



GAS2GRID LIMITED
A.B.N. 46 112 138 780
INTERIM REPORT
31 DECEMBER 2018

GAS2GRID Limited ABN 46 112 138 780
Interim Report – 31 December 2018

Contents	Page
Directors' report	1
Auditor's independence declaration	9
Interim financial report	
Consolidated statement of profit or loss and other comprehensive income	10
Consolidated statement of financial position	11
Consolidated statement of changes in equity	12
Consolidated statement of cash flows	13
Condensed notes to the financial statements	14
Directors' declaration	19
Independent audit review report	20

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2018 and any public announcements made by Gas2Grid Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Directors' report

Your Directors present their report on the consolidated entity consisting of Gas2Grid Limited and the entity it controlled at the end of, or during the half-year ended 31 December 2018.

Directors

The following persons were Directors of Gas2Grid Limited during the half-year and up to the date of this report:

D A Munns
D J Morton
P W V M Sam Yue

Review of Operations

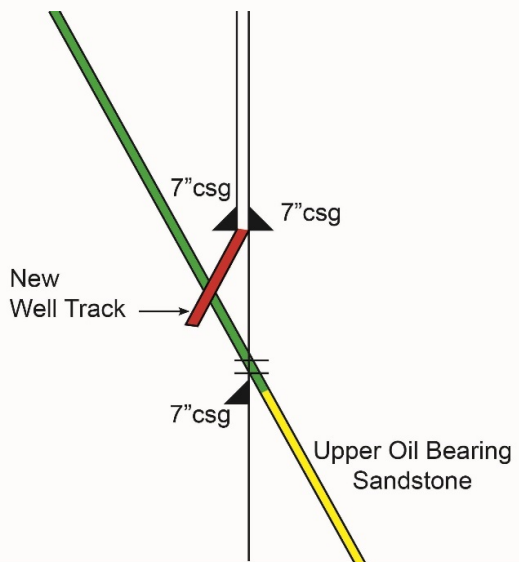
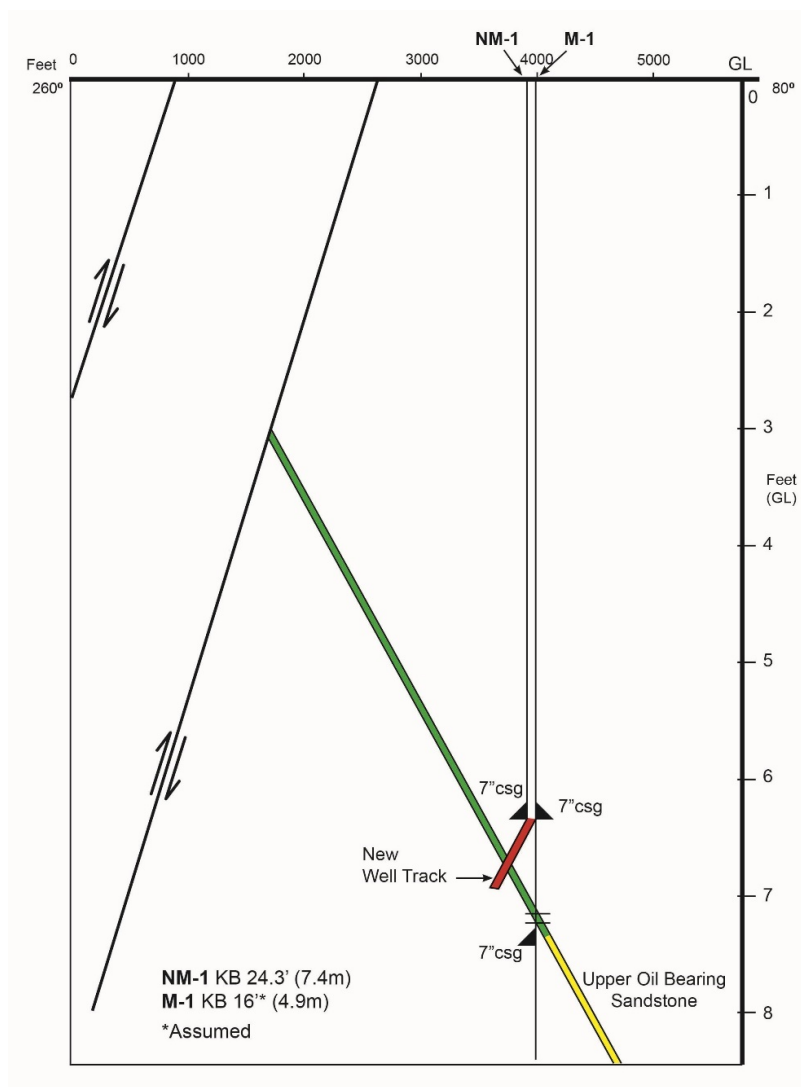
PHILIPPINES: SERVICE CONTRACT 44 (100% working interest), Onshore Cebu

During the period, the Philippines Department of Energy ("DOE") confirmed the extension of tenure of SC 44 for two (2) years to September 2020. The SC 44 extension has been issued under Presidential Decree 87 which addresses the need to fast track oil and gas exploration/development in the country. The extension requires a minimum US\$1.175 million be spent on deepening, completing and testing oil from Nuevo Malolos-1 ("NM-1"). The Company plans to raise new equity capital to satisfy this commitment.

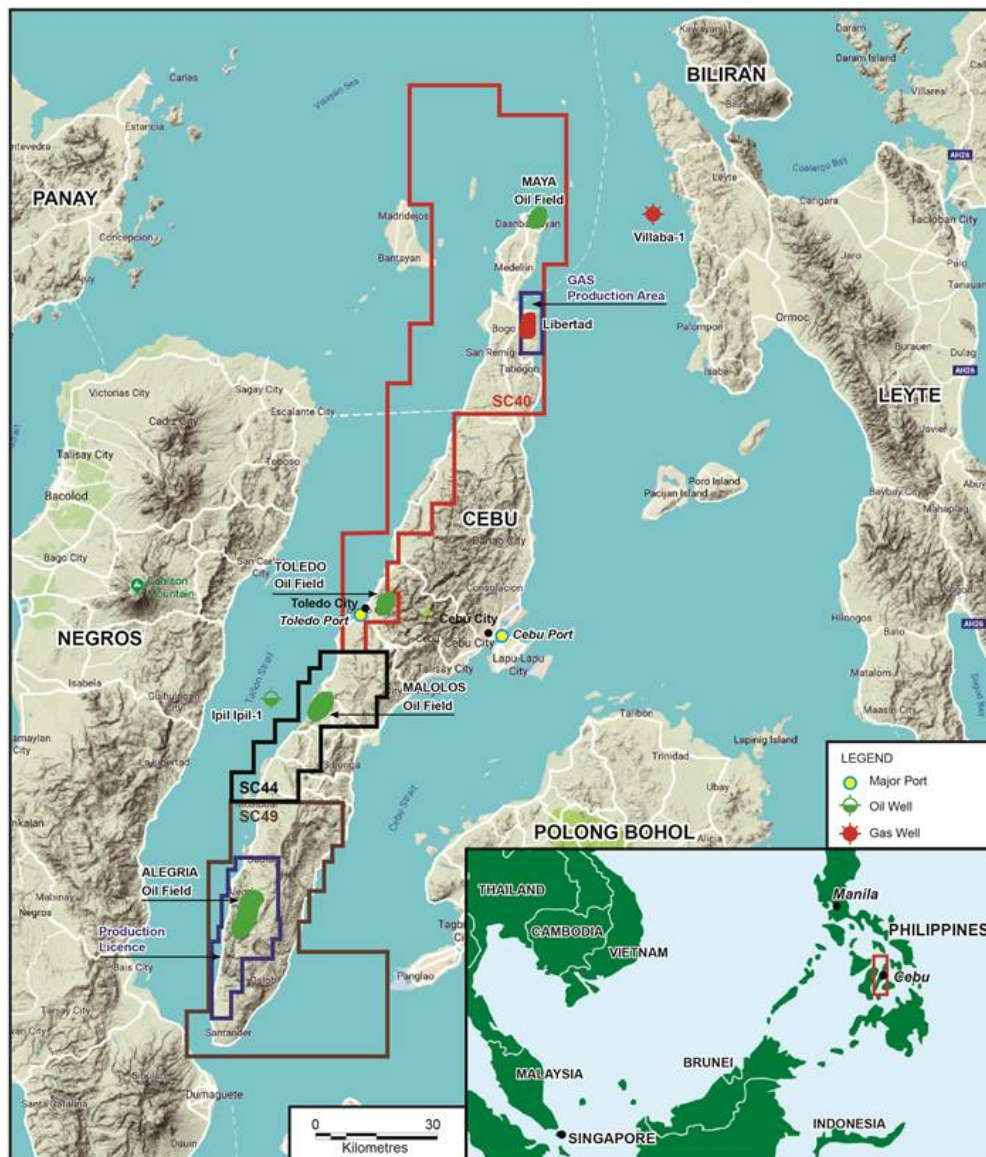
The Company has commenced preparation for deepening, completing and testing oil from NM-1 with a planned spud date in May 2019. The operation has already been approved by the DOE and drilling will be conducted using the Company owned Rig-2. That rig is planned to be moved from Malolos-1 approximately 20 metres to the NM-1 site.

The Company has received and is finalising quotes for services and equipment supply necessary to enable the drilling and completion of the two targeted oil bearing sandstones in NM-1.

Onshore Cebu is rapidly becoming the focus of an emerging petroleum production region with the operator of SC 49 in the southern part of the island having been recently awarded a 25 year production licence. The SC 49 operator has discovered and is developing the Alegria oil field which produces oil and gas from the same sandstone reservoirs that are oil productive in SC 44. The Libertad gas field in SC 40, northern Cebu has already been awarded a 25 year production licence.



Nuevo Maolos-1 Deepening: Well Track Schematic



Petroleum Service Contracts and Production Licences, Cebu Island, Philippines

PHILIPPINES: NEW VENTURES

The Company has identified certain oil and gas appraisal opportunities onshore Philippines which it has been pursuing through technical evaluation and commercial negotiation. The Company is currently engaged in negotiations on one of these farmin opportunities. Successful conclusion of negotiations would result in new appraisal well/s being drilled in 2019 using the Company owned drilling rig as part contribution to earn equity in the new projects, minimising cash outlays.

With management's many years of working experience in Philippines, new ventures in that country present good potential for the Company to generate growth in a relatively low cost environment where the government is supportive of oil and gas industry and in short time frame whilst using the Company's 100% owned drilling rig to drill for equity.



Gas2Grid's Rig-2 based in Philippines

FRANCE: ST. GRIEDE (100% working interest), Onshore Aquitaine Basin

The St Griede permit 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. In September 2015, the French Government illegally decided not to grant the renewal.

Following an action in the Pau Tribunal in November 2015, a judgement was handed down in early November 2016 fully supporting 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 3rd November 2016; and
3. A penalty, to the French Government, of Euros 3,000 for each day after 3rd December 2016 that the grant of the permit extension is delayed.

On 3rd January 2017, the French Government lodged an appeal against the decision of the Pau Tribunal. On 23rd December, 2017 the French Government issued a decree extending the St. Griede licence up until the 31st May, 2018. This extension is not in accordance with the November 2016 court

directions and it provides the Company with only 5 months in which to complete a 5 year work program that was proposed on the application for renewal of the permit in 2013.

The French Government had also appealed the penalty of €3,000 per day. That appeal was lost and penalties and costs totalling €414,400 (equivalent to approximately AU\$628,000) was subsequently imposed on the French Government and this money has been received by the Company in August 2018.

The Appeal Court of Bordeaux handed down its decision on 5 March 2019 following the hearing held on 5 February 2019 with respect to the appeal lodged on 3 January 2017 by the French Government against the Pau Tribunal's 2 November 2016 decision relating to the renewal of the St Griede Permit.

The Appeal Court decided as follows:

- a. Annulment of the decision in the judgment of 2 November 2016 (item 2 above) handed down by the Pau Tribunal whereby the Ministers were directed to grant an extension of the St Griede permit for 5 years from the date of that judgement;
- b. The Ministers are urged to reconsider the request for an extension of the St Griede permit for a second 5 year period and to make a new decision within 2 months of the judgment of the Appeal Court;
- c. A penalty of €1,000 per day of delay for non-compliance by the Ministers to the period fixed by the present judgement;
- d. The Government to pay €2,000 to Gas2Grid Limited for costs; and
- e. All other arguments by the parties are rejected.

The Company continues to be guided by its lawyers in France of the actions available to achieve the best outcome for its shareholders following the decision of the Appeal Court.

Financial Analysis

Funding: During the half year, the loan facilities from related entities of Directors (D Morton, D Munns and P Sam Yue) remained at \$8,700,000. In December 2018 the period of availability of the facilities was extended from 16 October 2019 to 16 April 2020 to ensure that the Company is sufficiently funded for operations.

At 31 December 2018 a total of \$8,097,323 has been drawn under the facilities including accrued interest and establishment fees. The loan facilities bear interest at 9% per annum computed quarterly in arrears with a 1% establishment fee based on arm's length commercial borrowing for an entity in the Group's circumstances. These loans will be repaid as soon as the Group is able to do so when funds are raised.

To undertake exploration and appraisal activities in Philippines and exploration in France while the Group has no revenue producing assets, the Group requires regular injection of funds and the activities during the half-year have been essentially towards legal costs for seeking extension of the permit in France, site upkeep in Philippines and, following confirmation of the extension of the technical moratorium of SC 44 in September 2018, preparation for the deepening drilling program. The Company is committed to invest US\$1.175 million to undertake a deepening drilling program of Nuevo Malolos 1 and production evaluation in SC 44 within the extension period. The Company has provided an insurance bond of US\$1 million for that commitment to DOE.

However, in France, the Appeal Court of Bordeaux handed down its decision on 5 March 2019 urging the Government to reconsider the request for an extension of the St Griede permit for a second 5 year period and to make a new decision within 2 months of the judgement. Consequently the Company has not budgeted for exploration expenditure in France until the Government makes a decision.

To continue the exploration activities and to meet its financial commitments as and when they fall due the Company considered the following:

- Amounts that can be drawn in the short term under the loan facilities provided by the Directors.
- Directors' fees and management can continue to be deferred and not paid in cash.
- If required, management will negotiate to extend the maturity terms of the loan facilities and the fees payable to the Directors beyond the current maturity date on 16 April 2020.

Going Concern – Emphasis of Matter

The absence of guarantee in sourcing new funds for the Company's future activities presents a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The auditor's review conclusion for the half year ended 31 December 2018 therefore includes an emphasis of matter in this regard. This going concern issue is further detailed in Note 6 to the Financial Statements.

Performance: During the half year the Group incurred net losses of \$196,984 which included receipt of penalties and costs settlement from the French Government of \$627,271, \$87,703 of expenditure relating to the extension of exploration licences in France and the Philippines, \$502,563 of finance charges and \$44,400 of share based payment to a Director as approved by shareholders at the Annual General Meeting on 29 November 2018.

Financial Position: Total negative equity increased from \$8,935,430 to \$9,088,014 primarily as a result of continuing loss from operations during the half-year.

Cash at 31 December 2018 was \$674,382 increased from the 30 June 2018 balance of \$222,856

mainly due to receipt of penalties and costs settlement from the French Government.

Current assets were \$692,051 (30 June 2018: \$243,704).

Current liabilities were \$53,034, a reduction from the 30 June 2018 amount of \$60,738.

The Directors agreed to defer payment of their Directors' and management fees of \$150,500 for the half-year.

Cash Flows: Operating activities resulted in net inflow of \$469,945 (2017: outflow \$115,892) as a result of penalties and costs settlement received from the French Government.

Strategy and Prospects for Future

The Group proposes to continue its oil and gas exploration program in Philippines and investment activities in Aquitaine Basin in France. However, no indication as to likely results in the future can be given due to the uncertainties usually associated with exploration activities and to the security of tenure of the licence in France. Future financial performance will be driven by success in the following:

- Appraisal and development of the Malolos Oil Field within SC 44 that has been assessed to have best estimate "Contingent Resource"* of 20.4 million barrels of oil as reported in a release to ASX on 20 January 2014;
- Exploration of identified prospective leads within SC 44 that have been assessed to have best estimate "Unrisked Prospective Resource"* of 104 million barrels of oil as reported in a release to ASX on 20 January 2014;
- Securing tenure of the St Griede permit in France, acquisition of new seismic data to locate and drill a target; and
- Farmin in new oil and gas exploration areas in Philippines.

To carry out those above activities the Company will require funding which may be by farmout of interests that may include upfront cash payments or equity issues or a combination of both. The method of funding will be determined at the appropriate time as part of the Group's capital management in maintaining a capital structure that minimises the cost of capital and benefits all shareholders.

Signed in accordance with a resolution of the Directors.

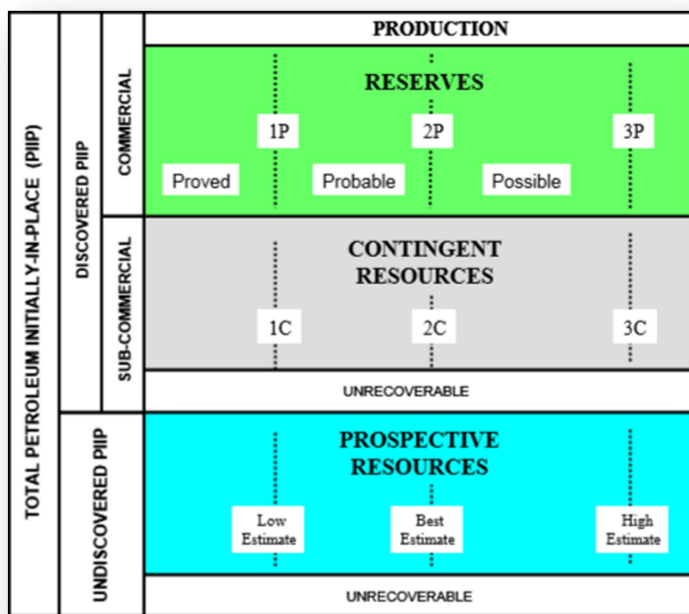


Dennis J. Morton
 Managing Director
 Sydney

15 March 2019

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.

* 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.



Graphic Summary of the SPE-PRMS classification of resources and reserves for petroleum projects.

15 March 2019

Board of Directors
Gas2Grid Limited
Export House, Level 2
18-22 Pitt Street
Sydney NSW 2000

Dear Sirs

RE: GAS2GRID LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Gas2Grid Limited.

As Audit Director for the review of the financial statements of Gas2Grid Limited for the half year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED
(Trading as Stantons International)
(An Authorised Audit Company)



Martin Michalik
Director

Gas2Grid Limited
Consolidated statement of profit or loss and other comprehensive income
for the half-year ended 31 December 2018

		Half-year	
	Note	2018	2017
		\$	\$
Interest and other income	7	628,072	19,329
Administration expense		(149,260)	(116,810)
Auditor's remuneration		(11,003)	(19,626)
Employee benefits expense		-	(71,812)
Finance costs		(502,563)	(447,457)
Foreign exchange gains/(losses)		22,600	(1,481)
Depreciation		(99)	-
Insurance costs		(7,520)	(10,129)
Licences renewal costs		(87,703)	(39,277)
Listing and registry fees		(22,744)	(15,890)
Rental expenses		(22,365)	(13,669)
Share based payments		(44,400)	(27,600)
Other expenses		-	(19,571)
Loss before income tax		(196,984)	(763,993)
Income tax expense		-	-
Loss from continuing operations		(196,984)	(763,993)
Other comprehensive income		-	-
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive loss for the half-year		(196,984)	(763,993)
Loss for the half-year attributable to the owners of Gas2Grid Limited		(196,984)	(763,993)
Total comprehensive loss for the half-year attributable to owners of Gas2Grid Limited		(196,984)	(763,993)
		Cents	Cents
Loss per share from continuing operations attributable to the ordinary equity holders of the Company:			
Basic and diluted loss per share		(0.02)	(0.08)

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Gas2Grid Limited
Consolidated statement of financial position
as at 31 December 2018

	Note	31 DECEMBER 2018 \$	30 JUNE 2018 \$
ASSETS			
Current assets			
Cash and cash equivalents		674,382	222,856
Trade and other receivables		17,669	20,848
Total current assets		<u>692,051</u>	<u>243,704</u>
Non-current assets			
Plant and equipment		1,092	-
Exploration and evaluation expenditure		56,635	-
Total non-current assets		<u>57,727</u>	
Total assets		<u>749,778</u>	<u>243,704</u>
LIABILITIES			
Current liabilities			
Trade and other payables		51,328	59,032
Provisions		1,706	1,706
Total current liabilities		<u>53,034</u>	<u>60,738</u>
Non-current liabilities			
Trade and other payables	8	1,687,435	1,021,073
Borrowings	9	8,097,323	8,097,323
Total non-current liabilities		<u>9,784,758</u>	<u>9,118,396</u>
Total liabilities		<u>9,837,792</u>	<u>9,179,134</u>
Net liabilities		<u>(9,088,014)</u>	<u>(8,935,430)</u>
EQUITY			
Contributed equity	11	32,101,943	32,101,943
Reserves		319,802	275,402
Accumulated losses		(41,509,759)	(41,312,775)
Total deficit		<u>(9,088,014)</u>	<u>(8,935,430)</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Gas2Grid Limited
Consolidated statement of changes in equity
for the half-year ended 31 December 2018

	Contributed Equity	Accumulated Losses	Reserves	Total Equity
	\$	\$	\$	\$
As at 1 July 2017	31,595,144	(39,787,042)	233,802	(7,958,096)
<i>Total comprehensive loss for the half-year</i>	-	(763,993)	-	(763,993)
Transactions with owners in their capacity as owners:				
Sale of EIP shares	12,050	-	-	12,050
Employee Incentive Plan	-	-	27,600	27,600
As at 31 December 2017	<u>31,607,194</u>	<u>(40,551,035)</u>	<u>261,402</u>	<u>(8,682,439)</u>
 As at 1 July 2018	 32,101,943	 (41,312,775)	 275,402	 (8,935,430)
<i>Total comprehensive loss for the half-year</i>	-	(196,984)	-	(196,984)
Transactions with owners in their capacity as owners:				
Employee Incentive Plan	-	-	44,400	44,400
As at 31 December 2018	<u>32,101,943</u>	<u>(41,509,759)</u>	<u>319,802</u>	<u>(9,088,014)</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Gas2Grid Limited
Consolidated statement of cash flows
for the half-year ended 31 December 2018

	Half-year	
	2018	2017
	\$	\$
Cash flows from operating activities		
Interest received	801	38
Other revenue	627,271	19,291
Payments to suppliers and employees	(158,127)	(135,221)
Net cash inflow/ (outflow) from operating activities	469,945	(115,892)
 Cash flows from investing activities		
Payments for exploration expenditure	(14,117)	-
Purchase of plant and equipment	(1,192)	-
Net cash (outflow) from investing activities	(15,309)	-
 Cash flows from financing activities		
Proceeds from sale of EIP shares	-	12,050
Proceeds from borrowings	-	75,000
Net cash inflow from financing activities	-	87,050
 Net increase/(decrease) in cash and cash equivalents	454,636	(28,842)
Cash and cash equivalents at the beginning of the half-year	222,856	43,075
Effects of exchange rate changes on cash and cash equivalents	(3,110)	(839)
Cash and cash equivalents at the end of the half-year	674,382	13,394

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1. Nature of operations

Gas2Grid Limited and subsidiaries' (the Group) principal activities consist of oil and gas exploration in the Philippines and France.

2. General information and basis of preparation

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six months ended 31 December 2018 and are presented in Australian Dollar, which is the functional currency of the Parent Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134: *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2018 and any other public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 15 March 2019.

3. Significant accounting policies

The same accounting policies and methods of computation have been followed in this interim report as were applied in the most recent annual financial statements.

The Group has adopted all of the new and amended Accounting Standards and Interpretations that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2018. It has been determined that there has been no material impact of the new and revised Accounting Standards and Interpretations on its business.

The Group has not early adopted new Accounting Standards and Interpretations that are not yet mandatory in this reporting period. No significant impact on the Group's financial performance or position is expected when they are adopted.

4. Significant event

In September 2018, the Philippines Department of Energy approved an extension of the Technical Moratorium of Service Contract 44 to September 2020. This extension provides security of tenure and sufficient time for the Group to conduct further exploration and appraisal work in the Malolos Oil Field to secure a 25 year production term.

5. Estimates

When preparing the interim financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2018.

6. Going concern – Emphasis of matter

The consolidated financial statements of the Group have been prepared on a going concern basis, which indicates continuity of business activities and the realisation of assets and settlement of liabilities in the normal course of business.

At 31 December 2018, the Group had net liabilities of \$9,088,014 including \$8,097,323 in Directors' loans and \$1,687,435 in Directors' fees and accrued finance charges that fall due for repayment on 16 April 2020. The Group has made a loss of \$196,984 for the half-year ended 31 December 2018.

In September 2018, the Philippines Department of Energy ("DOE") approved an extension of the Technical Moratorium of Service Contract 44 (SC44) for 2 years. The Company is committed to invest US\$ 1.175 million to undertake a deepening drilling program of Nuevo Malolos 1 and production evaluation in SC 44 within the extension period. The Company has provided an insurance bond of US\$1 million for that commitment to DOE.

Management continues to seek recovery of its investment in the St Griede permit in France which had not been renewed in 2015 by the French Government on improper legal grounds as ruled by the French tribunal. In November 2016, the tribunal has directed the French Government to grant within one month the renewal for 5 years from November 2016 subject to penalties for any delay and in January 2017 the French Government has appealed that judgement. The Appeal Court has handed down its decision on 5 March 2019 annulling the imposition on the Government to renew the permit for 5 years from the date of the November 2016 judgement and directed the Government to reconsider the renewal for a 5 year period with a decision within 2 months subject to a penalty of Euros 1,000 per day of delay. Penalties and costs of Euros 414,400 relating to the November 2016 judgement were received in August 2018 by the Company in full settlement of the penalties imposed by the tribunal for the delays in the Government's decision on the permit renewal.

Consistent with the nature of the Group's activities, its ongoing investment of funds into exploration activities will only be possible as and when sufficient funds are available to the Group. In the short term additional funds will be required for the Group to continue as a going concern and the Company plans to raise equity capital to meet that requirement.

As a result of these matters, there is a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

At the date of this report, the Directors are of the opinion that there are reasonable grounds to expect that the Group will be able to continue as a going concern. In arriving at this conclusion, the Directors considered the following:

- The expiry date of the loan facilities from related entities of Directors (D Morton, D Munns and P Sam Yue) was extended to 16 April 2020. The undrawn amount on these loans is \$603,000 at 31 December 2018 and is able to be drawn upon in the short term.
- The Directors' fees and management fees can continue to be deferred and not paid in cash by the Group.
- If required, management will negotiate to extend the maturity terms of the loan facilities and the fees payable to the Directors beyond the current maturity date on 16 April 2020.

In the longer term, the continuing ability of the Group to continue as a going concern and to undertake exploration activities and repay Directors' loans, outstanding fees and interest is dependent upon the successful development and exploitation of SC44, or sale of part of the Group's interest in SC44 and enter into joint venture for its development and resolution of St Griede issues. However, new equity capital may also be sought.

Gas2Grid Limited
Notes to the financial statements
For the half-year ended 31 December 2018
(continued)

On that basis the Directors have prepared the financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 31 December 2018. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

7. Interest and other income

	2018	2017
	\$	\$
Interest	801	38
Penalties and costs settlement from French Government	627,271	-
Other income	-	19,291
	<u>628,072</u>	<u>19,329</u>

8. Trade and other payables – Non-current

	31 December	30 June
	2018	2018
	\$	\$
Directors' fees payable (including GST)	1,035,075	871,275
Establishment fees and interest on Directors' loans and accounts payable	652,360	149,798
	<u>1,687,435</u>	<u>1,021,073</u>

At 31 December 2018, Directors have agreed for the amounts owing to them at balance date to be settled on 16 April 2020 or earlier at the Company's option. Interest at the rate of 9% per annum is provided quarterly in arrears.

9. Non-current borrowings

	31 December	30 June
	2018	2018
	\$	\$
Loans from Director related entities	<u>8,097,323</u>	<u>8,097,323</u>

In December 2018, the expiry date of the loan facilities of \$8,700,000 made available by the Directors' related entities was extended from 16 April 2019 to 16 April 2020.

10. Segment information

The Group operates as an exploration company performing exploratory drilling of wells, seismic and aerogravity surveys, geological and geophysical studies in the Philippines and France. The Group manages these activities from its head office in Sydney, Australia and a branch office in Manila, Philippines.

	Revenue		Segment Results		Segment Assets		Segment Liabilities	
	2018 \$	2017 \$	2018 \$	2017 \$	31 Dec 2018 \$	30 Jun 2018 \$	31 Dec 2018 \$	30 Jun 2018 \$
Australia	801	19,329	(736,551)	(724,716)	645,868	238,297	9,803,898	9,152,353
France	627,271	-	562,405	(19,160)	-	-	-	5,580
Philippines	-	-	(22,838)	(20,117)	103,910	5,407	33,894	21,201
Consolidated	628,072	19,329	(196,984)	(763,993)	749,778	243,704	9,837,792	9,179,134

11. Contributed equity

	2018 Shares	2017 Shares	2018 \$	2017 \$
At beginning of period	1,132,409,076	913,409,076	32,101,943	31,595,144
Movement during the half-year:				
Issued under Employee Incentive Plan "EIP"	12,000,000	12,000,000	-	-
Sale of EIP shares	-	-	-	12,050
At end of period	1,144,409,076	925,409,076	32,101,943	31,607,194

The EIP shares were issued to Director P Sam Yue following the approval of shareholders at the Annual General Meeting held on 29 November 2018.

At balance date there were 65,800,000 shares issued under EIP and loans outstanding on the shares were \$576,400.

12. Contingent liabilities

The Group did not have any contingent liabilities as at 31 December 2018.

13. Exploration expenditure commitments

The expenditure commitment to maintain and renew rights to tenure in exploration licence SC 44 as at 31 December 2018 have not been provided for in the financial statements and are due:

	31 December 2018	30 June 2018
	\$	\$
Within twelve months	1,394,000	-
Twelve months or longer and not longer than 5 years	135,000	-
	<u>1,529,000</u>	<u>-</u>

The DOE requires a performance bond of USD1 million for the above commitment of SC 44. The Company has provided an insurance bond for this requirement.

14. Events occurring after the reporting period

There has not arisen in the interval since 31 December 2018 and up to the date of this report, any matter that, in the opinion of the Directors, has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years other than the following:


- on 5 March 2019 the Appeal Court of Bordeaux has handed down its decision annulling the imposition on the French Government to renew the St Griede permit for 5 years from the date of the November 2016 judgement and directed the Government to reconsider the renewal for a 5 year period with a decision within 2 months subject to a penalty of Euros 1,000 per day of delay.

Gas2Grid Limited
Directors Declaration
For the half-year ended 31 December 2018

In the Directors' opinion:

- (a) the interim financial statements and notes set out on pages 10 to 18 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standard AASB 134: Interim Financial Reporting;
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that Gas2Grid Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Dennis J. Morton
Director

Sydney
Date: 15 March 2019

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
GAS2GRID LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Gas2Grid Limited, which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Gas2Grid Limited (the consolidated entity). The consolidated entity comprises both Gas2Grid Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Gas2Grid Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Gas2Grid Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Whilst we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by the directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Gas2Grid Limited on 15 March 2019.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Gas2Grid Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty Regarding Going Concern

We draw attention to Note 6 of the financial report, which describes the effects on the preparation of the financial statements on a going concern basis.

As at 31 December 2018, Gas2Grid Limited had working capital of \$639,017, net liabilities of \$9,088,014 and had incurred a loss for the half year of \$196,984. The ability of Gas2Grid Limited to continue as a going concern is subject to the company being able to draw down and or extend loan facilities, defer directors' and management fees and/or a successfully recapitalise Gas2Grid Limited by raising new capital.

In the event that the Board is not successful in these matters and in raising further funds, Gas2Grid Limited may not be able to pay its debts as and when they become due and may be required to realise its assets and discharge its liabilities other than in the normal course of business, and at amounts different to those stated in the financial report. Our conclusion is not modified in respect of this matter.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik

Martin Michalik
Director

West Perth, Western Australia
15 March 2019