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

HALF-YEAR REPORT
31 DECEMBER 2012

GAS2GRID Limited ABN 46 112 138 780
Half Year Report – 31 December 2012

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by Gas2Grid Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

Directors' report

Your Directors present their report on the consolidated entity consisting of Gas2Grid Limited and the entity it controlled at the end of, or during the half-year ended 31 December 2012.

Directors

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

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

Review of operations

SUMMARY

- Private Placement: raises approximately $2 million.
- Philippines: Jacob-1 drilled and suspended.
- Philippines: Gumamela-1 drilled then plugged and abandoned in January 2013.
- Philippines: Malolos-1 workover commenced in December 2012 with delays due to rig repairs.
- France: St. Griede seismic survey application submitted to French Government for acquisition in first quarter 2013.
- France: 3 new petroleum exploration licence applications lodged.

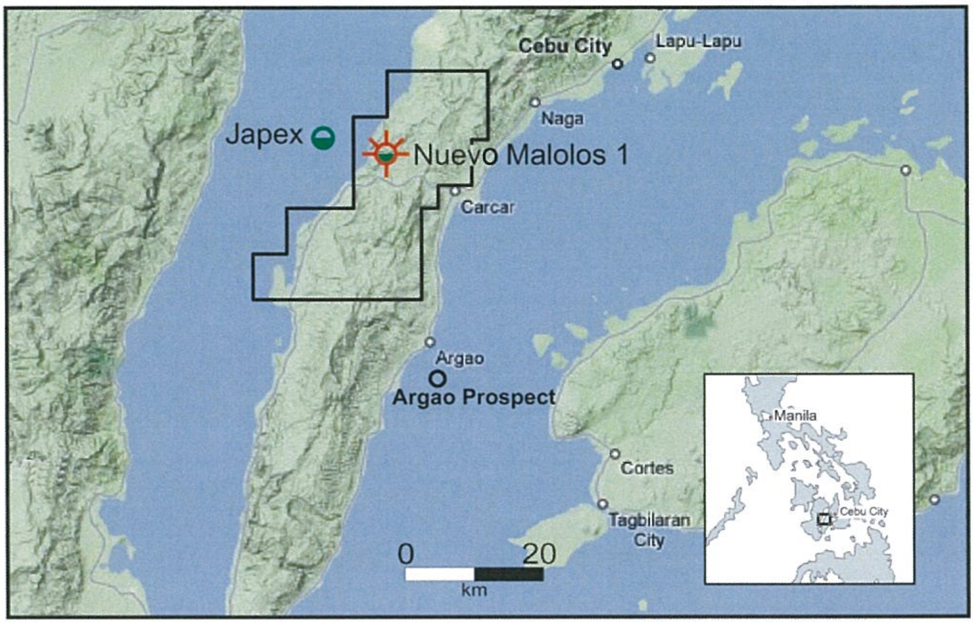
CORPORATE

At the end of August 2012, Gas2Grid Limited raised approximately $2 million in new equity by issuing approximately 31.3 million new fully paid ordinary shares at a price of 6.5 cents per share in a private placement to investors. The issue was at a 5.8% discount to the volume weighted average price over the previous 10 trading days on the Australian Securities Exchange. The funds are for exploration work to be conducted in Service Contract 44 in Philippines and St. Griede in France and general working capital.

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

During the half year the Company completed the maintenance of Rig-2 and refurbishment of Rig-1 and conducted the following field activities:

- Jacob-1 was drilled to a total depth of 664.5 metres (KB) and suspended in December 2012.
- Gumamela-1 was drilled to a total depth of 1,051.6 metres (KB) then plugged and abandoned when target depth was reached in early January 2013.
- Malolos-1 workover commenced in December 2012 and experienced delays due to rig repairs



Location Map: SC44 Philippines

2012 Drilling Program

Jacob-1 was designed to test the Miocene age Cebu Limestone trapped as a pinnacle reef. Secondary targets were the Miocene age Malubog-Toledo Formation marine sandstone reservoirs, trapped in a drape anticline above the reef. Jacob-1 spudded on 23 October 2012 and it was drilled to a total depth of 664.5 metres (KB). The top of the main limestone reef objective was intersected at a depth of 340 metres (KB), close to pre-drill prognosis. This limestone lithology continued to the well total depth of 664.5 metres. Unfortunately the limestone reservoir objectives did not have any significant porosity or permeability development ("tight"). The secondary objective, sandstone reservoirs in the section above the reef, was not encountered. The section overlying the reef was comprised of calcareous marl (lime rich mudstone) which while providing an excellent sealing unit for the reef it was devoid of any sandstone reservoirs. Minor hydrocarbon shows (slightly increased gas levels, fluorescence and cut) were observed while drilling the limestone reef.

The well was terminated at a shallower than programmed depth due to a significant lost circulation zone being encountered as the result of fracture development within the reef. The content of the fracture system (water, oil, gas) is unknown as significant mud was lost into it immediately upon penetration, with no returns. The well was suspended pending a decision to swab the fracture system using Rig-1 in order to determine the fluid content.

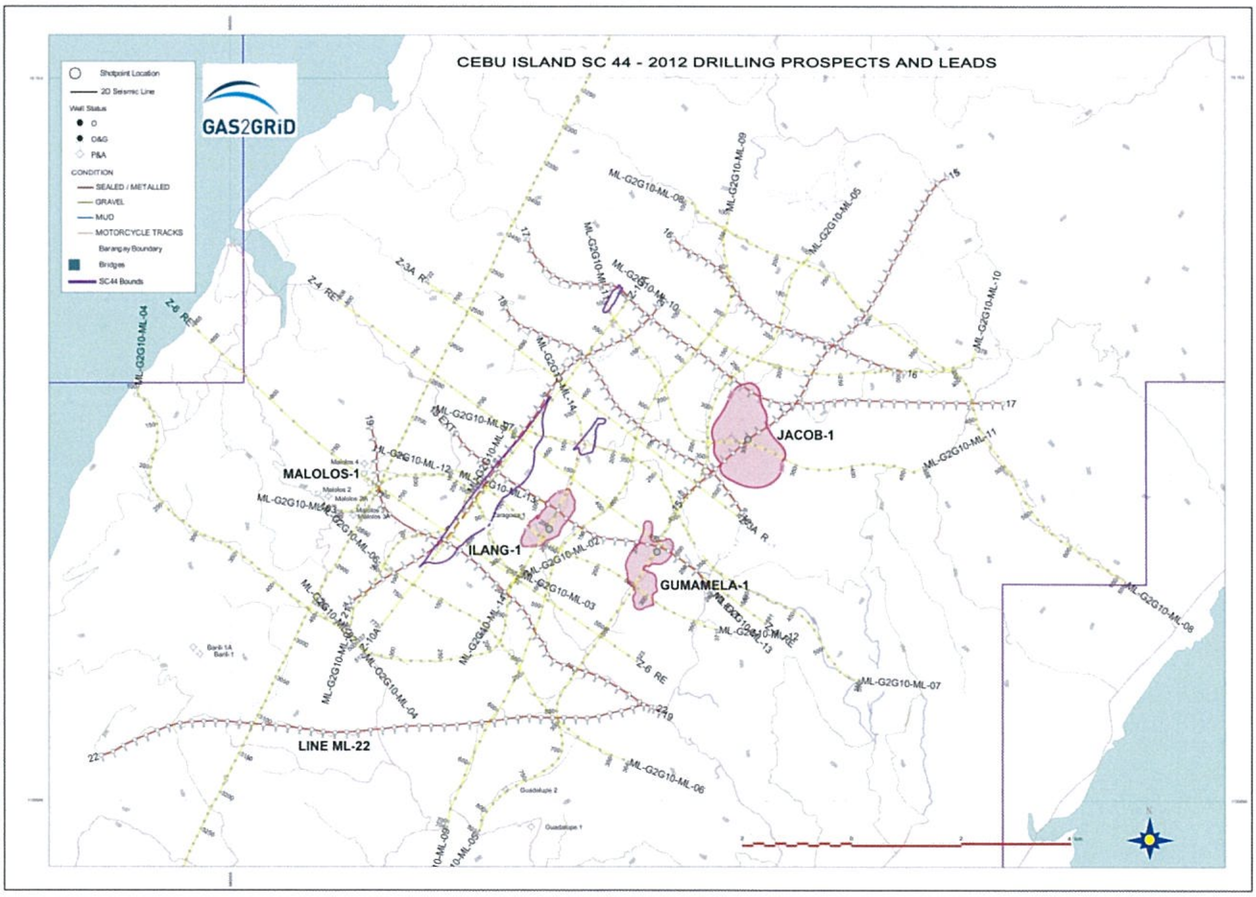
Gumamela-1 was designed to test an Oligocene-Miocene age Cebu Limestone trapped in a pinnacle reef. Secondary targets were Miocene age Malubog-Toledo Formation marine sandstones, in the section overlying the reef. Gumamela-1 spudded on 23 December 2012 and it was drilled to a total depth of 1,051.6 metres (KB). The top of the main limestone reef objective was intersected close to prognosis at a depth of 774.8 metres (KB) and continued to a depth of 876.3 metres (KB), being 101.5 metres thick. The formation changed at a depth of 876.3 metres into an inter-bedded claystone, siltstone and minor sandstone lithology. The well reached a total depth of 1,051.6 metres (KB) still within these lithologies.

There was no reservoir quality porosity or permeability development ("tight") within the limestone reef section. There was also no reservoir quality sandstones developed in the section immediately overlying the reef, where they had been prognosed before drilling commenced.

Very high levels of methane (1,195 units or 12% by volume on a background of 5-6 units) was recorded at a depth of 535 metres (KB) although there was no associated lithology change. Subsequent electric logging indicated no reservoir development at this depth and the gas was likely associated with a small fracture system. The well has been plugged and abandoned.

Ilang-1 is designed to test the Early Miocene aged, marine turbidite sandstones within the lower part of the Upper Malubog Formation trapped in an anticline. Both Jacob-1 and Gumamela-1 penetrated the equivalent section that comprises the main Ilang-1 objective. The lithology in these wells was composed completely of marl with no sandstone reservoir development. These recently acquired results increase the risk of not finding any sandstone within this formation and the anticlinal trap.

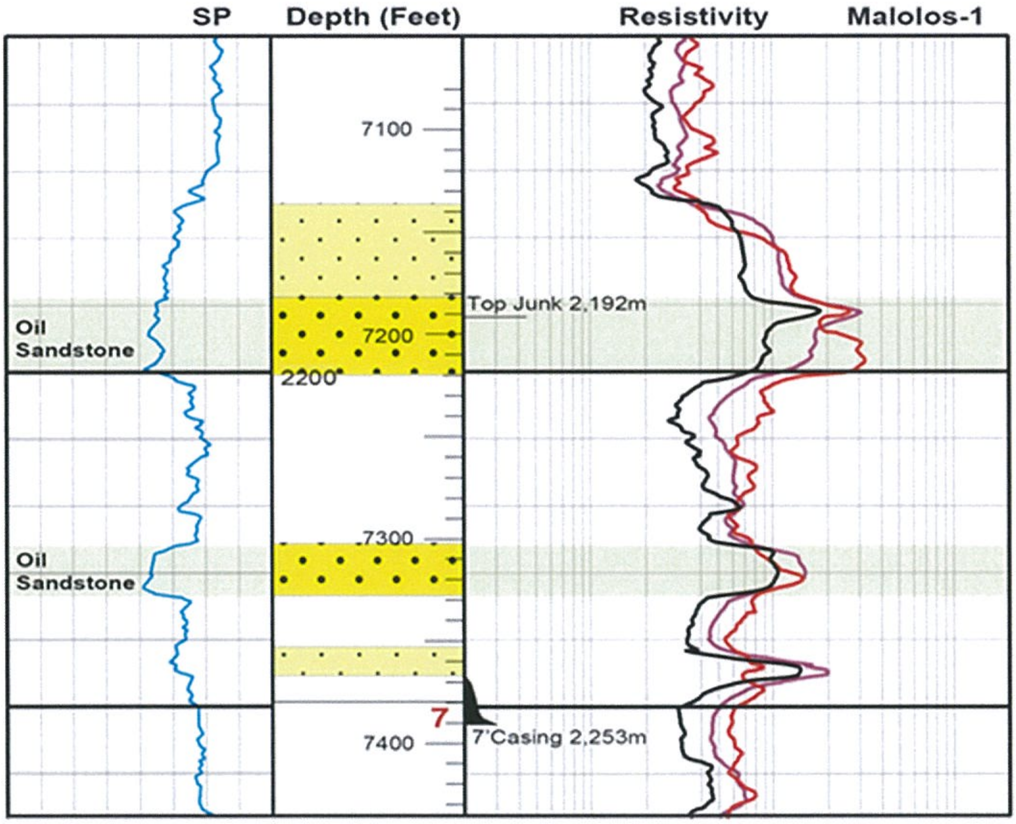
A detailed technical study has been undertaken incorporating the recently acquired results in order to better determine the technical robustness and risk profile of the Ilang Prospect. A decision has been made no to drill Ilang-1 having regards to its now much higher risk profile.



SC44: Drilling Prospects and Leads

Malolos-1 Workover and Testing Program

Oil (39° API) was recovered on several drill stem tests conducted over the gross interval 2,185-2,233 metres when the Malolos-1 well was originally drilled and tested in 1960. Sustained production from these oil bearing sandstones was not established at that time. We are attempting to access these same oil reservoirs and conduct tests to try and establish commercial oil production.



Malolos-1: Oil Targets for Workover and Testing Operations

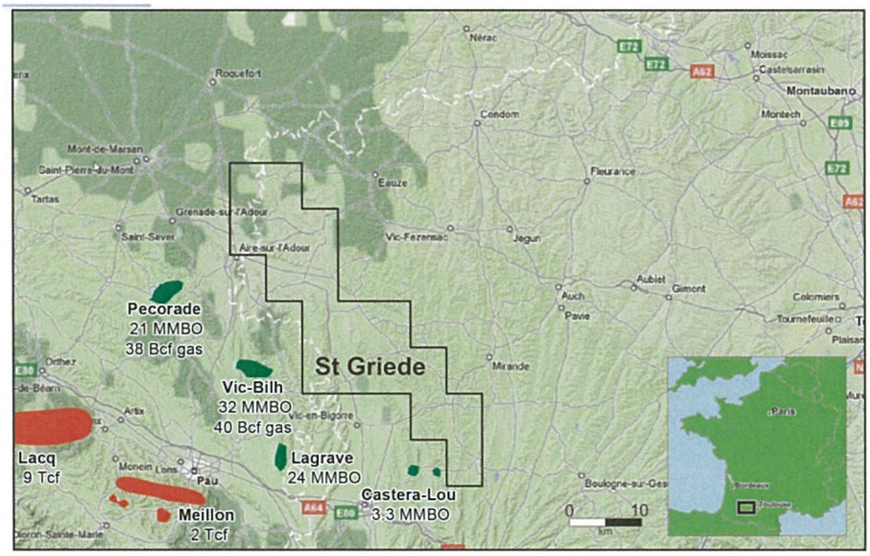
Malolos-1 workover operations were suspended in late 2011 when junk was encountered at the bottom of the hole precluding testing of the main oil bearing sandstone intervals. The workover plan has been to employ the newly acquired Rig-1 to drill out the junk and then conduct flow testing of the oil bearing reservoirs followed by selected flow testing of the shallower reservoirs interpreted as being gas bearing, based on both the cased-hole and open-hole wireline logs.

On the 23rd December, 2012 the Malolos-1 wellhead pressure (275 psi) was bled down through a 6/64" choke with gas being flared and oil/water being recovered for over an hour. Rig-1 was then rigged up and the mill bit assembly run into the hole tagging the well bore obstruction ("junk") at a depth of 2,187.2 metres (KB). Just over 10 cm of junk was milled before the Rig-1 experienced a series of mechanical breakdowns requiring repair (draw-works brake and main gearbox).

Rig-1 repairs were completed on 24 January 2013 when milling operations recommenced. Rig-1 with a 4 inch (10.2 mm) mill bit has milled over a metre of junk from the hole. During that process the Company engineers have been able to determine that the junk is actually a test packer. The packer is set within the 7 inch (17.8 mm) casing and is composed of both steel and rubber. The packer cannot be completely milled out of the hole with the current bottom hole assembly, which includes a 4 inch mill bit. A 5 inch (12.7 mm) liner was set from surface to a depth of 2,827.25 feet to isolate sets of open perforations. The installation of the 5.5 inch liner, with an inside diameter of 4.95 inches, means that the largest mill bit that can be run into the hole is 4 inches which is not large enough to drill out the packer.

A decision has therefore been made to replace Rig-1 with Rig-2 to complete the Malolos-1 workover and flow testing. Rig-2 is a larger rig with better capacity to complete the workover and it will also be worked 24 hours/day whereas Rig-1 works 12 hours/day. Rig-2 will retrieve the 5 inch casing and then mill out the junk with a larger 6 inch bit. The oil bearing sandstones will then be perforated and tested. The change of rig will make the workover operation simpler to complete. At the date of this report Rig-2, after having undergone maintenance on the main electrical generator, is being set up at the Malolos-1 well head.

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



Location Map: St Griede France

The Company owns 100% of the St. Griede licence and it regards the oil and gas exploration potential within that licence as being exceptional and the 100% ownership provides a great opportunity to create significant value for shareholders.

The Aquitaine Basin is a prolific hydrocarbon province with a long history of discovery and production. Over 13,000 petajoules (approximately 13 trillion cubic feet) of gas and 450 million barrels of liquid hydrocarbons have been produced from the basin, mainly by the large French Government-owned corporations. There has been a hiatus in exploration activity since the 1980s, but a resurgence of licensing activity and operations has occurred recently, coincident with the increase in both oil and natural gas prices. Markets and gas pipeline infrastructure are well developed and the commercialisation of even small discoveries is feasible.

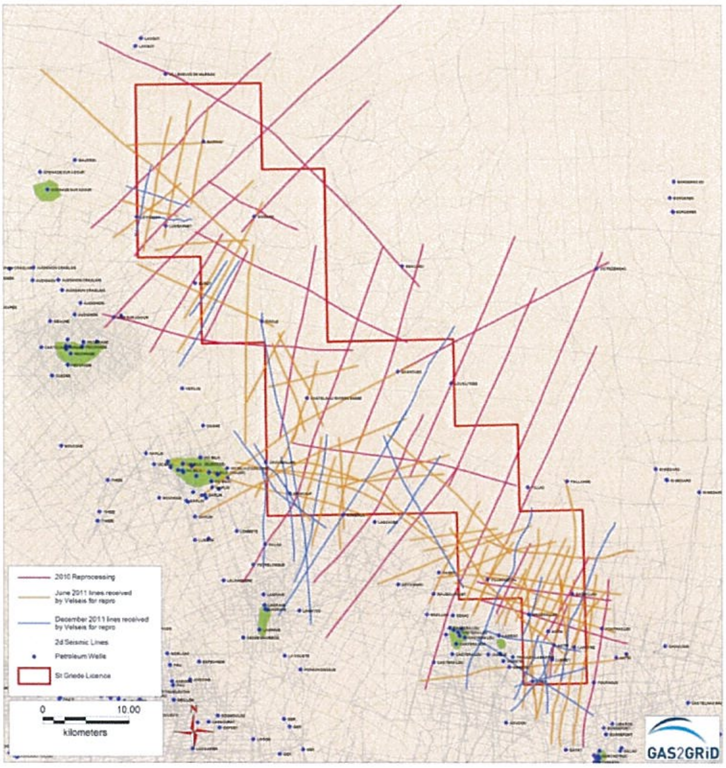
In 2010 a total of 740 kilometres of vintage seismic data (1960-1980) was purchased and these data were reprocessed to determine their quality and application to exploration. These seismic data showed excellent improvements due to the reprocessing. Interpretation of these data was integrated with the 2009 aero-gravity data set indicating excellent exploration potential for structural hydrocarbon traps.

In 2011 a decision was made to reprocess all the other, available vintage seismic data within the St. Griede licence and a few additional vintage seismic lines that tied nearby producing fields and wells to provide additional geological control.

A total of 1,232.6 kilometres of vintage field seismic data was purchased from the BRGM. These data were supplied to the Company by BRGM in two batches. All these data have now been reprocessed with a noticeable improvement in data quality. These data have now been interpreted and the location of a new seismic program has been laid out. The new program will provide sufficient coverage over several prospective drilling prospects to allow the siting of at least one exploration well for drilling in 2013. During the December 2012 quarter the planned seismic program was situated on the ground, seismic contract tenders were received and the seismic survey approval application was submitted to the French government. However, since the end of the half year changes were made to seismic acquisition plan and new application is being prepared for government approval.

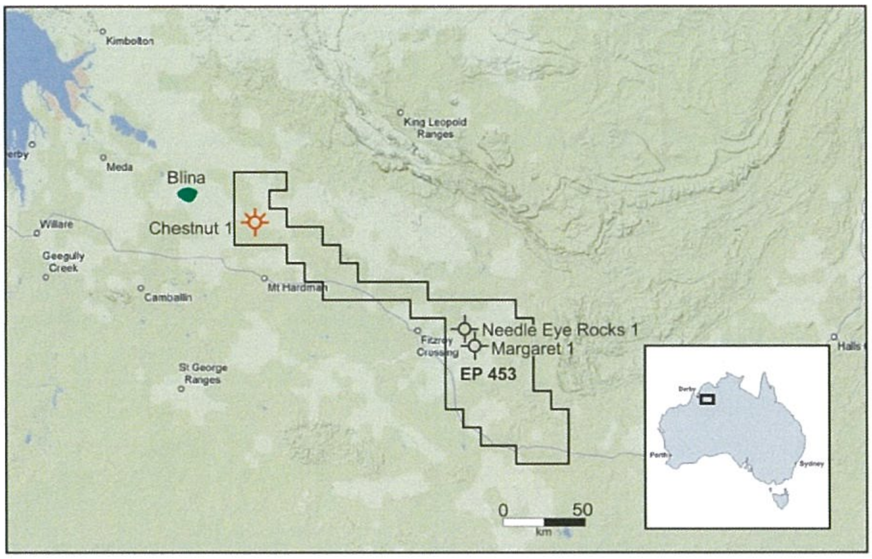
2013 Planned Activities: The Company plans on the following work activities for 2013 in St Griede:

- Complete the acquisition of a new seismic survey to determine at least one drilling location on a conventional oil and gas prospect.
- Drill one exploration well.
- Renew the licence for another 5 years with a statutory reduction of approximately 50% in surface area.



St. Griede: Seismic Reprocessing

AUSTRALIA: EP 453 (100%), Onshore Canning Basin, Western Australia



Location Map: EP453 Western Australia

In December 2012, the Company has agreed to transfer its 100% interest in the licence to an unrelated company in return for equity in that company which will assume all work commitments. The transaction is incomplete at this time as certain conditions have yet to be satisfied.

Dennis J. Morton
Managing Director

Sydney
22 February 2013

Auditor's Independence Declaration

As lead auditor for the review of Gas2Grid Limited for the half year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

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

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

Peter Buchholz
Partner
PricewaterhouseCoopers

Sydney
22 February 2013

Liability limited by a scheme approved under Professional Standards Legislation.

Gas2Grid Limited
Consolidated statement of comprehensive income
for the half-year ended 31 December 2012

	Notes	Half-year 2012 $	2011 $
Revenue from continuing operations		**4,096**	7,588
Deferred expenditure written off	2	**(5,302,267)**	-
Administration expense		**(127,545)**	(138,955)
Auditor's remuneration		**(16,300)**	(15,300)
Employee benefits expense		**(102,960)**	(65,900)
Finance costs		**(384)**	(3,158)
Foreign exchange losses		**(105,475)**	(6,003)
Depreciation and amortisation expense		**(17,855)**	(15,330)
Insurance costs		**(16,786)**	(20,181)
Listing and registry fees		**(43,692)**	(35,434)
Rental expenses		**(45,643)**	(43,362)
Share based payments		**(329,641)**	(365,000)
Other expenses		**(43,131)**	(51,245)
Loss before income tax		**(6,147,583)**	(752,280)
Income tax expense		-	-
Loss for the half-year		**(6,147,583)**	(752,280)
Other comprehensive income			
Exchange differences on translation of foreign operations		-	-
Other comprehensive loss income for the half-year		-	-
Total comprehensive loss for the half-year		**(6,147,583)**	(752,280)
Loss for the half-year attributable to: Owners of Gas2Grid Limited		**(6,147,583)**	(752,280)
Total comprehensive loss for the half-year is attributable to owners of Gas2Grid Limited		**(6,147,583)**	(752,280)
		(6,147,583)	(752,280)
		Cents	**Cents**
Earnings per share for loss attributable to the ordinary equity holders of the Company:			
Basic earnings per share		**(1.08)**	(0.20)
Diluted earnings per share		**(1.08)**	(0.20)

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

Gas2Grid Limited
Consolidated statement of financial position
as at 31 December 2012

	31 DECEMBER 2012 $	30 JUNE 2012 $
ASSETS		
Current assets		
Cash and cash equivalents	**1,218,709**	3,113,760
Trade and other receivables	**53,628**	1,191,453
Other financial assets at fair value	**-**	2,153
Total current assets	**1,272,337**	4,307,366
Non-current assets		
Exploration expenditure and rights	**10,224,839**	11,795,628
Plant and equipment	**3,498,161**	1,005,825
Other financial assets at fair value	**61,100**	-
Total non-current assets	**13,784,100**	12,801,453
Total assets	**15,056,437**	17,108,818
LIABILITIES		
Current liabilities		
Trade and other payables	**1,739,421**	642,842
Total current liabilities	**1,739,421**	642,812
Non-current liabilities		
Provisions	**98,802**	104,115
Total non-current liabilities	**98,802**	104,115
Total liabilities	**1,838,223**	746,957
Net assets	**13,218,214**	16,361,861
EQUITY		
Contributed equity	**28,003,680**	25,329,385
Reserves	**(191,604)**	(521,245)
Accumulated losses	**(14,593,862)**	(8,446,279)
Total equity	**13,218,214**	16,361,861

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

	Contributed Equity $	Accumulated Losses $	Reserves $	Total Equity $
As at 1 July 2011	16,571,573	(7,228,355)	(921,255)	8,421,963
Total comprehensive loss for the half-year	-	(752,280)		(752,280)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	1,751,344	-	-	1,751,344
Employee Incentive Plan	-	-	365,000	365,000
As at 31 December 2011	18,322,917	(7,980,635)	(556,255)	9,786,027

	Contributed Equity $	Accumulated Losses $	Reserves $	Total Equity $
As at 1 July 2012	**25,329,385**	**(8,446,279)**	**(521,245)**	**16,361,862**
Total comprehensive loss for the half-year	**-**	**(6,147,583)**	**-**	**(6,147,583)**
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs	**2,674,295**	**-**	**-**	**2,674,294**
Employee Incentive Plan	**-**	**-**	**329,641**	**329,641**
As at 31 December 2012	**28,003,680**	**(14,593,862)**	**(191,604)**	**13,218,214**

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

	Half-year	
	2012	2011
	$	$
Cash flows from operating activities		
Interest received	**4,124**	7,568
Interest paid	**-**	(2,845)
Payments to suppliers and employees (inclusive of goods and services tax)	**(433,781)**	(208,568)
Net cash outflow from operating activities	**(429,657)**	(203,845)
Cash flows from investing activities		
Exploration expenditure	**(2,711,949)**	(2,243,681)
Payment for plant and equipment	**(1,243,763)**	(51,712)
Payments for security deposits	**(61,100)**	-
Net cash outflow from investing activities	**(4,016,812)**	(2,295,393)
Cash flows from financing activities		
Proceeds from issue of shares	**2,705,775**	994,436
Transaction costs on issue of shares	**(134,272)**	(10,049)
Proceeds from borrowings	**-**	500,000
Repayment of borrowings	**-**	(4,000)
Interest paid	**(384)**	(2,845)
Net cash inflow (outflow) from financing activities	**2,571,119**	1,477,542
Net increase (decrease) in cash and cash equivalents	**(1,875,350)**	(1,018,851)
Cash and cash equivalents at the beginning of the half-year	**3,113,760**	1,374,931
Effects of exchange rate changes on cash and cash equivalents	**(19,701)**	(4,650)
Cash and cash equivalents at the end of the half-year	**1,218,709**	351,430

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

1. Basis of preparation of half-year report

This general purpose financial report for the interim half-year reporting period ended 31 December 2012 has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by Gas2Grid Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Going concern

Significant matters relating to the ongoing viability of operations

As an exploration company, Gas2Grid Limited requires ongoing funding to support its exploration activities. At balance date, the Company had a working capital deficit of $467,084 and a loan facility agreement with Budside Pty Ltd, a company controlled by Managing Director Dennis Morton, providing a facility available until 31st March, 2014 to draw up to $1,250,000 for working capital requirements. In January 2013, the Company drew down $1,200,000 from the facility. Budside Pty Ltd has also confirmed ongoing future support of the Company, if required.

Under its commitments in licence SC 44 in the Philippines, the Company has over the past half year drilled 2 wells, Jacob-1 and Gumamela-1, but found no presence of significant hydrocarbon. Gumamela-1 has been plugged and abandoned. Jacob-1 has been suspended for swabbing operations to identify the contents of the fractures that were encountered during drilling and for completion at a later time. No hydrocarbon discovery is expected from Jacob-1. Associated exploration costs on these wells have been written off to the income statement in the period.

The workover had commenced at Malolos-1 under the same SC 44 licence using Rig-1. After having undergone maintenance work, Rig-2, a much bigger rig, has replaced Rig-1 for the Mololos workover and results are expected in the next 6 weeks.

The Company has a further commitment under SC 44 to drill one further well, for which the Philippine Department of Energy (“DOE”) has granted an extension for completing the work until 28th January, 2014.
To carry out the work in SC 44 the Company acquired two drilling rigs, Rig-1 and Rig-2, which may be used for the Company’s future drilling or contracted out to other entities in Philippines or elsewhere.

The Company also owns 100% of the St Griede licence in France and is carrying out a seismic acquisition program in 2013 and, subject to locating a target, plans to drill a well in 2013.

The Directors are considering various funding options to fund its planned work programme. The continuing viability of the Company and its ability to continue as a going concern and meet its commitments as and when they fall due is dependent upon the Company being successful in either one or a combination of the following alternatives:

- Undertaking further capital raisings.
- Selling part of the Company's interest in SC 44 and or St Griede and entering into a joint venture for the potential development of the projects or renegotiating the timing and extent of the expenditure commitments.
- Obtaining debt finance from the Directors.
- Leasing or selling the two drilling rigs.

As a result of these matters, there is a material uncertainty whether the Company will continue as a going concern and realise the value of its assets in the normal course of business and at the amounts stated in the financial report.
Conclusion

The Directors believe the Company has sufficient funds to settle its debts as and when they become due and payable. The Company will need to secure sufficient funding through borrowings, equity raising and other arrangements to enable sufficient cash to be available to further its development plans. The Directors expect the Company will be able to secure the necessary funding through one, or a combination of, the aforementioned alternatives.

The financial report has been prepared on a going concern basis and accordingly no adjustments have been made relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liability that might be necessary should the Group not continue as a going concern.

2. Deferred expenditure written off

The Company has written off all costs of drilling in the 3 well exploration program, Jacob-1, Gumamela-1 and Ilang-1, and all prior years seismic surveys costs in the area of interest related to those wells.

3. Segment information

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

	Revenue		**Segment Results**		**Segment Assets**		**Segment Liabilities**	
	2012 $	2011 $	**2012 $**	2011 $	**2012 $**	2011 **$**	**2012 $**	2011 **$**
Australia	**4,096**	7,588	**(847,350)**	(752,280)	**4,834,913**	644,332	**571,163**	497,520
France	**-**	-	**-**	-	**2,243,328**	1,977,914	**11,293**	175,228
Philippines	**-**	-	**(5,300,233)**	-	**7,978,196**	8,759,655	**1,255,767**	923,126
Consolidated	**4,096**	7,588	**(6,147,583)**	(752,280)	**15,056,437**	11,381,901	**1,838,223**	1,595,874

4. Dividends

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

5. Equity securities issued

	2012 Shares	2011 Shares	**2012 $**	2011 $
Issues of ordinary shares during the half-year				
For payment of services rendered	**1,181,509**	5,040,995	**102,791**	270,956
On exercise of unlisted options	**-**	30,042,320	**-**	1,490,436
Under Employee Incentive Plan "EIP"	**6,525,000**	10,000,000	**-**	-
Payment for EIP shares previously issued	**-**	-	**673,750**	-
Under private placement	**31,261,923**		**2,032,025**	-
Transaction Costs	**-**		**(134,272)**	(10,048)
	38,968,432	45,083,315	**2,674,294**	1,771,440

6. Contingent Liabilities

The Group did not have any contingent liabilities as at 31 December 2012.

7. Commitments for Expenditure

Exploration Expenditure Commitments

In order to maintain current rights to tenure to exploration tenements, the Company has the following exploration expenditure commitments up until expiry of the leases. These obligations, which may be farmed out and are subject to renegotiation, are not provided for in the financial statements and are payable:-

	Consolidated	
	31 December 2012	30 June 2012
	$	$
Not later than one year	**696,670**	1,956,770
Later than one year but not later than 5 years	**-**	-
	696,670	1,956,770

Operating Lease Commitments

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

	Consolidated	
	31 December 2012	30 June 2012
	$	$
Not later than one year	119,988	203,383
Later than one year but not later than 5 years	316,202	377,050
	436,190	580,433

8. Events occurring after the balance sheet date

There are no matters which have arisen since 31 December 2012 which 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 periods other than that on 23 January 2013 the Group drew $1,200,000 for working capital under the $1,250,000 loan facility provided by Budside Pty Ltd, a company controlled by Managing Director Dennis Morton and which is available until 31 March 2014. Interest at the rate of 9% is payable under this facility.

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Gas2Grid Limited, which comprises the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Gas2Grid Limited (the consolidated entity). The consolidated entity comprises the company and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Gas2Grid Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

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

Material Uncertainty Regarding Continuation as Going Concern

Without qualification to our opinion expressed above, we draw attention to Note 1, which comments on the ongoing funding requirements of the company. These conditions, along with other matters as set forth in Note 1 indicate the existence of material uncertainty that may cast doubt about the entity's ability to continue as going concern and therefore the entity maybe unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

PricewaterhouseCoopers

Peter Buchholz
Partner

Sydney
22 February 2013

In the directors' opinion:

(a) the financial statements and notes set out on pages 10 to 17 are in accordance with the *Corporations Act 2001*, including:
   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
   (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance, for the half-year ended on that date; and

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

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

Dennis J. Morton
Director

Sydney
Date: 22 February 2013