

14th January, 2015

ASX Market Announcements

2015 WORK PROGRAM

SERVICE CONTRACT 44 (100%), Onshore Cebu, Philippines

Gas2Grid Limited is pleased to advise that following the award of a 2 Year Technical Moratorium by the Philippine Department of Energy, it has commenced the Malolos Oil Field technical program to establish the best completion technology to fully appraise and develop the oil field. The 2 Year Technical Moratorium provides security of tenure over Service Contract 44 until the 28th January, 2017 and within that time the Company aims to demonstrate the field commerciality and apply for a 25 year production term.

In conjunction with the work program, the Company has already met with selected companies to consider farming in the Service Contract 44 by funding the oil field appraisal and development. Further meetings with additional companies are planned.

2 Year Technical Moratorium – Work Commitments

The 2 Year Technical Moratorium has been granted by the Philippine Department of Energy with the work commitments outlined below. The Company aims to complete this program as early as possible to achieve field commerciality by bringing forward the Year 2 program, subject to funding.

Year 1 (28th January, 2015 – 27th January, 2016) – US\$100,000

- Research and design a mud/hydraulics program to minimize formation damage in open hole.
- Research possible alternatives to enhance current oil production from Malolos-1 well.
- Malolos-1: implement any enhancement program warranting application in cased hole.
- Malolos-1: continue to test produce.
- Conduct new petrophysical analysis on Nuevo Malolos-1, Malubog Formation core.
- Collect Malubog Formation outcrop samples and conduct petrophysical analysis.
- Commence research, in association with industry experts and service contractors, on best completion type for Malubog Formation sandstone reservoirs, incorporating all available petrophysical data.
- Map in detail the Malolos surface anticline.

Year 2 (28th January, 2016 – 27th January, 2018) – US\$1 million

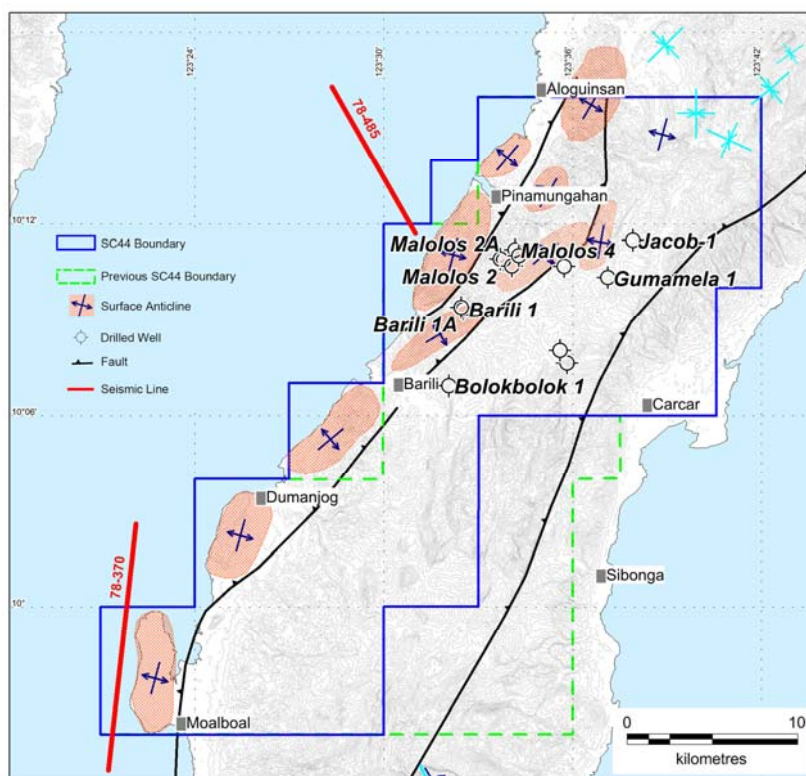
- Complete research, in association with industry experts and service contractors, on desired completion type for Malubog Formation sandstone reservoirs incorporating all available petrophysical data.
- Finalise the open hole well design and completion program, in association with industry experts and service contractors.
- Deepen Nuevo Malolos-1 to oil bearing reservoirs, core and record modern open hole electric logs (Option: drill a new Malolos well elsewhere in oil field).
- Complete well for oil production implementing new completion technology.
- Commence oil production test to establish field commerciality.
- Apply for a 25 year production term.

Farmout

The Company's preference is to fund the full appraisal and development of the Malolos Oil Field by securing a farmin partner. Farmout presentations commenced before Xmas, initially targeting oil companies located in South-East Asia. The farmout efforts will be expanded over the next few months.

The Malolos Oil Field still represents an attractive investment opportunity despite the recent oil price drop and the immediate effect that it has had on the oil industry Worldwide. The Malolos Oil Field has a 20.4 million barrel "Best Estimate (P50) Contingent Resource" of good quality, low sulphur crude oil that is located onshore close to transportation in a country with excellent fiscal terms. All that point to low development and operating costs which should leave a healthy profit margin, even at the current low oil price.

In comparison the projects extracting oil (or gas) from onshore shale and offshore oil and gas developments (particularly deep-water discoveries) have high development and operating costs that could be too high for the current oil sale price and are therefore becoming uneconomic. In the near term, we may see a trend of energy investment funds being redirected to onshore oil and gas developments which will benefit our search for funds for the Service Contract 44 onshore project.



Service Contract 44, Onshore Cebu, Philippines

Dennis Morton
Managing Director

Patrick Sam Yue
Director/Company Secretary

Tel: 61 2 98298 3688
Email: office@gas2grid.com
Gas2Grid Limited