MANAGEMENT DISCUSSION AND ANALYSIS

THIRD QUARTER INTERIM REPORT

FOR THE PERIOD ENDED SEPTEMBER 30th 2013

The following is Management's Discussion and Analysis ("MD&A") for Gastem Inc ("Gastem" or the "Company") to be read in conjunction with the Company's Third Quarter ("Q3 ") 2013 unaudited condensed consolidated interim financial statements and the accompanying notes. This, along with press releases and previous financial statements with related documents, is also available on the Company's website at www.gastem.ca or at www.sedar.com.

The Company's Q3 2013 unaudited condensed interim consolidated financial statements and the accompanying notes are prepared in accordance with International Financial Reporting Standards ("IFRS" or "GAAP") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies described therein.

This MD&A presents the views and comments of Management on the Company's current activities and contains a brief outlook of activities and objectives for the coming months.

1. DATE

This MD&A for the period ended September 30th 2013 was completed on November 29th 2013. As required, important activities and events after September 30th 2013 are also noted.

2. COMPANY PROFILE

The Company was incorporated under the Canada Business Corporations Act in 2002 and listed on the TSX-Venture Exchange in January 2004 under the symbol GMR.

Gastem is an oil and gas exploration and development company with exploration properties, rights and interests located in the St. Lawrence Lowlands, the Magdalen Islands and the Gaspe Peninsula in Quebec. The Company also owns exploration leases situated in New York State and Virginia, held and operated by a wholly owned American subsidiary named Gastem USA Inc. ("Gastem USA").

Gastem is in the process of obtaining new properties in Appalachia and Eastern Canada. The Company has, at present, no formal oil or gas reserves and no revenue from oil and gas producing wells.

3. FORWARD LOOKING STATEMENTS

The MD&A contains certain forward-looking statements that involve substantial known and unknown risks and uncertainties which could cause actual events or results to differ materially from those reflected in the MD&A. Forward looking statements are based on estimates and opinions of Management at the time the statements were made.

4. RISKS RELATED TO FINANCINGS AND ENVIRONMENTAL CONCERNS

To date, the Company has incurred losses through exploration expenses. Exploration and development of properties therefore depends in part on its ability to obtain the required financing. There can be no assurance that the Company will succeed in obtaining the required funding. Failure to do so may lead to substantial dilution or loss of its rights (existing or proposed) on its properties.

Environmental and related laws or regulations

The Company considers itself to be in material compliance with existing environmental legislation and strives to uphold and implement leading environmental practices. Gastem employs senior environmental consultants and maintains strict environmental discipline.

However, current, possible or future environmental legislation, regulations and measures may entail unforeseeable additional costs, capital expenditures, restrictions, expropriation or delays in the Company's activities. The requirements of the environmental regulations and standards are constantly re-evaluated and may be considerably increased, which could seriously hamper the Company or its ability to develop its properties economically. Before a property can enter into production, the Company must obtain regulatory and environmental approvals. There can be no assurance that such approvals will be obtained or that they will be obtained in a timely manner. The cost related to assessing changes in government regulations may reduce the profitability of the operation or altogether prevent a property from being developed.

In Quebec, work on the Company’s Utica Shale properties is subject to authorization by the Strategic Environmental Evaluation Committee created by the government and specifically the Ministry of Sustainable Development, Environment, Wildlife and Parks (MDDEP) and the Bureau des audiences publiques sur l’environnement (BAPE). Work may or may not proceed on these shale properties subject to their decision and their priorities during the period of study which began in June 2011. With one exception, Committee members are not from the industry and have very little or no experience with the industry’s procedures or practices. The report of the Committee may or may not propose, among other things, the cessation or the limits to shale gas production and exploration and under which conditions.

Bill 18 (An Act to Limit Gas Activities) was adopted on June 10th 2011 by the Quebec legislature. The Bill prohibits all gas and oil activities in the St. Lawrence River (art. 1), without compensation (art. 4) and revokes those permits or parts of permits situated in the St. Lawrence River (art. 2). It also stipulates that all exploration permit holders for petroleum, natural gas and underground reservoirs are exempted from undertaking exploration work required by law subject to the payment of annual property rights. Permits will be extended, for the duration of the environmental assessment study (art. 3), which study launched in May 2011, may last a proposed 30 months or longer. In effect, Bill 18 suspends all permit exploration obligations during the Environmental Assessment Study (“EAS”). A declaration made by the Committee responsible for the EAS stated that there will be no shale activities for scientific purposes during the study period, contrary to previous declarations. As for those parts of exploration permits situated in the St. Lawrence River, they were declared null and void and without compensation as a result of the expropriation. For Gastem, this expropriation without compensation impacted roughly 20% the Dundee-Soulanges property.

In April 2013, the Minister of Sustainable Development, Environment, Wildlife and Parks announced that the BAPE would hold an enquiry (announced in December 2011) on the effects of exploration and development work for gas on the water table of the Magdalen Islands. The hearings were held in May and August of 2013 and the report is expected to be made public prior to December 11th 2013.

In May 2013, the Minister of Sustainable Development, Environment, Wildlife and Parks of Quebec presented Bill 37 in the Quebec legislature declaring a moratorium on shale gas exploration and development for a period of 5 years from the period of adoption of the Bill, in spite of the on-going shale gas study, the Strategic Environmental Assessment, now being completed by a panel named by the Ministry. What will become of this proposed legislation by the minority government is not known but, on November 26th 2013, it was decided that Bill 37 will proceed to consultations.

In May 2013, the Minister of Sustainable Development, Environment, Wildlife and Parks, announced a public consultation of the Draft "Regulation respecting water withdrawals and water protection to protect drinking water sources effectively". The Regulation may propose a set of measures to oversee oil and gas exploration and development projects "in accordance with the safest requirements in North America". What will become of this proposed regulation from this minority government which erroneously targets shale exploration is not known.

Ristigouche Partie Sud-Est, a small municipality in Gaspe, adopted a By-Law on March 4th, 2013 effectively banning drilling activities within town limits. The By-Law applies to and targets a Gastem exploration site authorized by a drilling permit by the Québec government. The Company has undertaken legal proceedings for damages against the Municipality and has since sold the Matapedia Property to a third party.

In New York State, the draft of the Supplemental Generic Environmental Impact Statement Study for high volume hydro fracturing is being reviewed and may or may not be adopted by 2015. Questions and recent decisions related to Home Rule are expected to continue before the Courts in 2014 and perhaps 2015.

5. PROPERTIES AND EXPLORATION PROGRAMS

The Company's properties and programs during Q3 2013, with references to significant events after that date, are presented initially in the form of exploration highlights at 5.1, followed by a property and program summary table at 5.2 and finally by a more detailed chosen property review at 5.3. A detailed review of all properties is found on the MD&A for Q4 2012 at the Company's web site, or in the Annual Information Form 51-101 for 2012 which can be seen at www.sedar.com under Gastem in April 2013.

5.1 Highlights for Q3

Highlights of exploration and company activities during Q3 are as follows:

- On July 24th 2013, Gastem announced that it sold the Matapedia-Cyr property to both Petrolia and St-Aubin Énergie S.A.S. Gastem maintains the Miguasha permit and the right to continue operations in the Gaspe Peninsula if warranted and if conditions improve.

- Company review of potential and possible programs in the Maritimes and Appalachia completed in Q3 and permit applications and agreements for properties being prepared;

- Gastem meetings in the Maritimes and Appalachia with key representatives;

- The BAPE hearings for the Magdalen Islands were completed in mid-August, the report completed on October 11th and should be made public prior to December 11th of this year;

- As a result of the adoption of a By-Law by the town council of Ristigouche Partie Sud-Est (a photocopy of the By-Law adopted by the town of Gaspe) affecting drilling within town limits. Gastem has undertaken legal proceedings for damages against the Town.

5.2 Summary of Exploration Activities and Programs

A summary of all of the Company's exploration properties, earn-in options, programs and projected expenses are presented in the following table. Exploration programs are subject to revision and control by the Board of Directors and may or may not be undertaken at the Board's discretion. Projected expenses may increase or decrease subject to results, priorities, available funds and government regulations and practices including yearly rights payments which may increase disproportionally to property potential.

Summary of Exploration Activities and Programs	
St. Lawrence Lowlands, Quebec	
Yamaska – 45,381 hectares (20% Gastem, 60% Lone Pine, 20% Questerre)	
Summary	• 2 vertical wells drilled by Gastem in 2007 and one frac-stimulated by Forest Oil in 2007/2008 • Partner Forest Oil (now Lone Pine) earned 60% interest during Q3 2008 • Drilling and hydraulic fracture stimulations of 2 horizontal wells completed in early Q4 2008 with preliminary results announced in Q1 2009 • 81.5 km 2-D seismic survey during Q2-Q3 2010 by operator Forest Oil (now Lone Pine) • Several drilling targets identified based on new seismic survey, site locations under review
Proposed Program	• Program to be made known by Lone Pine Resources after BAPE
Projected Expenses	• No significant expenses projected at this time save and except for well maintenance
St-Hyacinthe – Farm In – 37,247 hectares (16.575% Gastem, 68% Canbriam, 0.425% Lone Pine, 15% Suncor et al.)	
Summary	• Joint Gastem–Canbriam Energy farm-in on Suncor et al. acreage • Adjacent and geologically similar to Yamaska property with Utica and Lorraine Shales present • Gastem's participation in 19.5% of costs for a 16.575% working interest • Two vertical wells drilled in 2009 • One vertical and three horizontal wells drilled during Q2 and Q3 2010 • One horizontal well and vertical wells stimulated during 2010 • The La Présentation No 1 vertical well has been cemented
Proposed Program	• Program to be made known by Canbriam
Projected Expenses	• No significant expenses projected at this time save and except for well maintenance
St-Jean East – 50,579 hectares (50% Gastem, 50% Questerre)	
Summary	• Subject to a Joint Operating Agreement with Questerre Energy • Potential targets in platform carbonates and Utica Shale • High resolution aeromagnetic survey undertaken during spring 2007
Proposed Program	• Programs on hold
Projected Expenses	• No significant expenses projected at this time
St-Jean West – 28,869 hectares (100% Gastem)u	
Summary	• Potential targets in platform carbonates and granite wash, analogous to Dundee-Soulanges • High-resolution aeromagnetic survey undertaken in 2007
Proposed Program	• Gastem reviewing existing data and developing a possible drilling program to test the platform targets
Projected Expenses	• No significant exploration expenses projected at this time
St-Jean North – 21,834 hectares (20% Gastem, 80% Questerre)	
Summary	• Permit obtained by Questerre with a subsequent 20% working interest transferred to Gastem • St-Jean No 1 well drilled to the base of Utica Shale in Q2 2008 and frac-stimulated in Q1 2009 • Exploration program may be integrated with the adjacent Gastem St-Jean East permits
Proposed Program	• No exploration program projected at this time
Projected Expenses	• No significant exploration expenses projected at this time
Dundee-Soulanges – 92,540 hectares initially, reduced to 71,736 ha after Bill 18 (100% Gastem)	
Summary	• Current exploration focussed on identification of commercial reservoirs in Beekmantown fractured carbonates and in the granite wash at the Potsdam/basement contact • Permit-wide surface geochemical survey undertaken during summer 2007 • 19.5 km 2-D seismic survey completed over gas seep anomalies in 2009 • 1,066 km^2 airborne gravimetric survey initiated in December 2010 Processing and interpretation of the gravimetric survey completed • Reprocessing of vintage seismic and integration to 2009 seismics

	• Identification of a target in the western part of the permits to drill the Beekmantown and the Potsdam • Lease of drill site signed and full report completed in 2012
Proposed Program	• Two drill targets identified based on new seismic survey and drill site identified and under review • Drill program for this site under preparation and drilling permit to be submitted
Projected Expenses	• Drill program and drill permit application (not shale)
Joly – Farm In – 13,809 hectares (35% Gastem, 65% Intragaz)	
Summary	• Joint Intragaz–Gastem exploration project for production and storage • Gas exploration and storage play in highly porous, permeable formation adjacent to existing gas storage installations at St. Flavien • Gastem is Operator for all exploration activities pertaining to this project and has earned both a 35% interest on the property and a 34% interest in gas storage rights • Joly No 4 drilled in December 2007, expected dolomite sequence not encountered – well abandoned in early Q3 2009 • Spud of Joly No 5 delayed for surface and environmental issues, site refused by MDDEP • Restoration to be undertaken
Proposed Program	• Joly 5 restoration
Projected Expenses	• Joly 5 restoration estimates to be obtained and to be completed in 2014
Gaspe Peninsula, Quebec	
Miguasha 609 hectares (90% Gastem, 10% Questerre)	
Summary	• In 2005, Gastem participated in the drilling of the Hydro-Québec Pétrole et Gaz (HQPG), Miguasha No. 1 well. Gastem was issued the permit in January 2007, totalling 609 adjacent to the abandoned HQPG, Miguasha No. 1 well • Matapédia-Cyr property sold in 2013 to Petrolia and St-Aubin Énergie S.A.S. as per the press release of July 24th 2013
Proposed Program	• No programs proposed at present
Projected Expenses	• Maintenance only
Magdalen Islands, Quebec	
Magdalen Islands – 17,520 hectares (100% Gastem)	
Summary	• Exploration permit acquired in July 2008 • Review of existing data and geophysical modelling (seismic, gravity, magnetism) completed • Detailed geological report completed • Water table study completed
Proposed Program	• Update on geophysical modelling based on new MRNF regional surveys, when available • Drilling program prepared, surface location under review • Environmental assessment requested by MRNF and MDDEP even prior to exploration well • BAPE now underway
Projected Expenses	• Presence during the BAPE begun on May 14th 2013 and which is now completed. The report is expected before December 11th 2013.

Gastem – USA	
New York State Shale and Tight Sand Project – approx. 9,605 acres (100% Gastem)	
Summary	• Covalent Energy (now Utica Energy LLC) drilled and completed two wells on acreage in the summer of 2007, with encouraging results Gastem USA obtained 100% of title to leases • Aeromagnetic survey over about 85% of Chenango County, 20% of Broome County and 30% of Delaware County • 16.1 km 2-D seismic acquired in Otsego County, focussing on the Oneida Sand Formation • Ross No 1 fracture stimulated in the Utica and Marcellus intervals, Oneida Sand interval tested • Drill target identified and permit received on Hanehan well and site preparation completed
Proposed Program	• Drilling of one conventional test well in Chenango County • Various leases in Otsego County not renewed

	• Other programs subject to New York State regulations
Projected Expenses	• Exploration programs may resume when regulatory process has been completed
Commonwealth of Virginia – approx. 2,310 acres (100% Gastem)	
Summary	• Gastem USA signed a Letter of Agreement with Covalent Energy in 2008 with regard to lease acquisition in the Commonwealth of Virginia • Leases will not be renewed
Proposed Program	• No exploration program at this time
Projected Expenses	• No significant exploration expenses projected for 2013

5.3 Property Review for Q3

5.3.1 St. Lawrence Lowlands Utica Shale

The BAPE (Bureau d'audiences publiques sur l'environnement) Report, entitled the "Sustainable Development of the Shale Gas Industry in Quebec", was made public in late February 2011. The main recommendation of the Report consists in the undertaking of a "Strategic Environmental Assessment" (SEA). MDDEP announced on May 12th 2010 the mandate and membership of the committee that will supervise over the next 18 to 30 months the strategic environmental assessment for shale gas development in Quebec. The committee's mandate includes the preparation of a report to address the issues identified in the strategic environmental assessment and provide recommendations on how to improve the legal and regulatory framework to govern the development of shale gas. For the duration of the SEA study, the announced intention is that the committee will review and approve programs on the Utica Shale but, surprisingly, no hydraulic fracturing will be allowed in Quebec. In principle, all other conventional exploration programs are expected to continue according to existing regulations and are not subject to the SEA Study but this has been subject to various discretionary decisions. However, it should be remembered, as stated above that, in May 2013, the Minister of Sustainable Development, Environment, Wildlife and Parks of Quebec deposited a Bill in the Quebec legislature declaring a moratorium on shale gas exploration and development for a period of 5 years from the period of adoption of the Bill, in spite of the on-going shale gas study, the Strategic Environmental Assessment. Whether the Bill will be adopted remains to be seen, but the abusive intent and threat is there.

In May 2013, Epsilon signed an agreement with Gastem thereby ending the Gastem Quebec Agreement signed in 2007 and returned all of its 25% participating and undivided interests in all applicable properties in Quebec (the Dundee, St-Jean, Matapedia and Yamaska properties).Therefore, as a result, Epsilon no longer has any rights or interests in any Gastem property.

5.3.2 Dundee-Soulanges Property

During the autumn of 2009, Gastem undertook a 19.48 km 2-D seismic survey in the south western portion of the property, adjacent to the previous Gastem and Ditem Explorations wildcat wells and various methane seep anomalies observed during the 2007 soil geochemistry survey. After processing and interpretation of this survey, Gastem identified two possible drilling targets. Reprocessing and interpretation of 1997 vintage seismic lines during Q2-2011 led the company to focus on one specific drilling target. Jointly with the review, Gastem contracted a firm in December 2010 to perform a 1,066 km^2 airborne gravimetric survey over part of the property. The gravimetric survey was completed in March 2011, has been processed and interpreted. This data will help developing the exploration program for the northern part of the property.

Site validations have confirmed the surface location for one test well targeting the Beekmantown dolostone and the Potsdam sandstone. Leasing has been completed for the well "Gastem, Saint-Anicet No 1". The municipality and the community of Saint-Anicet have been met and have discussed the project by Gastem. The site location is on agricultural land and Gastem has obtained an authorisation from the Commission de protection du territoire agricole du Québec. A conventional well program is in preparation and drilling is proposed, subject to governmental authorisations and proper financing.

5.3.3 Magdalen Islands property

On December 16th 2011, the Quebec Ministry of Natural Resources announced environmental public hearings to be held by the BAPE (Bureau d'audiences publiques sur l'environnement) over a 4 month period on the Magdalen Islands and related to the effects of exploration and development on the water table. As no drilling permit has been applied for, a BAPE under these conditions is unprecedented. On April 3rd 2013, the Minister of the Environment announced that the BAPE would hold an enquiry on effects of exploration and development work for gas and oil on the water table of the Magdalen Islands. These hearings began on the 14th of May 2013 and were completed in mid-August. The report is expected to be made public prior to December 11th 2013. It remains to be seen what they will recommend although it can be assumed.

5.3.4. Matapedia-Cyr Property

The Company sold the Matapedia-Cyr property to Petrolia and St-Aubin Énergie S.A.S as announced in July of this year. It should be stated that the 609 hectare Miguasha property remains a Gastem property.

Earlier this year in March 4th 2013, the Town of Ristigouche Partie Sud-Est adopted a By-Law, the model for which was circulating in some groups, establishing abusive and impossible conditions aimed at preventing drilling within the town limits. The Municipality did not make provide explanations or request a meeting prior to a council meeting and simply adopted the resolution. Gastem sent the Town a notice for damages and at present, is continuing legal proceedings for those amounts.

5.3.5 Gastem USA

In New York State, the high volume hydro fracturing announcement scheduled by the State for February or March 2013 has been postponed to early 2015 according to an announcement made by the New York State Department of Conservation. Low volume (80,000 gallons and less) hydro fracturing and high volume fracturing using nitrogen may continue to be permitted. Although it was reported in public government documents that there may be a recommendation allowing high volume hydro-fracking in six counties, there is now considerable uncertainty. For the moment, we can only state that this solution and the notion of "home rule" presents numerous problems for those having to invest in costly pipeline infrastructure and exploration programs and maintenance. Investors are very uncomfortable with the current state of affairs for gas production in New York State and although the region could certainly use the production, the current confusion renders good programs difficult. In spite of this, Gastem USA is continuing to evaluate conventional targets in southern New York State in order to develop local gas for local use. However at this time, the Company has no exploration activities and none are planned during the present Quarter.

Gastem USA's other activity in Appalachia consists of discussion for property acquisitions for Marcellus and Utica Shale prospects in Ohio and elsewhere. This is proceeding according to plan and announcements are expected in the near future.

6. SELECTED FINANCIAL INFORMATION

Listed below is selected information for the Quarter ended September 30th 2013 which will be discussed where useful in the present MD&A.

SELECTED QUARTERLY INFORMATION	Results as of September 30th 2013	Results as of September 30th 2012
Shareholder Equity	$19,850,442	$26,399,269
Accumulated Deficit	$29,504,463	$22,955,987
Exploration Expenses (Gross)	$22,358	$359,071
General Expenses	$69,247	$244,735
Net Loss	$211,827	$457,853
Current Assets	$438,357	$876,068
Gas Properties Net Book Value	$21,927,859	$28,973,441
Total Assets	$22,469,185	$30,130,430

7. ASSETS AND CAPITAL

In Q3, total assets are evaluated at $22,469,185 as compared to $30,130,430 for Q2 2012. The decrease is for the most part the result of the impairment due to the closing of the Joly dating to December 2012, the reduction in New York State leases and the sale of the Matapedia-Cyr Property. Cash and cash equivalents, accounts receivable (excluding long-term deposits), exploration funds and prepaid expenses and deposits totalled $438,357 as compared to $876,068 in Q2 2012. Gas properties and exploration and evaluation assets net book value decreased from $28,973,441 in Q2 2012 to $21,927,859 in Q3 of 2013 as a result of the write down of Joly 5, New York State leases and the sale of the Matapedia Property.

Accounts receivable of $126,061 are composed of $33,078 f or various administrative and on-gong expenses, $26,252 for amounts receivable from rentals and equipment paid by Gastem and owed by related parties and an amount of $66,731 lent to an officer of the Company. One may also add a deposit on long term assets with the Government of Quebec for $135,000 as well as another deposit of $150,000 which is also on deposit with the government in non-current assets and should be returned during Q3. Amounts also include an amount of $33,078 from Tawsho Mining for expenses incurred which is now overdue but will be collected by legal process if necessary. Accounts payable of $2,618,743 are composed principally of programs and trade payables, and accrued liabilities and are to be settled in Q4 of 2013.

Shareholder equity decreased from $26,399,269 at the end of Q2 2012 ($23,905,627 at the end of 2012) to $19,850,442 at the end of Q3 2013. Losses due to properties should not continue in Q4 as the remaining properties, with the possible exception of those in Virginia, with a value of about $200,000, should be maintained by the Company and barring any surprising government activity. Furthermore, the Company also intends to maximize efforts to regain exploration funds spent for the Ristigouche well where a suit for expenses and damages is on-going.

8. CASH RESOURCES

8.1 Operations

For Q3 2013, net loss and comprehensive loss totalled $211,827 as compared to $457,853 for Q3 2012 and is keeping with the present activities of the Company, given the situation in Quebec. The cumulated deficit increased from $22,955,987 in 2012 to $29,504,463in 2013 as a result of the net losses due to impairment of properties and regulatory restrictions.

Reduced expenses at $69,247 for Q3 2013 as compared to $244,735 in Q3 2012 are related to the continuing major reduction in personnel and activities as well as the reduction in office space and related expenses. The overhead burn rate is now at minimum and is expected to stay there until exploration and development activities increase as a result of new programs in better jurisdictions. The Company is continually striving to reduce general and administrative expenses and strong control measures have been put in place. This burn rate or one very similar should be maintained for Q4 2013 but, it is to be hoped, not for 2014.

REVENUES AND LOSSES FOR THE LAST 8 QUARTERS				
Quarter End	**Total Revenues ($)**	**Net Loss ($)**	**Loss per Share ($0.00)**	
			Basic	**Diluted**
30/09/2013	$0	$211,827	$0.002	$0.002
30/06/2013	$0	$3,793,656	$0.042	$0.042
31/03/2013	$0	$59,594	$0.001	$0.001
31/12/2012	$0	$2,483,399	$0.003	$0.003
30/09/2012	$0	$457,853	$0.005	$0.005
30/06/2012	$0	$268,966	$0.003	$0.003
31/03/2012	$0	$268,695	$0.003	$0.003
31/12/2011	$0	$3,551,926	$0.043	$0.043

8.2 Financings

There have been no financings during Q3 2013. However, a financing may be undertaken in December 2013 or in early 2014.

The following summarises all financings undertaken by the Company from January 1st 2006 to September 30th 2013. There have been no financings since the last entry.

FINANCINGS in 2006				
Date of Closing	**Shares Issued**	**$/Share**	**Warrants/ Price and Number**	**Total**
Jan. 31st 2006	1,462,500	$ 0.10	1,462,500 at $0.10	$ 146,250
May 19th 2006	4,666,000	$ 0.15	4,666,000 at $0.20	$ 699,900
Oct. 31st 2006	2,777,777	$ 0.18	None	$ 500,000
Dec. 27th 2006	4,600,000	$ 0.25	1,150,000 at $0.35	$ 1,150,000
Dec. 27th 2006	4,400,000	$ 0.25	1,500,000 at $0.35	$ 1,100,000
Dec. 29th 2006	420,000	$ 0.25	None	$ 105,000
			Total (2006)	**$ 3,701,150**
FINANCINGS in 2007				
Mar 16th 2007	4,615,000	$0.65	2,307,500 at $0.80	$ 2,999,750
Nov. 6th 2007	2,500,000	$0.60	1,250,000 at $0.70	$1,500,000
Nov. 6th 2007	1,428,571	$0.70	None	$1,000,000
Dec. 12th 2007	1,333,333	$0.60	1,333,333 at $0.75	$800,000
Dec. 12th 2007	292,000	$0.70	None	$204,400
			Total (2007)	**$6,504,150**
FINANCING in 2008				
April 3rd 2008	4,725,000	$2.15	2,362,500 at $3.00	$10,158,750
			Total (2008)	**$10,158,750**
FINANCINGS in 2009				
Dec. 4th 2009	8,107,691	$0.65	8,107,691 at $0.85	$5,269,999
Dec. 9th 2009	1,507,693	$0.65	1,507,693 at $0.85	$980,001
Dec. 31st 2009	143,085	$0.65	143,085 at $0.85	$93,005
			Total (2009)	**$6,343,005**
FINANCINGS in 2010				
Mar. 23rd 2010	6,764,707	$0.85	6,764,707 at $1.05	$5,750,000
Aug. 17th 2010	8,510,000	$0.325	8,510,000 at $0.45	$2,765,750
			Total (2010)	**$8,515,750**
			Total (2006 to 2010)	**$35,222,805**

9. EXPLORATION EXPENSES AND USE OF PROCEEDS

Gastem exploration expenses for Q3 totalled $22,358. In Quebec, exploration and development expenses are focused on reviews and on maintenance. Some work was done on the Dundee and St-Hyacinthe properties, with operators Canbriam and Lone Pine. There were no new expenses in New York State for Gastem-USA as all sites are now closed, cemented and abandoned. The Company is continuing its program with the objective of developing producing properties in Chenango County and counties to the south of Chenango, along the Southern Tier. Other projects concerning the Maritimes and Appalachia are also being negotiated.

All Gastem exploration expenses were paid with Gastem funds.

9.1 Gastem Operations in Quebec in Q3 2013

Exploration expenses in Quebec for Q3 2013 totalled $22,358 and were essentially related to well and property maintenance.

9.3 Flow-Through Reserve

As of September 30th 2013, the flow-through reserve was at nil. There have been no changes to date.

FLOW-THROUGH EXPLORATION RESERVE			
	CEE	**CEE (Qc)**	**Total**
Flow-Through Reserve March 31st 2007	$ 753,164	$ 609,152	$1,362,316
Flow-Through Exploration Expenses to September 30th 2007	$753,164	$609,152	$1,362,316
Flow-Through Reserve to September 30th 2007	$0	$0	$0
Flow-Through Funds Raised in November and December 2007	$0	$1,204,400	$1,204,400
Flow-Through Exploration Expenses to January 31st 2008	$0	$1,204,400	$1,204,400
Flow-Through Reserve as of December 31st 2008	$0	$0	$0
Flow-through Funds raised in December 2009	$0	$6,343,005	$6,643,005
Flow-Through Reserve as of December 31st 2009	$0	$6,343,005	$6,343,005
Flow-Through Exploration Expenses to March 31st 2010	$0	$179,468	$6,163,537
Flow-Through Funds Raised in March 2010	$0	$5,750,000	$11,913,537
Flow-Through Exploration Expenses from March 31st to December 31st 2010	$0	$6,281,884	$5,631,653
Flow-Through Exploration Expenses from December 31st 2010 to September 30th 2011	$0	$2,535,668	$3,095,985
Flow-Through Exploration Expenses from September 31st 2011 to December 31st 2011		$3,095,985	$0
Flow-through Reserve as of December 31st 2012			$0
Flow-through Reserve as of September 30th 2013			$0

10. FINANCIAL COMMITMENTS AND LITIGATION

Financial commitments of the Company are related only to exploration expenditures and normal operating expenses. The Company is capable of meeting on-going operational obligations.

There are no commitments or obligations other than on-going exploration programs, which Gastem may or may not continue, depending on financial resources, new exploration programs and development or exploration opportunities. With the possible exception of an issue related to noise involving Lone Pine Resources (with Gastem as co-defendant) and for an amount not material, there are no known legal issues which may give rise to substantial litigation and the Company, its Directors or Officers have not received directly or indirectly any information which may be construed as implying legal issues which could give rise to litigation against the Company.

The Company has however undertaken litigation against the Town of Ristigouche Partie Sud-Est regarding a By-Law adopted on March 4th 2013. The Company has sent a claim for damages to the Town and at present, has no choice but to continue with legal proceedings.

11. RELATED PARTY TRANSACTIONS

The Company has its offices at 1155 University St., office 1308 in Montreal, Quebec and pays its share of the cost of the lease, communications, taxes, office insurance, telecommunications and sundries jointly with others to 3915671 Canada Inc. The sole shareholder of the latter is Gastem officer R. Savoie. 3915671 Canada Inc. does not charge fees for this service nor does it produce a profit or benefit on operations. 3915671 Canada Inc. has been created solely to facilitate administration and reduce costs. Rent and office expenses are shared with two other companies.

The Chairman and CEO has not received any salary during 2012 or to date in 2013.

12. CRITICAL ACCOUNTING ESTIMATES

The preparation of the present consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are as follows:

- Recoverability of mining properties and exploration and evaluation assets;
- Assessment of refundable tax credits related to resources;
- Estimate of the fair value of share-based payment and warrants;
- Recoverability of income tax assets; and
- Estimate of the fair value of the liability related to flow-through shares.

13. OIL AND GAS RESERVES

The Company's hydrocarbon reserves, resources and revenues are presented in section 3 of this report, and states that the Company has at the time of this report no oil or gas reserves. Detailed data has been published as part of the Company's 2012 Annual Information Form 51-101 Report which was deposited on SEDAR on April 29th 2013.

14. CERTIFICATION OF QUARTERLY FILINGS

For the financial period ending September 30th 2013, the Chief Executive Officer and the Chief Financial Officer, in collaboration with the Audit Committee of the Company, reviewed the Q3 2013 financial statements and the MD&A (together, the "Quarterly Filings") of the Company.

The Chief Executive Officer and the Chief Financial Officer of the Company represent that, based on their knowledge and having exercised reasonable diligence, the Quarterly Filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the financial period covered by the Quarterly Filings and fairly presents in all material respects the financial condition, results of operations and cash flows of the issuer, as of the date of and for the periods presented in these Quarterly filings. The Chief Executive Officer and the Chief Financial Officer are responsible for ensuring and confirming that processes are in place to provide them with sufficient knowledge to support the above mentioned representations.

15. ISSUED SHARES, WARRANTS AND OPTIONS

As of September 30th 2013, the Company had 89,787,007 issued shares. All warrants have expired. As a result, on a fully diluted basis, the Company has 90,525,423 shares as of the date of this report.

15.1 Shares Issued as of September 30th 2013

Shares Issued	Note
89,787,007	As of December 31st 2012
0	Shares issued to September 30th 2013
89,787,007	**Total as of September 30th 2013**

15.2 Warrants as of September 30th 2013

Warrants	Exercise Price	Date of Expiry
0	**Total**	

15.3 Options Not Exercised as of September 30th 2013

Options	Exercise Price	Date of Expiry
30,000	0.37 $	2014-07-31
448,416	0.58 $	2014-10-29
200,000	0.20 $	2016-01-27
60,000	0.21 $	2016-02-04
738,416	**Total**	

16. OUTLOOK

The Fraser Institute's 7th Annual Global Petroleum Survey rankings concerning barriers to investments in jurisdictions including provinces, states, nations and regions were released in early November. The Survey was established from 864 respondents representing 762 companies. Quebec ranked 141st out of a grand total of 157, and is in a peer group that includes Syria, Kazakhstan and Somaliland. New York State, guided by Governor Cuomo, managed to obtain the 119th position, between Uganda and Yemen but this was probably in relation only to shale gas and the confusion regarding 'home rule'. It is to be hoped that this will all be an accident of the past in the 2014's rankings. Be that as it may, it does not bode well for shale development in these two jurisdictions. Change can always be hoped for, but it is believed that this will take more time than expected. Consequently developments in key infrastructure and know-how will develop elsewhere.

Gastem is presently focused on obtaining high impact properties in the Maritimes and Appalachia, and completing an initial financing in December or in January 2014. Announcements will be made as soon as possible. We are confident that the subsequent increase in market value will reflect the effort put into this.

The directors and officers of Gastem thank you for your continued support and interest and take the occasion to wish you and yours a Joyous Holiday Season and Peace, Health and Prosperity in the New Year.

November 29th 2013

(s) Raymond Savoie
Raymond Savoie
Chairman and CEO