Annual Report

For the year ended 30 June 2019

Gas2Grid Limited
ABN 46 112 138 780

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Dear Shareholders,

Stabilisation of the oil price (WTI) in the range of US$50 - US$60+ per barrel in the 2018-2019 financial year has attracted investment funds into exploration, appraisal and development in conventional and unconventional petroleum industry worldwide. We can look forward to benefit from this revival in our conventional petroleum industry.

The long awaited 2 year extension of Service Contract 44 ("SC 44") was confirmed in October 2018 by the Philippine Department of Energy ("DOE") following a Presidential Decree that aims to fast track oil and gas exploration and development in the country to meet its energy needs. That extension required the Company to complete the Nuevo Malolos-1 Deepening by 3rd July 2019.

While we had planned our work with this timeline, we did not anticipate that our local crew and expatriate engineers would have safety concerns to be on the field when the Federal and Local elections were held in May 2019, a critical period for the site operations. The DOE acquiesced to our request for drilling operations to be deferred until end of September 2019 in order to accommodate the preference of the crew to commence work after the elections.

In early September 2019, we commenced drilling activities at the Malolos Oil Field that initially include servicing the rig that is already on site at the Malolos-1 well and moving it by about 20 metres to the Nuevo Malolos-1 well for the deepening drilling. Results can be expected towards the end of October 2019.

Within our strategy to grow, we have been assessing and negotiating new onshore Philippine oil and gas ventures. Our plan is to use the Group owned rigs to drill new wells to earn equity in the ventures minimising cash investment. While we have not yet been able to close on those targeted new ventures we intend to continue in that pursuit.

In France, we significantly progressed our legal action to protect the investment we made in the St Griede permit located within the Aquitaine Basin.

The appeal hearing against the November 2016 court decision that was in favour of our Company was held on 5th February 2019. The appeal court handed down its decision in March 2019 in favour of the Company urging the French Government to reconsider the request for an extension of the St Griede permit for a second 5 year period.

Having regards to the political agenda of the French Government that has created significant sovereign risks to the local petroleum industry and the unlawful actions on our permit renewal in the last 6 years we decided to renounce our rights for the renewal of St Griede.

In July 2019, we lodged a financial claim with the French Government for their unlawful actions on the St. Griede renewal process. The Company will pursue this claim in court, if necessary.

We thank our shareholders for their continued support and patience as we strive to develop the Malolos Oil Field, acquire new ventures and get a financial return on our investment in France.

David Munns
Chairman
24 September 2019

PHILIPPINES

SERVICE CONTRACT 44 (100% working interest), Onshore Cebu

In October 2018, the extension of SC 44 for two (2) years to September 2020 was confirmed after the issue of a Presidential Decree that addresses the need to fast track oil and gas exploration and development in the country aiming to meet its energy needs.

The extension terms required a minimum of US$1.175 million be spent on deepening, completing and testing oil from Nuevo Malolos-1 with the drilling to be completed 3rd July 2019.

During the planning to mobilise the crew in May 2019, the Company found that the local crew and expatriate engineers have concerns for their personal safety at the site with the Federal and Local elections being held on 13th May 2019 to be concluded on 23rd May 2019 on the announcement of results. Historically, election time in the Philippines is associated with excitement among rival parties for many weeks which can sometimes generate unwanted incidents at some locations.

The Company, being mindful not to place its personnel in potentially unsafe environment, sought approval from the DOE for the deadline for commencement of drilling to be deferred to the end of September 2019 noting that a few months' delay would not affect the success of the drilling and testing the planned well. Following rejection and discussions, the DOE eventually acquiesced to the Company's request.

On 9 September 2019, site operations for the Nuevo Malolos-1 deepening commenced with the crew mobilised to service Rig-2 and essential equipment in order to suspend Malolos-1, partially dismantle the rig prior to slowly skid it from Malolos-1 approximately 20 metres to the well head of Nuevo Malolos-1, reassemble the rig, test well control equipment, re-enter Nuevo Malolos-1, cement squeeze existing perforations, carry out pressure test before conducting the deepening operations.

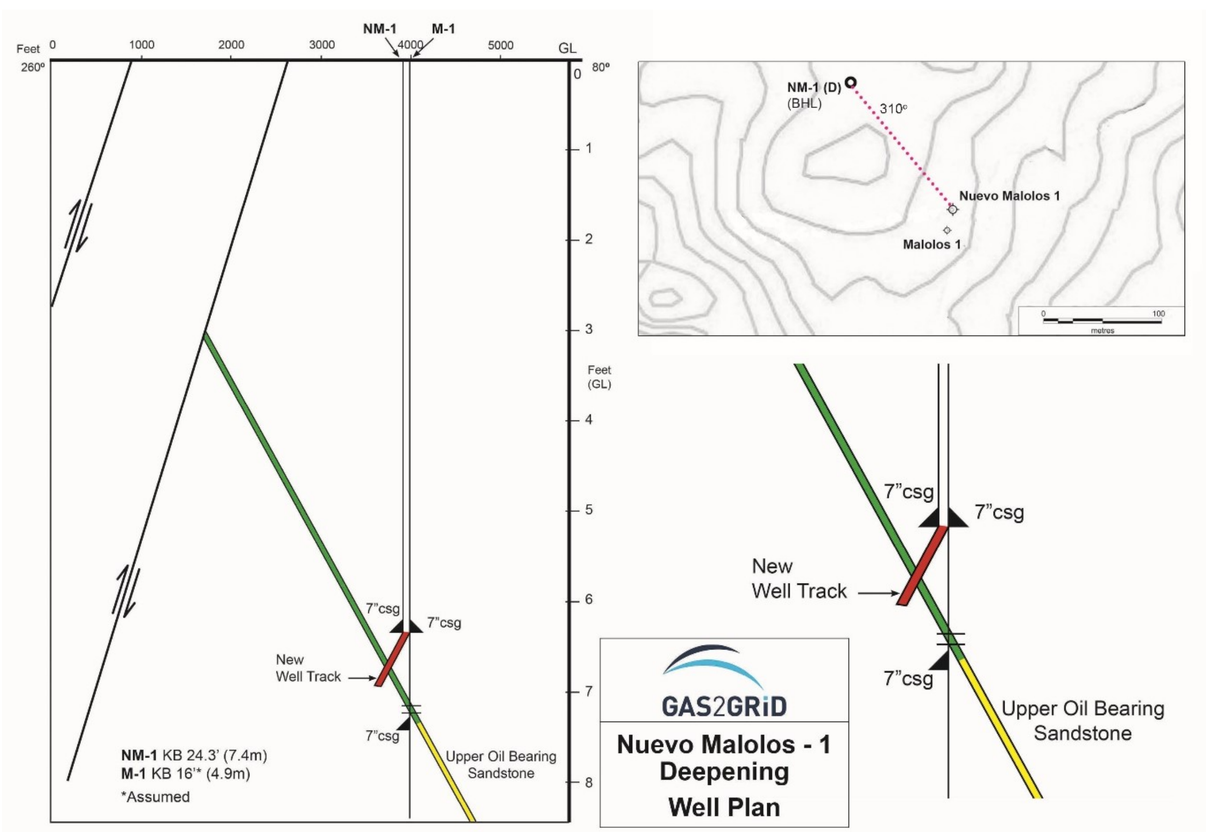
Company owned Rig-2 at Malolos-1

Nuevo Malolos-1 was drilled and cased to 1,941.5m in 2006 by the Company. Nuevo Malolos-1 Deepening will test the two known oil and gas bearing sandstones in the basal Miocene age, Malubog Formation originally deposited as channelized deep water marine sandstones.

These same two sandstones are known to be oil bearing in the twin well Malolos-1, which was originally drilled, on a surface anticline, and cased in 1960. In 2013, the Company re-entered and worked over Malolos-1. It was production tested in 2013 and 2014 when it demonstrated that it can produce oil at commercial rates. It produced approximately the equivalent of 200 barrels of oil per day on several occasions but only for short periods because the oil flow was impaired when the perforations within the wellbore accessing the sandstone reservoirs became blocked with formation fines.

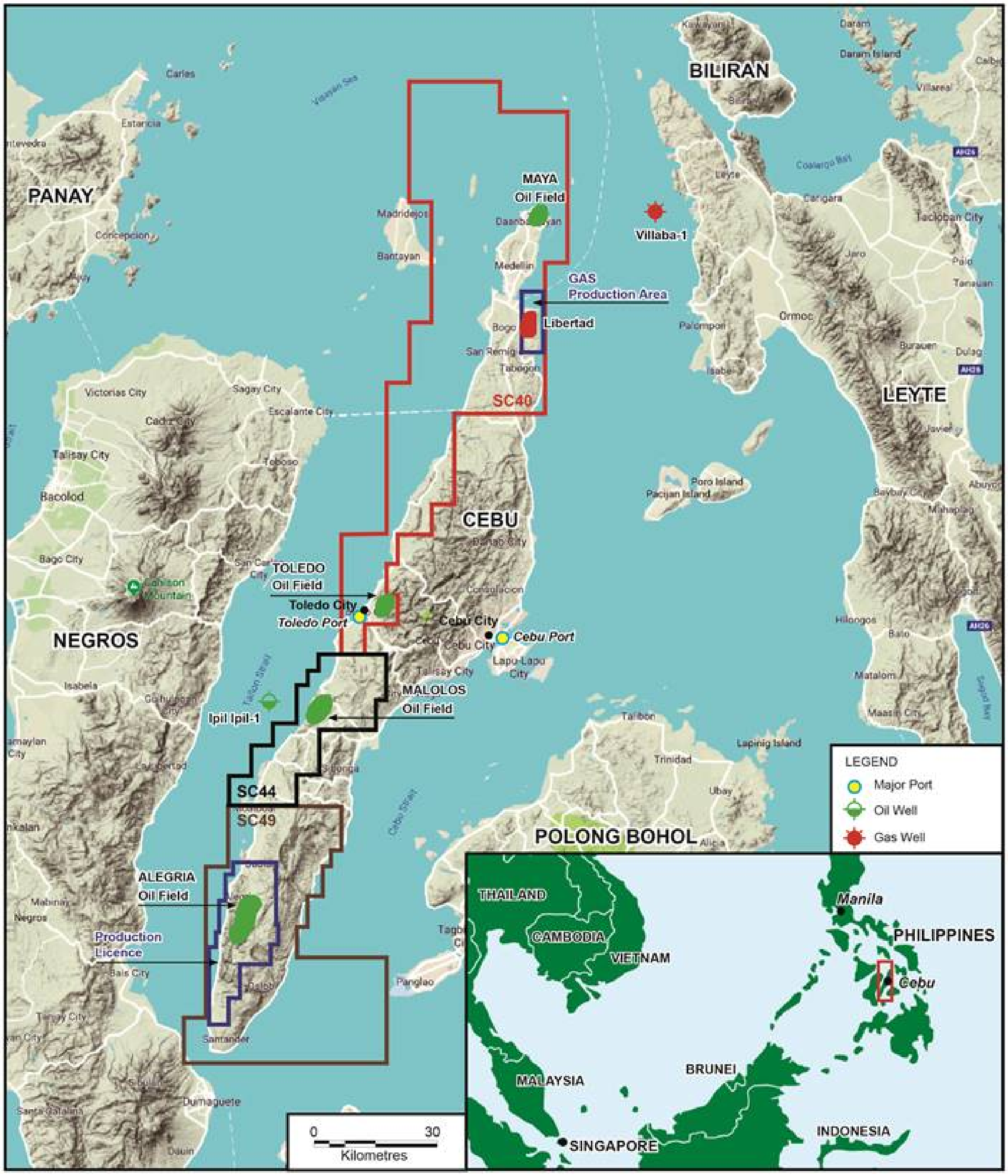
Both Malolos-1 and Nuevo Malolos-1 are located on the eastern limb of the Malolos Oil Field. Malolos Oil Field was declared an oil discovery by the Department of Energy in 2014. Oil and gas have been intersected and/or tested from numerous Malubog Formation sandstone reservoirs in Malolos-1, Malolos-4 and Nuevo Malolos-1.

The proposed total depth of the well Nuevo Malolos-1 is 2,250m TVD (Total Depth Curve). When the drilling has successfully intersected the targeted oil bearing sandstones, they will be completed with screens to control any fines formation from plugging the perforations and place into test production. Following successful test results the Company can apply for a 25 year production term.



Nuevo Maolos-1 Deepening: Well Track

Onshore, Cebu is rapidly becoming the focus of an emerging petroleum production region with the operator of SC 49 in the southern part of the island having been recently awarded a 25 year production licence. SC 49, located immediately south of SC 44 announced an oil discovery in the Alegria oil field. The Honk Kong Stock Exchange listed operator, Polyard Petroleum, applied for and was granted a 25 year production term. Oil and gas produced from the Alegria oil field wells are sourced from the same sandstone reservoirs that are oil productive in SC 44. The Libertad gas field in SC 40, northern Cebu has also been awarded a 25 year production licence for gas production.



Petroleum Service Contracts and Production Licences, Cebu Island, Philippines

NEW VENTURES

The Company has also been actively assessing and negotiating entry into new onshore, Philippine oil and gas ventures. We have not yet been able to close on those targeted new ventures. Our plan is to use the Company-owned rigs to drill new wells as part contribution to earn equity in new ventures, therefore minimising cash investment. The Directors' many years of working experience in the Philippines has exposed them to possible ventures in that country that present good potential for the Company to generate growth in a short time frame in a relatively low cost environment and where the Government is supportive of the petroleum industry.

FRANCE

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

The St Griede permit located within the Aquitaine Basin in 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. In September 2015 the French Government unlawfully decided not to grant the renewal.

Following an action in the Pau Tribunal in November 2015, a judgement was handed down in early November 2016 fully supporting the Company by annulling the decision of the French Ministers made in September 2015 in refusing to grant renewal of St Griede permit. The Tribunal also instructed the Ministers to grant, within 30 days, a 5 year extension to the St Griede permit commencing from 3rd November 2016, The Tribunal also imposed a financial penalty on the French Government of €3,000 for each day after 3rd December 2016 that the grant of the permit extension is delayed.

On 3rd January 2017, the French Government lodged an appeal at the Appeal Court of Bordeaux against the decision of the Tribunal. On 23rd December 2017 the French Government issued a decree extending the St. Griede licence up until 31st May 2018. This extension is not in accordance with the November 2016 court directions and it provided the Company with only 5 months in which to complete a 5 year work program that was proposed on the application for renewal of the permit in 2013.

The French Government also appealed the penalty of €3,000 per day. That appeal was lost and penalties and costs totalling €414,400 (approximately A$626,550) was subsequently imposed on the French Government which was paid to the Company during the year.

The Appeal Court of Bordeaux handed down its decision on 5th March 2019 following the hearing held on 5th February 2019 with respect to the appeal lodged on 3rd January 2017 by the French Government against the Tribunal's 2nd November, 2016 decision relating to the renewal of the St Griede permit.

The Appeal Court handed down its decision as follows:

1. Annulment of the section of the judgment of 2nd November 2016 handed down by the Tribunal whereby the Ministers were directed to grant an extension of the St Griede permit for 5 years from the date of that judgement.
2. The Ministers are urged to reconsider the request for an extension of the St Griede permit for a second 5 year period and to make a new decision within 2 months of the judgment of the Appeal Court.
3. A penalty of €1,000 per day of delay for non-compliance by the Ministers to the period fixed by the present judgement.
4. The Government to pay €2,000 to Gas2Grid Limited for costs.

In light of the actions and legal process in the last 6 years to avail of its legal rights to renew the St Griede permit, the introduction of new laws that will effectively shut down the petroleum exploration and production industry in France by 2040 and the capital market's perception of the significant sovereign risk in France for oil and gas explorers, the Company advised the French Ministers on 23rd April 2019 that it is compelled to renounce its rights for the renewal of the permit. The French sovereign risk discourages investors to invest in the Company to fund oil and gas exploration in France.

On 24th July 2019 the Company lodged a substantial financial claim with the French Government for unlawfully not renewing the St. Griede permit in a timely manner. It is the intention of the Company to pursue this claim in the tribunal, if necessary.

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

FINANCIAL ANALYSIS

Funding: On 28 June 2019, the period of availability of the loan facilities from related entities of Directors (D Morton, D Munns and P Sam Yue) was extended from 16 April 2020 to 16 October 2020 to ensure that the Company is sufficiently funded for operations. At 30 June 2019, a total of $8,097,323 has been accounted as drawn under the facilities including provision for 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. It is the intention of the Group to repay these loans with the agreement of the lenders as soon as the Group is able to do so when funds are available.

To undertake exploration and appraisal activities in Philippines, protect the investment made in the St Griede permit in France and search for new ventures while the Group has no revenue producing assets, the Group requires regular injection of funds. At the date of this report the Group has exploration expenditure commitments of $1,383,000 within the next 12 months to deepen the Nuevo Malolos-1 well in SC 44.

The absence of guarantee in sourcing new funds for the Group'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 in Note 24(a)(iv) to the Financial Statements and is subject to emphasis of matter in the auditor's audit 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:

- 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 SC 44 and entering into joint venture for its potential development.
- Undertaking further capital raisings.

The Company launched a 1 for 2 non-renounceable entitlement offer on 29 April 2019 that closed on 26 July 2019 raising $338,546 with a balance of 459,355,654 shortfall shares available for placement with investors at $0.003 per share by 25 October 2019 in accordance with the Australian Securities Exchange Listing Rules

Performance: During the year the Group incurred net losses of $932,577 which included receipt of $627,271 in penalties and costs settlement from the French Government, $107,892 of expenditure relating to renewal of exploration licences in France and the Philippines, $44,400 of share based payments and $1,023,520 in financing costs.

Financial Position: Total negative equity increased from $8,935,430 to $9,844,970 primarily as a result of continuing loss from operations.

Cash at 30 June 2019 was $502,418, an increase from the 30 June 2018 balance of $222,856 as a result of receipt during the year of a total of Euros 414,877 (A$627,271) in penalties and costs awarded by the tribunal in France against the French Government. Current assets were $529,886 (30 June 2018: $243,704).

Current liabilities were $57,372, a reduction from the 30 June 2018 amount of $60,738 as creditors have been settled through cash on hand.

The Directors agreed to defer payment of their current year Director and management fees of $301,000 until 16 October 2020.

Non-current payables were $2,372,193, an increase from the 30 June 2018 amount of $1,021,073, consisting of fees and accrued interest owing to Directors.

Cash Flows: Operating activities resulted in net inflow of $369,077 (2018: outflow $322,063) as a result of receipt of penalties and costs settlement from the French Government. The outflows for investing activities were funded from existing cash on hand.

Strategy and prospects for Future

The Group proposes to continue pursuing new venture opportunities in oil and gas exploration and appraisal and investment activities in Cebu, Philippines and redress in France for the investment made in the St Griede permit in France. However, no indication as to likely results in the future can be given due to the uncertainties usually associated with exploration activities, the security of tenure of the licences and legal claims.

Future financial performance will be driven by success in the following:

(a) appraisal and development of the Malolos Oil Field within SC 44 that has been assessed to have best estimate "Contingent Resource" [1] of 20.4 million barrels of oil;

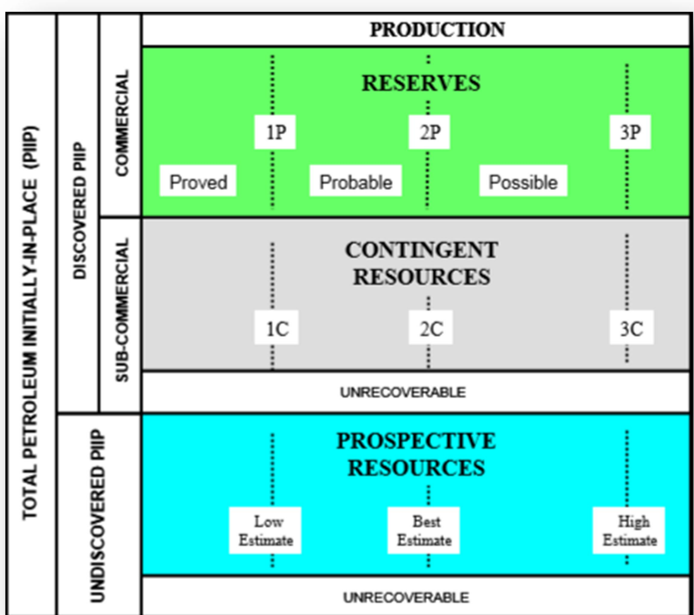
(b) exploration of newly identified prospective leads within SC 44 that have been assessed to have best estimate "Unrisked Prospective Resource"[1] of 104 million barrels of oil;

(c) new investment opportunities in the Philippines; and

(d) financial recovery from claims made to French Government on the unlawful non-renewal of the St Griede permit

To carry out those above activities the Group 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 incurs a reasonable cost of capital and benefits all shareholders

[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 review 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.

CORPORATE GOVERNANCE STATEMENT

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

Directors' report

Your Directors present their report on the consolidated entity ("the Group") consisting of Gas2Grid Limited and the entities it controlled at the end of, or during the year ended 30 June 2019.

Directors

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

David A Munns

Dennis J Morton

Patrick W V M Sam Yue

Principal activities

During the year the principal continuing activities of the Group consisted of pursuing new venture opportunities in Australia and the Philippines, the renewal and grant of its licences in France and preparation for deepening, completing and testing oil from its well in the Philippines.

Operating and financial review

Review of Operations and Financial Performance

A detailed review of operations and financial performance for the financial year is set out on pages 3 to 8.

Dividends – Gas2Grid Limited

The Directors report that during the year ended 30 June 2019 no dividends were declared or paid (2018: $nil).

Matters subsequent to the end of the financial year

There has not arisen in the interval since 30 June 2019 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:

- On 2 August 2019 112,848,775 new shares were issued and allotted for applications received for the Company's 1 for 2 non-renounceable entitlement offer at $0.003 per share that was announced on 29 April 2019 and closed on 26 July 2019, raising $338,546 with 459,355,654 shortfall shares to be placed with investors;

- On 9 September 2019, site operations for the Nuevo Malolos-1 deepening have commenced

Likely developments and expected results of operations

In relation to the Group's oil and gas exploration activities, no indication as to likely results in the future can be given due to the uncertainties usually associated with such activities. The Group proposes to continue its oil and gas exploration program and investment activities that are set out on pages 3 to 8.

Environmental regulation

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

Information on Directors

David A Munns, Bachelor in Mechanical Engineering (Peterborough Technical College, United Kingdom) Chairman – Non-executive

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

Other listed company directorships
None.

Former directorships of listed companies in the last 3 years
None.

Special responsibilities
Chairman of the Board.

Interest in shares and options
67,262,973 ordinary shares in Gas2Grid Limited.

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

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

Other listed company directorships
None.

Former directorships of listed companies in last 3 years
None.

Special responsibilities
Managing Director (since 31 March 2008).

Interest in shares and options
213,621,525 ordinary shares in Gas2Grid Limited.

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

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

Other listed company directorships
None.

Former directorships of listed companies in last 3 years
None.

Special responsibilities
Chief Financial Officer.
Interest in shares and options
139,591,999 ordinary shares in Gas2Grid Limited.

Company Secretary

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

Meetings of Directors

The following table sets out the number of meetings of the Company's Directors held during the year ended 30 June 2019, and the number of meetings attended by each Director:-

	Directors' meetings	
	Number eligible to attend	**Number attended**
D A Munns	1	1
D J Morton	1	1
P W V M Sam Yue	1	1

During the year, other Board business was also effected by execution of circulated resolutions.

Remuneration report (Audited)

The Remuneration Report is set out under the following main headings:

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

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

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

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

During the year ended 30 June 2019, the Group did not have a separate remuneration committee. Instead, the duties and responsibilities typically delegated to such a committee were considered to be the responsibility of the entire Board.

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

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

Use of remuneration consultants

No remuneration consultants were used during the year.

Director's fees

The current base remuneration was last reviewed with effect from 1 July 2017. Director's fees are determined within an aggregate fee pool limit, which currently stands at $150,000 per annum. That limit shall not be increased except pursuant to a resolution passed at a general meeting of the Company.

Base fees	**From 1 July 2017**
Chairman	35,000
Other Directors (each)	25,000

Additional fees

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

(b) Details of remuneration

Amounts of remuneration

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

The key management personnel of the Group are the Directors.

	Short-term employee benefits			Post-employment benefits	Long-term benefits	Termination benefits	Share-based payments		% of remuneration that is performance based
Name	Salary and fees[1]	Cash bonus	Non-monetary benefits	Superannuation			EIP Shares	Total	
	$	$	$	$	$	$	$	$	%
2019									
Executive Directors									
D J Morton	145,000[2]	-	-	-	-	-	-	145,000	-
P WVM Sam Yue	121,000	-	-	-	-	-	44,400	165,400	-
Non-executive Director									
D A Munns	35,000	-	-	-	-	-	-	35,000	-
Total	301,000	-	-	-	-	-	44,400	345,400	-

[1] The Directors agreed to defer payment of the 2019 fees to 16 October 2020.
[2] $75,000 of the management fees were accounted for in exploration and evaluation expenditure since renewal of SC 44 in September 2018.

2018									
Executive Directors									
D J Morton	145,000	-	-	-	-	-	-	145,000	-
P WVM Sam Yue	121,000	-	-	-	-	-	27,600	148,600	-
Non-executive Director									
D A Munns	35,000	-	-	-	-	-	-	35,000	-
Total	301,000	-	-	-	-	-	27,600	328,600	-

(c) Service agreements

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

(d) Share-based compensation

Employee Incentive Plan ("EIP")

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

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

On 21 January 2019, following the approval of shareholders at the Annual General Meeting held on 29 November 2018, 12,000,000 fully paid ordinary shares were issued under the Gas2Grid Limited Employee Incentive Plan (see Note 20) to Director P W V M Sam Yue for which he was granted an interest free non-recourse loan to acquire the shares at $0.008 per share when the market price was $0.004 per share. To be able to trade the shares, the loan is repayable at his option as follows:

	2019			2018		
	Number of shares granted	Amount payable at $0.008 per share on or before 20 January 2024 at the Director's option	Fair value expensed under share based payments	Number of shares granted	Amount payable at $0.008 per share on or before 29 November 2022 at the Director's option	Fair value expensed under share based payments
		$	$		$	$
Directors of Gas2Grid Limited						
D A Munns	-	-	-	-	-	-
D J Morton	-	-	-	-	-	-
P W V M Sam Yue	12,000,000	96,000	44,400	12,000,000	96,000	27,600
	12,000,000	96,000	44,400	12,000,000	96,000	27,600

The fair value expensed under share-based payments is equal to the grant value as there are no vesting conditions.

(e) Equity instruments held by key management personnel

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

	Balance at beginning of year	Granted during the year as compensation	EIP shares issued in November 2013 surrendered during the year	Other changes	Balance at end of year
Directors of Gas2Grid Limited 2019					
D A Munns (i)	67,262,973	-	(6,500,000)	-	60,762,973
D J Morton (ii)	180,288,187	-	-	-	180,288,187
P W V M Sam Yue (iii)	124,090,999	12,000,000	(6,500,000)	-	129,590,999

i. 10,266,380 shares are registered in the name of TD International SA. 1,000,000 shares are registered in the name of Ann Patricia Munns.
ii. 65,260,843 shares are registered in the name of Budside Pty Limited <Employees Superannuation Fund>. 34,727,345 shares are registered in the name of Budside Pty Ltd.
iii. 72,590,999 shares are registered in the name of Lamdian Pty Ltd ATF Samyue Super Fund.

Additional information

(f) Loans from key management personnel and their related entities covered under loan facility agreements

	At beginning of year	Loan principal received	Loan principal repaid	Accrued finance costs for the year[1]	At end of year	Total loan facilities available at end of year
	$	$	$	$	$	$
2019						
D A Munns	1,786,153[2]	-	-	-	1,786,153[2]	2,000,000
D J Morton	5,254,610[3]	-	-	-	5,254,610[3]	5,250,000
P W V M Sam Yue	1,056,560[4]	-	-	-	1,056,560[4]	1,450,000
	8,097,323	-	-	-	8,097,323	8,700,000

On 28 June 2019, the expiry date of facilities was extended from 16 April 2020 to 16 October 2020.

[1] Accrued finance costs on the loans for the year are accounted in non-current payables and not covered under the facility
[2] Of which loan principal is $1,145,774 and accrued finance costs are $640,379
[3] Of which loan principal is $3,244,375 and accrued finance costs are $2,010,235
[4] O which loan principal is $710,000 and accrued finance costs are $346,560

	At beginning of year	Loan principal received	Loan principal repaid	Accrued finance costs for the year	At end of year	Total loan facilities available at end of year
	$	$	$	$	$	$
2018						
D A Munns	1,597,370	10,000	-	178,783	1,786,153	2,000,000
D J Morton	4,698,250	95,000	(50,000)	511,360	5,254,610	5,250,000
P W V M Sam Yue	993,505	5,000	(50,000)	108,055	1,056,560	1,450,000
	7,289,125	110,000	(100,000)	798,198	8,097,323	8,700,000

An establishment fee of 1% of the facility amount is payable on agreement of an increase or extension of the facilities which expire on 16 October 2020 and a fixed interest rate of 9% per annum accruing quarterly in arrears applies.

The total amount owing under the loan facilities at 30 June 2019 of $8,097,323 is disclosed under Note 10 Non-Current Borrowings.

(g) Summary of Directors' and management fees and accrued finance cost payable to Directors and their related entities for the year

	2019	2018
	$	$
Management fees to the following entities recognised as expense		
Budside Pty Ltd[1]	45,000	120,000
Oni Design Pty Ltd[2]	96,000	96,000
	141,000	216,000

	2019 $	2018 $
Management fees to the following entities recognised in exploration and evaluation expenditure		
Budside Pty Ltd	75,000	-
Directors' fees recognised as expense		
Budside Pty Ltd	25,000	25,000
Oni Design Pty Ltd	25,000	25,000
David Munns	35,000	35,000
	85,000	85,000
Accrued finance costs for the year		
Budside Pty Ltd (on fees)	47,542	31,139
Budside Pty Ltd (establishment fee and accrued interest on loans)	592,478	542,970
Oni Design Pty Ltd (on fees)	39,688	26,005
Oni Design Pty Ltd (establishment and accrued interest on loans)	126,811	116,785
David Munns (on fees)	11,481	7,522
TD International SA[3] (establishment fee and accrued interest on loans)	205,520	190,825
	1,023,520	915,246
Management and Directors' fees, loans establishment fees and accrued finance costs owing at balance date – non- current		
Budside Pty Ltd (fees inclusive of GST)	583,625	455,734
Budside Pty Ltd (accrued finance costs)	718,415	46,787
Oni Design Pty Ltd (fees inclusive of GST)	484,000	359,630
Oni Design Pty Ltd (accrued finance costs)	214,499	39,270
David Munns (fees)	131,250	96,250
David Munns (accrued finance costs)	22,842	11,360
TD International SA[3] (accrued finance costs)	217,562	12,042
	2,372,193	1,021,073

The non-current fees payable to the Directors, loans establishment fees and accrued finance costs are due on 16 October 2020 and interest at the rate of 9% per annum is provided quarterly in arrears.

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

(h) Loans to Directors

There are no outstanding loans to Directors and no loans have been issued during the year, other than non-recourse loans structured under the Employee Incentive Plan (EIP). At balance date, the EIP non-recourse loans to Directors were as follows:

Loan expiry date	2019 EIP shares	2018 EIP shares	2019 $	2018 $
Patrick WVM Sam Yue:				
21 November 2018	-	6,500,000	-	195,000
26 November 2019	9,000,000	9,000,000	180,000	180,000
25 November 2020	12,000,000	12,000,000	96,000	96,000
1 December 2021	12,000,000	12,000,000	96,000	96,000
4 December 2022	12,000,000	12,000,000	96,000	96,000
20 January 2024	12,000,000	-	96,000	-
	57,000,000	51,500,000	564,000	663,000
David Munns:				
21 November 2018	-	6,500,000	-	195,000

End of audited Remuneration Report

Shares under option

Nil.

Indemnification of officers or auditors

During the financial year, the Group paid a premium in respect of a contract insuring the directors and officers of the Group against a liability incurred as such a director or officer to the extent permitted by the Corporations Act. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify a former officer or auditor of the Group against a liability incurred as such an officer or auditor.

Proceedings on behalf of the Company

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

Non-audit services

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

Auditor's independence declaration

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

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

Dennis J Morton
Director

Sydney
24 September 2019

Stantons International Audit and Consulting Pty Ltd
trading as
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Chartered Accountants and Consultants

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24 September 2019

Board of Directors
Gas2Grid Limited
Suite 22,Level 5
58 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 audit of the financial statements of Gas2Grid Limited for the year ended 30 June 2019, 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 audit; and

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

Yours sincerely,

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED

Martin Michalik
Director

Gas2Grid Limited ABN 46 112 138 780
Financial Report for the year ended 30 June 2019

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

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

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

The financial statements were authorised for issue by the Directors on 24 September 2019. The Directors have the power to amend and reissue the financial statements.

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

	Notes	2019 $	2018 $
Interest and other income	2	649,225	22,114
Expenses			
Administration expense		(91,129)	(81,162)
Auditor's remuneration	21	(28,225)	(39,076)
Employee benefits expense		-	(39,083)
Management and Directors fees	18	(226,000)	(301,000)
Depreciation		(298)	-
Finance costs		(1,023,520)	(919,892)
Insurance costs		(14,658)	(19,137)
Licences renewal costs		(107,892)	(74,192)
Rental expenses		(45,680)	(29,888)
Share-based payments	20	(44,400)	(41,600)
Net foreign exchange loss		-	(2,817)
Loss before income tax		(932,577)	(1,525,733)
Income tax expense	3	-	-
Loss from continuing operations		(932,577)	(1,525,733)
Other comprehensive income		-	-
Other comprehensive loss for the year, net of tax		-	-
Total comprehensive loss for the year		(932,577)	(1,525,733)
Loss for the year attributable to the owners of Gas2Grid Limited		(932,577)	(1,525,733)
Total comprehensive loss for the year attributable to owners of Gas2Grid Limited		(932,577)	(1,525,733)
Loss per share for loss from continuing operations attributable to the ordinary equity holders of the Company:		**Cents**	**Cents**
Basic and diluted loss per share	22	(0.08)	(0.16)

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

	Notes	2019 $	2018 $
ASSETS			
Current assets			
Cash and cash equivalents	4	502,418	222,856
Trade and other receivables	5	27,468	20,848
Total current assets		529,886	243,704
Non-current assets			
Property, plant and equipment	6	894	-
Exploration and evaluation expenditure	7	151,138	-
Total non-current assets		152,032	-
Total assets		681,918	243,704
LIABILITIES			
Current liabilities			
Trade and other payables	8	55,666	59,032
Provisions	9	1,706	1,706
Total current liabilities		57,372	60,738
Non-current liabilities			
Trade and other payables	8	2,372,193	1,021,073
Borrowings	10	8,097,323	8,097,323
Total non-current liabilities		10,469,516	9,118,396
Total liabilities		10,526,888	9,179,134
Net liabilities		(9,844,970)	(8,935,430)
EQUITY			
Contributed equity	11	32,080,580	32,101,943
Reserves	12(a)	319,802	275,402
Accumulated losses	12(b)	(42,245,352)	(41,312,775)
Total deficit		(9,844,970)	(8,935,430)

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

	Contributed Equity $	Accumulated Losses $	Reserves $	Total Equity/(Deficit) $
Balance at 1 July 2017	31,595,144	(39,787,042)	233,802	(7,958,096)
Total comprehensive loss for the year	-	(1,525,733)	-	(1,525,733)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	506,799	-	-	506,799
Employee Incentive Plan	-	-	41,600	41,600
Balance at 30 June 2018	32,101,943	(41,312,775)	275,402	(8,935,430)
Total comprehensive loss for the year	-	(932,577)	-	(932,577)
Transactions with owners in their capacity as owners:				
Transaction costs on contributions of equity	(21,363)	-	-	(21,363)
Employee Incentive Plan	-	-	44,400	44,400
Balance at 30 June 2019	32,080,580	(42,245,352)	319,802	(9,844,970)

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

	Notes	2019 $	2018 $
Cash flows from operating activities			
Interest received		1,699	368
Other income		627,271	21,746
Payments to suppliers and employees (inclusive of goods and services tax)		(259,893)	(344,177)
Net cash inflow/(outflow) from operating activities	13	369,077	(322,063)
Cash flows from investing activities			
Payments for exploration expenditure		(61,427)	-
Purchase of plant and equipment		(1,192)	-
Net cash (outflow) from investing activities		(62,619)	-
Cash flows from financing activities			
Proceeds from issue of shares		-	500,000
Proceeds from sale of EIP shares surrendered		-	12,050
Proceeds from borrowings		-	110,000
Repayment of borrowings		-	(100,000)
Interest paid		-	(13,929)
Share transaction costs		(21,363)	(5,251)
Net cash (outflow)/inflow from financing activities		(21,363)	502,870
Net increase in cash and cash equivalents		285,095	180,807
Cash and cash equivalents at the beginning of year		222,856	43,075
Effects of exchange rate changes on cash and cash equivalents		(5,533)	(1,026)
Cash and cash equivalents at end of year	4	502,418	222,856

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

1. Segment information

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

	Australia $	France $	Philippines $	Total $
2019				
Interest and other income				
Interest income	1,778	-	-	1,778
Net foreign exchange gain	20,176			20,176
Other income	-	627,271	-	627,271
Total segment revenues	21,954	627,271	-	649,225
Segment results				
Profit/(loss) for the year	(1,451,956)	549,067	(29,688)	(932,577)
Including:				
Depreciation	(298)	-	-	(298)
Share-based payments	(44,400)	-	-	(44,400)
Licences renewal costs	-	(78,204)	(29,688)	(107,892)
Segment assets	491,189	-	190,729	681,918
Segment liabilities	10,500,463	21,154	5,271	10,526,888
2018				
Interest and other income				
Interest revenue	368	-	-	368
Other income	21,746	-	-	21,746
Total segment revenues	22,114	-	-	22,114
Segment results				
Loss for the year	(1,451,541)	(26,541)	(47,651)	(1,525,733)
Including:				
Share-based payments	(41,600)	-	-	(41,600)
Licences renewal costs	-	(26,541)	(47,651)	(74,192)
Segment assets	238,297	-	5,407	243,704
Segment liabilities	9,152,353	5,580	21,201	9,179,134

2. Interest and other income

	2019 $	2018 $
Interest	1,778	368
Penalties and costs settlement from French Government	627,271	-
Net foreign exchange gain	20,176	-
Other income	-	21,746
	649,225	22,114

3. Income tax expense

	2019 $	2018 $

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

	2019 $	2018 $
Loss from continuing operations before income tax expense	(932,577)	(1,525,733)
Tax at Australian tax rate of 27.5% (2018 – 27.5%)	(256,459)	(419,577)
Tax effect of :		
Non-temporary differences	(116,869)	45,950
Equity raising costs debited to equity	(1,598)	(16,349)
Tax losses and temporary differences not recognised	374,926	389,976
Income tax expense	-	-

(b) Tax losses

	2019 $	2018 $
Unused tax losses for which no deferred tax asset has been recognised	(15,711,846)	(15,327,722)
Potential tax benefit @ 27.5% (2018 – 27.5%)	(4,320,758)	(4,215,123)

The taxation benefits will only be obtained if:

(i) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deduction for the loss to be realised;

(ii) the Group continues to comply with the conditions for deductibility imposed by law; and

(iii) no changes in tax legislation adversely affect the Group in realising the benefits from the deductions for the loss.

The Directors are of the view that there is insufficient probability that the Parent Entity and its subsidiaries will derive sufficient income in the foreseeable future to justify booking the tax losses and temporary differences as deferred tax assets and deferred tax liabilities.

4. Cash and cash equivalents

	2019 $	2018 $
Cash at bank and in hand	502,418	222,856

5. Trade and other receivables

	2019 $	2018 $
Other receivables	15,364	9,941
Prepayments	12,104	10,907
	27,468	20,848

Credit risk

There is no significant credit risk with respect to other receivables and prepayments. There are no debtors or other receivables that are considered past due.

6. Property, plant and equipment

	2019 $	2018 $
Office equipment	894	-

Movements in the carrying amount during the year:

	2019 $	2018 $
Balance at beginning of year	-	-
Additions	1,192	-
Depreciation	(298)	-
Balance at end of year	894	-

7. Exploration and evaluation expenditure

Reconciliation of the movement in exploration and evaluation expenditure:

	2019 $	2018 $
Balance at beginning of year	-	-
Additions	151,138	-
Balance at end of year	151,138	-

8. Trade and other payables

	2019 $	2018 $
Current		
Trade payables and other creditors	55,666	59,032
Non-current		
Fees payable to Directors (including GST)	1,198,875	871,275
Accrued finance costs on fees payable to Directors	196,127	97,417
Accrued finance costs on Directors' loans not included under loan facility	977,191	52,381
	2,372,193	1,021,073

At 30 June 2019, Directors have agreed for the amounts owing to them at balance date to be settled on 16 October 2020 or earlier at the Company's option. Interest at the rate of 9% per annum is provided quarterly in arrears.

9. Provisions

	2019 $	2018 $
Current		
Provision for annual leave	1,706	1,706

10. Non-current Borrowings

	2019 $	2018 $
Loans from Directors' related entities	8,097,323	8,097,323

See Remuneration Report on pages 12 to 16 for details on the loans.

Interest and establishment fees for the year under the loan facility agreements amounting to $924,809 are included in non-current payables (Note 8). The loan facilities expire on 16 October 2020 and a fixed interest rate of 9% per annum accruing quarterly in arrears applies.

11. Contributed equity

	Notes	2019 Shares	2018 Shares	2019 $	2018 $
a) Share capital					
Ordinary shares - fully paid	(b),(c)	1,144,409,076	1,132,409,076	32,080,580	32,101,943

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

b) Movements in ordinary share capital:

2019

	Details	Notes	Number of shares	Issue price	$
1 Jul 18	**Balance at beginning of year**		1,132,409,076		32,101,943
(i) Non- cash transactions					
21 Jan 19	Shares issued under EIP to Director	(d)	12,000,000	0.008	-
			12,000,000		-
(ii) Cash transactions					
	Transaction costs[1]		-		(21,363)
	Total movement for the year		12,000,000		(21,363)
30 Jun 19	**Balance at end of year**		1,144,409,076		32,080,580

[1] Costs relating to entitlement offer announced on 29 April 2019

2018

	Details	Notes	Number of shares	Issue price	$
1 Jul 17	**Balance at beginning of year**		913,409,076		31,595,144
(i) Non- cash transactions					
05 Dec 17	Shares issued under EIP to Director	(d)	12,000,000	0.008	-
22 Jan 18	Shares issued under EIP	(d)	7,000,000	0.004	-
			19,000,000		-
(ii) Cash transactions					
14 Dec 17	Sale of 6,025,000 shares surrendered under EIP	(d)	-	0.002	12,050
7 Mar 18	Share Purchase Plan		100,000,000	0.0025	250,000
16 Mar 18	Share placement		100,000,000	0.0025	250,000
	Less: Transaction costs		-		(5,251)
	Total movement for the year		219,000,000		506,799
30 Jun 18	**Balance at end of year**		1,132,409,076		32,101,943

c) Ordinary shares

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

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

d) Employee Incentive Plan (EIP) shares

Information relating to the employee share scheme, including details of shares issued under the scheme, is set out in Note 20.

Share issue

On 29 November 2018 the Annual General Meeting approved the issue of 12,000,000 fully paid ordinary shares under EIP to a Director. The shares were issued on 21 January 2019. The terms of the issue of EIP shares are disclosed in Note 20.

EIP shares granted at balance date

No. of shares	Expiry date	Loan amount ($)
13,750,000	Expired in October and November 2018 – shares reverted back to Company	-
1,800,000	28 October 2019	36,000
9,000,000	26 November 2019	180,000
12,000,000	25 November 2020	96,000
12,000,000	1 December 2021	96,000
12,000,000	4 December 2022	96,000
7,000,000	16 January 2023	28,000
12,000,000	20 January 2024	96,000
79,550,000		628,000

57,000,000 of the EIP shares and $564,000 of the loan related to Director P W V M Sam Yue (see Remuneration Report (h) on page 16 for details)

e) Capital risk management

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

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

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

12. Reserves and accumulated losses

	2019 $	2018 $
a) Reserves		
Share-based payments reserve	2,154,733	2,110,333
Foreign currency translation reserve	(1,834,931)	(1,834,931)
	319,802	275,402
Movements:		
Share-based payments reserve		
Balance at beginning of year	2,110,333	2,068,733
Option expense	44,400	41,600
Balance at end of year	2,154,733	2,110,333
Foreign currency translation reserve		
Balance at beginning and end of year	(1,834,931)	(1,834,931)
b) Accumulated losses		
Movements in accumulated losses were as follows:		
Balance at beginning of year	(41,312,775)	(39,787,042)
Loss for the year	(932,577)	(1,525,733)
Balance at end of year	(42,245,352)	(41,312,775)

c) Nature and purpose of reserves

i. Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of options issued but not exercised and the fair value of shares issued under the Employee Incentive Plan.

ii. Foreign currency translation reserve

Exchange differences arising on translation of the foreign subsidiary taken to the foreign currency translation reserve, as described in Note 24(d). The reserve is recognised in profit and loss when the net investment is disposed of.

13. Reconciliation of loss after income tax to net cash flows from operating activities

	2019 $	2018 $
Loss for the year	(932,577)	(1,525,733)
Depreciation and amortisation	298	-
Directors' fees	226,000	301,000
Finance costs	1,023,520	919,892
Net exchange differences	(5,533)	(1,026)
Other costs transferred from non-current creditors	-	(32,696)
Share based payments	44,400	41,600
Change in operating assets and liabilities:		
(Increase) in trade and other receivables	(5,423)	(1,797)
Increase/(Decrease) in trade and other payables	19,589	(22,405)
(Increase)/Decrease in prepayments	(1,197)	3,819
(Decrease) in provisions	-	(4,717)
Net cash inflow/(outflow) from operating activities	369,077	(322,063)

14. Critical accounting estimates and judgements

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

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

Share-based payments

The fair value of shares issued under the Gas2Grid Limited Employee Incentive Plan is measured by reference to the fair value of options granted. The Employee Incentive Plan shares granted with loans repayable at the option of the holder are treated as an akin to share options in accordance with generally accepted accounting principles. The fair value estimate is based on the Black Scholes option-pricing model. The contractual life of the options is used as an input into the model. Further information regarding assumptions is included in Note 20.

Estimated impairment of exploration expenditure

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

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

The group tests semi-annually whether exploration expenditure carried forward has suffered any impairment, in accordance with the accounting policy stated in Note 24(t).

Income tax expenses

Judgement is required in assessing whether deferred tax assets and liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from temporary differences, are recognised only when it is considered more likely than not that they will be recovered, which is dependent on the generation of future assessable income of a nature and of an amount sufficient to enable the benefits to be utilised. Refer to Note 3 for further details.

15. Financial risk management

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

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

The Group holds the following financial instruments:

	2019 $	2018 $
Financial assets		
Cash and cash equivalents	502,418	222,856
Trade and other receivables	15,364	9,941
	517,782	232,797
Financial liabilities		
Trade and other payables - current	55,666	59,032
Trade and other payables – Non-current	2,372,193	1,021,073
Borrowings	8,097,323	8,097,323
	10,525,182	9,177,428

(a) Market risk

i. Foreign exchange risk

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

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

The Group's exposure to foreign currency risk at the reporting date was not material.

ii. Interest rate risk

The Group's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and liabilities, is as follows:

		Fixed interest rate[1] maturing		**Non-interest bearing**		
	Variable interest rate	Within 1 year	1 to 5 years	Within 1 year	1 to 5 years	**Total**
2019	**$**	**$**	**$**	**$**	**$**	**$**
Financial assets						
Cash and cash equivalents	502,418	-	-	-	-	502,418
Trade and other receivables	-	-	-	15,364	-	15,364
	502,418	-	-	15,364	-	517,782

	Variable interest rate	Fixed interest rate[1] maturing Within 1 year	Fixed interest rate[1] maturing 1 to 5 years	Non-interest bearing Within 1 year	Non-interest bearing 1 to 5 years	Total
Financial liabilities						
Trade and other payables	-	-	2,372,193	55,666	-	2,427,859
Borrowings	-	-	8,097,323	-	-	8,097,323
	-	-	10,469,516	55,666	-	10,525,182

[1] Fixed interest rate of 9% per annum compounded quarterly applies

2018	**$**	**$**	**$**	**$**	**$**	**$**
Financial assets						
Cash and cash equivalents	222,856	-	-	-	-	222,856
Trade and other receivables	-	-	-	9,941	-	9,941
	222,856	-	-	9,941	-	232,797
Financial liabilities						
Trade and other payables	-	-	1,021,073	59,032	-	1,080,105
Borrowings	-	-	8,097,323	-	-	8,097,323
	-	-	9,118,396	59,032	-	9,177,428

The Group’s main interest rate risk arises from cash and cash equivalents and deposits with banks.

The Group is not exposed to price risk.

Group sensitivity
At 30 June 2019, if interest rates had changed by -/+ 100 basis points (“bps”) from the year-end rates with all other variables held constant, post-tax profit for the year would have been $5,024 lower/higher (2018 - change of 100 bps: $2,229 lower/higher), as a result of lower/higher interest income from cash and cash equivalents and deposits with banks held at balance date.

(b) Credit risk

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

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

(c) Liquidity risk

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

Financing arrangements

At 30 June 2019, the Group had access to borrowing facilities of $8,700,000 bearing interest at a fixed rate of 9% compounded quarterly and is available until 16 October 2020. At balance date an amount of $8,097,323 represented the total principal drawn and finance costs accrued under the facilities. Loan establishment fees and accrued interest on the loans not covered under the facilities as well as Directors' and management fees amounting to $2,372,193 at balance date, accruing interest at 9% per annum compounded quarterly, are included in non-current payables and are payable on 16 October 2020 with the Company having the sole option to pay early if it elects to.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table reflect the contractual undiscounted cash flows which may differ to the carrying values of the liabilities at the reporting date. The amounts are based on conditions existing at the balance date and may change depending on decisions taken by the group.

	Less than 6 months	6 – 12 months	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total contractual cash flows	Carrying amount liabilities
	$	$	$	$	$	$	$
At 30 June 2019							
Non-derivatives							
Fixed rate	55,666	-	11,704,249	-	-	11,759,915	10,525,182
Total non-derivatives	55,666	-	11,704,249	-	-	11,759,915	10,525,182
At 30 June 2018							
Non-derivatives							
Fixed rate	59,032	-	10,229,122	-	-	10,229,122	9,177,428
Total non-derivatives	59,032	-	10,229,122	-	-	10,229,122	9,177,428

(d) Fair value of financial instruments

The Directors consider the carrying value of the financial assets and financial liabilities as recognised in the consolidated financial statements approximate their fair values.

16. Commitments

Lease commitments

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:

	2019 $	2018 $
Not later than one year	11,697	32,939
Later than one year but not later than 5 years	3,118	6,918
	14,815	39,857

Exploration expenditure commitments

The expenditure commitment to maintain and renew rights to tenure in exploration licence SC 44 as at 30 June 2019 have not been provided for in the financial statements and are due:

	2019 $	2018 $
Within twelve months	1,383,000	-
Twelve months or longer and not longer than 5 years	68,000	-
	1,451,000	-

The DOE requires a performance bond of USD1 million for the above commitment of SC 44. The Company has provided an insurance bond for this requirement.

17. Events occurring after the reporting period

There has not arisen in the interval since 30 June 2019 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:

- On 2 August 2019 112,848,775 new shares were issued and allotted for applications received for the Company's 1 for 2 non-renounceable entitlement offer at $0.003 per share that was announced on 29 April 2019 and closed on 26 July 2019, raising $338,546 with 459,355,654 shortfall shares to be placed with investors; and

- On 9 September 2019, site operations for the Nuevo Malolos-1 deepening have commenced.

-

18. Related party transactions

(a) Key management personnel compensation

	2019 $	2018 $
Short-term employee benefits	301,000[1]	301,000
Post-employment benefits	-	-
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments (see Note 20)	44,400	27,600
	345,400	328,600

[1] $75,000 of the management fees were accounted in exploration and evaluation expenditure.

Detailed remuneration disclosures are provided in the Remuneration Report on pages 12 to 16.

(b) Other transactions and balances

Other transactions with and balances at reporting date with key management personnel or their related entities are disclosed in the Remuneration Report on pages 12 to 16 and in Notes 8 and 10.

19. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 24(b).

Name of entity	Country of incorporation	Class of shares	Equity holding* 2019 %	Equity holding* 2018 %
Gas2Grid Pte Limited	Singapore	Ordinary	100	100
Wellfin Pty Limited	Australia	Ordinary	100	100

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

20. Share-based payments

The Company has established a Gas2Grid Limited Employee Incentive Plan ("EIP") under which the Directors may offer options for free and ordinary shares at market price in the Company to eligible persons. The Directors may also offer interest free non-recourse loans for terms of up to 5 years under the plan for subscription of shares. Under such loans the Company holds a lien over the issued shares and the loans are repayable at the option of the eligible persons to be able to deal with the shares. Shares issued under the EIP in conjunction with non-recourse loans are accounted for as options. As a result, the amounts receivable from the eligible persons in relation to these loans are not recognised in the financial statements. Refer to the Remuneration Report contained in the Directors' Report on pages 12 to 16 for details of the Gas2Grid Limited Employee Incentive Plan.

During the year, 12,000,000 shares were issued at $0.008 per share to Director Mr P Sam Yue (market price at grant date was $0.004 per share) with non-recourse loans totalling $96,000 as approved by shareholders at the Annual General Meeting held on 29 November 2018. There are no vesting conditions on the shares issued.

	2019 SHARES	2018 SHARES
Balance at beginning of year	67,550,000	54,575,000
Granted during the year	12,000,000	19,000,000
Disposed by Company during the year	-	(6,025,000)
Balance at end of year (Note 11(d))	79,550,000[1]	67,550,000

[1] Includes 13,750,000 EIP shares for which the loans expired during the year and the shares reverted back to the Company as treasury stock and have not been disposed as at balance date. 13,000,000 of these shares related to Directors P W Y M Sam Yue and David Munns (see Remuneration Report (e) on page 14).

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

Shares issued under EIP	Issue and grant date	Exer-cise price $	Share price at grant date $	Life assump-tion	Risk free rate	Expected price volatility of Company's share price	Value of option $	Value of share based payment $
2019								
12,000,000	21/01/19	0.008	0.004	5 years	2.27%	175%	0.0037	44,400
2018								
12,000,000	05/12/17	0.008	0.003	5 years	2.09%	135%	0.0023	27,600
7,000,000	22/01/18	0.004	0.003	5 years	2.39%	125%	0.0020	14,000
								41,600

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

21. Remuneration of auditors

During the year the following fees were paid or payable for the remuneration of auditors:

	2019 $	2018 $
Remuneration of the current auditor for:		
- auditing or reviewing the financial reports	28,225	28,000
Remuneration of the previous auditor for:		
- auditing or reviewing the financial reports (PWC)	-	11,076
Total remuneration for audit services	28,225	39,076

No non-audit services were provided.

22. Earnings per share

	2019 Cents	2018 Cents
a) Basic and diluted earnings (loss) per share		
From continuing operations attributable to the ordinary equity holders of the Company	(0.08)	(0.16)

b) Reconciliations of earnings (loss) used in calculating earnings per share

	2019 $	2018 $
Basic and diluted earnings/(loss) per share		
Loss from continuing operations	(932,577)	(1,525,733)
Loss from continuing operations attributable to the ordinary equity holders of the Company used in calculating basic earnings per share	(932,577)	(1,525,733)

c) Weighted average number of shares used as the denominator

	2019 Number	2018 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,139,411,816	983,811,816
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	1,139,411,816	983,811,816

23. Parent entity financial information

The Parent Entity within the Group is Gas2Grid Limited and this is also the ultimate Parent Entity within the Group. The investment by the Parent Entity in subsidiaries at 30 June 2019 is $1 (2018: $1).

a) Summary financial information

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

	2019 $	2018 $
Statement of financial position		
Current assets	529,886	243,704
Non-current assets	152,033	-
Total assets	681,919	243,704
Current liabilities	57,375	60,738
Non-current liabilities	10,893,996	9,542,878
Total liabilities	10,951,371	9,603,616
Net (liabilities)	(10,269,452)	(9,359,912)
Shareholders' equity		
Issued capital	32,080,580	32,101,943
Reserves	319,802	275,402
Accumulated losses	(42,669,834)	(41,737,257)
	(10,269,452)	(9,359,912)
Loss for the year	(932,577)	(1,525,733)
Total comprehensive loss	(932,577)	(1,525,733)

b) Guarantees entered into by the Parent Entity

The Parent Entity has not entered into any financial guarantees as at 30 June 2019 (2018: nil).

c) Contingent liabilities of the Parent Entity

The Parent Entity did not have any contingent liabilities as at 30 June 2019 or 30 June 2018.

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

The Parent Entity did not have any contractual commitments for the acquisition of property, plant or equipment as at 30 June 2019 or 30 June 2018.

24. Summary of significant accounting policies

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

(a) Basis of preparation

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

i. Compliance with IFRS

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

ii. Historical cost convention

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

iii. Critical accounting estimates

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 14.

iv. Going concern – Emphasis of matter

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 30 June 2019, the Group had net liabilities of $9,844,970 (2018: Net liabilities of $8,935,430) including $8,097,323 in Directors' loans and $2,372,193 in Directors' fees and accrued finance charges that fall due for repayment on 16 October 2020. The Group has made a loss of $932,577 for the year ended 30 June 2019.

In September 2018, the Philippines Department of Energy ("DOE") approved an extension of the Technical Moratorium of Service Contract 44 (SC44) for 2 years. The Company is committed to invest US$ 1.175 million to undertake a deepening drilling program of Nuevo Malolos 1 and production evaluation in SC 44 within the extension period. The Company has provided an insurance bond of US$1 million for that commitment to DOE.

Management continues to seek recovery of its investment in the St Griede permit in France which the French Government had unlawfully not renewed when it expired in 2013. In November 2016, the tribunal directed the Government to grant the renewal for 5 years from date of its judgement subject to penalties for any delay. In January 2017, the Government appealed that judgement. In August 2018 penalties and costs of Euros 414,400 relating to that judgement were received by the Company from the Government. The Appeal Court handed down its decision on 5 March 2019 urging the Government to reconsider the renewal for a 5 year period subject to penalties for any delay. However, in April 2019 having regards to the Government's policy against petroleum exploration and production in France and creation of high sovereign risks for the petroleum industry, the Company renounced its rights to the renewal of the St Griede permit. In July 2019, the Company lodged a substantial financial claim to the Government for losses and at the date of this report is awaiting a response with the intention to submit the matter in the French tribunal, if necessary. The outcome of this claim is unknown at this date.

Consistent with the nature of the Group's activities, its ongoing investment of funds into exploration activities 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 and the Company plans to raise equity capital to meet that requirement.

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 expiry date of the loan facilities from related entities of Directors (D Morton, D Munns and P Sam Yue) was extended to 16 October 2020. The undrawn amount on these loans is $603,000 at 30 June 2019 and is able to be drawn upon in the short term.
- The Directors' fees and management fees can continue to be deferred and not paid in cash by the Group.
- If required, management will negotiate to extend the maturity terms of the loan facilities and the fees payable to the Directors beyond the current maturity date on 16 October 2020.

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, outstanding fees and interest is dependent upon the successful development and exploitation of SC44, or sale of part of the Group's interest in SC44 and enter into joint venture for its development and resolution of St Griede issues. However, new equity capital may also be sought.

On that basis the Directors have prepared the financial report on a going concern basis. At this time, the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the financial report at 30 June 2019. Accordingly, no adjustments have been made to the financial report relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should the Group not continue as a going concern.

(b) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Gas2Grid Limited ("Company" or "Parent Entity") as at 30 June 2019 and the results of its subsidiaries for the year then ended. Gas2Grid Limited and its subsidiaries together are referred to in this financial report as the Group or the Consolidated Entity.

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.
The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. (refer to Note 24(p)).

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

(c) Segment reporting

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

(d) Foreign currency translation

i. Functional and presentation currency

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

j. Transactions and balances

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

(e) Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured.

Interest revenue is recognised as it accrues.

(f) Borrowing costs

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

(g) Income tax

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

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

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

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

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

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(h) Impairment of assets

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

(i) Cash and cash equivalents

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

(j) Trade and other payables

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

(k) Borrowings

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

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

(l) Provisions

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

(m) Share-based payments

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

The fair value of options or shares granted under an employee incentive plan is recognised as share-based payment with a corresponding increase in equity. The Employee Incentive Plan (EIP) shares granted with loans repayable at the option of the holder are treated as an akin to share options in accordance with generally accepted accounting principles. The total amount to be expensed is determined by reference to the fair value of the options or shares granted, which includes any market performance conditions but excludes the impact of any service and non-market performance vesting conditions and the impact of any non-vesting conditions.

The fair value of shares issued under EIP is measured at grant date and is determined using the Black-Scholes option pricing model that takes into account the term of the EIP shares, the exercise price, the share price at grant date and the expected volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the EIP shares.

(n) Contributed equity

Ordinary shares are classified as equity.

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

(o) Earnings per share

i. Basic earnings per share

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

ii. Diluted earnings per share

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

(p) Investment in subsidiaries

Investments in subsidiaries are accounted for at cost. Trade amounts receivable from the subsidiaries in the normal course of business and other amounts advanced on commercial terms and conditions are included in receivables.

(q) Goods and Service Tax (GST)

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

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

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

(r) Dividends

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

(s) Leases

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

(t) Exploration and evaluation expenditure

Exploration and evaluation expenditure is accumulated in respect of each indefinable area of interest, and carried forward in the statement of financial position where:

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

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

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

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

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its amount. Where this is the case, the impairment loss will be measured in accordance with the Group's impairment policy (Note 24(t)).

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

(u) Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:

loans and receivables

financial assets at fair value through profit or loss (FVTPL)

The category determines subsequent measurement and whether any resulting income and expense is recognised in profit or loss or in other comprehensive income.

All financial assets except for those at FVTPL are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Classification and subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables. Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

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

A number of new and revised standards, including AASB 15: Revenue from Contracts with Customers and AASB 9: Financial instruments, became effective for the first time to annual periods beginning on or after 1 July 2018. The adoption of these standards did not result in changes in accounting policies and did not amend the amounts recognised in the financial statements. Additional disclosures required by these standards have been included where relevant.

(w) New accounting standards and interpretation

Certain new accounting standards and interpretations have been published that are not mandatory for annual reporting periods ending 30 June 2019 and have not been adopted early by the Group as follows:

- AASB 16 Leases, which becomes mandatory for the Group's 2020 financial statements. This standard will ultimately result in a portion of the Group's operating leases to be accounted for on statement of financial position as a "right to use asset" and "lease liability" upon adoption of the standard on 1 July 2019. This standard will also result in reclassification of operating lease expense into depreciation and finance expenses, and a reclassification of certain cash flows from operating into financing activities. The effect on 1 July 2019 on adoption of AASB 16 Leases will result in an increase in accumulated losses at balance date of $411.

(x) Parent entity financial information

The financial information for the Parent Entity, Gas2Grid Limited, disclosed in Note 23 has been prepared on the same basis as the consolidated financial statements.

In the Directors' opinion:

a) the financial statements and notes set out on pages 20 to 45 are in accordance with the *Corporations Act 2001,* including:

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

   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date; and

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

Note 24(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations by the Chief Executive Officer and the Chief Financial Officer required by section 295A of the Corporations Act 2001.

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

Dennis Morton
Director

Sydney
24 September 2019

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
GAS2GRID LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Gas2Grid Limited, the Company and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 24 (a) (iv) of the financial report, which describes that the financial statements have been prepared on a going concern basis. As at 30 June 2019, the Group had working capital of $472,514 and had incurred a loss for the year of $932,577. 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' fees and management fees and a successful recapitalisation of Gas2Grid Limited.

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 opinion is not modified in respect of this matter.

Key Audit Matters

Apart from the matter referred to in the Material Uncertainty Related to Going Concern paragraph, there are no other key audit matters.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the consolidated financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 16 of the directors’ report for the year ended 30 June 2019.

In our opinion the Remuneration Report of Gas2Grid Limited for the year ended 30 June 2019 complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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

Stantons International Audit & Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
24 September 2019

The shareholder information set out below was applicable as at 30 August 2019.

1. Substantial Shareholders

Substantial Shareholders in the Company are set out below:

	Ordinary shares – number held	**Percentage of issued shares**
Dennis Morton	213,621,525	16.99
Patrick Sam Yue	139,591,999	11.10

2. Voting rights

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

3. On-market buy-back

There is no current on-market buy-back.

4. Distribution of Shareholders

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

Number of shares	**Number of Shareholders**
1-1,000	115
1,001-5,000	27
5,001- 10,000	114
10,001-100,000	508
100,001 – and over	463
	1,227

(ii) There were 942 shareholders with less than a marketable parcel of shares

5. Twenty largest Shareholders

Name of Shareholder	Number held	% of issued shares
MR DENNIS MORTON	96,269,665	7.66
LAMDIAN PTY LTD <SAMYUE SUPERFUND A/C>	82,590,999	6.57
MR DARREN WESLEY REEDER	59,772,618	4.75
BUDSIDE PTY LTD <EMPLOYEES SUPERANNUATION FUND>	58,080,843	4.62
W V SAM YUE	57,001,000	4.53
BUDSIDE PTY LIMITED	52,091,018	4.14
OCTAN ENERGY PTY LTD	49,750,000	3.96
MR DAVID MUNNS	37,829,927	3.01
REMORA PTY LTD	33,253,500	2.64
VESWAY PTY LTD <ESVSY SUPER FUND A/C>	21,936,666	1.74
MR W Y M SAM YUE	21,000,000	1.67
POBELO SUPER PTY LTD <POBELO P/L SUPER FUND A/C>	20,000,000	1.59
MS JENNIFER ASHLEY MORTON	16,429,108	1.31
SOLENTE NOMINEES PTY LTD <SOLENTE INVESTMENT A/C>	15,925,780	1.27
WALCOTT SUPER FUND PTY LTD <THE WALCOTT SUPER FUND A/C>	15,282,767	1.22
MRS MAN SUN NG	14,650,000	1.17
MR MANUEL FREDERICO ENRIQUE	14,142,541	1.12
NYHOLM PTY LTD <NYHOLM SUPER FUND A/C>	13,500,000	1.07
J P MORGAN NOMINEES AUSTRALIA LIMITED	13,450,000	1.07
MR N M RODDY & MISS J ROPATA <NEST EGG HOLDINGS S/F A/C)	12,844,644	1.02
Twenty largest shareholders	705,801,076	56.13
Others	551,456,775	43.87
	1,257,257,851	**100.00**

SCHEDULE OF OIL AND GAS TENEMENTS

LOCATION	TEENEMENT NAME	HOLDER	INTEREST	AREA	STATUS
Cebu Island, The Philippines	Service Contract 44	Gas2Grid Pte Ltd	100%	750 km^2	Expiry 3 September 2020