



**GAS2GRID LIMITED**

**A.B.N. 46 112 138 780**

**HALF-YEAR REPORT  
31 DECEMBER 2011**

**GAS2GRID Limited** ABN 46 112 138 780  
**Half Year Report – 31 December 2011**

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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 2011 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 2011.

## **Directors**

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

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

## **Review of operations**

### **HIGHLIGHTS**

#### **Corporate**

- 29,200,000 of the 30<sup>th</sup> September 2011 options were exercised raising \$1,448,320.

#### **Philippines, Service Contract 44 (100% interest)**

- Over 20 barrels of oil plus gas recovered from Malolos-1 Phase 2 workover – oil is likely sourced from the main target which has been identified as a gross 27 metre oil bearing sandstone with its top at depth of 2,173m and base at 2,199.5m. Testing of this interval is currently on hold because of junk in the hole.
- Cased hole logging has been completed and data has been processed and interpreted by a wireline contractor. Several thick gas bearing sandstone reservoir intervals were recommended for testing.
- Malolos-1 Phase 2 workover continuing into 2012 with flow testing commencing as soon as possible.
- 2011 Seismic Survey was successfully completed and interpreted with new prospects delineated and drilling locations identified.
- Three exploration wells scheduled for the first half of 2012.

#### **France, St Griede (100% interest)**

- Purchased the remaining 50% interest from joint venture partner to now own 100%.
- Second stage seismic reprocessing underway.
- Seismic acquisition planned for 2012.

#### **Western Australia, EP 453 (100% interest)**

- Shale gas potential reviewed.

## **CORPORATE**

29,200,000 of the 33,200,000 30<sup>th</sup> September 2011 options on issue were exercised providing fresh capital of \$1,448,320.

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



**Figure 1 : Malolos-1 Phase 2 Workover with Coiled Tubing Unit (November, 2011)**

#### **Malolos-1**

Malolos-1 was drilled to a total depth of 2,748 metres in 1960. Gas and oil bearing sandstones are present below 1,000 metres in the Malolos-1 well but they were not targeted during the Phase 1 workover, which was conducted in March, 2010. The Phase 1 workover targeted gas bearing sandstones above 1,000 metres in depth and this work proved the existence of natural gas and oil at these shallow depths. The workover also determined that the sandstone reservoirs are of good quality and they seem to be undamaged by previous drilling and completion work.

Oil (39° API) was recovered on several drillstem tests conducted over the gross interval 2,185-2,233 metres when the Malolos-1 well was originally drilled and tested in 1960. Sustained production from these oil bearing sandstones was not established at that time. The Company is now attempting to access this known oil reservoir and conduct tests to try and establish commercial oil production.

Numerous other sandstone intervals are located above the oil bearing sandstone (2,173 metres). Original well records indicate that both gas and water have been produced from these intervals on open hole drillstem testing. We are now fully evaluating the distribution of gas and water and if possible establishing commercial gas production.

**Phase 2 Workover:** Malolos-1, cased hole, workover operations commenced on the 30<sup>th</sup> October 2011 using a coiled tubing unit with the well being cleaned out to a depth of 3,270 feet (996.8 metres). A cement plug was drilled out between 3,260-3,270 feet (993.7-996.7 metres) – continued clean out to 3,400 feet (1,036.3 metres) when traces of oil and gas were observed at the surface with about 20 psi surface pressure. The well was then cleaned out to 6,000 feet (1,828.8 metres) and a wiper trip conducted with slight resistance encountered between 3,512-3,518 feet (1,070.5 -1,072.3 metres). Surface pressure increased to 480 psi and oil and gas flowed to surface for over 1 ½ hours – total oil recovered was just over 20 barrels.

The clean out continued to a depth of 7,190 feet (2,191.5 metres). At this depth an obstruction was intersected in the hole which has been determined to be a 2 7/8 inch tubing. It is likely that this tubing is attached to a packer, both of which (“junk”) form part of the original (1960) cased hole testing equipment which became stuck at that time and were left in the hole. Attempts to mill out the junk were unsuccessful and the mill bit plus some other equipment was left in the hole during this work. Fishing attempts with an overshot on the coiled tubing unit were unsuccessful but the mill bit was eventually successfully fished out of the hole with the wireline unit.

**Cased Hole Wireline Logging:** Cased hole wireline logs have been successfully recorded from above the junk in the hole located immediately above the oil sandstone reservoir (7,190 feet - 2,191.5 metres) to surface. Data quality is excellent. The main logging tool employed in the well is the pulsed neutron (PNN) which under good conditions has the ability to differentiate the sandstone reservoir intervals and also separately recognize oil, gas and water.

With the PNN system the evaluation of old wells is available for possible recompilation. PNN log provides information on:

- porosity
- shale or clay fraction,
- hydrocarbon saturation and type

In an old well, where perhaps only an early electrical survey has been run, an evaluation can be made of shale content, porosity and initial hydrocarbon reserves using PNN interpretation results. Gas zones can be identified, and present hydrocarbon saturation can be estimated.

The new PNN data were processed and interpreted by the logging contractor with excellent results. Numerous sandstone reservoir intervals were identified and these intervals have a good correlation with those intervals interpreted from the original, open-hole wireline logs. In addition, previously perforated intervals (in 1960) have been identified.

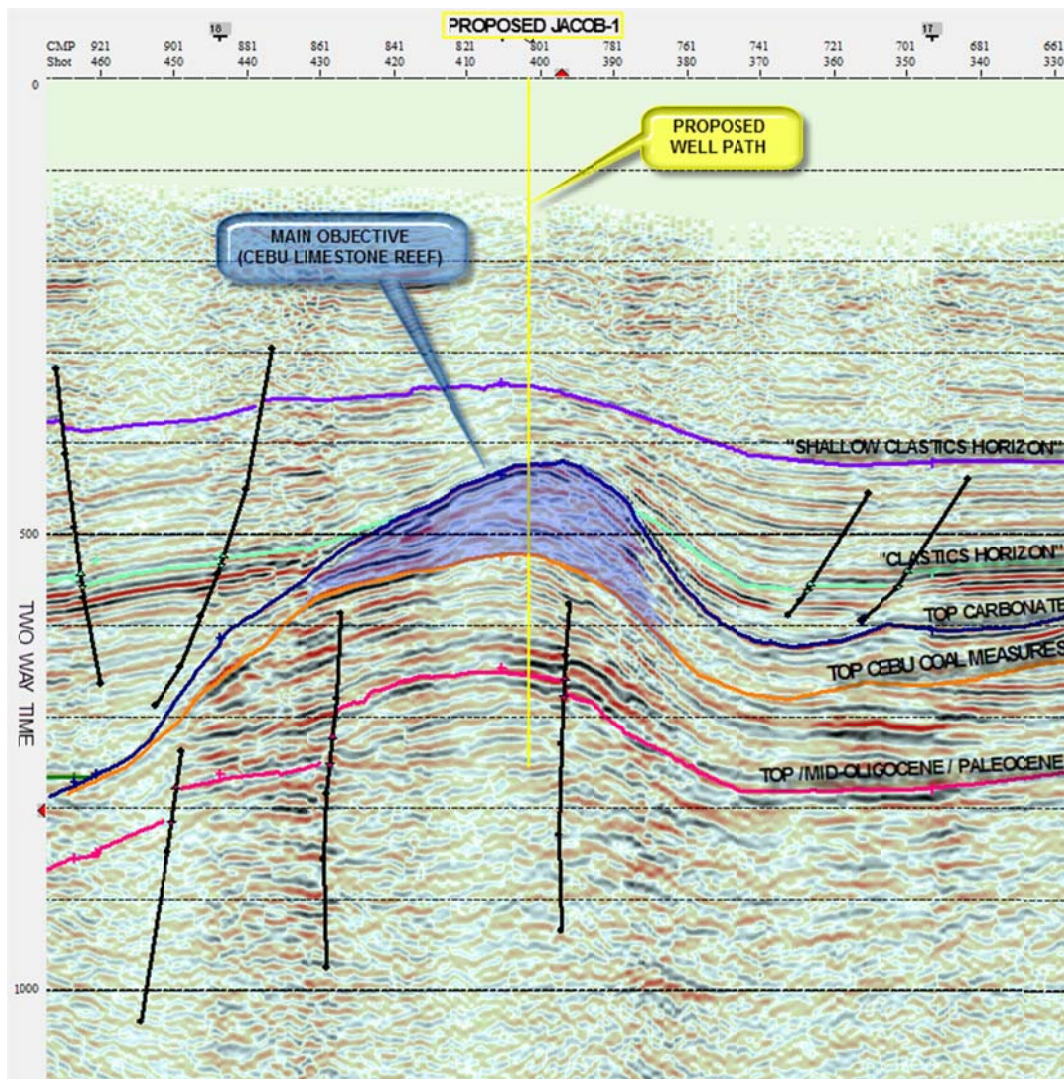
The contractor has identified both possible gas and water bearing sandstone reservoir intervals. Six sandstone reservoir intervals have been interpreted as being gas bearing and they warrant cased-hole flow testing.

**Testing Program:** The forward plan is to perforate and flow test the main sandstone reservoir intervals that have been interpreted as being gas bearing based on both the cased-hole and open-hole wireline logs. Testing will commence as soon as all equipment can be mobilized to site and the previously unknown, existing well perforations, are secured.

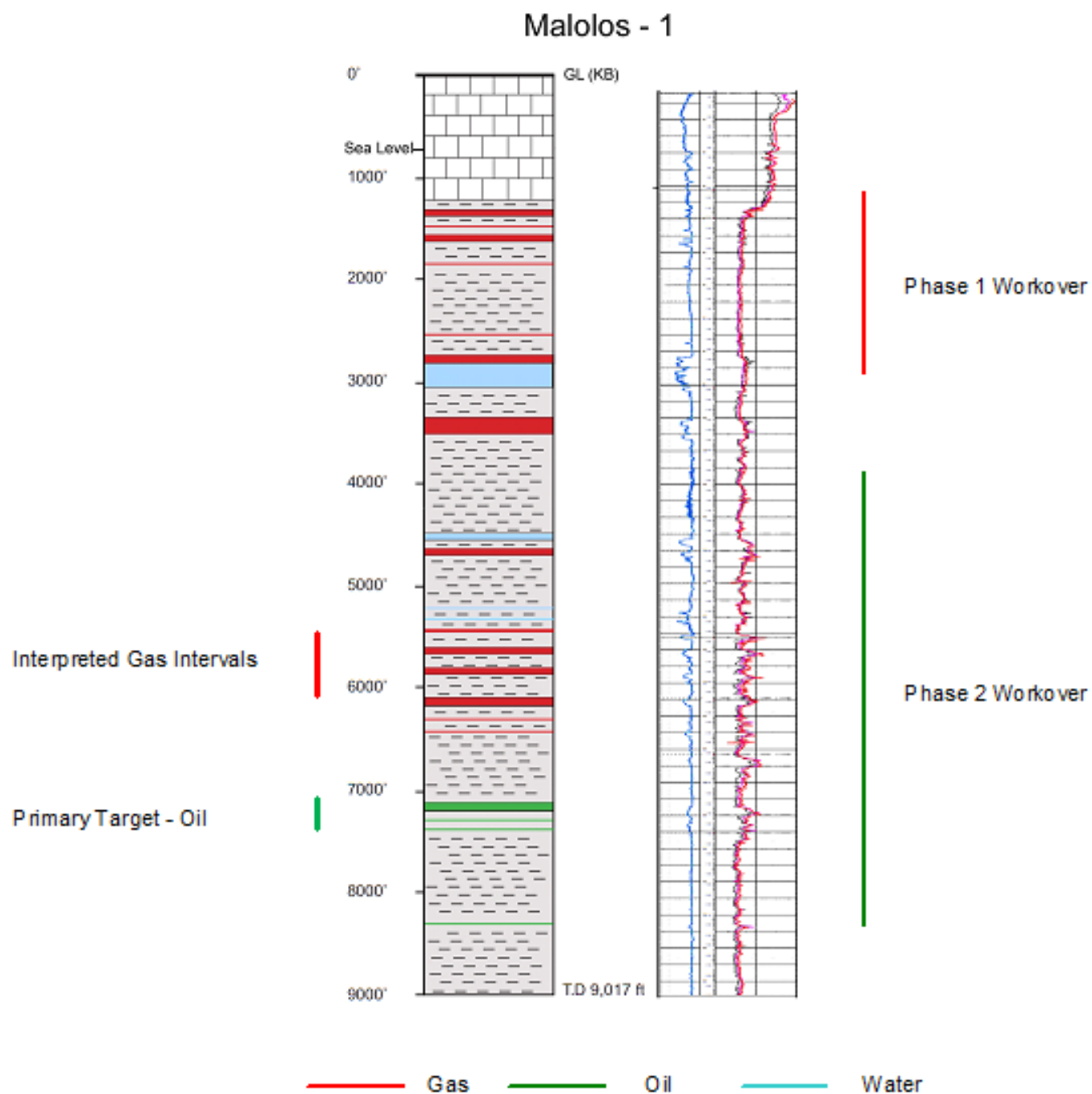
The flow test results will not in any way influence either the well location or the likely success of the upcoming three exploration well drilling program. The three new wells are mainly targeting different play types and the well locations have been determined based on good seismic control.

**Seismic Program:** The 2011 Seismic Program has been completed. The seismic program has delineated three new drilling prospects that will be tested in the first half of 2012 plus numerous other potential prospects that warrant further investigation. See Figure 2 displaying the Jacob Prospect (previously referred to as Calidngnan Prospect), one of the 3 prospects delineated, likely to be drilled first.

**2012 Drilling Program:** The Company will drill three new exploration wells in the first half of 2012. The new wells will target both the Miocene carbonate reefs and Tertiary age sandstone reservoirs trapped within anticlines. These prospects were originally identified by the 2010 Seismic Survey and drilling locations finalized by the 2011 Seismic Survey.



**Figure 2 : Jacob Prospect – Limestone Pinnacle Reef**



**Figure 3 : Malolos -1 Well Schematic**

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

**Corporate:** Gas2Grid Limited now owns 100% of the St. Griede licence after purchasing joint venture partner Flow Energy Limited's 50% interest in August 2011 for a cash consideration of \$900,000. Gas2Grid Limited regards the oil and gas exploration potential within the St. Griede licence as being exceptional and the 100% ownership provides a great opportunity to create significant value for shareholders.

**Technical:** In 2011 a decision was made to reprocess any additional vintage seismic data available within the St. Griede licence and a few vintage seismic lines that tied nearby producing fields and wells to provide additional geological control.

A total of 1,232.6 kilometres of vintage field seismic data was purchased from the BRGM (French Government body). These data were supplied to the Company by BRGM in two batches. The first data batch (898.6 kms) was received on the 28<sup>th</sup> June 2011 and processing commenced on the 30<sup>th</sup> June, 2011. Processing was completed for this batch of data on the 26<sup>th</sup> December, 2011 with some delays being experienced due to bad location data and unknown geometry. Reprocessed data quality is generally excellent.

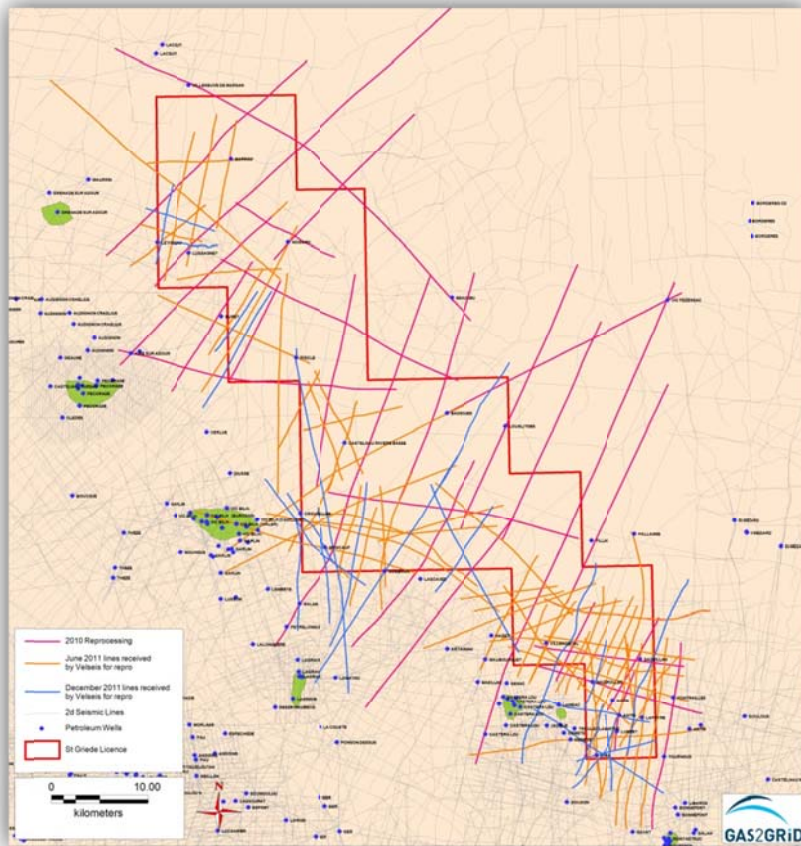
The second data batch (334 kms) was not received until the 20<sup>th</sup> December, 2011. These data are still being processed. It is anticipated that processing of these data will be completed in February, 2012. Interpretation of the first batch of data has commenced and it is anticipated that all data will have been interpreted by the end of March, 2012.

Structural traps attractive for oil and gas exploration in the Aquitaine Basin are generally cored by Triassic salt. Salt has a much lower density than the surrounding sedimentary rocks and gravity is a useful technique to determine areas of thick salt development. The regional aero-gravity survey will assist to define the location of thick salt accumulations and hence likely structural petroleum traps.

The Aquitaine Basin is a prolific hydrocarbon province with a long history of discovery and production. Over 13,000 petajoules (approximately 13 trillion cubic feet) of gas and 450 million barrels of liquid hydrocarbons have been produced from the basin, mainly by the large French Government-owned corporations. There has been a hiatus in exploration activity since the 1980s, but a resurgence of licensing activity and operations has occurred recently, coincident with the increase in both oil and natural gas prices. Markets and gas pipeline infrastructure are well developed and the commercialisation of even small discoveries is likely.

**2012 Planned Activities:** The Company plans on the following work activities for 2012:

- Complete the reprocessing of the vintage seismic data.
- Interpret the reprocessed seismic data, integrating aero-gravity and available petroleum well data.
- If a petroleum exploration prospect and drilling location has been delineated by the existing and reprocessed seismic data then a petroleum exploration well will be drilled in 2012/2013.
- If no drilling location has been delineated by the existing reprocessed seismic data then acquire approximately 200 kms new 2D seismic data in the second half of 2012, over mapped leads and prospects. Petroleum exploration well drilling will follow in the first half of 2013.



**Figure 4: St Griede – Seismic Reprocessing**

**AUSTRALIA: EP 453 (100%), Onshore Canning Basin, Western Australia**

The Company completed reprocessing all seismic data previously acquired over prospects and leads located within EP 453. These reprocessed data have been interpreted and target horizons mapped but no good drilling prospects have been delineated. Exploration drilling is not considered an option at this stage.

EP 453 contains shale formations that might be attractive for oil and gas exploitation. Canning Basin shale exploration activity has increased markedly in recent times in concert with similar activity levels in other Australian sedimentary basins. The Company is continuing its technical review aimed at determining the oil and gas shale potential within EP 453.

Dennis J. Morton  
Managing Director

Sydney  
15 February 2012



## Auditor's Independence Declaration

As lead auditor for the audit of Gas2Grid Limited for the half year 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Gas2Grid Limited and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'P. Buchholz', with a long horizontal stroke extending to the right.

Peter Buchholz  
Partner  
PricewaterhouseCoopers

Sydney  
15 February 2012

**Gas2Grid Limited**  
**Consolidated statement of comprehensive income**  
for the half-year ended 31 December 2011

		<b>Half-year</b>	
	Notes	<b>2011</b>	2010
		\$	\$
<b>Revenue from continuing operations</b>		<b>7,588</b>	5,716
Administration expense		(138,955)	(361,767)
Auditor's remuneration		(15,300)	(25,022)
Employee benefits expense		(65,900)	(44,218)
Depreciation and amortisation expense		(15,330)	(1,412)
Finance costs		(3,158)	-
Impairment of deferred exploration expenditure		-	(8,600)
Insurance costs		(20,181)	(13,400)
Listing and registry fees		(35,434)	(33,069)
Rental expenses		(43,362)	(17,442)
Share based payments		(365,000)	(125,000)
Other expenses		(57,248)	(23,899)
<b>Loss before income tax</b>		<b>(752,280)</b>	(648,113)
Income tax expense		-	-
<b>Loss for the half-year</b>	<b>3</b>	<b>(752,280)</b>	(648,113)
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations		-	(1,036,211)
<b>Other comprehensive loss income for the half-year</b>		<b>-</b>	(1,036,211)
<b>Total comprehensive loss for the half-year</b>		<b>(752,280)</b>	(1,684,324)
Loss for the half-year attributable to the owners of Gas2Grid Limited		<b>(752,280)</b>	(648,113)
Total comprehensive loss for the half-year is attributable to :			
Owners of Gas2Grid Limited		<b>(752,280)</b>	(1,684,324)
		<b>(752,280)</b>	(1,684,324)
		<b>Cents</b>	Cents
<b>Earnings per share for loss attributable to the ordinary equity holders of the Company:</b>			
Basic earnings per share		<b>(0.20)</b>	(0.28)
Diluted earnings per share		<b>(0.20)</b>	(0.28)

*The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.*

**Gas2Grid Limited**  
**Consolidated statement of financial position**  
as at 31 December 2011

	<b>31 DECEMBER 2011 \$</b>	<b>30 JUNE 2011 \$</b>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	<b>351,430</b>	1,374,931
Trade and other receivables	<b>105,182</b>	141,418
Other financial assets at fair value	<b>2,153</b>	2,153
	<hr/>	<hr/>
Total current assets	<b>458,765</b>	1,518,502
	<hr/>	<hr/>
<b>Non-current assets</b>		
Exploration expenditure and rights	<b>10,761,561</b>	7,442,753
Plant and equipment	<b>161,575</b>	11,331
	<hr/>	<hr/>
Total non-current assets	<b>10,923,136</b>	7,454,084
	<hr/>	<hr/>
<b>Total assets</b>	<b>11,381,901</b>	8,972,586
	<hr/>	<hr/>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	<b>1,486,446</b>	550,623
	<hr/>	<hr/>
Total current liabilities	<b>1,486,446</b>	550,623
	<hr/>	<hr/>
<b>Non-Current liabilities</b>		
Provisions	<b>109,428</b>	-
	<hr/>	<hr/>
Total non-current liabilities	<b>109,428</b>	-
	<hr/>	<hr/>
<b>Total liabilities</b>	<b>1,595,874</b>	550,623
	<hr/>	<hr/>
<b>Net assets</b>	<b>9,786,027</b>	8,421,963
	<hr/>	<hr/>
<b>EQUITY</b>		
Contributed equity	<b>18,322,917</b>	16,571,573
Reserves	<b>(556,255)</b>	(921,255)
Accumulated losses	<b>(7,980,635)</b>	(7,228,355)
	<hr/>	<hr/>
<b>Total equity</b>	<b>9,786,027</b>	8,421,963
	<hr/>	<hr/>

*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 2011

	<b>Contributed Equity \$</b>	<b>Accumulated Losses \$</b>	<b>Reserves \$</b>	<b>Total Equity \$</b>
<b>As at 1 July 2010</b>	13,421,509	(4,970,054)	(714,720)	7,736,735
<i><b>Total comprehensive (loss) income for the half-year</b></i>	-	(648,113)	(1,036,211)	(1,684,324)
<b>Transactions with owners in their capacity as owners:</b>				
Contributions of equity, net of transaction costs	1,889,496	-	-	1,889,496
<b>As at 31 December 2010</b>	<u>15,311,005</u>	<u>(5,618,167)</u>	<u>(1,750,931)</u>	<u>7,941,907</u>

	<b>Contributed Equity \$</b>	<b>Accumulated Losses \$</b>	<b>Reserves \$</b>	<b>Total Equity \$</b>
<b>As at 1 July 2011</b>	16,571,573	(7,228,355)	(921,255)	8,421,963
<i><b>Total comprehensive (loss) income for the half-year</b></i>	-	(752,280)		(752,280)
<b>Transactions with owners in their capacity as owners:</b>				
Contributions of equity, net of transaction costs	1,751,344	-	-	1,751,344
Employee Incentive Plan	-	-	365,000	365,000
<b>As at 31 December 2011</b>	<u>18,322,917</u>	<u>(7,980,635)</u>	<u>(556,255)</u>	<u>9,786,027</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 2011

	<b>Half-year</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Interest received	7,568	5,716
Payments to suppliers and employees (inclusive of goods and services tax)	(208,568)	(417,642)
<b>Net cash (outflow) inflow from operating activities</b>	<b>(201,000)</b>	<b>(411,926)</b>
<b>Cash flows from investing activities</b>		
Exploration expenditure	(2,243,681)	(678,183)
Payment for plant and equipment	(51,712)	-
<b>Net cash (outflow) inflow from investing activities</b>	<b>(2,295,393)</b>	<b>(678,183)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	994,436	1,923,184
Transaction costs on issue of shares	(10,049)	(151,301)
Proceeds from borrowings	500,000	-
Repayment of borrowings	(4,000)	-
Interest paid	(2,845)	-
<b>Net cash inflow (outflow) from financing activities</b>	<b>1,477,542</b>	<b>1,771,883</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,018,851)</b>	<b>681,774</b>
Cash and cash equivalents at the beginning of the half-year	1,374,931	569,858
Effects of exchange rate changes on cash and cash equivalents	(4,650)	3,001
<b>Cash and cash equivalents at the end of the half-year</b>	<b>351,430</b>	<b>1,254,633</b>

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

## 1 Basis of preparation of half-year report

This general purpose financial report for the interim half-year reporting period ended 31 December 2011 has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

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 2011 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*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

### Going concern

As an exploration company, Gas2Grid Limited requires ongoing funding to support its exploration activities from time to time. At balance date, the Company had a deficit in working capital of \$1,027,681 and a loan facility agreement with Budside Pty Ltd, a company controlled by Managing Director Dennis Morton, providing a facility to draw up to \$500,000 for working capital requirements. In January 2012, the loan facility has been increased to \$1,250,000 and available to 30 September 2013. While the Directors believe additional equity capital will be raised, at the date of this report there is material uncertainty regarding the Company's ability to continue as a going concern and, therefore, whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report has been prepared on a going concern basis and accordingly no adjustments have been made relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

## 2 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, France and Western Australia. The Group manages these activities from its head office in Sydney, Australia, a branch office in Manila, Philippines and an office in Singapore.

	Revenue		Segment Results		Segment Assets		Segment Liabilities	
	<b>2011</b>	2010	<b>2011</b>	2010	<b>2011</b>	2010	<b>2011</b>	2010
	\$	\$	\$	\$	\$	\$	\$	\$
Australia	<b>7,588</b>	5,716	<b>(752,280)</b>	(607,111)	<b>644,332</b>	1,894,451	<b>497,520</b>	551,385
Singapore	-	-	-	(10,126)	-	-	-	-
France	-	-	-	(22,276)	<b>1,977,914</b>	775,097	<b>175,228</b>	7,585
New Zealand	-	-	-	(8,600)	-	-	-	-
Philippines	-	-	-	-	<b>8,759,655</b>	6,003,419	<b>923,126</b>	172,190
Consolidated	<b>7,588</b>	5,716	<b>(752,280)</b>	(648,113)	<b>11,381,901</b>	8,673,067	<b>1,595,874</b>	731,160

### 3 Dividends

No dividends were provided for or paid during the half-year.

### 4 Equity securities issued

	<b>2011 Shares</b>	2010 Shares	<b>2011 \$</b>	2010 \$
<b>Issues of ordinary shares during the half-year</b>				
Under Non-Renounceable Entitlements Issue	-	76,927,404	-	1,923,185
Transaction Costs	-	-	(10,048)	(158,689)
On exercise of Unlisted Options	<b>30,042,320</b>	-	<b>1,490,436</b>	-
For payment of services rendered	<b>5,040,995</b>	-	<b>270,956</b>	-
Under Employee Incentive Plan	<b>10,000,000</b>	2,500,000	<b>365,000</b>	125,000
	<b>45,083,315</b>	79,427,404	<b>2,116,344</b>	1,889,496

### 5 Contingent Liabilities

The Group did not have any contingent liabilities as at 31 December 2011.

### 6 Commitments for Expenditure

#### Exploration Expenditure Commitments

In order to maintain current rights to tenure to exploration tenements, the Company has the following exploration expenditure commitments up until expiry of the leases. These obligations, which may be farmed out and are subject to renegotiation, are not provided for in the financial statements and are payable:-

	<b>Consolidated</b>	
	<b>31 December 2011</b>	<b>30 June 2011</b>
	<b>\$</b>	<b>\$</b>
Not later than one year	<b>2,999,464</b>	2,934,132
Later than one year but not later than 5 years	<b>533,705</b>	827,335
	<b>3,533,169</b>	<b>3,761,467</b>

## Operating Lease Commitments

Minimum payment, including agreed annual increases, under non-cancellable operating lease according to the time expected to elapse to the expected date of payment:

	<b>Consolidated</b>	
	<b>31 December 2011</b>	30 June 2011
	\$	\$
Not later than one year	<b>100,688</b>	-
Later than one year but not later than 5 years	<b>429,685</b>	-
	<b>530,373</b>	-

## 7 Events occurring after the balance sheet date

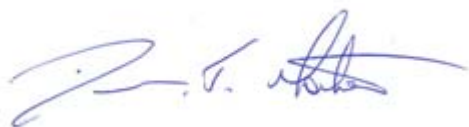
There are no matters which have arisen since 31 December 2011 which significantly affected, or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods other than that the loan facility provided by Budside Pty Ltd, a company controlled by Managing Director Dennis Morton, was increased from \$500,000 to \$1,250,000 and extended to 30 September 2013 and on 2 February 2012, \$500,000 was drawn to pay suppliers.

**Gas2Grid Limited**  
**Directors Declaration**  
31 December 2011

In the directors' opinion:

- (a) the financial statements and notes set out on pages 10 to 16 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 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 February 2012



## **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 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Gas2Grid Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

#### *Directors' responsibility for the half-year financial report*

The directors of the company 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 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 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 2011 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.

#### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



## *2Conclusion*

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 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

## *Material Uncertainty Regarding Continuation as Going Concern*

Without qualification to our opinion expressed above, we draw attention to Note 1, which comments on the ongoing funding requirements of the company. These conditions, along with other matters as set forth in Note 1 indicate the existence of material uncertainty that may cast doubt about the entity's ability to continue as going concern and therefore the entity maybe unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

A stylized, handwritten signature in blue ink, likely representing the PricewaterhouseCoopers firm.

PricewaterhouseCoopers

A stylized, handwritten signature in blue ink, likely representing Peter Buchholz.

Peter Buchholz  
Partner

Sydney  
15 February 2012