SACGASCO LIMITED

ABN 83 114 061 433

FINANCIAL REPORT

For the half-year ended 30 June 2020

CONTENTS

DIRECTORS' REPORT

Your Directors submit the Interim Report of the Group comprising Sacgasco Limited ("the Company") and its controlled entities ("the Group") for the half-year ended 30 June 2020. 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
David McArthur	Non-executive Director – appointed 17 August 2020
Greg Channon	Non-executive Director – resigned 17 August 2020

REVIEW OF RESULTS AND FINANCIAL POSITION

The net loss after income tax for the half-year was $837,271 (30 June 2019: $719,222), which included exploration expenditure of $52,899 (30 June 2019: $45,416).

The Group has not reached a stage in its development where it is generating an operating profit. All the Group's activities are currently in oil and gas exploration.

At the end of the reporting period the Group had cash on hand of $248,430 (31 December 2019: $282,454).

REVIEW OF OPERATIONS

Overview

Sacgasco Limited is listed on the Australian Securities Exchange (ASX: SGC), classified as an oil and gas exploration entity, and has approximately 272 million shares on issue at the date of this report.

Significant events during the reporting period
On 28 February 2020, the Company appointed a Joint Company Secretary, Jordan McArthur.

On 11 May 2020, the Company completed a Convertible Note issue raising $400,500. Funds from the raising to be used for workovers at existing wells to increase gas flows.

Two workovers completed after 30 June 2020 and announced on 14 July 2020 have provided modest but meaningful increase in gas flows.

Sacgasco has a 30-well portfolio with 13 producing gas in the period, providing multiple opportunities to add or increase gas flows from additional wells to achieve a commercially sustainable net income flow.

Summary of Strategies

- **to unlock value from natural gas and oil prospects in underexplored parts of proven basins and in areas where oil and gas markets are undersupplied**
- **to acquire and operate assets, including gas wells and associated leases and pipeline infrastructure as a means for producing and developing Natural Gas in the premium California market**
- **to acquire new leases over prospects that are interpreted to contain large quantities of natural gas, along with acquiring producing and shut-in gas wells that provide lower cost held-by-production leases and associated infrastructure for future gas flows from successful appraisal and exploration drilling, and**
- **to keep corporate and administrative overheads low, maximising the impact of capital expenditure going into the ground via drilling wells for leveraged results.**

<u>Sacramento Basin - Onshore Northern California</u>

Exploration, appraisal and new ventures

Extensive exploration leases have continued to be maintained within the Sacramento Basin during the half-year. Sacgasco has a working interest (WI) of between approximately 10% and 100% in these leased lands which cover Sacgasco interpreted Natural Gas prospects.

Sacgasco's management team is fully committed to progressing corporate and operational objectives in order to expand the Company's business in California and elsewhere as opportunities present.

Mapping completed to date has resulted in the identification of a portfolio of gas prospects and leads, with gross unrisked best estimate recoverable Prospective Resources of Natural Gas ranging from a few Bcf to over 250 Bcf with multi TCF potential upside.

Sacgasco has the leadership and operating experience, to diversify production by acquisitions, enhanced by well work and appraisal projects to provide the platform for asymmetric growth potential.

"Multiples of Value" Jumps through Success from Activity

Borba 1-7 Prospect (SGC 46% WI)

Sacgasco received approval from the Glenn County Planning and Community Development Services Agency and subsequently received the Drilling Permit from California Geologic Energy Management Division for the Borba 1-7 well. The Company interprets the Borba prospect to be an optimal location to test multiple stacked amplitude anomalies and potential channel fill sand reservoirs.

Notably, in granting the drilling permit Glenn County staff provided the following commentary in the approval document:

2.4 PUBLIC BENEFIT

There is a growing public demand for natural gas energy. The development of this natural resource is desirable because it will contribute to the County's tax revenues and provide a necessary resource to the community. The proposed gas well is in an agricultural area.

The Borba well is located within a 3D seismic data volume. The first undrilled amplitude anomaly occurs at around 700 metres drilling depth. Multiple (10 or more) seismic anomalies below this depth are interpreted to represent individual gas traps.

Figure 1: Borba access road

The interception of good reservoirs at this location will calibrate more extensive seismic anomalies and multi-TCF natural gas resource potential in a new play fairway in this area.

<u>Gas Flow Update</u>

The below table summarises Sacgasco's gas flow for the six months to 30 June 2020

Combined Gas Flow	June 2020 Half	June 2019 Half
Gross mcf * (100%)	*92,976*	*113,275*
Net SGC mcf (after Royalty)	*52,305*	*65,431*
**mcf – Thousand Cubic Feet gas*		

Overall gas flows were reduced in the half by operational interruptions exacerbated by COVID-19 restrictions. Changes in flow from well workovers were only effective for one month in the half.

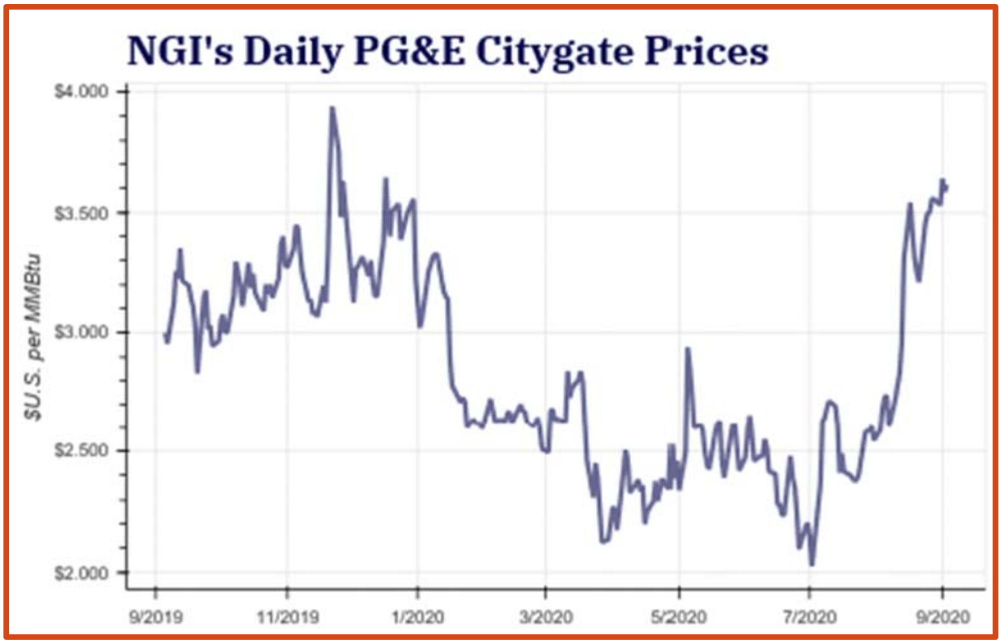
Positive Future Outlook for Natural Gas Markets

We believe there is a positive market outlook for natural gas, due to its diverse role in energy supply and we expect that global energy demand, particularly natural gas, will grow significantly over the next two decades. Natural Gas prices have remained firm in the face of recent falls in global oil prices.

Natural gas is an important component of California's energy system, supplying about one third of the state's primary energy demand. Even as California seeks to move away from fossil fuels to meet its climate goals, natural gas-fired electricity will play an important role in integrating increasing amounts of renewables into the electricity grid.

California receives about 90 percent of its natural gas from supply basins outside the state, through the integrated North American natural gas market. A local source of natural gas has many benefits, and this construct underpins Sacgasco's strategy in California.

California natural gas prices are almost always higher than US benchmark Henry Hub prices. California reference gas price was up US$0.12 /mcf year on year to 30 June 2020. At the date of this interim financial report, Sacgasco's gas prices in California are at a historical premium of some 90% to the US benchmark Henry Hub price. Combined with Sacgasco's low operating costs, the potential for enhanced returns from increasing gas production is attractive.



Opportunities to Acquire Operated Natural Gas Wells

Sacgasco continues to evaluate acquisition opportunities that could provide short term cash flow and strategic longer term access to exploration leases, and gas processing facilities and pipelines connected to the premium California gas market.

Project Portfolio

As outlined above, SGC's current focus is unlocking the underlying value from its natural gas prospects in the under-explored parts of the Sacramento Basin.

Projects are continuously reviewed for their strategic fit and are expected to be modified over time to reflect industry conditions and results of operations. Sacgasco is the Operator of all but one of the wells in which it has a Working Interest ("WI").

PROJECT NAMES ***All located in the Sacramento Basin*** ***Onshore northern California***	LEASES; RELATED GAS FIELD (HBP LEASES); OR KEY WELL	PROJECT TYPE	TOTAL GAS WELLS	WORKING INTEREST (WI)*
Dempsey Area Project	Rancho Capay, Rice Creek, East Gas Fields - HBP Leases Oil and Gas Mineral Leases	Exploration, Appraisal & Rework	10	40-60%
Alvares Project	Oil and Gas Mineral Leases Alvares 1 well (P&A Re-entry)	Exploration & Appraisal	1	50%
Borba Project	Oil and Gas Mineral Leases	Exploration	-	50%
Los Medanos Project	Los Medanos Gas Field HBP Leases	Appraisal & Rework	2	90%
Malton Project	Malton Gas Field HBP Leases and Oil and Gas Mineral Leases	Exploration, Appraisal & Rework	8	45-70%
Dutch Slough Gas Project	Dutch Slough Gas Field HBP Leases	Exploration, Appraisal & Rework	4	70%
Denverton Creek Gas Project	Denverton Creek Gas Field HBP Leases	Gas flow & Rework	1	70%
Rio Vista Gas Project	Rio Vista Field Wells HBP Leases	Gas flow, development & Rework	3	100%
Willows Gas Field (Non-operated)	Willows Gas Fields HBP Leases	Gas flow & Rework	1	10%

Leases

US exploration is conducted on leases grant by Mineral Right owners; in Sacgasco's case primarily 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) with multiple owners. Leases generally are for 3 to 5 years and rentals are paid annually. There are no formal work commitments associated with the leases. Some leases are 'Held By Production' and royalties are paid to mineral right owners in lieu of rentals. Sacgasco has not listed all its individual leases as it is impractical and not meaningful for potential project value assessment in a natural gas play. A detailed listing of leases may also lead to a loss of competitive advantage and consequent reduced value to Sacgasco shareholders.

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.

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 9 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 7.

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

8 September 2020
Perth, WA

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 2020, 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
8 September 2020

N G Neill
Partner

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Half-year ended 30 June 2020

	Note	30 June 2020 $	30 June 2019 $
Other operating income		234,053	414,249
Government grants		12,500	-
Gain on foreign exchange		13,995	6,017
Other operating expenses		(351,090)	(568,015)
Exploration expenditure		(52,899)	(45,416)
Personnel expenses		(183,899)	(316,161)
General and administrative expenses		(66,362)	(71,259)
Professional fees		(156,055)	(122,317)
Marketing and business development expense		(1,738)	(1,621)
Depreciation		(1,672)	(2,182)
Amortisation		(91)	-
Provision for lifetime expected credit losses	3	(260,270)	-
Results from operating activities		(813,528)	(706,705)
Finance income		80	-
Finance expenses		(20,079)	(10,258)
		(19,999)	(10,258)
Loss before income tax		(833,527)	(716,963)
Income tax expense		(3,744)	(2,259)
Loss for the period		(837,271)	(719,222)
Other comprehensive income			
Items that may be classified subsequently to profit or loss			
Foreign currency translation difference of foreign operations		15,092	(1,672)
Total items that may be classified as subsequently to profit or loss		15,092	(1,672)
Total comprehensive loss for the period		(822,179)	(720,894)
Loss per share (cents per share)			
Basic and diluted		(0.31)	(0.27)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Note	30 June 2020 $	31 December 2019 $
Assets			
Cash and cash equivalents		248,430	282,454
Trade and other receivables	3	240,491	536,599
Prepayments		28,329	61,933
Total current assets		**517,250**	**880,986**
Other financial assets		295,882	290,138
Property, plant and equipment		6,606	7,952
Intangible assets		198	289
Total non-current assets		**302,686**	**298,379**
Total assets		**819,936**	**1,179,365**
Liabilities			
Trade and other payables		(937,038)	(888,000)
Employee entitlements		(2,573)	(17,350)
Loans and borrowings	4	(563,044)	(213,269)
Deferred income		(181)	-
Total current liabilities		**(1,502,836)**	**(1,118,619)**
Provisions		(197,786)	(193,894)
Total non-current liabilities		**(197,786)**	**(193,894)**
Total liabilities		**(1,700,622)**	**(1,312,513)**
Net liabilities		**(880,686)**	**(133,148)**
Equity			
Issued capital	5	21,347,722	21,304,674
Reserves		340,849	294,164
Accumulated losses		(22,569,257)	(21,731,986)
Total deficiency attributable to equity holders of the Company		**(880,686)**	**(133,148)**

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 2020

	Issued capital	Equity component of convertible note	Translation reserve	Options reserve	Share-based payments reserve	Accumulated losses	Total equity
	$	$	$	$	$	$	$
Balance on 1 January 2019	**20,785,593**	**-**	**162,759**	**1,583,445**	**28,500**	**(21,998,990)**	**561,307**
Loss for the period	-	-	-	-	-	(719,222)	(719,222)
Foreign exchange translation difference on foreign operations	-	-	(1,672)	-	-	-	(1,672)
Total comprehensive loss for the period	-	-	(1,672)	-	-	(719,222)	(720,894)
Transactions with owners in their capacity as owners							
Contributions of equity, net of transaction costs	101,348	-	-	-	-	-	101,348
Share-based payment transactions	-	-	-	110,200	10,077	-	120,277
Balance on 30 June 2019	20,886,941	-	161,087	1,693,645	38,577	(22,718,212)	62,038
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 CASH FLOWS
Half-year ended 30 June 2020

	Note	30 June 2020 $	30 June 2019 $
Cash flows from operating activities			
Receipts from customers		-	19,740
Government grants		10,000	-
Cash paid to suppliers and employees		(237,985)	(161,416)
Payments for exploration and evaluation		(151,124)	(124,276)
Interest paid		(9,601)	(5,565)
Interest received		48	-
Income taxes paid		(3,744)	(2,259)
Net cash used in operating activities		(392,406)	(273,776)
Cash flows from investing activities			
Payments for property, plant and equipment		(198)	-
Net cash used in investing activities		(198)	-
Cash flows from financing activities			
Proceeds from issue of convertible notes	4	400,500	-
Payment of capital raising costs		(4,583)	(5,652)
Payment of transaction costs related to loans		(21,250)	-
Repayment of loans from related parties		-	(50,000)
Repayment of borrowings		(29,040)	(35,346)
Net cash (used in) / from financing activities		345,627	(90,998)
Net decrease in cash and cash equivalents		(46,977)	(364,774)
Cash and cash equivalents on 1 January		282,454	956,365
Effect of exchange rate fluctuations on cash held		12,953	(1,817)
Cash and cash equivalents on 30 June		248,430	589,774

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 2020

1. CORPORATE INFORMATION

The financial report of Sacgasco Limited ("the Company") and its controlled entities ("the Group") for the half-year ended 30 June 2020 was authorised for issue in accordance with a resolution of the directors on 8 September 2020.

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.

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 2020 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 2019.

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 2020 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 as a result of 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. The Directors are satisfied the Company is a going concern, notwithstanding it incurred a total comprehensive loss of $822,179 for the half-year ended 30 June 2020 and has a net liability position of $880,686 at that date.

The Group is focused on securing further land leases in California and pursuing and assessing new venture opportunities which are complementary with its existing assets. The Group's cash flow forecast for the period to 30 September 2021, reflects the Group's ability to meet its working capital requirements and its committed and planned development expenditure relating to its exploration and evaluation assets.

The directors are aware that the Group's ability to continue as a going concern, and thereby pay its debts as and when they fall due, is contingent on the Group securing further working capital from one or more of the following alternatives:

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.

Given the financial position of the Group and its demonstrated ability to raise funds, the Directors have reviewed the Group's financial position and forecast cash flows and reasonably expect that the Group will be able to raise additional funds to meet future costs and satisfy its business plans for at least the next 12 months. If necessary, the Group will delay discretionary expenditure including administration costs, exploration programs and development expenditure that are not contractually committed. The timing of raising additional capital will depend on the investment markets, current and future planned exploration activities. Directors have also declared that monies owing to them will only be repaid should the Group be in a financial position to repay the amounts owing and remain solvent for at least twelve months.

Accordingly, the Directors believe that the Group will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report.

Should the Group be unsuccessful in raising sufficient funds, there is a material uncertainty that exists that may cast 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 one main operating segment, which involves exploration of oil and natural gas. 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 2.2 to the accounts.

2.7 Exploration and evaluation expenditure

The exploration and evaluation accounting policy 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. TRADE AND OTHER RECEIVABLES

	30 June 2020 $	31 December 2019 $
Current		
Trade debtors	376,982	373,096
Less: Provision for expected credit losses	(260,270)	-
Effects of foreign exchange	11,361	-
	128,073	373,096
Authorised government agencies	88,597	85,584
Other receivables	23,821	77,919
	240,491	**536,599**

The Group has provided $260,270 of expected credit losses (ECL) for the period ended 30 June 2020. The ECL includes an amount of $226,626 due from subsidiaries of California Resources Corporation (CRC). CRC filed for Chapter 11 bankruptcy reorganisation in July 2020. The Group will continue to seek payment of these amounts, but as CRC filed for bankruptcy after period-end, the Group has determined for accounting purposes that these amounts are unrecoverable. The remaining balance is due from other working interest parties. The Group has assessed the recoverability of these amounts due for well expenses on exploratory wells, taking into account factors such as oil and gas prices and historical recovery and determined that an ECL of $33,644 for the period ended 30 June 2020 is appropriate. Should the exploratory wells for which costs are due move from exploration to production in the future, the Group intends to recover the amounts owing prior to releasing net revenues to the working interest parties.

4. LOANS AND BORROWINGS

	Loans from a director $	Premium funding $	Convertible Notes $	Total $
Balance on 1 January 2019	(230,384)	(47,466)	-	(277,850)
Loans and borrowings received	(50,000)	-	-	(50,000)
Financing of premium funding facility	-	(48,400)	-	(48,400)
Interest charged	(18,041)	(2,150)	-	(20,191)
Less repaid [1]	124,140	59,032	-	183,172
Balance on 31 December 2019	(174,285)	(38,984)	-	(213,269)
Nominal value of convertible notes issued	-	-	(400,500)	(400,500)
Equity component (net of deferred tax)	-	-	10,913	10,913
Transaction costs	-	-	21,250	21,250
Interest charged	(8,454)	(1,089)	(10,536)	(20,079)
Less repaid [1]	8,512	30,129	-	38,641
Balance on 30 June 2020	(174,227)	**(9,944)**	**(378,873)**	**(563,044)**

[1] Amounts repaid include interest and loan establishment costs.

On 11 May 2020, the Company signed Convertible Note Deeds with 19 sophisticated investors to raise $400,500 via the issue of up to 801 convertible notes, each with a face value of $500. The convertible notes are for a term up to 11 May 2021 and pay interest at a coupon rate of 10% p.a.

Under the terms of the agreements, the convertible notes may be converted into a total of 40,050,000 shares in Sacgasco Limited.

5. CONTRIBUTED EQUITY

Share capital

	Ordinary shares			
	Number of shares		Amount in $	
	30 June 2020	30 June 2019	30 June 2020	30 June 2019
Movement in contributed equity				
Opening balance	268,513,742	261,780,949	20,904,384	20,785,593
Shares issued and expensed during the period:				
Issue of shares in lieu of directors' fees	1,905,242	1,500,000	47,631	57,000
Issue of shares to acquire BNG share of Sacramento Basin assets	-	2,000,000	-	50,000
Issue of fully paid shares on conversion of options	10	-	-	-
Capital raising costs	-	-	(4,583)	(5,652)
Closing balance	**270,418,994**	**265,280,949**	**20,947,432**	**20,886,941**

6. SHARED-BASED PAYMENTS

Description of the share-based payment arrangements

On 30 June 2020, the Group has the following share-based payment arrangements:

	30 June 2020 $	30 June 2019 $
Shares issued in lieu of deferred director fees	24,193	57,000
Shares to be issued in lieu of deferred director fees	44,118	39,474
Options issued under the incentive option plan	-	110,200

Shares issued in lieu of deferred director fees

At a general meeting on 31 May 2019, 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-19 (1)	Gary Jeffery	-	-	781,250	22-Jan-20	2.50
31-Dec-19 (1)	Andrew Childs	-	-	156,250	22-Jan-20	2.50
31-Mar-20	Gary Jeffery	25,000	20,161	806,452	02-Apr-20	2.50
31-Mar-20	Andrew Childs	5,000	4,032	161,290	02-Apr-20	2.50
		30,000	24,193	1,905,242		
30-Jun-20 (2)	Gary Jeffery	25,000	36,765	1,470,588	22-Jul-20	2.50
30-Jun-20 (2)	Andrew Childs	5,000	7,353	294,118	22-Jul-20	2.50
		60,000	68,311	3,669,948		

(1) No value is recorded for contractual value of services and market value of shares in the current financial year as these expenses ($23,438) were accrued as of 31 December 2019, but the shares issued on 22 January 2020.

(2) 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 for the period 1 April 2020 to 31 March 2021.

Options issued under the incentive option plan

No share options under the incentive option plan were granted, exercised, or expired during the reporting period.

At the reporting date, there are 152,429,938 options on issue in Sacgasco Limited. 133,429,938 listed options are exercisable at 4 cents per share, expiring on 30 December 2021. 19,000,000 unlisted options have an exercise price of 4 cents per share and expire on 31 December 2021.

7. FINANCIAL INSTRUMENTS

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

8. RELATED PARTY TRANSACTIONS

There were no new related party transactions for the period.

9. MATTERS SUBSEQUENT TO THE BALANCE DATE

On 22 July 2020, the Company issued 1,764,706 shares in lieu of directors' fees, as approved by shareholders on 21 July 2020.

On 24 July 2020, Gary Jeffery, a director of the Company, provided $100,000 cash loan to the Company, accruing interest at 10% per annum, pro rata, repayable within six months, if, and when, the Company is in a financial position to do so.

On 17 August 2020, Greg Channon resigned, and David McArthur was appointed as non-executive director.

DIRECTORS' DECLARATION
For the half-year ended 30 June 2020

1. In the opinion of the Directors of Sacgasco Limited (the 'Company'):

   (a) the accompanying interim 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 2020 and of its performance for the half-year then ended; and

      (ii) complying with Australian Accounting standards, the *Corporations Regulations 2001,* professional reporting requirements and other mandatory requirements.

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

   (c) the interim financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

2. This declaration has been made after receiving the declarations required to be made to the Directors in accordance with Section 303(5)(a) of the *Corporations Act 2001* for the half-year ended 30 June 2020.

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

GARY JEFFERY

Managing Director

8 September 2020
Perth

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

Report on the Condensed 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 2020, the consolidated statement of 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 notes, and the directors' declaration, for the Group 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 is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and

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

Material uncertainty 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 Group's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

Directors' responsibility for the half-year 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.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Perth, Western Australia
8 September 2020

N G Neill
Partner

CORPORATE DIRECTORY

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Mr Andrew Childs
Mr Gary Jeffery
Mr David McArthur

Secretary
Mr David McArthur
Mr Jordan McArthur

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