

28th April, 2017



ACTIVITIES REPORT QUARTER ENDED 31 MARCH, 2017

SUMMARY

Philippines

- SC 44 2 Year technical moratorium expired on the 27th January, 2017 and a response from the Philippine Department of Energy (“DOE”) to a request for extension of time under “Force Majeure” is awaited.

France

- Awaiting Tribunal decision on the appeal lodged by the French Government in January 2017 against the decision handed down by the Tribunal in November 2016.
- A 3,000 Euro/day penalty imposed on the French Government for delay in granting the permit extension under the judgement of November 2016 is accruing from 3rd December 2016 according to our legal opinion.
- The Company is being advised by its lawyers in France the best course of action in order to protect its investment.
- No further information has been received on the 3 new petroleum exploration licence applications and little is likely to until after the French elections and the new administration has taken office.

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

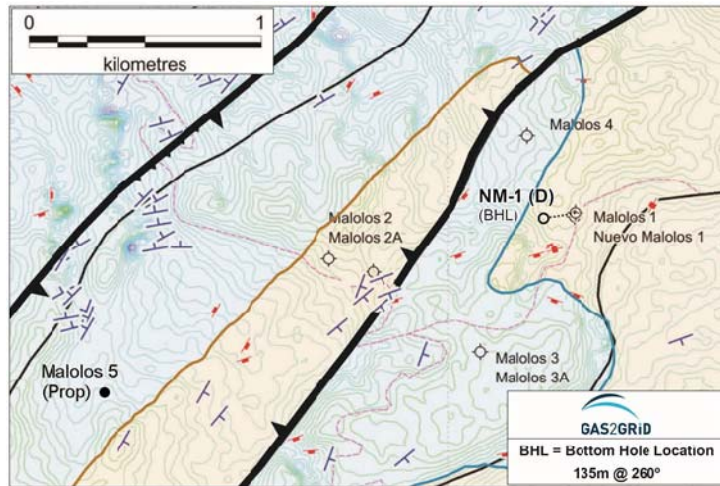
The DOE approved a 2 year technical moratorium in order to provide sufficient time to complete studies and establish the appropriate completion technology for maximising sustainable oil production that if successful will lead to full oil field appraisal/development.

The Drilling Proposal for the Nuevo Malolos-1 Deepening was submitted to the DOE for their approval in March, 2016. Approval was not received by the Company until mid-September, 2016.

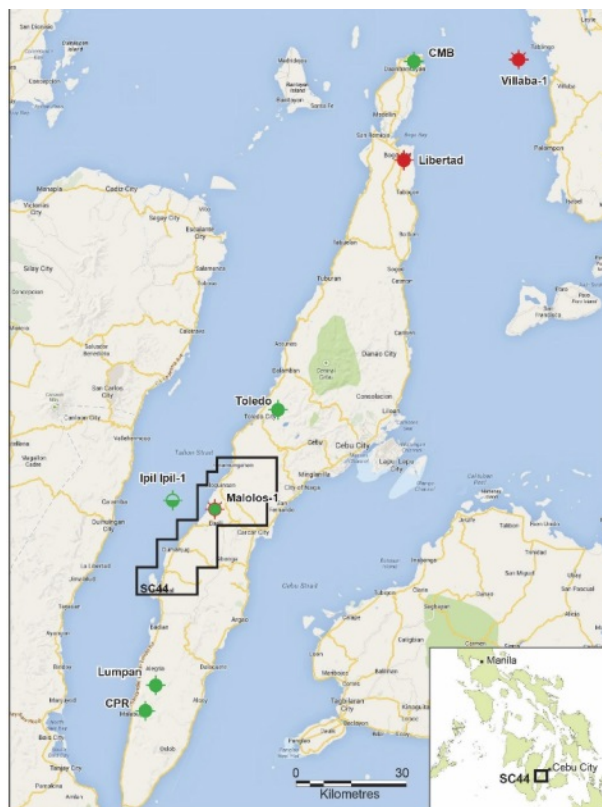
The late approval did not allow sufficient time to complete the drilling operations, conduct a long term oil production test of the well and submit an application for a 25 year production term prior to the expiry of the technical moratorium on 27th January 2017. The Company applied to the DOE requesting sufficient time be granted in which to complete the operations. The request was denied. The Company

engaged in discussions with the DOE and has lodged an application under “Force Majeure”, as provided for under the Service Contract terms.

The Company has put operations in SC 44 on hold until security of title has been established as under the current situation, security of title is not guaranteed.



Nuevo Malolos-1 Deepening well location and well track



SC 44 Location on Cebu Island, Philippines

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.

In October, 2015 the Company was formally advised by the French Government that it has decided not to grant the renewal. The decision not to renew the licence is based solely on local elected members and “public disorder risk” considerations within the area where the licence is located. We note an inconsistency with approval being granted earlier in 2015, by local authorities, for Gas2Grid to conduct a seismic acquisition survey with the aim to define a well location in the same area.

In November, 2015 Gas2Grid Limited lodged an action in the French tribunal for the suspension and annulment of the decision by the French Government to cancel the licence on the grounds of it being unlawful.

On the 29th December, 2015 the judge hearing the matter determined in Gas2Grid Limited’s favour and suspended the French Government’s decision not to renew the St. Griede licence. The judge concluded that the St. Griede licence itself cannot cause risks to public order and that there has been an error of law in the decision of the Ministers. The relevant Ministers were given 2 months to reconsider the St. Griede permit renewal.

On the 28th January, 2016 the Company received notice that the French Minister of Energy had lodged with the “Conseil d’Etat” (a high court for legal affairs of the state) an appeal for the annulment of the ruling made on the 29th December, 2015 by the judge at the Tribunal in France.

In August, 2016 the Company received a copy of an order made by the Conseil D’Etat of France, who determined not to admit the appeal lodged by the Minister of Energy in January, 2016, for the annulment of the ruling made on 29th December 2015 by the judge at the tribunal in France to suspend the decision made by the French Government not to renew the St Griede permit. The decision was made on the grounds that the Minister has not presented any argument of a nature to allow admission of the appeal. This decision affirmed the Company's legal rights to protect its investment.

On the 11th October 2016 a full hearing of the licence cancellation dispute was held in front of three judges of the Administrative Court of Pau. As a part of that hearing a magistrate, in full independence, presented his assessment of the facts and the applicable law as well as his opinion on a solution to the dispute. He concluded that the decision made by the Ministers in refusing an extension to the Saint-Griede permit is not valid.

In early November, 2016 the Administrative Tribunal of Pau handed down a judgement that fully supports the Company as follows:

1. Annulment of the decision of the French Ministers made in September 2015 to refuse the renewal of St Griede permit;
2. Instruction to the Ministers to grant, within 30 days, a 5 year extension to the St Griede permit commencing from 3 November 2016; and
3. A penalty, to the French Government, of Euros 3,000 for each day that the grant of the permit extension is delayed.

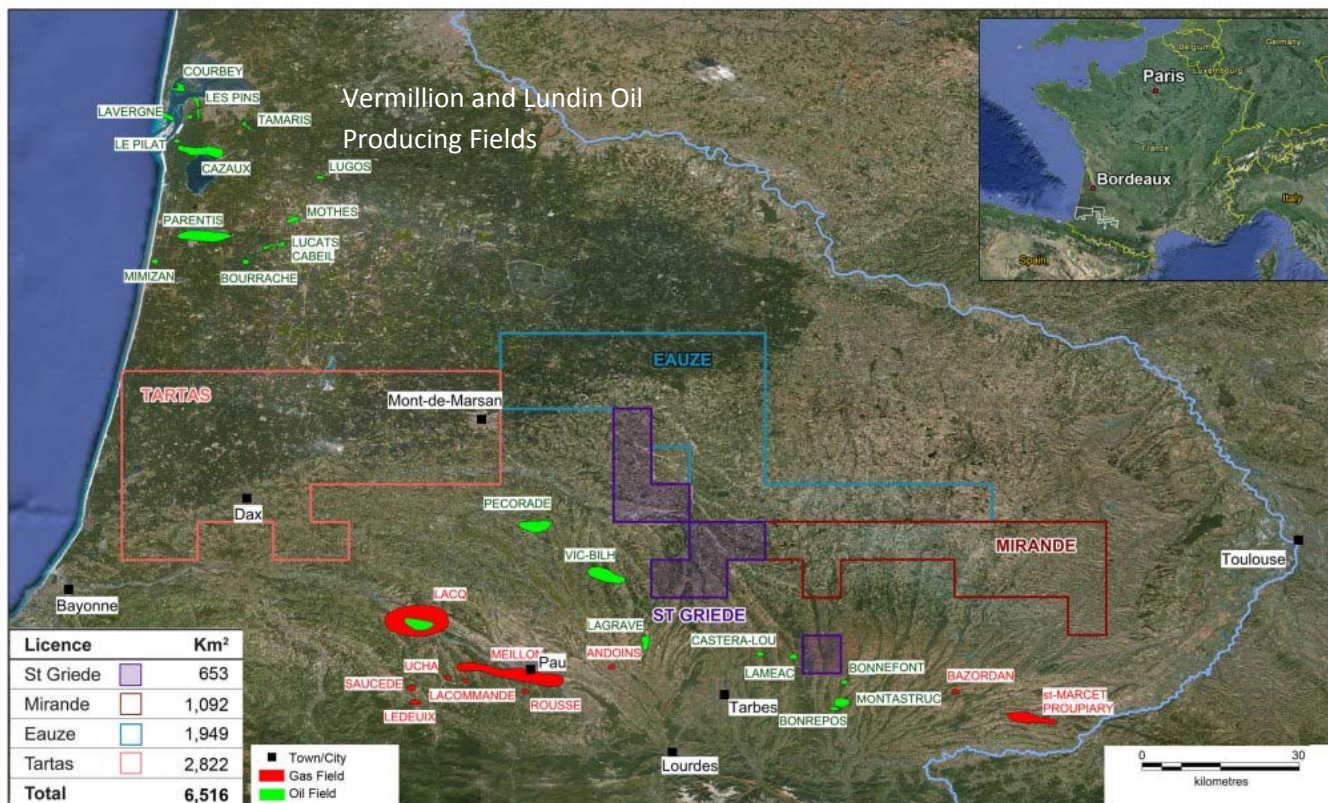
On the 3rd January, 2017 the French Government lodged an appeal against the decision of the Administrative Tribunal of Pau. To date no notice has been received on whether the appeal will be admitted.

In the Company's lawyers view the 3,000 Euro/day penalty is accruing, commencing from 3rd December 2016.

Various actions are available to the Company following this judgement and the Company is guided by its legal advisors in France to achieve the best outcome for its shareholders.

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 waiting grant. Tartas, having been fully processed, has been recommended for grant by the French Government officials and is waiting 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. No new information has been received on the progress of the processing of those applications. No progress is likely to until after the French elections and the new administration has taken office.



Gas2Grid Limited Permits in France

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

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.

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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, 01/05/13, 01/09/16

Name of entity

GAS2GRID LIMIT

ABN

46 112 138 780

Quarter ended ("current quarter")

MARCH 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	109
1.2 Payments for		
(a) exploration & evaluation	(20)	(81)
(b) development		
(c) production		
(d) staff costs	(12)	(41)
(e) administration and corporate costs	(22)	(156)
1.3 Dividends received (see note 3)		
1.4 Interest received	-	2
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (GST and foreign exchange)	27	4
1.9 Net cash from / (used in) operating activities	(27)	(163)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	3
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (lease security deposit refund less lease make good payment)	-	27
2.6	Net cash from / (used in) investing activities	-	30

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	13	13
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings	-	100
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	13	113

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	67	75
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(27)	(163)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	30
4.4	Net cash from / (used in) financing activities (item 3.10 above)	13	113
4.5	Effect of movement in exchange rates on cash held	-	(2)
4.6	Cash and cash equivalents at end of period	53	53

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	23	7
5.2 Call deposits	30	60
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)	53	67

6. Payments to directors of the entity and their associates

**Current quarter
\$A'000**

6.1 Aggregate amount of payments to these parties included in item 1.2

6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

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7. Payments to related entities of the entity and their associates

**Current quarter
\$A'000**

7.1 Aggregate amount of payments to these parties included in item 1.2

7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

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Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	8,700	7,057
8.2 Credit standby arrangements		
8.3 Other (please specify)		
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The loan facilities are provided by related parties of the 3 Directors of the Company (D Morton, D Munns and P Sam Yue), are unsecured and bear interest at 9% per annum accruing quarterly in arrears. The loans may be drawn down when funds are required for operations.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	20
9.2 Development	
9.3 Production	
9.4 Staff costs	15
9.5 Administration and corporate costs	20
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	SC 44 Cebu Philippines	Beneficial	100%	Expired but under request for extension
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

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.



Sign here:
(Director/Company secretary)

Date: .28 April 2017

Print name: Patrick Sam Yue

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.