GAS2GRID LIMITED
A.B.N. 46 112 138 780

INTERIM REPORT
31 DECEMBER 2016

GAS2GRID Limited ABN 46 112 138 780
Interim Report – 31 December 2016

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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 2016 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 2016.

Directors

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

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

Review of Operations

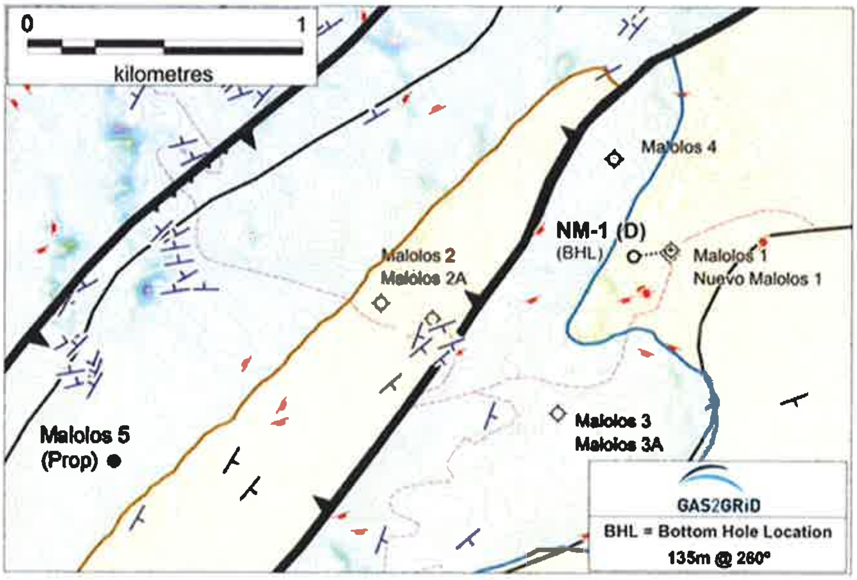
PHILIPPINES: SERVICE CONTRACT 44 (100%), Onshore Cebu

The "DOE" approved a 2 year Technical Moratorium that ended on 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.

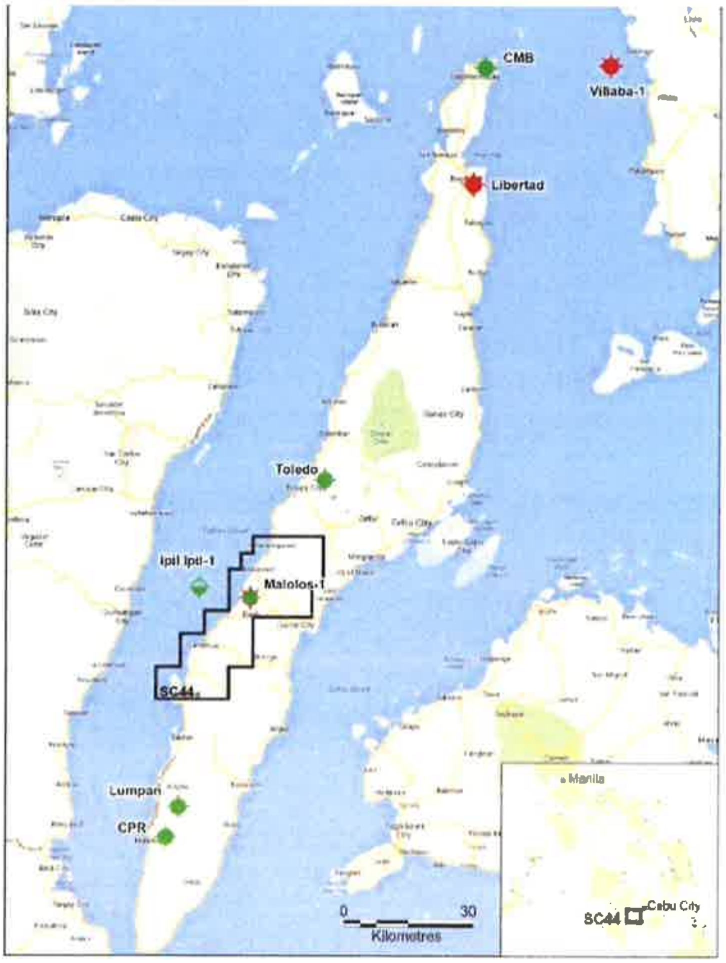
A drilling proposal for the Nuevo Malolos-1 Deepening was submitted to the DOE for their approval in March 2016. Approval was not received by the Company until mid-September, 2016.

The late approval did not allow sufficient time to complete the drilling operations, conduct a long term oil production test of the well and submit an application for a 25 year production term within the remaining time provided for under the Technical Moratorium. The Company will not spend money on operations unless security of title has been established and under the current situation security of title is not guaranteed.

The Company applied to the DOE requesting sufficient time be granted in which to complete the operations. The request was denied. The Company engaged in discussions with the DOE and has recently lodged an application under "Force Majeure", as provided for under the Service Contract terms.



Nuevo Malolos-1 Deepening well location and well track



SC 44 Location on Cebu Island, Philippines

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

The St Griede licence (100% working interest) 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.

In October 2015 the Company was formally advised by the French Government that it has decided not to grant the renewal. The decision not to renew the licence is based solely on local elected members and "public disorder risk" considerations within the area where the licence is located. We note an inconsistency with approval being granted earlier in 2015, by local authorities, for the Company to conduct a seismic acquisition survey with the aim to define a well location in the same area.

In November 2015 the Company lodged an action in the French tribunal for the suspension and annulment of the decision by the French Government to cancel the licence on the grounds of it being unlawful.

On 29 December 2015 the judge hearing the matter determined in the Company's favour and suspended the French Government's decision 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 relevant Ministers were given 2 months to reconsider the St. Griede permit renewal.

On 28 January 2016 the Company received notice that the French Minister of Energy had lodged with the "Conseil d'Etat" (a high court for legal affairs of the state) an appeal for the annulment of the ruling made on 29 December 2015 by the judge at the Tribunal in France.

On 22 August 2016 the Company received a copy of an order made by the Conseil D'Etat of France, who determined not to admit the appeal lodged by the Minister of Energy in January 2016 for the annulment of the ruling made on 29 December 2015 by the judge at the tribunal in France to suspend the decision made by the French Government not to renew the St Griede permit. The decision was made on the grounds that the Minister has not presented any argument of a nature to allow admission of the appeal.

This decision supported the Company's legal rights to protect its investment.

On 11 October 2016 a full hearing of the licence cancellation dispute was held in front of three judges of the Administrative Court of Pau. As a part of that hearing a magistrate, in full independence, presented his assessment of the facts and the applicable law as well as his opinion on a solution to the dispute. He concluded that the decision made by the Ministers in refusing an extension to the Saint-Griede permit is not legally valid.

In early November 2016 the Administrative Tribunal of Pau handed down a judgement that fully supports the Company as follows:

1. Annulment of the decision of the French Ministers made in September 2015 to refuse the renewal of St Griede permit;
2. Instruction to the Ministers to grant, within 30 days, a 5 year extension to the St Griede permit commencing from 3 November 2016; and
3. A penalty to the French Government payable to the Company, of 3,000 Euros for each day that the grant of the permit extension is delayed.

The parties had 2 months from the date of notification of the judgement to appeal.

On 3 January 2017 the French Government lodged an appeal against the decision of the Administrative Tribunal of Pau. A decision on whether the appeal will be allowed is awaited.

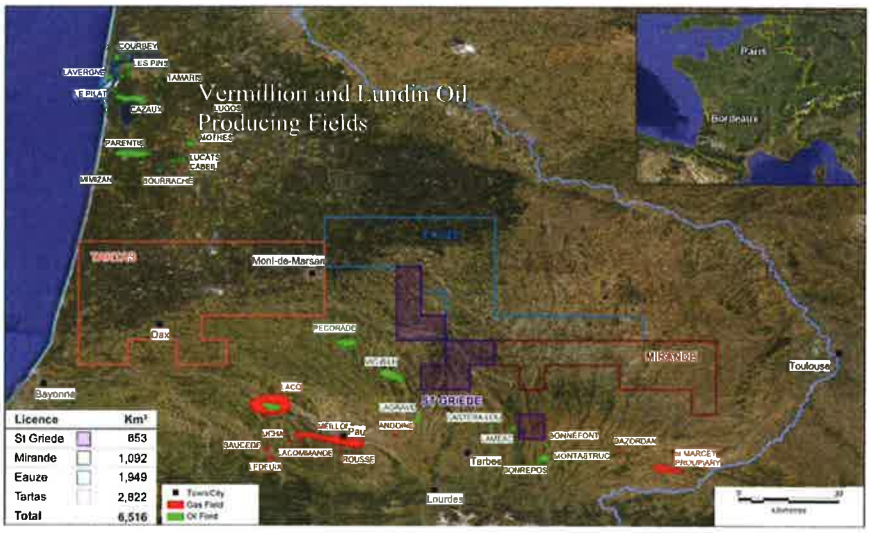
In the Company's lawyers' view, the 3,000 Euro/day penalty is accruing from 3rd December 2016 to the benefit of the Company. The Company has not recognised this benefit in its financial statements while the application for the appeal is on foot.

Various actions are available to the Company following this judgement and the Company is guided by its legal advisors in France to achieve the best outcome for its shareholders.

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

The Company has 3 licence applications, namely Tartas, Eauze and Mirande (all 100% interest), in the Aquitaine Basin that are awaiting grant. Tartas, having been fully processed, has been recommended for grant by the French Government officials and is waiting the Minister of Energy's approval. Eauze and Mirande have some more procedures to be carried out by the officials before a recommendation for grant can be expected. No new information has been received since the commencement of the half year on the progress of the processing of those applications.

(The information in this review of operations 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.)



Gas2Grid Limited Permits in France

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

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 $7,100,000 at 30 June 2016 to a total of $8,700,000 at 30 December 2016 to ensure that the Company is sufficiently funded for operations.

On 30 December 2016, the period of availability of the facilities was also extended from 16 October 2017 to 16 October 2018. At 31 December 2016 a total of $7,182,100 has been drawn under the facilities including accrued interest and establishment fees. Cash of $100,000 was drawn under the facilities during the period. The loan facilities bear interest at 9% per annum computed quarterly in arrears with a 1% establishment fee based on arm's length commercial borrowing for an entity in the Group's circumstances. These loans will be repaid as soon as the Group is able to do so when funds are raised.

To undertake exploration and appraisal activities in Philippines and exploration in France while the Group has no revenue producing assets, the Group requires regular injection of funds and the 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.

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

2016 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;
- Selling of two drilling rigs and other field equipment subject to market; and
- Possibly equity capital raisings.

Performance: During the half year the Group incurred net losses of $694,995 which included $51,935 of expenditure relating to exploration licences in France and the Philippines and $44,400 of share based payment to a Director as approved by shareholders at the Annual General Meeting on 29 November 2016.

Financial Position: Total negative equity increased from $6,535,139 to $7,185,734 primarily as a result of continuing loss from operations.

Cash at 31 December 2016 was $67,438 reduced slightly from the 30 June 2016 balance of $74,511. Cash loan of $100,000 was drawn under the Directors' loan facilities during the period and used in operations and to pay creditors. Current assets were $89,436 (30 June 2016: $233,953).

Current liabilities were $45,999, a reduction from the 30 June 2016 amount of $177,873 as most creditors have been settled through cash on hand and funds received from Directors' loans.

Director and management fees of $150,500 payable to the Directors for the period were drawn down from the Directors' loan facilities.

Cash Flows: Operating activities resulted in net outflow of $74,225 (2015: outflow $127,145) as the Group is still in the exploration phase with no sales revenue. The other revenue received of $93,436 relates to reimbursements of expenditure paid by the Company. A total of $60,763 (2015: $129,989) was paid for exploration expenditure. 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 and to the security of tenure of the licences. Future financial performance will be driven by success in the following and subject to security of tenure of licences:

- 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 Aquitaine 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.

Signed in accordance with a resolution of the Directors.

Dennis J. Morton
Managing Director

Sydney
15 March 2017

Auditor's Independence Declaration

As lead auditor for the review of Gas2Grid Limited for the half-year ended 31 December 2016, 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
15 March 2017

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	Half-year 2016 $	2015 $
Revenue from continuing operations	35,860	51,552
Impairment of deferred expenditure	-	(3,463,282)
Exploration expenditure	(51,935)	-
Administration expense	(119,010)	(114,030)
Auditor's remuneration	(17,340)	(20,000)
Employee benefits expense	(79,692)	(93,988)
Finance costs	(345,212)	(252,151)
Foreign exchange gains/(losses)	2,454	(3,821)
Depreciation and amortisation expense	(4,373)	(14,137)
Insurance costs	(8,592)	(9,418)
Listing and registry fees	(13,741)	(25,258)
Rental expenses	(19,840)	(35,481)
Share based payments	(44,400)	(31,200)
Other expenses	(29,174)	(34,416)
Loss before income tax	**(694,995)**	**(4,045,630)**
Income tax expense	-	-
Loss from continuing operations	**(694,995)**	**(4,045,630)**
Other comprehensive income	-	-
Other comprehensive income for the half-year, net of tax	-	-
Total comprehensive loss for the half-year	**(694,995)**	**(4,045,630)**
Loss for the half-year attributable to the owners of Gas2Grid Limited	**(694,995)**	**(4,045,630)**
Total comprehensive loss for the half-year attributable to owners of Gas2Grid Limited	**(694,995)**	**(4,045,630)**
	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	**(0.08)**	(0.50)

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

	Note	31 DECEMBER 2016 $	30 JUNE 2016 $
ASSETS			
Current assets			
Cash and cash equivalents		**67,438**	74,511
Trade and other receivables		**21,998**	98,375
Other financial assets		**-**	61,067
Total current assets		**89,436**	233,953
Non-current assets			
Property, plant and equipment		**-**	4,297
Total non-current assets		**-**	4,297
Total assets		**89,436**	**238,250**
LIABILITIES			
Current liabilities			
Trade and other payables		**31,364**	**132,452**
Provisions		**14,635**	**45,421**
Total current liabilities		**45,999**	**177,873**
Non-current liabilities			
Trade payables		**47,071**	**30,420**
Borrowings	6	**7,182,100**	**6,565,096**
Total non-current liabilities		**7,229,171**	**6,595,516**
Total liabilities		**7,275,170**	**6,773,389**
Net liabilities		**(7,185,734)**	**(6,535,139)**
EQUITY			
Contributed equity		**31,579,694**	31,579,694
Reserves		**233,802**	189,402
Accumulated losses		**(38,999,230)**	(38,304,235)
Total deficit		**(7,185,734)**	(6,535,139)

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 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**
As at 1 July 2016	**31,579,694**	**(38,304,235)**	**189,402**	**(6,535,139)**
Total comprehensive loss for the half-year	-	**(694,995)**	-	**(694,995)**
Transactions with owners in their capacity as owners:				
Employee Incentive Plan	-	-	**44,400**	**44,400**
As at 31 December 2016	**31,579,694**	**(38,999,230)**	**233,802**	**(7,185,734)**

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

	Half-year	
	2016	2015
	$	$
Cash flows from operating activities		
Interest received	**761**	**594**
Other revenue	**93,436**	**83,197**
Payments to suppliers and employees (inclusive of goods and services tax)	**(168,422)**	**(210,936)**
Net cash outflow from operating activities	**(74,225)**	**(127,145)**
Cash flows from investing activities		
Payments for exploration expenditure	**(60,763)**	**(129,989)**
Proceeds from disposals of plant and equipment	**2,500**	**-**
Refund of security deposit	**27,207**	**-**
Net cash outflow from investing activities	**(31,056)**	**(129,989)**
Cash flows from financing activities		
Transaction costs on issue of shares	**-**	**(2,596)**
Proceeds from borrowings	**100,000**	**150,000**
Net cash inflow from financing activities	**100,000**	**147,404**
Net decrease in cash and cash equivalents	**(5,281)**	**(109,730)**
Cash and cash equivalents at the beginning of the half-year	**74,511**	**166,306**
Effects of exchange rate changes on cash and cash equivalents	**(1,792)**	**(970)**
Cash and cash equivalents at the end of the half-year	**67,438**	**55,606**

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 2016 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 2016 and any other public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements have been approved and authorised for issue by the Board of Directors on 15 March 2017.

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 2016.

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 2016.

5. Going concern

During the half-year, the loan facilities from related entities of Directors (D Morton, D Munns and P Sam Yue) were increased from $7.1 million at 30 June 2016 to $8.7 million at 31 December 2016 to enable the Group to continue its operations.

At 31 December 2016, the Group had net current assets of $43,437 and non-current liabilities of $7,229,171 including $7,182,100 in Directors' loans that fall due for repayment on 16 October 2018 (in December 2016 the maturity terms of the loan facilities were extended by one year from 16 October 2017).

The Group incurred a loss of $694,995 for the half-year ended 31 December 2016 including exploration expenditure of $51,935 incurred during the period.

The Technical Moratorium under SC44 in the Philippines for the Group to prove the commerciality of the oil field expired on 27 January 2017. As the drilling program presented by the Group in March 2016 had only been approved on 15 September 2016 leaving insufficient time to complete the program before the end of the Technical Moratorium the Group had applied for additional time and the Department of Energy ("DOE") has denied that request. However, the Group is awaiting a response from the DOE to its request for additional time based on force majeure conditions under the SC44.

Management is actively pursuing resolution of the above SC 44 issues and seeking recovery of its investment in the St Griede permit in France which had not been renewed by the French Government on improper legal grounds as ruled by the tribunal. In November 2016, the tribunal has directed the Minister to grant the renewal within one month failing which a Euros 3,000 per day penalty applies to the benefit of the Group and in January 2017 the Minister has appealed the judgement. A decision on whether the appeal will be allowed is awaited.

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 resolution of the above SC44 and St Griede issues.

If the commercial issues around SC 44 can be resolved, management's preferred option is to sell part of the Group's interest in SC44 and enter into joint venture for the potential development of the project.

If required, management will negotiate to extend the maturity terms of the loan facilities beyond the current maturity on 16 October 2018.

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.

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 2016. 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.

The attached report for the half-year ended 31 December 2016 contains an independent review conclusion which includes an emphasis of matter paragraph in regard to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

6. Non-current borrowings

	31 December 2016	30 June 2016
	$	$
Loans from Director related entities	**7,182,100**	6,565,096

During the half-year, the Company drew down an additional $100,000 under the Directors' loan facilities facility. In September 2016, the loan facilities of $7,100,000 at 30 June 2016 were increased to a total of $7,700,000 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. On 30 December 2016, the expiry date of the loan facilities was extended by one year to 16 October 2018 and the loan facilities were increased to $8,700,000.

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**	
	2016 $	2015 $	**2016 $**	2015 $	**2016 $**	2015 $	**2016 $**	2015 $
Australia	**35,860**	51,552	**(643,059)**	(582,348)	**85,786**	152,808	**7,275,170**	6,143,128
France	**-**	-	**(10,345)**	(77,998)	**-**	-	**-**	14,603
Philippines	**-**	-	**(41,591)**	(3,385,284)	**3,650**	9,629,245	**-**	-
Consolidated	**35,860**	51,552	**(694,995)**	(4,045,630)	**89,436**	9,782,053	**7,275,170**	6,157,731

8. Dividends

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

9. Equity securities issued

	2016 Shares	2015 Shares	**2016 $**	2015 $
Issues of ordinary shares during the half-year				
For payment of Directors' fees and management services	**-**	100,333,332	**-**	301,000
Under Employee Incentive Plan "EIP"	**12,000,000**	12,000,000	**-**	-
Transaction costs	**-**	-	**-**	(3,147)
	12,000,000	112,333,332	**-**	297,853

The EIP shares were issued to Director P Sam Yue following the approval of shareholders at the Annual General Meeting held on 29 November 2016.

10. Contingent liabilities

The Group did not have any contingent liabilities as at 31 December 2016.

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 leases after requested renewal. 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 2016	30 June 2016
	$	$
Not later than one year	**1,322,751**[1]	1,285,017
Later than one year but not later than 5 years	-	-
	1,322,751	1,285,017

[1] This commitment is contingent upon the grant of extension of time of the licence period of SC 44 to complete the work.

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 2016	30 June 2016
	$	$
Not later than one year	**16,855**	14,473
Later than one year but not later than 5 years	**28,457**	-
Later than 5 years	-	-
	45,312	14,473

12. Events occurring after the reporting period

There has not arisen in the interval since 31 December 2016 and up to the date of this report, any matter that, in the opinion of the Directors, has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years other than the following:

- Philippines, SC 44: the 2 year Technical Moratorium expired on 27 January 2017. The Company has applied for "Force Majeure" extension and is awaiting a response from the Philippines Department of Energy. Details are provided under Review of Operations section included in the Directors' report; and

- France, St Griede: on 3 January 2017, the French Government lodged an appeal against the decision of the Administrative Tribunal of Pau instructing the grant of a 5 year extension to the permit. Details are provided under Review of Operations section included in the Directors' report.

In the Directors' opinion:

(a) the interim financial statements and notes set out on pages 9 to 16 are in accordance with the *Corporations Act 2001*, including:

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

  (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance, for the half-year ended on that date; and

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

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

Dennis J. Morton
Director

Sydney
Date: 15 March 2017

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 2016, 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 2016 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:

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1. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date;

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

Material Uncertainty Regarding Continuation as Going Concern

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 that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

PricewaterhouseCoopers

PricewaterhouseCoopers

Justine Richardson
Partner

Sydney
15 March 2017