



ACTIVITIES REPORT QUARTER ENDED 30 JUNE 2009

SUMMARY

Corporate

- Share placement to qualified investors raises \$1.07 million (early July)

Philippines SC 44 (100%)

- Service Contract 44 terms favourably varied by Department of Energy
- Well workover program to commence in August-September; waiting on DOE approval to commence
- Seismic reprocessing and interpretation complete
- New seismic GPS location survey pre-seismic underway

France, St. Griede (50%)

- St. Griede aero-gravity survey contract awarded and to commence in October
- Existing seismic purchased for reprocessing
- Meetings held with French Government in May

Western Australia, EP 453 (100%)

- Seismic data being interpreted
- Pinnacle reef and anticline prospects identified
- Farmout for drilling costs planned

New Ventures

- New Venture opportunities being assessed
- Corporate opportunities being assessed

CORPORATE

The Company is leveraging off the extensive industry experience that the Board possesses in order to develop commercial production from the existing oil and gas assets and also acquire ground-floor entry to low risk, onshore oil and gas development/exploration opportunities. New opportunities, both technical and corporate, are appearing on a more regular basis, likely driven by the Global Financial Crisis. SC 44 (Philippines), EP 453 (Australia) and St. Griede (France) are all assets that have been acquired by the Company in this manner and as a priority the Company will continue to acquire assets in this way. Where possible the Company aims to expand in areas where it is currently active as these provide low cost entry, excellent fiscal terms and reduced sovereign risk.

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In early July the Directors decided to make a share placement to qualified investors issuing 21,315,000 new shares at a price of 5 cents to raise a total \$1,065,750 with no costs incurred. The Board is very pleased with the strong support that it has received from investors. The new funds will be used as follows:

Philippines – SC 44 (100% interest): Planned workover programs on the Malolos-1 and Nuevo Malolos-1 wells onshore Cebu and funding of the 2009 seismic acquisition program.

France, St. Griede (50%): The acquisition of an aero-gravity survey (AGG) covering the St Griede licence, located in the Aquitaine Basin, which is likely to be completed by the end of October 2009.

Australia - EP 453, Canning Basin (100%): Interpretation of reprocessed seismic data and the farmout of well commitments.

New Ventures: Assessment of new venture opportunities in regions close to the existing licence holdings with some reviews at an advanced stage.

Corporate Opportunities: Various corporate opportunities are under assessment.

PHILIPPINES – SC 44, Onshore Cebu (100%)

The Philippine Department of Energy (“DOE”) agreed to vary the outstanding Service Contract 44 commitments for Sub-Phase 2 (2007-2008: 100kms seismic, aero-gravity survey, swab tests and one well) and Sub-Phase 3 (2009-2011: 2 wells). The new contract terms provide for the planned well workovers to be completed by the end of June, 2009 plus 100 km seismic acquisition by the end of December, 2009. This is to be followed by the drilling of one new well by the end of June, 2010 and the drilling of two new wells by the end of December, 2010.

Technical studies and planning for operations to remediate the hydrocarbon-bearing sandstone reservoirs in either/or the Nuevo Malolos-1 and Malolos-1 wells have been ongoing. The Company considers both these wells are capable of commercial oil and gas production if they can be successfully remediated and overcome drilling and completion-induced formation damage. The type of formation damage encountered in these two wells is not uncommon and similar formation damage has been successfully overcome in hydrocarbon bearing sandstones worldwide (eg. Indonesia, USA, North Sea, Brazil, West Africa and the Middle East).

An application to conduct the workovers has been lodged with the Philippine Department of Energy and we are waiting on approval. The company intends to commence the workover operations in late August and it is currently assembling all equipment and personnel required to implement that program.

Background: Malolos-1 was drilled and cased to a total depth of 2,748m in 1960. Numerous open-hole drillstem tests of sandstone reservoirs in this well resulted in gas flows to surface and also significant volumes of 39° API oil being recovered. The cased hole was re-entered in 2006 and the casing integrity found to be sound. This means the well can be used for further formation testing and oil and gas production. It is planned to re-enter Malolos-1 to remediate sandstone reservoirs and complete for test production intervals that originally flowed gas or recovered oil. The proposed workovers offers the Company the lowest cost and nearest term, low risk operation to produce commercial flow rates of gas and oil.

Nuevo Malolos-1 was drilled, cased and suspended to a total depth of 1,945m in early 2007. Nuevo Malolos-1 intersected a number of thick sandstone intervals that possess good reservoir properties and that are interpreted to be oil and gas bearing. The sandstone reservoirs were damaged during the drilling and completion process and as a result they have only produced small amounts of oil and gas on both cased and open hole tests.

Seismic: The Company has been successful in locating the 1986 vintage existing seismic field and support data which covers the Malolos area. These data have now been reprocessed and interpreted. This work has resulted in a better understanding of the regional and local geology as well as the recognition of a new pinnacle reef structure that is attractive as a potential drilling prospect.

The Company is planning on acquiring a 100km seismic survey in late 2009-early 2010. A seismic line location scouting field trip was conducted in April and it was determined that the most efficient method of seismic acquisition would be to record Vibroseis along existing roads and tracks. In order to locate the new seismic lines it has been necessary to conduct a GPS survey to locate all roads and tracks in Central Cebu that are suitable for seismic acquisition. This survey commenced in late June and is expected was completed in mid-July.

AUSTRALIA – EP 453, Onshore Canning Basin, Western Australia (100%)

The Company has finished reprocessing all seismic data previously acquired over prospects and leads located within EP 453. These reprocessed data are being interpreted and target horizons mapped to generate drilling prospects. It is possible that prospects will be generated without the need for new seismic acquisition and if so, drilling may commence during the 2009 dry season (April-November) subject to requisite approvals and being funded by farmin partner/s.

EP 453 is a highly prospective licence with both oil and gas targets in Late Devonian-age carbonate, pinnacle reefs and Devonian sandstone reservoirs. A number of pinnacle reef prospects have been mapped on existing seismic data. Only two wells have previously been drilled during the 1980s within EP 453 and surrounding areas targeting these reefs. In addition the prospectivity of Devonian sandstone reservoirs is evidenced by the fact that the only well drilled within EP 453 and the surrounding area in recent history (Chestnut-1 in 1994), intersected a shallow (depth ca 1,350 metres) 8 m thick sandstone reservoir interpreted from logs to be hydrocarbon bearing, although the interval was not tested. A deeper (1,800 m) sandstone reservoir is hydrocarbon-bearing but has relatively poor reservoir parameters and on a drillstem test flowed gas to surface at a rate too small to measure with no produced water. These two sandstone reservoirs were deposited in a submarine fan complex and reservoir quality should improve in the direction of their depositional source.

FRANCE – St. Griede, Onshore Aquitaine Basin (100%)

The Company in conjunction with joint venture partner Gippsland Offshore Petroleum has awarded a contract to Bell Geospace to acquire an aero-gravity survey (AGG) across the licence. The survey will likely commence in September-October and take about one month to complete. Structural traps prospective for oil and gas in the Aquitaine Basin are generally cored by Triassic salt. Salt has a much lower density than the surrounding sedimentary rocks and gravity is a useful technique to determine areas of thick salt development.

In order to regionally define the location of thick salt accumulations and hence likely structural petroleum traps, the joint venture will acquire a regional aero-gravity survey. The survey will be used to test this technique and the results used in planning the location of seismic data or drilling locations.

The Aquitaine Basin is a prolific hydrocarbon province with a long history of discovery and production. Over 13,000 PJ (approximately 13 tcf) of gas and 450 mmb of liquid hydrocarbons have been discovered within the basin, mainly by the large French government-owned corporations. There has been a hiatus in exploration activity since the 1980s, but a resurgence of licensing activity and operations has occurred recently, coincident with the increase in both oil and natural gas prices. Three wells have been drilled in the Aquitaine Basin in the last 12 months but prior to that there had been no drilling in the basin for over 10 years. Markets and gas pipeline infrastructure are well developed and the commercialisation of even small discoveries is likely.

Dennis Morton.
Managing Director

Exploration Expenditure Incurred

Exploration expenditure incurred during the quarter ended 30 June 2009 on the group's various projects is set out below:-

Project	Amount Incurred
Philippines - SC 4	51,157
WA – EP453	76,958
France – St Griede	<u>8,766</u>
	\$ 136,881
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APPENDIX 5B
Mining Exploration Entity Quarterly Report

Name of Entity

GAS2GRID LIMITED

ABN

46 112 138 780

Quarter Ended ("Current Quarter")

30 JUNE 2009

CONSOLIDATED STATEMENT OF CASH FLOWS

	Current Quarter \$A	Year to Date (12 Months) \$A
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for:		
(a) Exploration and evaluation	(136,881)	(666,596)
(b) Development	-	-
(c) Production	-	-
(d) Administration	(116,601)	(394,410)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature	3,866	16,763
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (GST)	(21,347)	(32,740)
Net operating cash flows	(270,963)	(1,076,983)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	(2,526)
1.9 Proceeds from sales 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	-	-
Net investing cash flows	-	(2,526)
Cash flows related to financing activities		
1.13 Proceeds from issue of shares, options, etc.	-	1,129,448
1.14 Proceeds from sale of forfeited shares	-	-
1.15 Proceeds from borrowings	-	-
1.16 Repayments of borrowings	-	-
1.17 Dividends paid	-	-
1.18 Other	-	-
Net financing cash flows	-	1,129,448
Net increase (decrease) in cash held	(270,963)	49,939
1.19 Cash at beginning of quarter/year to date	1,083,053	759,914
1.20 Exchange rate adjustments to Item 1.19 above	(5,330)	(3,093)
1.21 Cash at end of quarter	806,760	806,760



**Mining Exploration Entity Quarterly Report
Continued . . .**

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Quarter Ended ("Current Quarter")

30 JUNE 2009

PAYMENTS TO DIRECTORS OF THE ENTITY AND ASSOCIATES OF THE DIRECTORS

PAYMENTS TO RELATED ENTITIES OF THE ENTITY AND ASSOCIATES OF THE RELATED ENTITIES

		Current Quarter \$A
1.22	Aggregate amount of payments to the parties included in item 1.2	34,083
1.23	Aggregate amount of loans to the parties included in item 1.10	None
1.24	Explanation necessary for an understanding of the transactions	
	Directors' fees paid to Executive Directors and consultancy fees paid to related parties	

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.

None

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.

None

FINANCING FACILITIES AVAILABLE

		Amount Available \$A	Amount Used \$A
3.1	Loan facilities	None	
3.2	Credit standby arrangements	None	

ESTIMATED CASH OUTFLOWS FOR NEXT QUARTER

		\$A
4.1	Exploration and evaluation	300,000
4.2	Development	-
	Total	300,000



**Mining Exploration Entity Quarterly Report
Continued . . .**

Name of Entity

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Quarter Ended ("Current Quarter")

30 JUNE 2009

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	Previous Quarter \$A
5.1 Cash on hand and at bank	808,666	1,078,584
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other	(1,906)	4,469
Total: cash at end of quarter (item 1.21)	806,760	1,083,053

CHANGES IN INTERESTS IN MINING TENEMENTS

	Tenement Reference	Nature of Interest	Interest at Beginning Of Quarter	Interest at End of Quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	None		
6.2	Interests in mining tenements acquired or increased	None		

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Mining Exploration Entity Quarterly Report
Continued . . .

Name of Entity

GAS2GRID LIMITED

ABN

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Quarter Ended ("Current Quarter")

30 JUNE 2009

ISSUED AND QUOTED SECURITIES AT END OF CURRENT QUARTER

	Total Number	Number Quoted	Issue Price per Security (see note 1) (cents)	Amount paid up per security (see note 1) (cents)
7.1 Preference securities	None			
7.2 Changes during quarter				
a) Increases	None			
b) Decreases	None			
7.3 Ordinary securities	154,104,488	154,104,488		
7.4 Changes during quarter				
a) Increases	None	None		
b) Decreases	None	None		
7.5 Convertible debt securities	None			
7.6 Changes during quarter				
a) Increases	None			
b) Decreases	None			
7.7 Options	38,584,422	38,584,422	Exercise price 8 cents	Expiry date 30.11.2010
7.8 Issued during quarter	None			
7.9 Exercised during quarter	None			
7.10 Expired during quarter	None			
7.11 Debentures	None			
7.12 Unsecured notes	None			

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Mining Exploration Entity Quarterly Report
Continued . . .

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GAS2GRID LIMITED

ABN

46 112 138 780

Quarter Ended ("Current Quarter")

30 JUNE 2009

COMPLIANCE STATEMENT

1. This statement has been prepared under accounting policies that comply with accounting standards as defined in the Corporations Act or other standards acceptable to the ASX.
2. This statement does give a true and fair view of the matters disclosed.

Signed by

Russell Langusch - Director

Date 31 July 2009

Notes

- 1 **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.

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