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**23<sup>rd</sup> April, 2014**

**PHILIPPINE DEPARTMENT OF ENERGY – OPERATIONS UPDATE  
SERVICE CONTRACT 44 (100%), Onshore Cebu, Philippines**

Gas2Grid Limited is pleased to advise that Rig-2 will commence Malolos-1 operations on Thursday, 24<sup>th</sup> April and that the swabbing unit, essential for production testing, has already been delivered to the wellsite. The initial oil testing is still scheduled to commence before the end of April.

- The swabbing unit (to be used to in oil production) was yesterday delivered to site. This equipment which is suitable for testing oil production at these depths has been acquired under a lease/purchase agreement. This arrangement will not only provide the Company with flexibility in the oil testing program but it will also save significant cost over equipment rental. The swabbing unit will be operated by Gas2Grid personnel.
- Operations management personnel arrive on location Tuesday and Rig-2 is planned to commence operations this Thursday. Initial operations will involve the drilling out of a cement plug that was previously set in casing above the first oil target interval (7,152-7,207 feet; 2,178-2,195 metres).
- The shallower target interval (7,152-7,207 feet; 2,178-2,195 metres) was placed on short term production test in 2013 when it produced 30 bbls oil over a 2.5 hour period before the swabbing assembly parted at surface, dropped downhole in the tubing and had to be fished. The oil level in the tubing rose to 970 feet (296 metres) below surface in 24 hours under natural flow.

The extended oil production testing program aims to gather sufficient technical information to confirm commerciality of the Malolos Oil Field to justify the Department of Energy awarding a 25 year production period and leading to full field appraisal and development. Proving commercial

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production at Malolos Oil Field will have a very significant impact on the value of the Company and will benefit the Philippine economy.

On the 29<sup>th</sup> January, 2014 the Company reported a “Contingent Resource” of oil in the two productive sandstones for the Malolos Oil Field between a “Low Estimate” (1C) of **6.8 million** barrels and a “High Estimate” (3C) of **68.1 million** barrels, with a “Best Estimate” (2C) of **20.4 million** barrels of “Total Oil Initially in Place”. This Contingent Resource is in addition to the Unrisked Prospective Resources released to the ASX on the 29<sup>th</sup> January, 2014.

**Contact details:**

Dennis Morton      Ph: +61-2-8298 3682  
Managing Director   [dennis@gas2grid.com](mailto:dennis@gas2grid.com)

Patrick Sam Yue      Ph: +61-2-8298 3668  
Director                [psy@gas2grid.com](mailto:psy@gas2grid.com)

*The Resources assessment follows guidelines set forth by the Society of Petroleum Engineers – Petroleum Resource Management System (SPE-PRMS). The Resource estimates used in this presentation were compiled by Mr Len Diekman (Member SPE), Energetica Consulting, who is a qualified person as defined under the ASX Listing Rule 5.11 and has consented to the use of Resource figures in the form and context in which they appear in this presentation. The information in this release has been compiled by Dennis Morton, Managing Director of Gas2Grid Limited, who graduated with First Class Honours in Geology (Macquarie University) and has 38 years experience in the oil and gas industry.*