



# Sacgasco Limited

ABN 83 114 061 433

Unit 14, 210 Bagot Road, Subiaco, WA, 6008.

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ASX ANNOUNCEMENT

24 December 2020

## Notice of General Meeting

Attached is a copy of the Notice of General Meeting, Explanatory Statement and Proxy Form which have today been released to Shareholders.

In accordance with subsection 5(f) of the *Corporations (Coronavirus Economic Response) Determination (No. 3) 2020*, the Company will not be dispatching physical copies of the Notice of Meeting (**NoM**) unless specifically requested to do so. Instead, a copy of the NoM can be viewed and downloaded online at the following link:

[www.sacgasco.com/investor-relations/](http://www.sacgasco.com/investor-relations/)

Should you wish to receive a physical copy of the NoM, please contact the Company Secretary on [companysecretary@sacgasco.com](mailto:companysecretary@sacgasco.com).

A copy of the proxy form is enclosed in the NoM attached to this notice. Proxy votes may be lodged by any of the following methods:

- In person to Level 1, 31 Cliff Street, Fremantle, WA 6160;
- By mail to PO Box 584, Fremantle, WA 6959; or
- By scan and email to the Company Secretary.

This announcement was authorised for issue  
by Jordan McArthur, Company Secretary of Sacgasco Limited

**Gary Jeffery**  
**Managing Director**  
**+61 8 9388 2654**

**Ben Jarvis**  
**Six Degrees Investor Relations**  
**+61 (0) 413 150 448**

### **About Sacgasco Limited (ASX: SGC)**

*Sacgasco's strategy is to find, acquire and develop undervalued and under-developed opportunities connected to materially under supplied oil and gas markets across the world.*

*Sacgasco Limited (ASX:SGC) is an Australian-based energy company focused on conventional gas exploration and production in the Sacramento Basin, onshore California. Sacgasco has an extensive portfolio of natural gas producing wells and prospects at both exploration and appraisal stages, including multi-Tcf opportunities.*

*The Company is targeting gas supply to the local Californian gas market and burgeoning LNG market in North America. Sacgasco is of the view that the size of the prospects in California have the potential to supply both domestic Californian natural gas and export LNG markets, including those in Asia.*

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

Twitter: @SacGasCo



**SAGGASCO LIMITED**

ABN 83 114 061 433

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**NOTICE OF GENERAL MEETING**

**PROXY FORM**

**AND**

**EXPLANATORY STATEMENT**

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*Date of Meeting*

**22 January 2021**

*Time of Meeting*

**10:00 am (AWST)**

*Place of Meeting*

**Level 1, 31 Cliff Street  
Fremantle, Western Australia**

# SACGASCO LIMITED

ABN 83 114 061 433

## NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of shareholders of Sacgasco Limited ("**Company**") will be held at 10:00 am (AWST) on 22 January 2021, at Level 1, 31 Cliff Street, Fremantle, Western Australia.

In order to determine voting entitlements, the register of Shareholders will be closed at 4:00 pm (AWST) on 20 January 2021.

An Explanatory Statement containing information in relation to each of the Resolutions to be put to the meeting accompanies this Notice.

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### AGENDA

To consider and, if thought fit, to pass the following Resolutions.

#### ORDINARY BUSINESS

##### **Ordinary Resolution 1: Ratification of Prior Issue of Shares – LR 7.1**

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 1,500,000 fully paid ordinary shares on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting "*

##### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of the Resolution by or on behalf of S3 Consortium Pty Ltd or is a counterparty to the agreement being approved or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

##### **Ordinary Resolution 2: Ratification of Prior Issue of Shares – LR 7.1**

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 39,439,758 fully paid ordinary shares on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting "*

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### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any sophisticated investors who participated in the issue or is a counterparty to the agreement being approved or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **Ordinary Resolution 3: Ratification of Prior Issue of Shares – LR 7.1A**

To consider, and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 27,301,700 fully paid ordinary shares on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting ”*

### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of the Resolution by or on behalf of any sophisticated investors who participated in the issue or is a counterparty to the agreement being approved or an associate of that person or those persons.

However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

### **Ordinary Resolution 4: Approval of Issue of Shares**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 8,850,000 fully paid ordinary shares to Blue Sky Resources Limited (or nominee) on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”*

### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of a person who is to receive the securities in question and any other person who will obtain a material benefit as a result of the issue of the securities (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons (**Resolution 4 Excluded Party**).

However, this does not apply to a vote if it is cast by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on this Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### **Ordinary Resolution 5: Approval of Issue of Shares**

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 40,050,000 fully paid ordinary shares on the conversion of Convertible Notes on the terms and conditions set out in the Explanatory Statement accompanying this Notice of Meeting.”*

#### **Voting Exclusion Statement:**

The Company will disregard any votes cast in favour of this Resolution by or on behalf of any sophisticated investor who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person or those persons (**Resolution 5 Excluded Party**).

However, this does not apply to a vote if it is cast by:

- (a) a person as a proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
  - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
  - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

#### **Ordinary Resolution 6: Issue of Options to Related Party – Gary Jeffery**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and for all other purposes, approval is given for the Directors to allot and issue 10,000,000 Director Options to Gary Jeffery (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Gary Jeffery or his nominee or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

#### **Ordinary Resolution 7: Issue of Options to Related Party – Andrew Childs**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and for all other purposes, approval is given for the Directors to allot and issue 6,000,000 Director Options to Andrew Childs (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr Andrew Childs, his nominee or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

#### **Ordinary Resolution 8: Issue of Options to Related Party – David McArthur**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of ASX Listing Rule 10.11, sections 195(4) and 208 of the Corporations Act and for all other purposes, approval is given for the Directors to allot and issue 4,000,000 Director Options to Greg Channon (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast on this Resolution by Mr David McArthur, his nominee or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

**Voting Prohibition Statement:** A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:
  - (i) a member of the Key Management Personnel; or
  - (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (c) the proxy is the Chair of the Meeting; and
- (d) the appointment expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

**By Order of the Board**



Jordan McArthur

**Company Secretary**

Dated: 10 December 2020

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## **ENTITLEMENT TO ATTEND AND VOTE**

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The Company may specify a time, not more than 48 hours before the Meeting, at which a “snap-shot” of Shareholders will be taken for the purposes of determining Shareholder entitlements to vote at the General Meeting.

The Company's Directors have determined that all Shares of the Company that are quoted on ASX at 4:00pm (AWST) on 20 January 2021 shall, for the purposes of determining voting entitlements at the General Meeting, be taken to be held by the persons registered as holding the Shares at that time.

### **VOTING IN PERSON**

To vote in person, attend the Meeting at the time, date and place set out above.

### **VOTING BY PROXY**

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- (a) each Shareholder has a right to appoint a proxy;
- (b) the proxy need not be a member of the Company; and
- (c) a Shareholder who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

### **CORPORATE REPRESENTATIVE**

A Shareholder that is a corporation may appoint an individual to act as its corporate representative to vote at the Meeting in accordance with section 250D of the Corporations Act. Any corporation wishing to appoint an individual to act as its representative at the Meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company and/or Share Registry in advance of the Meeting or handed in at the Meeting when registering as a corporate representative. A 'Certificate of Appointment of Corporate Representative' is enclosed if required.

### **ENQUIRIES**

Shareholders are invited to contact the Company Secretary, Mr Jordan McArthur, on +61 8 9435 3200 if they have any queries in respect of the matters set out in this document.

# SACGASCO LIMITED

ABN 83 114 061 433

## EXPLANATORY STATEMENT

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the accompanying Notice of General Meeting (“**Notice**”) of the Company.

The Directors of the Company (“**Directors**”) recommend Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

The following information should be noted in respect of the various matters contained in the accompanying Notice.

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### ORDINARY RESOLUTION 1: Ratification of Prior Issue of Shares

On 1 October 2020, the Company issued 1,500,000 fully paid ordinary shares at a price of \$0.033 per Share to a consulting firm as payment for digital marketing services provided, for a total cost of \$49,500.

The issue was made pursuant to the Company’s discretionary placement capacity under ASX Listing Rule 7.1. Resolution 1 of this Notice seeks Shareholder approval to ratify this issue of Shares.

#### Regulatory Requirements

ASX Listing Rule 7.1 provides that the Company must not issue or agree to issue, subject to specified exceptions, more equity securities during any 12-month period than an amount which, when aggregated with the number of other securities issued within that 12-month period, represents 15% of the number of ordinary shares on issue at the commencement of that 12-month period, unless the issue falls within one of the nominated exceptions, or the prior approval of members of the Company at a general meeting is obtained.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in a general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 and 7.1A (and provided that the previous issue did not breach ASX Listing Rule 7.1 or 7.1A) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1 and 7.1A.

While the Shares described in this Resolution 1 have been issued within the 15% limit, the Company seeks Shareholder ratification of the issue of these Shares for the purpose of Listing Rule 7.4 so that the Company may retain the flexibility to issue equity securities in the future, up to the 15% annual placement capacity set out in ASX Listing Rule 7.1, without the requirement to obtain prior Shareholder approval, should the need or opportunity arise.

If Resolution 1 is passed, the Issue will be excluded in calculating Xstate’s 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without shareholder approval over the 12 month period following the Issue Date.

If Resolution 1 is not passed, the Issue will be included in calculating Xstate’s 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12 month period following the Issue Date.

#### Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to these Resolution 1:

- (a) the total number of Shares issued by the Company on 1 October 2020 was 1,500,000 under Listing Rule 7.1;
- (b) the issue was at a deemed issue price of \$0.033 per Share;

- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing shares;
- (d) the Shares were issued to S3 Consortium Pty Ltd – a digital marketing entity who is not a related party of the Company; and
- (e) the Shares were issued as an alternate means of payment to conserve cash held by the Company.

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### **ORDINARY RESOLUTIONS 2 and 3: Ratification of Prior Issue of Shares**

On 1 December 2020, the Company issued 66,741,459 fully paid ordinary shares at a price of \$0.035 per Share to sophisticated investors to raise \$2,335,951 before costs. **(Capital Raising)**.

The issue was made pursuant to the Company's discretionary placement capacity under ASX Listing Rule 7.1 and ASX Listing Rule 7.1A. Resolutions 2 and 3 of this Notice seeks Shareholder approval to ratify this issue of Shares.

#### **Regulatory Requirements**

A summary of ASX Listing Rule 7.1 is provided in Resolution 1.

ASX Listing Rule 7.1A provides that the Company can issue a further 10% of the number of ordinary shares at the beginning of the 12-month period under Listing Rule 7.1.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in a general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 and 7.1A (and provided that the previous issue did not breach ASX Listing Rule 7.1 or 7.1A) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1 and 7.1A.

While the Shares described in these Resolutions 2 and 3 have been issued within the 15% limit and 10% limit, the Company seeks Shareholder ratification of the issue of these Shares for the purpose of Listing Rule 7.4 so that the Company may retain the flexibility to issue equity securities in the future, up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 and the 10% additional placement capacity set out in ASX Listing Rule 7.1A, without the requirement to obtain prior Shareholder approval, should the need or opportunity arise.

If Resolution 2 is passed, the Issue will be excluded in calculating Xstate's 15% limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without shareholder approval over the 12 month period following the Issue Date.

If Resolution 2 is not passed, the Issue will be included in calculating Xstate's 15% limit in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12 month period following the Issue Date.

If Resolution 3 is passed, the Issue will be excluded in calculating Xstate's 10% limit in Listing Rule 7.1A, effectively increasing the number of equity securities it can issue without shareholder approval over the 12 month period following the Issue Date.

If Resolution 3 is not passed, the Issue will be included in calculating Xstate's 10% limit in Listing Rule 7.1A, effectively decreasing the number of equity securities it can issue without shareholder approval over the 12 month period following the Issue Date.

#### **Technical information required by ASX Listing Rule 7.4**

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to these Resolutions 2 and 3:

- (a) the total number of Shares issued by the Company on 1 December 2020 was 39,439,758 under Listing Rule 7.1 and 27,301,700 under Listing Rule 7.1A;
- (b) the issue price was \$0.035 per Share;

- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing shares;
- (d) the Shares were issued to 95 sophisticated investors, none of whom are related parties of the Company; and
- (e) as set out in the announcement on 20 November 2020, the funds raised under the Capital Raising will be used to fund the acquisition of a 30% interest in the Red Earth oil fields and to provide working capital.

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#### **ORDINARY RESOLUTION 4: Approval of Issue of Shares**

On 20 November 2020 the Company announced the acquisition of a 30% interest in the Red Earth oil leases in Alberta, Canada. Part of the acquisition cost was (subject to shareholder approval) the issue of 8,850,000 fully paid ordinary shares in Saccasco to Blue Sky Resources Limited (or nominee) at an issue price of \$0.04 per share.

Resolution 4 seeks Shareholder approval for the issue of the above shares.

Shareholder approval for the issue of 8,850,000 Shares is being sought in accordance with ASX Listing Rule 7.1. A summary of ASX Listing Rule 7.1 is provided in Resolution 1.

The effect of Resolution 4 will be to allow the Company to issue 8,850,000 Shares to Blue Sky Resources Limited during a period of 3 months following the Meeting (or a longer period, if allowed by ASX), without utilising the Company's 15% (Listing Rule 7.1) annual placement capacity.

Should shareholders approve Resolution 4 the company will be able to issue shares without utilising the discretionary placement capacity afforded by Listing Rules 7.1 and 7.1A.

Should shareholders not approve Resolution 4 any placement made by the Company will be limited to the maximum number of shares that can be issued under Listing Rules 7.1 and 7.1A, which could result in the Company not being in a position to raise the desired level of funds.

#### **Summary of Agreement to Acquire Red Earth Working Interests**

- Saccasco entered into binding agreement to acquire from Blue Sky Resources Limited their Red Earth assets - a 30% working interest in 1,000 BOPD from Producing Oil Fields in Alberta, Canada with 300 BOPD net to Xstate;
- Purchase price of CAD\$600,000 cash (AUD\$620,000) and 8,850,000 SGC shares at a deemed issue price of \$0.04 per share;
- Deposit of CAD\$60,000 has been placed in an Escrow Account for the acquisition following approval by the Alberta Energy Regulator – expected asset purchase closing date of 31 January 2021;
- Blue Sky Resources Limited will be the Operator of the Red Earth assets; and
- Working interest splits post acquisition: Saccasco Limited (30%), Xstate Limited [**ASX:XST**] (15%), Blue Sky Resources Limited [Canadian Private entity] (55%).

#### **Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the proposed issue:

- (a) the maximum number of Shares to be issued is 8,850,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the Shares will be issued for a deemed issue price of \$0.04 per Share;
- (d) the Shares will be issued to Blue Sky Resources Limited or their nominee;

- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing Shares; and
- (f) the Shares will be issued as part satisfaction of the acquisition of oil lease assets.

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#### **ORDINARY RESOLUTION 5: Approval of Issue of Shares**

On 11 May 2020 the Company announced the issue of Convertible Notes ("**Notes**") to raise \$400,500 in working capital.

The Notes can be converted at \$0.01 per share at the election of the noteholder, and the Notes have a maturity date 12 months from the date of issue. The Notes bear interest at a rate of 10% per annum.

The conversion of the Notes is subject to the company obtaining approval from shareholders to issue the shares upon conversion of the Notes pursuant to ASX Listing Rule 7.1.

Resolution 5 seeks Shareholder approval for the issue of the shares upon conversion of the Notes..

A summary of ASX Listing Rule 7.1 is provided in Resolution 1.

The effect of Resolution 5 will be to allow the Company to issue up to 40,050,000 Shares to noteholders during a period of 3 months following the Meeting (or a longer period, if allowed by ASX), without utilising the Company's 15% (Listing Rule 7.1) annual placement capacity.

Should shareholders approve Resolution 5 the Company will be able to issue shares without utilising the discretionary placement capacity afforded by Listing Rules 7.1 and 7.1A, providing the Notes are converted within 3 months of the date of the meeting.

Should shareholders not approve Resolution 5 any issue made by the Company on conversion of the Notes will be limited to the maximum number of shares that can be issued under Listing Rules 7.1 and 7.1A, which could result in the Company not being in a position to raise the desired level of funds.

#### **Technical information required by ASX Listing Rule 7.1**

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the proposed issue:

- (a) the maximum number of Shares to be issued is 40,050,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules);
- (c) the Shares will be issued for \$0.01 per Share;
- (d) the Shares issued will be fully paid ordinary shares in the capital of the Company, issued on the same terms and conditions as the Company's existing Shares; and the Shares were issued to 95 sophisticated investors, none of whom are related parties of the Company; and
- (e) the Shares will be issued to 19 sophisticated investors, none of whom are related parties of the Company;
- (f) the Shares will be issued on conversion of convertible notes; and
- (g) the funds raised from the convertible notes was used for the Company's share of well work-overs designed to enhance gas flows from existing natural gas wells in the Sacramento Basin, plus for ongoing exploration and production costs associated with these working interest and for general working capital purposes.

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#### **ORDINARY RESOLUTION 6-8: Issue of Options to Related Party**

The Company has agreed, subject to shareholder approval, to issue 20,000,000 Options (**Director Options**) to Gary jeffery (10 million Director Options), Andrew Childs (6 million Director Options) and David McArthur

(4 million Director Options), all Directors of the Company ( **Related Party**), on the terms and conditions set out in Appendix 2.

For a public company to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in Section 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in Sections 210 to 216 of the Corporations Act.

The grant of the Director Options constitutes giving a financial benefit, and Messrs Jeffery, Childs and McArthur are Related Parties of the Company by virtue of being Directors.

In addition, Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in Listing Rule 10.12 applies. It is the view of the Directors that the exceptions set out in Sections 210 to 216 of the Corporations Act and Listing Rule 10.12 do not apply in the current circumstances. Accordingly, Shareholder approval is sought for the grant of Director Options to the Related Parties.

### **Shareholder Approval (Chapter 2E of the Corporations Act and Listing Rule 10.11)**

Pursuant to, and in accordance with, the requirements of Sections 217 to 227 of the Corporations Act and Listing Rule 10.13, the following information is provided in relation to the proposed grant of Director Options:

- (a) the Related Parties are Gary Jeffery, Andrew Childs and David McArthur by virtue of being Directors.
- (b) the maximum number of Director Options (being the nature of the financial benefit being provided) to be granted to the Related Parties is 20,000,000;
- (c) The Director Options will be exercisable at 6.0 cents per Option on or before 31 December 2022, on terms and conditions as reflected in Appendix 2 to this notice.;
- (d) the Director Options will be granted to the Related Parties no later than 1 month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated the Director Options will be issued on one date;
- (e) the Director Options will be granted for nil cash consideration; accordingly, no funds will be raised;
- (f) the value of the Director Options is \$690,000 and the pricing methodology is set out in Appendix 1;
- (g) the relevant interest of the Directors are:
  - Gary Jeffery: 20,361,241 shares and 17,823,485 31 December 2021 options exercisable at 4 cents.
  - Andrew Childs: 7,392,391 shares and 9,224,769 31 December 2021 options exercisable at 4 cents.
  - David McArthur: Nil
- (h) the Related Parties receive director remuneration for the current financial year as follows:
  - Gary Jeffery: \$200,000
  - Andrew Childs. \$40,000
  - David McArthur. Nil
- (i) if the Director Options granted to the Related Parties are exercised, a total of 20,000,000 Shares would be issued. This will increase the number of shares on issue from 341,258,491 to 361,258,491 (assuming that no other Options are exercised and no other shares issued) with the effect that the shareholding of existing shareholders would be diluted by 5.8%.

The market price for shares during the term of the Director Options would normally determine whether or not the Director Options are exercised. If, at any time, any of the Director Options are exercised and the shares are trading on ASX at a price that is higher than the exercise price of the Director Options, there may be a perceived cost to the Company.

- (j) the trading history of the shares on ASX in the 12 months before the date of this Notice of General Meeting is set out below:

	PRICE	DATE
HIGHEST	5.2 cents	27 November 2020
LOWEST	0.7 cents	19 March 2020
LATEST	3.5 cents	9 December 2020

- (k) the primary purpose of the issue of the Director Options is to provide a market linked incentive to the Related Party to motivate and reward his performance in his role as a Director;
- (l) the Board acknowledges the grant of Related Party Options to a Director is contrary to Recommendation 8.3 of The Corporate Governance Principles and Recommendations, however the Board considers the grant of Related Party Options to the Director reasonable in the circumstances for the reason set out in paragraph (m);
- (m) The Board (each of whom declares an interest in the resolutions) recommend that Shareholders vote in favour of this Resolution for the following reasons:
- (i) the grant of Director Options to the Related Parties will align the interests of the Related Parties with those of Shareholders;
  - (ii) the grant of the Director Options is a reasonable and appropriate method to provide cost effective remuneration as the non-cash form of this benefit will allow the Company to spend a greater proportion of its cash reserves on its operations than it would if alternative cash forms of remuneration were given to the Related Parties; and
  - (iii) it is not considered that there are any significant opportunity costs to the Company or opportunities foregone by the Company in granting the Director Options upon the terms proposed;
- (n) in forming their recommendations, the Director considered the experience of the Related Parties, the current market price of Shares, the current market practices when determining the number of Director Options to be granted as well as the exercise prices and expiry dates of those Director Options; and
- (o) the Board is not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the Director Options to the Related Party as approval is being obtained under Listing Rule 10.11. Accordingly, the issue of Director Options to the Related Parties will not be included in the 15% calculation of the Company's annual placement capacity pursuant to Listing Rule 7.1.

Should shareholders approve Resolutions 6-8 the Company will be able to grant Options to the Directors as a method for remuneration that is an alternative for cash remuneration to preserve cash reserves for utilisation on operations.

Should shareholders not approve Resolutions 6-8 the Company will not be able to grant Options to the Directors as a method for remuneration that is an alternative for cash remuneration to preserve cash reserves for utilisation on operations.

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## GLOSSARY

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**ASX** means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

**Company** means Sacgasco Limited - ABN 96 009 217 154

**Directors** means the current directors of the Company.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**General Meeting** or **Meeting** means the meeting convened by this Notice.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Notice** or **Notice of Meeting** or **Notice of General Meeting** means this notice of General Meeting including the Explanatory Statement and the Proxy Form.

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

**Resolutions** means the resolutions set out in the Notice of Meeting, or any one of them, as the context requires.

**Shareholder** means a holder of a Share.

**AWST** means Australian Western Standard Time (Perth, Western Australia).

# SACGASCO LIMITED

ABN 83 114 061 433

## APPENDIX 1

### **Valuation of Options to be Issued to Related Parties**

The Company has valued the Options using the Black-Scholes option model and based on the assumptions as set out in the table below, with the Options ascribed a value as follows:

#### ***Assumptions:***

Value date	9 December 2020
Share price	\$0.035
Exercise price	\$0.060
Term	24 months
Volatility	147.80%
Risk free interest rate	0.09%
Indicative value per Option (cents)	\$0.0345

# SACGASCO LIMITED

ABN 83 114 061 433

## APPENDIX 2

### DIRTECTOR OPTION TERMS AND CONDITIONS

The material terms and conditions of the Options are as follows:

- (a) The Options will be unlisted.
- (b) The Options will be issued in one tranche with an exercise price of 6.0 cents ("**Exercise Price**"):
- (c) The Options are exercisable at any time on or before 31 December 2022 ("**Expiry Date**").
- (d) The Options have no vesting conditions.
- (e) Each Option exercised will entitle the holder to one Share in the capital of the Company.
- (f) The notice attached to the certificate has to be completed when exercising the Options ("**Notice of Exercise**").
- (g) Options may be exercised by the holder completing and forwarding to the Company a Notice of Exercise and payment of the exercise price for each Option being exercised prior to the Expiry Date.
- (h) The Options do not confer voting rights upon the holder. Voting rights are received upon conversion of the Options into Shares.
- (i) All Shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then existing Shares.
- (j) Shares issued pursuant to the exercise of Options will be issued not more than 15 business days after the receipt of a properly executed Notice of Exercise and payment for the Exercise Price of each Option being exercised. The Company will apply for official quotation on ASX of Shares issued pursuant to the exercise of Options.
- (k) The holder of Options cannot participate in new issues of securities to holders of Shares unless the Options have been exercised and the Shares have been issued and registered in respect of the Options before the record date for determining entitlements to the issue. The Company must give notice to the holder of the Options of any new issue before the record date for determining entitlements to the issue in accordance with the ASX Listing Rules. Options can only be exercised in accordance with these terms and conditions.
- (l) If the Company makes a bonus issue of Shares to existing shareholders (other than an issue in lieu or in satisfaction of dividends or by way of dividend reinvestment), then the number of Shares or other securities for which the holder of the Options is entitled to subscribe on exercise of the Options is increased by the number of Shares or other securities that the holder of the Options would have received if the Options had been exercised before the record date for the bonus issue. No change will be made to the Exercise Price.
- (m) If the Company makes a pro-rata issue of Shares to existing shareholders (except a bonus issue), the Exercise Price of an Option will be reduced according to the following formula:

$$\text{New Exercise Price} = O - \frac{E [P - (S + D)]}{N + 1}$$

O = the old Exercise Price of the Option

E = the number of underlying Shares into which one option is exercisable

P = volume weighted average market price (as defined by ASX LRs) per share during the 5 trading days ending on the day before the ex rights date or ex entitlements date.

S = the subscription price of a Share under the pro rata issue.

D = the dividend due but not yet paid on the existing underlying Shares (except those issued under the pro rata issue).

N = the number of Shares with rights or entitlements that must be held to receive a right to one new Share.

- (n) If at any time the capital of the Company is reconstructed, all rights of an Option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reconstruction.

# CERTIFICATE OF APPOINTMENT OF CORPORATE REPRESENTATIVE

## Shareholder Details

This is to certify that by a resolution of the directors of:

..... (Company),  
*Insert name of Shareholder Company*

the Company has appointed:

.....  
*Insert name of corporate representative*

in accordance with the provisions of section 250D of the Corporations Act 2001, to act as the body corporate representative of that Company at a general meeting of the members of Sacgasco Limited to be held on 22 January 2021 commencing at 10.00 am (AWST) and at any adjournments of that general meeting.

DATED .....

---

### Please sign here

Executed by the Company )  
in accordance with its constituent documents )  
)

.....  
Signed by authorised representative

.....  
Signed by authorised representative

.....  
Name of authorised representative (print)

.....  
Name of authorised representative (print)

.....  
Position of authorised representative (print)

.....  
Position of authorised representative (print)

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### Instructions for Completion

- Insert name of appointing Shareholder Company and the name or position of the appointee corporate representative (eg “John Smith” or “each director of the Company”).
- Execute the Certificate following the procedure required by your Constitution or other constituent documents.
- Print the name and position (eg director) of each authorised company officer who signs this Certificate on behalf of the Company.
- Insert the date of execution where indicated.
- Prior to the Meeting, send or deliver the Certificate to the registered office of Xstate Resources Limited at Level 1, 31 Cliff Street, Fremantle WA or email the Certificate to the Company Secretary – [companysecretary@sacgasco.com](mailto:companysecretary@sacgasco.com)

**PROXY FORM**  
**SACGASCO LIMITED**  
ABN 83 114 061 433

**GENERAL MEETING**

I/We

of (Address):

being a Member of Sacgasco Limited entitled to attend and vote at the General Meeting, hereby appoint:

Name:

Name of proxy (**Please note:** Leave blank if you have selected the Chair of the General Meeting as your proxy.)

OR  the Chair of the General Meeting as your proxy

or failing the person so named or, if no person is named, the Chair of the General Meeting, or the Chair's nominee, to vote in accordance with the following directions or if no directions have been as the proxy sees fit, at the General Meeting to be held at 10.00 am (AWST) on 22 January 2021 at Level 1, 31 Cliff Street, Fremantle, Western Australia, and at any adjournment of that meeting.

**The Chair intends to vote undirected proxies in favour of all Resolutions in which the Chair is entitled to vote.**

**Voting on Business of the General Meeting**

	FOR	AGAINST	ABSTAIN
Ordinary Resolution 1 – Ratification of prior issue of shares - LR 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 2 – Ratification of prior issue of shares - LR 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 3 – Ratification of prior issue of shares - LR 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 4 – Approval to issue shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 5 – Approval to issue shares	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 6 – Approval to issue options - Gary Jeffery	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 7 – Approval to issue options - Andrew Childs	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Ordinary Resolution 8 – Approval to issue options - David McArthur	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**Please note:** If you mark the abstain box for a particular Resolution, you are directing your proxy not to vote on that Resolution on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is \_\_\_\_%.

**Signature of Member(s)** \_\_\_\_\_ **Date:** \_\_\_\_\_

**Individual or Member 1**  
  
**Sole Director / Company Secretary**

**Member 2**  
  
**Director**

**Member 3**  
  
**Director / Company Secretary**

**Contact Name:** \_\_\_\_\_ **Contact Ph (daytime):** \_\_\_\_\_

**Date:** \_\_\_\_\_

## Instructions for completing Proxy Form

1. **(Appointing a proxy):** A Shareholder entitled to attend and cast a vote at the Meeting is entitled to appoint a proxy to attend and vote on their behalf at the Meeting. If a Shareholder is entitled to cast 2 or more votes at the Meeting, the Shareholder may appoint a second proxy to attend and vote on their behalf at the Meeting. However, where both proxies attend the Meeting, voting may only be exercised on a poll. The appointment of a second proxy must be done on a separate copy of the Proxy Form. A Shareholder who appoints 2 proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a Shareholder appoints 2 proxies and the appointments do not specify the proportion or number of the Shareholder's votes each proxy is appointed to exercise, each proxy may exercise one-half of the votes. Any fractions of votes resulting from the application of these principles will be disregarded. A duly appointed proxy need not be a Shareholder.
2. **(Direction to vote):** A Shareholder may direct a proxy how to vote by marking one of the boxes opposite each item of business. The direction may specify the proportion or number of votes that the proxy may exercise by writing the percentage or number of Shares next to the box marked for the relevant item of business. Where a box is not marked the proxy may vote as they choose subject to the relevant laws. Where more than one box is marked on an item the vote will be invalid on that item.
3. **(Signing instructions):**
  - **(Individual):** Where the holding is in one name, the Shareholder must sign.
  - **(Joint holding):** Where the holding is in more than one name, all of the Shareholders should sign.
  - **(Power of attorney):** If you have not already provided the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Form when you return it.
  - **(Companies):** Where the company has a sole director who is also the sole company secretary, that person must sign. Where the company (pursuant to Section 204A of the Corporations Act) does not have a company secretary, a sole director can also sign alone. Otherwise, a director jointly with either another director or a company secretary must sign. Please sign in the appropriate place to indicate the office held. In addition, if a representative of a company is appointed pursuant to Section 250D of the Corporations Act to attend the Meeting, the documentation evidencing such appointment should be produced prior to admission to the Meeting. A form of a certificate evidencing the appointment may be obtained from the Company.
4. **(Attending the Meeting):** Completion of a Proxy Form will not prevent individual Shareholders from attending the Meeting in person if they wish. Where a Shareholder completes and lodges a valid Proxy Form and attends the Meeting in person, then the proxy's authority to speak and vote for that Shareholder is suspended while the Shareholder is present at the Meeting.
5. **(Return of Proxy Form):** To vote by proxy, please complete and sign the enclosed Proxy Form and return by:
  - In person to Level 1, 31 Cliff Street, Fremantle, WA 6160;
  - By mail to PO Box 584, Fremantle, WA, 6959; or
  - By scan and email to [companysecretary@sagasco.com](mailto:companysecretary@sagasco.com),

so that it is received not less than 48 hours prior to commencement of the Meeting.

**Proxy Forms received later than this time will be invalid.**