



Annual Report

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For the year ended 30 June 2023

**Gas2Grid Limited**  
**ABN 46 112 138 780**

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# Gas2Grid Limited ABN 46 112 138 780

Annual Report for the year ended 30 June 2023

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## Corporate directory

### Directors

David A Munns - Chairman  
Dennis J Morton - Managing Director  
Patrick W V M Sam Yue - Executive Director

### Home Stock Exchange

ASX Limited  
Exchange Centre  
20 Bridge St  
Sydney NSW 2000

### Company Secretary

Patrick W V M Sam Yue

**ASX Code:** GGX

### Registered Office

Suite 22 Level 5  
58 Pitt Street  
Sydney NSW 2000  
Telephone: 61 2 9241 1927  
Email: [office@gas2grid.com](mailto:office@gas2grid.com)

### Solicitors

Piper Alderman  
Level 23, Governor Macquarie Tower  
1 Farrer Place  
Sydney NSW 2000

### Share Registry

Next Registries  
Level 22  
2 Market Street  
Sydney NSW 2000  
Telephone: 61 2 9251 1700  
Facsimile: 61 2 9251 7138  
Email: [mail@nextregistries.com.au](mailto:mail@nextregistries.com.au)

### Auditors

Stantons  
Level 2, 40 Kings Park Rd  
West Perth WA 6005

### Website

[www.gas2grid.com](http://www.gas2grid.com)

Dear Shareholders,

The business environment for entities trying to explore, discover and market fossil fuels has become increasingly difficult as governments Worldwide, including Australia, demonise fossil fuels despite the need for these fuels as a low cost and reliable energy supply, and concurrently subsidise and legislate the transition to renewable energy supplies as the panacea.

These government enforced changes are being made despite there being no detailed plans on how to transition from cheap, unsubsidised, reliable base load energy sourced from coal and natural gas to heavily subsidised, intermittent and high cost renewable energy sources.

All of these changes are being forced when there is no unequivocal, scientific proof that humans are the primary cause for climate change.

The investment community has also embraced renewable energy projects and withdrawn support for fossil fuel business ventures in following certain community and political views.

Consumers are starting to realise the actual cost of these government enforced changes, through increases in their energy bills and energy supply shortages and commencing to push back against governments discouraging fossil fuels and promoting renewable energy.

Since 2015 our Company suffered from renewable energy policies and the anti-fossil fuels political influence in France. As a direct result our St. Griede exploration permit was not renewed contrary to the then mining law which was subsequently amended to ban petroleum exploration and the issue of any new exploration licences.

In January 2020, after several years of dispute with successful results in the French Tribunal and abandoning hope of fair play by the French Government the Company lodged a claim for €34.35 million in damages against the French Government. On the 28<sup>th</sup> June, 2023 a hearing was held on this claim and we await the court's determination.

Our news is better in the Philippines, a country that has a challenged domestic energy supply and which is currently encouraging petroleum exploration.

In 2021 Service Contract 44 ("SC 44") was unjustly terminated by the previous Philippines Government during a period of Government imposed Covid-19 sanctions. Following discussions with a receptive new administration, the Company in July, 2023 submitted an application for a new Service Contract over an area similar to the SC 44 with an aim to continue evaluation of the Malolos Oil Field and exploring other attractive oil and gas areas which we have already identified. The application for the replacement tenement will follow usual formal procedures and may take 3 to 4 months for the decision to grant.

Under those predicaments diminishing our oil and gas activities overseas in the last 2 years and unsuccessful completion of joint ventures for oil and gas exploration in Australia, the Australian Securities Exchange has afforded the Company until 1 September 2023 for their assessment that the level of operations of the Company is sufficient to satisfy the requirements of Listing Rule 12.1. If the ASX is not satisfied, ASX intends to suspend the Company's securities from official quotation. For reinstatement of official quotation, the Company will need to demonstrate substantive oil and gas activities going forward and satisfy any other conditions that ASX may require. Having regards to the new Service Contract that is in process for grant, the Company has sought an extension of time until 31 December 2023 for that ASX review and decision on the Listing Rule 12.1 compliance. Hopefully, the ASX will have a commercial approach in their decision. If the ASX decline the extension the Company will seek reinstatement of quotation as soon as the new Service Contract in Philippines is granted,

We thank our shareholders for their continued support while we await the determination of the French tribunal on our damages claim and the award of a new Service Contract in the Philippines.



David Munns  
Chairman

25 August 2023

## PHILIPPINES

### ***Service Contract 44 (100% working interest), Onshore Cebu***

SC 44 was unjustly terminated by the previous Philippines Government during a period of Government imposed Covid-19 sanctions. These sanctions had compelled the Company to stop its active drilling operations that were underway at that time with the Nuevo Malolos-1 Deepening, a Force Majeure event as defined under SC 44.

During the year the Company completed an arbitration application for submission to the International Chamber of Commerce (“**ICC**”) with respect to the termination of Service Contract 44 (“**SC 44**”) by the Department of Energy (“**DOE**”) in June 2021 on grounds disputed by the Company and as provided for in the Service Contract. The selection of an Arbitrator to be nominated by the Company was also commenced.

After the Philippines national elections in 2022, representatives of the Company discussed the unjust cancellation of SC 44 with the newly appointed Energy Secretary and his DOE administration. Based on those discussions the Company has suspended the ICC arbitration application and in July 2023 submitted an application for a new Service Contract over an area similar to the SC 44 with an aim to continue evaluation of the Malolos Oil Field and explore other attractive oil and gas targets. The process to official grant of a new Service Contract could take 3 to 4 months.

A new Service Contract, if granted, should provide for a new 7 year initial term and therefore give the Company the opportunity to conduct substantive oil and gas exploration activities.

### ***New Ventures***

The Company has been in discussions with entities in the Philippines interested to invest in oil and gas ventures in various forms of joint participation including the use of the Company owned rigs located in Cebu.

## FRANCE

### ***Legal Claim on unlawful non-renewal by the French Government of St. Griede (100% working interest), Onshore Aquitaine Basin***

In early January 2020, the Company lodged at the Pau Tribunal, France, a claim of €34.35 million (approximately A\$56 million at 30 June 2023) for compensation against the French Government. This claim is in respect to the damages caused by the French Government in refusing, unlawfully as ruled by the French Courts, to renew the St Griede conventional hydrocarbon exploration permit in accordance with the then prevailing mining law. The non-renewal of the permit prevented the Company continuing exploration with the aim to eventual exploitation of oil and gas to achieve a return on exploration work incurred since the grant of the permit.

After last year’s deferral of hearing set date of 29<sup>th</sup> June, 2022, the Tribunal eventually heard the matter on 28<sup>th</sup> June 2023. The Company’s French lawyer attended the hearing in person, although not required according to the Tribunal procedures, whereas no Government representative was present. After the deliberations at the hearing, the Company’s lawyer has submitted a further written submission to the Tribunal on Friday 30<sup>th</sup> June 2023 in accordance with the Tribunal procedures.

The handing down of the decision of the Tribunal is awaited. The decision of the Tribunal is uncertain.

## AUSTRALIA

### *New Ventures*

The Company had continued to review new ventures in eastern Australia with a focus on the Cooper and Bowen-Surat Basins in South Australia and Queensland as it considers that there are numerous high quality exploration areas which could potentially be the subject of farmin or sale or new State Government Gazettal.

Early in the financial year, the Company has been presented with several oil and gas exploration opportunities by title holders and has conducted technical exploration work consisting of interpretation of available seismic data and well data, reviewing regional setting, in some cases exhaustive technical assessment from first principles and where applicable commercial development economics. The opportunities included participation in an oil production licence in Queensland and gas exploration drilling in Western Australia however, the Company concluded these opportunities to be unsuitable.

An agreement entered in April 2022 with Santos QNT Pty Ltd (“STO”), a subsidiary of Santos Limited, to acquire under joint venture terms 60% participating interest in each of two of STO’s licences in the Cooper Basin, Queensland, ATP 1063 and ATP 1174 was terminated in September 2022 because the agreed commitments cannot be met within the time frames associated with the licences without an approved extension by the Government.

During the year the Company perceived developments indicating that Government policies and practices will impede on new petroleum exploration investments in the eastern States as follows:

- amendments to the Competition and Consumer Act 2010 providing for Ministerial orders on emergency gas market price, regulating the terms (including prices) on which gas is supplied or acquired;
- the ACCC granted power to grant a price cap exemption and enforcing the new laws; and
- legislated price cap on natural gas of \$12 per gigajoule on 23 December 2022.

Whilst the Company is still keen to pursue new ventures in Australia by way of farmin, certain legislated retrospective changes in gas pricing have greatly increased the risk for investment. Retrospective changes create a sovereign risk and adversely affect the commercial terms for investment in petroleum exploration in Australia.

These changes discourage the Company to invest private investors’ funds in an increased risk environment for an already risk industry. Consequently, the Company has suspended the pursuit of new exploration opportunities in eastern Australia.

### **ASX LISTING RULE 12.1 COMPLIANCE**

In March 2023, the Australian Securities Exchange (“ASX”) has advised the Company that in their opinion the Company’s level of operations are not of a level sufficient to satisfy the requirements of Listing Rule 12.1 which provides that the level of an entity’s operations must, in ASX’s opinion, be sufficient to warrant the continued quotation of the entity’s securities and its continued listing.

ASX has afforded the Company until 1 September 2023 to demonstrate to ASX that it is or has become compliant with Listing Rule 12.1. If the Company does not demonstrate compliance with this rule to ASX's satisfaction, ASX intends to suspend the Company's securities from official quotation.

In the Company's opinion a grant of a new Service Contract and recommencement of substantive operations in Philippines should assist in a positive outcome when the ASX next assess the level of Company operations. However, the timing for the decision to grant the new Service Contract by the DOE will be later than the deadline given by the ASX for its next assessment. Unfortunately, the Company is caught between Government compliance procedures in Philippines and ASX Listing Rules compliance procedures.

Having regards to the work to be conducted under a new Service Contract when granted, the Company has sought an extension of time from the ASX before the Company's securities are suspended from official quotation.

### **EXTERNAL FACTORS AND MATERIAL RISKS ON OPERATIONS**

Key risks to which the Group is exposed in its current business and operations are summarised as follows:

- *Key personnel:* The Group's ability to execute its activities depends in retention of key team members to implement the business plan. There has been no disruption in personnel availability during the year for the Group's activities.
- *Changes in global economic and geopolitical conditions:* The Group's business is dependent on economic conditions including inflation, interest rates, consumer confidence, access to funds and government fiscal, monetary and regulatory policies. During the year, the Group has not experienced adverse impacts on its operations as a result of changes in economic and geopolitical conditions.
- *Health and safety:* The Group's operations expose its personnel and contractors to health and safety risks inherent in oil and gas exploration that could subject the Group to extensive liability under health and safety laws and regulations. During the year, there has been no adverse event in that respect.
- *Climatic:* Adverse climatic conditions e.g. rain, floods, typhoons and earthquakes during the year have not affected the Group's activities.
- *Information technology and cyber security:* The Group's information technology systems are protected by security measures but unauthorised third party access to these systems for theft of information or disruption of the operations could adversely impact business performance. There has been no event of security breaches during the year.
- *Risks of foreign operations and litigation:* The Group has investment exposure in France and the Philippines where there may be risks arising out of foreign governmental sovereignty and in being subject to the exclusive jurisdiction of foreign courts in addition to risks usually present in Australian operations. The Group has been progressing financial claims in the French courts against the French Government with respect to their not renewing the St Griede permit in disregard to local mining law. The Group has also prepared for arbitration proceedings at the International Chamber of Commerce against the Philippines Government for wrongfully cancelling the Service Contract 44 during the Covid-19 pandemic. Those proceedings have been suspended by the Company pending the grant of a new service contract to replace the Service Contract 44. During the year, the costs of those disputes have been contained and manageable with existing cash resources.
- *Changes in law and their applications in practice, including tax laws and accounting standards:* Any changes to taxation laws, regulations or policies in jurisdictions in which the Group operates may

adversely affect shareholder returns. Any changes to the Australian Accounting Standards, as determined by the Australian Accounting Standards Board, may affect the future measurement and recognition of key income statement and balance sheet items. Such changes could materially and adversely affect the financial performance and position reported in the Company's financial statements.

The recent introduction of price caps on natural gas by the Australian Federal Government has an adverse effect on the risk profile of gas exploration and production industry in Australia.

Funding risk is described below under the section "Financial Analysis" and other financial risk is described in in Note 17 to the financial statements).

**COMPETENT PERSON**

*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 over 40 years' experience in the oil and gas industry.*

**FORWARD-LOOKING STATEMENT**

*This document may include forward-looking statements. Forward-looking statements include, but are not limited to, statements concerning planned exploration program and other statements that are not historical facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. Although Gas2Grid Limited believes that its expectations reflected in these forward-looking statements are reasonable, such statements involve risks and uncertainties and no assurance can be given that actual results will be consistent with these forward-looking statements.*

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## FINANCIAL ANALYSIS

**Funding:** To provide finance availability until April 2026, the related entity of each of Directors D Morton, D Munns and P Sam Yue agreed in May 2023 to extend the expiry date from 16 April 2024 to 16 April 2026 of their loan facilities to the Company totalling \$5,034,226 of which \$1,434,375 has been drawn (See Note (f) of the Remuneration Report contained in the Directors Report for details).

The Directors D Morton and D Munns and their related entities have also agreed that the amounts owing to them for unpaid past Directors fees, interest and other fees totalling \$3,360,340 to be due on 16 April 2025 instead of 16 April 2024

While the Group has no revenue producing assets, the Group requires regular injection of funds to pursue its business activities which currently include the acquisition of a new service contract and investment in other joint ventures in Philippines and the pursue of damages claim in France with respect to the St Griede permit.

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 26(a) (iv) to the Financial Statements and is subject to material uncertainty in the auditor's audit report.

To continue the business activities and to meet its financial commitments as and when they fall due the Company will be pursuing sources of finance that include:

- draw down under the loan facilities from the Directors' related entities; and
- undertaking new capital raisings.

**Performance:** During the year the Group made a loss of \$356,786 after the amortisation gain of \$435,599 on the net present values of interest free loans and non-current payables due on 16 April 2026 and 16 April 2025 respectively.

**Financial Position:** Total negative equity increased from \$4,900,709 to \$5,257,495 primarily as a result of loss from operations offset by gain on amortisation of the net present values of interest free loans and non-current payables.

Cash at 30 June 2023 was \$671,328, a decrease from the 30 June 2022 balance of \$1,578,285 as a result of operations during the year. Current assets were \$717,368 (2022: \$1,589,056) consisting primarily of cash and cash equivalents.

Current trade and other payables were \$704,515, a decrease from 30 June 2022 amount of \$882,585.

**Cash Flows:** Operating activities resulted in net outflow of \$718,900 (2022: outflow \$768,245) funded from existing cash on hand as the Group has no cash generating activities.



## STRATEGY AND PROSPECTS FOR FUTURE

The Group has been pursuing new venture opportunities in oil and gas exploration in Australia until the Australian Government recently created new sovereign risks with retroactive legislations to control the gas market and in the Philippines, seeking remedies to protect its interest in that country against the wrongful termination of SC 44 by DOE, and the recovery of financial claim in court for the investment made in the St Griede permit in France. The Group has submitted an application for a new Service Contract in Philippines covering an area that incorporates the previous SC 44. However, no indication as to likely developments in the future can be given due to the uncertainties usually associated with the application of a new Service Contract, the remedies available on the termination of SC 44 and the court decision on the legal claim.

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

- (a) acquiring new investment opportunities in Australia or Philippines;
- (b) financial recovery from the claim made to the French Government on the unlawful non-renewal of the St Griede permit; and
- (c) remedies available against the termination of SC 44 by DOE or the grant and successful development of the new Service Contract applied for.

To carry out those above activities the Group will require funding which may be by equity issues or debt 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

## **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 – 4<sup>th</sup> edition and the Corporate Governance Statement are posted on the Group's website for reference on disclosures ([www.gas2grid.com/corporate-governance/](http://www.gas2grid.com/corporate-governance/)).

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## 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 2023.

### 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 financial claim against the French Government for the non-renewal of its licence in France, remedies on the cancellation of SC 44 by the Philippines Government and application for a new service contract in 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 2 to 7.

### Dividends – Gas2Grid Limited

The Directors report that during the year ended 30 June 2023 no dividends were declared or paid (2022: \$nil).

### Matters subsequent to the end of the financial year

There has not arisen in the interval since 30 June 2023 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.

### Likely developments and expected results of operations

In relation to the Group's oil and gas investment activities, no indication as to likely results in the future can be given due to the uncertainties usually associated with such activities, on timing in acquisition of new licence interests, on likely remedies for the DOE's wrongful termination of SC 44, and award of damages by the French court. The Group proposes to continue in oil and gas exploration investment activities that are set out on pages 2 to 7. The Company may in future consider investment in alternative energy materials and technologies to counter some of its fossil fuel investment as a step to manage its environmental and sustainability impact. Such investment may only be made in compliance with the ASX Listing Rules.

### 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 – Appointed on 22 December 2004.

### ***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***

757,827,969 ordinary shares in Gas2Grid Limited.

**Dennis J Morton BSc (Hons), (Macquarie University)** Managing Director – Appointed on 31 March 2008.

### ***Experience and expertise***

Dennis Morton was co-founder and until late 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***

Jade Gas Holdings Limited (formerly High Grade Metals Ltd) (appointed Non-Executive Director on 7 July 2020, Non-Executive Chairman on 14 December 2021 and Executive Chairman on 28 June 2023)

### ***Former directorships of listed companies in last 3 years***

None.

### ***Special responsibilities***

Managing Director (since 31 March 2008).

### ***Interest in shares and options***

816,954,858 ordinary shares in Gas2Grid Limited.

**Patrick W V M Sam Yue, CA, FGIA, FCG, F Fin.** Executive Director – Appointed on 9 October 2009.

***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 30 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***

413,182,998 ordinary shares in Gas2Grid Limited.

**Company Secretary**

The Company Secretary is Mr Patrick W V M Sam Yue, a Chartered Accountant, Fellow of the Governance Institute of Australia, Fellow of the Chartered Institute of Secretaries and Administrators and Fellow of the Financial Services Institute of Australasia and 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 2023, and the number of meetings attended by each Director:-

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

During the year, Board business was 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 2023, 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.

**Directors' 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 per annum	From 1 July 2017
Chairman	\$35,000
Other Directors (each)	\$25,000

**Additional fees**

In addition to base Director's fees, the related entity of each of 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.

Name	Short-term employee benefits			Post-employment benefits	Long-term benefits	Termination benefits	Share-based payments	Total	% of remuneration that is performance based
	Salary and fees <sup>1</sup>	Cash bonus	Non-monetary benefits	Superannuation	\$	\$	\$	\$	%
	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>2023</b>									
<i>Executive Directors</i>									
D J Morton <sup>1</sup>	145,000 <sup>1</sup>	-	-	-	-	-	-	145,000	-
P WVM Sam Yue <sup>2</sup>	121,000 <sup>2</sup>	-	-	-	-	-	-	121,000	-
<i>Non-executive Director</i>									
D A Munns <sup>3</sup>	35,000 <sup>3</sup>	-	-	-	-	-	-	35,000	-
<b>Total</b>	301,000	-	-	-	-	-	-	301,000	-

<sup>1</sup>\$24,167 paid after balance date

<sup>2</sup>\$20,167 paid after balance date

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<sup>3</sup> \$5,833 paid after balance date  
<sup>\*</sup> including management fees payable to the related entity of the Director

Name	Short-term employee benefits			Post-employment benefits	Long-term benefits	Termination benefits	Share-based payments	Total	% of remuneration that is performance based
	Salary and fees <sup>*</sup>	Cash bonus	Non-monetary benefits	Superannuation					%
	\$	\$	\$	\$	\$	\$	\$	\$	%
<b>2022</b>									
<i>Executive Directors</i>									
D J Morton <sup>1</sup>	145,000 <sup>1</sup>	-	-	-	-	-	-	145,000	-
P WVM Sam Yue <sup>2</sup>	121,000 <sup>2</sup>	-	-	-	-	-	-	121,000	-
<i>Non-executive Director</i>									
D A Munns <sup>3</sup>	35,000 <sup>3</sup>	-	-	-	-	-	-	35,000	-
<b>Total</b>	<b>301,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>301,000</b>	<b>-</b>

<sup>1</sup>\$12,083 paid after balance date  
<sup>2</sup>\$10,083 paid after balance date  
<sup>3</sup>\$2,917 paid after balance date  
<sup>\*</sup> including management fees payable to the related entity of the Director

**(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. The non-recourse loans outstanding to Directors at 30 June 2023 are disclosed under section (i) below.

No EIP shares were issued to Directors during the year.

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**(e) Equity instruments held by key management personnel**

The table below show the number of shares in the Company that was held 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 2015 surrendered during the year	Other changes (including underwritten shortfall shares)	Balance at end of year
<b>2023</b>					
<b>Directors of Gas2Grid Limited</b>					
D A Munns (i)	757,827,969	-	-	-	757,827,969
D J Morton (ii)	816,954,858	-	-	-	816,954,858
P W V M Sam Yue (iii)	425,182,998	-	(12,000,000)	-	413,182,998

- i. 707,331,376 shares are registered in the name of TD International SA. 1,000,000 shares are registered in the name of Ann Patricia Munns.
- ii. 55,260,843 shares are registered in the name of Budside Pty Limited <Employees Superannuation Fund>. 655,424,350 shares are registered in the name of Budside Pty Ltd.
- iii. 401,181,998 shares are registered in the name of Lamdian Pty Ltd ATF Samyue Super Fund.

	Balance at beginning of year	Granted during the year as compensation	EIP shares issued in November 2014 surrendered during the year	Other changes	Balance at end of year
<b>2022</b>					
<b>Directors of Gas2Grid Limited</b>					
D A Munns (i)	60,762,973	-	-	697,064,996	757,827,969
D J Morton (ii)	213,621,525	-	-	603,333,333	816,954,858
P W V M Sam Yue (iii)	118,591,999	-	(12,000,000)	318,590,999	425,182,998

- i. 707,331,376 shares are registered in the name of TD International SA. 1,000,000 shares are registered in the name of Ann Patricia Munns.
- ii. 55,260,843 shares are registered in the name of Budside Pty Limited <Employees Superannuation Fund>. 655,424,350 shares are registered in the name of Budside Pty Ltd.
- iii. 401,181,998 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	At end of year	Total loan facilities available at end of year
	\$	\$		\$	\$
<b>2023</b>					
D A Munns	-	-	-	-	854,226
D J Morton	1,434,375	-	-	1,434,375 <sup>1</sup>	3,440,000
P W V M Sam Yue	-	-	-	-	740,000
	1,434,375	-		1,434,375	5,034,226

<sup>1</sup> This amount represents the contractual settlement amount at balance date. The balance owing in Note 11 of the financial report includes the gain on borrowings at amortised cost arising from the difference between the net present value of the interest-free borrowings to be settled on 16 April 2026.

On 22 May 2023, the loan facility agreements with each of the Directors were amended and restated in the same amounts and the maturity date amended to 16 April 2026. The loans remain unsecured and interest free.

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	At beginning of year	Loan principal received	Loan principal converted to equity	At end of year	Total loan facilities available at end of year
	\$	\$	\$	\$	\$
<b>2022</b>					
D A Munns	1,145,774	-	(1,145,774)	-	854,226
D J Morton	3,244,375	-	(1,810,000)	1,434,375 <sup>1</sup>	3,440,000
P W V M Sam Yue	710,000	-	(710,000)	-	740,000
	<u>5,100,149</u>	<u>-</u>	<u>(3,665,774)</u>	<u>1,434,375</u>	<u>5,034,226</u>

<sup>1</sup> This amount represents the contractual settlement amount at balance date. The balance owing in Note 11 of the financial report includes the gain on borrowings at amortised cost arising from the difference between the net present value of the interest-free borrowings to be settled on 16 April 2024.

On 7 July 2021, loans were converted to equity in the amounts of \$1,145,774 for D A Munns, \$1,810,000 for D J Morton and \$710,000 for P W M Sam Yue totalling \$3,665,774 on their taking up of underwritten shortfall shares arising on a non-renounceable entitlement offer to shareholders. The loan facilities were correspondingly reduced to \$5,034,226 as there is no redraw facility of amounts repaid. On 28 June 2022, the Directors agreed to extend the maturity date of the facilities as at 30 June 2022 totalling \$5,034,226 from 16 April 2023 to 16 April 2024 with \$1,434,375 drawn from D J Morton and a total of \$3,599,851 not drawn. From 1 July 2021 the loans are interest free and no establishment fee is applicable.

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

	2023 \$	2022 \$
<b>Management fees to the following entities recognised as expense</b>		
Budside Pty Ltd <sup>1</sup>	120,000	120,000
Oni Design Pty Ltd <sup>2</sup>	96,000	96,000
	<u>216,000</u>	<u>216,000</u>

<sup>1</sup> Related entity of Director D J Morton

<sup>2</sup> Related entity of Director P W V M Sam Yue

**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
	<u>85,000</u>	<u>85,000</u>

**Management and Directors' fees, loans establishment fees and accrued finance costs owing at balance date and due for payment on 16 April 2025**

Budside Pty Ltd (fees inclusive of GST)	849,458	849,458
Budside Pty Ltd (establishment fees and accrued interest on fees and loans)	2,984,257	2,984,257
Oni Design Pty Ltd (fees inclusive of GST)	-	38,897
David Munns (fees)	164,707	175,212
David Munns (accrued interest on fees)	37,446	37,446
TD International SA <sup>3</sup>	80,211	-
	<u>4,116,079</u>	<u>4,085,270</u>

<sup>3</sup> Related entity of Director D A Munns

On 30 June 2023, the maturity date of the balance of amounts owing to the Directors and their related entities was extended from 16 April 2024 to 16 April 2025. No payment has been made post balance date.

	2023	2022
	\$	\$
<b>(h) Underwriting fees payable at balance date for non-renounceable entitlement offer that closed on 1 July 2021</b>		
Budside Pty Ltd	49,102	49,102
Oni Design Pty Ltd	-	72,147
TD International SA	-	-
	49,102	121,249

#### **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 shares relating to non-recourse loans to Directors were exercisable at \$0.008 per share as follows:

	2023	2022	2023	2022
Loan expiry date	EIP shares	EIP shares	\$	\$
Patrick WVM Sam Yue:				
4 December 2022 <sup>1</sup>	-	12,000,000	-	96,000
20 January 2024	12,000,000	12,000,000	96,000	96,000
	12,000,000	24,000,000	96,000	192,000

<sup>1</sup> The EIP shares were surrendered to the Company and the loan extinguished.

#### **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 auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 18.

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



Dennis J Morton  
Director

Sydney  
25 August 2023

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25 August 2023

Board of Directors  
Gas2Grid Limited  
World Tower  
Suite 1312  
87-89 Liverpool Street  
Sydney NSW 2000

Dear Directors

**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 2023, 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 LTD**  
**(An Authorised Audit Company)**

A handwritten signature in black ink, appearing to read "Samir Tirodkar", written over a light blue horizontal line.

**Samir Tirodkar**  
**Director**



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**Gas2Grid Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
For the year ended 30 June 2023

	Notes	2023 \$	2022 \$
<b>Other income</b>			
Interest		7,795	200
Fair value (loss)/gain on extinguishment of financial liabilities		(62,837)	1,991,616
Gain on financial liabilities at amortised cost	2	435,599	708,965
		380,557	2,700,781
<b>Expenses</b>			
Administration expenses		(154,040)	(175,235)
Auditor's remuneration	22	(36,690)	(35,165)
Management and Directors fees	19	(253,000)	(301,000)
Depreciation	8	(14,333)	(3,837)
Finance costs	3	(1,852)	(20)
Provision for rehabilitation	12	(20,000)	-
Insurance costs		(13,224)	(18,950)
Licences renewal costs		(51,609)	(69,139)
New projects and farms evaluation		(115,300)	(149,585)
Rental expenses		(12,643)	(21,142)
Net foreign exchange (loss)/gain		(64,652)	(1,566)
(Loss)/Profit before income tax		(356,786)	1,925,142
Income tax expense	4	-	-
<b>(Loss)/Profit from continuing operations</b>		(356,786)	1,925,142
<b>Other comprehensive income</b>		-	-
<b>Other comprehensive profit/(loss) for the year, net of tax</b>		-	-
<b>Total comprehensive (loss)/profit for the year</b>		(356,786)	1,925,142
(Loss)/Profit or the year attributable to the owners of Gas2Grid Limited		(356,786)	1,925,142
Total comprehensive (loss)/profit for the year attributable to owners of Gas2Grid Limited		(356,786)	1,925,142
<b>(Loss)/Earnings per share for loss from continuing operations attributable to the ordinary equity holders of the Company:</b>			
Basic and diluted (loss)/earnings per share	23	(0.01)	0.05

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

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**Gas2Grid Limited**  
**Consolidated statement of financial position**  
As at 30 June 2023

		2023	2022
	Notes	\$	\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	671,328	1,578,285
Trade and other receivables	6	16,423	-
Other assets	7	29,617	10,771
<b>Total current assets</b>		<u>717,368</u>	<u>1,589,056</u>
<b>Non-current assets</b>			
Right of use assets	8	16,940	-
Other assets	7	1,441	-
<b>Total non-current assets</b>		<u>18,381</u>	<u>-</u>
<b>Total assets</b>		<u>735,749</u>	<u>1,589,056</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9	704,515	882,585
Lease liabilities	10	16,324	-
Provisions	12	865,000	796,500
<b>Total current liabilities</b>		<u>1,585,839</u>	<u>1,679,085</u>
<b>Non-current liabilities</b>			
Trade and other payables	9	3,360,340	3,560,880
Lease liabilities	10	1,515	-
Borrowings	11	1,045,550	1,249,800
<b>Total non-current liabilities</b>		<u>4,407,405</u>	<u>4,810,680</u>
<b>Total liabilities</b>		<u>5,993,244</u>	<u>6,489,765</u>
<b>Net liabilities</b>		<u>(5,257,495)</u>	<u>(4,900,709)</u>
<b>EQUITY</b>			
Contributed equity	13	38,943,696	38,943,696
Reserves	14(a)	319,802	319,802
Accumulated losses	14(b)	(44,520,993)	(44,164,207)
<b>Total deficit</b>		<u>(5,257,495)</u>	<u>(4,900,709)</u>

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

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**Gas2Grid Limited**  
**Consolidated statement of changes in equity**  
For the year ended 30 June 2023

	Contributed Equity \$	Accumulated Losses \$	Reserves \$	Total Equity/(Deficit) \$
<b>Balance at 1 July 2021</b>	34,782,400	(46,089,349)	319,802	(10,987,147)
<b>Total comprehensive profit for the year</b>	-	1,925,142	-	1,925,142
<b>Transactions with owners in their capacity as owners:</b>				
Transaction costs on contributions of equity	4,161,296	-	-	4,161,296
<b>Balance at 30 June 2022</b>	38,943,696	(44,164,207)	319,802	(4,900,709)
<b>Total comprehensive loss for the year</b>	-	(356,786)	-	(356,786)
<b>Transactions with owners in their capacity as owners:</b>				
Contribution of equity, net of transaction costs	-	-	-	-
<b>Balance at 30 June 2023</b>	38,943,696	(44,520,993)	319,802	(5,257,495)

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

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**Gas2Grid Limited**  
**Consolidated statement of cash flows**  
For the year ended 30 June 2023

	Notes	2023 \$	2022 \$
<b>Cash flows from operating activities</b>			
Interest received		7,795	200
Payments to suppliers and employees (inclusive of goods and services tax)		(726,695)	(768,445)
<b>Net cash (outflow) from operating activities</b>	15	(718,900)	(768,245)
<b>Cash flows from investing activities</b>			
<b>Net cash (outflow) from investing activities</b>		-	-
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		-	182,805
Share transaction costs		(152,317)	(128,939)
Payments for lease liabilities	8	(33,970)	-
<b>Net cash (outflow)/inflow from financing activities</b>		(186,287)	53,866
<b>Net (decrease) in cash and cash equivalents</b>		(905,187)	(714,379)
Cash and cash equivalents at the beginning of year		1,578,285	2,293,420
Effects of exchange rate changes on cash and cash equivalents		(1,770)	(756)
<b>Cash and cash equivalents at end of year</b>	5	671,328	1,578,285

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

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## 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, with operations suspended under Force Majeure since Covid-19 sanctions imposed in 2020 and during the year has been preparing application for a new exploration service contract in addition to seeking new petroleum ventures. Until 2015 the Group has been carrying out exploration in the Aquitaine Basin in France and the Group has been in legal dispute with the French Government when they declined to renew the permit in 2015 resulting in the lodging of a claim for damages in French court in 2020. During the year the Group has also been seeking for new petroleum ventures in Australia. 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 \$
<b>2023</b>				
<b>Interest and other income</b>				
Interest income	7,786	-	9	7,795
Gain on financial liabilities at amortised cost	435,599	-	-	435,599
Total segment revenues	443,385	-	9	443,394
<b>Segment results</b>				
(Loss) for the year	(168,438)	-	(188,348)	(356,786)
Including:				
Depreciation	(14,433)	-	-	(14,433)
Provision for rehabilitation of exploration areas	-	-	(20,000)	(20,000)
<b>Segment assets</b>	723,882	-	11,867	735,749
<b>Segment liabilities</b>	4,576,064	645,000	772,180	5,993,244
<b>2022</b>				
<b>Interest and other income</b>				
Interest income	189	-	11	200
Fair value gain on extinguishment of financial liabilities	1,991,616	-	-	1,991,616
Gain on financial liabilities at amortised cost	708,965	-	-	708,965
Total segment revenues	2,700,770	-	11	2,700,781
<b>Segment results</b>				
Gain(Loss) for the year	1,994,271	-	(69,129)	1,925,142
Including:				
Depreciation	(3,837)	-	-	(3,837)
<b>Segment assets</b>	1,574,417	-	14,639	1,589,056
<b>Segment liabilities</b>	5,173,752	596,500	719,513	6,489,765

## 2. Gain on financial liabilities at amortised cost

	2023 \$	2022 \$
Gain on non-current trade and other payables (see Note 11)	204,250	524,390
Gain on non-current borrowings (see Note 9)	231,349	184,575
	435,599	708,965

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	<b>2023</b>	<b>2022</b>
	\$	\$
<b>3. Finance costs</b>		
Lease interest	1,852	20

#### 4. Income tax expense

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

(Loss)/Profit from continuing operations before income tax expense	(356,786)	1,925,142
Tax at Australian tax rate of 25% (2022 – 30%)	(89,197)	577,543
Tax effect of:		
Non-temporary differences	81,269	(783,130)
Equity raising costs debited to equity	(27,419)	(32,918)
Tax losses and temporary differences not recognised	35,347	238,505
Income tax expense	-	-

##### (b) Tax losses

Unused tax losses for which no deferred tax asset has been recognised	(18,422,063)	(19,813,054)
Potential tax benefit @ 25% (2022 – 30%)	(4,605,516)	(5,940,916)

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 Group tax consolidated in July 2015. There are presently no tax sharing agreement in place. The Parent Entity and each of the subsidiaries are in tax loss for the year and have substantial tax losses carried forward.

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.

#### 5. Cash and cash equivalents

Cash at bank and in hand	671,328	1,578,285
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#### 6. Trade and other receivables

GST and other receivables	16,423	-
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##### Credit risk

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

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>7. Other assets</b>		
<b>Current</b>		
Prepayments	29,617	10,771
<b>Non-current</b>		
Rent prepayment	1,441	-

## 8. Right of use assets

### Lease asset

Cost at beginning of year	-	44,859
Addition in the year	31,273	-
Expiry in the year	-	(44,859)
Cost at end of year	31,273	-
Accumulated depreciation at beginning of year	-	41,121
Depreciation charge for the year	14,333	3,738
Disposal in the year	-	(44,859)
Accumulated depreciation at end of year	14,333	-
Carrying amount at end of year	16,940	-

The lease asset is for office premises lease that will expire in August 2024.

## 9. Trade and other payables

### Current

Trade payables and other creditors	600,813	761,336
<b>Amounts owing to Directors:</b>		
Underwriting fees payable to Directors	49,102	121,249
Fees payable to Directors (including GST) <sup>1</sup>	54,600	-
	103,702	121,249
<b>Total trade and other payables - current</b>	<b>704,515</b>	<b>882,585</b>

<sup>1</sup> The fees were for the 2023 financial year and paid after balance date.

### Non-current

Fees and amounts payable to Directors (including GST)	1,094,376	1,063,567
Accrued interest on fees payable to Directors	285,814	285,814
Accrued interest on loans due	2,253,389	2,253,389
Accrued establishment fees on Directors' loans	482,500	482,500
	4,116,079	4,085,270
Less: Gain on non-current trade and other payables at amortised cost <sup>1</sup>	(755,739)	(524,390)
	3,360,340	3,560,880

<sup>1</sup> The gain on non-current trade and other payables at amortised cost arose from the difference between the net present value of the interest-free non-current trade and other payables to be settled on 16 April 2025 (2022: 16 April 2024) and the settlement amount at balance date. A discount rate of 12% (2022: 8%) was applied to the future cash flows to determine their net present values. The gain increased by \$231,349 during the year.

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Effective from 1 July 2021, the non-current trade and other payables are non-interest bearing. On 7 July 2021, \$2,309,074 of the amounts owing to the Directors (see Note 14(b)) were applied to the settlement of the take up of shortfall shares under the pro-rata entitlement offer that closed on 1 July 2021 and which was fully underwritten by the Directors. In September 2021, the Directors and their related entities agreed to extend the settlement date to 16 April 2023 or earlier at the Company's option and in June 2022 they agreed that amounts owing to them at 30 June 2022 to be settled on 16 April 2024 or earlier at the Company's option. On 30 June 2023, the settlement date of amounts owing was extended to 16 April 2025.

	<b>2023</b>	<b>2022</b>
	\$	\$
<b>10. Lease liabilities</b>		
<b>Current</b>		
Office lease	16,324	-
	16,324	-
<b>Non-current</b>		
Office lease	1,515	-
	1,515	-

The lease liabilities are accounted for under AASB 16 – Leases (Note 26 (u)).

## 11. Borrowings

### Non-current

Loans from Directors' related entities due 16 April 2026	1,434,375	1,434,375
Less: Gain on borrowings at amortised cost <sup>1</sup>	(388,825)	(184,575)
	1,045,550	1,249,800

<sup>1</sup> The gain on borrowings at amortised cost arose from the difference between the net present value of the interest-free borrowings to be settled on 16 April 2026 (2022: 16 April 2024) and the contractual settlement amount at balance date. The gain increased by \$204,250 during the year.

See Remuneration Report on pages 11 to 16 for details on the loans.

Effective from 1 July 2021 the loans under the facilities are non-interest bearing and no establishment fee applies. On 7 July 2021, \$3,665,774 of the loans from the Directors (see Note 14(b)) were applied to the settlement of the take up of shortfall shares under the pro-rata entitlement offer that closed on 1 July 2021 and which was fully underwritten by the Directors. In September 2021, the Directors and their related entities agreed to extend the settlement date to 16 April 2023 or earlier at the Company's option and further agreed in June 2022 to extend the settlement date to 16 April 2024 or earlier at the Company's option. In May 2023, the loan facility agreements were restated and the settlement date is 16 April 2026 or earlier at the Company's option.

## 12. Provisions

### Current

#### **Provision for rehabilitation of exploration areas:**

Balance at beginning of year	200,000	200,000
Increase in provision during the year	20,000	-
Balance at end of year	220,000	200,000

#### **Provision for refund of penalties received:**

Balance at beginning of year	596,500	622,200
Increase/(decrease) due to exchange rate movement at balance date	48,500	(25,700)
Balance at end of year	645,000	596,500

<b>Total provisions</b>	<b>865,000</b>	<b>796,500</b>
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The provision for rehabilitation of exploration areas relates to three wells in SC 44 that remain to be plugged and abandoned.

The provision for refund of penalties received is for €383,500 received in August 2018 by the Company from the French Government following a Pau Tribunal judgement on 5 July 2018. The judgement was subsequently annulled in December 2020 by the Court of Appeal of Bordeaux following an appeal by the French Government in September 2018 after they have paid the penalties. In June 2021, the Company lodged an appeal against that annulment with the Conseil d'état which, in September 2022, declined the appeal for a full hearing. The Company has considered it prudent to keep the existing provision for this amount in Euros made in prior year and revalued at balance date exchange rate until the Company's lawyers advise on further action that can be undertaken.

### 13. Contributed equity

	2023 Shares	2022 Shares	2023 \$	2022 \$
<b>a) Share capital</b>				
Ordinary shares - fully paid	4,089,102,078	4,089,102,078	38,943,696	38,943,696

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

#### b) Movements in ordinary share capital:

2023	Details	Number of shares	Issue/Fair value price \$	\$
1 Jul 22 and 30 Jun 23	<b>Balance at beginning and end of year</b>	4,089,102,078		38,943,696

During the year, 12,000,000 Employee Incentive Plan ("EIP") shares owned by Director Patrick Sam Yue and 7,000,000 EIP shares owned by other Eligible Persons were surrendered to the Company and held as treasury shares at balance date (see Note 13 (d) for details).

2022	Details	Number of shares	Issue/Fair value price \$	\$
1 Jul 21	<b>Balance at beginning of year</b>	2,044,551,039		34,782,400
	<i>Shares issued during the year:</i>			
	Issue of shares under 1:1 pro-rata non-renounceable entitlement offer			
7 July 21	- for cash	52,935,004	0.003	158,805
7 July 21	- to underwriters as repayment of loans and payables	1,991,616,035	0.002	3,983,232
1 Dec 21	Sale of 12,000,000 treasury shares: <sup>1</sup>	-	0.002	24,000
	Transaction costs	-		(4,741)
	<b>Total movement for the year</b>	2,044,551,039		4,161,296
30 Jun 22	<b>Balance at end of year</b>	4,089,102,078		38,943,696

<sup>1</sup> Treasury shares are EIP shares surrendered to the Company.

On 7 July 2021, 1,991,616,035 ordinary shares were issued to underwriters (related entities of the Directors) of the non-renounceable entitlement offer at the offer price of \$0.003 per ordinary share in settlement of debts of \$5,974,848 owing to the Directors and their associates (\$3,665,774 applied against loans and \$2,309,074 applied against other amounts owing). Management has assessed the fair value of the shares at the time of issue of the shares to be \$3,983,232 at \$0.002 per ordinary share, being the market price of the shares at the date of announcement to the market in line with "AASB 13 – Fair Value Measurement" and it is a level 1 input. The subsequent gain on this conversion of \$1,991,616 was accounted for in profit or loss.

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**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 is described in the Remuneration Report (d) on page 13.

**Shares and non-recourse loans granted at balance date under EIP**

	2023 Number	2023 \$	2022 Number	2022 \$
Balance at beginning of year	31,000,000	220,000	43,000,000	316,000
Surrendered to treasury shares by Director <sup>1</sup>	(12,000,000) <sup>2</sup>	(96,000)	(12,000,000) <sup>4</sup>	(96,000)
Surrendered to treasury shares by others	(7,000,000) <sup>2</sup>	(28,000)	-	-
Balance at end of year	12,000,000 <sup>3</sup>	96,000	31,000,000	220,000

<sup>1</sup> Director Patrick W V M Sam Yue

<sup>2</sup> Held as treasury shares and owned by the Company at balance date

<sup>3</sup> Held by Director Patrick W V M Sam Yue and will expire on 20 January 2024

<sup>4</sup> Surrendered shares were sold by the Company during the 2022 financial year

**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, sell assets and reduce debt.

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

**14. Reserves and accumulated losses**

	2023 \$	2022 \$
<b>a) Reserves</b>		
Share-based payments reserve	2,154,733	2,154,733
Foreign currency translation reserve	(1,834,931)	(1,834,931)
	<u>319,802</u>	<u>319,802</u>
<b>b) Accumulated losses</b>		
Movements in accumulated losses were as follows:		
Balance at beginning of year	(44,164,207)	(46,089,349)
(Loss)/Profit for the year	(356,786)	1,925,142
Balance at end of year	<u>(44,520,993)</u>	<u>(44,164,207)</u>

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**c) Nature and purpose of reserves**

*i. Share-based payments reserve*

The share-based payments reserve is used to recognise 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 26(d). The reserve is recognised in profit and loss when the net investment is disposed of.

**15. Reconciliation of profit/(loss) after income tax to net cash flows from operating activities**

	<b>2023</b>	<b>2022</b>
	\$	\$
(Loss)/Profit for the year	(356,786)	1,925,142
Amortisation gain on financial liabilities	(435,599)	(708,965)
Depreciation and amortisation	14,333	3,837
Fair value (gain) on extinguishment of financial liabilities	-	(1,991,616)
Finance costs	1,852	20
Provision for rehabilitation of exploration areas	20,000	-
Net exchange differences	64,652	1,566
Change in operating assets and liabilities:		
(Increase)/Decrease in trade and other receivables	(16,423)	18,846
(Decrease)/Increase in trade and other payables	(57,827)	2,871
(Increase)/Decrease in prepayments	(1,602)	5,754
Increase/(Decrease) in provisions	48,500	(25,700)
Net cash (outflow) from operating activities	(718,900)	(768,245)

**16. 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.

*Rehabilitation and restoration obligations*

Provision is made for the anticipated costs of future restoration and rehabilitation of exploration areas in accordance with the Group's policy on provisions. These provisions which include future cost estimates are discounted to their present value where appropriate.

At each reporting date the rehabilitation liability is assessed and remeasured in line with changes in discount rates, if applicable, and timing or amounts of costs to be incurred. Rehabilitation provisions are adjusted for changes in estimates. Adjustments to the estimated amount and timing of future rehabilitation and restoration cash flows are a normal occurrence in light of the significant judgements and estimates involved. At 30 June 2021 and at balance date a provision for rehabilitation costs of SC 44 had been recognised as SC 44 expired on 2 September 2020 and was terminated in June 2021. On 27 September 2021, the DOE reiterated its decision to terminate SC 44. See also Chairman's Letter and page 2 of Operations Review.

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*Effective interest rate used in calculation of amortised cost*

In calculating the net present values of interest-free non-current trade and other payables and borrowings the Group has used an effective interest rate of 12% (2022: 8% pa, being the rate previously being charged on these liabilities) applied to the gross carrying amount of the financial liabilities.

*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 4 for further details.

*Litigation*

At each reporting date, assessment is made on the costs and potential recoveries from legal disputes with the French Government in relation to the non-renewal of the St Griede permit in France. Potential recoveries on damages claims are prudently not recognised in the accounts in view of uncertainty of success. Unpaid legal costs are provided based on advice from the lawyers. In the case of the decision of the Appeal Court of Bordeaux in December 2020 to annul the penalties of €383,500 (\$645,000 at balance date exchange rate) paid by the French Government to the Company in July 2018 the full amount is prudently recorded as a provision for refund. In September 2022, the Conseil d'état declined the appeal for a full hearing. The Company's lawyers are advising on further action that can be undertaken.

## 17. 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 rate risk and credit risks faced by the Group are considered minimal at this stage.

The Group holds the following financial instruments:

	2023 \$	2022 \$
<b>Financial assets</b>		
Cash and cash equivalents	671,328	1,578,285
Trade and other receivables	16,423	-
	687,751	1,578,285
<b>Financial liabilities</b>		
Trade and other payables - Current	704,515	882,585
Trade and other payables – Non-current	3,360,340	3,560,880
	4,064,855	4,443,465
Lease liabilities – Current and Non-current	17,839	-
Borrowings – Current and Non-current	1,045,550	1,249,800
	5,128,244	5,693,265

### (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.

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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 maturing			Non-interest bearing		Total
	Variable interest rate	Within 1 year	1 to 5 years	Within 1 year	1 to 5 years	
<b>2023</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>						
Cash and cash equivalents	653,290	-	-	18,038	-	671,328
Trade and other receivables	-	-	-	16,423	-	16,423
	653,290	-	-	34,461	-	687,751
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	704,515	3,360,340	4,064,835
Leases	-	-	-	16,324	1,515	17,839
Borrowings	-	-	-	-	1,045,550	1,045,550
	-	-	-	720,839	4,407,405	5,128,244
<b>2022</b>						
<b>Financial assets</b>						
Cash and cash equivalents	1,529,303	-	-	48,982	-	1,578,285
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	882,585	3,560,880	4,443,465
Borrowings	-	-	-	-	1,249,800	1,249,800
	-	-	-	882,585	4,810,680	5,693,265

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 2023, if interest rates had changed by +/- 50 basis points ("bps") from the year-end rates with all other variables held constant, post-tax profit for the year would have been \$3,266 lower/higher (2022: \$7,647 lower/higher), as a result of lower/higher interest income from cash and cash equivalents 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.

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**(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 2023, the Group had access to unsecured borrowing facilities of \$5,034,226 bearing no interest and is available until 16 April 2026 with the Company having the sole option to pay early if it elects to. At balance date, an amount of \$1,434,375 represented the total principal drawn under the facilities with the balance of \$3,599,851 available to be drawn as and when required by the Company.

*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 \$
<b>At 30 June 2023</b>							
Non-derivatives							
Non-interest bearing	704,515	-	4,116,079	1,434,375	-	6,254,969	5,110,405
Variable rate	-	-	-	-	-	-	-
Fixed rate	-	-	-	-	-	-	-
<b>Total non-derivatives</b>	<b>704,515</b>	<b>-</b>	<b>4,116,079</b>	<b>1,434,375</b>	<b>-</b>	<b>6,254,969</b>	<b>5,110,405</b>
<b>At 30 June 2022</b>							
Non-derivatives							
Non-interest bearing	882,585	-	5,519,645	-	-	6,402,230	6,402,230
Variable rate	-	-	-	-	-	-	-
Fixed rate	-	-	-	-	-	-	-
<b>Total non-derivatives</b>	<b>882,585</b>	<b>-</b>	<b>5,519,645</b>	<b>-</b>	<b>-</b>	<b>6,402,230</b>	<b>6,402,230</b>

**(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.

**18. Commitments and contingent liabilities**

**Commitments**

The Group did not have any commitments as at 30 June 2023 and 30 June 2022.

**Contingent liabilities**

The Group did not have any contingent liabilities as at 30 June 2023 and 30 June 2022.

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## 19. Related party transactions

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>(a) Key management personnel compensation</b>		
Short-term employee benefits	301,000 <sup>1</sup>	301,000
Post-employment benefits	-	-
Long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	301,000	301,000

<sup>1</sup> Of which \$48,000 have been charged to new projects and farmins evaluation.

Detailed remuneration disclosures are provided in the Remuneration Report on pages 11 to 16.

### Other transactions and balances

Other transactions and balances at reporting date with key management personnel or their related entities are disclosed in the Remuneration Report on pages 14 to 16 and in Notes 9, 11 and, 13(b).

## 20. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 26(b).

Name of entity	Country of incorporation	Class of shares	Equity holding*	
			2023	2022
			%	%
Gas2Grid Pte Limited	Singapore	Ordinary	100	100
Wellfin Pty Limited	Australia	Ordinary	100	100
GGX Eromanga Pty Ltd	Australia	Ordinary	100	100

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

## 21. 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 11 to 16 for details of the Gas2Grid Limited Employee Incentive Plan.

No EIP shares were issued and 19,000,000 EIP shares were surrendered to the Company during the year (see Note 13(d)).

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	<b>2023</b>	<b>2022</b>
	\$	\$

## 22. Remuneration of auditors

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

Remuneration of the current auditor for:		
- auditing or reviewing the financial reports	36,690	35,165

No non-audit services were provided.

## 23. (Loss)/Earnings per share

(Loss)/Profit for the year used in the calculation of basic and diluted loss per share	(356,763)	1,925,142
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	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic and diluted loss per share	4,049,891,510	4,049,891,510

Basic and diluted (loss)/earnings per share - cents	(0.01)c	0.05c
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## 24. 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 2023 is \$3 (2022: \$3).

### a) Summary financial information

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

#### Statement of financial position

Current assets	717,369	1,589,056
Non-current assets	18,382	3
Total assets	735,751	1,589,059

Current liabilities	1,585,842	1,629,088
Non-current liabilities	4,831,888	5,235,162
Total liabilities	6,417,730	6,864,250

Net (liabilities)	(5,681,979)	(5,275,191)
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#### Shareholders' equity

Issued capital	38,943,696	38,943,696
Reserves	319,802	319,802
Accumulated losses	(44,945,477)	(44,538,689)
	(5,681,979)	(5,275,191)

(Loss)/Profit for the year	(406,788)	1,975,142
<b>Total comprehensive (loss)/profit for the year</b>	<b>(406,788)</b>	<b>1,975,142</b>

The Parent Entity has not entered into any financial guarantees as at 30 June 2023 (2022: nil).

### b) Contingent liabilities of the Parent Entity

The Parent Entity did not have any contingent liabilities as at 30 June 2023 or 30 June 2022.

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**c) 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 2023 or 30 June 2022.

**25. Events occurring after the reporting period**

There has not arisen in the interval since 30 June 2023 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.

**26. 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 Accounting Standards Board (IASB).

*ii. Historical cost convention*

These financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

*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 17.

*iv. Going concern*

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

At 30 June 2023, the Group had net working capital deficiency of \$868,471 (2022:\$90,029), \$1,045,550 in Directors' loans at amortised cost (2022: \$1,249,800) that fall due for repayment on 16 April 2026 and, \$3,360,340 in Directors' fees and accrued finance costs at amortised cost (2022: \$3,560,880) that fall due for repayment on 16 April 2025, contributing to net liabilities of \$5,257,495 (2022: Net liabilities \$4,900,709). The Group has made a loss of \$356,786 (2022: Profit \$1,925,142) for the year ended 30 June 2023, arising mainly from operations expenses including costs of evaluation of new projects and farms and application for a new Service Contract in the Philippines, offset by gain on financial liabilities at amortised cost during the year (Note 2).

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To undertake exploration and appraisal activities in new joint ventures or a new Service Contract and protect the investment made in the St Griede permit in France while the Group has no revenue producing assets, the Group requires regular injection of funds. In March 2023, ASX has afforded the Company until 1 September 2023 to demonstrate to ASX that it is or has become compliant with Listing Rule 12.1. See details on pages 3 and 4 of the Operations Review.

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 and other liabilities is dependent upon acquisition of new oil and gas interests and their successful development and exploitation and positive outcome from the claim against the French Government; and new equity capital that may be raised.

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) is April 2026. The undrawn amount on these facilities was \$3,599,851 at balance date and is able to be drawn upon. There has been no drawdown under the loan facilities since balance date.
- The Directors' fees and management fees may be negotiated 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 of 16 April 2026 and 16 April 2025 respectively.
- Undertaking further capital raisings.

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 2023. 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 2023 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.

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.

*ii. 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 - current**

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 due within 12 months of balance date.

## **(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 recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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 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 statement of financial position.

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.

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**(s) 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 is 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 26(h)).

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.

**(t) 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.

**(u) Leases**

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group. However, all contracts that are classified as short-term leases (ie a lease with a term of 12 months or less) and leases of low-value assets are recognised as operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease or if this rate cannot be readily determined, at the Group's incremental borrowing rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying assets, whichever is the shortest.

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

The Group has adopted all of the new and amended Accounting Standards and Interpretations that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2022.

It has been determined that there has been no material impact of the new and revised Accounting Standards and Interpretations on the Group's business.

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**(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 2023 and have not been adopted early by the Group. No significant impact on the Group's financial performance or position is expected when they are adopted.

New or revised pronouncement	Nature of change	Effective for annual reporting periods beginning on or after	Likely impact on initial application
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as current or Non-current</i>	Makes amendments to AASB 101 Presentation of Financial Statements to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.	1 January 2023	When these amendments are first adopted for the year ending 30 June 2024, there will be no material impact on the financial statements.
AASB 2021-2 <i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates</i>	Makes amendments to: * AASB 7 Financial Instruments: Disclosures; * AASB 101 Presentation of Financial Statements; * AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors; * AASB 134 Interim Financial Reporting; and * AASB Practice Statement 2 Making Materiality Judgements.	1 January 2023	When these amendments are first adopted for the year ending 30 June 2024, there will be no material impact on the financial statements.

**(x) Parent entity financial information**

The financial information for the Parent Entity, Gas2Grid Limited, disclosed in Note 24 has been prepared on the same basis as the consolidated financial statements.

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In the Directors' opinion:

- a) the financial statements and notes set out on pages 19 to 42 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 2023 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 26(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  
25 August 2023

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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 2023, 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 2023 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 Company 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**

Without modifying our audit opinion expressed above, attention is drawn to the following matter.

As referred to in Note 26 to the financial statements, the consolidated financial statements have been prepared on a going concern basis. At 30 June 2023, the Group had cash and cash equivalents of \$671,328 with net cash outflows from operating activities of \$718,900 for the year ended 30 June 2023, a net working capital deficiency of \$868,471 and recorded a loss after income tax of \$356,786 for the year. The Company is also in dispute with, and seeking reparations from, both the French and Philippine governments in relation to actions taken against it by those respective governments. This casts a material uncertainty in relation to the entity's going concern assumption.

The ability of the Group to continue as a going concern and meet its planned exploration, administration and other commitments is dependent upon the Group raising further working capital, and/or successfully exploiting its assets, and/or receiving favourable outcomes from the claims against the French and Philippine governments. In the event that the Group is not successful in raising further equity and/or successfully exploiting its assets or successful in the damages claim in France, and in re-establishing its exploration license from the Philippine government, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's current and non-current assets may be significantly less than book values.

**Key Audit Matters**

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined that there are no others matters to be communicated in our report.

**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 2023 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 opinion 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 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*

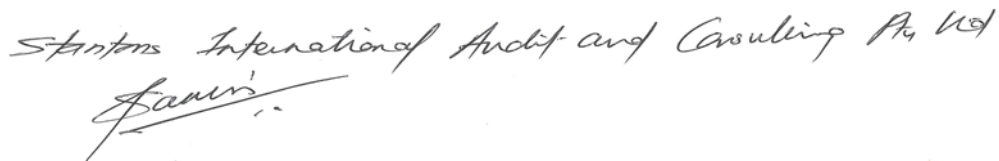
We have audited the Remuneration Report included in pages 11 to 16 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Gas2Grid Limited for the year ended 30 June 2023 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**  
**(An Authorised Audit Company)**



*Stantons International Audit and Consulting Pty Ltd*  
*Samir*

**Samir Tirodkar**  
Director  
West Perth, Western Australia  
25 August 2023

The shareholder information set out below was applicable as at 27 July 2023.

**1. Substantial Shareholders**

**Substantial Shareholders in the Company are set out below:**

	Ordinary shares – number held	Percentage of issued shares
Dennis Morton	816,954,858	19.98
David Munns	757,827,969	18.53
Patrick Sam Yue	425,182,998	9.93

**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:

Size of holding	Number of shareholders	Number of shares held	%
1-1,000	110	10,337	0.000
1,001-5,000	32	113,230	0.003
5,001- 10,000	108	985,990	0.024
10,001-100,000	555	28,237,670	0.691
100,001 – and over	964	4,059,754,851	99.282
	<b>1,769</b>	<b>4,089,102,078</b>	<b>100.000</b>

(ii) There were 1,109 shareholders with less than a marketable parcel of shares

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**5. Twenty largest Shareholders**

Name of Shareholder	Number held	% of issued shares
TD INTERNATIONAL S A	697,064,996	17.05%
BUDSIDE PTY LIMITED	655,424,351	16.03%
LAMDIAN PTY LTD <SAMYUE SUPERFUND A/C>	401,181,998	9.81%
OCTAN ENERGY PTY LTD	203,326,707	4.97%
M S NG	193,236,406	4.73%
DENNIS MORTON	106,269,665	2.60%
REMORA PTY LTD	90,056,581	2.20%
MR P L GEORGE AND MRS S L GEORGE	65,300,000	1.60%
D W REEDER	59,772,618	1.46%
VESWAY PTY LTD <ESVSY SUPER FUND A/C>	57,700,000	1.41%
M K WALCOTT	48,478,261	1.19%
BUDSIDE PTY LTD <EMPLOYEES SUPERANNUATION FUND>	48,080,843	1.18%
SOLENTE NOMINEES PTY LTD <SOLENTE INVESTMENT A/C>	46,115,780	1.13%
DAVID MUNNS	37,829,927	0.93%
M F E SOLENTE	37,730,844	0.92%
J D ABERDOUR	28,000,500	0.68%
SUPER SECRET PTY LIMITED <TKOCZ SF A/C>	26,000,000	0.64%
BHC CONSULTING PTY LTD <THE BH CANDY FAMILY A/C>	23,200,000	0.57%
SIMPLE HOLDINGS PTY LTD	22,722,000	0.56%
CITICORP NOMINEES PTY LIMITED	21,505,996	0.53%
<b>Twenty largest shareholders</b>	<b>2,868,997,473</b>	<b>70.16</b>
<b>Others</b>	<b>1,220,104,605</b>	<b>29.84</b>
	<b>4,089,102,078</b>	<b>100.00</b>

**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 <sup>2</sup>	Expired 2 September 2020. DOE notified and reiterated termination in June 2021 and September 2021 respectively which is disputed by Company under Force Majeure. Following discussions with DOE, Company now applying for a new Service Contract over similar area and has suspended preparation for arbitration at the International Chamber of Commerce.

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