SACGASCO LIMITED

ABN 83 114 061 433

FINANCIAL REPORT

For the half-year ended 30 June 2021

CONTENTS

DIRECTORS' REPORT

Your directors submit the Interim Report of the Group comprising Sacgasco Limited ("the Company", "SGC" or "Sacgasco") and its controlled entities ("the Group") for the half-year ended 30 June 2021. To comply with the provisions of the *Corporations Act 2001,* the Directors report as follows:

DIRECTORS

The names of the Directors who held office during or since the end of the interim period and until the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Gary Jeffery	Managing Director
Andrew Childs	Non-executive Chairman
Joanne Kendrick	Non-executive Director – appointed 1 June 2021
David McArthur	Non-executive Director – resigned 1 June 2021

REVIEW OF OPERATIONS

This half year together with the subsequent events referred to in this report represent a critical turning point for the Group. Sacgasco has rapidly transformed into a significant Exploration & Production (E&P) company with forward cashflows expected to underpin production, development and exploration projects in Canada and California, and to mature development and exploration projects in the Philippines.

The Company now holds a suite of assets with tremendous upside in three stable global jurisdictions.

HIGHLIGHTS

- Milestone Half Year in Sacgasco's history with sustainable Production.
- Drilling and Testing of Borba 1-7 well in the northern Sacramento Basin:
  - Commenced 21 February 2021.
  - Drilled to Total depth of 8,827 feet.
  - Tested 13 feet of Kione Sands at 2.1 million cubic feet of gas per day on ¼" choke.
  - Kione Formation Testing confirms 3,000 mcfpd production potential.
- Acquired 200 Square Miles of proprietary geophysical survey data over North Sacramento Basin.
- Acquired a 20% working interest ("WI") in Alberta Plains Oilfield Assets in Alberta, Canada.
- Acquired a 30% WI in Red Earth Oilfield Assets in Alberta, Canada.
- Improving production and cash flow from Canadian producing assets:
  - 34,815 BOE for A$2.4 million revenue; A$796,000 net operating cashflow to SGC in second quarter.
- Post period end, Sacgasco completed the acquisition of 4 Service Contracts covering 1,470,000 hectares including 6 oil discoveries in the Palawan Basin, Philippines.
- Reviewing new opportunities and prospects to add resilience and sustainability to Sacramento Basin, Canadian and SE Asia portfolio of projects.
- Continuing evaluation of Helium and Hydrogen gas potential as an integral part of ongoing Oil and Gas business.

EXPLORATION AND PRODUCTION ACTIVITIES

ONSHORE CALIFORNIA

Borba Natural Gas Prospect Drilling - Sacgasco 66.67% Working Interest ("WI")

The Borba 1-7 well was drilled to a Total Depth of 8,827ft. After determining sub-commercial flows in the lower formations, the Company tested a total of 13 feet of perforations at approximately 3,900 feet (1,200 metres) in the Kione Formations. These perforations are within an interval of 92 feet of reported gas pay. The well flowed 2.1 million cubic feet of gas per day on ¼" choke at 1440 psi Flowing Tubing Pressure and a stabilised Shut-in Tubing Pressure of 1,530 pounds per square inch.

While the calculated flow from the Borba well at 1300 psi tubing pressure (equivalent to 400# of pressure drawdown) is 5,000,000 cubic feet of gas per day (5,000 mcfgpd)*, the company believes a prudent initial flowrate to be 3,000 mcfpd from the Borba 1-7 well. These parameters may be varied following initial production depending on operational outlet pressures and observed reservoir behaviour.

A detailed review of the downhole pressure gauge data from the Borba 1-7 well test has modelled a theoretical Absolute Open Flow ("AOF") potential of 7.8 to 9.2 mcfgpd.

*Note: 1 'mcfgpd' is 1,000 cubic feet of gas per day- approximately 1 sale unit of gas per day

Borba 1-7 during flow testing

After reviewing multiple routes and connection alternatives Sacgasco is in the process of obtaining estimates for installing a direct pipeline connection from Borba to Sacgasco's owned and operated Dempsey area facilities. The optimum route for the pipeline to provide future access for mapped prospects in the area is being finalised.

Subject to final pipeline cost estimates, a final investment decision on this project is expected in the September 2021 quarter.

Integration of recently acquired proprietary and public airborne geophysical data with 2D and 3D seismic data and analyses of well histories over a 1,000 square kilometres study area in the northern Sacramento Basin is proceeding. Results are expected to define extensive 'prospects and leads' focus areas and drillable prospects near Sacgasco's infrastructure.

Potential for natural sources of helium and hydrogen is being examined.

California Gas Production (mcf)[1]	June 2021 Half Year[2]	Dec 2020 Half Year
Gross Production	*66,231*	*73,961*
SGC Production after Royalty	*34,119*	*39,900*
Note 1: mcf = Thousand Cubic feet gas		
Note 2: Overall gas flows were reduced in the first half by operational interruptions.		

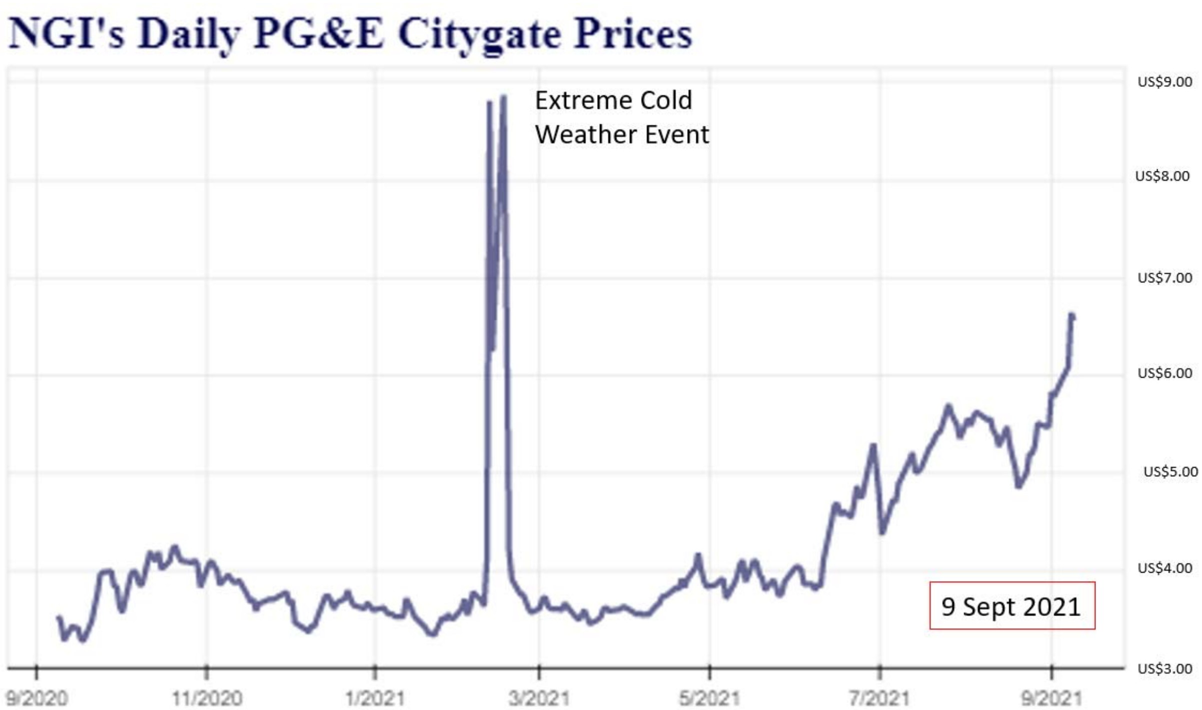
Sacramento Basin

The Company continued to maintain leases in the Sacramento Basin during the quarter. Sacgasco has a working interest (WI) of between 10% and 100% in oil and gas leases which cover natural gas prospects ranging in size from 5-20 Bcf to Tcf recoverable prospective resources of Natural Gas.

California has an unsatiated average 7 Bcf per day gas market. California imports over 90% of this natural gas from other US States and Canada.

Current reference natural gas prices for Sacgasco gas sales in Sacramento Basin are around US$6.50 /mcf (almost AUD$9 /mcf).

This represents a 30% premium to US Benchmark Henry Hub Natural Gas Price.



Source: www.NaturalGasIntel.com

SACGASCO TENEMENT TABLE (as at 30 June 2021)

PROJECT NAMES	LEASES; RELATED GAS FIELD (HBP LEASES); OR KEY WELL	PROJECT TYPE	WORKING INTEREST (WI)*
Dempsey Area Project **(California)**	Rancho Capay, Rice Creek, East Gas Fields - HBP Leases Oil and Gas Mineral Leases	Exploration, Appraisal and Rework	40-60%
Borba Project **(California)**	Oil and Gas Mineral Leases	Exploration	66.67%
Los Medanos Project **(California)**	Los Medanos Gas Field HBP Leases	Appraisal and Rework	90%
Malton Project **(California)**	Malton Gas Field HBP Leases and Oil and Gas Mineral Leases	Exploration, Appraisal and Rework	45-70%
Dutch Slough Gas Project **(California)**	Dutch Slough Gas Field HBP Leases	Exploration, Appraisal and Rework	70%
Denverton Creek Gas Project **(California)**	Denverton Creek Gas Field HBP Leases	Gas flow and Rework	70%

* Approximate WI across the referenced Project

PROJECT NAMES	LEASES; RELATED GAS FIELD (HBP LEASES); OR KEY WELL	PROJECT TYPE	WORKING INTEREST (WI)*
***Rio Vista Gas Project* (California)**	Rio Vista Field Wells HBP Leases	Gas flow, development, and Rework	100%
***Willows Gas Field (Non-operated)* (California)**	Willows Gas Fields HBP Leases	Gas flow and Rework	10%
***Alvares Project* (California)**	Oil and Gas Mineral Leases, Alvares 1 well (P&A Re-entry)	Exploration and Appraisal	50%
Red Earth Assets (Canada)	Oil and gas Mineral Leases and wells and associated Infrastructure	Production	30%
Alberta Plains Assets (Canada)	Oil and gas Mineral Leases and wells and associated Infrastructure	Production	20%

* Approximate WI across the referenced Project

Sacgasco is the Operator of all but one of its WI wells and related tenements in California, located in the Sacramento Basin, onshore northern California. All assets in Canada are non-operated.

Changes in Tenement / Project List Reporting Period:

There have been no significant working interest or tenement changes outside the new tenements in Canada which were acquired during the current reporting period.

Projects are continuously reviewed for their strategic fit and are expected to be modified over time to reflect local and industry conditions. Working interest may vary across individual projects and leases and WI above reflects the WI in the relevant well bores or majority of leased lands.

Leases

USA and Canadian exploration are conducted on leases grant by Mineral Right owners, in SGC's case primarily governments, private individuals or groups. Leases can vary in size from very small parcels (part of an acre) to large landholdings (covering a few square miles). Leases generally are for 5 years and rentals are paid annually. There are no firm work commitments associated with the leases. Some leases are 'Held by Production' and royalties are paid to mineral right owners in lieu of rentals. SGC has not listed all it leases as it is impractical and not meaningful for potential project value assessment in oil and natural gas plays. A detailed listing of leases may also lead to a loss of competitive advantage and consequent reduced value to SGC shareholders.

ONSHORE CANADA

Sacgasco announced on 28 January 2021 the acquisition of a 20% Working interest (WI) in oil and gas producing assets ("Alberta Plains Assets") in southern Alberta, Canada. The Assets consists of oil and gas fields and associated production equipment, located between Edmonton and the USA border.

On 21 March 2021 Sacgasco settled the purchase of 30% WI in the Red Earth Asset consisting of 6 oilfields and associated infrastructure, located 450 km north of Edmonton.

Representative Asset Oilfield Production Facilities (Little Bow Oilfield Battery)

Since Sacgasco acquired the assets, gross production from Red Earth and Alberta Plains has increased by over 50% because of production optimisation projects, including well workovers and restarts. In the same time oil and gas prices have also increased substantially.

The assets are currently producing approximately 1560 BOEPD (400 BOEPD) net to Sacgasco).

Location of ABC Asset in Alberta and British Columbia, Canada

Canada Oil and Gas Reserves[1,2] (Net to SGC)	Red Earth	Alberta Plains	Canada Total
Proved Reserve (Million BOE)[2]	1.3	0.7	**2.0**
Proved plus Probable Reserve (Million BOE)	2.0	1.0	**3.0**
Note 1: Refer to ASX announcements dated 20 November 2020, and 28 January 2021 for calculation methodology and details. ***Note 2: Gas converted to BOE using 6:1 ratio***			

Canada Oil and Gas Production (BOE)[1]	June 2021 Half Year	Dec2020 Half Year
SGC Production	*38,836*	-
SGC Production after Royalty	*34,095*	-
Note 1: Gas converted to BOE using 6:1 ratio		

Exploration

A multi-spectral satellite imagery study over some 50,000 square kilometres in the areas of Sacgasco's Canadian Assets has been initiated and results are being analysed.

The results of study will be integrated with the extensive subsurface well control and other geophysical data including seismic to define additional prospectivity for oil and gas (methane and heavier) along with natural sources of hydrogen and helium in the Company's areas of interest.

ABC Assets

On 27 April 2021, the Company reported that it had signed an agreement to acquire 25% of Blue Sky's Working Interest ("WI") in oil and gas producing asset in Alberta and British Columbia, Canada (the "ABC Assets"). The ABC Assets consist of non-operated WI and Royalty Interests in 31 gas and oil fields and associated infrastructure.

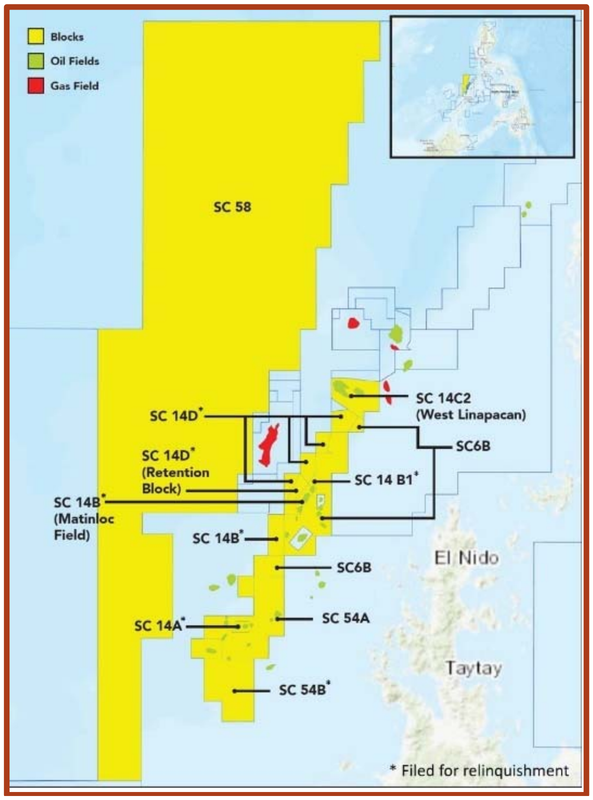
Following the due diligence revealing more onerous than expected regulator performance bond requirements, the Company has decided not to proceed with the acquisition of the ABC assets. The associated US$300,000 deposit was returned to Sacgasco.

Sacgasco's Canadian Tenements are summarised in the Tenements Table earlier in the report.

EVENTS SUBSEQUENT TO REPORTING DATE

Philippines Service Contracts Acquisition

The Company completed the purchase of BCP Energy International PTE. LTD. ("BCPE") from Bangchak Corporation. This includes BCPE's fully owned subsidiary NIDO Petroleum Pty Ltd ("NIDO"), its associated working interests in four Philippine Service Contracts in the Palawan Basin and its local team. This transaction closed on 1 July 2021 for a cash consideration of one dollar. The acquisition includes all rights and obligations of NIDO in the Philippines service contracts that NIDO is a party to either as Operator or Joint Venture Participant. BCPE is to be renamed Sacgasco SG PTE. LTD. Sacgasco is Operator for 2 of the Service Contracts.



Sacgasco's Acreage in the Palawan Basin, Philippines

Table 1: Sacgasco Philippines Service Contracts

Service Contract	Fields / Discoveries	% Interest	Operator
SC 54A	Tindalo, Yakal, Nido 1X1, Nandino Exploration	42.40%	NIDO (SGC)
SC 14C2	West Linapacan A Field; West Linapacan B	22.28%	Philodrill
SC 58	Frontier Exploration	50%	NIDO (SGC)
SC 6B	Cadlao, near field Exploration	2.70%	Philodrill
SC-14A, SC-14B, SC-14D	Filed for relinquishment	22.28% before relinquishment; Nil after	Philodrill

Service Contracts in the Philippines are granted by the government for defined periods of times that vary from contract to contract.

On 3 September 2021, Sacgasco executed an agreement with IMC Investments Capital Pte Ltd ("**IMC**") to acquire its wholly owned subsidiary Yilgarn for consideration of A$1 (one dollar) and up to a maximum royalty of US$1.5 million paid after commercial production is achieved. The royalty will be paid at the rate of 30.1% of the contractor share of net proceeds from SC54A. The acquisition is subject to the usual regulatory approvals. Sacgasco's Working Interest in SC54A will increase to 72.5% with Sacgasco as Operator.

On the same date, Sacgasco executed an offtake agreement for its future Philippines crude oil production with a Bangchak Corporation ("Bangchak") subsidiary. Bangchak owns and operates a 120,000 bopd oil refinery in Thailand. The offtake price will be determined and agreed for each production asset and will be dependent upon criteria including oil quality and cargo size. Sacgasco retains the right to sell any oil produced to other parties at more favourable terms in the event Sacgasco and BCP cannot reach agreement on pricing.

CURRENT OBJECTIVES

- Realise revenue from production of the Borba 1-7 well and improve production from other Sacramento Basin Assets.
- Integration of newly sourced geophysical data with the existing company database in the Sacramento Basin to build on Sacgasco's portfolio of natural gas opportunities, including defining and progressing drillable prospects.
- Increasing production and revenues from Canadian oil and gas producing properties.
- Progress and facilitate strategic plans for exploration and development of the Philippines Service Contracts and initiate cash flow from the associated 6 oil discoveries.
- Ongoing review of potential conventional oil and gas projects that have a strategic fit with Sacgasco's current assets and strategy.
- Ongoing review of potential conventional oil and natural gas projects including Hydrogen and Helium that have a strategic fit with Sacgasco's current assets and strategy.

Competent Persons Statement

This document contains forward looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by many variables which could cause actual results or trends to differ materially. The technical information provided has been reviewed by Mr Gary Jeffery, Managing Director of Sacgasco Limited. He is a qualified geophysicist with over 45 years technical, commercial and management experience in exploration for, appraisal and development, and transportation of oil and gas. Mr Jeffery is a member of the American Association of Petroleum Geologists. Mr Jeffery consents to the inclusion of the information in the form and context in which it appears.

CORPORATE

Board Changes

Joanne Kendrick joined the Board of Sacgasco Limited on 1 June 2021 as Non-Executive Director replacing David McArthur who resigned as Non-Executive Director but remained in the role of Joint Company Secretary.

Joanne has 25 years' experience in the oil, gas and helium industries and has held technical or executive roles with Woodside Petroleum, Newfield Exploration, Gulf Canada, Clyde Petroleum, Nido Petroleum and Blue Star Helium.

Joanne has been directly responsible for managing production operations, exploration drilling and development projects, capital raisings, land acquisition, asset transactions and joint venture interests throughout her career; including as Managing Director at Blue Star Helium (3 years) and Deputy Managing Director at Nido Petroleum (7 years).

Joanne provides consulting services in the oil and gas, helium and hydrogen sectors and is currently a Non-Executive Director of ASX listed Buru Energy and 88 Energy Limited.

Annual General Meeting

On 31 March 2021, the Company provided its 2020 Annual Report to Shareholders.

The Annual General Meeting was held on the 28 May 2021 and all Resolutions presented were passed by a poll.

Share Registry Changed

On 12 April 2021, the Company announced that it had changed its Share Registry Services to Automic Pty Ltd.

REVIEW OF RESULTS AND FINANCIAL POSITION

The net loss after income tax for the half-year was $5,199,593 (30 June 2020: $837,271), which included exploration expenditure of $3,559,690 (30 June 2020: $52,899).

At the end of the reporting period the Group had cash on hand of $514,017 (31 December 2020: $1,735,573).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as reported above in the Review of Operations, there were no significant changes in the state of affairs of the Group during the reporting period.

MATTERS SUBSEQUENT TO THE BALANCE DATE

Other than as disclosed in note 16 to the financial statements, there have been no other matters or circumstances that have arisen since the end of the financial period that have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 11.

This report is made in accordance with a resolution of the directors, pursuant to section 298(2)(a) of the *Corporations Act 2001.*

GARY JEFFERY
Managing Director

10 September 2021
Perth, WA

HLB MANN JUDD
ADVISORY AND ACCOUNTING

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Sacgasco Limited for the half-year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

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

Perth, Western Australia	**N G Neill**
10 September 2021	**Partner**

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Half-year ended 30 June 2021

	Note	30 June 2021 $	30 June 2020 $
Production income	4	2,707,949	-
Other operating income	5	330,787	234,053
Finance income		331	80
Government grants		-	12,500
Other gains or (losses)	6	229,171	(246,275)
Other operating expenses	5	(3,014,841)	(351,090)
Depreciation and amortisation		(358,401)	(1,763)
Exploration expenditure		(3,559,690)	(52,899)
Personnel expenses		(1,180,391)	(183,899)
General and administrative expenses		(314,737)	(224,155)
Finance expenses		(36,663)	(20,079)
Loss before income tax		(5,196,485)	(833,527)
Income tax expense		(3,108)	(3,744)
Loss for the period		(5,199,593)	(837,271)
Other comprehensive income			
Items that may be classified subsequently to profit or loss			
Foreign currency translation difference of foreign operations		72,553	15,092
Total items that may be classified as subsequently to profit or loss		72,553	15,092
Total comprehensive loss for the period		(5,127,040)	(822,179)
Loss per share (cents per share)			
Basic and diluted		(1.28)	(0.31)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

	Note	30 June 2021 $	31 December 2020 $
Assets			
Cash and cash equivalents		514,017	1,735,573
Trade and other receivables	7	548,804	260,964
Prepayments		25,342	18,150
Interest bearing assets		-	66,709
Other financial assets		322,450	142,952
Total current assets		**1,410,613**	**2,224,348**
Oil and gas assets	8	25,711,599	-
Other financial assets		271,471	264,509
Property, plant, and equipment		3,541	4,857
Intangible assets		70	106
Total non-current assets		**25,986,681**	**269,472**
Total assets		**27,397,294**	**2,493,820**
Liabilities			
Trade and other payables		(336,926)	(1,140,746)
Loans and borrowings	10	(557,699)	(319,423)
Employee entitlements		(17,111)	(6,313)
Site restoration provision	9	(674,545)	-
Total current liabilities		**(1,586,281)**	**(1,466,482)**
Site restoration provision	9	(23,141,168)	(182,537)
Total non-current liabilities		**(23,141,168)**	**(182,537)**
Total liabilities		**(24,727,449)**	**(1,649,019)**
Net assets		**2,669,845**	**844,801**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As at 30 June 2021

	Note	30 June 2021 $	31 December 2020 $
Equity			
Issued capital	11	29,829,086	23,635,092
Reserves		1,380,368	675,916
Accumulated losses		(28,539,609)	(23,466,207)
Total equity attributable to equity holders of the Company		**2,669,845**	**844,801**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Half-year ended 30 June 2021

	Issued capital $	Equity component of convertible note $	Translation reserve $	Options reserve $	Share-based payments reserve $	Accumulated losses $	Total equity $
Balance on 1 January 2020	**21,304,674**	**-**	**160,526**	**110,200**	**23,438**	**(21,731,986)**	**(133,148)**
Loss for the period	-	-	-	-	-	(837,271)	(837,271)
Foreign exchange translation difference on foreign operations	-	-	15,092	-	-	-	15,092
Total comprehensive loss for the period	-	-	15,092	-	-	(837,271)	(822,179)
Transactions with owners in their capacity as owners							
Contributions of equity, net of transaction costs	43,048	-	-	-	-	-	43,048
Issue of convertible notes	-	10,913	-	-	-	-	10,913
Share-based payment transactions	-	-	-	-	20,680	-	20,680
Balance on 30 June 2020	**21,347,722**	**10,913**	**175,618**	**110,200**	**44,118**	**(22,569,257)**	**(880,686)**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
Half-year ended 30 June 2021

	Issued capital $	Equity component of convertible note $	Translation reserve $	Options reserve $	Share-based payments reserve $	Accumulated losses $	Total equity $
Balance on 1 January 2021	**23,635,092**	**361,229**	**191,556**	**110,200**	**12,931**	**(23,466,207)**	**844,801**
Loss for the period	-	-	-	-	-	(5,199,593)	(5,199,593)
Foreign exchange translation difference on foreign operations	-	-	72,553	-	-	-	72,553
Total comprehensive loss for the period	-	-	72,553	-	-	(5,199,593)	(5,127,040)
Transactions with owners in their capacity as owners							
Contributions of equity, net of transaction costs	5,837,356	-	-	-	-	-	5,837,356
Issue of convertible notes	361,229	(361,229)	-	-	-	-	-
Transfer to accumulated losses on exercise of options	(4,591)	-	-	(121,600)	-	126,191	-
Share-based payment transactions	-	-	-	1,042,000	72,728	-	1,114,728
Balance on 30 June 2021	**29,829,086**	**-**	**264,109**	**1,030,600**	**85,659**	**(28,539,609)**	**2,669,845**

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

CONSOLIDATED STATEMENT OF CASH FLOWS
Half-year ended 30 June 2021

	Note	30 June 2021 $	30 June 2020 $
Cash flows from operating activities			
Receipts from customers		25,683	-
Government grants		-	10,000
Cash paid to suppliers and employees		(1,176,053)	(237,985)
Payments for exploration and evaluation		(3,526,816)	(151,124)
Interest paid		(9,820)	(9,601)
Interest received		1,397	48
Income taxes paid		(3,108)	(3,744)
Net cash used in operating activities		(4,688,717)	(392,406)
Cash flows from investing activities			
Payments for oil and gas assets		(1,860,100)	-
Payments for property, plant, and equipment		-	(198)
Net cash used in investing activities		(1,860,100)	(198)
Cash flows from financing activities			
Proceeds from issue of shares		5,003,250	-
Proceeds from conversion of options		301,209	-
Repayment of loan to joint venture partner		202,060	-
Proceeds from related party loans		550,000	-
Proceeds from issue of convertible notes		-	400,500
Payment of capital raising costs		(328,168)	(4,583)
Payment of transaction costs related to loans		-	(21,250)
Loan to joint venture partner		(137,450)	-
Repayment of loans from related parties		(270,000)	-
Repayment of borrowings		-	(29,040)
Net cash from financing activities		5,320,901	345,627
Net decrease in cash and cash equivalents		(1,227,916)	(46,977)
Cash and cash equivalents on 1 January		1,735,573	282,454
Effect of exchange rate fluctuations on cash held		6,360	12,953
Cash and cash equivalents on 30 June		514,017	248,430

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

NOTES TO THE FINANCIAL REPORT
Half-year ended 30 June 2021

1. CORPORATE INFORMATION

The financial report of Sacgasco Limited ("the Company") and its controlled entities ("the Group") for the half-year ended 30 June 2021 was authorised for issue in accordance with a resolution of the directors on 10 September 2021.

The Company is a company limited by shares incorporated and domiciled in Australia whose shares are publicly listed on the Australian Stock Exchange. The Group is primarily involved in oil and natural gas exploration in California, USA and oil and natural gas production in Canada.

The address of the registered office is Level 1, 31 Cliff Street, Fremantle, WA, 6160.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

This financial report for the half-year ended 30 June 2021 is a condensed general purpose financial report prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001.*

The half-year financial report does not include all notes of the type normally included within the financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

The half-year financial report should be read in conjunction with the most recent annual financial report for the year ended 31 December 2020.

It is also recommended that the half-year financial report be considered together with any public announcements made by Sacgasco Limited during the half-year ended 30 June 2021 in accordance with the continuous disclosure obligations arising under the ASX Listing Rules.

2.2 Accounting policies

The Group has adopted all the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

There were no new Accounting Standards and Interpretations relevant to the Group during the reporting period.

2.3 Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Group based on known information. This consideration extends to nature of exploration activities and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently resulting from the Coronavirus (COVID-19) pandemic.

2.4 Going concern

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

For the period ended 30 June 2021, the Group recorded a loss of $5,199,593 and had net cash outflows of $1,227,916. On 30 June 2021, the Group had net assets of $2,669,845, with total cash on hand of $514,017.

These conditions indicate a material uncertainty that may cast a significant doubt about the Group's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The ability of the Group to continue as a going concern is dependent on a combination of ongoing positive cash flows generated from the Group's interest in Canadian producing assets and securing further working capital from one or more of the following alternatives to continue to fund its exploration activities:

a) capital raising with existing shareholders or a placement to sophisticated investors
b) short-term borrowings from related or third parties; and / or
c) farm-out of existing exploration areas with upfront consideration payable.

Since period end, the Company has received cash flows from its Canadian producing assets and the Directors are confident of the Group's ability to continue as a going concern based on the capacity to produce positive cash flows and have access to capital markets should they be required to augment the Group's planned operations.

Should the Canadian producing assets in which the Group has an interest be unsuccessful in providing positive cash flows and the Group is unable to raise additional funds through the measures listed above, there is a material uncertainty that exists that may cash significant doubt as to whether the Group will be able to continue as a going concern and therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The financial report does not include any adjustments relating to the amounts or classification of recorded assets and liabilities that might be necessary if the Group does not continue as a going concern.

2.5 Foreign currencies

In preparing the financial statements of the individual entities, transactions in foreign currencies are initially recorded in Australian dollars at the exchange rate on that day. Foreign currency monetary assets and liabilities are translated into Australian dollars at the period end exchange rate. Where there is a movement in the exchange rate between the date of the transaction and the period end, a foreign exchange gain or loss may arise. Any such differences are recognised in the statement of profit or loss. Non-monetary assets and liabilities measured at historical cost are translated into Australian dollars at the exchange rate on the date of the transaction.

2.6 Segment information

For management purposes, the Group is organised into two operating segments, being oil and natural gas exploration and evaluation, and oil and gas production. All the Group's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all signification operating decisions are based upon analysis of the Group as one segment. The financial results from the segment are equivalent to the financial statements of the Group as a whole. The accounting policies used by the Group in reporting segment internally are the same as those contained in note 3 to the accounts.

2.7 Exploration and evaluation expenditure

The accounting policy for exploration and evaluation is to expense all exploration and evaluation expenditure as incurred. Expenditure incurred on activities that precede exploration and evaluation of mineral resources, including all expenditure prior to securing legal rights to explore an area, is expensed to profit or loss as incurred.

2.8 Other operating income

The gas flow from wells sold to customers, is a natural by-product of exploration activities and until such time as well production becomes an economically viable direction for the Group, it is recognised as other operating income.

3. OPERATING SEGMENTS

The Group is organised into two operating segments based on the operations each performs, being:

- oil and gas exploration and appraisal
- oil and gas production

These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers (CODM)) in assessing performance and determining the allocation of resources. There is no aggregation of operation segments. Any amounts that fall outside of these segments are categorised as "Corporate".

There has been a change to the basis of segmentation since 31 December 2021 with the addition of the oil and gas production segment following the acquisition of working interests in the Canadian producing assets during the period to 30 June 2021.

Segment revenue and results

	Revenue		Segment profit / (loss)	
	30 June 2021 $	30 June 2020 $	30 June 2021 $	30 June 2020 $
Oil and gas exploration	-	-	(4,436,945)	(498,645)
Oil and gas production	2,707,949	-	(298,586)	-
	2,707,949	-	(4,735,531)	(498,645)
Finance income			331	80
Finance costs			(36,663)	(20,079)
Government grants			-	12,500
Central administrative expenses			(424,622)	(327,383)
Loss before tax from continuing operations			**(5,196,485)**	**(833,527)**

Segment profit or loss represents the loss before tax earned by each segment without allocation of central administrative expenses. This is the measure reported to the CODM for the purposes of resource allocation and assessment of segment performance.

3. OPERATING SEGMENTS (continued)

Segment assets and liabilities

	Assets		Liabilities	
	30 June 2021 $	31 December 2020 $	30 June 2021 $	31 December 2020 $
Oil and gas exploration	456,559	406,648	424,817	263,577
Oil and gas production	26,342,833	-	23,624,817	-
Total segment assets and liabilities	**26,799,392**	**406,648**	**24,049,634**	**263,577**
Corporate and other segment assets/liabilities	597,902	2,087,172	677,815	1,385,442
Total	**27,397,294**	**2,493,280**	**24,727,449**	**1,649,019**

For monitoring segment performance and allocating resources between segments:

- all assets are allocated to reportable segments other than corporate office assets; and
- all liabilities are allocated to reportable segments other than Group entity liabilities.

The CODM monitors cash, receivables, and payables position. This is the information that the CODM receives and reviews to make decisions.

Geographical information

The Group operates its business in Canada and the USA. During the period, the Group's production income was derived from Canada. The Group's production income and non-current assets by geographical location is as follows:

	Production income		Non-current assets	
	30 June 2021 $	30 June 2020 $	30 June 2021 $	31 December 2020 $
Australia	-	-	6,190	7,114
Canada	2,707,949	-	25,711,599	-
USA	-	-	268,892	262,358
Total	**2,707,949**	**-**	**25,986,681**	**269,472**

Non-current assets comprise oil and gas assets and bonds.

4. PRODUCTION INCOME

Accounting Policy

Revenue recognition
Revenue associated with the sale of crude oil and natural gas, which the Group has rights to, is recognised when Blue Sky Resources Limited ("**the Operator"**) satisfies its contractual performance obligations by transferring title of specified goods based on contracts entered with customers. Revenue is based upon volumes sold to customers under these contracts.

The transfer of control ordinarily occurs when the product is physically transferred at the delivery point agreed in the contract and legal title to the product passes to the customer (often via connected pipelines).

Revenue is measure at the fair value of the consideration received or receivable. Revenue from the sale of crude oil and natural gas is recognised when all the following conditions have been satisfied:

- The Operator has transferred control of the goods to the buyer and the revenue is recognised at that time,
- The Operator retains no continuing managerial involvement to the degree usually associated with ownership or effective control over the goods sold,
- The amount of revenue can be reliably measured,
- It is probable that the economic benefits associated with the transaction will flow to the Operator, and thereby a proportional interest to the Group, and
- The costs incurred or to be incurred in respect of the transaction can be reliably measured.

Revenue for the period ended 30 June 2021, relates to contracts executed for the sale of crude oil and natural gas. All performance obligations have been met within the period. There is no variable consideration requiring estimation for the period ended 30 June 2021. Revenue is derived from one single customer.

The Group did not have contracts that were executed in a prior period, whereby the performance obligations were partially met at the beginning of the period.

The Group's revenue is currently wholly derived from Canadian operations and is disaggregated as such in the Group's segment note disclosure in note 3. The Group's revenue disaggregated by pattern of revenue recognition is as follows:

	30 June 2021 $	30 June 2020 $
Goods transferred at a point in time		
Crude oil	2,664,786	-
Natural gas	43,163	-
	2,707,949	**-**

5. NET OPERATING EXPENSES

	Note	30 June 2021 $	30 June 2020 $
Other operating income - California	(i)	277,037	234,053
Other operating income - Canada	(ii)	53,750	-
		330,787	**234,053**
Other operating expenses - California		311,540	351,090
Other operating expenses - Canada		2,703,301	-
		3,014,841	351,090
Net operating expenses		2,684,054	117,037

(i) The gas flow from the Californian wells sold to customers, is a natural by-product of exploration activities and until such time as well production becomes an economically viable direction for the Group, it is recognised as other operating income.

(ii) The Canadian production assets additionally generate minor revenues through provision of access to private roads.

6. OTHER GAINS OR (LOSSES)

	Note	30 June 2021 $	30 June 2020 $
Other income		17,715	-
Gain on foreign transactions		23,143	13,995
Reversal of / (provision) for lifetime expected credit losses	7	188,313	(260,270)
		229,171	**(246,275)**

7. TRADE AND OTHER RECEIVABLES

	30 June 2021 $	31 December 2020 $
Current		
Trade debtors	189,637	365,974
Less: Provision for expected credit losses	(58,028)	(244,884)
	131,609	**121,090**
Authorised government agencies	53,125	91,227
Other receivables – oil and gas assets	308,784	-
Other receivables	55,286	48,609
Income receivable	-	38
	548,804	**260,964**
Movements in the allowance for expected credit losses		
Opening balance	244,884	-
(Reversal of) / additional provisions recognised	(188,313)	273,420
Effects of foreign exchange	1,457	(28,536)
	58,028	244,884

For the period ended 30 June 2020, the Group provided $226,626 of expected credit losses (ECL) for amounts due from subsidiaries of California Resources Corporation (CRC) after CRC filed for Chapter 11 bankruptcy reorganisation in July 2020. The Group sought payment of these amounts, and as of 30 June 2021 recovered $188,313 from these parties.

8. OIL AND GAS ASSETS

	30 June 2021		31 December 2020	
	Subsurface assets $	Plant and equipment $	Subsurface assets $	Plant and equipment $
Cost	19,780,818	6,299,810	-	-
Accumulated depreciation and depletion	(279,699)	(89,330)	-	-
	19,501,119	6,210,480	-	-
Total		**25,711,599**		-
Reconciliation of movements:				
Balance at beginning of period	-	-	-	-
Acquisitions [1]	1,830,507	149,032	-	-
Additions	17,304,706	5,945,166		
Depreciation and depletion	(270,570)	(86,415)	-	-
Exchange differences	636,476	202,697	-	-
Balance at end of period	**19,501,119**	**6,210,480**	**-**	**-**

[1] On 9 February 2021, Sacgasco AB Ltd., a subsidiary of Sacgasco Limited, completed its acquisition of a 20% working interest in oil and gas producing assets in Southern Alberta, Canada, (known as "Alberta Plains" Assets). Consideration for this purchase was $519,877 (C$500,000) cash plus the issue of 1,917,808 Sacgasco shares at $0.03 per share, based on the share price on date shareholders approved the acquisition on 28 May 2021. The shares were issued on 2 August 2021.

On 21 March 2021, Sacgasco AB Ltd., a subsidiary of Sacgasco Limited, completed its acquisition of a 30% working interest in the Red Earth oil and gas assets of the Northern Alberta Plains. Consideration for this purchase was $630,091 (C$500,000) cash plus the issue of 8,850,000 Sacgasco shares at $0.087 per share, based on the share price prior to the date of signing on 19 March 2021.

A reconciliation of the allocation of costs between acquisition and additions is below:

	Acquisition		Additions	
	Alberta Plains $	Red Earth $	Alberta Plains $	Red Earth $
Cash	519,877	630,091	-	-
Issue of 8,850,000 shares	-	769,950	-	-
1,917,808 shares to be issued (note 16)	57,534			
Reactivation costs	-	-	396,119	-
NPV of asset retirement obligation	-	-	11,640,007	11,213,746
Effects of foreign exchange on issue of shares	(1,715)	3,802	-	-
	575,696	1,403,843	12,036,126	11,213,746

9. SITE RESTORATION PROVISION

Provisions for the costs of rehabilitation, decommissioning and restoration of the area disturbed during oil and gas exploration and development activities depends on the legal requirements at the date of decommissioning, the costs and timing of work and the discount rate to be applied.

At each reporting date, the site restoration provision is re-assessed and adjusted to reflect the changes in discount rates and timing or amounts of the costs to be incurred. Such changes in the estimated liability are accounted for prospectively from the date of the change and either added to, or deducted from, the related asset where it is possible that future economic benefits will flow to the entity.

The timing of rehabilitation expenditure is dependent on the life of the gas field which may vary in the future. The nature of restoration activities includes plugging gas wells, restoration, reclamation, and revegetation of affected areas.

California, USA (Sacramento Basin)

The Company continues to work within the regulations of the Californian authorities with regards to the planning and timing of the rehabilitation, such rehabilitation subject to the Company's share of the DoGGR bond of US$200,000 for up to fifty wells.

Alberta, Canada (Red Earth and Alberta Plains assets)

The activities of the joint operation in Alberta, Canada (comprising the Group's working interest in the Red Earth assets and the Alberta Plains assets) give rise to dismantling, decommissioning and site disturbance remediation activities. Provisions are made for the estimated cost of asset retirement obligations associated with site restoration and are capitalised to Oil and Gas Assets, as outlined in note 8, and amortised over the useful life of the assets.

Decommissioning liabilities are measured at the present value of management's best estimate of the risk adjusted cash flows required to settle the present obligation at period end. The future cash flow estimates are adjusted to reflect the risks specific to the liability. After initial measurement, the liability is adjusted at the end of each period to reflect the passage of time using a risk-free interest rate and changes in the estimated future cash flows underlying in the liability. The increase in the provision due to the passage of time is recognised as a finance cost in the P&L, whereas increase or decreases attributable to changes in the estimated future cash flows or timing are recognised as changes in the decommissioning liability value and related oil & gas asset value. Actual costs incurred upon settlement of the decommissioning liabilities are charged against the liability to the extent the liability was extinguished. Any differences between the recorded liability and actual costs incurred are recorded as a gain or loss in profit or loss.

	30 June 2021 $	31 December 2020 $
Current		
Canada	674,545	-
Non-current		
Canada	22,950,272	-
California	190,896	182,537
	23,161,168	182,537
	23,815,713	182,537

9. SITE RESTORATION PROVISION (continued)

	30 June 2021 $	31 December 2020 $
Movement in carrying amounts		
Opening balance	182,537	193,894
Additional provisions recognised – California	3,369	6,794
Additional provisions recognised – Canada	22,853,753	-
Effects of foreign exchange	776,054	(18,151)
	23,815,713	182,537

10. LOANS AND BORROWINGS

	Loans from a director [2] $	Premium funding $	Convertible Notes $	Total $
Balance on 1 January 2020	174,285	38,984	-	213,269
Loans and borrowings received	270,000	-	400,500	670,500
Equity component of convertible notes			(361,229)	(361,229)
Interest charged	22,915	1,188	3,365	27,468
Less repaid [1]	(190,413)	(40,172)	-	(230,585)
Balance on 31 December 2020	276,787	-	42,636	319,423
Loans and borrowings received	550,000	-	-	550,000
Equity component of convertible notes	-	-	361,229	361,229
Conversion to fully paid shares	-	-	(429,797)	(429,797)
Interest charged	10,731	-	25,932	36,663
Less repaid [1]	(279,819)	-	-	(279,819)
Balance on 30 June 2021	**557,699**	**-**	**-**	**557,699**

(1) amounts repaid include interest and loan establishment costs.
(2) refer to note 14 for further details

11. CONTRIBUTED EQUITY

Share capital

	Ordinary shares			
	Number of shares		Amount in $	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Movement in contributed equity				
Opening balance	341,258,491	268,513,742	23,234,802	20,904,384
Shares issued and expensed during the period:				
Issue of shares for cash	76,973,072	-	5,003,250	-
Issue of shares in lieu of directors' fees	901,857	1,905,242	22,546	47,631
Issue of shares for working interest acquisition	8,850,000	-	769,950	-
Issue of shares on conversion of convertible notes	42,979,684	-	429,797	-
Issue of shares on conversion of listed options	1,530,219	10	61,209	-
Issue of shares on conversion of unlisted options	5,000,000	-	240,000	-
Capital raising costs	-	-	(328,167)	(4,583)
Closing balance	**477,493,323**	**270,418,994**	**29,433,387**	**20,947,432**

	Number of options		Amount in $	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020
Opening balance	133,429,938	-	400,290	400,290
Issue of shares on conversion of options	(1,530,219)	-	(4,591)	-
	131,899,719	**-**	**395,699**	**400,290**
			29,829,086	**21,347,722**

12. SHARED-BASED PAYMENTS

Description of the share-based payment arrangements

On 30 June 2021, the Group has the following share-based payment arrangements:

	30 June 2021 $	30 June 2020 $
Shares issued in lieu of deferred director fees	9,615	24,193
Shares to be issued in lieu of deferred director fees	28,125	44,118
Options issued under the incentive option plan	1,042,000	-

12. SHARE-BASED PAYMENTS (continued)

Shares issued in lieu of deferred director fees

At a general meeting on 21 July 2020, a share plan was approved by shareholders to satisfy 50% of the Executive Director and Chairman fees, payable to Mr Jeffery and Mr Childs, through the issue of shares on a quarterly basis. These shares were issued as follows:

Quarter ended	Director name	Contractual value of services rendered $	Market value of shares on grant date $	No. of Plan Shares issued	Date of issue	Share price on grant date cents
31-Dec-20 (1)	Gary Jeffery	-	-	431,034	15-Jan-21	2.50
31-Dec-20(1)	Andrew Childs	-	-	86,207	15-Jan-21	2.50
31-Mar-21	Gary Jeffery	25,000	8,012	320,513	14-Apr-21	2.50
31-Mar-21	Andrew Childs	5,000	1,603	64,103	14-Apr-21	2.50
		30,000	9,615	901,857		
30-Jun-21 (2)	Gary Jeffery	25,000	23,438	781,250	02-Aug-21	3.00
30-Jun-21 (2)	Andrew Childs	5,000	4,687	156,250	02-Aug-21	3.00
		60,000	37,740	1,839,357		

(1) No value is recorded for contractual value of services and market value of shares in the current financial year as these expenses ($12,931) were accrued as of 31 December 2020, but the shares issued on 15 January 2021.

(2) At a general meeting on 28 May 2021, a share plan was approved by shareholders to satisfy 50% of the Executive Director and Chairman fees payable to Mr Jeffery and Mr Childs through the issue of shares on a quarterly basis for the period 1 April 2021 to 31 March 2022.

Options issued under the incentive option plan

The Company adopted an Incentive Option Plan (“Plan”) effective 11 January 2017. Under the Plan, the Company may grant options to eligible employees to acquire securities over a period of three years without impacting on the Company’s ability to issue up to 15% of its total ordinary securities without shareholder approval in any 12 months period.

Options granted under the plan may be subject to vesting conditions on exercise as may be fixed by the Directors prior to grant of the Plan Options. Each Plan Option issued will be issued for nominal cash consideration. Options granted under the Plan carry no dividend or voting rights. When exercisable, each option is converted into one ordinary share. The exercise price and expiry date for Options granted under the Plan will be determined by the Board prior to the grant of the Plan Options.

Plan Options will not be transferrable and will not be quoted on the ASX, unless the offer provides otherwise or the Board in its absolute discretion approves.

12. SHARE-BASED PAYMENTS (continued)

The fair value of the equity-settled share options granted during the period, is estimated at the date of grant using the Black-Scholes model accounting for the terms and conditions upon which the options were granted. The key valuation assumptions made at valuation date are summarised below:

Number of options	20,000,000
Exercise price (cents)	6.00
Fair value at grant date (cents)	5.21
Grant and vesting date	29-Jan-21
Expiry date	31-Dec-22
Life of the options (years)	1.92
Volatility	151.94%
Risk free rate	8.00%

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicate of future trends, which may also not necessarily be the actual outcome. No other features of options granted were incorporated into the measurement of fair value. These options do not entitle the holder to participate in any share issue of the Company.

During the reporting period, 5,000,000 shares were issued following the exercise of options.

No options expired during the reporting period.

At the reporting date, there are 165,899,719 options on issue in Sacgasco Limited. 131,899,719 listed options are exercisable at 4 cents per share, expiring on 30 December 2021. 14,000,000 unlisted options have an exercise price of 4 cents per share and expire on 31 December 2021 and 20,000,000 unlisted options have an exercise price of 6 cents per share and expire on 31 December 2022.

Shares to be issued to joint venture partner

As disclosed in note 8, a subsidiary of Sacgasco Limited, completed its acquisition of a 20% working interest in oil and gas producing assets in Southern Alberta, Canada, (known as “Alberta Plains” Assets). In addition to the cash consideration of $519,877 (C$500,000) shareholder approval was required to issue $140,000 of Sacgasco shares based on a five-day VWAP prior to and including 22 January 2021. This equated to 1,917,808 shares. Shareholders approved this transaction at the annual general meeting on 28 May 2021 when the share price was $0.03 per share. The shares were issued on 2 August 2021.

13. FINANCIAL INSTRUMENTS

The carrying amounts of receivables, payables, and loans and borrowings are considered a reasonable approximation of their fair value.

14. RELATED PARTY TRANSACTIONS

	30 June 2021 $	30 June 2020 $
Short-term employee benefits	79,613	97,079
Share-based payments – shares issued	9,615	24,193
Share-based payments – shares to be issued	28,125	44,118
Share-based payments – options	1,042,000	-
	1,159,353	165,390

Other key management personnel transactions

Dungay Resources Pty Ltd, a company for which Mr Jeffery is a director and shareholder, provided cash loans to the Company accruing interest at 10% per annum, pro rata, repayable within six months if, and when, the company was in a financial position to do so. Interest expense to 30 June 2021 was $10,731 and the balance outstanding was $557,699.

15. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities, and results of the following wholly owned subsidiaries on 30 June 2021:

Name of subsidiary	Place of incorporation	Equity Interest 2021 %	Equity Interest 2020 %
Sacgasco CA Inc	United States of America	100	100
PEOCO LLC	United States of America	100	100
Sacgasco AB Ltd.	Canada	100	-

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

16. MATTERS SUBSEQUENT TO THE BALANCE DATE

On 2 August 2021, the Company issue 1,917,808 fully paid ordinary shares to Blue Sky Resources Limited in part consideration for the Albert Plains acquisition, approved by shareholders on 28 May 2021.

On 2 August 2021, the Company issued 937,500 shares in lieu of directors' fees, as approved by shareholders on 28 May 2021.

Asset Acquisition

On 1 July 2021, the Company acquired BCP Energy International PTE. LTD. ("BCPE") from Bangchak Corporation, including its fully owned subsidiary NIDO Petroleum Pty Ltd ("NIDO") for a cash consideration of $1. The acquisition includes all rights and obligations of NIDO in the Philippines service contracts that NIDO is a party to either as Operator or Joint Venture Participant.

On 3 September 2021, Sacgasco executed an agreement with IMC Investments Capital Pte Ltd ("**IMC"**) to acquire its wholly owned subsidiary Yilgarn Petroleum Philippines Pty Ltd for consideration of A$1 (one dollar) and up to a maximum royalty of US$1.5 million paid after commercial production is achieved. The royalty will be paid at the rate of 30.1% of the contractor share of net proceeds from SC54A. The acquisition is subject to the usual regulatory approvals. Sacgasco's working interest in SC54A will increase to 72.5% with Sacgasco as Operator.

On the same date, Sacgasco executed an offtake agreement for its future Philippines crude oil production with a Bangchak Corporation ("Bangchak") subsidiary. Bangchak owns and operates a 120,000 bopd oil refinery in Thailand. The offtake price will be determined and agreed for each production asset and will be dependent upon criteria including oil quality and cargo size. Sacgasco retains the right to sell any oil produced to other parties at more favourable terms in the event Sacgasco and BCP cannot reach agreement on pricing.

To acquire a business under AASB 3 *Business* Combinations there must be a set of activities, and assets must include an input and a substantive process that together significantly contribute to the ability to create outputs. To be substantive, the inputs acquired include both an organised workforce that has skills to perform the process and other inputs that can convert to outputs.

As substantial exploration activities are required before a decision can be made on the commercial viability of these operations, AASB 3 does not apply to the acquisition of BCPE or Yilgarn. This would lead to an asset acquisition, but AASB 116 *Property, plant and equipment* notes that mineral rights must be accounted for under AASB 6 *Exploration for and Evaluation of Mineral Resources*. As the Group's accounting policy is to expense exploration as incurred, the two transactions above will be expensed through profit or loss.

17. CONTINGENT LIABILITIES

As disclosed in note 16, on 3 September 2021, the Company acquired Yilgarn Petroleum Pty Ltd for cash consideration of $1. In addition to the cash consideration, up to a maximum royalty of $1.97 million (US$1.5 million) would be payable after commercial production is achieved by the Yilgarn service contract. The wells are currently shut-in and incapable of producing oil or gas.

Accordingly, no provision has been provided within these financial statements.

DIRECTORS' DECLARATION
For the half-year ended 30 June 2021

In the opinion of the Directors of Sacgasco Limited (the "Group"):

(a) the consolidated financial statements and notes are in accordance with the *Corporations Act 2001* including:

  (i) giving a true and fair view of the Group's financial position as of 30 June 2021 and of its performance for the six months ended on that date; and

  (ii) complying with Australian Accounting standards, AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and mandatory professional reporting requirements; and

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

Signed in accordance with a resolution of the Directors.

Dated at Perth this 10th day of September 2021.

GARY JEFFERY
Managing Director

HLB MANN JUDD
ADVISORY AND ACCOUNTING

INDEPENDENT AUDITOR'S REVIEW REPORT
To the members of Sacgasco Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Sacgasco Limited ("the company") which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

(a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the half-year ended on that date; and

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

Basis for conclusion

We conducted our review in accordance with ASRE *2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's responsibilities for the review 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 (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 2.4 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Responsibility of the directors for the financial report

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

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Auditor's responsibility for the review of the financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 30 June 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
10 September 2021

N G Neill
Partner

CORPORATE DIRECTORY

Directors
Mr Andrew Childs
Mr Gary Jeffery
Ms Joanne Kendrick

Secretary
Mr David McArthur
Mr Jordan McArthur

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