



18th July, 2014

ASX Market Announcements

**PLANS FOR OIL FIELD APPRAISAL AND DEVELOPMENT
FOLLOWING OIL PRODUCTION TESTS
SERVICE CONTRACT 44 (100%), Onshore Cebu, Philippines**

Gas2Grid Limited is pleased to advise that the production testing at Malolos-1 has to date gathered sufficient data to support an application to the Philippine Department of Energy (“DOE”) to allow the Company to continue work under SC 44 to establish an appropriate completion technology for sustained production and full appraisal and development of the oil field.

Over the past few weeks, the lower and the upper oil bearing sandstones were successfully tested separately. The upper sandstone continued to produce oil individually although no significant improvement in oil production rate was recorded. The lower sandstone recorded a significant increase in production rates at an equivalent of over 100 barrels of oil per day although it was also associated with a significant increase in water production indicating proximity to the oil-water contact.

The Malolos-1 well has demonstrated that it can produce oil at commercial rates. On several occasions the well has previously produced the equivalent of 200 barrels of oil per day over short periods. Oil flow has been impaired when the perforations within the wellbore at the sandstone reservoirs become blocked with formation fines.

The well testing has determined that the two objective sandstones are oil bearing, established an oil-water contact for the lower oil sandstone indicating a minimum 500 metre vertical oil accumulation (when correlated with the oil sands in Malolos-4) and established that oil production rates are impeded by fines migration and sand production.

Malolos-1 is suspended while the Company applies to the DOE, under the terms of SC 44, for a further period of work in order to determine an appropriate completion technology to be applied to well completions during field appraisal and development. Seismic acquisition is also planned to locate appraisal well sites.

The newly gathered additional technical data will assist in encouraging a farminee to fund field appraisal and development.

Dennis Morton (Managing Director) made the following comments:

*“We are encouraged by the well test data and oil production which when combined with all available technical data supports the previous determination that the Malolos Oil Field has a “Best Estimate” (2C) of **20.4 million** barrels “Contingent Resource” of oil in place and a “Low Estimate” (1C) of **6.8 million** barrels with a “High Estimate” (3C) of **68.1 million** barrels. This is a resource well worth pursuing.”*

**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.*

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