GAS2GRID LIMITED

A.B.N. 46 112 138 780

INTERIM REPORT
31 DECEMBER 2015

GAS2GRID Limited ABN 46 112 138 780
Interim Report – 31 December 2015

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Gas2Grid Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

Directors' report

Your Directors present their report on the consolidated entity consisting of Gas2Grid Limited and the entity it controlled at the end of, or during the half-year ended 31 December 2015.

Directors

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

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

Review of operations

HIGHLIGHTS

Philippines

- SC 44 currently in 2 Year technical moratorium until 27 January 2017.
- Completed studies to determine the best well drilling and completion technology to maximise oil production at Malolos.
- Drilling programs being prepared for deepening Nuevo Malolos-1 and a new well on the mapped crest of the Malolos Oil Field – drilling proposed for 2016.
- Seeking farmin partners for the proposed drilling program.

France

- In October 2015, the French Government advised the Company of its decision to refuse the first renewal of St. Griede licence.
- In November 2015, the Company lodged requests at the tribunal in France for the suspension and annulment of the French Government's decision.
- In December 2015, a judge at the French tribunal ruled to suspend the decision made by the French Government and the Ministers were given 2 months to make a decision based on proper legal grounds.
- The French Government and the Company were allowed two weeks from formal receipt of the Judge's decision to lodge an appeal. On 28 January 2016, the Company received notice that an appeal has been lodged by the Minister of Energy. The Conseil d'Etat of France will make a decision whether to allow the appeal to proceed and that decision is awaited.
- The Company is seeking legal advice on available courses of action.
- 3 new petroleum exploration licence applications being processed.

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

Oil production flow testing of Malolos-1 in 2014 has demonstrated that the well is capable of producing oil at commercial rates. The well has produced 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 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 minimum 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.

The Philippine Department of Energy ("DOE") approved a 2 year technical moratorium until 27 January 2017 in order to provide sufficient time to complete studies and establish the appropriate completion technology for maximising sustainable oil production that if successful will lead to full oil field appraisal/development of the Malolos Oil Field.

The Company completed technical work with industry experts. That work included analysis of all available technical data to determine a completion technology that will minimize sand and clay production and avert production blockage in order maximize oil production rates. The results of this work recommend that 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 have also been completed on the open-hole mud and hydraulic program design in order to minimize formation damage and maintain well-bore stability.

The first year program ended 27 January 2016 that was proposed under the 2 year technical moratorium has been completed. The second year work program is currently in process.

Proposals for the deepening of Nuevo Malolos-1 and drilling of a new Malolos-5 well are being prepared for submission to the Philippine Department of Energy. The Malolos-5 well is to be sited on the crest of the mapped surface anticline.

The Company, subject to availability of funding, is planning on deepening the Nuevo Malolos-1 well to the two known oil bearing reservoirs tested in Malolos-1. The well is programmed to deviate slightly so as to intercept the oil bearing reservoirs slightly up dip from Malolos-1. The new program will incorporate better open hole drilling technologies to avoid formation damage. It is planned to cut a rock core through the upper oil bearing sandstone and run a suite of electrical logs. The well will then be completed with screens and placed into oil production.

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.

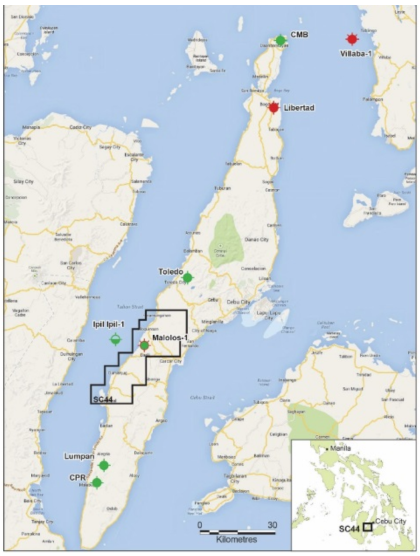
The Company, subject to availability of funding, would like to drill a new well to test the known oil bearing reservoirs in a crestal location on the anticline. Due to structural uplift all known sandstone reservoirs would be intercepted at a significantly shallower depth on the crest of the anticline, relative to Malolos-1.

The Company is also reviewing the benefits that could be achieved by the stimulation of the upper oil bearing sandstone in Malolos-1.

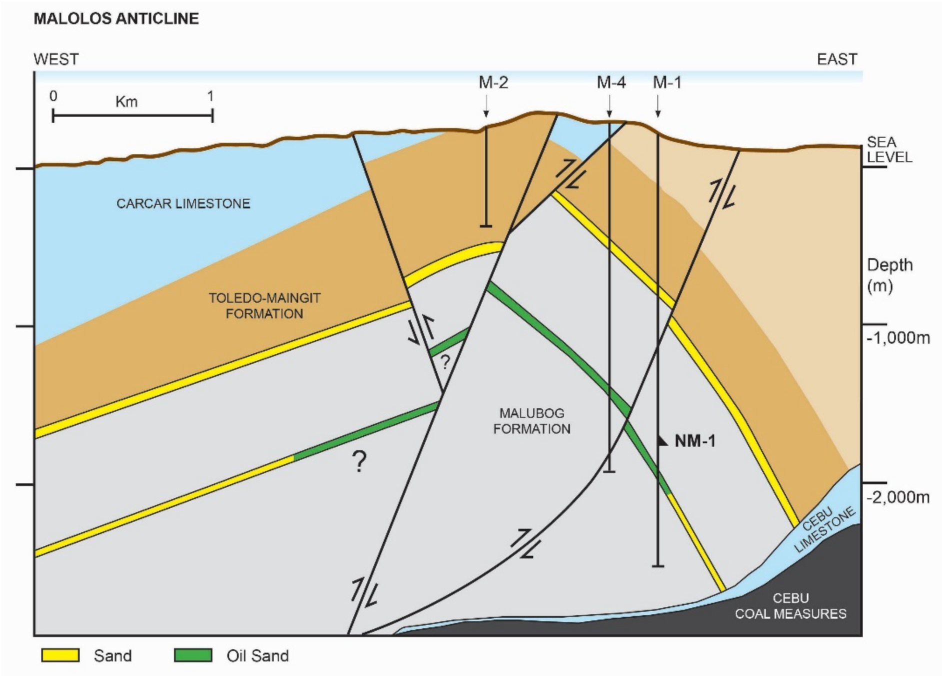
Farmout

The Company considers the most appropriate way to fund the full appraisal and development of the Malolos Oil Field is by securing a farmin partner. The Company is continuing with farmout efforts with terms now reflecting the current lower oil price in order achieve a farmout.

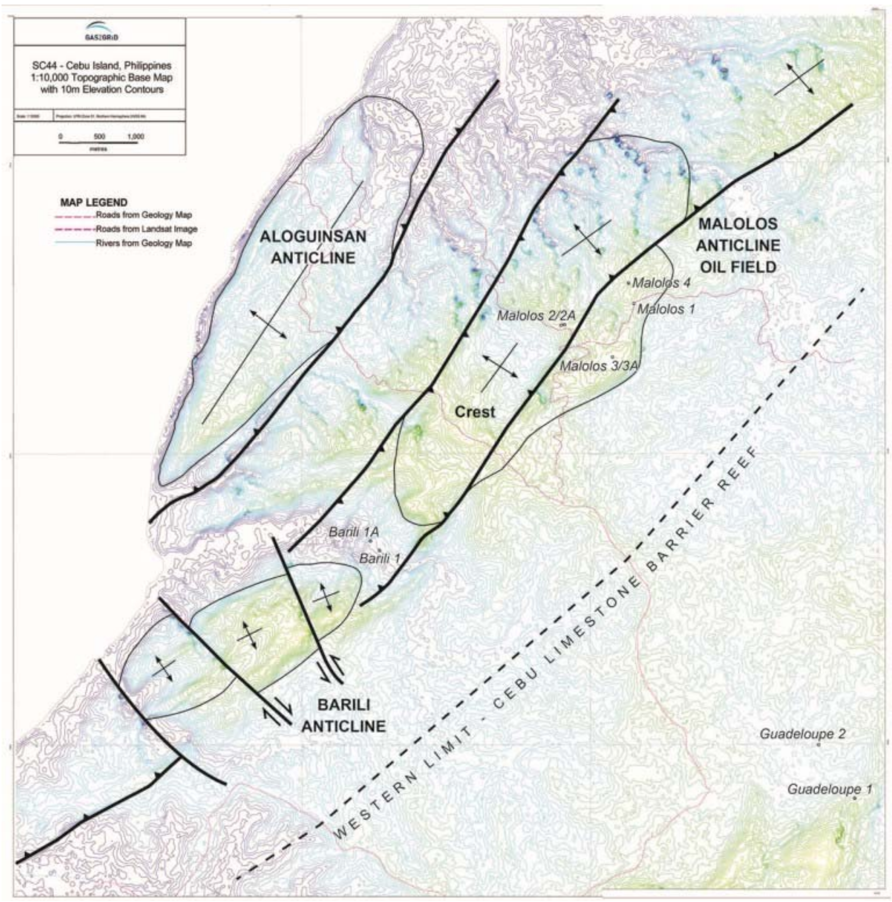
The Malolos Oil Field still represents an attractive investment opportunity for the long term despite the recent oil price drop and the immediate effect that it is having on the oil industry worldwide. The Malolos Oil Field has a 20.4 million barrel "Best Estimate (P50) Contingent Resource"[1] of good quality, low sulphur crude oil that is located onshore, close to transportation in a country with excellent fiscal terms. This could result in very low development and operating costs which may generate a reasonable profit margin, even at the current low oil price.



SC 44 Location on Cebu Island, Philippines



Cross-section of Malolos Oil Field showing locations of wells drilled



Malolos, Aloguinsan and Barili Surface Anticlines within SC 44

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

The St Griede licence located within the Aquitaine Basin, France was due for its first renewal in May, 2013 after an initial 5 year term. With the terms and conditions of the work and expenditure commitments having been met for the first 5 year term, a renewal application for a second 5 year term was submitted in January 2013 in order to continue the work program towards the drilling of a well. Normally, a first renewal is expected as a matter of course if the initial commitments have been met. That application was processed by French Government officials who recommended renewal and submitted it to the Minister of Energy for signature and issue.

The Company was formally advised by the French Government in October 2015 that it has decided not to grant the renewal. The decision not to renew the licence was based solely on local elected members and risks to public order considerations within the area where the licence is located. That decision is inconsistent with an approval granted last year by local authorities, while the application for renewal was being processed, for Gas2Grid to conduct a seismic acquisition survey with the aim to define a well location in the same area.

In November 2015, the Company lodged requests at the French tribunal for the suspension and annulment of the decision made by the French Government.

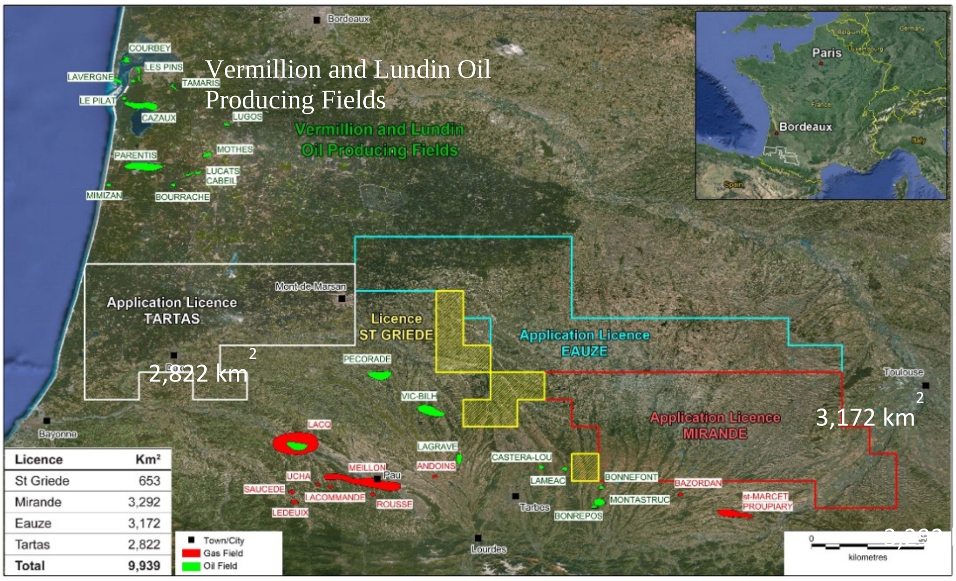
On the 29 December 2015 the judge hearing the matter ruled in the Company's favour and suspended the decision made by the French Government not to renew the St. Griede licence. The judge concluded that the St. Griede licence itself cannot cause risks to public order and that there has been an error of law in the decision of the Ministers. The two relevant Ministers have been given 2 months to make a decision on the St. Griede licence renewal based on proper legal grounds. An appeal by the parties on the judge's ruling was allowed within two weeks from formal receipt of the ruling.

On 28 January 2016, the Company received a notice from the Conseil d'Etat of France that the Minister of Energy has lodged an appeal to annul the 29th December, 2015 ruling of the judge at the tribunal. The Conseil d'Etat of France will make a decision whether to allow the appeal to proceed and that decision is awaited.

The Company is receiving legal advice on courses of action that is available to protect its rights and assets. The 100% ownership of the St. Griede licence during its currency and the oil and gas exploration potential had presented significant value for shareholders.

FRANCE: NEW APPLICATIONS (100%), Onshore Aquitaine Basin

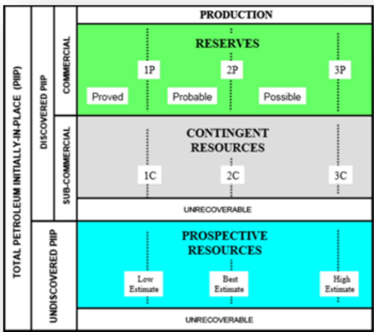
Three new licence applications targeting conventional oil and gas (Tartas, Eauze and Mirande) were submitted to the French Government over 3 years ago. These licence applications have been advertised in the European Union Gazette under normal processing procedures and these are approaching grant decisions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

[1] *The Resources assessment follows guidelines set forth by the Society of Petroleum Engineers – Petroleum Resource Management System (SPE-PRMS). The Resource estimates used in this presentation were compiled by Mr Len Diekman (Member SPE), Energetica Consulting, who is a qualified person as defined under the ASX Listing Rule 5.11 and has consented to the use of Resource figures in the form and context in which they appear in this presentation.*



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

FINANCIAL

Funding: During the half year, the loan facilities from related entities of Directors (D Morton, D Munns and P Sam Yue) were increased from $6,000,000 at 30 June 2015 to a total of $7,100,000 to ensure that the Company is sufficiently funded for operations.

In August 2015, the period of availability of the facilities was extended from 1 October 2016 to 16 October 2017. At 31 December 2015 a total of $5,825,216 has been drawn under the facilities including accrued interest and establishment fees. The loan facilities bear interest at 9% per annum computed quarterly in arrears with a 1% establishment fee based on arm's length commercial borrowing for an entity in the Group's circumstances. These loans will be repaid as soon as the Group is able to do so when funds are raised.

In November 2015, $301,000 of Directors' and management fees owing for the period to 30 September 2015 were settled by the issue of 100,333,332 ordinary shares as approved by shareholders at the Annual General Meeting held on 27 November 2015

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 Company has only budgeted for the exploration expenditure that satisfies the minimum licence commitments and the financial position of the Group allows.

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. This going concern issue is further discussed below, in detailed in Note 5 to the Financial Statements and is subject to emphasis in the auditor's review 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 half year the Group incurred net losses of $4,045,630 which included $3,463,282 of impairment of deferred exploration expenditure relating to exploration licences held in France and the Philippines and $31,200 of share based payment to a Director as approved by shareholders at the Annual General Meeting on 27 November 2015.

Financial Position: Total equity decreased to $3,624,322 from $7,340,899 primarily as a result of the impairment of deferred exploration expenditure.

Cash at 31 December 2015 was $55,606 reduced from the 30 June 2015 balance of $166,306 as cash was applied to reduce accounts payable and to operations. Current assets were $140,707 (30 June 2015: $286,974), reduced as a result of lower cash balance.

Current liabilities were $332,515, a reduction from the 30 June 2015 amount of $402,619 as most creditors have been settled through cash on hand and funds received from Directors' loans.

All amounts owing to Directors for fees to September 2015 of $301,000 were paid by the issue of 100,333,332 new fully paid ordinary shares at a deemed issue price of $0.003 per share following approval of shareholders at the Annual General Meeting held on 27 November 2015.

Cash Flows: Operating activities resulted in net outflow of $127,145 (2014: outflow $187,083) as the Group is still in the exploration phase with no sales revenue. A total of $129,989 (2014: $560,042) was paid for investment 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:

- Appraisal and development of the Malolos Oil Field within SC 44 that has been assessed to have best estimate "Contingent Resource" of 20.4 million barrels of oil;

- Exploration of newly identified prospective leads within SC 44 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 Acquitaine Basin in France and carrying out exploration in the longer term to develop those permits.

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

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 review conclusion for the half year ended 31 December 2015 therefore includes an emphasis of matter in this regard. This going concern issue is further detailed in Note 5 to the Financial Statements and is subject to emphasis in the auditor's review 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.

Dennis J. Morton
Managing Director

Sydney
10th March 2016

Auditor's Independence Declaration

As lead auditor for the review of Gas2Grid Limited for the half-year ended 31 December 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 review; and

b) no contraventions of any applicable code of professional conduct in relation to the review.

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

Justine Richardson
Partner
PricewaterhouseCoopers

Sydney
10 March 2016

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	Half-year	
	2015	2014
	$	$
Revenue from continuing operations	51,552	28,697
Other income	-	21,733
	51,552	50,430
Deferred expenditure written off	(3,463,282)	(3,810,068)
Administration expense	(114,030)	(118,840)
Auditor's remuneration	(20,000)	(20,000)
Employee benefits expense	(93,988)	(102,828)
Finance costs	(252,151)	(200,387)
Foreign exchange losses	(3,821)	(10,341)
Depreciation and amortisation expense	(14,137)	(19,345)
Insurance costs	(9,418)	(17,134)
Listing and registry fees	(25,258)	(36,639)
Rental expenses	(35,481)	(62,925)
Share based payments	(31,200)	(99,000)
Other expenses	(34,416)	(31,282)
Loss before income tax	**(4,045,630)**	**(4,478,359)**
Income tax expense	**-**	**-**
Loss from continuing operations	**(4,045,630)**	**(4,478,359)**
Other comprehensive income	**-**	**-**
Other comprehensive income for the half-year, net of tax	**-**	**-**
Total comprehensive loss for the half-year	**(4,045,630)**	**(4,478,359)**
Loss for the half-year attributable to the owners of Gas2Grid Limited	**(4,045,630)**	**(4,478,359)**
Total comprehensive loss for the half-year attributable to owners of Gas2Grid Limited	**(4,045,630)**	**(4,478,359)**
	Cents	Cents
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the Company:		
Basic and diluted loss per share	**(0.50)**	(0.59)

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

Gas2Grid Limited
Consolidated statement of financial position
as at 31 December 2015

	31 DECEMBER 2015 $	30 JUNE 2015 $
ASSETS		
Current assets		
Cash and cash equivalents	**55,606**	166,306
Trade and other receivables	**24,001**	59,568
Other financial assets	**61,100**	61,100
Total current assets	**140,707**	286,974
Non-current assets		
Property, plant and equipment	**18,439**	32,697
Exploration expenditure and rights	**9,622,907**	12,919,756
Total non-current assets	**9,641,346**	12,952,453
Total assets	**9,782,053**	**13,239,427**
LIABILITIES		
Current liabilities		
Trade and other payables	**287,964**	**396,723**
Provisions	**44,551**	**5,896**
Total current liabilities	**332,515**	**402,619**
Non-current liabilities		
Borrowings	**5,825,216**	**5,423,672**
Provisions	**-**	**72,237**
Total non-current liabilities	**5,825,216**	**5,495,909**
Total liabilities	**6,157,731**	**5,898,528**
Net assets	**3,624,322**	**7,340,899**
EQUITY		
Contributed equity	**31,569,998**	31,272,145
Reserves	**180,450**	149,250
Accumulated losses	**(28,126,126)**	(24,080,496)
Total equity	**3,624,322**	7,340,899

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

	Contributed Equity	Accumulated Losses	Reserves	Total Equity
	$	$	$	$
As at 1 July 2014	30,970,525	(18,808,060)	50,250	12,212,715
Total comprehensive loss for the half-year	-	(4,478,359)	-	(4,478,359)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	301,619	-	-	301,619
Employee Incentive Plan	-	-	99,000	99,000
As at 31 December 2014	31,272,144	(23,286,419)	149,250	8,134,975
As at 1 July 2015	**31,272,145**	**(24,080,496)**	**149,250**	**7,340,899**
Total comprehensive loss for the half-year	**-**	**(4,045,630)**	**-**	**(4,045,630)**
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	**297,853**	**-**	**-**	**297,853**
Employee Incentive Plan	**-**	**-**	**31,200**	**31,200**
As at 31 December 2015	**31,569,998**	**(28,126,126)**	**180,450**	**3,624,322**

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

	Half-year	
	2015	2014
	$	$
Cash flows from operating activities		
Interest received	**594**	**1,405**
Other revenue	**83,197**	**27,296**
Payments to suppliers and employees (inclusive of goods and services tax)	**(210,936)**	**(215,784)**
Net cash outflow from operating activities	**(127,145)**	**(187,083)**
Cash flows from investing activities		
Payments for exploration expenditure	**(129,989)**	**(560,042)**
Refund of security deposits	**-**	**2,721**
Net cash outflow from investing activities	**(129,989)**	**(557,321)**
Cash flows from financing activities		
Transaction costs on issue of shares	**(2,596)**	**(2,648)**
Proceeds from borrowings	**150,000**	**701,612**
Financing costs	**-**	**(2,500)**
Net cash inflow from financing activities	**147,404**	**696,464**
Net decrease in cash and cash equivalents	**(109,730)**	**(47,940)**
Cash and cash equivalents at the beginning of the half-year	**166,306**	**304,290**
Effects of exchange rate changes on cash and cash equivalents	**(970)**	**3,285**
Cash and cash equivalents at the end of the half-year	**55,606**	**259,635**

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

1. Nature of operations

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

2. General information and basis of preparation

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six months ended 31 December 2015 and are presented in Australian Dollar ($AUD), which is the functional currency of the Parent Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134: *Interim Financial Reporting.* They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2015 and any other public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 10 March 2016.

3. Significant accounting policies

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2015.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

4. Estimates

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

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2015.

5. Going concern

At 31 December 2015, the Group had net current liabilities of $191,808 and had $5,825,216 in Directors' loans that fall due for repayment on 16 October 2017.

The Group incurred a loss of $4,045,630 for the half year ended 31 December 2015 including a non-cash impairment of exploration expenditure and rights of $3,463,282.

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 31 December 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.

6. Non-current Borrowings

	31 December 2015	30 June 2015
	$	$
Loans from Director related entities	**5,825,216**	5,423,672

During the half-year, the Company drew down an additional $150,000 under the Directors' loan facilities facility. On 26 August 2015, the loan facilities of $6,000,000 at 30 June 2015 were increased to a total of $7,100,000 and the expiry date of the loan facilities made available by the Directors' related entities was extended from 1 October 2016 to 16 October 2017.

7. Segment information

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

	Revenue		**Segment Results**		**Segment Assets**		**Segment Liabilities**	
	2015 $	2014 $	**2015 $**	2014 $	**2015 $**	2014 $	**2015 $**	2014 $
Australia	**51,552**	50,430	**(582,348)**	(667,820)	**152,808**	386,751	**6,143,128**	5,148,370
France	**-**	-	**(77,998)**	(2,438,351)	**-**	-	**14,603**	26,149
Philippines	**-**	-	**(3,385,284)**	(1,372,188)	**9,629,245**	13,198,128	**-**	275,385
Consolidated	**51,552**	50,430	**(4,045,630)**	(4,478,359)	**9,782,053**	13,584,879	**6,157,731**	5,449,904

8. Dividends

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

9. Equity securities issued

	2015 Shares	2014 Shares	**2015 $**	2014 $
Issues of ordinary shares during the half-year				
For payment of Directors' fees and management services*	**100,333,332**	21,733,331	**301,000**	304,268
Under Employee Incentive Plan "EIP"	**12,000,000**	9,000,000	**-**	-
Transaction Costs	**-**	-	**(3,147)**	(2,648)
	112,333,332	30,733,331	**297,853**	301,620

*The shares issued were for payment of Directors' fees and management services amounting to $301,000 following approval of shareholders at the Annual General Meeting held on 27 November 2015.

10. Contingent Liabilities

The Group did not have any contingent liabilities as at 31 December 2015.

11. Commitments for Expenditure

Exploration Expenditure Commitments

In order to maintain current rights to tenure to exploration tenements, the Company has the following exploration expenditure commitments up until expiry of the leases, including commitments in 2014 proposed for renewal of the St Griede licence but not included in 2015 as the renewal has been refused. These obligations, which may be farmed out and are subject to renegotiation, are not provided for in the financial statements and are payable:

	31 December 2015 $	30 June 2015 $
Not later than one year	**1,311,819**	-
Later than one year but not later than 5 years	**-**	1,646,879
	1,311,819	1,646,879

Operating Lease Commitments

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

	31 December 2015 $	30 June 2015 $
Not later than one year	**78,830**	130,387
Later than one year but not later than 5 years	**1,022**	14,473
	79,852	144,860

In the Directors' opinion:

(a) The interim financial statements and notes set out on pages 11 to 17 are in accordance with the *Corporations Act 2001*, including:

  (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance, for the half-year ended on that date; and

(b) there are reasonable grounds to believe that Gas2Grid Limited will be able to pay its debts as and when they become due and payable.

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

Dennis J. Morton
Director

Sydney
Date: 10th March 2016

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Independent auditor's review report to the members of Gas2Grid Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Gas2Grid Limited (the company), which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Gas2Grid Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Gas2Grid Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date;

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b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Material Uncertainty Regarding Continuation as Going Concern

Without qualifying our conclusion, we draw attention to Note 5 to the Half Year report, which comments on the ongoing funding requirements of the consolidated entity. These conditions, along with other matters set forth in Note 5, 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 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.

PricewaterhouseCoopers

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Justine Richardson
Partner

Sydney
10 March 2016

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