

30<sup>th</sup> October, 2015



## ACTIVITIES REPORT SEPTEMBER 2015 QUARTER

### SUMMARY

#### Philippines

- SC 44 currently in 2 Year Technical moratorium until 27<sup>th</sup> January, 2017
- Studies continue aimed at determining the best well drilling and completion technology to maximise oil production
- Plan on deepening Nuevo Malolos-1 and completing for oil production in First Quarter, 2016
- Proposed drilling program to be funded by farmout

#### France

- St. Griede licence first renewal refused and Company seeking advice
- 3 new petroleum exploration licence applications reaching final processing stage before approval

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

The Philippine Department of Energy (“DOE”) approved a 2 year technical moratorium in order to provide sufficient time to complete studies and establish the appropriate completion technology for maximising sustainable oil production that if successful will lead to full oil field appraisal/development.

The Company is finalising technical work being conducted with industry experts. The aim is to analyze all available technical data to identify the completion technology that will minimize sand and clay production to avert production blockage and maximize oil production rates. Results of this work indicate the preferred method to complete the new wells will be with standard industry screens. The installation of screens as opposed to perforated casing should maximize and sustain oil production whilst retaining the reservoir sand and producing the clay fines.

Studies are also being conducted on the open-hole mud and hydraulic program which is designed to minimize formation damage and maintain well-bore stability.

The Company, subject to availability of funding, is planning on deepening the Nuevo Malolos-1 well to the two known oil bearing reservoirs tested in Malolos-1. The well is programmed to deviate slightly so as to intercept the oil bearing reservoirs slightly updip from Malolos-1. The new program will incorporate better open drilling technologies to avoid formation damage. It is planned to cut a rock

core through the upper oil bearing sandstone and run a suite of electrical logs. The well will then be completed with screens and placed into oil production.

Recent surface geological mapping has also been completed and integrated with previous work leading to a more detailed understanding of the surface geological structure. The crest of the Malolos anticline has been confidently located approximately 2.5 to 3 kilometres south-southwest of Malolos-1.

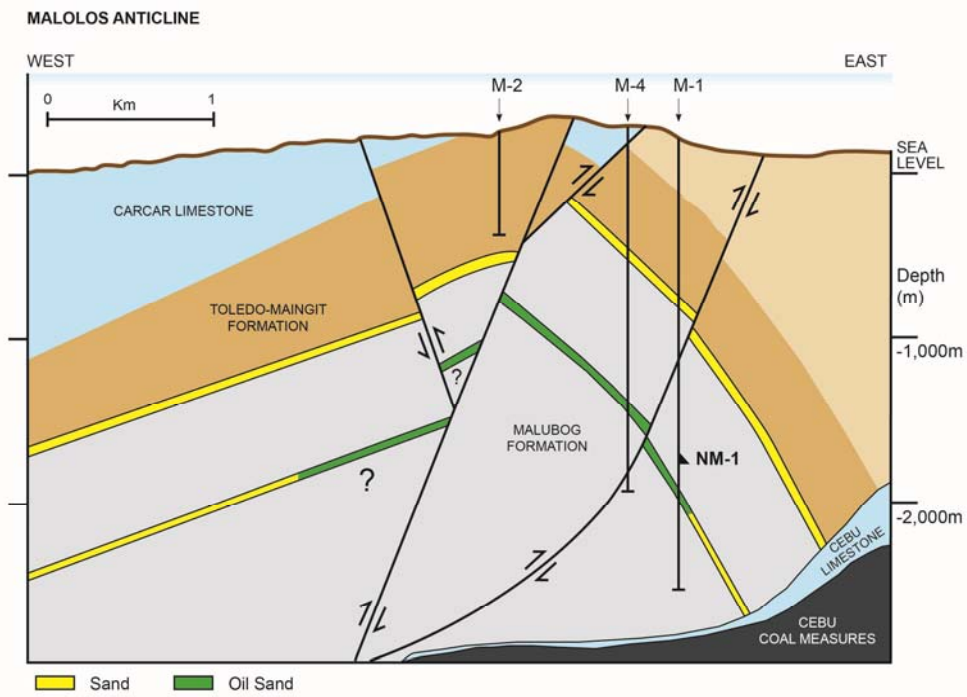
The Company, subject to availability of funding, would like to drill a new well to test the known oil bearing reservoirs in a crestal location on the anticline. Due to structural uplift all known sandstone reservoirs would be intercepted at a significantly shallower depth on the crest of the anticline, relative to Malolos-1.

The Company is also reviewing the benefits that could be achieved by the stimulation of the upper oil bearing sandstone in Malolos-1.

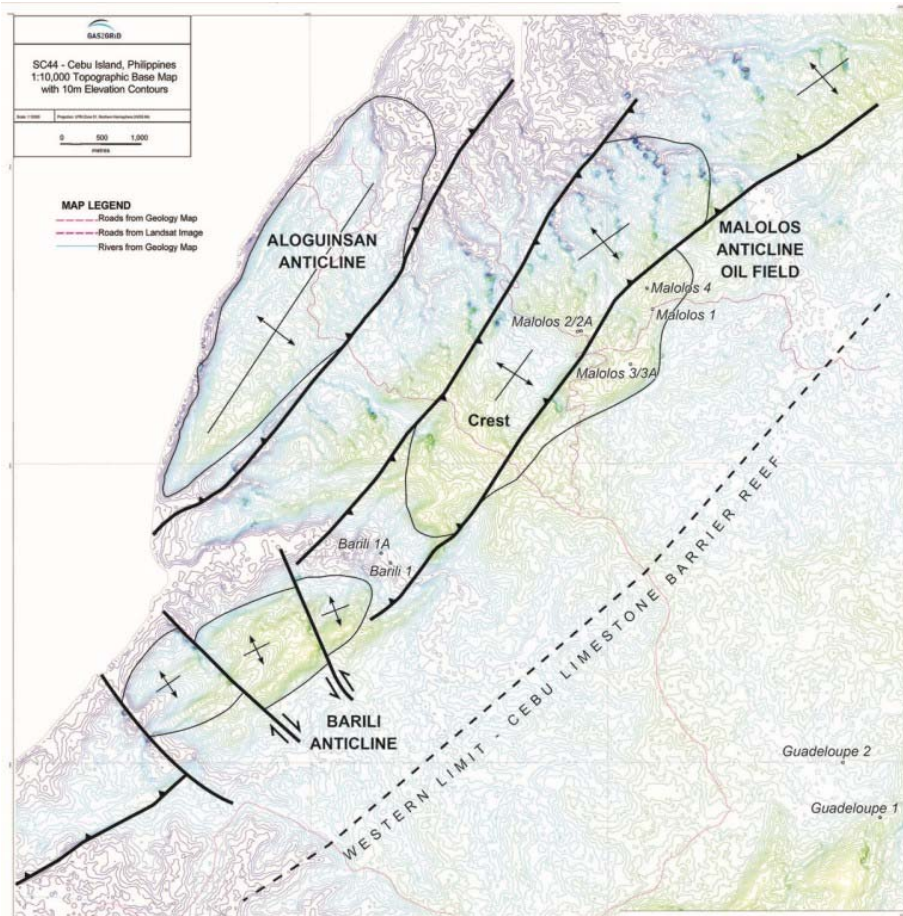
### **Farmout**

The Company still considers the best way to fund the full appraisal and development of the Malolos Oil Field is by securing a farm-in partner. Farmout presentations are continuing and the Company is now pitching farm-in terms that reflect the current lower oil price in order to achieve a farmout.

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. This could result in very low development and operating costs which will leave a healthy profit margin, even at the current low oil price.



**Cross-Section: Malolos Oil Field**



**Map: Malolos, Aloguinsan and Barili Surface Anticlines**

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

The St Griede licence (100% working interest) located within the Aquitaine Basin, France was due for its first renewal in May, 2013 after an initial 5 year term. With the terms and conditions of the work and expenditure commitments having been met for the first 5 year term, a renewal application for a second 5 year term was submitted in January 2013 in order to continue the work program towards the drilling of a well. Normally, a first renewal is expected as a matter of course if the initial commitments have been met. That application was processed by French Government officials who recommended renewal and submitted it to the Minister of Energy for signature and issue. The renewal document has remained in the Minister's office, along with many other licence renewals, for a very long time.

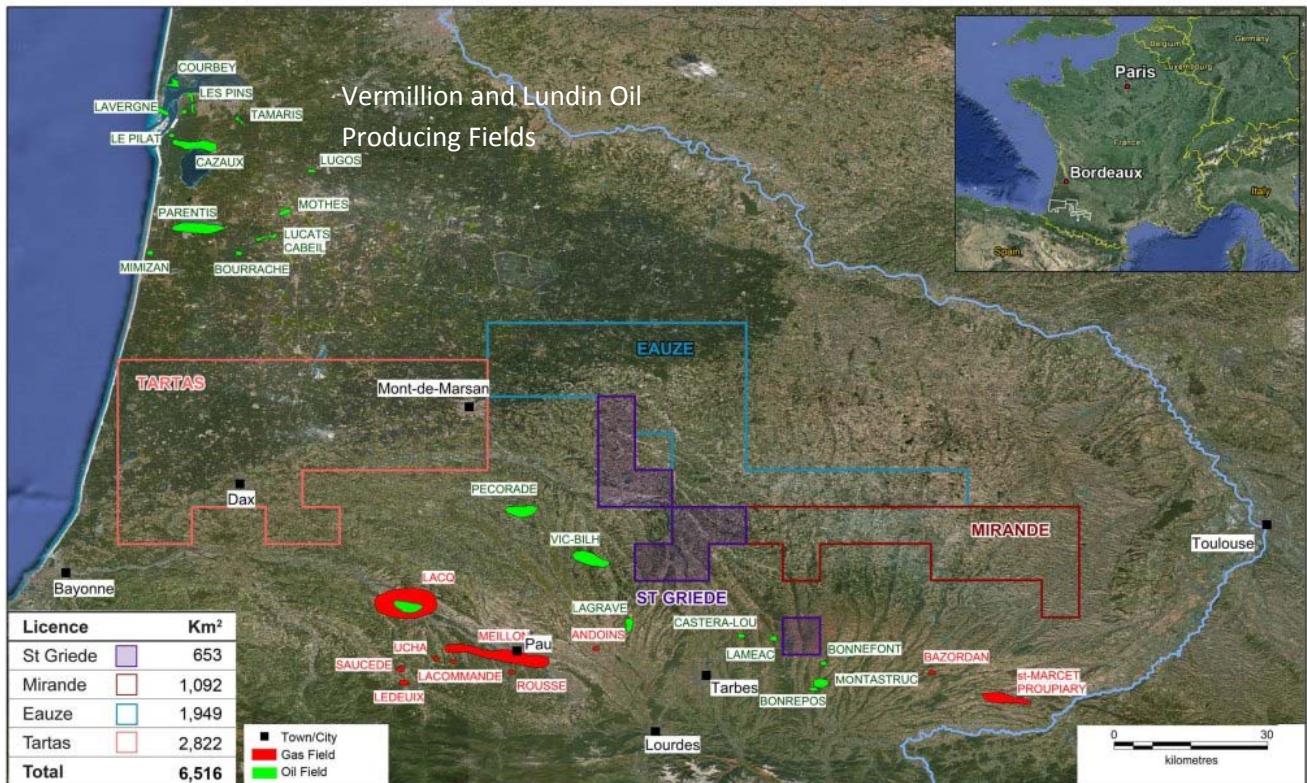
The Directors of Gas2Grid Limited met with high level French Government officials on 9<sup>th</sup> October 2015 in Paris to follow up on the licence status. The Directors were then verbally advised that the French Government has decided not to grant the renewal and a formal written notification was forthcoming. That written notification has since been received. We understand that the decision is based solely on local elected members' and risks to public order considerations within the area where the licence is located. We note an inconsistency in the governmental process as an approval was already granted in August 2014, by local authorities, for Gas2Grid to conduct a seismic acquisition survey with the aim to target a well location with no reference to any societal issues.

Gas2Grid Limited is seeking advice on its options regarding the recent decision.

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

Gas2Grid has 3 licence applications, namely Tartas, Eauze and Mirande (all 100% interest), in the Aquitaine Basin that are awaiting grant. Tartas, having been fully processed, has been recommended for grant by the French Government officials and is awaiting the Minister of Energy's approval. Eauze and Mirande have some more procedures to be carried out by the officials before a recommendation for grant can be expected.





Gas2Grid Limited Permits in France

### 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 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")

30 SEPTEMBER 2015

### Consolidated statement of cash flows

		Current quarter	Year to date (3 months)
		\$A'000	\$A'000
<b>Cash flows related to operating activities</b>			
1.1	Receipts from product sales and related debtors	46	46
1.2	Payments for (a) exploration & evaluation	(47)	(47)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(95)	(95)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	-	-
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (GST/forex differences)	(3)	(3)
	<b>Net Operating Cash Flows</b>	<b>(99)</b>	<b>(99)</b>
<b>Cash flows related to investing activities</b>			
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)	-	-
	<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13	Total operating and investing cash flows (carried forward)	<b>(99)</b>	<b>(99)</b>

+ 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)	(99)	(99)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	100	100
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	-	-
	<b>Net financing cash flows</b>	<b>100</b>	<b>100</b>
	<b>Net increase (decrease) in cash held</b>	<b>1</b>	<b>1</b>
1.20	Cash at beginning of quarter/year to date	166	166
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>167</b>	<b>167</b>

### 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

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### 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

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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

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+ 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	7,100	5,646
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	100
<b>Total</b>	<b>150</b>

### 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	167	166
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>167</b>	<b>166</b>

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+ 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	<b>Preference securities</b> (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	789,075,744	745,425,744	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs		-	
7.5	<b>+Convertible debt securities</b> (description)			

+ 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	<b>Options</b> (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	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (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: 30 October 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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