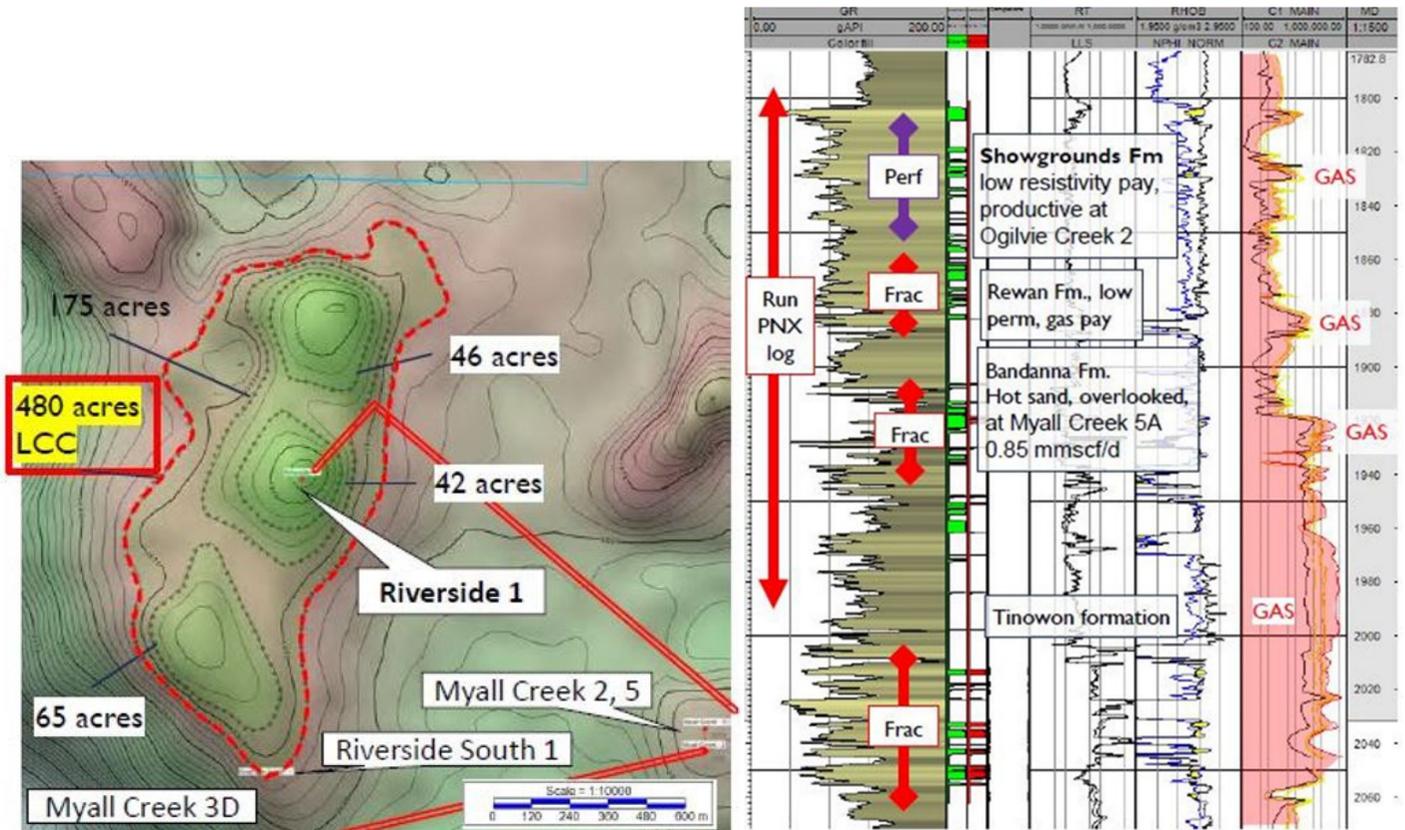
1. Riverside Farmin Block (part of PR 511)

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 caused formation damage.

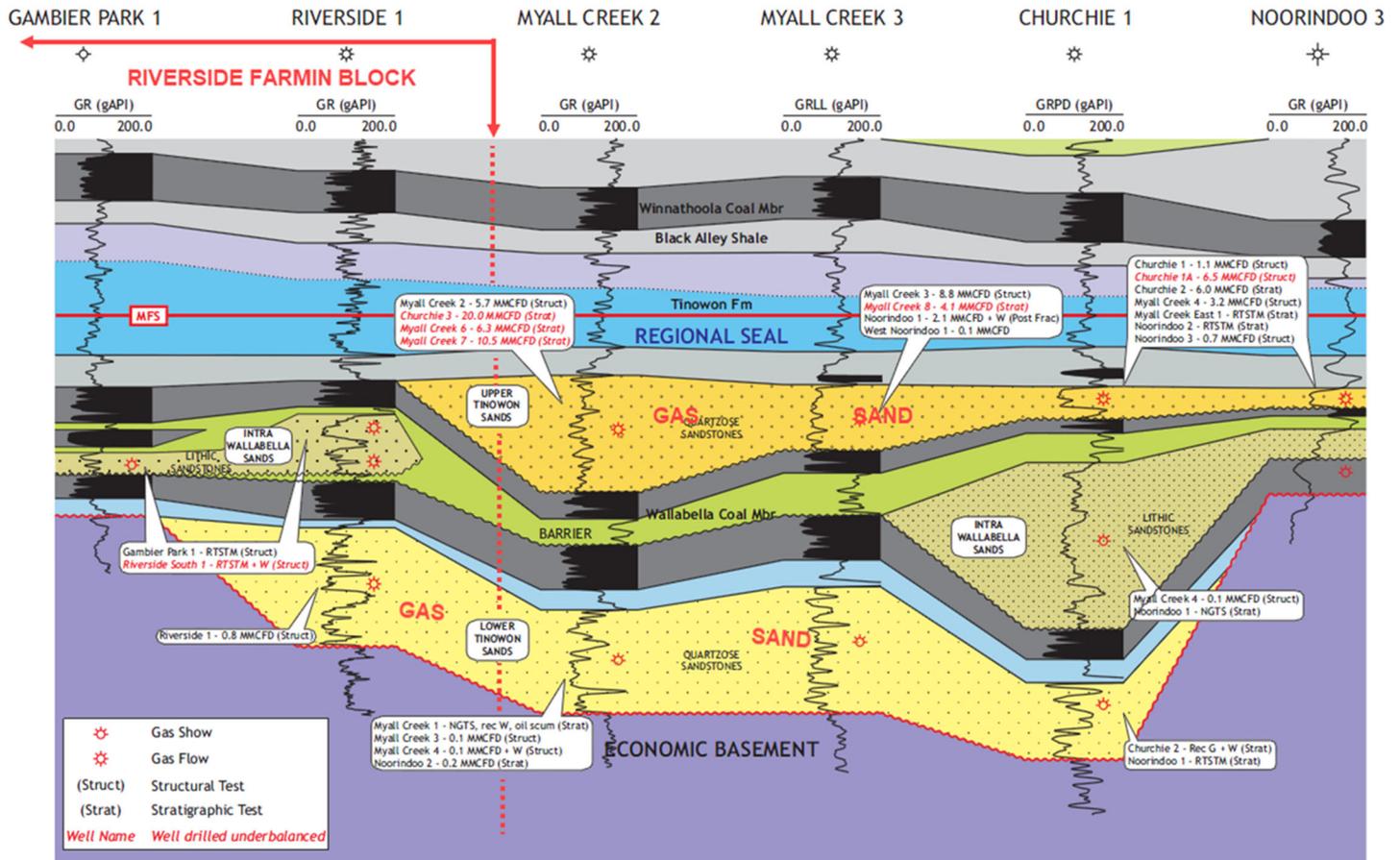
An open hole DST-1 conducted after the uncontrolled gas flow was brought under control. That test resulted in gas flowing to surface at the rate of 836 Mcfd. Riverside-1 was suspended as a future Tinowon Formation gas production well with 140 mm production casing run to 2,100 m. The well was placed in 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 also 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 to basement which will be 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 and that well also placed into gas production.

The drilling of Riverside North-1 and the fracture stimulation of either Riverside-1 or Riverside North-1 offers 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 prices are very high.

2. Myall-Bainbilla Farmin Block (PL22, PL53, PL227, 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, large, Myall Creek-Churchie Gas Field. This gas field has produced about 50 BCF 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.

UNLOCKING VALUE – SIMILAR GEOLOGY - 3D SEISMIC

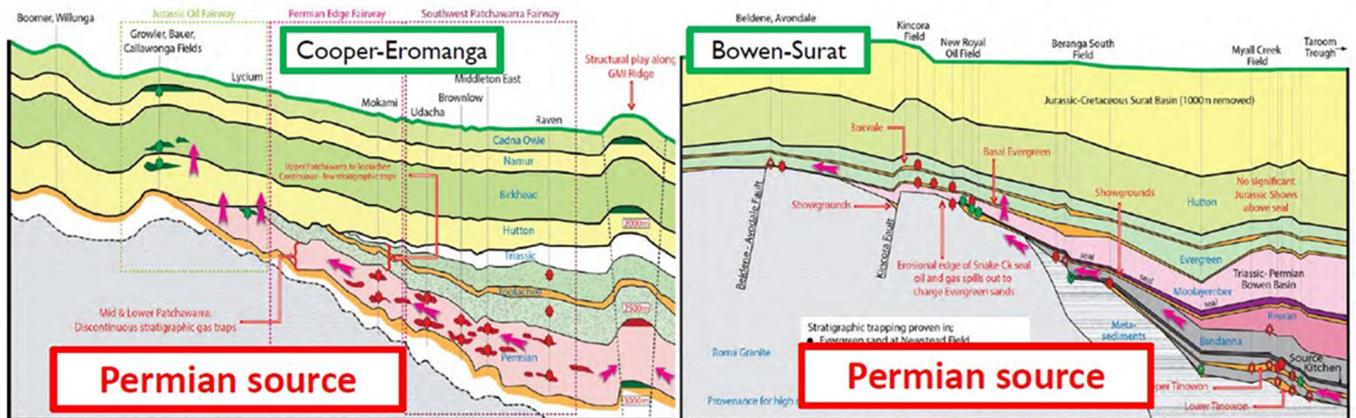
Cooper-Eromanga, Western Flank

- 2500 km² 3D seismic, 90% of west flank
- 69 mmbbls¹ produced
- Very high success rate

¹ Source: SA Government, PEPS SA database, www.peps.sa.gov.au

Kincora to Myall Creek analogy

- Existing 3D seismic over fields, ~5% of acreage
- 32 MMbboe produced to date
- 800 km² 3D seismic in planning to unlock value
- Acquire 3D, reveal multiple targets



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.

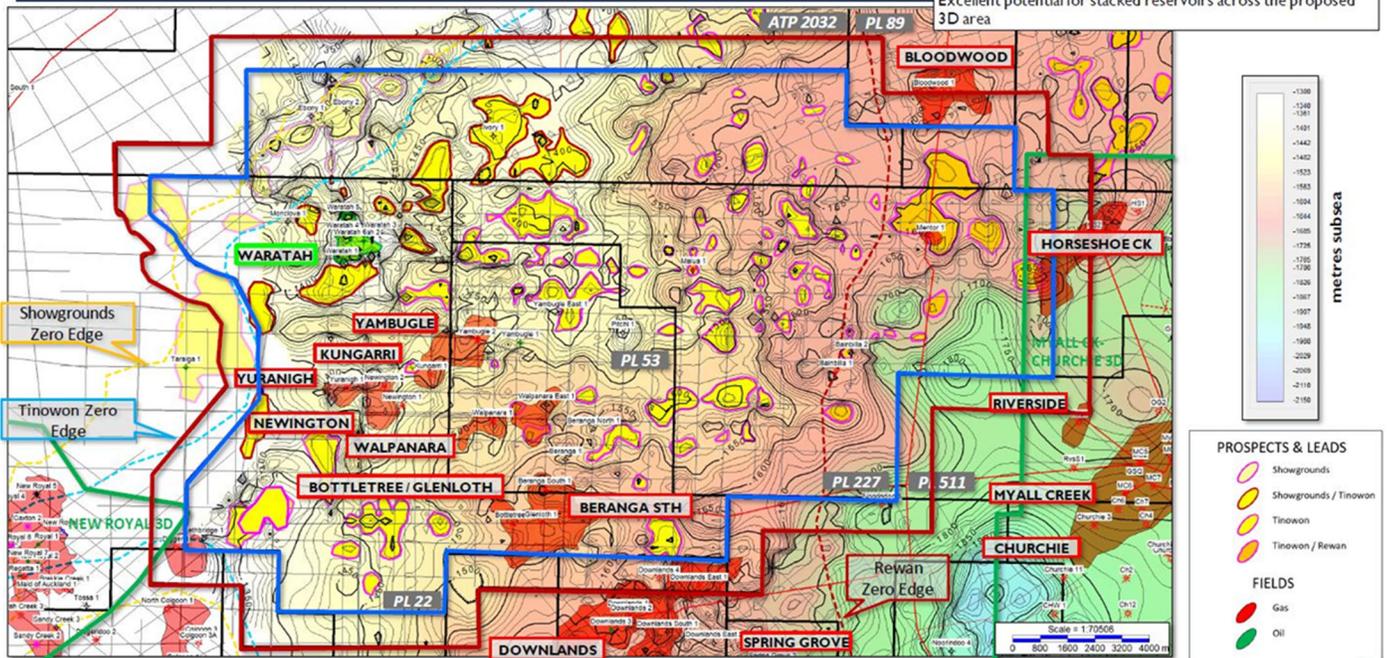
GGX will also fully fund the acquisition and processing of 100 sq kms of new 3D seismic data and also 50% of the costs for an additional 148 sq kms 3D seismic data – all to be acquired in the one survey.

The aim of this work is to locate new structural and stratigraphic drilling targets. Gas2Grid 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.

The work program will be conducted over the next few years with the timing is outlined below. The cost to complete this work will be subject to tender cost and finalisation of budgets but could be in excess of \$12 million.

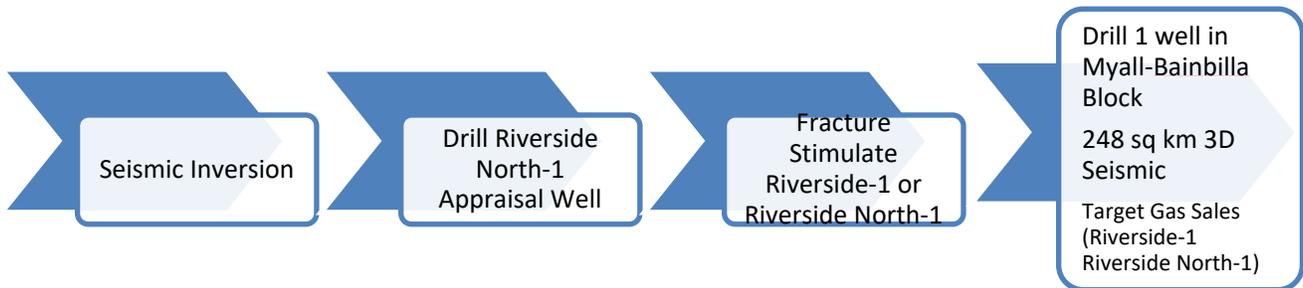
PROPOSED 3D AREA – PROSPECTS & LEADS

Depth mapping of key Tinowon reservoir level yields numerous structural closures of varying sizes
 Most mapped closures are relatively robust although true extent of structures poorly constrained by existing 2D seismic grid
 Excellent potential for stacked reservoirs across the proposed 3D area

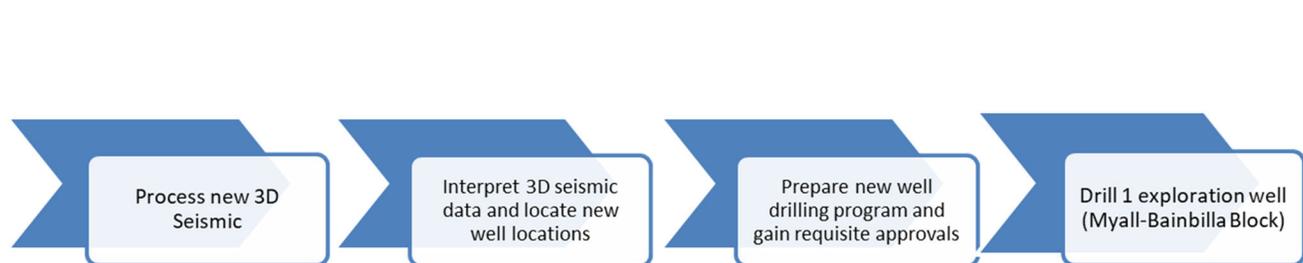


The western Surat Basin is an area that the GGX Managing Director and another technical executive, were previously part of the teams that discovered and developed many of the existing oil and gas fields. They are returning to this very attractive appraisal and exploration area at a time when natural gas and oil prices are very high and will be employing 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. The aim will be to replicate this technical success in the Surat Basin.

2022



2023



EXPLORATION EXPENDITURE

There has been no exploration expenditure incurred in the quarter while tenure of SC 44 is under dispute and the Company has been finalising for execution of farmin documentation for tenements in Surat Basin, QLD on terms of the Heads of Agreement announced on the 22nd November, 2021.

PAYMENTS TO RELATED PARTIES OF THE ENTITY AND THEIR ASSOCIATES

The aggregate amount of payments to related parties and their associates for the quarter reported in item 6.1 in Appendix 5B Cash Flow Report of \$97K were for Director's fees and management fees.

Competent Person

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.

Forward-Looking Statement

This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. Although Gas2Grid Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.

Authorised by:

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

GAS2GRID LIMITED

ABN

46 112 138 780

Quarter ended ("current quarter")

31 DECEMBER 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6.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	(97)	(197)
(e) administration and corporate costs	(96)	(187)
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 Government grants and tax incentives		
1.8 Other (GST/licence renewal)	(76)	(95)
1.9 Net cash from / (used in) operating activities	(269)	(479)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) tenements		
(c) property, plant and equipment		
(d) exploration & evaluation		
(e) investments		
(f) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6.months) \$A'000
2.2 Proceeds from the disposal of:		
(a) entities		
(b) tenements		
(c) property, plant and equipment		
(d) investments		
(e) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of equity securities (excluding convertible debt securities)	-	159
3.2 Proceeds from issue of convertible debt securities		
3.3 Proceeds from exercise of options		
3.4 Transaction costs related to issues of equity securities or convertible debt securities	-	(129)
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		
3.10 Net cash from / (used in) financing activities	-	30

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	2,113	2,293
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(269)	(479)
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)	-	30

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6.months) \$A'000
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	1,844	1,844

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	36	53
5.2	Call deposits	1808	2,060
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)	1,844	2,113

6. Payments to related parties of the entity and their associates		Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	97
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7.	Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
	<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1	Loan facilities	5,034	1,434
7.2	Credit standby arrangements		
7.3	Other (please specify)		
7.4	Total financing facilities	5,034	1,434
7.5	Unused financing facilities available at quarter end		3,600
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
	The loan facilities are unsecured, interest free, mature on 16 April 2023 (extension can be renegotiated and early repayment at Company's election with no penalty) and are provided by related parties of the 3 Directors of the Company (D Morton \$3.440M, D Munns \$0.854M and P Sam Yue \$0.740M):		

8.	Estimated cash available for future operating activities	\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(269)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(269)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,844
8.5	Unused finance facilities available at quarter end (item 7.5)	3,600
8.6	Total available funding (item 8.4 + item 8.5)	5,444
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	20.2
	<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
	8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?
	Answer: N/A	
	8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
	Answer: N/A	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

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.

Date: 31 January 2022

Authorised by: Dennis Morton – Managing Director

Patrick Sam Yue – Director/Company Secretary
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow 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 cash flow 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.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.