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

INTERIM REPORT
31 DECEMBER 2017

GAS2GRID Limited ABN 46 112 138 780
Interim Report – 31 December 2017

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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 2017 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 2017.

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

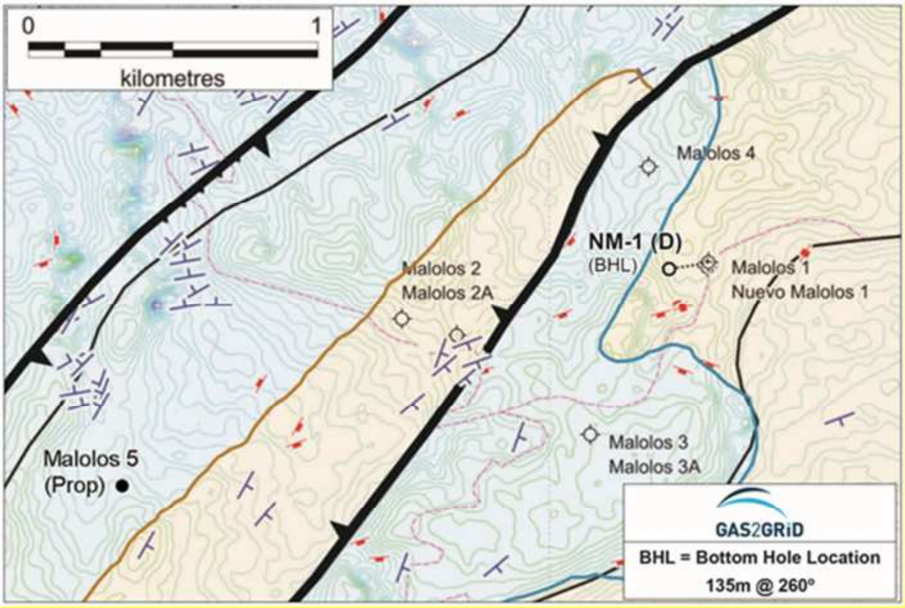
PHILIPPINES: SERVICE CONTRACT 44 (100%), Onshore Cebu

The Philippine Department of Energy ("DOE") had approved a 2 year technical moratorium under the terms of the Service Contract 44 ("SC 44") in order to provide sufficient time to complete studies and establish the appropriate drilling and completion technology for maximising sustainable oil production that if successful would lead to full oil field appraisal/development.

The 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 if successful, submit an application for a 25 year production term prior to the expiry of the technical moratorium on 27 January 2017.

The Company had put operations in SC 44 on hold until security of title has been established as under the current situation, security of title is not guaranteed. Minimum expenditure is being incurred to maintain security of equipment and well site.

During the half year, the Company has been discussing with the Philippine DOE regarding an extension of SC 44 and Company representatives have met with DOE officials. All materials requested by the DOE have been submitted. On 1 March 2018, the Managing Director met with the DOE and is hopeful for the grant of an extension to carry out the Company's proposed work program.



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. That appeal was not admitted, as advised to the Company in August 2016, on the grounds that the Minister had not presented any valid argument. This decision affirmed the Company's legal rights to renewal of the permit.

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.

On 3 January 2017 the French Government lodged an appeal against the decision of the Administrative Tribunal of Pau. In June 2017, the Company submitted its response to that appeal and is waiting for the Appeal Court's determination.

In the opinion of the Company's lawyers the €3,000 /day penalty has been accruing, from 3 December 2016. The Company has lodged a request in the Tribunal to direct the Government to pay the court determined penalty that has been accruing. In June 2017, the Government and the Company have both lodged their arguments relating to the payment and a decision is awaited. The Company has not recognised this benefit in its financial statements while the application for the appeal is on foot.

On 5 January, 2018 the Company became aware that on 23 December, 2017 the French Government had published a new decree dated 8 December 2017 extending the St. Griede licence for a 5 month period up until 31 May, 2018. The extension announced by the French Government provides the Company 5 months in which to complete a 5 year work program that was proposed on the application for renewal of the permit in 2013. This extension is not in accordance with the November 2016 court directions of a 5 year extension from the judgement date.

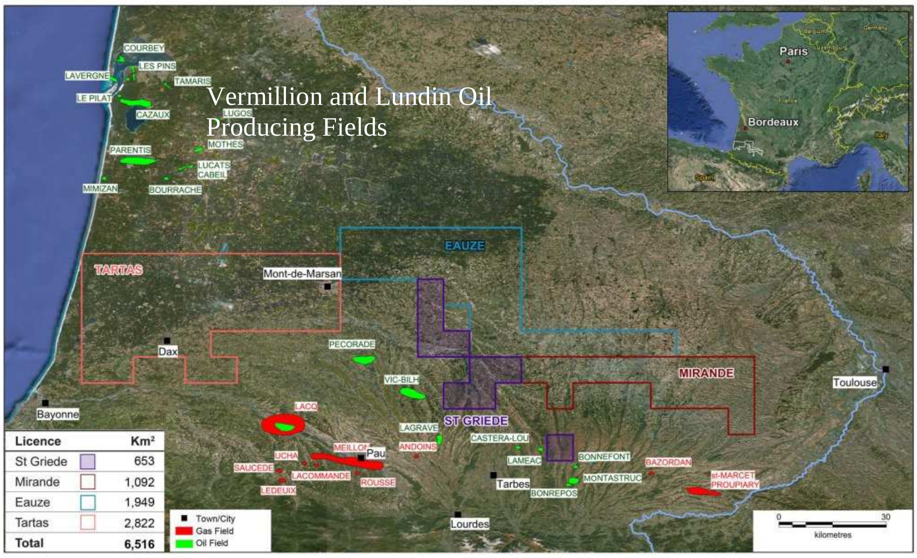
The Company is guided by its lawyers in France of the various actions available to achieve the best outcome for its shareholders.

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

The Company had submitted, between October 2010 and March 2011, 3 conventional oil and gas exploration licence applications, namely Tartas, Eauze and Mirande (all 100% interest), in the Aquitaine Basin. Tartas, having been fully processed, had been recommended for grant by the French Government officials and was waiting the Minister of Energy's approval. Eauze and Mirande had some procedures to be carried out by the officials before a recommendation for grant could be expected.

In early March 2018, the Company received letters dated 31 January 2018 signed by the Minister of Ecology and Solidarity and the Minister of Economy and Finance advising that all 3 permit applications have been rejected in accordance with the new law introduced on 30 December 2017. That new law essentially banned the issue of new exploration licences in France. The Company has 2 months to object on the decisions in a Tribunal. The Company is seeking legal advice on those rejections.

The Company had previously disputed in the Tribunal the implicit rejection of the Mirande application as a result of no decision being made by the Government within the prescribed time. After final documents were lodged in the Tribunal in June 2017 by both the Company and the Minister, a hearing was held on 30 June 2017 and the judgement was handed down on 21 July 2017. The judgement annulled the implicit rejection of the application and directed the Minister to advise its decision with reasons on the application within 3 months and any delay is subject to a penalty to the Government of €300/day. Costs were also awarded to the Company. No decision of the Minister has been received until the letter dated 31 January 2018 advising the rejection. The Company is pursuing the payment of the awarded penalty.



Gas2Grid Limited Permits in France

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

Financial Analysis

Funding: During the half year, the loan facilities from related entities of Directors (D Morton, D Munns and P Sam Yue) remained at $8,700,000. In December 2017 the period of availability of the facilities was extended from 16 October 2018 to 16 April 2019 to ensure that the Company is sufficiently funded for operations.

At 31 December 2017 a total of $7,779,700 has been drawn under the facilities including accrued interest and establishment fees. Cash of $75,000 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 activities during the half-year have been essentially towards legal costs for seeking extension of the permit in France and site upkeep in Philippines pending the extension of the technical moratorium of SC 44. At the date of this report there are no minimum licence commitments in Philippines as the Company is waiting on the grant of extension of the technical moratorium. However, in France the Government decreed on 8 December 2017 and announced on 23 December 2017 an extension of the St Griede permit to 31 May 2018 to carry out a work programme of Euros 1,176,860 in 5 months and which was presented by the Company for performance over 5 years from the expiry of the licence in May 2013 to May 2018. Performance of that work programme is not achievable within the now allowed time. The Tribunal in France had handed down a judgement in November 2016 requiring the Government to extend the St Griede permit for 5 years from the date of the judgement. The Company is in continued dispute with the Government with respect to that permit, therefore the work commitment, and is still waiting a Court decision on the appeal lodged by the French Government on the November 2016 judgement of the Tribunal. Consequently the Company has not budgeted for exploration expenditure in France and budgeted minimal site maintenance in Philippines pending confirmation of the extension.

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:

- Amounts that can be drawn under the loan facilities provided 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 when the licences have been extended;
- Undertaking further capital raisings; selling of two drilling rigs and other field equipment

Going Concern – Emphasis of Matter

The absence of guarantee in sourcing new funds for the Company's future activities presents a material uncertainty related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business. The auditor's review conclusion for the half year ended 31 December 2017 therefore includes an emphasis of matter in this regard. This going concern issue is further detailed in Note 5 to the Financial Statements.

Performance: During the half year the Group incurred net losses of $763,993 which included $39,277 of expenditure relating to the extension of exploration licences in France and the Philippines and $27,600 of share based payment to a Director as approved by shareholders at the Annual General Meeting on 29 November 2017.

Financial Position: Total negative equity increased from $7,958,096 to $8,682,439 primarily as a result of continuing loss from operations.

Cash at 31 December 2017 was $13,394 reduced from the 30 June 2017 balance of $43,075. Cash loan of $75,000 was drawn under the Directors' loan facilities during the period and used in operations and to pay creditors. Current assets were $32,776 (30 June 2017: $65,945).

Current liabilities were $81,808, a reduction from the 30 June 2017 amount of $87,861 as most creditors have been settled through cash on hand and funds received from Directors' loans.

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

Cash Flows: Operating activities resulted in net outflow of $115,892 (2016: outflow $74,225) as the Group is still in the exploration phase with no sales revenue. The other revenue received of $19,291 related to reimbursements of expenditure paid by the Company. The net outflows were funded from borrowings from Directors and the sale of Employee Incentive Plan treasury shares.

Strategy and Prospects for Future

The Group proposes to continue its oil and gas exploration program and investment activities in 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

- Farmin in new oil and gas exploration areas in Philippines or USA .

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.

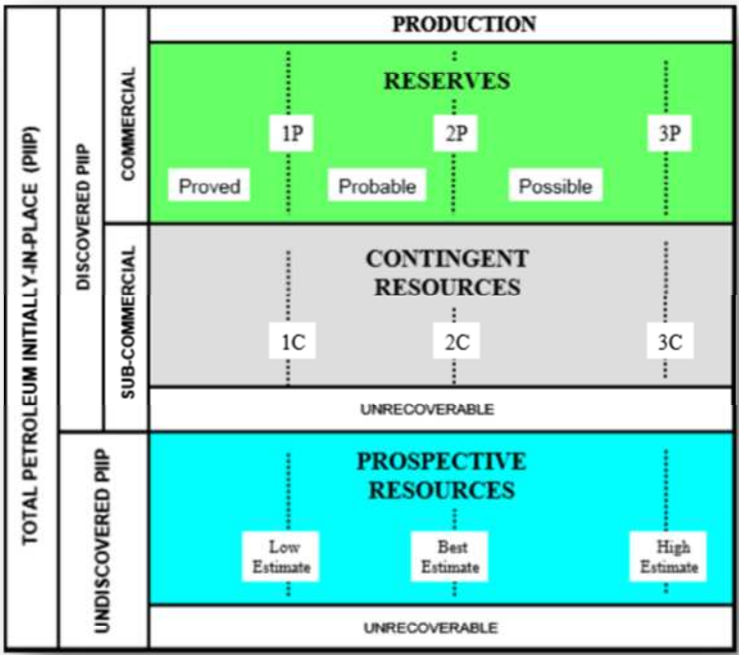
Signed in accordance with a resolution of the Directors.

Dennis J. Morton
Managing Director

Sydney
13 March 2018

The information in this report has been compiled by Dennis Morton, Managing Director of Gas2Grid Limited, who graduated with First Class Honours in Geology (Macquarie University) and has 40 years' experience in the oil and gas industry.

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



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

AUDITOR'S INDEPENDENCE DECLARATION

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13 March 2018

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

Dear Sirs

RE: GAS2GRID LIMITED

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

As Audit Director for the review of the financial statements of Gas2Grid Limited for the half year ended 31 December 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

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

Martin Michalik
Director

Gas2Grid Limited
Consolidated statement of profit or loss and other comprehensive income
for the half-year ended 31 December 2017

	Half-year	
	2017	**2016**
	$	**$**
Revenue from continuing operations	19,329	35,860
Exploration expenditure	-	(51,935)
Administration expense	(116,810)	(119,010)
Auditor's remuneration	(19,626)	(17,340)
Employee benefits expense	(71,812)	(79,692)
Finance costs	(447,457)	(345,212)
Foreign exchange (losses)/gains	(1,481)	2,454
Depreciation and amortisation expense	-	(4,373)
Insurance costs	(10,129)	(8,592)
Licences renewal costs	(39,277)	-
Listing and registry fees	(15,890)	(13,741)
Rental expenses	(13,669)	(19,840)
Share based payments	(27,600)	(44,400)
Other expenses	(19,571)	(29,174)
Loss before income tax	(763,993)	(694,995)
Income tax expense	-	-
Loss from continuing operations	(763,993)	(694,995)
Other comprehensive income	-	**-**
Other comprehensive income for the half-year, net of tax	-	**-**
Total comprehensive loss for the half-year	(763,993)	(694,995)
Loss for the half-year attributable to the owners of Gas2Grid Limited	(763,993)	(694,995)
Total comprehensive loss for the half-year attributable to owners of Gas2Grid Limited	(763,993)	(694,995)
	Cents	**Cents**
Loss per share from continuing operations attributable to the ordinary equity holders of the Company:		
Basic and diluted loss per share	(0.08)	(0.08)

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

	Note	31 DECEMBER 2017 $	30 JUNE 2017 $
ASSETS			
Current assets			
Cash and cash equivalents		13,394	43,075
Trade and other receivables		19,382	22,870
Total current assets		32,776	65,945
Total assets		32,776	65,945
LIABILITIES			
Current liabilities			
Trade and other payables		78,923	81,438
Provisions		2,885	6,423
Total current liabilities		81,808	87,861
Non-current liabilities			
Trade payables		853,707	647,055
Borrowings	6	7,779,700	7,289,125
Total non-current liabilities		8,633,407	7,936,180
Total liabilities		8,715,215	8,024,041
Net liabilities		(8,682,439)	(7,958,096)
EQUITY			
Contributed equity	9	31,607,194	31,595,144
Reserves		261,402	233,802
Accumulated losses		(40,551,035)	(39,787,042)
Total deficit		(8,682,439)	(7,958,096)

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 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)
As at 1 July 2017	31,595,144	(39,787,042)	233,802	(7,958,096)
Total comprehensive loss for the half-year	-	(763,993)	-	(763,993)
Transactions with owners in their capacity as owners:				
Sale of EIP shares	12,050	-	-	12,050
Employee Incentive Plan	-	-	27,600	27,600
As at 31 December 2017	31,607,194	(40,551,035)	261,402	(8,682,439)

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

	Half-year	
	2017	**2016**
	$	**$**
Cash flows from operating activities		
Interest received	38	761
Other revenue	19,291	93,436
Payments to suppliers and employees	(135,221)	(168,422)
Net cash (outflow) from operating activities	(115,892)	(74,225)
Cash flows from investing activities		
Payments for exploration expenditure	-	(60,763)
Proceeds from disposals of plant and equipment	-	2,500
Refund of security deposit	-	27,207
Net cash (outflow) from investing activities	-	(31,056)
Cash flows from financing activities		
Proceeds from sale of EIP shares	12,050	-
Proceeds from borrowings	75,000	100,000
Net cash inflow from financing activities	87,050	100,000
Net decrease in cash and cash equivalents	(28,842)	(5,281)
Cash and cash equivalents at the beginning of the half-year	43,075	74,511
Effects of exchange rate changes on cash and cash equivalents	(839)	(1,792)
Cash and cash equivalents at the end of the half-year	13,394	67,438

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 2017 and are presented in Australian Dollar, which is the functional currency of the Parent Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the Corporations Act 2001 and AASB 134: *Interim Financial Reporting.* They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2017 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 13 March 2018.

3. Significant accounting policies

The same accounting policies and methods of computation have been followed in this interim report as were applied in the most recent annual financial statements. The Group has considered the implications of new and amended Accounting Standards but determined that their application is either not relevant or material.

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 2017.

5. Going concern

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

At 31 December 2017, the Group had net current liabilities of $49,032 and net liabilities of $8,682,439 (30 June 2017: net liabilities of $7,958,096) including $7,779,700 in Directors' loans and $768,743 in Directors' fees that fall due for repayment on 16 April 2019 (in December 2017 the maturity terms of the loan facilities were extended by half year from 16 October 2018). The Group has made a loss of $763,993 for the half-year ended 31 December 2017.

Management is actively pursuing extension of SC 44 following expiry of the technical moratorium on 27 January 2017 and seeking recovery of its investment in the St Griede permit in France which had not been renewed in 2015 by the French Government on improper legal grounds as ruled by the tribunal. In November 2016, the tribunal has directed the French Government to grant within one month the renewal for 5 years from November 2016 failing which a Euros 3,000 per day penalty applies to the benefit of the Group and in January 2017 the French Government has appealed the judgement. A decision is awaited as to whether the appeal will be allowed. A decision of the tribunal is also awaited on the Company's request for payment of the penalty imposed on the Minister and accrued from 3 December 2016 to date. In the meantime in December 2017, the French Government has extended the permit to 31 May 2018 contrary to the direction of the Tribunal.

Although the Group is still planning to undertake exploration activities on its various tenements when its legal dispute on the St Griede permit is resolved and the SC 44 technical moratorium is extended, 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. In the short term additional funds will be required for the Group to continue as a going concern.

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

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

- The loan facilities from related entities of Directors (D Morton, D Munns and P Sam Yue) remained at $8.7 million at 31 December 2017 and the expiry date was extended to 16 April 2019. The undrawn amount on these loans is $920,000 at 31 December 2017 and is able to be drawn upon in the short term.
- The Director's fees and management fees can continue to be deferred with support from the Directors and not paid in cash by the Group.
- Depending on the outcome of the SC44 matter, selling of two drilling rigs and other field equipment.
- On 7 March 2018 the Company raised $250,000 in cash with the issue of 100 million shares at $0.0025 per share under a Share Purchase Plan which was closed early fully subscribed.
- On 6 March 2018, the Company agreed to place 100,000,000 shares at $0.0025 per share to existing shareholders and investors to raise additional working capital of $250,000 by 16 March 2018 .

In the longer term, the continuing ability of the Group to continue as a going concern and to undertake exploration activities and repay Directors' loans is dependent upon resolution of the above SC44 and St Griede issues and the ability to raise capital.

If the extension of SC 44 is granted, management's preferred option is to sell part of the Group's interest in SC 44 and enter into joint venture for the potential development of the project.

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 2017. 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 2017 $	30 June 2017 $
Loans from Director related entities	7,779,700	7,289,125

During the half-year, the Company drew down an additional $75,000 under the Directors' loan facilities. In December 2017, the expiry date of the loan facilities of $8,700,000 made available by the Directors' related entities was extended from 1 October 2018 to 16 April 2019.

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	
	2017 $	2016 $	2017 $	2016 $	Dec 2017 $	Jun 2017 $	Dec 2017 $	Jun 2017 $
Australia	19,329	35,860	(724,716)	(643,059)	30,924	64,289	8,687,915	8,007,017
France	-	-	(19,160)	(10,345)	-	-	19,953	17,024
Philippines	-	-	(20,117)	(41,591)	1,852	1,656	7,347	-
Consolidated	19,329	35,860	(763,993)	(694,995)	32,776	65,945	8,715,215	8,024,041

8. Dividends

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

9. Equity securities

	6 months to 31 Dec 2017 Shares	Year to 30 Jun 2017 Shares	6 months to 31 Dec 2017 $	Year to 30 Jun 2017 $
At beginning of period	913,409,076	901,409,076	31,595,144	31,579,694
Movement during the half-year:				
Issued under Employee Incentive Plan "EIP"	12,000,000	12,000,000	-	-
Sale of EIP shares	-	-	12,050	15,700
Less: Transaction costs	-	-	-	(250)
At end of period	925,409,076	913,409,076	31,607,194	31,595,144

The EIP shares were issued to Director P Sam Yue following the approval of shareholders at the Annual General Meeting held on 29 November 2017.

10. Contingent liabilities

The Group did not have any contingent liabilities as at 31 December 2017.

11. Exploration commitments

At 31 December 2017 the Company is still awaiting decision by the Department of Energy in Philippines on the renewal of SC 44 and has no exploration commitment in that permit.

In France the Government decreed on 8 December 2017 an extension of the St Griede permit to 31 May 2018 not allowing sufficient time to satisfy a 5 year work commitment expenditure of Euros 1,176,860 within the period of the extended permit of less than 6 months. That granted extension is contrary to a judgement handed down by the French Tribunal in November 2016 directing an extension of 5 years from the date of the judgement. Submissions for the appeal of the judgement by the French Government were made in June 2017 and a decision is still awaited. Therefore the expenditure commitment is not recognised at the date of this report.

12. Events occurring after the reporting period

There has not arisen in the interval since 31 December 2017 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:

- A general meeting of shareholders held on 9 February 2018 approved the removal of PriceWaterhouseCoopers as auditor and the appointment of Stantons International Audit and Consulting Pty Ltd as auditor; The meeting also approved the issue of up to 350,000,000 new shares from the date of the approval;

- On 12 February 2018 the Company undertook a capital raising by way of a Share Purchase Plan (SPP) offering up to 100,000,000 fully paid ordinary shares to eligible shareholders at $0.0025 per share. The SPP was closed early on 2 March 2018 having been fully subscribed and 100,000,000 shares were issued on 7 March 2018 raising $250,000;

- On 31 January 2018, the Company's applications for 3 conventional oil and gas exploration licences, namely Tartas, Mirande and Eauze, in the Aquitaine Basin in south of France lodged since October 2010/March 2011 were rejected in accordance with a new law introduced on 30 December 2017, which essentially banned the issue of new exploration licences in France. The Company has 2 months to object on the decisions in a Tribunal; and

- On 6 March 2018, the Company agreed to place 100,000,000 shares at $0.0025 per share to existing shareholders and investors to raise additional working capital of $250,000 by 16 March 2018.

In the Directors' opinion:

(a) the interim financial statements and notes set out on pages 11 to 18 are in accordance with the *Corporations Act 2001*, including:

(i) complying with Accounting Standard AASB 134: Interim Financial Reporting;

(ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 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: 13 March 2018

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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, which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the half-year ended on that date, condensed notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Gas2Grid Limited (the consolidated entity). The consolidated entity comprises both Gas2Grid Limited (the Company) and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Gas2Grid Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

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

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, has been provided to the directors of Gas2Grid Limited on 13 March 2018.

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 2017 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standards AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material Uncertainty Regarding Going Concern

We draw attention to Note 5 of the financial report, which describes the effects on the preparation of the financial statements on a going concern basis.

As at 31 December 2017, Gas2Grid Limited had a working capital deficiency of $49,032 and had incurred a loss for the half year of $763,993. The ability of Gas2Grid Limited to continue as a going concern is subject to the company being able to draw down and or extend loan facilities, defer directors' and management fees and/or a successfully recapitalise Gas2Grid Limited by raising new capital.

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

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

Stantons International Audit & Consulting Pty Ltd

Martin Michalik

Martin Michalik
Director

West Perth, Western Australia
13 March 2018