

29th January, 2015



ACTIVITIES REPORT DECEMBER 2014 QUARTER

SUMMARY

Philippines

- 2 year technical moratorium approved by the Philippine Department of Energy.
- Technical moratorium covers period 28th January, 2015 to 27th January, 2017.
- Year 1 commitment to research optimum completion technology.
- Fund work program by farmout.

France

- 3 new petroleum exploration licence applications reaching final processing stage before approval

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

Malolos-1 production testing by swabbing was suspended on the 17th June 2014 after sufficient test data had been gathered to support an application to the Philippine Department of Energy ("DOE") for a 2 year technical moratorium in accordance with the terms of the Service Contract to complete further work to establish the appropriate completion technology for sustained production and full appraisal and development of the oil field.

In December 2014, the Company received the DOE's approval for the 2 year technical moratorium ending on 27th January 2017. The Company aims to complete this 2 year program (outlined below) as quickly as it can, preferably funded by a farmin partner.

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 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 on successful production test.

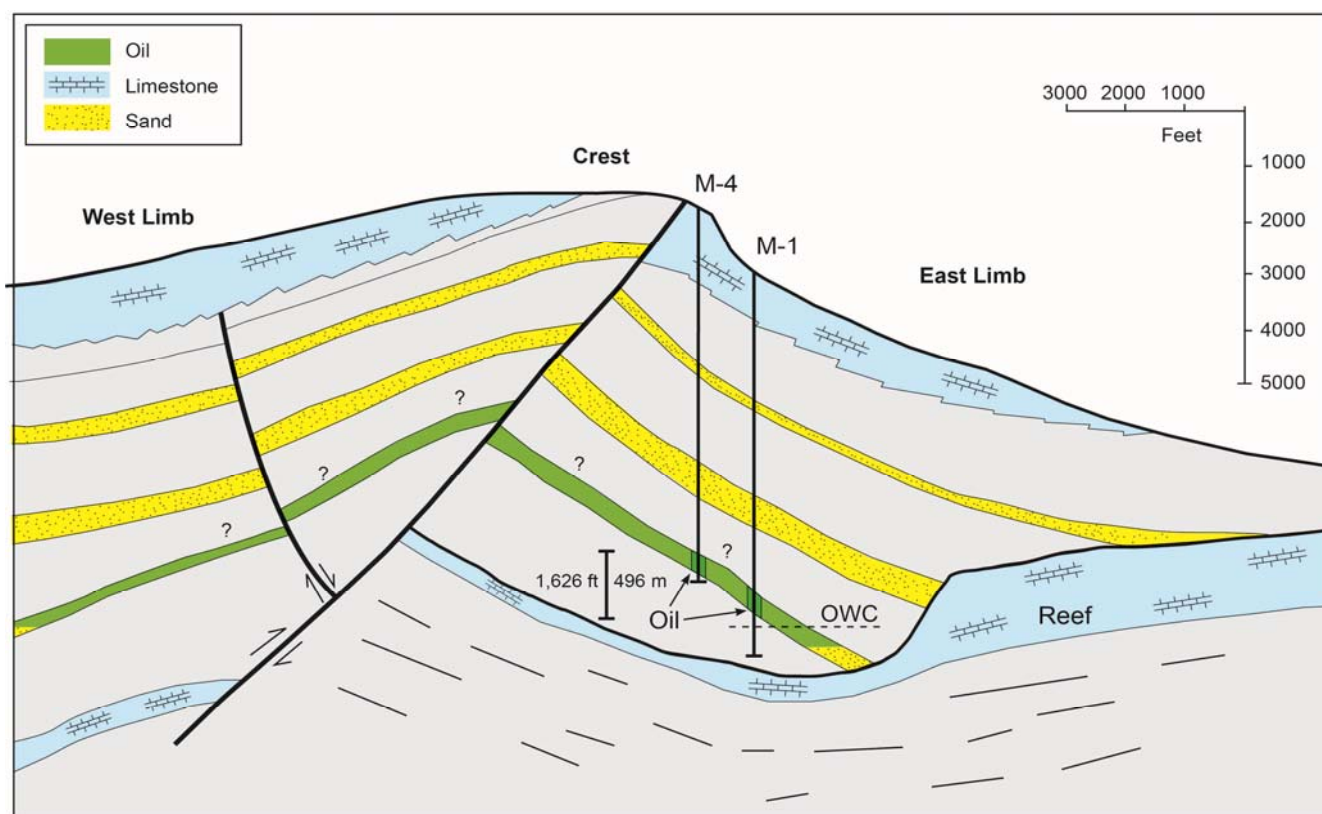
Farmout

The Company preferred way to fund the full appraisal and development of the Malolos Oil Field is by securing a farmin partner. Farmout presentations commenced in December 2014, initially targeting oil companies located in South-East Asia. These 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 and close to transportation in a country with excellent fiscal terms.

Those attributes present opportunities for very low development and operating costs which will leave a healthy profit margin, even at the current low oil price. The Malolos Oil Field is in stark comparison with those projects extracting oil and/or gas from shale and offshore (particularly deep-water discoveries) where the development and operating costs per barrel are likely to be higher than the current oil sale price. The USA onshore oil industry has already seen the number of active, onshore drilling rigs drop substantially with most of the decrease occurring in the unconventional projects (mainly shale). This trend will likely continue for a while and eventually arrest the current excess world production over consumption resulting in an upward correction in the oil price to the benefit of conventional onshore oil and gas projects.

Additional technical data recently gathered from the 2014 production flow test has been combined with vintage data that will provide a farminee a better appreciation of the Malolos Oil Field’s potential for funding the field appraisal and development.



Cross-Section: Malolos Oil Field

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

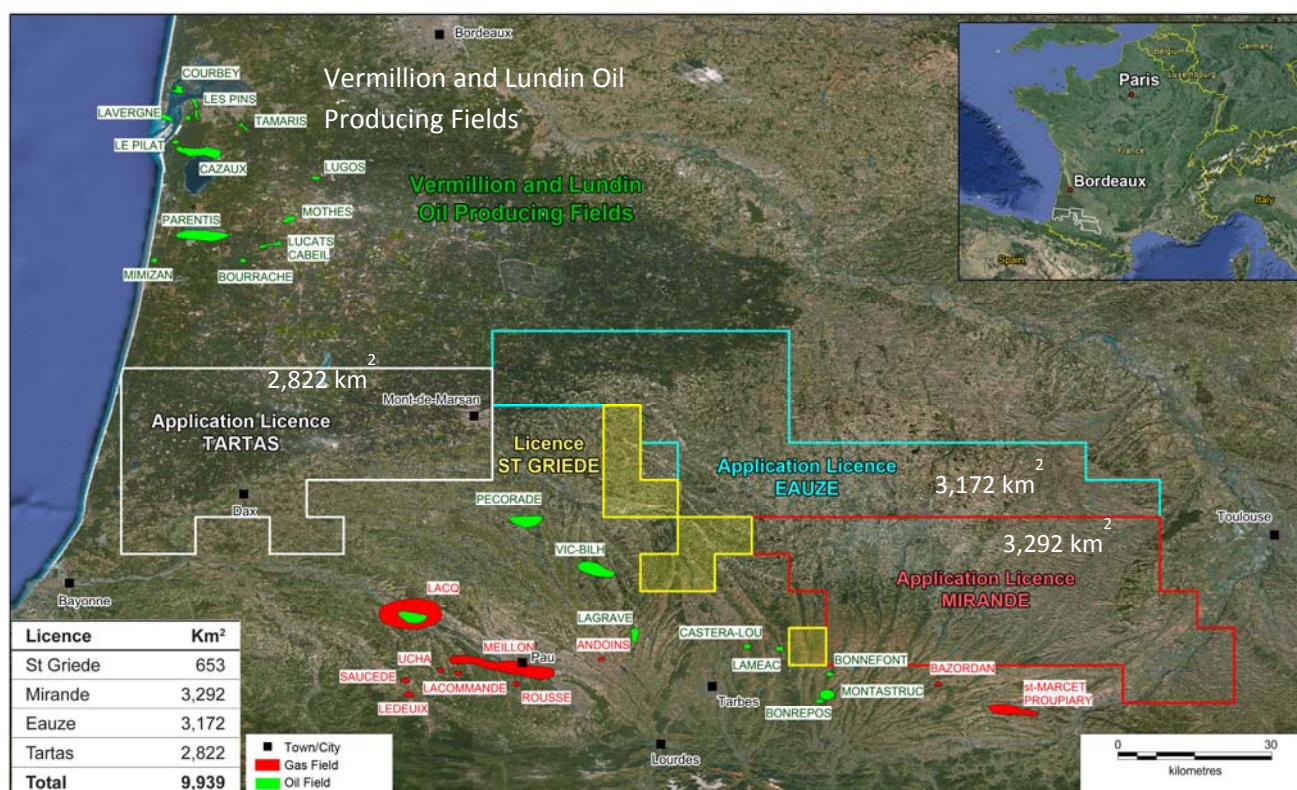
The Company owns 100% of the St. Griede licence and it regards the conventional oil and gas exploration potential within that licence as being exceptional and the 100% ownership provides a great opportunity to create significant value for shareholders.

The Company is awaiting confirmation of a 5 year renewal of the licence from 21 May 2013 and in the meantime in July 2014 the planned acquisition of a new seismic survey has been approved by the French Government. The survey is expected to be carried out in the June quarter 2015.

Interpretation of seismic survey will seek to determine at least one well location on a conventional oil and gas prospect for drilling in financial year 2015/2016.

FRANCE: NEW APPLICATIONS (100%), Onshore Aquitaine Basin

Three new licence applications targeting conventional oil and gas (namely Tartas, Eauze and Mirande) were submitted to the French Government over 3 years ago. These licence applications have been advertised in the European Union Gazette under normal processing procedures and these are approaching grant decisions by the French Government. The areas applied for Eauze and Mirande has been reduced for competitive applications settlement.



Aquitaine Basin: St. Griede Licence and 3 New Licence Application Areas

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The information 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, 01/05/2013

Name of entity

GAS2GRID LIMITED

ABN

46 112 138 780

Quarter ended ("current quarter")

31 DECEMBER 2014

Consolidated statement of cash flows

	Current quarter	Year to date (6 months)
	\$A'000	\$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	17	27
1.2 Payments for (a) exploration & evaluation	(63)	(560)
(b) development	-	-
(c) production	-	-
(d) administration	(107)	(224)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	1
1.5 Interest and other costs of finance paid	(2)	(2)
1.6 Income taxes paid	-	-
1.7 Other (GST/forex differences)	20	9
Net Operating Cash Flows	(135)	(749)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (security deposit refunded)	3	3
Net investing cash flows	3	3
1.13 Total operating and investing cash flows (carried forward)	(132)	(746)

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(132)	(746)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	293	702
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	(3)	(3)
	Net financing cash flows	290	699
	Net increase (decrease) in cash held	158	(47)
1.20	Cash at beginning of quarter/year to date	101	304
1.21	Exchange rate adjustments to item 1.20	1	3
1.22	Cash at end of quarter	260	260

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	-
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

\$326,000 owing for directors' and management fees were paid by the issue of 21,733,331 fully paid ordinary shares.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	5,800	4,851
3.2 Credit standby arrangements	-	-

Funds will be drawn from the loan facilities to meet cash flows in next quarter.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	50
4.2 Development	-
4.3 Production	-
4.4 Administration	90
Total	140

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	260	98
5.2 Deposits at call	-	3
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	260	101

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities			
	<i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	787,275,744	745,425,744	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	32,533,331	21,733,331	
7.5	+Convertible debt securities			
	<i>(description)</i>			

+ See chapter 19 for defined terms.

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does /does not* (*delete one*) give a true and fair view of the matters disclosed.



Sign here: Date: 29 January 2015
Company secretary

Print name: Patrick Sam Yue

+ See chapter 19 for defined terms.

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 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.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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