ANNUAL REPORT 2015

GAS2GRID

GAS2GRID LIMITED ABN 46 112 138 780

DIRECTORS

David A Munns
(Non-Executive Chairman)

Dennis J Morton
(Managing Director)

Patrick W V M Sam Yue
(Executive Director)

COMPANY SECRETARY

Patrick W V M Sam Yue

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

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SYDNEY NSW 2000 AUSTRALIA
Telephone: +61 2 8298 3688
Facsimile: +61 2 8298 3699
Email: office@gas2grid.com

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3rd Floor, 111 Paseo de Roxas corner Legasi Street,
Legasi Village, MAKATI CITY PHILIPPINES
Telephone: +63 2 815 8836

SHARE REGISTRY

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Level 29, Suncorp Place
259 George Street
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Telephone: +61 2 9032 3000
Facsimile: +61 2 9251 1275

AUDITOR

PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
SYDNEY NSW 1171 AUSTRALIA

STOCK EXCHANGE LISTING

Gas2Grid Limited shares are listed on the Australian Securities Exchange under the code GGX.

WEBSITE ADDRESS

www.gas2grid.com

GAS2GRID

CONTENTS

Dear Shareholders,

I am pleased to present you the 2015 Gas2Grid Limited Annual Report.

After the hectic activities in the last few years within Service Contract 44 ("SC 44"), Philippines, operations in the 2015 financial year were directed to technical studies on optimal well completions and maximising oil production, and sourcing financing for work to prove commerciality of the Malolos Oil Field.

When the oil production testing ceased in 2014 due to sand blocking the down hole perforations and with the end of the extended exploration period of SC 44 of 28 January 2015 approaching, the priority was to obtain a 2 year technical moratorium to carry out relevant work that can deliver the grant of a 25 year production period from the Philippine Department of Energy.

In December 2014, we successfully obtained the grant by the Philippine Department of Energy of a technical moratorium extending the service contract until 27 January 2017.

Since the grant of the technical moratorium we have completed significant technical studies focussing on a preferred method to drill and complete wells in the Malolos Oil Field. The aim is to overcome problems of production downhole blockage, minimise formation damage and maximize oil production rates and sustainability.

With limited funds and prevailing low share price we decided that the best way to fund the further work is by farmout. Unfortunately, the world oil price declined sharply from the second half of 2014 prompting many potential farminees to reduce, defer or cancel their budgets for exploration in the short term. However, investors for the long term are still seeking good projects and we believe we do have a chance of securing a partner with a funding/reward structure and timing that takes account of the low oil price environment. Failing a farmout we will consider alternative types of funding that includes equity issues for an appropriate program to be implemented before the end of the technical moratorium.

In France, the St Griede permit renewal and the 3 permit applications, namely Tartas, Mirande and Eauze, are at a bottleneck with the government administration that has slowed down all hydrocarbon new permit issues and existing permit renewals. The proposed seismic survey in St Griede originally approved by the Government in July 2014 has been put on hold by the Company until the permit is formally renewed. We need to be patient with these investments that will take longer to access for operations and now are for medium to long term growth development.

The Company has continued to receive loans from the Directors for its operations during the year thereby avoiding the dilutive effect of new share issues. The Board is reviewing all types of funding for ongoing operations.

On behalf of the Board, I thank our shareholders for their patience and support throughout the year.

David Munns
Chairman

16 September 2015

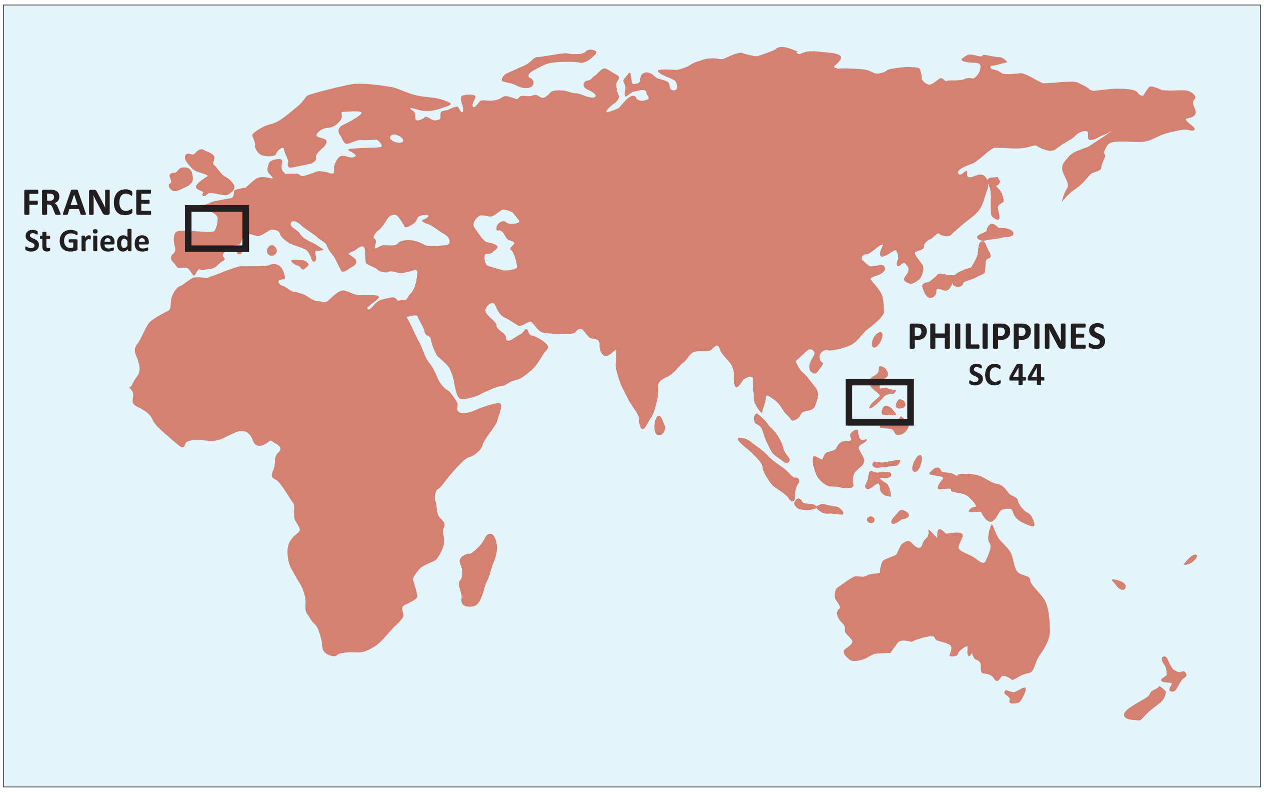
SUMMARY

PHILIPPINES

- 2 year technical moratorium approved by the Philippine Department of Energy following an application by the Company.
- Technical moratorium covers period 28th January, 2015 to 27th January, 2017.
- Year 1 of moratorium committed to research optimum drilling and completion technology to maximise oil production rates.
- Currently conducting studies aimed at determining the best well drilling and completion technology to maximise oil production.
- Funding for operations, including a drilling program, by farmout of Service Contract 44.

FRANCE

- St. Griede seismic survey application approved and it will be conducted following licence renewal confirmation by the Minister, for a second period of 5 years.
- 3 new petroleum exploration licence applications reaching final processing stage before issue.



Location Map of Exploration Licences

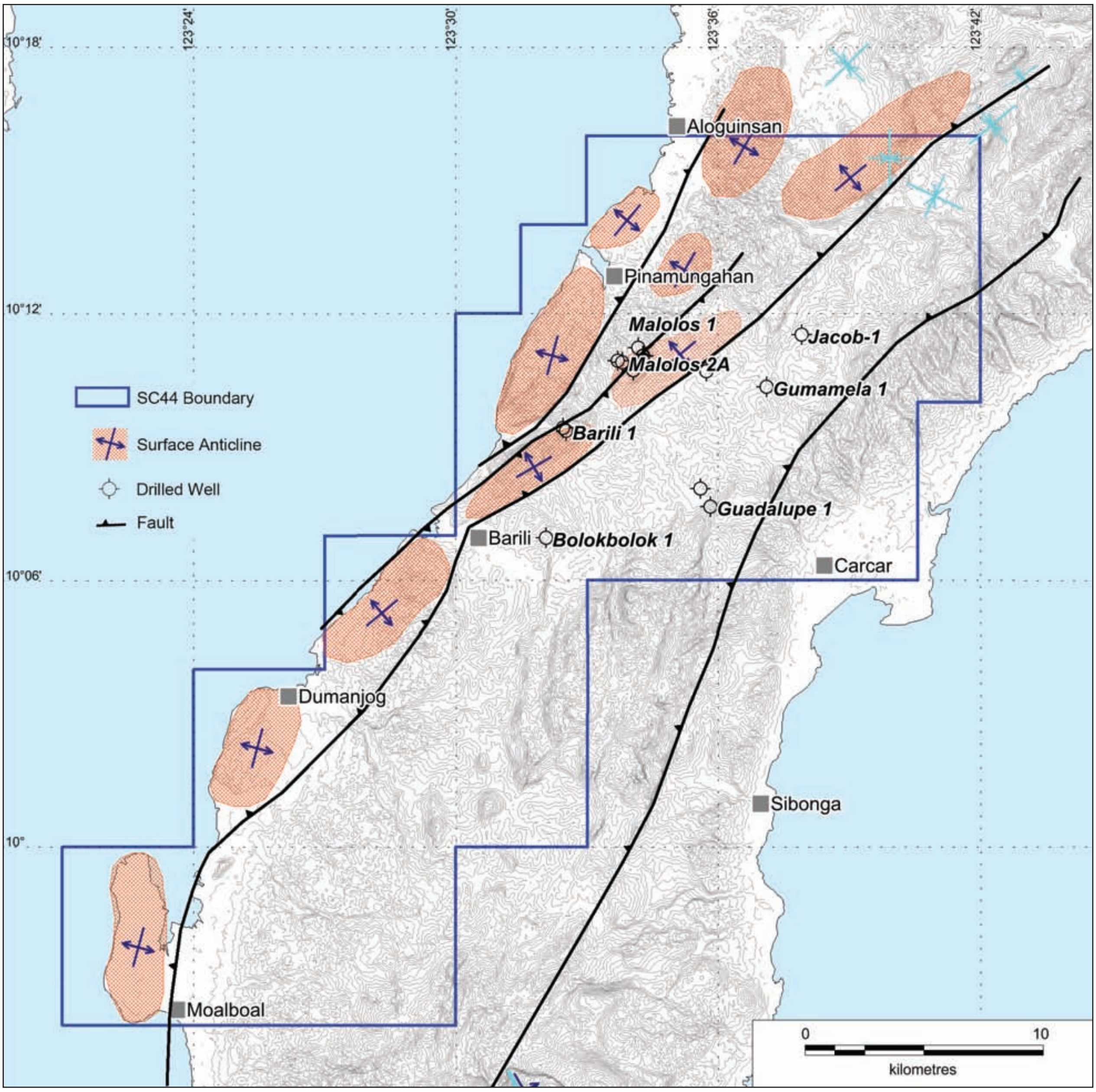
PHILIPPINES

SERVICE CONTRACT 44 (100%), Onshore Cebu

Malolos-1 oil flow testing conducted in the last financial year demonstrated that the well is capable of producing oil at commercial rates. The well has produced at the rate of approximately 200 barrels of oil per day on several occasions but only for short periods of time. Oil flow has been impaired by blockage of the perforations within the wellbore by sand production and formation fines.

Well testing has determined that the two objective sandstones are oil bearing, established an oil-water contact for the lower oil sandstone indicating a possible 500 metre vertical oil accumulation (when Malolos-1 is correlated with the oil sands in Malolos-4) and established that oil production rates are being impeded by fines migration and sand production.

Malolos-1 production testing by swabbing was suspended on the 17th June 2014 after sufficient test data had been gathered to support an application to the Philippine Department of Energy ("DOE") for a 2 year technical moratorium to complete further work to establish the appropriate drilling and completion technology for sustained production and full appraisal and development of the Malolos Oil Field. The application is in accordance with the terms of the Service Contract with the 2 year moratorium to commence on the 28th January 2015 and was approved by the DOE in December 2014.



Map showing Outline of SC 44 on Cebu Island

The Company has planned the following work program during the 2 year technical moratorium:

Year 1 (28th January, 2015 – 27th January, 2016) – US$100,000

- Research and design a mud/hydraulics program to minimize formation damage in open hole.
- Research possible alternatives to enhance current oil production from Malolos-1 well.
- Malolos-1: implement any enhancement program warranting application in cased hole.
- Malolos-1: continue to test produce.
- Conduct new petrophysical analysis on Nuevo Malolos-1, Malubog Formation core.
- Collect Malubog Formation outcrop samples and conduct petrophyiscal analysis.
- Commence research, in association with industry experts and service contractors, on best completion type for Malubog Formation sandstone reservoirs, incorporating all available petrophysical data.
- Map in detail the Malolos surface anticline.

Year 2 (28th January, 2016 – 27th January, 2017) – US$1 million

- Complete research, in association with industry experts and service contractors, on desired completion type for Malubog Formation sandstone reservoirs incorporating all available petrophysical data.
- Finalise the open hole well design and completion program, in association with industry experts and service contractors.
- Deepen Nuevo Malolos-1 to oil bearing reservoirs, core and record modern open hole electric logs (Option: drill new Malolos well in the oil field).
- Complete well for oil production implementing new completion technology.
- Commence oil production test to establish field commerciality.
- Apply for a 25 year production term on successful production test.

During the second half of the financial year, the Company has been carrying out technical work in conjunction with industry experts who have been analyzing all available technical data to identify the completion technology that would minimize sand and clay production to avert production blockage and maximize oil production rates. Preliminary results of this work indicate the preferred method to complete the new wells will be with standard, industry screens. The installation of screens as opposed to perforated casing should maximize and sustain oil production whilst retaining the reservoir sand and producing the clay fines.

Studies are also being conducted on the open-hole mud and hydraulic program designed to minimize formation damage and maintain well-bore stability.

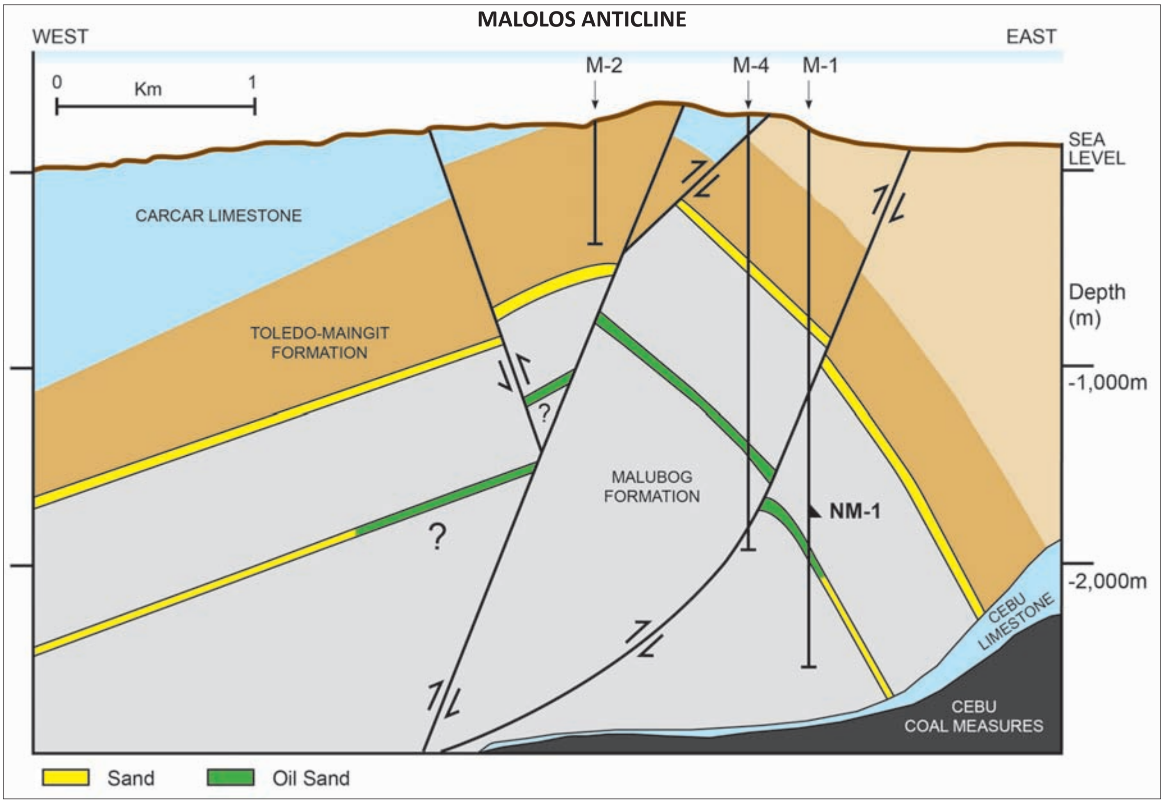
Recent surface geological mapping has also been completed and integrated with previous work leading to a more detailed understanding of the surface geological structure. The crest of the Malolos anticline has been confidently located approximately 2.5 to 3 kilometres south-southwest of Malolos-1. With all technical data now integrated the anticlinal crest has been assessed as a likely better location for testing the Malolos surface anticline than any of the existing Malolos wells locations.

The forward program will either incorporate the deepening and deviating up-dip the existing Nuevo Malolos-1 and/or the drilling of a new well. Planning of the well design is continuing.

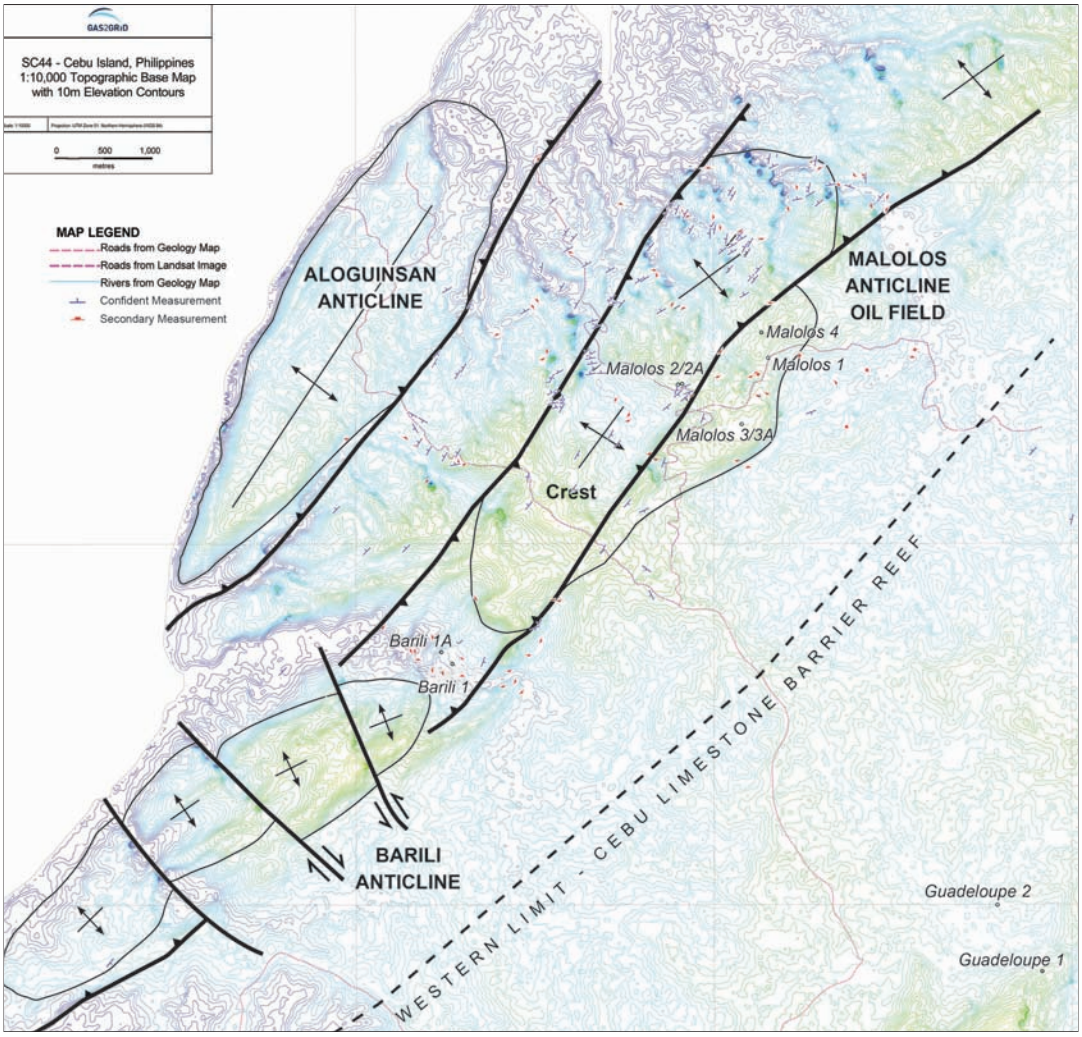
Farmout

The Company's plan is to fund the full appraisal and development of the Malolos Oil Field by securing a farmin partner. Farmout presentations have been ongoing and more recently the Company has revised its farmin terms that now reflect the current lower oil price, in order achieve a farmout.

The Malolos Oil Field still represents an attractive investment opportunity despite the recent oil price drop and the immediate effect that it has had on the oil industry Worldwide. The Malolos Oil Field has a 20.4 million barrel "Best Estimate (P50) Contingent Resource" of good quality, low sulphur crude oil that is located onshore, close to transportation in a country with excellent fiscal terms. Those attributes present possibilities for very low development and operating costs which will leave a healthy profit margin, even at the current low oil price.



Cross-Section: Malolos Oil Field



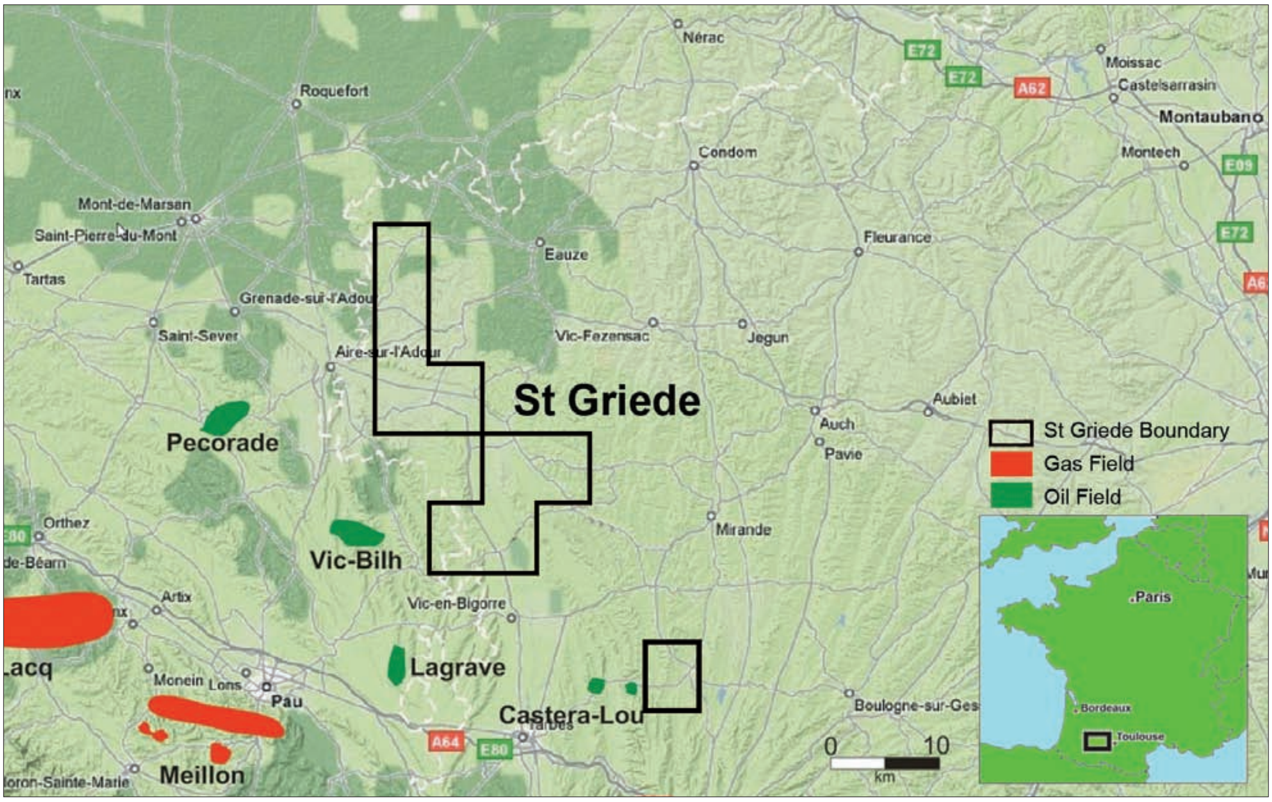
Map showing Malolos, Aloguinsan and Barili Surface Anticlines

FRANCE

ST. GRIEDE (100%), Onshore Aquitaine Basin

The Company owns 100% of the St. Griede licence and it regards the oil and gas exploration potential within that licence as being exceptional. 100% ownership provides a great opportunity to create significant value for shareholders in the longer term. A renewal application for a second period of 5 years was lodged in May, 2013 and the renewal document is currently in the Minister's office awaiting signature. The St. Griede licence renewal is one of many in France awaiting the Minister's final approval.

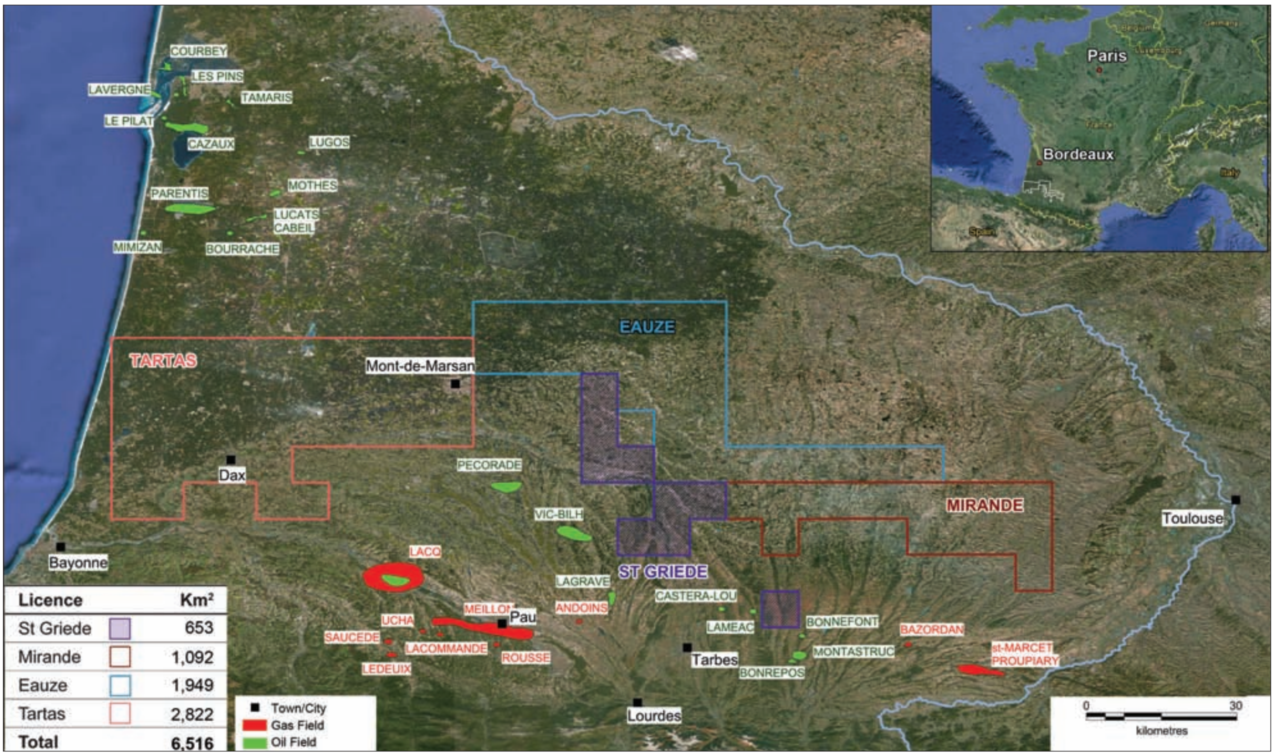
The Company's planned acquisition of a new seismic survey was approved in July 2014 by the French Government. The survey has been postponed by the Company and will be carried out after the licence renewal has been confirmed by the French Government. Interpretation of seismic survey will seek to determine at least one well location on a conventional oil and gas prospect for drilling in financial year 2016.



France: St. Griede Licence with Oil and Gas Field Locations

NEW APPLICATIONS (100%), Onshore Aquitaine Basin

Three new licence applications targeting conventional oil and gas (Tartas, Eauze and Mirande) were submitted to the French Government over 3 years ago. These licence applications have been advertised in the European Union Gazette under normal processing procedures and these are approaching grant decisions by the French Government. The areas applied for Eauze and Mirande have been reduced for competitive applications settlement.



Aquitaine Basin: St. Griede Licence and 3 New Licence Application Areas

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.

FINANCIAL ANALYSIS

Funding

During the year, the loan facilities from related entities of Directors (D Morton, D Munns and P Sam Yue) were increased from $5,550,000 to a total of $6,000,000 at 30 June 2015 and on 26 August 2015 the loan facilities were further increased to a total of $7,100,000 to ensure that the group is sufficiently funded for operations. In February 2015, the period of availability of the facilities was extended from 1 October 2015 to 1 October 2016 and on 26 August 2015 that period was further extended to 16 October 2017. During the year, additional loans of $1,049,112 were drawn under the facilities to pay creditors and no repayment was made. At 30 June 2015 a total of $5,423,672 has been utilised under the facilities including cover for accrued interest and facility fees.

The loan facilities bear interest at 9% per annum accruing 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.

In November 2014, $326,000 of Directors' and management fees owing for the period to 30 September 2014 were settled by the issue of 21,733,331 ordinary shares as approved by shareholders at the Annual General Meeting held on 27 November 2014.

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 level of activities is dictated by the funds that are available. Currently the group has only budgeted for the exploration expenditure that ensures currency of tenure of the licences with no minimum committed expenditure for the next 12 months and the financial position of the group allows.

The group has a proposed expenditure of US$ 1 million to spend on SC 44 until January 2017 to prove the commerciality of the Malolos Oil Field. There is also a proposed total expenditure commitment of $1,646,879 for the period to May 2018 under its application for renewal of the St Griede permit and that renewal is awaiting confirmation. The group also has $5,423,672 Directors' loans that fall due for repayment on 16 October 2017 and if required, management will negotiate to extend that repayment date.

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 audit opinion for the year ended 30 June 2015 therefore includes an emphasis of matter in this regard. This going concern issue is further detailed in Note 26 (a) (iv) to the Financial Statements and is subject to emphasis in the auditor's report.

To continue the exploration activities and to meet its financial commitments as and when they fall due the Company will be pursuing sources of finance that include:

- Management's preferred option of selling part of the group's interests in its exploration licences and entering into joint ventures for the potential development of the projects.
- Undertaking further capital raisings.
- Selling of two drilling rigs and other field equipment.

Performance

During the year, the group incurred net losses of $5,272,436 which included $4,178,601 of impairment of deferred exploration expenditure relating to exploration licences held in France and the Philippines, and $99,000 of share based payment to a Director as approved by shareholders at the Annual General Meeting held on 27 November 2014.

Financial Position

Total equity decreased to $7,340,899 from $12,212,715 primarily as a result of the impairment of deferred exploration expenditure.

Cash at 30 June 2015 was $166,306 reduced from the 30 June 2014 balance of $304,290 as cash was applied to reduce accounts payable and to operations. Current assets were $286,974 (30 June 2014: $414,182), reduced as a result of lower cash balance.

Current liabilities were $402,619, a reduction from the 30 June 2014 amount of $1,087,923 as most creditors have been settled through cash on hand and funds received from Directors' loans. All amounts owing to Directors for fees to 30 September 2014 were paid by the issue of new shares following approval of shareholders at the Annual General Meeting held on 27 November 2014. Subject to approval of shareholders, the amount owing to Directors at 30 June 2015 for fees of $172,965 (excluding GST) included in current liabilities is planned to be paid by the issue of new shares leaving $158,119 of the current liabilities to be paid in cash.

Cash Flows

Operating activities resulted in net outflow of $417,924 (2014: outflow $522,156) as the group is still in the exploration phase with no sales revenue. A total of $771,051 (2014: $3,523,053) was paid for investment mainly in exploration activities. These outflows were funded from existing cash on hand and borrowings from Directors.

STRATEGY AND PROSPECTS FOR FUTURE

The group proposes to continue its oil and gas exploration program and investment activities in Cebu, Philippines and 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. Future financial performance will be driven by success in the following:

- proving the commerciality and development under a 25 year production licence 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 and to carry out exploration on newly identified prospective leads that have been assessed to have best estimate "Unrisked Prospective Resource" of 104 million barrels of oil;
- acquisition of new seismic data; locating and drilling a target within St Griede in France; and
- grant of 3 new permits in Aquitaine Basin in France and carrying out exploration in the longer term to develop those permits.

To carry out those above activities the group will require funding which may be by farmout of interests that may include upfront or staged 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.

CORPORATE GOVERNANCE STATEMENT

A table on Corporate Governance Statement setting out the extent to which the group has followed the recommendations of the ASX Corporate Governance Principles and Recommendations - 3rd edition and the Corporate Governance Statement are posted on the group's website for reference on disclosures (www.gas2grid.com).

Your Directors present their report on the consolidated entity (referred to hereafter as the group) consisting of Gas2Grid Limited and the entities it controlled at the end of, or during the year ended 30 June 2015.

Directors

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

David A Munns

Dennis J Morton

Patrick W V M Sam Yue

Darren W Reeder (ceased on 27 November 2014)

Principal activities

During the year the principal continuing activities of the group consisted of oil and gas exploration in the Philippines and France.

Operating and financial review

A detailed operations and financial review for the financial year is set out on pages 2 to 9.

Dividends – Gas2Grid Limited

The Directors report that during the year ended 30 June 2015 no dividends were declared or paid (2014: $nil).

Matters subsequent to the end of the financial year

There has not arisen in the interval since 30 June 2015 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.

Likely developments and expected results of operations

In relation to the Company's oil and gas exploration activities, no indication as to likely results in the future can be given due to the uncertainties usually associated with such activities. The group proposes to continue its oil and gas exploration program and investment activities that are set out on pages 2 to 9.

Environmental regulation

The group is required to carry out its activities in accordance with applicable regulations in each of the jurisdictions in which it undertakes its exploration activities. The group is not aware of any matter which requires disclosure with respect to any significant environmental regulation in respect of its operating activities.

Information on Directors

David A Munns, Bachelor in Mechanical Engineering (Peterborough Technical College, United Kingdom)

Chairman – Non-executive

Experience and expertise

David Munns has wide experience in drilling and engineering operations in South East Asia and particularly in the Philippines. He is the Chairman of Desco, Philippines – a drilling and engineering firm operating in the field of conventional and geothermal drilling.

Other listed company directorships

None.

Former directorships of listed companies in the last 3 years

None.

Special responsibilities

Chairman of the Board.

Interest in shares and options

49,596,307 ordinary shares in Gas2Grid Limited.

Dennis J Morton BSc (Hons), (Macquarie University)
Managing Director

Experience and expertise
Dennis Morton was co-founder and until late in 2007 Managing Director of Eastern Star Gas Limited. He has extensive experience in the management of oil and gas exploration entities. He was previously in senior executive positions with Bow Valley (Australia) Ltd, Capital Energy Limited, Hartogen Energy Limited, and Esso Australia Limited.

Other listed company directorships
None.

Former directorships of listed companies in last 3 years
None.

Special responsibilities
Managing Director (since 31 March 2008).

Interest in shares and options
130,954,854 ordinary shares in Gas2Grid Limited.

Patrick W V M Sam Yue, CA, FCIS, F Fin.
Executive Director

Experience and expertise
Patrick Sam Yue had several years' experience in international accounting and finance working in the United Kingdom, Africa and the Middle-East before he joined the finance industry in Australia in 1985 prior to moving to the resources industry. He has over 25 years' experience in financial and corporate management in Australia having held senior executive and company secretary positions with ASX listed entities in the oil and gas and minerals industry.

Other listed company directorships
None.

Former directorships of listed companies in last 3 years
Premium Exploration Inc. from January 2010 to October 2011.

Special responsibilities
Chief Financial Officer.

Interest in shares and options
49,932,666 ordinary shares in Gas2Grid Limited.

Darren W Reeder
Non-executive Director (ceased to be Director on 27 November 2014)

Experience and expertise
Darren Reeder has over 30 years of experience in the global well intervention, well servicing and oilfield engineering business both onshore and offshore and was until recently a co-owner and vice-chairman of ASEP Holding. He is active in the geothermal and oil and gas industry throughout SE Asia, particularly in the Philippines, through his company Black Diamond Well Services. He has previously held senior management roles with The Expro Group & ASEP BV.

Other listed company directorships
None.

Former directorships of listed companies in last 3 years
None.

Interest in shares and options
60,272,618 ordinary shares in Gas2Grid Limited (on 27 November 2014, date he ceased to be a Director).

Company Secretary

The Company Secretary is Patrick W V M Sam Yue who is also an Executive Director.

Meetings of Directors

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2015, and the number of meetings attended by each Director:-

	Directors' meetings	
	Number eligible to attend	**Number attended**
D A Munns	4	4
D J Morton	4	4
P W V M Sam Yue	4	4
D W Reeder	4	3

Remuneration report and related party transactions

The remuneration report is set out under the following main headings:

(a) Principles used to determine the nature and amount of remuneration;
(b) Details of remuneration;
(c) Service agreements;
(d) Share-based compensation;
(e) Equity instruments held by key management personnel;
(f) Loans from key management personnel or their related entities;
(g) Other transactions with key management personnel; and
(h) Additional information.

The information provided in this remuneration report has been audited as required by section 308(3C) of the *Corporations Act 2001.*

(a) Principles used to determine the nature and amount of remuneration

The objective of the group's executive reward framework is to ensure that reward for performance is competitive and appropriate.

During the year ended 30 June 2015, the group did not have a separate remuneration committee. Instead, the duties and responsibilities typically delegated to such a committee were considered to be the responsibility of the entire Board.

The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- transparency; and
- capital management.

Directors' fees

The current base remuneration was last reviewed with effect from 1 July 2014. Directors' fees are determined within an aggregate fee pool limit, which currently stands at $150,000 per annum. That limit shall not be increased except pursuant to a resolution passed at a general meeting of the Company.

Base fees	From 1 July 2014	From 1 July 2013
Chairman	35,000	35,000
Other Directors (each)	25,000	25,000

Additional fees

In addition to base Directors' fees Dennis Morton and Patrick Sam Yue receive monthly management fees of $10,000 and $8,000 respectively for additional technical, corporate and administrative duties performed on a regular basis.

(b) Details of remuneration

Amounts of remuneration

The following tables show details of the remuneration received by the Directors and the key management personnel of the group for the current and previous financial year.

The key management personnel of the group are the Directors.

	Short-term employee benefits			Post-employment benefits	Long-term benefits	Termination benefits	Share-based payments		% of remuneration that is performance based
Name	Salary and fees**	Cash bonus	Non-monetary benefits	Superannuation			EIP Shares	Total	
	$	$	$	$	$	$	$	$	%
2015									
Executive Directors									
D J Morton	145,000	-	-	-	-	-	-	145,000	-
P W V M Sam Yue	121,000	-	-	-	-	-	99,000	220,000	-
Non-Executive Directors									
D A Munns	35,000	-	-	-	-	-	-	35,000	-
D W Reeder*	10,154	-	-	-	-	-	-	10,154	-
Total	**311,154**	**-**	**-**	**-**	**-**	**-**	**99,000**	**410,154**	**-**

*Ceased to be Director on 27 November 2014

**In November 2014, $326,000 ($81,500 for 2015 and $244,500 for 2014 fees) was settled through issuance of fully paid ordinary shares.

	Short-term employee benefits			Post-employment benefits	Long-term benefits	Termination benefits	Share-based payments		% of remuneration that is performance based
Name	Salary and fees**	Cash bonus	Non-monetary benefits	Superannuation			EIP Shares	Total	
	$	$	$	$	$	$	$	$	%
2014									
Executive Directors									
D J Morton	145,000	-	-	-	-	-	-	145,000	-
P W V M Sam Yue	121,000	-	-	-	-	-	113,295	234,295	-
Non-Executive Directors									
D A Munns	35,000	-	-	-	-	-	113,295	148,295	-
D W Reeder	25,000	-	-	-	-	-	-	25,000	-
Total	**326,000**	**-**	**-**	**-**	**-**	**-**	**226,590**	**552,590**	**-**

**In November 2013, $295,750 ($81,500 for 2014 fees and $214,250 for 2013 fees) was settled through issuance of fully paid ordinary shares.

(c) Service agreements

As at the date of this report, there are no service agreements with the Directors.

(d) Share-based compensation

Employee Incentive Plan ("EIP")

The Company has established a Gas2Grid Limited Employee Incentive Plan under which the Directors may offer options for free and ordinary shares at market price in the Company to eligible persons. The Directors may also offer interest free non-recourse loans for terms of up to 5 years under the plan for subscription of shares and under such loans the Company holds a lien over the issued shares. The loans are repayable at the option of the eligible persons to be able to deal with the shares. The options are issued free at grant. The shares may not be subscribed for less than the market value of the shares at the time an offer is made under the plan.

Subject to approval of shareholders, Directors may also be offered shares with non-recourse loans or options under the plan as a long-term benefit supplementing the short-term benefits that align their interests with those of all shareholders.

On 27 November 2014, following the approval of shareholders at the Annual General Meeting held on 27 November 2014, 9,000,000 fully paid ordinary shares were issued under the Gas2Grid Limited Employee Incentive Plan (see Note 22) to Director P W V M Sam Yue for which he was granted an interest free non-recourse loan to acquire the shares at $0.02 per share when the market price was $0.014 per share. The loan is repayable at his option to be able to trade the shares, as follows:

		2015			2014	
	Number of shares granted	Amount payable at $0.02 per share on or before 26 November 2019 at the Directors' option	Fair value expensed under share based payments	Number of shares granted	Amount payable at $0.03 per share on or before 30 November 2018 at the Directors' option	Fair value expensed under share based payments
		$	$		$	$
Directors of Gas2Grid Limited						
D A Munns	-	-	-	6,500,000	195,000	113,295
D J Morton	-	-	-	-	-	-
P W V M Sam Yue	9,000,000	180,000	99,000	6,500,000	195,000	113,295
D W Reeder	-	-	-	-	-	-
	9,000,000	180,000	99,000	13,000,000	390,000	226,590

(e) Equity instruments held by key management personnel

The table below shows the number of shares in the Company that were held during the financial year by key management personnel of the group, including their close family members and entities related to them.

	Balance at beginning of year	Granted during the year as compensation	Received during the year on exercise of options	Equity settled Directors' & Management fees	Balance at end of year or date ceasing to be a Director
2015					
Directors of Gas2Grid Limited					
D A Munns (i)	47,262,974	-	-	2,333,333	49,596,307
D J Morton (ii)	121,288,188	-	-	9,666,666	130,954,854
P W V M Sam Yue (iii)	32,866,000	9,000,000	-	8,066,666	40,932,666
D W Reeder*	58,605,952	-	-	1,666,666	60,272,618

*Ceased to be Director on 27 November 2014

(i) 10,266,380 shares are registered in the name of TD International SA. 1,000,000 shares are registered in the name of Ann Patricia Munns.

(ii) 70,325,643 shares are registered in the name of Budside Pty Limited Employees Superannuation Fund. 45,129,211 shares are registered in the name of Budside Pty Ltd.

(iii) 26,257,666 shares are registered in the name of Lamdian Pty Ltd <ATF Samyue Super Fund>.

(f) Loans from key management personnel or their related entities

	At beginning of year	Loans received	Loans repaid	Finance costs charged	Finance costs paid	At end of year	Total loan facilities available at end of year
	$	$	$	$	$	$	$
2015							
Directors of Gas2Grid Limited							
D A Munns	808,324	299,112	-	95,289	-	1,202,725	1,250,000
D J Morton	2,921,852	350,000	-	284,171	-	3,556,023	4,000,000
P W V M Sam Yue	222,134	400,000	-	42,789	-	664,923	750,000
D W Reeder*	-	-	-	-	-	-	-
	3,952,310	1,049,112	-	422,249	-	5,423,671	6,000,000

*Ceased to be Director on 27 November 2014

In June 2015, the loan facility from Director P W V M Sam Yue was increased to $750,000.

On 26 August 2015, the loan facilities were increased to $7,100,000 (being from D A Munns $1,600,000, D J Morton $4,500,000 and P W V M Sam Yue $1,000,000) and the expiry date of facilities has been extended from 1 October 2016 to 16 October 2017.

2014							
Directors of Gas2Grid Limited							
D A Munns	-	728,729	-	79,595	-	808,324	1,250,000
D J Morton	2,343,290	250,000	-	328,562	-	2,921,852	4,000,000
P W V M Sam Yue	-	400,000	(200,000)	28,184	(6,050)	222,134	300,000
D W Reeder	-	-	-	-	-	-	-
	2,343,290	1,378,729	(200,000)	436,341	(6,050)	3,952,310	5,550,000

An establishment fee of 1% of the facility amount is payable on agreement of an increase or extension of the facilities which expire on 16 October 2017 and a fixed interest rate of 9% per annum accruing quarterly in arrears applies.

The total amount owing at 30 June 2015 of $5,423,672 is disclosed under Note 11 Non-Current Borrowings.

(g) Other transactions with key management personnel

(i) Following approval of shareholders at the Annual General Meeting held on 27 November 2014, Directors were issued the following fully paid shares at $0.015 per share in settlement of Directors' and management fees owing for current and prior years:

	2015		2014	
	Shares	$	Shares	$
Directors of Gas2Grid Limited				
D A Munns	2,333,333	35,000	1,590,909	17,500
D J Morton	9,666,666	145,000	6,590,909	145,000
P W V M Sam Yue	8,066,666	121,000	4,125,000	90,750
D W Reeder	1,666,666	25,000	1,136,363	25,000
	21,733,331	326,000	13,443,181	295,750

(ii) Summary of Directors' and management fees due and payable to Directors and their related entities for the year:

	2015 $	2014 $
Management fees to the following entities recognised as expense		
Budside Pty Ltd[1]	120,000	120,000
Oni Design Pty Ltd[2]	96,000	96,000
	216,000	216,000
Directors' fees recognised as expense		
Budside Pty Ltd	25,000	25,000
Oni Design Pty Ltd	25,000	25,000
TD International SA[3]	35,000	35,000
D W Reeder*	10,154	25,000
	95,154	110,000
Management and Directors' fees owing at balance date		
Budside Pty Ltd (inclusive of GST)	130,500	116,000
Oni Design Pty Ltd (inclusive of GST)	96,800	93,775
TD International SA	26,250	26,250
D W Reeder	3,904	18,750
	257,454	254,775

*Ceased to be Director on 27 November 2014

(iii) Summary of other amounts for services and supplies provided due and payable to Directors and their related entities during the year:

Amounts recognised as non-current assets for services and supplies provided		
For services performed on rig maintenance and operations by TD International SA[3]	13,380	64,443
Exploration expenditure for services performed and supplies provided by Black Diamond Well Services Pte Ltd[4]	(73,613)	142,923
	(60,233)	207,366
Amounts owing at balance date for services and supplies provided		
TD International SA	13,380	42,719
Black Diamond Well Services Pte Ltd	-	222,392
	13,380	265,111

The amounts due and payable for the services and supplies in Philippines were on an arm's length basis by reference to industry standards and where available, third party charges for equivalent work. These services and supplies are recognised in non-current assets.

Related entities of the following Directors:
[1]D J Morton, [2]P W V M Sam Yue, [3]D A Munns, [4]D W Reeder

(h) Additional information

Loans to Directors
There are no outstanding loans to Directors and no loans have been issued during the period, other than non-recourse loans structured under the Employee Incentive Plan.

Shares under option
Nil.

Insurance of officers
During the financial year, a premium of $13,524 was paid to insure the Directors of the group and the parent entity.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings.

This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the Company
No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the group, or to intervene in any proceedings to which the group is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the group with leave of the Court under section 237 of the *Corporations Act 2001*.

Non-audit services
The Company may decide to engage the auditor on assignments additional to their statutory audit duties where the auditor’s expertise and experience with the group are important.

Details of the amounts paid or payable to the auditor (PwC) for audit services provided during the year are set out in Note 23 to the financial statements.

There has been no provision of non-audit services by the auditor during the year.

Auditor’s independence declaration
A copy of the auditors’ independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 18.

This report is made in accordance with a resolution of Directors.

Dennis J Morton
Director

Sydney
16 September 2015

Auditor's Independence Declaration

As lead auditor for the audit of Gas2Grid Limited for the year ended 30 June 2015, 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.

Justine Richardson
Partner
PricewaterhouseCoopers

Sydney
16 September 2015

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Gas2Grid Limited ABN 46 112 138 780
Financial Report for the year ended 30 June 2015

Table of contents

These financial statements are the consolidated financial statements of the consolidated entity consisting of Gas2Grid Limited and its subsidiaries. The financial statements are presented in the Australian currency.

Gas2Grid Limited is a company limited by shares, incorporated and domiciled in Australia.

A description of the nature of the consolidated entity's operations and its principal activities is included in the Directors' report on page 10, which is not part of these financial statements.

The financial statements were authorised for issue by the Directors on 16 September 2015. The Directors have the power to amend and reissue the financial statements.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the Company. All press releases, financial reports and other information are available on our website: www.gas2grid.com.

for the year ended 30 June 2015

	NOTES	2015 $	2014 $
Interest and other income	2	119,277	11,786
Expenses			
Impairment of deferred exploration expenditure	8	(4,178,601)	(394,528)
Provision written back	10	116,072	-
Administration expense		(106,353)	(170,731)
Auditor's remuneration	23	(65,000)	(81,590)
Employee benefits expense		(96,878)	(95,253)
Management and Directors' Fees	20	(311,154)	(326,000)
Depreciation	7	(35,148)	(38,746)
Finance costs		(423,169)	(411,676)
Insurance costs		(32,586)	(28,937)
Rental expenses		(123,315)	(85,758)
Share-based payments	22	(99,000)	(241,853)
Net foreign exchange loss		(36,581)	(74,961)
Loss before income tax		(5,272,436)	(1,938,247)
Income tax expense	3	-	-
Loss from continuing operations		(5,272,436)	(1,938,247)
Other comprehensive income		-	-
Other comprehensive loss for the year, net of tax		-	-
Total comprehensive loss for the year		(5,272,436)	(1,938,247)
Loss for the year attributable to the owners of Gas2Grid Limited		(5,272,436)	(1,938,247)
Total comprehensive loss for the year attributable to owners of Gas2Grid Limited		(5,272,436)	(1,938,247)
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the Company:		Cents	Cents
Basic and diluted loss per share	24	(0.68)	(0.27)

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

	NOTES	2015 $	2014 $
ASSETS			
Current assets			
Cash and cash equivalents	4	166,306	304,290
Trade and other receivables	5	59,568	44,632
Other financial assets	6	61,100	65,260
Total current assets		286,974	414,182
Non-current assets			
Property, plant and equipment	7	32,697	70,614
Exploration expenditure and rights	8	12,919,756	16,851,015
Total non-current assets		12,952,453	16,921,629
Total assets		13,239,427	17,335,811
LIABILITIES			
Current liabilities			
Trade and other payables	9	396,723	850,006
Provisions	10	5,896	237,917
Total current liabilities		402,619	1,087,923
Non-current liabilities			
Borrowings	11	5,423,672	3,952,310
Provisions	10	72,237	82,863
Total non-current liabilities		5,495,909	4,035,173
Total liabilities		5,898,528	5,123,096
Net assets		7,340,899	12,212,715
EQUITY			
Contributed equity	12	31,272,145	30,970,525
Reserves	13 (a)	149,250	50,250
Accumulated losses	13 (b)	(24,080,496)	(18,808,060)
Total equity		7,340,899	12,212,715

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

for the year ended 30 June 2015

	CONTRIBUTED EQUITY $	ACCUMULATED LOSSES $	RESERVES $	TOTAL EQUITY $
Balance at 30 June 2013	29,128,813	(16,869,813)	(191,603)	12,067,397
Total comprehensive loss for the year	-	(1,938,247)	-	(1,938,247)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	1,841,712	-	-	1,841,712
Employee Incentive Plan	-	-	241,853	241,853
Balance at 30 June 2014	30,970,525	(18,808,060)	50,250	12,212,715
Total comprehensive loss for the year	-	(5,272,436)	-	(5,272,436)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	301,620	-	-	301,620
Employee Incentive Plan	-	-	99,000	99,000
Balance at 30 June 2015	31,272,145	(24,080,496)	149,250	7,340,899

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

for the year ended 30 June 2015

	NOTES	2015 $	2014 $
Cash flows from operating activities			
Interest received		2,102	3,896
Other income		59,146	7,915
Payments to suppliers and employees (inclusive of goods and services tax)		(479,172)	(533,967)
Net cash outflow from operating activities	14	(417,924)	(522,156)
Cash flows from investing activities			
Payments for exploration expenditure		(777,932)	(3,445,168)
Payments for plant and equipment		-	(73,725)
Payments for security deposits		-	(4,160)
Repayment of security deposits		6,881	-
Net cash outflow from investing activities		(771,051)	(3,523,053)
Cash flows from financing activities			
Proceeds from issues of shares		-	1,822,400
Proceeds from borrowings		1,049,112	1,378,729
Repayment of borrowings		-	(200,000)
Share issue transaction costs		(2,647)	(348,724)
Finance cost paid		(155)	(10,620)
Net cash inflow from financing activities		1,046,310	2,641,785
Net decrease in cash and cash equivalents		(142,665)	(1,403,424)
Cash and cash equivalents at the beginning of year		304,290	1,705,565
Effects of exchange rate changes on cash and cash equivalents		4,681	2,149
Cash and cash equivalents at end of year	4	166,306	304,290

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

1. SEGMENT INFORMATION

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

	AUSTRALIA $	FRANCE $	PHILIPPINES $	TOTAL $
2015				
Interest and other income				
Interest revenue	2,089	-	-	2,089
Other revenue	117,188	-	-	117,188
Total segment revenues	119,277	-	-	119,277
Segment results				
Loss for the year	1,213,774	2,458,535	1,600,127	5,272,436
Depreciation and amortisation	35,148	-	-	35,148
Share-based payments	99,000	-	-	99,000
Impairment of deferred exploration expenditure	-	2,462,645	1,715,956	4,178,601
Segment assets	319,671	-	12,919,756	13,239,427
Segment liabilities	5,837,552	9,340	51,636	5,898,528
2014				
Interest and other income				
Interest revenue	3,871	-	-	3,871
Other income	-	-	7,915	7,915
Total segment revenues	3,871	-	7,915	11,786
Segment results				
Loss for the year	1,543,291	-	394,956	1,938,247
Depreciation and amortisation	38,746	-	-	38,746
Share-based payments	241,853	-	-	241,853
Impairment of deferred exploration expenditure	-	-	394,528	394,528
Segment assets	472,300	2,408,439	14,455,072	17,335,811
Segment liabilities	4,410,741	46,148	666,207	5,123,096

2. INTEREST AND OTHER INCOME

	2015 $	2014 $
Interest	2,089	3,871
Other revenue	117,188	7,915
	119,277	11,786

	2015 $	2014 $

3. INCOME TAX EXPENSE

(a) Numerical reconciliation of income tax expense to prima facie tax payable

	2015 $	2014 $
Loss from continuing operations before income tax expense	(5,272,436)	(1,938,247)
Tax at the Australian tax rate of 30% (2014- 30%)	(1,581,731)	(581,474)
Deferred tax asset not recognised	1,581,731	581,474
Income tax expense	-	-

(b) Tax losses

	2015 $	2014 $
Unused tax losses for which no deferred tax asset has been recognised	(15,740,046)	(14,528,489)
Potential tax benefit @ 30%	(4,722,014)	(4,358,547)

4. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2015 $	2014 $
Cash at bank and in hand	166,306	304,290

5. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	2015 $	2014 $
Other receivables	45,435	14,496
Prepayments	14,133	30,136
	59,568	44,632

Credit risk

There is no significant credit risk with respect to receivables and prepayments.

6. CURRENT ASSETS – OTHER FINANCIAL ASSETS

Security deposits

	2015 $	2014 $
At beginning of year	65,260	61,100
Repayment	(4,160)	-
Addition	-	4,160
At end of the year	61,100	65,260

The amount of $61,100 is held as security for a bank guarantee of $61,067 given under the office lease agreement.

7. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	PLANT & EQUIPMENT $	FURNITURE & FITTINGS $	LEASEHOLD IMPROVEMENTS $	TOTAL $
Cost	51,928	27,975	113,862	193,765
Accumulated depreciation	(51,595)	(20,281)	(89,192)	(161,068)
	333	7,694	24,670	32,697

7. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

Movements during the year

Movements in the carrying amount for each class of property, plant and equipment between the beginning and the end of the current financial year are as follows:

	PLANT & EQUIPMENT	FURNITURE & FITTINGS	LEASEHOLD IMPROVEMENTS	TOTAL
2015	$	$	$	$
Balance at beginning of year	10,182	12,989	47,443	70,614
Depreciation charged to income statement	(7,080)	(5,295)	(22,773)	(35,148)
Depreciation charged to exploration expenditure	(2,769)	-	-	(2,769)
Balance at the end of year	333	7,694	24,670	32,697
2014				
Balance at beginning of year	23,011	18,284	70,216	111,511
Additions	617	-	-	617
Depreciation charged to income statement	(10,678)	(5,295)	(22,773)	(38,746)
Depreciation charged to exploration expenditure	(2,768)	-	-	(2,768)
Balance at the end of year	10,182	12,989	47,443	70,614

8. NON-CURRENT ASSETS – EXPLORATION EXPENDITURE AND RIGHTS

Reconciliation of the movement in exploration expenditure and rights

	TANGIBLE $	INTANGIBLE $	TOTAL $
2015			
Balance at beginning of year	3,366,257	13,484,758	16,851,015
Additions	-	318,186	318,186
Disposals	-	(73,613)	(73,613)
Transfer to exploration expenditure	(6,843)	6,843	-
Impairment	-	(4,178,601)	(4,178,601)
Depreciation capitalised	-	2,769	2,769
Balance at end of year	3,359,414	9,560,342	12,919,756
2014			
Balance at beginning of year	-	12,323,403	12,323,403
Transfer from assets held for sale	3,936,205	-	3,936,205
Additions	640	1,161,355	1,161,995
Disposals	(31,759)	-	(31,759)
Transfer to exploration expenditure	(47,871)	-	(47,871)
Impairment	(394,528)	-	(394,528)
Depreciation capitalised	(96,430)	-	(96,430)
Balance at end of year	3,366,257	13,484,758	16,851,015

	2015 $	2014 $

9. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

	2015 $	2014 $
Trade payables and other creditors	139,269	595,231
Fees owing to Directors (see remuneration report (g)(ii))	257,454	254,775
	396,723	850,006

10. PROVISIONS

	2015 $	2014 $
Current		
Provision for annual leave	5,896	5,328
Provision for disputed costs on exploration	-	232,589
	5,896	237,917
Non-current		
Lease make good provision	18,855	18,090
Lease incentive provision	53,382	64,773
	72,237	82,863

The Company is required to restore leased premises to their original condition at the end of the lease. A provision has been recognised for the present value of the estimated expenditure to remove any leasehold improvements. These costs have been capitalised as part of the cost of leasehold improvements and are amortised over the term of the lease.

Lease incentives received for fit-out are capitalised as part of the cost of leasehold improvements and are depreciated over the term of the lease.

Movements in each class of provision during the financial year are set out below:

Current	DISPUTED COSTS ON EXPLORATION $	ANNUAL LEAVE $	TOTAL $
Balance at beginning of year	232,589	5,328	237,917
Additions	-	568	568
Provision written back	(116,072)	-	(116,072)
Credited to exploration expenditure	(73,613)	-	(73,613)
Paid in settlement	(42,904)	-	(42,904)
Balance at end of year	**-**	**5,896**	**5,896**

The provision written back relates to settlement of a disputed invoice.

Non-current	MAKE GOOD PROVISION $	LEASE INCENTIVE PROVISION $	TOTAL $
Balance at beginning of year	18,090	64,773	82,863
Charged (Credited) to profit or loss	765	(11,391)	(10,626)
Balance at end of year	**18,855**	**53,382**	**72,237**

11. NON-CURRENT BORROWINGS

	2015 $	2014 $
Loans from Directors’ related entities	5,423,672	3,952,310

See remuneration report on pages 12 to 17 for details on the loans.

Accrued interest of $422,249 (2014: $436,341) is included in the loan amounts.

12. CONTRIBUTED EQUITY

	NOTES	2015 SHARES	2014 SHARES	2015 $	2014 $
a) Share capital					
Ordinary shares- fully paid	(b),(c)	**787,275,744**	756,542,413	**31,272,145**	30,970,525

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

b) Movements in ordinary share capital:

	DETAILS	NOTES	NUMBER OF SHARES	ISSUE PRICE	$
1 Jul 14	**Balance at beginning of year**		**756,542,413**		**30,970,525**
	Non- cash transactions				
27 Nov 14	Shares issued – Payment of fees to Directors	(e)	21,733,331	0.014	304,267
27 Nov 14	Shares issued under EIP to a Director	(d)	9,000,000	0.020	-
			30,733,331		**304,267**
	Less: Transaction costs		-		(2,647)
	Total movement for the year		**30,733,331**		**301,620**
30 Jun 15	**Balance at end of year**		**787,275,744**		**31,272,145**

c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

d) Employee Incentive Plan (EIP) shares

Information relating to the employee share scheme, including details of shares issued under the scheme, is set out in Note 22.

e) Share issue

On 27 November 2014 the Company issued 21,733,331 fully paid ordinary shares in settlement of amounts owing to Directors for fees as agreed with the Directors and approved for issue at the Annual General Meeting held on 27 November 2014.

f) Capital risk management

The group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide reasonable returns for shareholders and benefits for other stakeholders and to maintain a capital structure that minimises the cost of capital to the extent achievable.

In order to maintain or adjust the capital structure, the group may issue new shares to raise funds in the equity market, farmout interests in its licences to fund exploration expenditure, sell assets and reduce debt.

There were no changes to the group's approach to capital management during the year.

13. RESERVES AND ACCUMULATED LOSSES

	2015 $	2014 $
a) Reserves		
Share-based payments reserve	1,984,181	1,885,181
Foreign currency translation reserve	(1,834,931)	(1,834,931)
	149,250	50,250
Movements:		
Share-based payments reserve		
Balance at beginning of year	1,885,181	1,643,328
Option expense	99,000	241,853
Balance at end of year	1,984,181	1,885,181
Foreign currency translation reserve		
Balance at beginning and end of year	(1,834,931)	(1,834,931)
b) Accumulated losses		
Movements in accumulated losses were as follows:		
Balance at beginning of year	(18,808,060)	(16,869,813)
Loss for the year	(5,272,436)	(1,938,247)
Balance at end of year	(24,080,496)	(18,808,060)

c) Nature and purpose of reserves

i. Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued but not exercised.

ii. Foreign currency translation reserve

Exchange differences arising on translation of the foreign subsidiary are taken to the foreign currency translation reserve, as described in Note 26(d). The reserve is recognised in profit and loss when the net investment is disposed of.

14. RECONCILIATION OF LOSS AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

Loss for the year	(5,272,436)	(1,938,247)
Depreciation and amortisation	35,148	38,746
Directors' fees paid by way of share issue	304,267	295,750
Impairment of deferred exploration expenditure	4,178,601	394,528
Provisions written back	(116,072)	-
Finance costs accounted in loans	422,249	410,916
Finance costs relating to make good provision in lease	921	762
Net exchange differences	(4,681)	(2,149)
Share based payments	99,000	241,853
Change in operating assets and liabilities:		
(Increase)/Decrease in trade and other receivables	(30,937)	17,186
Decrease in trade and other payables	(42,219)	(80,162)
Decrease in prepayments	7,667	98,550
Increase in provisions	568	113
Net cash outflow from operating activities	(417,924)	(522,156)

15. NON-CASH INVESTING AND FINANCING ACTIVITIES

The Company issued fully paid ordinary shares in payment of the following:		
Directors' and management fees	304,267	295,750

16. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimated impairment of exploration expenditure
The group's accounting policy for exploration and evaluation expenditure results in certain items of expenditure being capitalised for an areas of interest where it is considered likely to be recoverable by future exploration or sale, or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

The policy requires management to make certain estimates and assumptions as to future events and circumstances, in particular whether an economically viable extraction operation can be established. Any such estimates and assumptions may change as new information becomes available.

The group tests semi-annually whether exploration expenditure carried forward has suffered any impairment, in accordance with the accounting policy stated in Note 26 (v).

Share-based payments
The fair value of shares issued under the Gas2Grid Limited Employee Incentive Plan is measured by reference to the fair value of options granted. The fair value estimate is based on the Black Scholes option-pricing model. The contractual life of the options is used as an input into the model. Further information regarding assumptions is included in Note 22.

17. FINANCIAL RISK MANAGEMENT

The group's activities expose it to a variety of financial risks: market risk (including interest rate risk and currency risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group.

Risk management is carried out by the Board and the interest rates risk and credit risks faced by the group are considered minimal at this stage.

The group holds the following financial instruments:

	2015 $	2014 $
Financial assets		
Cash and cash equivalents	166,306	304,290
Trade and other receivables	59,568	44,632
Other financial assets at fair value	61,100	65,260
	286,974	414,182
Financial liabilities		
Trade and other payables	396,723	850,006
Borrowings	5,423,672	3,952,310
	5,820,395	4,802,316

(a) Market risk

i. Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar, Euro and Philippines Peso.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the group's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The group's exposure to foreign currency risk at the reporting date, other than translation of overseas subsidiaries, was not material.

ii. Cash flow and fair value interest rate risk

	2015 $	2014 $
Increase/(decrease) in net exposure		
-Australian dollar depreciates by 5% against USD	5,405	20,837
-Australian dollar depreciates by 5% against PHP	25	(465)
-Australian dollar appreciates by 5% against USD	(4,740)	(18,852)
-Australian dollar appreciates by 5% against PHP	(22)	421

The group's main interest rate risk arises from cash and cash equivalents and deposits with banks.

The group is not exposed to price risk.

iii. Group sensitivity

At 30 June 2015, if interest rates had changed by-/+ 100 basis points from the year-end rates with all other variables held constant, post-tax profit for the year would have been $1,663 lower/higher (2014 - change of 100 bps: $3,043 lower/higher), as a result of lower/higher interest income from cash and cash equivalents and deposits with banks.

(b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures in respect of outstanding receivables and committed transactions.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets.

(c) Liquidity risk

The group manages liquidity risk by monitoring actual cash flows and maintaining sufficient cash or finance facilities to fund operations. Surplus funds are generally only invested in short term deposits with Australian banks.

Financing arrangements

At 30 June 2015, the group had access to borrowing facilities of $6,000,000 bearing interest at a fixed rate of 9% and are available until 1 October 2016 (on 26 August 2015, the expiry date of the facilities was extended from 1 October 2016 to 16 October 2017). At balance date an amount of $5,423,672 had been drawn.

Maturities of financial liabilities

The table below analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table reflect the contractual undiscounted cash flows (including interest payments where applicable under non-interest bearing liabilities), which may differ to the carrying values of the liabilities at the reporting date. The amounts are based on conditions existing at the balance date and may change depending on decisions taken by the group.

	LESS THAN 6 MONTHS	6 – 12 MONTHS	BETWEEN 1 AND 2 YEARS	BETWEEN 2 AND 5 YEARS	OVER 5 YEARS	TOTAL CONTRACTUAL CASH FLOWS	CARRYING AMOUNT (ASSETS) / LIABILITIES
	$	$	$	$	$	$	$
2015							
Non-derivatives							
Fixed rate	640,788	244,065	5,545,705	-	-	6,490,558	5,820,395
Total non-derivatives	640,788	244,065	5,545,705	-	-	6,490,558	5,820,395
2014							
Non-derivatives							
Fixed rate	1,027,860	177,854	4,041,237	-	-	5,246,951	4,802,316
Total non-derivatives	1,027,860	177,854	4,041,237	-	-	5,246,951	4,802,316

(d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values due to their short-term nature.

18. COMMITMENTS

	2015 $	2014 $
a) Lease commitments		
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Not later than one year	130,387	125,966
Later than one year but not later than 5 years	14,473	144,860
	144,860	270,826
b) Exploration commitments		
In order to maintain current rights to tenure to exploration tenements, the Company has the following exploration expenditure commitments up until expiry of leases after requested renewal. These obligations, which are subject to renegotiation upon expiry of the leases, are not provided for in the financial statements and are payable:		
Not later than one year	-	-
Later than one year but not later than 5 years	1,646,879	1,630,903
	1,646,879	1,630,903

19. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There has not arisen in the interval since 30 June 2015 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.

20. RELATED PARTY TRANSACTIONS

	2015 $	2014 $
(i) Key management personnel compensation		
Short-term employee benefits	311,154	326,000
Share-based payments	99,000	226,590
	410,154	552,590

Detailed remuneration disclosures are provided in the remuneration report on pages 12 to 17.

21. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 26 (b).

NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDING*	
			2015 %	2014 %
Gas2Grid Pte Limited	Singapore	Ordinary	100	100
Wellfin Pty Limited	Australia	Ordinary	100	100

*The proportion of ownership interest is equal to the proportion of voting power held.

22. SHARE-BASED PAYMENTS

The Company has established a Gas2Grid Limited Employee Incentive Plan ("EIP") under which the Directors may offer options for free and ordinary shares at market price in the Company to eligible persons. The Directors may also offer interest free non-recourse loans for terms of up to 5 years under the plan for subscription of shares. Under such loans the Company holds a lien over the issued shares and the loans are repayable at the option of the eligible persons to be able to deal with the shares. Shares issued under the EIP in conjunction with non-recourse loans are accounted for as options. As a result, the amounts receivable from the eligible persons in relation to these loans are not recognised in the financial statements. Refer to the Remuneration Report contained in the Directors' Report on pages 12 to 17 for details of the Gas2Grid Limited Employee Incentive Plan.

During the year, 9,000,000 shares were issued at $0.02 per share to Director Mr P Sam Yue (market price at date of issue was $0.014 per share) with non-recourse loans totalling $180,000 as approved by shareholders at the Annual General Meeting held on 27 November 2014. There are no vesting conditions on the shares issued.

	2015 SHARES	2014 SHARES
Balance at beginning of year	32,850,000	19,100,000
Granted during the year	9,000,000	13,750,000
Exercised during the year	-	-
Balance at end of year	41,850,000	32,850,000

The model inputs for assessing the fair value of shares granted under the EIP, applying the Black-Scholes Option Pricing Model, during the year are as follows:

SHARES ISSUED UNDER EIP	ISSUE AND GRANT DATE	SHARE PRICE AT GRANT DATE $	LIFE ASSUMPTION	RISK FREE RATE	EXPECTED PRICE VOLATILITY OF COMPANY'S SHARE PRICE	VALUE OF OPTION $	VALUE OF SHARE BASED PAYMENT $
9,000,000	27/11/14	0.014	5 years	2.64%	120%	0.0110	99,000.00
							99,000.00

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

Comparatives 2014

SHARES ISSUED UNDER EIP	ISSUE AND GRANT DATE	SHARE PRICE AT GRANT DATE $	LIFE ASSUMPTION	RISK FREE RATE	EXPECTED PRICE VOLATILITY OF COMPANY'S SHARE PRICE	VALUE OF OPTION $	VALUE OF SHARE BASED PAYMENT $
750,000	23/10/13	0.025	5 years	3.31%	119%	0.0203	15,263
13,000,000	22/11/13	0.022	5 years	3.61%	116%	0.0174	226,590
							241,853

23. REMUNERATION OF AUDITOR

	2015 $	2014 $
During the year the following fees were paid or payable for the remuneration of auditors:		
Audit services		
Services provided by the auditor of the Parent Entity and its related firms		
PwC Australian firm		
Audit and review of financial reports and other audit work under the *Corporations Act 2001*	65,000	81,590
Total remuneration for audit services	65,000	81,590

No non-audit services were provided.

24. EARNINGS PER SHARE

a) Basic and diluted earnings (loss) per share	CENTS	CENTS
From continuing operations attributable to the ordinary equity holders of the Company	(0.68)	(0.27)

b) Reconciliations of earnings (loss) used in calculating earnings per share	$	$
Basic and diluted earnings per share		
Loss from continuing operations	(5,272,436)	(1,938,247)
Loss from continuing operations attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	(5,272,436)	(1,938,247)

c) Weighted average number of shares used as the denominator	NUMBER	NUMBER
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	774,645,608	728,363,182
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	774,645,608	728,363,182

25. PARENT ENTITY FINANCIAL INFORMATION

The Parent Entity within the group is Gas2Grid Limited and this is also the ultimate Parent Entity within the group. The investment by the Parent Entity in subsidiaries at 30 June 2015 is $1 (2014: $1).

a) Summary financial information

The individual financial statements for the Parent Entity show the following aggregate amounts:

	2015 $	2014 $
Balance sheet		
Current assets	274,932	399,698
Total assets	13,211,503	17,407,059
Current liabilities	(815,061)	(1,599,778)
Non-current liabilities	(5,495,909)	(4,035,173)
Total liabilities	(6,310,970)	(5,634,951)
Net assets	6,900,533	11,772,108
Shareholders' equity		
Issued capital	31,272,145	30,970,525
Reserves	149,250	50,250
Accumulated Losses	(24,520,862)	(19,248,667)
	6,900,533	11,772,108
Loss for the year	(5,272,195)	(1,537,173)
Total comprehensive loss	(5,272,195)	(1,537,173)

b) Guarantees entered into by the Parent Entity

The Parent Entity has not entered into any financial guarantees as at 30 June 2015 or 30 June 2014 other than a bank guarantee of $61,067 given on behalf of the entity as disclosed in Note 6.

c) Contingent liabilities of the Parent Entity

The Parent Entity did not have any contingent liabilities as at 30 June 2015 or 30 June 2014.

d) Contractual commitments for the acquisition of property, plant or equipment

The Parent Entity did not have any contractual commitments for the acquisition of property, plant or equipment as at 30 June 2015 or 30 June 2014 except as disclosed in Note 18.

26. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the consolidated entity consisting of Gas2Grid Limited and its subsidiaries.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Gas2Grid Limited is a for-profit entity for the purpose of preparing the financial statements.

i. Compliance with IFRS

The consolidated financial statements of the Gas2Grid Limited group also comply with International Financial Reporting Standards (IFRS) as issued by the International Financial Reporting Standards Board (IASB).

ii. Historical cost convention

These financial statements have been prepared under the historical cost convention.

iii. Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 16.

iv. Going concern

During the year, the loan facilities from related entities of Directors (D Morton, D Munns and P Sam Yue) were increased from $5.55 million to a total of $6.0 million at 30 June 2015. The facilities were further increased to $7.1 million in August 2015 to enable the group to continue its operations.

At 30 June 2015, the group had net current liabilities of $115,645 and had $5,423,672 in Directors' loans that fall due for repayment on 16 October 2017.

The group incurred a loss of $5,272,436 for the year ended 30 June 2015 including a non-cash impairment of exploration expenditure and rights of $4,178,601.

Although the group is still planning to undertake exploration activities on its various tenements, it has currently only budgeted for those amounts that the financial position of the group allows. Consistent with the nature of the group's activities, its ongoing investment of funds into further exploration projects, will only be possible as and when sufficient funds are available to the group.

The continuing ability of the group to continue as a going concern and to undertake exploration activities and repay Directors' loans is dependent upon one, or a combination of, the following options that are being actively pursued by the Directors:

- Management's preferred option of selling part of the group's interests in its exploration licences and entering into joint ventures for the potential development of the projects.
- Undertaking further capital raisings.
- Selling of two drilling rigs and other field equipment.

If required, management will also negotiate to extend the maturity terms of the loan facilities beyond the current maturity date on 16 October 2017.

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.

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 30 June 2015. 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.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Gas2Grid Limited ("Company" or "Parent Entity") as at 30 June 2015 and the results of its subsidiaries for the year then ended. Gas2Grid Limited and its subsidiaries together are referred to in this financial report as the group or the Consolidated Entity.

Subsidiaries are all entities (including special purpose entities) over which the group has control. The group controls an entity when the group is expected to, or has rights to, variable returns from its investment in the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the group (refer to Note 26(s)).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Managing Director.

(d) Foreign currency translation

i. Functional and presentation currency
Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Gas2Grid Limited's functional and presentation currency.

ii. Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(e) Revenue recognition

Interest revenue is recognised using the effective interest rate.

Other revenue is recognised from the rendering of services to the customer.

(f) Borrowing costs

Borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

(g) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(h) Impairment of assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(i) Cash and cash equivalents

For the purposes of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(j) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(k) Other financial assets

Classification

The group classifies other financial assets as loans and receivables.

i. Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non current assets. Loans and receivables are included in receivables in the balance sheet.

Subsequent measurement

Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Impairment

If there is evidence of impairment for any of the group's financial assets carried at amortised cost, the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the financial asset's original effective interest rate. The loss is recognised in the income statement.

(l) Plant and equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight line or diminishing value method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

(i)	Furniture, fittings and equipment	3-8 years
(ii)	Leasehold improvements	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 26(h)). Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees payable on the establishment of loan facilities are recognised as transaction costs of the loan.

Borrowings are classified as non-current liabilities when the Group has an unconditional right to defer payment of the liability for at least 12 months after the reporting period.

(o) Provisions

Provisions for legal claims and make good obligations are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Provisions are discounted to their present values, where the time value of money is material. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(p) Employee benefits

i. Wages and salaries

Liabilities for wages and salaries, including non-monetary benefits such as annual leave and accumulating sick leave are expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

The liability for annual leave and accumulated sick leave is recognised in provisions. All other short term employee benefit obligations are presented as payables.

ii. Share based payments

Share-based compensation benefits may be provided to employees via an employee incentive plan.

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The fair value of options granted under an employee incentive plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted, which includes any market performance conditions but excludes the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions.

(q) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(r) Earnings per share

i. Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii. Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(s) Investment in subsidiaries

Investments in subsidiaries are accounted for at cost. Such investment includes both investment in shares issued by the subsidiaries. Trade amounts receivable from the subsidiaries in the normal course of business and other amounts advanced on commercial terms and conditions are included in receivables.

(t) Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(u) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(v) Exploration and evaluation expenditure

Exploration and evaluation expenditure is accumulated in respect of each indefinable area of interest, and carried forward in the balance sheet where:

(a) rights to tenure of the area of interest are current; and
(b) one of the following conditions is met:
    (i) such costs are expected to be recouped through successful development and exploitation of the area of interest or by its sale; or
    (ii) exploration and/or evaluation activities in the area of interest have not at balance date yet reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable hydrocarbon reserves, and active and significant operations in, or in relation to, the area are continuing.

Indirect costs relating to exploration and evaluation in areas of interest are capitalised in the year they are incurred. A regular review is undertaken to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Exploration and evaluation expenditure if written off when it fails to meet at least one of the conditions outlined above or an area of interest is abandoned.

Rigs and equipment acquired for use in exploration and evaluation activities are capitalised as tangible assets under exploration expenditure and rights. They are depreciated when used over their estimated useful lives of 10 years. The amount of depreciation is capitalised into intangible exploration expenditure.

Recoverability of the carrying amount of exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest or assets.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its amount. Where this is the case, the impairment loss will be measured in accordance with the Group's impairment policy (Note 26(h)).

Accumulated expenditure on areas which have been abandoned, or are considered to be of no value, is written off in the year in which such a decision is made.

(w) Leases

Leases to which a significant portion of the risks and rewards of the ownership are not transferred to the group as leases are classified as operating leases (Note 18). Payments under operating leases are charged to income statement on a straight line basis over the period of the lease.

(x) New and effective standards that are effective for these financial statements

A number of new and revised standards are effective for annual periods beginning on or after 1 July 2014 as follows:

- AASB 2013-3 Amendments to AASB 136-Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-6 Amendments to AASB 136 arising from Reduced Disclosure Requirements
- AASB 2014-1 Part A: Annual Improvements 2010-2012 and 2011-2013 cycles
- ASX Corporate Governance Principles and Recommendations

The adoption of the above standards did not result in changes in accounting policies and did not amend the amounts recognised in the financial statements. Additional disclosures required by the above standards have been included where relevant.

(y) New accounting standards and interpretation

Certain new accounting standards and interpretations have been issued but were not mandatory for annual reporting periods ending 30 June 2015 as follows:

- AASB 9 Financial Instruments
- Improvements project 2012-2014 cyle
- Disclosure Initiative: Amendments to IAS 1

The group's assessment is that there would be no material impact.

(z) Parent entity financial information

The financial information for the Parent Entity, Gas2Grid Limited, disclosed in Note 25 has been prepared on the same basis as the consolidated financial statements.

In the Directors' opinion:

a) the financial statements and notes set out on pages 20 to 41 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 30 June 2015 and of its performance for the financial year ended on that date; and

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and

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

Dennis Morton
Director

Sydney
16 September 2015

pwc

Independent auditor's report to the members of Gas2Grid Limited

Report on the financial report

We have audited the accompanying financial report of Gas2Grid Limited (the company), which comprises the consolidated balance sheet as at 30 June 2015, the consolidated income statement and statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Gas2Grid Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 26(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

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Auditor's opinion

In our opinion:

(a) the financial report of Gas2Grid Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 26(a).

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 26(a) to the financial report, which comments on the ongoing funding requirements of the consolidated entity. These conditions, along with other matters as set forth in Note 26(a) indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore the consolidated entity 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.

Report on the Remuneration Report

We have audited the remuneration report included in pages 12 to 17 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Gas2Grid Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Justine Richardson
Partner

Sydney
16 September 2015

The shareholder information set out below was applicable as at 7 September 2015.

1. Substantial Shareholders

Substantial Shareholders in the Company are set out below:-

ORDINARY SHARES	NUMBER HELD	PERCENTAGE OF ISSUED SHARES
Dennis Morton	130,954,854	16.60
Darren Reeder	60,272,618	7.64
Patrick Sam Yue	49,932,666	6.33
David Munns	49,596,307	6.29

2. Voting rights

The voting rights attached to the shares are, on a show of hands every member present in person or by proxy shall have one vote and upon a poll, are one vote for each share held.

3. On-market buy-back

There is no current on-market buy-back.

4. Distribution of Shareholders

i) Analysis of numbers of shareholders by size of holding:-

NO. OF SHARES	NO. OF SHAREHOLDERS
1 – 1,000	113
1,001 – 5,000	27
5,001 – 10,000	120
10,001 – 100,000	620
100,001 and over	517
	1,397

ii) There were 991 holders with less than a marketable parcel of shares.

5. Twenty largest Shareholders

	NAME OF SHAREHOLDERS	NUMBER HELD	PERCENTAGE OF ISSUED SHARES
1.	Budside Pty Ltd <Employees Superannuation Fund>	69,880,843	8.86
2.	Darren W Reeder	60,272,618	7.64
3.	David Munns	38,329,927	4.86
4.	Budside Pty Limited	34,727,345	4.40
5.	Lamdian Pty Ltd <Samyue Superfund A/C>	26,257,666	3.33
6.	W V Sam Yue	23,675,000	3.00
7.	Dennis Morton	20,666,666	2.62
8.	J Venpin	19,072,950	2.42
9.	Pobelo Super Pty Ltd <Pobelo P/L Super Fund A/C>	14,650,000	1.86
10.	JP Morgan Nominees Australia Limited <Cash Income A/C>	13,413,512	1.70
11.	Octan Energy Pty Ltd	12,250,000	1.55
12.	M S Ng	11,120,000	1.41
13.	M K Walcott	10,199,434	1.29
14.	J C K To	10,109,232	1.28
15.	TD International SA	9,481,898	1.20
16.	Seistend Pty Ltd <DW King Super Fund A/C>	8,900,000	1.13
17.	Uraldinarion N V	8,750,000	1.11
18.	Famblery Pty Ltd <MTM PL PROVIDENT FUND A/C>	8,500,000	1.08
19.	Discovery Investments Pty Ltd	8,105,682	1.03
20.	J A Morton	7,100,000	0.90
		415,462,773	52.67

SCHEDULE OF OIL AND GAS TENEMENTS

LOCATION	TENEMENT NAME	HOLDER	INTEREST	AREA	STATUS
Cebu Island, The Philippines	Service Contract 44	Gas2Grid Pte Ltd	100%	750 km^2	Extended to 27/01/2017
Onshore Aquitaine Basin, France	St Griede Licence	Gas2Grid Limited	100%	653 km^2	Under renewal application to 21/05 2018.
Onshore Aquitaine Basin, France	Tartas	Gas2Grid Limited	100%	2,822 km^2	Under new application
Onshore Aquitaine Basin, France	Mirande	Gas2Grid Limited	100%	1,092 km^2	Under new application
Onshore Aquitaine Basin, France	Eauze	Gas2Grid Limited	100%	1,949 km^2	Under new application