



SAGASCO LIMITED

ABN 83 114 061 433

FINANCIAL REPORT

For the year ended 31 December 2021

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CHAIRMAN'S REPORT

Dear Shareholder,

What a difference a year makes! The 2021 year was one of opportunity and action for Sacgasco and the resultant achievements form a stable platform for Sacgasco to undertake 2022 drilling activities in Asia and North America. This is very exciting for shareholders.

A powerful driver for growing a small company is to have funding from production to be able to find and drill valuable exploration, appraisal, and development prospects.

I highly recommend shareholders read through the details in this Annual Report to more fully understand the opportunity that investment in Sacgasco now presents.

This year Sacgasco diversified by expanding its exploration and production opportunities with the purchase of a 30% working interest in producing oil fields at Red Earth and 20% working interest in re-activated Alberta Plains oil and gas fields in Alberta, Canada.

The company then acquired 4 offshore Service Contracts in the prolific Palawan Basin, Philippines. These service contract areas contain oilfields and oil discoveries that can be developed for valuable production along with high potential oil and gas exploration prospects in a country that is hungry for oil and natural gas to sustain its economic growth.

In combination these acquisitions, at a time of very low oil and natural gas prices, now provide the Company with free cash flow, production infrastructure and most importantly many opportunities for very valuable future additional expansion through both exploration and development.

The Company continues to maintain leases with associated gas flows in the Sacramento Basin.

In early 2021 the Borba 1-7 well was drilled to a depth of 8,824ft. The well was a natural gas discovery in the shallower formations. It is frustrating that somewhat arbitrary changes to third party operating requirements have thwarted planned economic access to the sales network. However, the company continues to assess alternate ways to get access to the natural gas sales grid or to find uses for the Borba natural gas, such as the generation of hydrogen for the local California Hydrogen market or electricity generation for other purposes.

The COVID-19 pandemic still creates challenges to our business management; however, it has provided many exciting opportunities due to its impact on oil prices.

The Board and management team are committed to growing the Company's business in the Philippines, Canada and California. Sacgasco's low operating costs, enthusiastic and skilled contractors and joint venturers who together are progressing exploration and increased production, when combined with fundamentals-based higher oil and gas prices form a compelling platform for shareholder returns.

Oil and Natural Gas are critical components of the world's energy system. The world will need oil for a long time to come and little exploration is being done to replace the 100-plus million barrels of oil per day being consumed around the world.

Sacgasco supports a move to a broader array of fuels to meet the world's energy needs. Natural gas-fired electricity will continue for decades to play a critical role in integrating increasing amounts of renewables into the electricity grid. The Company continues to evaluate opportunities around helium and hydrogen gases as an integral part of our natural gas business.

Fundamentally, the pervasive and irreplaceable broad uses and diverse critical everyday products derived from natural gas and oil in the world's economy, and the recent realisation of the importance of energy security provide a sound basis for Sacgasco's business model.

I look forward to an exciting year ahead and believe that our planned drilling programmes in the Philippines and Canada and continued growth in all our assets will reward shareholders handsomely for their support and patience.

Yours faithfully,



Andrew Childs
Chairman

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REVIEW OF OPERATIONS

OVERVIEW

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

The Company now holds a suite of assets with huge potential in three diverse locations with attractive business cases in a world becoming pointedly aware of the value of energy security, along with energy diversity.

Sacgasco's focus is on activity, exploration and development drilling and consequent development options to propel growth in value, hence providing attractive options for investors.

OPERATIONS HIGHLIGHTS

HIGHLIGHTS

- **Milestone Year - oil and gas Reserves, Production, plus Exploration Targets**
- Sacgasco completed the acquisition of 4 Service Contracts covering 1,470,000 hectares including 6 oil discoveries in the offshore Palawan Basin, Philippines.
- SGC Acquired a 30% working interest ("WI") in Red Earth Oilfield Assets in Alberta, Canada.
- SGC Acquired a 20% working interest ("WI") in Alberta Plains Oilfield Assets in Alberta, Canada.
- Improving production and cash flow from Canadian producing assets:
 - 95,179 BOE of net production after royalty with associated cash flows.
- Drilling and Testing of Borba 1-7 well in the Northern Sacramento Basin, California:
 - Drilled to Total Depth of 8,824 feet.
 - Tested 13 feet of Kione Sands at 2.1 million cubic feet of gas per day on ¼" choke.
- Acquired 200 Square Miles of proprietary geophysical survey data over North Sacramento Basin to provide exploration leads for Natural Gases.
- Reviewing new opportunities among and near SE Asia, Canada, and Sacramento Basin portfolio of projects to add exploration drilling targets
- Continuing evaluation of Helium and Hydrogen gas potential as an integral part of ongoing Oil and Gas business.

Offshore Philippines - Exploration, Appraisal and New Ventures

Acquired Philippines Service Contracts

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

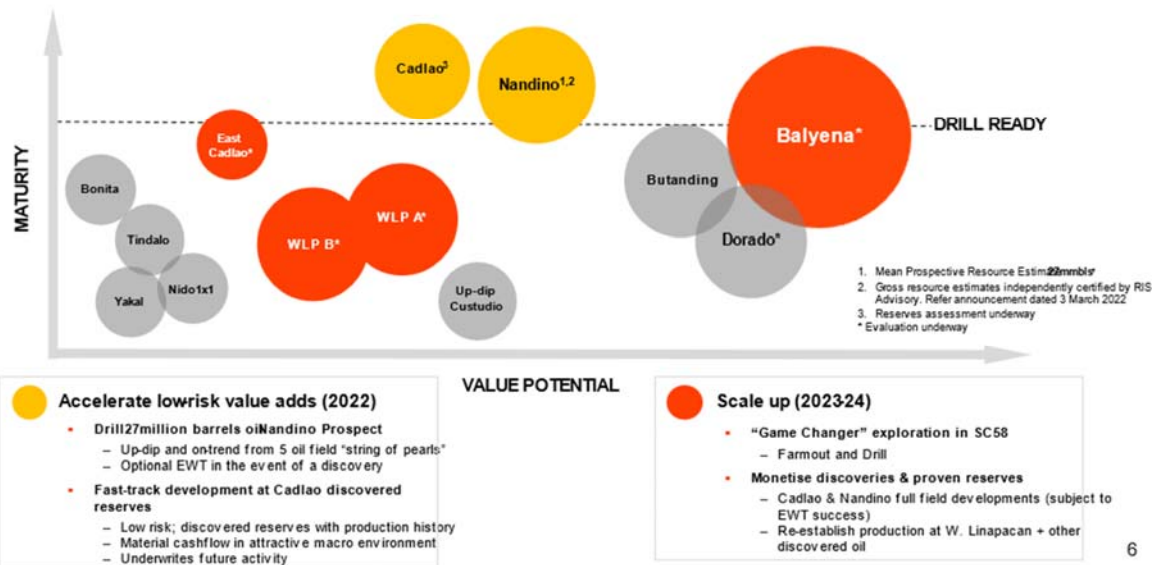
BCPE was renamed Sacgasco SG Pte Ltd.

The acquired Service Contracts cover a total of 1,470,000 Hectares in the highly prospective, underexplored offshore Palawan Basin, Philippines. The data in these SC includes 2D & 3D seismic defining world-class exploration prospects. Exploration in the SC has resulted in six oil discoveries with further Exploration and Development (E&D) potential. Nido also already had a highly experienced local Filipino team.

Sacgasco's wholly owned subsidiary Nido is Operator for two of the Service Contracts and Technical Operator for another. In this report, reference to Sacgasco shall include reference to its wholly owned subsidiaries and vice versa.

Multiple opportunities for rapid growth

An array of options with potential for near-term, value creation



Offshore Palawan Exploration and Production Components

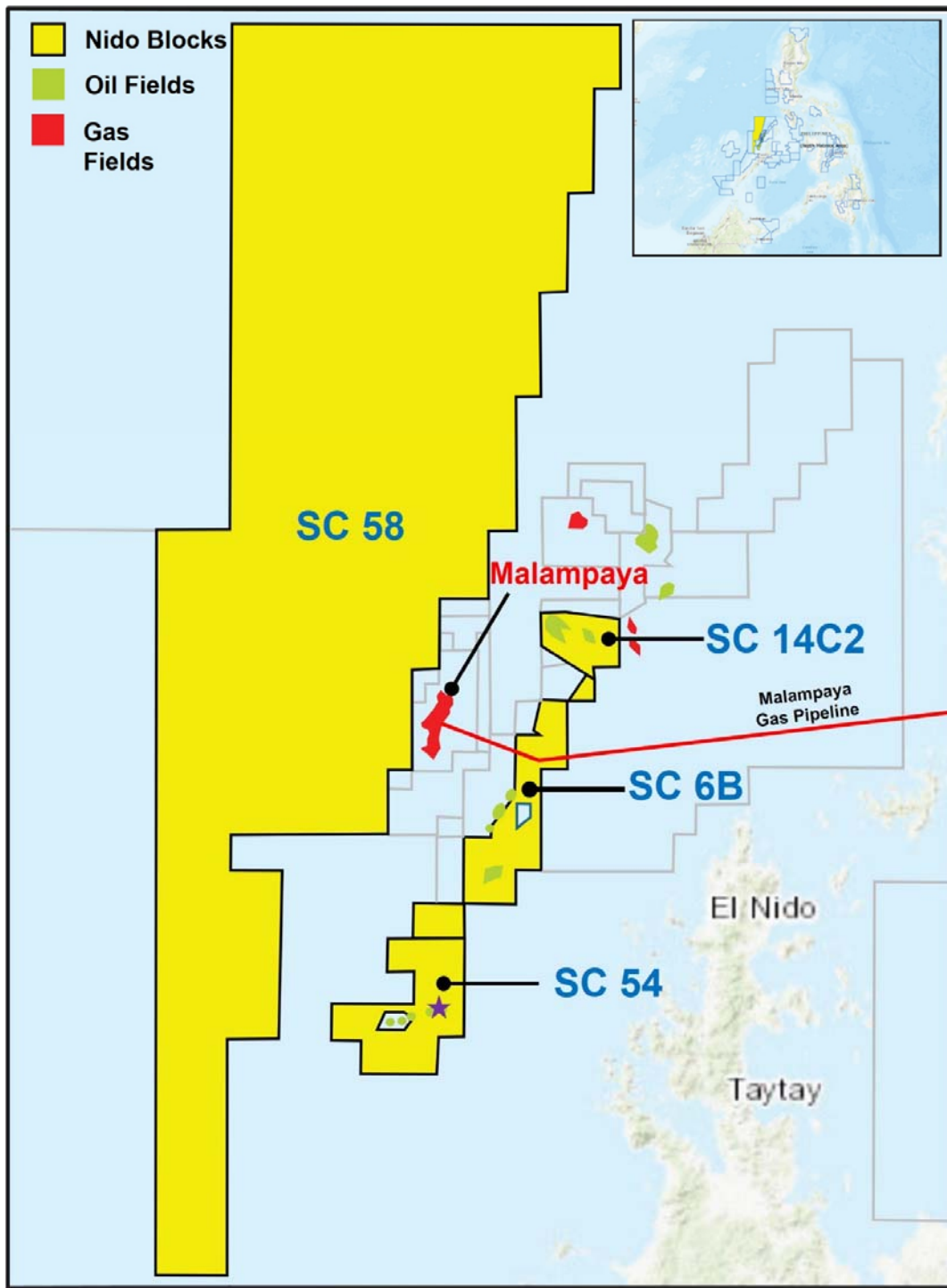
Table 1: Sacgasco (Nido) Philippines Service Contracts as of 31 March 2022

Service Contract	Fields / Discoveries	% Interest	Operator
SC 54A	Tindalo, Yakal, Nido 1X1, Nandino Exploration	72.5%; reduces to 36.25% after farmout ²	Nido (SGC)
SC 14C2	West Linapacan A Field; West Linapacan B appraisal and Redevelopment	22.88%	Philodrill
SC 58	Palawan basin big hit Exploration	50% ³	NIDO (SGC)
SC 6B	Cadlao, near field Exploration	72.727% ¹	Philodrill; Nido (SGC) Technical Operator
SC 14A, SC 14B, SC 14D	Filed for relinquishment	22.28% before relinquishment; Nil after	Philodrill

¹Subject to Philippines DOE approval of SC 6B Farmin

²Subject to Philippines DOE approval of SC 54 Farmin

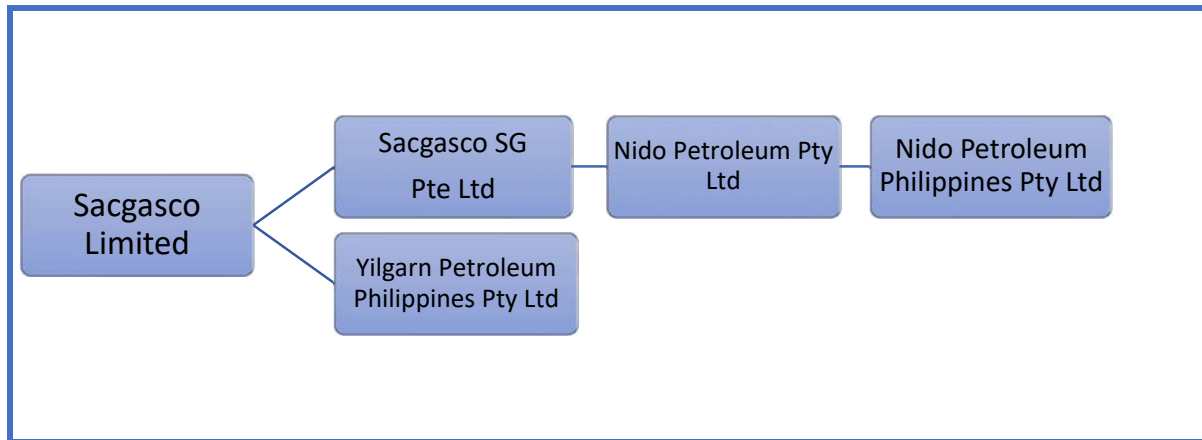
³Subject to satisfying Sub Phase 3 SC 5B commitments



Sacgasco (Nido) Acreage in the Palawan Basin, Philippines

Sacgasco, through Nido, is planning a two-well drilling program including an exploration well, (Nandino) in SC 54 and an extended well test (EWT) at the Cadlao oil field in SC 6B in 2022.

Sacgasco Group Structure for Philippines Activities



Service Contract SC 54 (Nido (SGC) 72.5% (36.25 %* After Farmin) - Operator)

Sacgasco acquired BCPE on 1 July 2021 and its fully owned subsidiary Nido. Nido had a 42.40% Participating Interest in SC 54 and is the Operator.

On 3 September 2021, Sacgasco executed an agreement with IMC Investments Capital Pte Ltd (“**IMC**”) to acquire its wholly owned subsidiary Yilgarn Petroleum Philippines Pty Ltd (“**Yilgarn**”). Yilgarn which owns 30.1% Participating Interest in SC 54 was acquired for consideration of A\$1 (one dollar), plus a future payment up to a maximum royalty of US\$1.5 million which is to be paid after commercial production is achieved. The royalty will be paid at the rate of 30.1% of the contractor share of net proceeds from SC 54. The acquisition is subject to the usual regulatory approvals. Subsequently, Nido’s Working Interest in SC 54 will increase to 72.5% with Nido (Sacgasco) as Operator.

Sacgasco executed an agreement on 29 November 2021 with TG World Energy Corp to acquire its wholly owned subsidiary TG World (BVI) Corporation (TG World) which has a 12.5% participating Interest in SC 54. Consideration of A\$1 (one dollar) was paid along with an up to a maximum net royalty of circa US\$530,000 paid after commercial production is achieved. The royalty will be paid at the rate of 12.5% of the contractor share of Net Proceeds from SC 54 production until the maximum net royalty is reached. Net Proceeds are calculated after cost recovery for current and historical expenditures on SC 54.

In November 2021, Nido secured an extension of the current Sub-Phase 6 of Service Contract 54 to August 2022 from the Department of Energy of the Philippines primarily for reasons related to COVID-19. All commitments have been completed for the current Sub-Phase 6 of SC54. Subject to Nido electing to proceed, Sub-Phase 7 will be for a period of 1 year and include a commitment to drill one well.

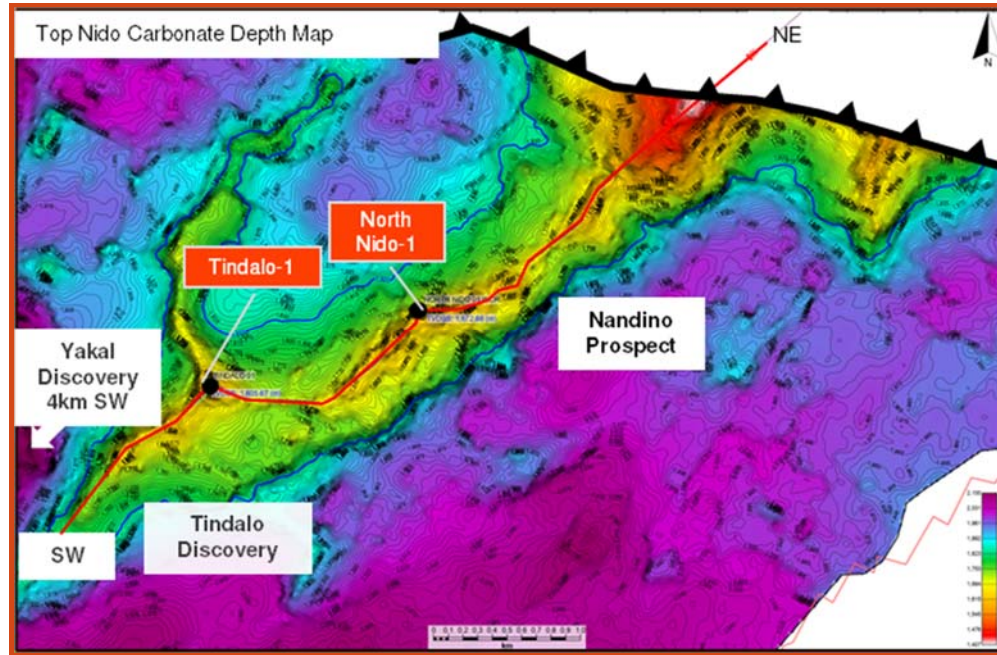
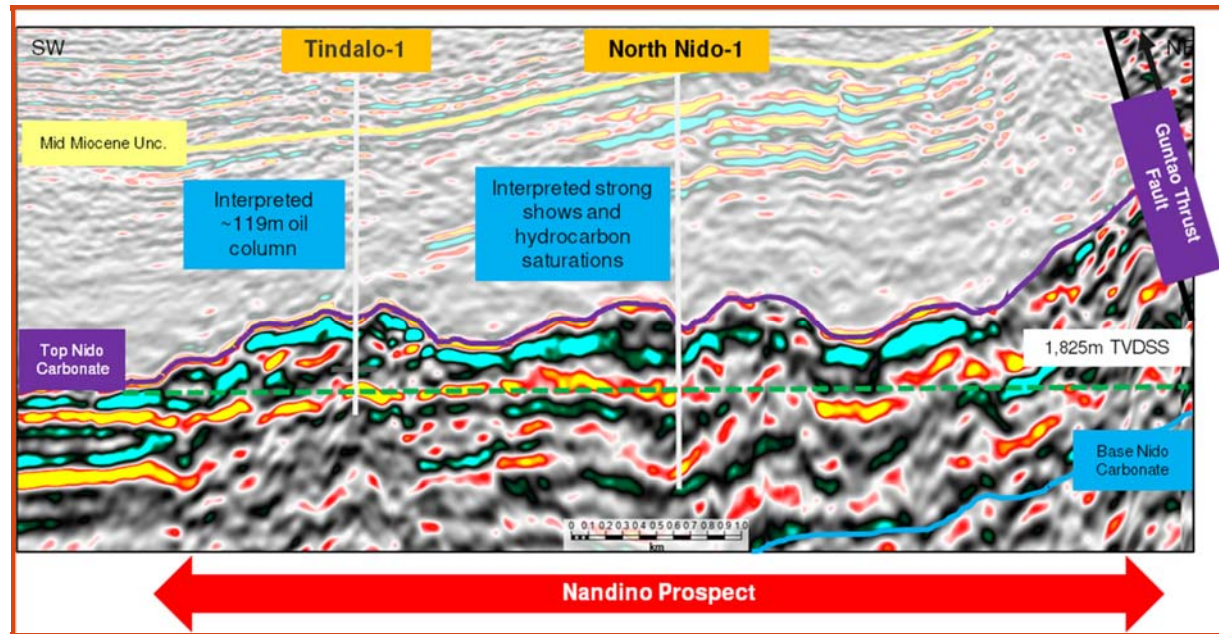
On 20 December 2021, Sacgasco sold 12.5% working interest held by TG World (BVI) Corporation in Service Contract 54, and granted a Farmin Option to Blue Sky International Holding Inc. (**Blue Sky**) for a consideration of C\$200,000 (approximately A\$220,000).

The Farmin Option was exercised by Blue Sky on 4 March 2022. Subject to regulatory approval and rig availability, Blue Sky will pay Sacgasco’s 72.5% working interest share of the Nandino Prospect well cost up to and including wireline logging on a 2 for 1 basis to earn 36.25% participating interest when the farmin obligations are fulfilled. Blue Sky also has a 12.5% participating interest in SC 54 via its acquisition of TG World.

Planned Work Program SC 54

The SC54 Joint Venture is utilising carbonate facies modelling to identify reservoir sweet spots and confirm the proposed drilling location for the Nandino Prospect located updip from Tindalo, North Nido and Yakal oil discovery wells.

Nido as Operator submitted a preliminary drilling proposal for the Nandino Prospect for review and approval by the Philippines Department of Energy (DOE). The plan is to drill the Nandino well as soon as practicable in 2022 subject to DOE approval.



Nandino Prospect- Top Nido Limestone map

Nandino Prospective Resources SC 54

The Prospective Resources for the Nandino Prospect have been endorsed by RISC Advisory (**RISC**) (ASX Announcement dated 3 March 2022).

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The Nandino Prospect is targeting 27 million barrels of recoverable oil (mean unrisks Prospective Resource):

- Nandino lies updip and on-trend with 4 oil discoveries within SC 54 (SGC 72.5% WI).
- 119m+ oil column (Tindalo) and strong oil shows interpreted (North Nido) in two previous tests of the greater Nandino structure.

Nandino Prospective Resources (100%)	Oil in Place	Recoverable Oil	Net to SGC (Nido) 72.5%	After farmout - net to SGC (Nido) 36.25%
P90 (million barrels)	24.2	6.6	4.8	2.4
P50 (million barrels)	75.3	21.9	15.9	7.95
P10 (million barrels)	175.0	54.2	39.3	19.65
Mean (million barrels)	91.0	27.3	19.8	9.9

Note 1: The estimated quantities of hydrocarbons that may potentially be recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation is required to determine the existence of a significant quantity of potentially movable hydrocarbons.

Note 2: The resource estimates have been prepared using the probabilistic method and are presented on an unrisks basis. In a probabilistic resource distribution, P90 (Low), P50 (Best), P10 (High) estimates represent the 90%, 50% and 10% probability respectively that the quantity recovered will equal or exceed the estimate assuming a success case in the prospect.

Note 3: The resource estimates are reported as at an evaluation date of March 2022.

Note 4: The Nandino Prospect lies wholly within SC 54 where Sacgasco (Nido) owns a consolidated 72.5% participating interest. Subject to DOE approval, the Company granted, and Blue Sky has exercised a 2:1 farmin option on Nandino over its current working interest which will reduce SGC (Nido) participating interest to 36.25% when the farmin has been approved and farmin terms satisfied.

A drilling site survey and well proposal submission is planned for early April 2022.

Service Contract SC 6B Cadlao (SGC 9.09%, 72.727% after Farmin) (Technical Operator)

On 15 December 2021, Sacgasco's subsidiary Nido secured a Sale and Purchase Agreement in relation to Service Contract Block 6B ("**SC 6B**") designed to accelerate the anticipated redevelopment of the Cadlao Oilfield and exploration of nearby East Cadlao oil prospect.

Under the Agreement, Nido paid A\$250,000 to the previous operator of SC 6B (Manta Oil Company Limited, "**MOCL**") upon their withdrawal from SC 6B in return for their proprietary database. The database will enhance and accelerate the planned development activities on SC 6B. This consideration is intended to be cost recovered out of any future Production Revenues from SC 6B.

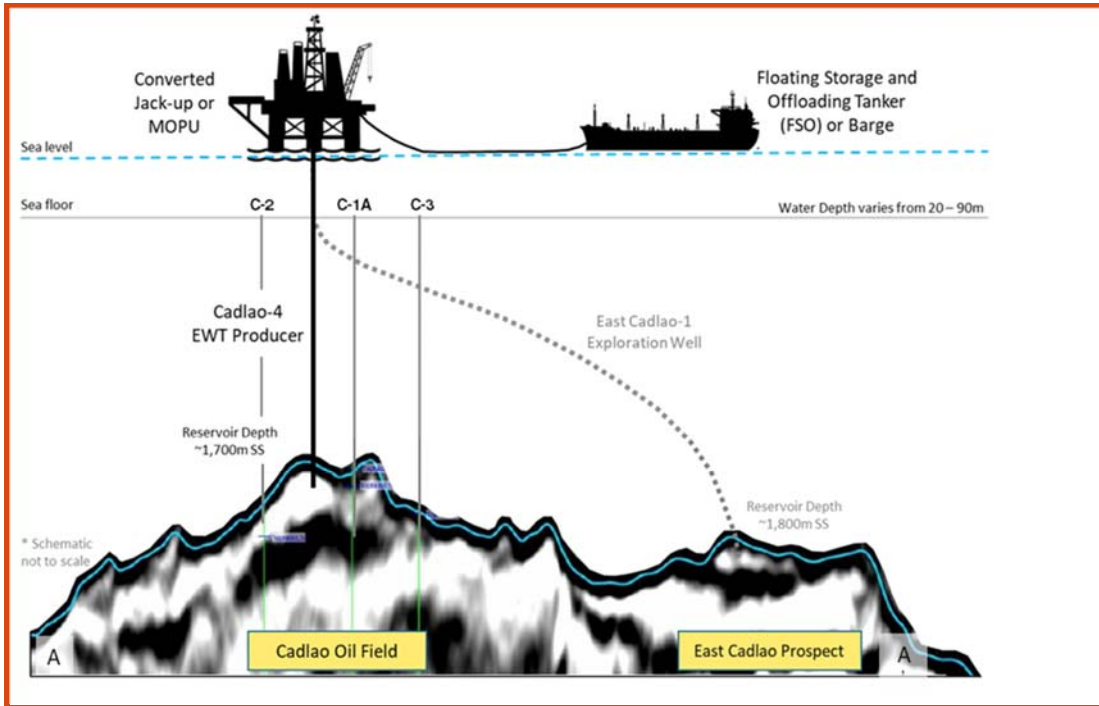
Planned Work Program SC 6B

The Cadlao Field previously produced 11.1 million barrels of oil between 1981 and 1991 and at the time production ceased the field was still producing 950 bopd (separated from 5,900 barrels of produced liquid per day) from 2 subsea wells. Initial production from the discovery well, Cadlao-1A, was over 6,000 bopd.

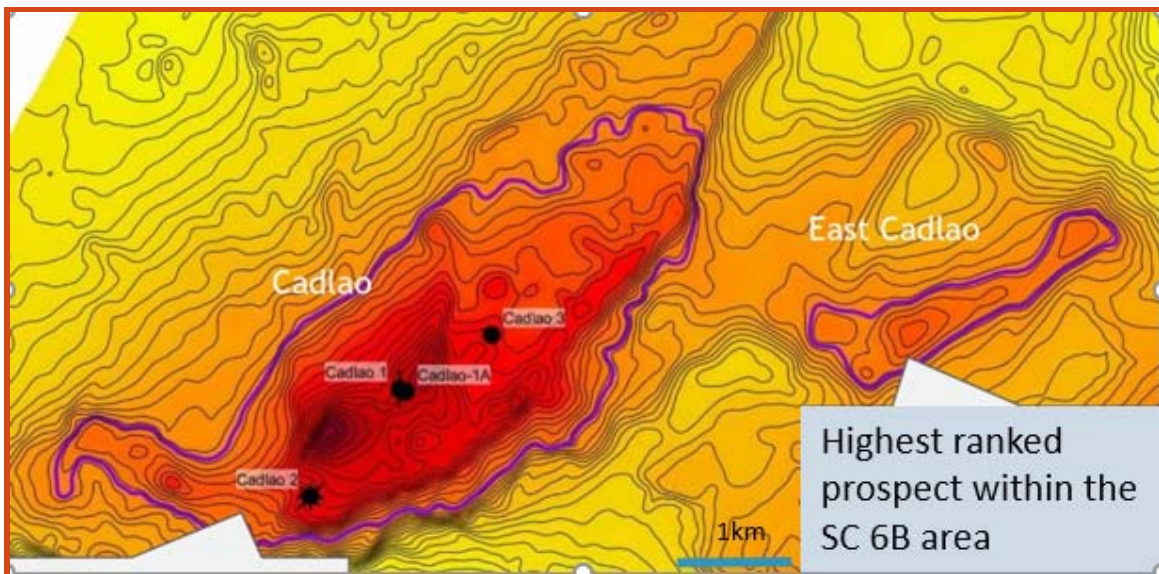
A proposal to drill a new well aimed to recover oil updip from the prolific Cadlao 1 well and to then conduct an Extended Well Test ("EWT") to maximize reservoir knowledge and reduce risks associated with redevelopment of the field, as well as provide early cashflow is being prepared for submission to Joint Venture partners and the DOE.

A Plan of Development (POD) is also being prepared which will be subject to the EWT confirming the commerciality.

In recognition of Sacgasco's (including Nido) expertise and in-country history and reputation, the SC 6B Joint Venture has agreed to appoint its wholly owned subsidiary, Nido, as the technical operator for SC 6B to design, manage and execute the drilling, subsequent EWT, and a consequent POD.



Cadlao Oil Field Redevelopment Plan



Cadlao Oil Field Near Top Nido Limestone Map

Given its close proximity to Cadlao, there is also the opportunity to drill the East Cadlao Prospect from a Cadlao EWT location, subject to further maturing of the prospect to drill ready status.

An independent oil reserves review has been commissioned for Cadlao and is expected to be completed in April 2022.

Service Contract SC 58 (Nido (SGC) 50%, Operator)

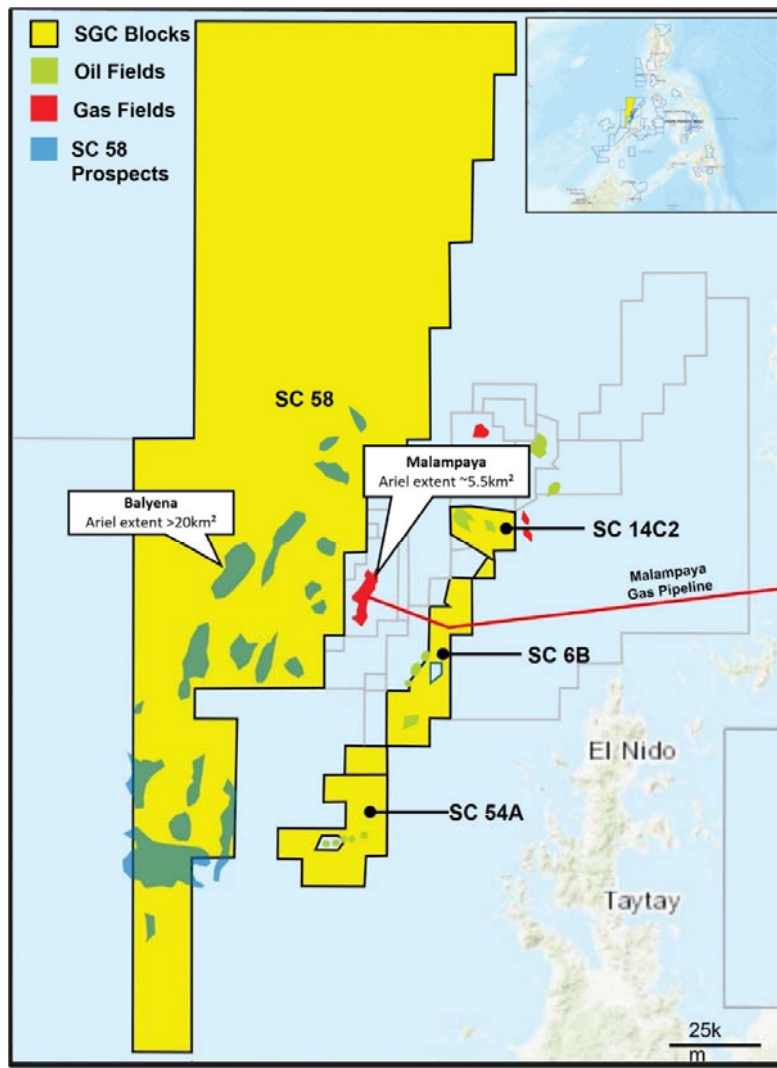
In November 2021, Nido secured an extension of Service Contract 58 ("SC 58") from the Department of Energy of the Philippines primarily for reasons related to COVID-19.

Service Contract 58 is Nido operated with a 50% participating interest. Nido is paying 100% of all Sub-Phase 3 costs under the Service Contract.

The current Sub-Phase 3 of SC 58 (which includes a commitment well) will be restarted at either the 16 October 2022 or the lifting of the state of public health emergency in the Philippines, whichever comes later. SGC's paying interest will revert to 50% when Sub-Phase 3 is completed.

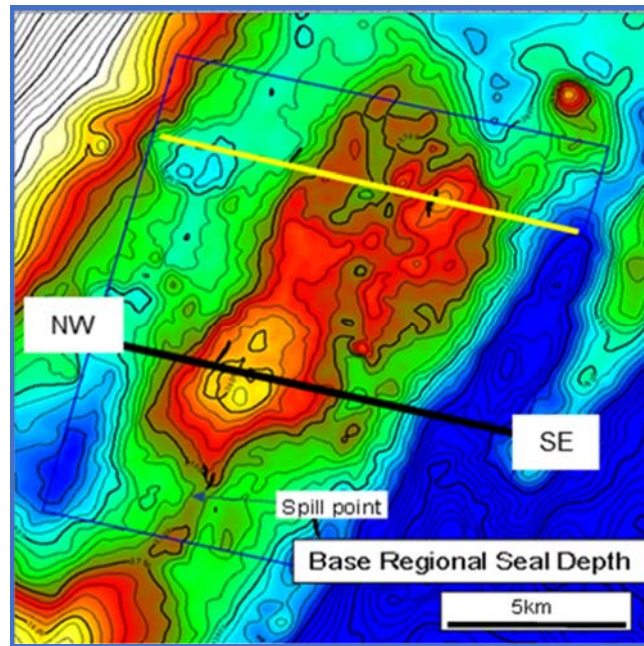
SC 58 covers 13,440 square kilometres and Nido has mapped more than 10 prospects on 3D and 2D seismic.

Prospect and lead outlines are shown in green in the map below:

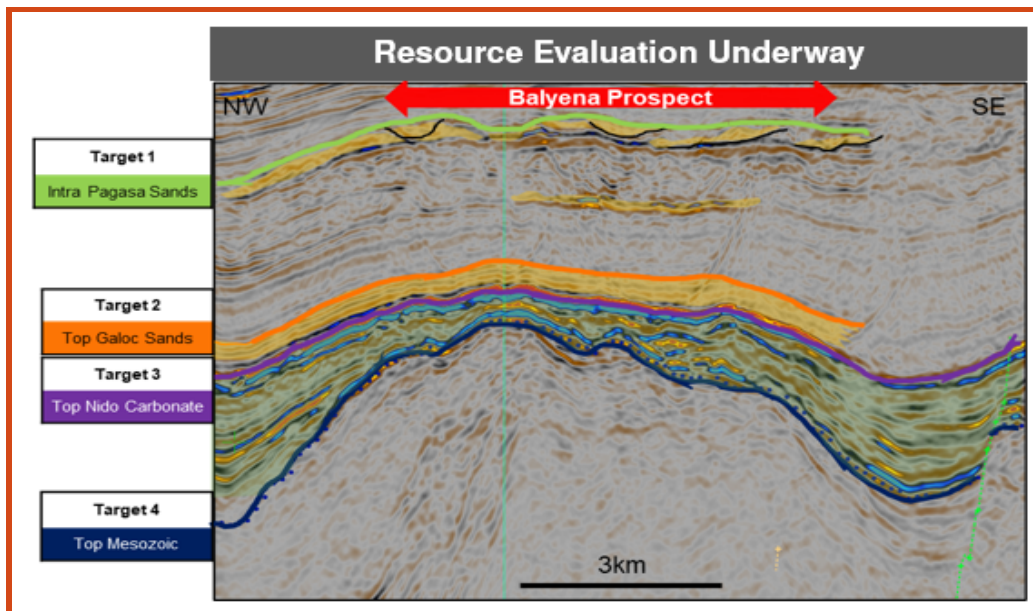


SC 58 Prospects and Leads

Balyena Prospect is a highly prospective example with multiple stacked targets accessible in a single exploration well located outboard of the 3.2 Tcf Malampaya Gas Field which is connected by underutilized pipeline to energy hungry Manila.



Balyena Prospect- 4 Stacked Targets



Balyena Prospect Stacked Targets

Nido will undertake development concept and screening studies to assess the potential economic value of a notional gas discovery in SC 58, including the opportunity to access the Philippine energy market via the Malampaya pipeline to Luzon.

SC 14C2 West Linapacan (Nido (SGC) 22.28%, Non-Operator)

The West Linapacan Field previously produced 8.5 mmstb and was shut in in 1996 due to facility constraints and a corresponding low oil price environment. Nido is considering development and funding options for the redevelopment of the West Linapacan Field.

Service Contract 14C2 – West Linapacan A & B Fields

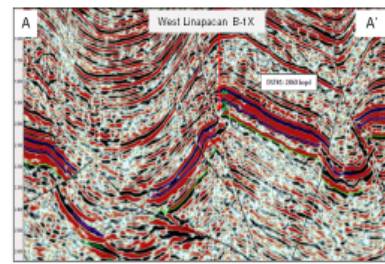
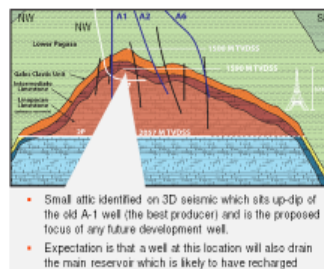
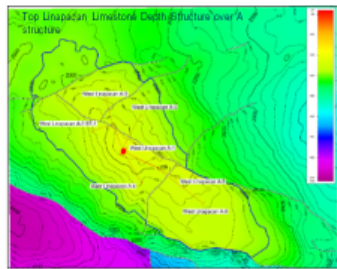
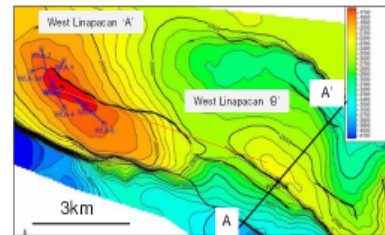
Near-term re-development opportunity with significant potential, de-risked by historical production

Service Contract 14C2 Summary

- Philodrill Operated; Nido 22.28% WI; Water depth 300-340m
- WLPB Discovered in 1990, Produced 8.5 mmstb from vertical wells before being shut
- Peak production ~18,000 bopd; producing 1,800 bopd when wells shut in and suspended due to low oil prices (1996)
- WLPB discovered in 1993, flowed 2,900 bopd on test but never developed
- Miocene aged fractured carbonate platform – thrust anticlines
- Review of Contingent Resource estimates currently underway

Development of Contingent Resource Base

- Current oil price and technology developments make the project commercially attractive
- Expectation that the WLPB reservoir will have recharged during the extended shut-in
- JV in discussions with neighbouring operators on joint development options and utilising existing production facilities



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SC 14C2 West Linapacan A and B Field Redevelopment Opportunities

The SC 54 focused Carbonate facies modelling study referred to earlier will also evaluate sweet spots within the discovered fields and other prospects within the various Service Contracts for future assessment.

Future Philippines Oil Sales Agreement

On 3 September 2021, Sacgasco executed an offtake agreement for its future Philippines crude oil production with a Bangchak Corporation (“Bangchak”) subsidiary. Bangchak owns and operates a 120,000 bopd oil refinery in Thailand. The offtake price will be determined and agreed for each production asset and will be dependent upon criteria including oil quality and cargo size. Sacgasco retains the right to sell any oil produced to other parties at more favourable terms in the event Sacgasco and BCP cannot reach agreement on pricing.

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ONSHORE CANADA - Province of Alberta

Sagasco has Working Interests ("WI") in two groups of Non-Operated Onshore Assets in Alberta, Canada - Red Earth and Alberta Plains.

SAGASCO CANADA TENEMENT TABLE (as at 31 December 2021)

Project Names	Leases, Related Gas Field (HBP Leases); of key well	Project Type	Working Interest (WI)*
Red Earth Assets (Canada)	Oil and gas Mineral Leases and wells and associated Infrastructure	Production	30%
Alberta Plains Assets (Canada)	Oil and gas Mineral Leases and wells and associated Infrastructure	Production	20%



Location of SGC Assets in Alberta and British Columbia



Red Earth Assets

Red Earth WI 30% (Non-Operated)

On 25 March 2021 Sagasco settled the purchase of 30% WI in the Red Earth Asset consisting of 6 oilfields and associated infrastructure, located 450 km north of Edmonton.

Cumulative sweet light oil (average oil quality of 39° API) oil production from the assets over 30 years to date has been around 63 million barrels with a low 10% base decline rate.

Opportunities exist to return currently idled wells to production.

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Large Treater on Red Earth Asset

Alberta Plains WI 20% (Non-Operated)

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

Canadian Assets Reserve Reports

Independent Reserves Reports were undertaken by GLJ Limited on Sagasco's Red Earth properties and by McDaniel on the Alberta Plains properties. The Reserve Reports were based on 31 December 2021 data.

Sagasco Net Reserves on 31 December 2021

Independent Reserves Reports were undertaken by GLJ Limited on Sagasco's Red Earth properties and by McDaniel on the Alberta Plains properties. The Reserve Reports were based at 31 December 2021.

The tables below identify regional Reserves net to Sagasco in Alberta, Canada, Before and After Royalty adjustments. The totals may not add exactly due to rounding effects.

Sagasco Canada Net Reserves on 31 Dec 2021:

Red Earth Reserves Table – 31 Dec 2021 GLJ Limited	SGC WI	SGC Reserves Red Earth Before Royalty 31 Dec 2021	SGC Reserves Red Earth After Royalty 31 Dec 2021
Barrels of Oil Equivalent (BOE)			
Proved Producing (PDP)	30%	629,000	572,000
Proved Developed Not Producing (PDNP)	30%	598,000	553,000
Proved Undeveloped (PUD)	30%	91,000	79,000
Total Proved (1P) Reserve		1,302,000	1,204,000
Probable Reserves (Prob.)	30%	654,000	598,000
Total Proved plus Probable (2P) Reserves		1,956,000	1,801,000

Note – Conversion Factor: 6 mcf gas equals 1 BOE.

Alberta Plains Reserves Table – 31 Dec 2021 McDaniel	SGC WI	SGC Reserves Alberta Plains Before Royalty 31 Dec 2021	SGC Reserves Alberta Plains After Royalty 31 Dec 2021
Barrels of Oil Equivalent (BOE)			
Proved Producing (PDP)	20%	362,356	333,956
Proved Developed Not Producing (PDNP)	20%	54,000	49,778
Proved Undeveloped (PUD)	20%	20,089	18,311
Total Proved (1P) Reserve		436,500	402,000
<i>Probable Reserves (Prob.)</i>	20%	195,822	178,089
Total Proved plus Probable (2P) Reserves		632,200	580,200

Canada - TOTAL Reserves Table 31 Dec 2021	SGC Reserves Canada Before Royalty 31 Dec 2021	SGC Reserves Canada After Royalty 31 Dec 2021
Barrels of Oil Equivalent (BOE)		
Proved Producing (PDP)	991,356	905,956
Proved Developed Not Producing (PDNP)	652,000	602,778
Proved Undeveloped (PUD)	111,089	97,311
Total Proved (1P) Reserve	1,738,500	1,606,000
<i>Probable Reserves (Prob.)</i>	849,822	776,089
Total Proved plus Probable (2P) Reserves	2,588,200	2,381,200

Refer to additional Information below.

At Red Earth, 100% of the Proved Plus Probable Reserves are light oil.

At Alberta Plains, 84% of the Proved plus Probable (2P) reserves are oil and 16% are Natural Gas and Natural Gas Liquids.

The following table and associated reconciliation notes identify and explains the changes in gross (100%) reserves between reporting dates for the Gross Reserves in the Alberta Canada producing assets in which Sacgasco has a working interest.

Canada 100% Reserves for Red Earth and Alberta Plains Reconciliation	100% Reserves Canada After Royalty 31 Dec 2019*	100% Reserves Canada After Royalty 31 Dec 2021	Difference between 100% Reserves Canada between Reserves Report Dates
Barrels of Oil Equivalent (BOE)			
Proved Producing (PDP)	5,807,800	3,576,447	(2,231,353)
Proved Developed Not Producing (PDNP)	1,683,400	2,092,223	408,823
Proved Undeveloped (PUD)	543,400	354,888	(188,512)
Total Proved (1P) Reserve	8,034,600	6,023,558	(2,011,042)
<i>Probable Reserves (Prob.)</i>	3,660,700	2,883,823	(776,877)
Total Proved plus Probable (2P) Reserves	11,695,300	8,907,382	(2,787,918)

Notes: * Reserves are for 100% of Non-Operated Alberta Producing Properties based on details available in ASX announcement platform releases "Sacgasco to acquire 300 BOPD in Producing Oil Fields" dated 20 November 2020 and "Sacgasco to Acquire 100 BOEPD in reactivated Oil Fields" dated 28 January 2021.

The Differences between Reserves on the reporting dates in the table above are:

Proved Producing (PDP) reserves on 31 December 2021 are reduced by Production in 2021 (approximately 650,000 BOE). Note the assets were acquired by the Sacgasco venture in February and March 2021; and reserves were further reduced by Production attributable to third parties which owned the assets from 1 January 2020, until the February and March 2021 acquisition by the Sacgasco venture; together with adjustments based on well performances and reduced prices in the pricing strip used for 31 December 2021 reserves estimation.

Other Proved (PDNP, PUD) and Probable Reserves are adjusted to reflect updated inputs including offsetting well performance, technical inputs, and future pricing strip.

Reserves Table Notes

Additional Information Required under Chapter 5 of the ASX Listing Rules to be read as Notes to Reserve Table:

1. The Reserves were estimated by qualified Independent Reserve Auditor GLJ Limited (Red Earth) and McDaniel & Associates Consultants Ltd (Alberta Plains) both of Calgary, Alberta, Canada; and have been classified in accordance with SPE-PRMS. They have been reviewed in detail by SGC's Competent Person, Mr Gary Jeffery. Mr Jeffery has more than 50 years technical, commercial and management experience in exploration appraisal and development of oil and gas. Mr Jeffery is a member of the American Association of Petroleum Geologists. Mr Jeffery has reviewed the information and supporting documentation referred to in this announcement and considers the reserve estimates to be fairly represented and consents to its release in the form and context in which it appears. His academic qualifications and industry memberships appear on the Company's website and Mr Jeffery is qualified in accordance with ASX listing rule 5.41. Terminology and standards adopted by the Society of Petroleum Engineers "Petroleum Resources Management System" have been applied in producing this document.

The Reserves Estimates compiled from data and information supplied by the Operator of the Red Earth and Alberta Plains Properties, Blue Sky Resources Limited under the supervision of Matthew Mazuryk. Mr Mazuryk has a Bachelor of Engineering Degree in Petroleum Engineering from Montana Technological University; he is a Registered Professional Engineer in the Province of Alberta and is qualified in accordance with ASX listing rule 5.41

2. QUALIFIED PETROLEUM RESERVES AND RESOURCE EVALUATOR REQUIREMENTS:

Red Earth Properties:

The reserves and resources information in this Australian Stock Exchange ("ASX") document relating to oil fields in the Red Earth Properties are based on, and fairly represent information prepared by, or under the supervision of Ryan F Campbell and Trisha S MacDonald from GLJ Limited ("GLJ").

Ryan Campbell is an employee of GLJ and has a Bachelor of Science Degree in Chemical Engineering from Calgary University. Mr Campbell is a Registered Professional Engineer in the Province of Alberta and is qualified in accordance with ASX listing rule 5.41.

Trisha S Macdonald is an employee of GLJ and has a Bachelor of Science Degree in Oil and Gas Engineering from Calgary University and is a Registered Professional Engineer in the Province of Alberta and is qualified in accordance with ASX listing rule 5.41.

GLJ and its named employees have consented to be named in this manner in this release.

Alberta Plains Properties:

The reserves and resources information in this Australian Stock Exchange ("ASX") document provided to McDaniel & Associates Consultants Ltd (McDaniel) relating to oil fields in the Alberta Plains Properties are based on, and fairly represent information prepared by, or under the supervision of Mike Verney.

Mike Verney is an employee of McDaniel and has a Bachelor of Applied Science and a Bachelor of Arts (Economics) from Queen's University. Mr Verney is a Registered Professional Engineer in the Province of Alberta and is qualified in accordance with ASX listing rule 5.41.

McDaniel and its named employees have consented to be named in this manner in this release.

3. Production trends and operating cost trends are well established, enabling the reliable prediction of future production by decline curve analysis, the estimation of future revenue from oil and gas sales as well as the forecasting of future costs. Economic life of reserves takes into account oil and gas revenues based on prevailing commodity pricing as well estimated operating costs, capital costs, royalties and mineral taxes.

4. The reserves are estimated at 31 December 2021 using Deterministic Methods based on estimates of future oil production using technical and economic data. The Reserves have been summed arithmetically and have not been adjusted for risk. Remaining oil production, based on analysis of well logs, geologic maps, seismic data, well test data, production data and property ownership information is multiplied by oil prices determined from a '3 Consultants Average' Price Deck (based on extensive market information and professional experience and expertise) at December 31, 2021, and which is part of a regular releases on the GLJ and McDaniel websites (Pricing Strip Tables included below for reference). These prices are adjusted for individual field related imposts to estimate future revenues. Operator supplied field Operating Costs based on actual and projected costs are deducted from revenues on a yearly basis to determine the economic limit of the wells and summed by individual field. Royalty payments are treated as Operating Cost deductions. Estimated individual field lives based on the above methods and 2P reserves ranged from 5 to 25 years. These will vary over times due to oil prices, operating costs, and other related imposts.
5. As in all aspects of oil and gas evaluation, there are uncertainties inherent in the interpretation of engineering and geoscience data; therefore, conclusions necessarily represent only informed professional judgement.
6. The Canadian Properties are non-operated.
7. Conversion factor for Natural gas: 6 mcf equals 1 Barrel of Oil Equivalent (BOE).
8. The Producing Reservoirs are predominantly conventional sandstone and limestone reservoirs.
9. Leases are Crown (Government awarded) Leases. Many leases are Held By Production (HBP); annual rentals are paid on leases that are not HBP.
10. Royalty paid to the Government based upon a formula where lower producing wells attract lower royalty. Based upon the current gross production, the production royalty averages around 12%.
11. Reserves are mostly based on normal oilfield primary recovery methods using predominantly bottom hole rod insert pumps with conventional pumpjacks; 3 wells use electric submersible pumps (ESP) Some areas of the Red Earth and Alberta Plains fields are under secondary recovery using waterflood and similar techniques.
12. Based on local reservoir experience further fracture stimulation and waterflooding may significantly increase reserves over time. The economic benefit and use of these techniques will be determined by economic analysis in the future.
13. No specialised processing of the oil is required.
14. Undeveloped Reserves are based on assumptions using the local cost of development wells to access the reserves, offset and analogue producing well performance and operating costs.
15. The production is transported by tankers and owned gathering pipelines to third party access pipelines to various markets in Canada, primarily local refineries. Oil prices received are local free market prices.

PRMS Reserves Classifications used in this Release:

1P Denotes low estimate of Reserves (i.e., Proved Reserves). Equal to P1.

2P Denotes the best estimate of Reserves. The sum of Proved plus Probable Reserves.

Proved Reserves are those quantities of Petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from known reservoirs and under defined technical and commercial conditions. If deterministic methods are used, the term "reasonable certainty" is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90% probability that the quantities actually recovered will equal or exceed the estimate.

Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate.

Developed Reserves are quantities expected to be recovered from existing wells and facilities.

Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate.

Developed Non-Producing Reserves include shut-in and behind-pipe reserves with minor costs to access.

Undeveloped Reserves are quantities expected to be recovered through future significant investments.

Pricing Strip Tables used in Reserves reporting

Table 1
GLJ, McDaniel, Sproule
Crude Oil and Natural Gas Liquids
3 Consultants' Average (2022-01)
Effective January 1, 2022

Year	Inflation %	CAD/USD Exchange Rate USD/CAD	NYMEX WTI Near Month Futures Contract Crude Oil at Cushing, Oklahoma		Brent Blend Crude Oil FOB North Sea	MSW, Light Crude Oil (40 API, 0.3%S) at Edmonton	Bow River Crude Oil Stream Quality at Hardisty	WCS Crude Oil Stream Quality at Hardisty	Heavy Crude Oil Proxy (12 API) at Hardisty	Light Sour Crude Oil (35 API, 1.2%S) at Cromer	Medium Crude Oil (29 API, 2.0%S) at Cromer	Alberta Natural Gas Liquids (Then Current Dollars)				
			Constant 2022 \$ USD/bbl	Then Current USD/bbl	Then Current USD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Then Current CAD/bbl	Spec Ethane CAD/bbl	Edmonton Propane CAD/bbl	Edmonton Butane CAD/bbl	Edmonton CS+ Stream Quality CAD/bbl
			2022	0.0	0.7967	72.83	72.83	75.33	86.82	75.22	74.43	66.46	87.24	83.94	11.48	43.39
2023	2.3	0.7967	67.21	68.78	71.46	80.73	69.92	69.17	61.90	81.09	78.06	10.33	35.92	50.17	85.53	
2024	2.0	0.7967	63.96	66.76	69.62	78.01	67.26	66.54	59.44	78.35	75.43	9.81	34.62	48.53	82.98	
2025	2.0	0.7967	63.95	68.09	71.01	79.57	68.60	67.87	60.64	79.91	76.94	10.01	35.31	49.50	84.63	
2026	2.0	0.7967	63.96	69.45	72.44	81.16	69.98	69.23	61.87	81.51	78.48	10.22	36.02	50.49	86.33	
2027	2.0	0.7967	63.95	70.84	73.88	82.78	71.37	70.61	63.10	83.14	80.05	10.42	36.74	51.50	88.05	
2028	2.0	0.7967	63.96	72.26	75.36	84.44	72.80	72.02	64.38	84.81	81.65	10.64	37.47	52.53	89.82	
2029	2.0	0.7967	63.95	73.70	76.87	86.13	74.25	73.46	65.67	86.50	83.29	10.86	38.22	53.58	91.61	
2030	2.0	0.7967	63.95	75.18	78.40	87.85	75.49	74.69	66.68	88.23	84.95	11.08	38.99	54.65	93.44	
2031	2.0	0.7967	63.95	76.68	79.97	89.60	77.00	76.19	68.02	90.00	86.65	11.31	39.77	55.74	95.32	
2032	2.0	0.7967	63.95	78.21	81.57	91.40	78.54	77.71	69.38	91.80	88.38	11.53	40.56	56.86	97.22	
2033	2.0	0.7967	63.96	79.78	83.21	93.23	80.11	79.26	70.77	93.63	90.15	11.77	41.37	58.00	99.17	
2034	2.0	0.7967	63.96	81.38	84.87	95.09	81.71	80.85	72.18	95.51	91.95	12.00	42.20	59.15	101.15	
2035	2.0	0.7967	63.96	83.00	86.57	96.99	83.35	82.47	73.63	97.42	93.79	12.24	43.04	60.34	103.17	
2036	2.0	0.7967	63.96	84.66	88.30	98.93	85.01	84.11	75.10	99.36	95.67	12.49	43.91	61.54	105.24	
2037+	2.0	0.7967	63.96	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	

Historical futures contract price is an average of the daily settlement price of the near month contract over the calendar month.

Table 2
GLJ, McDaniel, Sproule
Natural Gas and Sulphur
3 Consultants' Average (2022-01)
Effective January 1, 2022

Year	NYMEX Henry Hub Near Month Contract		Midwest Price at Chicago	AECO/NT Spot	Dawn Price at Ontario	Alberta Plant Gate			Saskatchewan Plant Gate			British Columbia	
	Constant 2022 \$ USD/MMBtu	Then Current USD/MMBtu	Then Current USD/MMBtu	Then Current CAD/MMBtu	Then Current USD/MMBtu	Constant 2022 \$ CAD/MMBtu	Then Current CAD/MMBtu	ARP CAD/MMBtu	SaskEnergy CAD/MMBtu	Spot CAD/MMBtu	Sumas Spot USD/MMBtu	Westcoast Station 2 CAD/MMBtu	Spot Plant Gate CAD/MMBtu
	2022	3.85	3.85	3.71	3.56	3.78	3.31	3.31	3.29	3.50	3.38	3.66	3.48
2023	3.36	3.44	3.30	3.20	3.37	2.89	2.96	2.93	3.15	3.03	3.28	3.14	2.89
2024	3.04	3.17	3.03	3.05	3.10	2.68	2.80	2.77	2.99	2.87	3.01	2.98	2.73
2025	3.04	3.24	3.09	3.10	3.16	2.68	2.86	2.83	3.05	2.92	3.07	3.04	2.79
2026	3.04	3.30	3.16	3.17	3.23	2.69	2.92	2.89	3.12	2.99	3.14	3.10	2.85
2027	3.04	3.37	3.22	3.23	3.29	2.69	2.98	2.95	3.18	3.05	3.20	3.16	2.91
2028	3.04	3.44	3.29	3.30	3.36	2.69	3.04	3.01	3.25	3.12	3.26	3.22	2.97
2029	3.04	3.51	3.36	3.36	3.43	2.70	3.11	3.08	3.32	3.18	3.33	3.29	3.04
2030	3.04	3.57	3.43	3.43	3.49	2.69	3.17	3.14	3.38	3.25	3.40	3.35	3.10
2031	3.04	3.65	3.50	3.50	3.57	2.70	3.24	3.21	3.45	3.32	3.47	3.42	3.17
2032	3.04	3.72	3.57	3.57	3.64	2.70	3.30	3.28	3.53	3.39	3.54	3.49	3.23
2033	3.04	3.79	3.64	3.64	3.71	2.70	3.37	3.34	3.60	3.46	3.61	3.56	3.29
2034	3.04	3.87	3.71	3.71	3.78	2.70	3.44	3.41	3.67	3.53	3.68	3.63	3.36
2035	3.04	3.95	3.79	3.79	3.86	2.70	3.51	3.48	3.74	3.60	3.76	3.70	3.43
2036	3.04	4.03	3.87	3.86	3.94	2.70	3.58	3.55	3.82	3.67	3.83	3.78	3.49
2037+	3.04	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	2.70	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr	+2.0%/yr

Unless otherwise stated, the gas price reference point is the receipt point on the applicable provincial gas transmission system known as the plant gate. The plant gate price represents the price before raw gathering and processing charges are deducted.



Representative Asset Oilfield Production Facilities (Little Bow Oilfield Battery)

Canada Oil and Gas Production

Canada Oil and Gas Production (BOE) ¹	2021 Year ending December 2021	2020 Year ending December 2020
SGC Production	108,928	0
SGC Production after Royalty	95,179	0
Note 1: Gas converted to BOE using 6:1 ratio		
Canadian Producing Assets acquired by SGC in February and March 2021		

Sagasco's share of Alberta production at the end of the reporting period (31 December 2022) was 322 BOE per day.

Sagasco's share of current Alberta production on 26 March 2022 is 423 BOE per day.

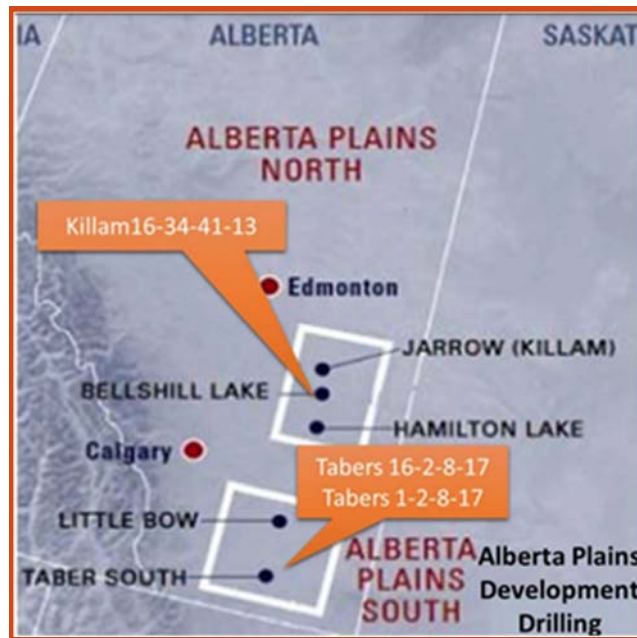
Hydrogen and Helium Potential

A multi-spectral satellite imagery study over Sagasco's Canadian assets in 2021 identified several significantly above-background hydrocarbon, hydrogen, and helium anomalies. The results of the study are being integrated with the extensive subsurface well control and other geophysical data including seismic to define potential exploration targets within the areas of operations. There is considerable interest and activity in Hydrogen and Helium production in Alberta and adjoining provinces.

2022 Planned Drilling Program

Alberta Plains Development Drilling

Sagasco will participate (20% WI) in a three-well program to drill three oil development wells in the Alberta Plains, Canada. Sagasco plans to fully fund its share of the drilling program from the Company's net operating cashflow.



Alberta Plains development wells

The total cost of the three well development program is estimated at A\$2.7 million (gross), which will be A\$540,000 net to Sacgasco.

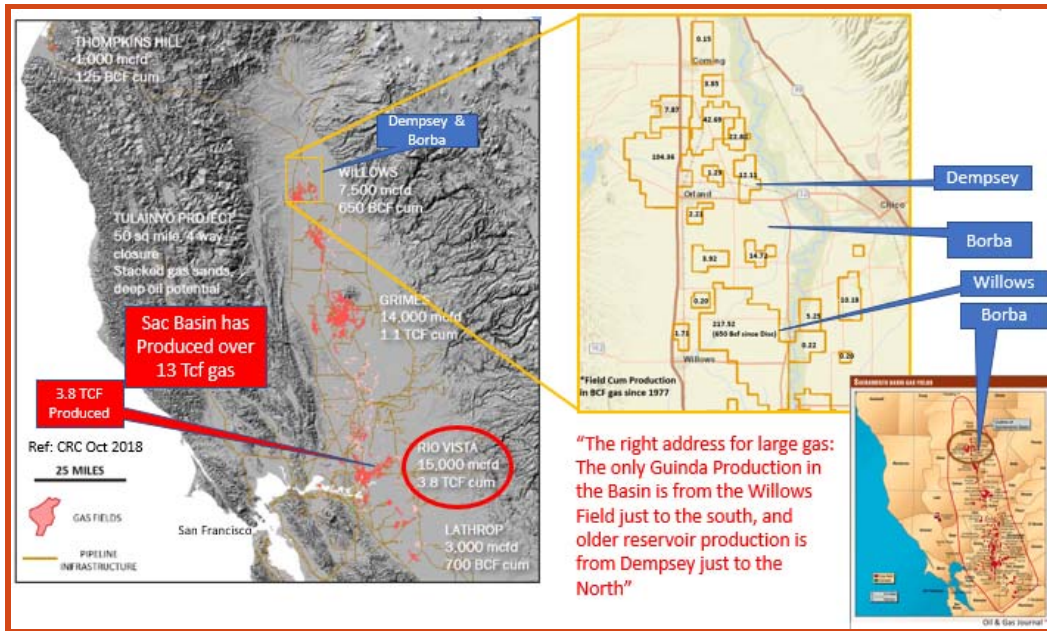
The Company anticipates a production increase of 200 BOEPD (gross) which equates to 40 BOEPD (primarily oil) net to SGC. Given the current reference oil price exceeding US\$90/bbl, production from these wells is projected to pay back the capital and operating expenditure in less than 12 months.

Drilling licences have been received from the Alberta Energy Regulator (AER). The Operator, Blue Sky Resources, has contracted a rig and purchased long lead items and will mobilise to drill the wells as soon as weather conditions allow. Sacgasco anticipates that the program will start in early Q2 2022.

The wells are mapped to be independent of each other and one well will target Proved Undeveloped ("PUD") Reserves, and the other two wells will target Probable Undeveloped Reserves.

In October 2021, an auction of oil and gas leases in the Red Earth Area surprised market participants with third-party winning bids materializing at around 10 times the value of the Sacgasco JV bid for the leases. This is interpreted to reflect changing perceptions of oil and gas lease values in the Red Earth Area and more broadly in Alberta Province of Canada. These lease sales effectively have revalued the values of Sacgasco's extensive oil and gas leases in Canada.

ONSHORE CALIFORNIA



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

During 2021, the Borba 1-7 well was drilled to a Total Depth of 8,824ft. After determining sub-commercial gas shows in the lower formations, the Company tested a total of 13 feet of perforations at approximately 3,900 feet (1,200 metres) in the Kione Formations. These perforations are within an interval of 92 feet of reported gas pay. The well flowed 2.1 million cubic feet of gas per day on 1/4" choke at 1440 psi Flowing Tubing Pressure and a stabilised Shut-in Tubing Pressure of 1,530 pounds per square inch.

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

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



Borba 1-7 pad



Borba 1-7 during flow testing

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Gas Usage review for Borba Gas

Following on from reviews of pipeline operating incidents, the local pipeline network owner imposed severe volume restrictions on the previously identified pipeline route for Borba natural gas. This restriction would have resulted in the Borba production being curtailed indefinitely to below its interpreted flow potential.

As a result, Sacgasco's team assessed other viable alternatives to monetise Borba's gas and surrounding prospects.

Local generation of hydrogen to supply the growing Californian market provides a number of advantages over the alternatives, including:

- Excellent technology acceptance by community and support for the development of California's hydrogen economy by local legislators.
- Established and fast-growing market demand.
- Route to market by road, no need for pipelines construction or access.
- Limited land use and associated regulatory approvals with hydrogen facilities potentially co-located at well-site.
- Diversify traditional O&G activities into well-supported renewable energy markets.

The Borba well natural gas may also be utilised for on-site generation of electricity, which in turn could be used by local power consumers.

The Sacgasco JV is developing partnerships with equipment and technology providers to support a natural gas consuming project at Borba. Sacgasco joined the Californian Hydrogen Business Council (CHBC) as a Silver Member to further its Hydrogen activities.

Gas Flows in Sacramento Basin

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

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

Current reference natural gas prices for Sacgasco gas sales in Sacramento Basin are around US\$6.20 / mcf (almost AUD \$9 /mcf).

California Gas Flows (mcf) ¹	2021	2020
Gross Production	144,886	166,937
SGC Production after Mineral Royalty	80,330	92,205
Note 1: mcf = Thousand Cubic feet gas		

SACGASCO CALIFORNIA TENEMENT TABLE (as at 31 December, 2021)

PROJECT NAMES	LEASES; RELATED GAS FIELD (HBP LEASES); OR KEY WELL	PROJECT TYPE	WORKING INTEREST (WI)*
<i>Dempsey Area Project</i>	Rancho Capay, Rice Creek, East Gas Fields - HBP Leases; Oil and Gas Mineral Leases	Exploration, Appraisal and Rework	40-60%
<i>Borba Project</i>	Oil and Gas Mineral Leases	Exploration	66.67%
<i>Los Medanos Project</i>	Los Medanos Gas Field HBP Leases	Appraisal and Rework	90%
<i>Malton Project</i>	Malton Gas Field HBP Leases and Oil and Gas Mineral Leases	Exploration, Appraisal and Rework	45-70%
<i>Dutch Slough Gas Project</i>	Dutch Slough Gas Field HBP Leases	Exploration, Appraisal and Rework	70%
<i>Rio Vista Gas Project</i>	Rio Vista Field Wells HBP Leases	Gas flow, development, and Rework	100%
<i>Willows Gas Field (Non-operated)</i>	Willows Gas Fields HBP Leases	Gas flow and Rework	10%
<i>Alvares Project</i>	Oil and Gas Mineral Leases; Alvares 1 well (P&A Re-entry)	Exploration and Appraisal	50%

* Approximate WI across the referenced Project

Sacgasco is the Operator of all but one of its WI wells and related tenements in California, located in the Sacramento Basin, onshore northern California.

Changes in Tenement / Project List in Reporting Period:

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

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

Leases

USA and Canadian exploration are conducted on leases grant by Mineral Right owners, in SGC's case primarily governments, private individuals or groups. Leases can vary in size from very small parcels (part of an acre) to large landholdings (covering a few square miles).

Leases generally are for 5 years', and rentals are paid annually. There are no firm work commitments associated with the leases. Some leases are 'Held by Production' and royalties are paid to mineral right owners in lieu of rentals. SGC has not listed all it leases as it is impractical and not meaningful for potential project value assessment in oil and natural gas plays. A detailed listing of leases may also lead to a loss of competitive advantage and consequent reduced value to SGC shareholders.

Philippines leases are issued by the Government of Philippines as Service Contracts with defined conditions that may be varied from time to time.

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Competent Persons

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 50 years technical, commercial and management experience in exploration for, appraisal and development, and transportation of oil and gas. He 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.

The timing of future events is subject to the normal industry vagrancies of operational matters and equipment availability which are outside the control of Sacgasco and its suppliers. Facilities depicted in images on the Sacgasco website are not necessarily assets of Sacgasco. Some of the images used represent aspects of the oil and gas industry in which Sacgasco is involved or images of equipment owned by companies providing services to Sacgasco.

Before investing it is recommended that investors conduct their own due diligence and consult financial and technical advisors and form their own opinions on future events and implications.

The Financial Year

Shares and Options

In May 2020, the Directors of Sacgasco announced the Company has entered into agreements with SGC shareholders who are sophisticated investors (Section 708) for the subscription and issue of unsecured convertible notes ("**Notes**") to raise \$400,500. These notes and payable interest were converted into Common Shares of SGC in February 2021.

In February 2021, Sacgasco Limited raised \$5,000,000 (before costs) via a private placement to new and existing domestic investors. The Placement issued 76.92 million new fully paid ordinary shares in the Company at an issue price of \$0.065 per share.

Unlisted Options exercisable @ 6 cents by 31 December 2022 18,000,000 were issued to Directors on 22 January 2021.

Issued capital includes 16,750 shares issued as a result of an option conversion in December 2021.

In December 2021, 131,899,719 SCGOA listed options expired, along with 16,000,000 Unlisted options with the same 4 cent option price.

SACGASCO LIMITED - Capital Structure	
Shares	484,157,427
Unlisted Options	
Unlisted Options, exercisable at 6c, expiring 31-Dec-22	18,000,000

OTCQB Market listing in North America

Sacgasco's application to join the OTCQB Market in the United States was accepted, and the Company's shares are now listed for trading under the code **SGCSF**.

The Company's primary listing will continue to be the Australian Securities Exchange (ASX). The OTCQB Market has robust financial reporting and corporate governance requirements. All these requirements are effectively satisfied by Sacgasco through its ongoing compliance with ASX Listing Rules.

Sacgasco sought OTCQB quotation to provide North American investors with enhanced accessibility and liquidity in trading of the Company's shares. The quotation delivers Sacgasco access to one of the largest investment markets in the world at relatively nominal cost (compared to traditional major exchanges) and with minimal additional compliance requirements.

No new shares in the Company are being issued in connection with commencement of trading on the OTCQB Market. Existing ordinary shares of Sacgasco may now also be traded on the OTCQB Market and investors can find real-time quotes and market information on the OTC Markets website (www.otcm Markets.com/stock/SGCSF/overview).

Corporate Activity

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

Sacgasco held its Annual General Meeting of shareholders on 28 May 2021 where all resolutions were passed.

Board and Management Changes

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

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

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

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

On 28 October 2021, Sacgasco announced that it has contracted Marshall Hood as Asset Manager in the Philippines.

Public Presentations

Sacgasco's Managing Director, Gary Jeffery, presented to shareholders and investors at the Annual Good Oil Conference held in Perth, Western Australia (refer ASX Release dated 8 September 2021).

In December 2021, Gary Jeffery also presented to SEAPEX Philippines Forum for Nido Petroleum Philippines Pty Ltd, its wholly owned subsidiary. The forum provided the opportunity to present the company's Philippines Asset base, detailing the 4th Exploration and Production Phase in the offshore Palawan Basin.

DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'group') consisting of Sacgasco Limited (referred to hereafter as the Company') and the entities it controlled at the end of, or during, the year ended 31 December 2021.

DIRECTORS

The names of the Directors who held office during the whole of the financial year and up to the date of this report are noted below. Directors were in office for the entire period unless otherwise stated.

Information on Directors	Experience, special responsibilities, and other directorships
Name:	Andrew Childs
Title:	Non-Executive Chairman
Qualifications:	BSc.
Appointed:	25 November 2008
Experience and expertise:	Andrew graduated from the University of Otago, New Zealand in 1980 with a Bachelor of Science in Geology and Zoology. Having started his professional career as an Exploration Geologist in the Eastern Goldfields of Western Australia, Mr Childs moved to petroleum geology and geophysics with Perth-based Range Oil Australia (later named Petroz NL). He gained technical experience with Petroz as a Geoscientist and later commercial experience as the Commercial Assistant to the Managing Director. Mr Childs is also Principal of Resource Recruitment.
Other current public directorships:	Non-executive Director of ADX Energy Limited since 11 November 2009
Former directorships (past 3 years):	None
Special responsibilities:	Member of the Audit and Risk Management Committee
Interests in shares:	7,972,975
Interests in options:	6,000,000

DIRECTORS (continued)

Information on Directors	Experience, special responsibilities, and other directorships
Name:	Gary Jeffery
Title:	Managing Director
Qualifications:	BSc.
Appointed:	24 October 2013
Experience and expertise:	<p>Gary has over 48 years of project development, operations and exploration experience in the oil, gas and mining and energy utilities industries, having worked for both large and small organisations in over thirty countries worldwide.</p> <p>He is an experience director of public companies in Australia, Uganda, and Canada, and has broad international experience in resources, and provides consulting services on energy and resource related matters.</p> <p>Gary graduated with a BSc in Geology and Geophysics from the University of New England. He is a WA Energy Research Alliance (WAERA) Industry Advisory Group participant.</p>
Other current public directorships:	None
Former directorships (past 3 years):	None
Special responsibilities:	None
Interests in shares:	23,264,158
Interests in options:	10,000,000

DIRECTORS (continued)

Information on Directors	Experience, special responsibilities, and other directorships
Name:	Joanne Kendrick
Title:	Non-Executive Director
Qualifications:	BEng. (Hons)
Appointed:	1 June 2021
Experience and expertise:	<p>Joanne is a Petroleum / Reservoir Engineer holding a Bachelor of Engineering (Hons) from the University of Adelaide and is a member of the Australian Institute of Company Directors ("MAICD").</p> <p>She is an experienced industry professional with more than 25 years' experience in technical and executive roles with Woodside Petroleum, Newfield Exploration, Gulf Canada, Clyde Petroleum and Nido Petroleum.</p> <p>Throughout her career, Joanne has been directly responsible for managing production operations, exploration drilling and development projects, capital raisings, asset transactions and joint venture interests.</p>
Other current public directorships:	Non-Executive Director of Buru Energy Limited since 22 February 2021 Non-Executive Director of 88 Energy Limited since 2 August 2021
Former directorships (past 3 years):	Managing Director of Blue Star Helium Limited from 23 March 2018 until 14 April 2021
Special responsibilities:	Member of the Audit and Risk Management Committee
Interests in shares:	
Interests in options:	Nil Nil

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

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships' quoted above are directorships held in the last three years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

JOINT COMPANY SECRETARIES

David McArthur is a Chartered Accountant and was appointed to the position of Company Secretary on 24 October 2013. Mr McArthur has over 30 years' experience in the corporate management of publicly listed companies and has substantial experience in capital raisings, company re-organisations and restructuring, mergers and takeovers, and asset acquisitions by public companies.

Jordan McArthur is a Chartered Accountant and was appointed to the position of joint Company Secretary on 28 February 2021. Mr McArthur has over 10 years' corporate and financial experience in Australia and the United Kingdom.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors ("the Board") and of each Board committee held during the year ended 31 December 2021, and the number of meetings attended by each director was:

	Full Board		Audit and Risk Management Committee	
	Attended	Held	Attended	Held
Andrew Childs	4	4	2	2
Gary Jeffery	4	4	2	2
Joanne Kendrick	3	3	1	1
David McArthur	1	1	1	1

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

The small size of the Board means that members of the Board meet informally on a regular basis to discuss company operations, risks, and strategies, and as required, formalise key actions through circular resolutions.

The audit and risk management, finance and environmental functions are handled by the full board of the Company.

In addition to the meetings held above, a number of decisions of the Board were undertaken via circular resolution (11).

PRINCIPAL ACTIVITIES

During the financial year the principal activities of the Group was oil and gas exploration with associated natural gas flows as a by-product in California, oil and gas exploration, production and development activities in Canada, and oil and gas exploration, appraisal, and development in the Philippines.

REVIEW OF OPERATIONS

The Review of Operations for the year ended 31 December 2021 is set out on pages 3 to 26 and forms part of this Directors' Report.

OPERATING RESULTS

The loss for the financial year ended 31 December 2021 attributable to members of Sacgasco Limited after income tax was \$10,681,643 (2020: \$1,734,221).

The Group has a working capital deficit of \$3,756,986 (2020: surplus of \$757,866) and had net cash outflows of \$493,262 (2020: net cash inflows of \$1,458,928).

DIVIDENDS

The Directors recommend that no dividend be provided for the year ended 31 December 2021 (2020: Nil).

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 END OF THE FINANCIAL YEAR

Other than as disclosed in note 32 of the notes to the consolidated financial statements, there have been no other matters or circumstances that have arisen since the end of the financial year 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.

LIKELY DEVELOPMENTS

The Group is focussed on oil and gas production and exploration within its current portfolio as disclosed in the Review of Operations and will also continue to assess other oil and gas related opportunities which may offer value enhancing opportunities for shareholders.

ENVIRONMENTAL REGULATIONS

The Group is subject to significant environmental regulation in relation to its activities in the various regions in which it is involved. It aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation.

The Group is not aware of any significant breaches of these laws and regulations during the period covered by this report.

INDEMNITY AND INSURANCE OF OFFICERS

The Company has agreed to indemnify all Directors and Company Secretaries against any liability arising from a claim brought by a third party against the Company. The Company has paid premiums to insure each Director and Company Secretary against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct whilst acting in the capacity of Director of the Company, other than conduct involving wilful breach of duty in relation to the Company. The current premium is \$33,794 (2020: \$41,670) to insure the Directors and Company Secretaries of the Company.

SHARES UNDER OPTION

Unissued ordinary shares of Sacgasco Limited under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price cents	Number under option
22-Jan-2021	30-Dec-2022	6	18,000,000

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the Company or of any other body corporate.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

The following ordinary shares of Sacgasco Limited were issued during the year ended 31 December 2021, and up to the date of this report, on the exercise of options granted:

Date options granted	Exercise price cents	Number of shares issued
15-Oct-2019	4	1,546,949
31-May-2019	4	3,000,000
29-Jan-21	6	2,000,000

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

NON-AUDIT SERVICES

No non-audit services were provided during the year from the auditor of the Company, HLB Mann Judd.

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 35.

AUDITOR

HLB Mann Judd (WA Partnership) continues in office in accordance with section 327 of the *Corporations Act 2001*.

AUDITED REMUNERATION REPORT

This report, which forms part of the Directors' Report, outlines the remuneration arrangements in place for the Directors of Sacgasco Limited for the year ended 31 December 2021. There were no other key management personnel during the year. The information provided in this remuneration report has been audited as required by Section 308(3C) of the *Corporations Act 2001* and its Regulations.

The Remuneration Report details the remuneration arrangements for the Directors who are defined as those persons having authority and responsibility for planning, directing, and controlling the major activities of the Group, directly or indirectly, whether executive or otherwise.

Remuneration philosophy

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results achieved. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ("the Board") ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Board is responsible for determining and reviewing remuneration arrangements for its directors. The performance of the Group depends on the quality of its key management personnel. The remuneration philosophy is to attract, motivate and retain high performance and high-quality personnel.

The reward framework is designed to align executive reward to shareholders' interest. The Board has considered that it should seek to enhance shareholders' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate and distinct.

Non-Executive Directors' Remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payment are reviewed annually by the Board. The Board may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to the determination of his own remuneration.

Remuneration structure (continued)

Non-Executive Directors' Remuneration (continued)

ASX Listing Rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held in 2005, where the shareholders approved a maximum annual aggregate remuneration of \$150,000.

Each Non-Executive Director receives a fee for being a Director of the Company which is inclusive of statutory superannuation and membership of sub-committees:

- Non-Executive Directors \$36,000 p.a. inclusive of statutory superannuation
- Chairman \$40,000 p.a. inclusive of statutory superannuation

In addition to their base fees, non-executive directors may also receive payment for consultancy services at the lesser of \$200 per hour or \$1,500 per day plus any reimbursable expenses.

Executive Directors' Remuneration

The Group aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

There are four components to the executive remuneration and reward framework:

- base pay and non-monetary benefits,
- share-based payments,
- other remuneration such as superannuation and long-service leave.

The combination of these comprises the executive's total remuneration.

Fixed remuneration

Fixed remuneration, consisting of base salary, superannuation, and non-monetary benefits, are reviewed annually by the Board. The process consists of a review of relevant comparative remuneration in the market and internally and, where appropriate, external advice on policies and practices. The Board has access to external, independent advice where necessary.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the Group and provides additional value to the executive.

Short-term incentive scheme

The short-term incentives ("STI") program is designed to align the targets of the business units with the performance hurdles of key management. STI payments are granted to executives based on specific annual targets and key performance indicators ("KPIs") being achieved. At this stage, the Group does not award any STIs.

Long-term incentive scheme

The long-term incentives ("LTIs") include long-service leave and share-based payments. Share options are awarded to executives and other key management in a manner that aligns this element of remuneration with the creation of shareholder wealth.

The Company has adopted an Employee Incentive Option Plan (Plan). Under the Plan, the Company may grant options to Company eligible employees and consultants to attract, motivate and retain key employees over a period of three years up to a maximum of 10% of the Company's total issued ordinary shares at the date of the grant. Director options are granted at the discretion of the Board and approved by shareholders. Performance hurdles are not attached to vesting periods however, the Board determines appropriate vesting periods to provide rewards over time.

Group performance and link to remuneration

The remuneration of the Group's key management personnel, including any component of remuneration that consists of securities in the Company, is not formally linked to the prior performance of the Group. The rationale for this approach is that the Group is in the exploration phase, and it is currently not appropriate to link remuneration to factors such as profitability or share price.

	2021	2020	2019	2018	2017
Production income	7,888,355	-	-	-	-
Other income	1,017,912	465,538	782,243	1,250,989	404,632
Loss before income tax (\$)	(10,316,883)	(1,730,534)	(1,314,164)	(1,972,174)	(6,714,764)
Net loss attributable to equity holders (\$)	(10,681,643)	(1,734,221)	(1,316,441)	(1,974,367)	(6,720,095)
Share price at year end (cents)	2.60	6.30	4.50	2.50	7.80
Number of listed ordinary shares	481,198,714	341,258,491	268,513,742	261,780,949	243,989,884
Weighted average number of shares	464,646,028	277,329,705	266,085,375	204,386,845	204,386,845
Basic loss per share EPS (cents)	(2.30)	(0.63)	(0.49)	(0.78)	(3.29)
Listed options	-	133,429,938	133,429,948	-	-
Unlisted options	18,000,000	19,000,000	19,000,000	43,000,000	37,500,000
Market capitalisation (\$)	12,511,167	21,499,285	12,083,118	7,591,648	19,024,191
Net tangible (liabilities) / assets (NTA) (\$)	(9,229,622)	844,695	(133,437)	561,307	1,517,627
NTA Backing (cents)	(1.92)	0.25	(0.05)	0.21	0.62

During the financial years noted above, there were no dividends paid or other returns of capital made by the Company to shareholders.

Use of remuneration consultants

No remuneration consultants provided services during the year.

Voting and comments made at the Company's 2021 Annual General Meeting ("AGM")

At the 2021 AGM, 100% of the votes received, supported the adoption of the remuneration report for the year ended 31 December 2020. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

Employment contracts

Remuneration and other terms of employment of the Managing Director is formalised in an employment contract. The major provisions of the agreement related to remuneration are set out below.

Name	Terms of agreement	Employee notice period	Employer notice period	Base salary **	Termination Benefit ***
Gary Jeffery *	Ongoing from 1 November 2013	Three months	Six months	\$200,000	Six months' base salary

* On 6 November 2013, a Deed of Executive Services Agreement was entered into with Dungay Resources Pty Ltd, a company associated with Gary Jeffery (effective 1 November 2013).

** Base salary is inclusive of the superannuation guarantee charge rate applicable at the time (currently 10%) and comprises \$100,000 cash and \$100,000 in shares for 50% of Mr Jeffery's time. Shares are issued on a calendar quarterly basis with shareholder approval. The issue price of the shares is the mathematical average of the VWAP for the first and the last five trading days in the calendar quarter.

*** Termination benefits are payable upon early termination by the Company, other than for gross misconduct. They are equal to base salary for the notice period.

Details of remuneration

Details of the remuneration of key management personnel of the Group are set out in the following tables.

	Short-term benefits		Share-based payments		Total
	Cash salary and fees	D&O insurance premiums	Shares	Equity-settled options (A)	
2021	\$	\$	\$	\$	\$
Non-executive Directors					
Andrew Childs	20,000	11,265	14,511	312,600	358,376
Joanne Kendrick (C)	10,500	4,660	10,500	-	25,660
Executive Directors					
Gary Jeffery	100,000	11,265	72,554	521,000	704,819
Former Directors					
David McArthur (B)	-	6,604	-	208,400	215,004
	130,500	33,794	97,565	1,042,000	1,303,859
2020					
Non-executive Directors					
Andrew Childs	20,000	13,890	17,012	-	50,902
David McArthur	-	5,161	-	-	5,161
Executive Directors					
Gary Jeffery	100,000	13,890	85,063	-	198,953
Former Directors					
Greg Channon	18,952	8,729	-	-	27,681
	138,952	41,670	102,075	-	282,697

(A) The fair value of options granted was determined using the Black-Scholes option pricing model,

(B) David McArthur was appointed on 17 August 2020 and resigned on 1 June 2021, and

(C) Joanne Kendrick has opted to receive her directors' fee on the same terms as Gary Jeffery and Andrew Childs, being 50% in cash and 50% in shares, subject to shareholder approval at the next general meeting. If not approved by shareholders, accrued fees will be settled in cash.

Details of remuneration (continued)

The proportion of remuneration linked to performance and the fixed proportion are as follows:

Name	Fixed remuneration		At risk - LTI	
	2021 %	2020 %	2021 %	2020 %
Non-executive Directors				
Andrew Childs	9	67	91	33
Joanne Kendrick	59	-	41	-
Executive Directors				
Gary Jeffery	16	57	84	43
Former Directors				
David McArthur	3	100	97	-
Greg Channon	-	100	-	-

No cash bonuses were granted during the year (2020: Nil).

Share-based compensation

Shares issued in lieu of deferred director fees

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

Quarter ended	Director name	Contractual value of services rendered \$	Market value of shares on grant date \$	No. of Plan Shares issued	Date of issue	Share price on grant date cents
31-Dec-20 ⁽¹⁾	Gary Jeffery	-	-	431,034	15-Jan-21	2.50
31-Dec-20 ⁽¹⁾	Andrew Childs	-	-	86,207	15-Jan-21	2.50
31-Mar-21	Gary Jeffery	25,000	8,012	320,513	14-Apr-21	2.50
31-Mar-21	Andrew Childs	5,000	1,603	64,103	14-Apr-21	2.50
30-Jun-21 ⁽²⁾	Gary Jeffery	25,000	23,438	781,250	02-Aug-21	3.00
30-Jun-21 ⁽²⁾	Andrew Childs	5,000	4,688	156,250	02-Aug-21	3.00
30-Jun-21 ⁽³⁾	Joanne Kendrick	1,500	-	-	-	-
30-Sep-21	Gary Jeffery	25,000	20,833	694,444	07-Oct-21	3.00
30-Sep-21	Andrew Childs	5,000	4,167	138,889	07-Oct-21	3.00
30-Sep-21	Joanne Kendrick	4,500	-	-	-	-
		96,000	62,741	2,672,690		

Share-based compensation (continued)

Shares issued in lieu of deferred director fees (continued)

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-21	Gary Jeffery	25,000	20,271	675,676	19-Jan-22	3.00
31-Dec-21	Andrew Childs	5,000	4,053	135,135	19-Jan-22	3.00
31-Dec-21	Joanne Kendrick	4,500	-	-	-	-
		34,500	24,324	810,811		

- (1) No value is recorded for contractual value of services and market value of shares in the current financial year as these expenses (\$12,931) were accrued as of 31 December 2020, but the shares issued on 15 January 2021.
- (2) At a general meeting on 28 May 2021, a share plan was approved by shareholders to satisfy 50% of the Executive Director and Chairman fees payable to Mr Jeffery and Mr Childs through the issue of shares on a quarterly basis for the period 1 April 2021 to 31 March 2022.
- (3) Subject to shareholder approval at the next shareholder meeting, 50% of Ms Kendrick's non-executive directors' fee will be payable through the issue of shares on a quarterly basis. Her non-executive directors' fee for the period 1 June 2021 to 31 March 2022 will be based on the market value and share price on grant date, being the next shareholder meeting.

Options granted as compensation

At the date of this report, share options granted to the Directors of the Company as part of their remuneration are:

	Number of options granted	Grant date	Value per option at grant date cents	Value of options at grant date \$	Vesting and first exercise date	Exercise Price Per option cents	Expiry date
Gary Jeffery	10,000,000	22-Jan-21	5.21	521,000	29-Jan-21	6.0	31-Dec-22
Andrew Childs	6,000,000	22-Jan-21	5.21	312,600	29-Jan-21	6.0	31-Dec-22
David McArthur	4,000,000	22-Jan-21	5.21	208,400	29-Jan-21	6.0	31-Dec-22

The options tabled above were provided at no cost to the recipients.

The cost of these options will form part of the 31 December 2021 remuneration report.

2,000,000 options granted as compensation in the current or prior years were exercised. At exercise date, the options had a market value of 2 cents, with a total value of \$400,000 (2020: nil).

16,000,000 options granted as compensation in prior years expired (2020: nil).

Additional disclosures relating to key management personnel

Shareholdings

The number of shares in the company held during the financial year by each director, including their personally related parties, is set out below:

	Held on 31 December 2020	Held on appointment / (resignation)	In lieu of fees	Conversion of options	Held on 31 December 2021
Andrew Childs	7,392,391	-	445,449	-	7,837,840
Joanne Kendrick	-	-	-	-	-
David McArthur ⁽¹⁾	-	(2,000,000)	-	2,000,000	-
Gary Jeffery	20,361,241	-	2,227,241	-	22,588,482
	27,753,632	(2,000,000)	2,672,690	2,000,000	30,426,322

Option holdings

The number of options over ordinary shares in the company held during the financial year by each director, including their personally related parties, is set out below:

	Held on 31 December 2020	Held on appointment / (resignation)	Granted as compensation	Exercised	Expired	Held on 31 December 2021	Vested and exercisable on 31 December 2021
Andrew Childs	9,224,769	-	6,000,000	-	(9,224,769)	6,000,000	6,000,000
Joanne Kendrick	-	-	-	-	-	-	-
David McArthur ⁽¹⁾	-	(2,000,000)	4,000,000	(2,000,000)	-	-	-
Gary Jeffery	17,823,485	-	10,000,000	-	(17,823,485)	10,000,000	10,000,000
	27,048,254	(2,000,000)	20,000,000	(2,000,000)	(27,048,254)	16,000,000	16,000,000

⁽¹⁾ David McArthur held 2,000,000 fully paid shares, and 2,000,000 options at the date of resignation as a director.

Additional disclosures relating to key management personnel (continued)

Share-based remuneration granted as compensation

For details of share-based payments granted during the year, refer note 23.

Other transactions with key management personnel

Details of other transactions with key management personnel not involving direct remuneration are disclosed in note 25.

END OF AUDITED REMUNERATION REPORT

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

31 March 2022
Perth, WA

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the consolidated financial report of Sagasco Limited for the year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.



Perth, Western Australia
31 March 2022

N G Neill
Partner

hlb.com.au

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HLB Mann Judd (WA Partnership) is a member of HLB International, the global advisory and accounting network.

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GENERAL INFORMATION

The consolidated financial statements cover Sacgasco Limited as a Group consisting of Sacgasco Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Sacgasco Limited's functional and presentation currency.

Sacgasco Limited is a listed public company limited by shares, incorporated, and domiciled in Australia. Its registered office and principal place of business are:

Registered office
Level 1,
31 Cliff Street
Fremantle WA 6160

Principal place of business
Level 2,
210 Bagot Road
Subiaco WA 6008

A description of the nature of the Group's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issued, in accordance with a resolution of directors, on 31 March 2022. The directors have the power to amend and reissue the financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Note	2021 \$	2020 \$
Production income	4	7,888,355	-
Other income	5	1,017,912	465,538
Finance income	6	401	1,134
Expenses			
Cost of sales		(6,344,778)	-
Other operating expenses	5	(895,918)	(731,769)
Exploration expenditure	8	(4,381,605)	(311,313)
Site restoration expense		-	(6,794)
Personnel expenses	7	(1,560,682)	(309,593)
General and administrative expenses		(178,418)	(123,078)
Withholding tax	17	(3,586,592)	-
Professional fees		(633,386)	(309,938)
Marketing and business development expense		(64,693)	(85,660)
Depreciation and amortisation – oil and gas properties		(994,313)	-
Depreciation and amortisation – other assets		(1,991)	(3,214)
Finance expenses	6	(954,820)	(27,468)
Foreign exchange gains / (losses)		172,340	(14,959)
Impairment gain / (loss) on trade receivables		201,305	(273,420)
Loss before income tax		(10,316,883)	(1,730,534)
Income tax expense	10	(364,760)	(3,687)
Loss for the year		(10,681,643)	(1,734,221)
Other comprehensive income			
Foreign currency translation difference of foreign operations		(405,104)	31,030
Total comprehensive loss for the year		(11,086,747)	(1,703,191)
Loss per share (cents per share)			
Basic and diluted	9	(2.30)	(0.63)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of 31 December 2021

	Note	2021 \$	2020 \$
Assets			
Cash and cash equivalents	11	1,286,051	1,735,573
Trade and other receivables	12	1,948,770	260,964
Inventory	13	48,771	-
Prepayments		100,323	18,150
Interest bearing assets	14	-	66,709
Other financial assets	15	-	142,952
Total current assets		3,383,915	2,224,348
Oil and gas properties	16	28,671,482	-
Capitalised exploration	17	6,062,915	-
Other financial assets	15	280,511	264,509
Property, plant, and equipment		3,079	4,857
Intangible assets		34	106
Total non-current assets		35,018,021	269,472
Total assets		38,401,936	2,493,820
Liabilities			
Trade and other payables	18	(4,782,003)	(1,140,746)
Borrowings	19	(839,534)	(319,423)
Employee entitlements	7	(27,191)	(6,313)
Site restoration provision	21	(903,257)	-
Contract liabilities	20	(219,639)	-
Current tax liabilities		(369,277)	-
Total current liabilities		(7,140,901)	(1,466,482)
Site restoration provision	21	(34,427,709)	(182,537)
Total non-current liabilities		(34,427,709)	(182,537)
Total liabilities		(41,568,610)	(1,649,019)
Net liabilities / (assets)		(3,166,674)	844,801

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
As of 31 December 2021

	Note	2021 \$	2020 \$
Equity			
Issued capital	22	29,941,940	23,635,092
Reserves		824,836	675,916
Accumulated losses		(33,933,450)	(23,466,207)
Total equity attributable to equity holders of the Company		(3,166,674)	844,801

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2021

	Issued capital	Equity component of convertible note	Translation reserve	Options reserve	Share-based payments reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$	\$	\$
Balance on 1 January 2020	21,304,674	-	160,526	110,200	23,438	(21,731,986)	(133,148)
Loss for the period	-	-	-	-	-	(1,734,221)	(1,734,221)
Foreign exchange translation difference on foreign operations	-	-	31,030	-	-	-	31,030
Total comprehensive loss for the period	-	-	31,030	-	-	(1,734,221)	(1,703,191)
<i>Transactions with owners in their capacity as owners</i>							
Contributions of equity, net of transaction costs	2,330,418	-	-	-	-	-	2,330,418
Issue of convertible notes	-	361,229	-	-	-	-	361,229
Share-based payments	-	-	-	-	(10,507)	-	(10,507)
Balance on 31 December 2020	23,635,092	361,229	191,556	110,200	12,931	(23,466,207)	844,801

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (continued)
For the year ended 31 December 2021

	Issued capital	Equity component of convertible note	Translation reserve	Options reserve	Share-based payments reserve	Accumulated losses	Total equity
	\$	\$	\$	\$	\$	\$	\$
Balance on 31 December 2020	23,635,092	361,229	191,556	110,200	12,931	(23,466,207)	844,801
Loss for the period	-	-	-	-	-	(10,681,643)	(10,681,643)
Foreign exchange translation difference on foreign operations	-	-	(405,104)	-	-	-	(405,104)
Total comprehensive loss for the period	-	-	(405,104)	-	-	(10,681,643)	(11,086,747)
<i>Transactions with owners in their capacity as owners</i>							
Contributions of equity, net of transaction costs	5,877,051	-	-	-	-	-	5,877,051
Issue of convertible notes	429,797	(361,229)	-	-	-	-	68,568
Transfer to accumulated losses on exercise of options	-	-	-	(121,600)	-	121,600	-
Transfer to accumulated losses on expiry of options	-	-	-	(92,800)	-	92,800	-
Share-based payments	-	-	-	1,042,000	87,653	-	1,129,653
Balance on 31 December 2021	29,941,940	-	(213,548)	937,800	100,584	(33,933,450)	(3,166,674)

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

CONSOLIDATED STATEMENT OF CASH FLOWS
For the year ended 31 December 2021

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Receipts from customers		4,462,491	3,025
Government grants		-	20,000
Cash paid to suppliers and employees		(6,096,239)	(692,363)
Payments for exploration and evaluation		(3,958,336)	(409,967)
Interest paid		(10,491)	(21,601)
Interest received		1,416	48
Income taxes paid		(3,163)	(3,687)
Net cash used in operating activities	11(b)	(5,604,322)	(1,104,545)
Cash flows from investing activities			
Cash held on acquisition of subsidiaries	17	1,121,841	-
Payments for oil and gas properties		(1,579,286)	-
Payments for property, plant, and equipment		-	(198)
Net cash used in investing activities		(457,445)	(198)
Cash flows from financing activities			
Proceeds from issue of shares and options		5,003,250	2,335,951
Proceeds from the exercise of options		301,879	-
Proceeds from issue of convertible notes		-	400,500
Repayment of loan to joint venture partner		202,060	-
Repayment of premium funding facility		-	(38,984)
Loan to joint venture partner		(137,450)	(65,681)
Proceeds from related party loans		870,000	270,000
Repayment of related party loans		(340,000)	(170,000)
Payment of capital raising costs		(331,234)	(168,115)
Net cash from financing activities		5,568,505	2,563,671
Net (decrease) / increase in cash and cash equivalents		(493,262)	1,458,928
Cash and cash equivalents on 1 January		1,735,573	282,454
Effect of exchange rate fluctuations on cash held		43,740	(5,809)
Cash and cash equivalents on 31 December	11(a)	1,286,051	1,735,573

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

NOTES TO THE CONSOLIDATED FINANCIAL REPORT

For the year ended 31 December 2021

1 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.1 NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 31 December 2021. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

1.2 BASIS OF PREPARATION

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001, as appropriate for, for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ("IASB").

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, certain classes of property, plant, and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

1.3 PARENT ENTITY INFORMATION

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in note 31.

1.4 PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Sacgasco Limited ("company" or "parent entity") as of 31 December 2021 and the results of all subsidiaries for the year then ended. Sacgasco Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

1.4 PRINCIPLES OF CONSOLIDATION (continued)

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances, and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired, is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position, and statement of changes in equity of the Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

When the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities, and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

1.5 FOREIGN CURRENCY TRANSLATION

The financial statements are translated into Australian dollars, which is Sacgasco Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial yearend exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency translation reserve in equity.

The foreign currency translation reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

1.6 CURRENT AND NON-CURRENT CLASSIFICATION

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle, it is held primarily for the purpose of trading, it is expected to be realised within 12 months after the reporting date, or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date. All other assets are classified as non-current.

A liability is classified as current when it is either expected to be settled in the Group's normal operating cycle, it is held primarily for the purpose of trading, it is due to be settle within 12 months after the reporting date, or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting date. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

1.8 GOING CONCERN

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

For the year ended 31 December 2021, the Group recorded a loss of \$10,681,643 and had net cash outflows of \$493,262. On 31 December 2021, the Group had net liabilities of \$3,166,674, with total cash on hand of \$1,286,051.

As disclosed in note 17, there is a liability of \$3,586,592 for estimated withholding tax on intercompany loan interest which was payable prior to the acquisition of BCPE on 1 July 2021. The Company has obtained preliminary legal advice on the recovery of this amount under the warranties provided under the share purchase agreement, with such legal advice confirming the Company has strong grounds to recover these amounts.

The ability of the Group to continue as a going concern is dependent on achieving future positive cashflows from the Group's Canadian producing assets. Should this future revenue not be met, the Group may need to secure further working capital.

Should the Canadian producing assets in which the Group has an interest be unsuccessful in providing positive cash flows and the Group is unable to raise secure further working capital via the issue of securities, 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.

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

The 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 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, revenue, and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes this to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. Judgements estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

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 the nature of exploration activities and geographic regions in which the Group operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group unfavourably as at the reporting date or subsequently resulting from the Coronavirus (COVID-19) pandemic.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using a Black-Scholes model, using the assumptions detailed in note 23.

Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the Group is considered the point of delivery, of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, and forward-looking information that is available. The allowance for expected credit loss, as disclosed in note 12, is calculated based on the information available at the time of preparation. The actual credit loss in future years may be higher or lower.

Fair value of financial instruments

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument.

Management bases its assumption on observable data as far as possible, but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date. Refer note 24.

2 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Fair value of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Refer note 10.

Asset acquisition

Differentiating a business combination from an asset acquisition is key to applying the appropriate accounting treatment involving significant judgement and a detailed analysis of the inputs and processes acquired. Where an asset acquisition does not constitute a business combination under AASB 3, the assets and liabilities are assigned a carrying value amount based on their relative fair values in an asset purchase transaction. Refer to note 17.

Exploration and evaluation assets and oil and gas properties

The Groups' accounting policy for exploration and evaluation expenditure and oil and gas properties is set out at note 8 and 16 respectively. The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves have been found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, it is concluded that the expenditures are unlikely to be recovered by future exploitation or sale, then the relevant capitalised amount will be written off through profit or loss.

Restoration obligations

Where restoration obligations exist, the Group estimates the future removal costs of oil and gas platforms, production facilities, wells, and pipelines at the time of installation of the assets. In most instances, removal of assets occurs many years into the future. This requires judgmental assumptions regarding, but not limited to removal date, future environmental legislation, the extent of reclamation activities required, the engineering methodology for estimating cost, and future removal technologies in determining the removal cost and liability, and specific discount rates that should be used to determine the present value of estimated cash flows. Refer to note 21.

2 CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates of reserve quantities

The estimated quantities of proved plus probable hydrocarbon reserves reported by the Group are integral to the calculation of depletion and depreciation expense and to the assessment of possible impairment of assets. Estimated reserve quantities are based upon interpretation of geological and geophysical models and assessments of technical feasibility and commercial viability of producing the reserves. These assessments require assumptions to be made regarding future development and production costs, commodity prices, exchange rates and fiscal regimes. The estimates of reserves may change from period to period as the economic assumptions used to estimate the reserves can change from period to period, and as additional geological data is generated during the course of production and operations. Reserves estimates are prepared in accordance with the Group's policies and procedures for reserve estimation which conform to guidelines prepared by the Society of Petroleum Engineers and specified by Australian Securities Exchange regulations and guidelines.

3 OPERATING SEGMENTS

Accounting Policy

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors of Sacgasco Limited.

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

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

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

There has been a change to the basis of segmentation since 31 December 2020 with the addition of the oil and gas production segment following the acquisition of working interests in the Canadian producing assets during the year ended 31 December 2021.

3 OPERATING SEGMENTS (continued)

Segment profit or loss

	Revenue		Segment profit / (loss)	
	2021	2020	2021	2020
	\$	\$	\$	\$
Oil and gas production	7,888,355	-	573,761	-
Oil and gas exploration	-	-	(5,037,126)	(886,141)
	7,888,355	-	(4,463,365)	(886,141)
Eliminations	-	-	(1,413)	-
	7,888,355	-	(4,464,778)	(886,141)
Finance income			387	1,134
Finance costs			(69,170)	(27,468)
Government grants			-	20,000
Withholding tax			(3,586,592)	-
Central administrative expenses			(2,196,730)	(838,059)
Loss from continuing operations before tax			(10,316,883)	(1,730,534)

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

Segment assets and liabilities

	Assets		Liabilities	
	2021	2020	2021	2020
	\$	\$	\$	\$
Oil and gas exploration	7,035,947	406,648	(8,790,805)	(263,577)
Oil and gas production	29,958,425	-	(27,916,244)	-
Total segment assets and liabilities	36,994,372	406,648	(36,707,049)	(263,577)
Corporate and other segment assets/liabilities	1,407,564	2,087,172	(4,861,561)	(1,385,442)
Total	38,401,936	2,493,820	(41,568,610)	(1,649,019)

3 OPERATING SEGMENTS (continued)

For monitoring segment performance and allocating resources between segments:

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

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

Geographical information

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

	Production income		Non-current assets	
	2021	2020	2021	2020
	\$	\$	\$	\$
Australia	-	-	6,183	7,114
Canada and USA	7,888,355	-	28,948,923	262,358
Philippines	-	-	6,062,915	-
Total	7,888,355	-	35,018,021	269,472

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

4 PRODUCTION INCOME

Accounting Policy

Revenue recognition

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

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

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

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

Revenue for the year ended 31 December 2021, relates to contracts executed for the sale of crude oil and natural gas. All performance obligations have been met within the period. There is no variable consideration requiring estimation for the period ended 31 December 2021. Revenue is derived from one single customer.

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

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

	2021 \$	2020 \$
Goods transferred at a point in time		
Crude oil	7,712,575	-
Natural gas	175,780	-
	7,888,355	-

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5 OTHER INCOME

Accounting Policy

Other income is recognised when the amount can be reliably measured and control of the right to receive the income be passed to the Group.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

	Note	2021 \$	2020 \$
Other operating income – California	(i)	724,019	437,155
Other operating income – Canada	(ii)	265,237	-
		989,256	437,155
Other income		28,656	8,383
Government grants		-	20,000
Total other income		1,017,912	465,538

- (i) The gas flow from the Californian wells sold to customers, is a natural by-product of exploration activities in the Capay and Los Medanos gas fields. Until such time as well production becomes an economically viable direction for the Group, it is recognised as other operating income offset by operating expenses totalling \$895,918 (2020: \$731,769).
- (ii) The Canadian production assets additionally generate minor revenues through provision of access to private roads.

6 NET FINANCE COSTS

Accounting Policy

Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

6 NET FINANCE COSTS (continued)

	Note	2021 \$	2020 \$
Interest income on deposits		32	104
Interest income on loans to joint venture partner		369	1,030
Total finance income		401	1,134
Interest expense on financial liabilities measured at amortised cost			
Interest expense on loans received from related parties	19	43,238	22,915
Interest expense on premium funding		-	1,188
Interest on convertible notes	19	25,932	3,365
Interest expense		69,170	27,468
Unwinding of discounts on provisions		885,650	-
Total finance costs		954,820	27,468
Net finance costs		954,419	26,334

7 PERSONNEL EXPENSES AND EMPLOYEE BENEFITS

Accounting Policy

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual and long service leave, not expected to settle within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

7 PERSONNEL EXPENSES AND EMPLOYEE BENEFITS (continued)

The table below sets out personnel costs expensed during the year.

	Note	2021 \$	2020 \$
Directors' remuneration	25	1,303,859	282,697
Other wages and salaries		98,589	24,182
Contributions to defined contribution plans		3,242	2,241
Other personnel costs on termination of Philippines staff		135,534	-
Other associated personnel expenses		19,458	473
		1,560,682	309,593

The table below sets out employee benefits payable at the reporting date.

	2021 \$	2020 \$
Current		
Salary accrual	24,674	5,900
Statutory superannuation contributions	2,517	413
	27,191	6,313

8 EXPLORATION AND EVALUATION EXPENDITURE

Accounting Policy

Exploration and evaluation expenditure is assessed for each separate area of interest for which rights of tenure are current. As per AASB 6 'Exploration for and Evaluation of Mineral Resources', each area of interest may be expensed as incurred; or partially or fully capitalised and recognised as an exploration and evaluation asset if the requirements of paragraph AUS7.2 are satisfied.

An exploration and evaluation asset shall only be recognised where it is expected that the expenditure may be recovered through the successful development and exploitation of an area of interest, or by its sale, or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Impairment

Non-current assets are tested for impairment when facts and circumstances indicate that the carrying amount may exceed the recoverable amount. Where a potential impairment is indicated, an assessment is performed for each CGU which is no larger than an area of interest authority.

8 EXPLORATION AND EVALUATION EXPENDITURE (continued)

Acquisition costs

Costs arising from acquisitions are carried forward where exploration and evaluation activities, have not, at reporting date, reached a stage to allow a reasonable assessment of economically recoverable reserves.

The costs incurred to acquire the Philippines exploration assets have been capitalised on acquisition. Refer note 17.

Exploration and evaluation expenditure

Costs arising from ongoing exploration and evaluation activities are expensed to profit or loss 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.

	2021	2020
	\$	\$
Exploration expenditure as incurred - California	3,751,594	311,313
Exploration expenditure as incurred - Philippines	630,011	-
	4,381,605	311,313

9 LOSS PER SHARE

Accounting Policy

Basic earnings per share

Basic earnings per share is calculated by dividing the profit / (loss) attributable to the owners of Sacgasco Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to accounting for the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

	2021 \$	2020 \$
<i>Basic and diluted loss per share</i>		
Loss after income tax attributable to owners of Sacgasco Limited	(10,681,643)	(1,734,221)
	Cents	Cents
Basic loss per share	(2.30)	(0.63)
Diluted loss per share	(2.30)	(0.63)
	Number	Number
<i>Weighted average number of ordinary shares</i>		
Issued ordinary shares on 1 January	341,258,491	268,513,742
Effect of shares issued	123,387,537	8,815,963
Weighted average number of ordinary shares on 31 December	464,646,028	277,329,705

10 INCOME TAX EXPENSE

Accounting Policy

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits, or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities, and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses, and assets are recognised net of the amount of, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from or payable to the tax authority, are presented as operating cash flows.

Commitments and commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

10 INCOME TAX EXPENSE (continued)

(a) Amounts recognised in profit or loss

	2021 \$	2020 \$
Current tax expense	364,760	3,687
Deferred tax expense	-	-
Income tax expense	364,760	3,687
Numerical reconciliation of income tax expense to prima facie tax payable		
Loss from continuing operations before income tax	(10,316,883)	(1,730,534)
Tax at the Australian tax rate of 30% (2020: 27.5%)	(3,095,065)	(475,897)
Effect of change in tax rates from 27.5%	(176)	-
Tax rate differential on on-Australian income	(110,050)	-
Non-deductible expenses	1,863,196	53,498
Non-assessable income	(144,268)	(237,919)
Non-assessable non-exempt overseas subsidiaries expense	1,432,159	519,266
Overseas minimum income tax	3,162	3,687
Adjustment for prior years	(1,938)	1,900
Timing differences	289,453	(4,692)
Tax losses not brought to account	128,287	143,844
Income tax expense	364,760	3,687
Tax losses		
Potential future income tax benefits attributed to tax losses, not brought to account	1,809,735	1,541,328

All unused tax losses were incurred by Australian entities.

The benefit of these tax losses will only be obtained if:

- i) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised,
- ii) the conditions for deductibility imposed by tax legalisation continue to be complied with,
- iii) no changes in tax legislation adversely affect the Group in realising the benefit, and
- iv) satisfaction of either the continuity of ownership or the same business test.

10 INCOME TAX EXPENSE (continued)

(b) Unrecognised deferred tax assets and liabilities

Deferred tax liabilities have not been recognised in respect of the following items:

	2021 \$	2020 \$
Deferred tax liabilities		
Prepaid expenditure	(8,203)	(2,294)
Trade and other receivables	(11,948)	-
	(20,151)	(2,294)
Deferred tax assets		
Capital raising costs – s40-880	21,257	23,229
Borrowing costs – s25-25	-	2,017
Oil and gas properties	224,048	-
Property, plant, and equipment	66	84
Trade and other payables	12,600	6,600
Employee benefits	755	114
Site restoration provision	99,369	-
Carry forward tax losses	1,809,735	1,541,328
	2,167,830	1,573,372
Net unrecognised deferred tax assets	2,147,679	1,571,078

11 CASH AND CASH EQUIVALENTS

Accounting Policy

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalent also includes, bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

(a) Reconciliation of cash recorded in Statement of Financial Position to Statement of Cash Flows

	2021 \$	2020 \$
Cash and cash equivalents in the statement of cash flows	1,286,051	1,735,573

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11 CASH AND CASH EQUIVALENTS (continued)

(b) Reconciliation of cash flows from operating activities

	2021 \$	2020 \$
Cash flows from operating activities		
Loss for the period	(10,681,643)	(1,734,221)
Adjustments for:		
Equity-settled share-based payment transactions	1,205,324	152,075
Depreciation and amortisation	996,304	3,214
Provision for expected credit losses	-	273,420
Net (profit) / loss on foreign exchange translations	(60,298)	17,414
Net finance expense / (income)	25,932	(259)
Unwind of discount on provisions	885,650	-
Change in other receivables	(1,028,183)	(12,117)
Change in prepayments	39,283	42,771
Change in inventory	(47,757)	-
Change in other financial assets	244,042	(142,971)
Change in interest bearing assets	1,028	-
Change in trade and other payables	2,826,254	295,274
Change in interest bearing liabilities	32,747	5,098
Change in contract liabilities	219,639	-
Change in current tax liabilities	361,597	-
Change in employee benefits	(9,388)	(11,037)
Change in site restoration provision	(614,853)	6,794
Net cash used in operating activities	(5,604,322)	(1,104,545)

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11 CASH AND CASH EQUIVALENTS (continued)

(c) Changes in liabilities arising from financing activities

	Related party loans \$	Convertible notes \$	Premium funding \$	Total \$
Balance on 1 January 2020	174,285	-	38,984	213,269
Net cash used in financing activities	100,000	-	(38,984)	61,016
Interest on convertible notes	-	42,636	-	42,636
Interest on related party loans	2,502	-	-	2,502
Balance on 31 December 2020	276,787	42,636	-	319,423
Net cash from / (used in) financing activities	530,000	-	-	530,000
Interest on convertible notes	-	(42,636)	-	(42,636)
Interest on related party loans	32,747	-	-	32,747
Balance on 31 December 2021	839,534	-	-	839,534

12 TRADE AND OTHER RECEIVABLES

Accounting Policy

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

	2021 \$	2020 \$
Current		
Trade debtors	311,140	365,974
Less: Provision for expected credit losses	(30,525)	(244,884)
Trade debtors (carried forward)	280,615	121,090

12 TRADE AND OTHER RECEIVABLES (continued)

	Note	2021 \$	2020 \$
Current			
Trade debtors (brought forward)		280,615	121,090
Authorised government agencies		30,289	91,227
Other receivables – oil and gas assets		1,238,172	-
Philippines joint venture partners		253,280	-
Other receivables		146,414	48,609
Income receivable		-	38
		1,948,770	260,964
Movement in the allowance for expected credit losses			
Opening balance		244,884	-
(Reversal of) / additional provisions recognised		(201,305)	273,420
Effects of foreign exchange		(13,054)	(28,536)
		30,525	244,884

For the year ended 31 December 2020, the Group provided \$226,626 of expected credit losses (ECL) for amounts due from subsidiaries of California Resources Corporation (CRC) after CRC filed for Chapter 11 bankruptcy reorganisation in July 2020. The Group sought payment of these amounts, and as of 31 December 2021 recovered \$201,305 from these parties.

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, accounting for factors such as oil and gas prices and historical recovery and determined that an ECL of \$30,525 for the year ended 31 December 2021 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.

Other receivables are non-interest bearing.

Note 24 includes disclosures relating to the credit risk exposures and analysis relating to the allowance for expected credit losses.

13 INVENTORY

	2021 \$	2020 \$
Oil in storage – at cost	48,771	-

14 INTEREST BEARING ASSETS

	Note	2021 \$	2020 \$
Current			
Opening balance		66,709	-
Advance to joint venture partner	(i)	137,450	-
Cash calls paid on behalf of joint venture partner	(ii)	-	65,681
Interest charged at 10%		369	1,028
Repayment of loans		(203,457)	-
Effects of foreign exchange		(1,071)	-
		-	66,709

- (i) During the current year a non-interest bearing, unsecured loan was advanced to, and repaid by another joint venture partner.
- (ii) During the prior year, joint venture partners mutually agreed to fund reciprocal cash calls, accruing interest at 10% per annum. The unsecured loans including interest were settled in two tranches on 15 January 2021 and 29 January 2021.

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15 OTHER FINANCIAL ASSETS

Accounting Policy

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part, or all, of a financial asset, the carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increase significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired, or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measure on the probable weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

	2021 \$	2020 \$
Current: Deposit for Canadian oil and gas investment	-	142,952
Non-current: Deposits and bonds	280,511	264,509
	280,511	407,461

15 OTHER FINANCIAL ASSETS (continued)

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

	Deposit \$	DoGGR Bond ⁽¹⁾ \$	ANZ Term Deposit \$	Total \$
Balance on 1 January 2020	-	285,138	5,000	290,138
Deposit for Canadian oil and gas asset investment	142,952	-	-	142,952
Interest income re-invested	-	-	20	20
Effects of foreign exchange	-	(25,649)	-	(25,649)
Balance on 31 December 2020	142,952	259,489	5,020	407,461
Transfer to acquisition cost of Canadian oil and gas properties	(169,933)	-	-	(169,933)
Interest income re-invested	-	-	52	52
Effects of foreign exchange	26,981	15,950	-	42,931
Balance on 31 December 2021	-	275,439	5,072	280,511

1. includes \$275,439 (US\$200,000) DoGGR bond required to work within the regulations of the Californian authorities with regards to the planning and timing of site rehabilitation.

Refer to note 24 for further information on fair value measurement.

16 OIL AND GAS PROPERTIES

Accounting Policy

Assets in development

When the technical and commercial feasibility of an undeveloped oil or gas field has been demonstrated the field enters its development phase. The costs of oil and gas assets are transferred from exploration and evaluation expenditure into development phase and include past exploration and evaluation costs, development drilling and other subsurface expenditures, surface plant and equipment, and any associated land and buildings.

Producing Assets

All costs directly associated with the development and production of oil and natural gas interests are capitalised on an area-by-area basis as oil and natural gas interests if they extend or enhance the recoverable reserves of the underlying assets. Items of property, plant, and equipment, which include oil and natural gas production assets, are measured at cost less accumulated depreciation / amortisation and any accumulated impairment losses. Development costs include expenditure for areas where technical feasibility and commercial viability has been determined. The capitalised value of producing assets includes acquisition costs, reactivation and development costs and initial estimates of decommissioning liabilities associated with their operation.

Depreciation and Amortisation

Depletion charges are calculated to amortise the capitalised value of carried forward production assets over the life of the estimated Proved plus Probable ("2P") reserves for a hydrocarbon reserve, together with future costs necessary to develop the respective hydrocarbon reserve. The value of oil and natural gas interests is depleted using the units of production method by reference to the ratio of production in the period to the related proved and probable reserves, considering estimated future development costs necessary to bring those reserves into production.

Proven and probable reserves are estimated using independent reserve engineer reports and represent the estimated quantities of crude oil and natural gas with geological, geophysical, and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially viable. There should be a 50 percent statistical probability that the actual quantity of recoverable reserves will be more than the amount estimated as proved and probable and a 50 percent statistical probability that it will be less. The equivalent statistical probabilities for the proved component of proved and probable reserves are 90 percent and 10 percent, respectively.

Reserve estimates

Estimation of reported recoverable quantities of 2P reserves include judgemental assumptions regarding commodity prices, exchange rates, discount rates and production and transportation costs for future cash flows. It also requires interpretation of complex geological and geophysical models in order to assess the size, shape, depth, and quality of reservoirs and their anticipated recoveries. These factors used to estimate the reserves may change from period to period.

Reserve estimates are used to calculate amortisation of producing assets.

On 12 November 2020, the Company signed a binding agreement with Blue Sky Resources Limited ("Blue Sky") to acquire a 30% working interest in the Red Earth producing oil and gas assets of the northern Alberta Plains. Consideration for this purchase was \$531,040 (C\$500,000) cash plus the issue of 8,850,000 Sagasco shares at \$0.087 per share, based on the share price prior to the date of signing on 19 March 2021.

On 22 January 2021, the Company signed a binding agreement with Blue Sky to acquire a 20% working interest in oil and gas producing assets in Southern Alberta, Canada, (known as "Alberta Plains" Assets). Consideration for this purchase was \$643,621 (C\$606,000) cash plus the issue of 1,917,808 Sagasco shares at \$0.03 per share, based on the share price on the date shareholders approved the acquisition, being 28 May 2021. The shares were issued on 2 August 2021.

17 ASSET ACQUISITION

Accounting Policy

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair value of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree. On acquisition of a business, the Group assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contract terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition date.

Business combinations are initially accounted for on a provision basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstance that existed at the acquisition date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition, or (ii) when the acquirer receives all the information possible to determine fair value.

To be considered a business, an acquired set of activities and assets must include inputs and a substantive process that together significantly contribute to the ability to create outputs.

To be substantive, the inputs acquired include both an organised workforce that has skills, knowledge, or expertise to perform the process, and other inputs that an organised workforce could develop and convert into outputs.

If the assets acquired are not a business, the Group shall account for the transaction or other event as an asset acquisition.

Summary of Acquisitions

BCPE Energy International PTE. LTD. ("BCPE")

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

On 3 September 2021, Sacgasco executed an offtake agreement for its future Philippines crude oil production with a Bangchak Corporation ("Bangchak") subsidiary. Bangchak owns and operates a 120,000 bopd oil refinery in Thailand. The offtake price will be determined and agreed for each production asset and will be dependent upon criteria including oil quality and cargo size. Sacgasco retains the right to sell any oil produced to other parties at more favourable terms in the event Sacgasco and BCP cannot reach agreement on pricing.

Yilgarn Petroleum Philippines Pty Ltd ("Yilgarn")

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

The net assets of Yilgarn on acquisition date were \$nil.

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

17 ASSET ACQUISITION (continued)

As substantial exploration activities are required before a decision can be made on the commercial viability of these operations, AASB 3 does not apply to the acquisition of BCPE or Yilgarn. This would lead to an asset acquisition, but AASB 116 *Property, plant and equipment* notes that mineral rights must be accounted for under AASB 6 *Exploration for and Evaluation of Mineral Resources*. As both of these acquisitions did not meet the definition of a business, they have been accounted for as asset acquisitions utilising the principles in AASB 2.

Details of the fair value of the assets and liabilities of BCPE acquired on 1 July 2021 are as follows:

	\$
Net liabilities acquired:	
Cash and cash equivalents	1,121,841
Trade and other receivables	569,785
Prepayments	63,308
Other financial assets	101,143
Current tax assets	55,690
Trade and other payables	(734,468)
Employee entitlements	(615,022)
Site restoration provision	(6,625,192)
Financial liabilities	(63,309,336)
Net liabilities acquired	(69,372,251)
Intercompany loan between BCPE and Bangchak acquired by Sacgasco Limited	63,309,336
Net effect of acquisition	(6,062,915)

The Group recognises acquisition costs as capitalised exploration, refer note 8.

Withholding Tax

As part of its acquisition of BCPE International Pte. Ltd. on 1 July 2021, the Company also acquired an A\$63,303,000 interest-bearing intercompany loan with accrued interest. Under Subdivision 12-F of Schedule 1 of the *Taxation Administration Act 1953*, the requirement to withhold interest withholding tax arises at the time the interest is paid or credited. Based on the interest withholding tax ("WHT") rate of 25% between Australia and Thailand, a prima facie interest WHT liability of \$3,586,592 (US\$2,604,271) is owed to the ATO based on a historical accrued interest balance of \$13,515,601 (US\$10,417,082), and is accrued, see note 18.

At the time the Company acquired BCPE, certain representations were made or implied in relation to the liabilities of BCPE and its subsidiaries. Subsequent to the acquisition, a withholding tax liability has arisen that was not disclosed to the Company at the time of the acquisition. The Company has obtained preliminary legal advice on the recovery of this amount under the warranties provided under the share purchase agreement, with such legal advice confirming the Company has strong grounds to recover these amounts.

18 TRADE AND OTHER PAYABLES

Accounting Policy

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

	Note	2021 \$	2020 \$
Current			
Trade payables		372,179	842,184
Authorised government agencies	(i)	3,586,592	
DOE training assistance for Philippine service contracts		541,912	-
Accrued expenses		281,320	298,562
		4,782,003	1,140,746

(i) interest withholding tax. Refer to note 17.

Refer to Note 24 for further information on financial instruments.

19 LOANS AND BORROWINGS

Accounting Policy

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

The component of the convertible notes that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs.

On the issue of the convertible notes the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost. The remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders equity as convertible note reserve, net of transaction costs. The carrying amount of the conversion option is not remeasured in the subsequent years. The corresponding interest on convertible notes is expensed to profit or loss.

19 LOANS AND BORROWINGS (continued)

	Book value 2021 \$	Fair value 2021 \$	Book value 2020 \$	Fair value 2020 \$
Current				
Loans received from a related party	839,534	839,534	276,787	276,787
Convertible notes	-	-	42,636	42,636
Balance	839,534	839,534	319,423	319,423

Reconciliation of movement in loans:

	Convertible notes \$	Loans from a director ⁽²⁾ \$	Premium funding \$	Total \$
Balance on 1 January 2020	-	174,285	38,984	213,269
Loans and borrowings received	400,500	270,000	-	670,500
Equity component of convertible notes	(361,229)	-	-	(361,229)
Interest charged	3,365	22,915	1,188	27,468
Less: repaid	-	(190,413)	(40,172)	(230,585)
Balance on 31 December 2020	42,636	276,787	-	319,423
Loans and borrowings received	-	870,000	-	870,000
Equity component of convertible notes transferred	361,229	-	-	361,229
Interest charged	25,932	43,238	-	69,170
Conversion to fully paid shares	(429,797)	-	-	(429,797)
Less repaid ⁽¹⁾	-	(350,491)	-	(350,491)
Balance on 31 December 2021	-	839,534	-	839,534

(1) amounts repaid include interest and loan establishment costs.

(2) refer to note 25 for further details.

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	2021 \$	2020 \$
Total facilities		
Related party loans	800,000	270,000
Used at the reporting date		
Related party loans	800,000	270,000
Unused at the reporting date		
Related party loans	-	-

20 CONTRACT LIABILITIES

Accounting Policy

Contract liabilities represent the Group's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

	2021 \$	2020 \$
Current		
Advance for sale of 12.5% working interest in SC54	219,639	-

On 25 November 2021, the Company executed an agreement with TG World Energy Corp ("TEC") to acquire its wholly owned subsidiary TG World (BVI) Corporation ("TG World") for consideration of \$1 and up to a maximum net royalty of US\$530,000 paid after commercial production is achieved. The royalty will be paid at the rate of 12.5% of the contractor share of net proceeds from Service Contract SC54A production until the maximum is reached. The acquisition was subject to regulatory approvals which were not completed until post year end.

On 16 December 2021, the Company executed an agreement to transfer a 12.5% working interest in SC54A to Blue Sky International Holdings Inc. ("Blue Sky") through the sale of TG World. Consideration for the sale was \$219,639 (C\$200,000) and subject to the regulatory approvals disclosed above.

The acquisition of TG World was completed on 1 March (refer to note 32).

21 SITE RESTORATION PROVISION

Accounting Policy

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

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

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

21 SITE RESTORATION PROVISION (continued)

California, USA (Sacramento Basin)

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

Alberta, Canada (Red Earth and Alberta Plains assets)

The activities of the joint operation in Alberta, Canada (comprising the Group's working interest in the Red Earth assets and the Alberta Plains assets) give rise to dismantling, decommissioning and site disturbance remediation activities. Provisions are made for the estimated cost of asset retirement obligations associated with site restoration and are capitalised to Oil and Gas Assets, as outlined in note 16, and amortised over the useful life of the assets.

Philippines (Service Contract SC 14-C2)

The Group has recognised a restoration liability for the complete abandonment of the historically abandoned wells, based on the estimated \$34,067,509 (US\$24,736,861) (gross) cost to abandon the field, which has been inflated and discounted as appropriate until 2025. The Group's share (22.28%) after inflation and discounting applied as of 31 December 2021 is \$7,590,241 (US\$5,511,373).

Site restoration provisions have been disaggregated based upon geography due to differing jurisdictional requirements as per the table below:

	2021 \$	2020 \$
Current		
Canada	903,257	-
Non-current		
California	193,757	182,537
Canada	26,643,711	-
Philippines	7,590,241	-
	34,427,709	182,537
	35,330,966	182,537

21 SITE RESTORATION PROVISION (continued)

Reconciliation of movements in site restoration provision:

	California \$	Canada \$	Philippines \$	Total \$
Balance on 1 January 2020	193,894	-	-	193,894
Additional provisions recognised	6,794	-	-	6,794
Effects of foreign exchange	(18,151)	-	-	(18,151)
Balance on 31 December 2020	182,537	-	-	182,537
Amounts recognised on acquisition	-	23,344,495	6,625,192	29,969,687
Additional provisions recognised	-	-	523,757	523,757
Amounts utilised or extinguished	-	(30,610)	-	(30,610)
Accretion expense	-	361,840	-	361,840
Change in site restoration estimates	-	3,368,411	-	3,368,411
Effects of foreign exchange	11,220	502,832	441,292	955,344
Balance on 31 December 2021	193,757	27,546,968	7,590,241	35,330,966

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22 CAPITAL AND RESERVES

Accounting Policy

Ordinary shares are classified as equity, as are payments made for options.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Issued Capital

	Ordinary shares			
	Number of shares		Amount in \$	
	2021	2020	2021	2020
Balance on 1 January	341,258,491	268,513,742	23,635,092	20,904,384
Issue of shares for cash	76,973,072	66,741,458	5,003,250	2,335,951
Issue of shares in lieu of directors' fees	2,672,690	4,503,281	75,671	112,582
Issue of shares for working interest acquisitions	10,767,808	-	827,484	-
Issue of shares on conversion of convertible notes	40,049,984	-	400,500	-
Issue of shares to extinguish interest on convertible Notes	2,929,700	-	29,297	-
Issue of shares on conversion of listed options	1,546,969	10	61,879	-
Issue of shares on conversion of unlisted options	5,000,000	-	240,000	-
Issue of shares in satisfaction of service provider fees	-	1,500,000	-	50,000
Capital raising costs	-	-	(331,233)	(168,115)
Balance on 31 December	481,198,714	341,258,491	29,941,940	23,234,802

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There is no current on-market share buy-back.

Reserves

Share-based payments reserve

The share-based payments reserve represents the fair value of shares to be issued to directors, consultants, and employees. This reserve will be transferred to capital once the shares are issued. Refer to note 23.

Foreign currency translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e., Australian dollars) are recognised directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve are classified to profit or loss on the disposal of the foreign operations.

23 SHARE-BASED PAYMENTS

Accounting Policy

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions is measured at fair value on grant date. Fair value is independently determined using the Black-Scholes option pricing model that considers the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, and the risk-free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying the Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether that market condition has been met or not, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee, and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

23 SHARE-BASED PAYMENTS (continued)

The share-based payment expense included within the consolidated financial statements can be broken down as follows:

	2021	2020
	\$	\$
Expensed in personnel expenses (director remuneration)		
Shares issued to directors	62,741	89,144
Shares to be issued to directors	34,824	12,931
Options issued to directors	1,042,000	-
Expensed in professional fees		
Shares to be issued to a consultant	65,759	-

Share-based payment programme

The Company has adopted an Employee Share Option Scheme ("ESOS"). Under the ESOS, the Company may grant options and rights to Company eligible employees to acquire securities to a maximum of 10% of the Company's total issued ordinary shares at the date of the grant. The fair value of share options granted is measured using the Black Scholes option pricing model.

The options and rights vest on a time scale as specified in the ESOS and are granted for no consideration. Options and rights granted under the plan carry no dividend or voting rights. When exercisable, each option is converted into one ordinary share. The maximum term of an option is five years from grant date and the exercise price is settled in cash.

Options will not be transferable and will not be listed on the ASX unless the offer provides otherwise or the Board in its absolute discretion approves.

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23 SHARE-BASED PAYMENT PLANS (continued)

Options

On 31 December 2021, a summary of the Group options issued and not exercised under the share-based payment programme are as follows. Options are settled by the physical delivery of shares:

Grant date	Vesting date	Expiry date	Exercise Price (cents)	Balance at the start of the year	Granted during the year	Exercised during the year	Expired / forfeited during the year	Balance at the end of the year	Vested and exercisable at the end of the year
31-May-19	13-Jun-19	31-Dec-21	4	19,000,000	-	(3,000,000)	(16,000,000)	-	-
29-Jan-21	29-Jan-21	31-Dec-22	6	-	20,000,000	(2,000,000)	-	18,000,000	18,000,000
Total				19,000,000	20,000,000	(5,000,000)	(16,000,000)	18,000,000	18,000,000
Weighted average exercise price (cents)				4.00	6.00	4.80	4.00	6.00	

At the reporting date, the weighted average remaining contractual life of options outstanding at year end was one year.

Key valuation assumptions made at valuation date under the Black & Scholes option pricing model are summarised below:

	Number of Options	Exercise Price (cents)	Grant date	Expiry Date	Life of the Options (years)	Volatility	Risk free Rate	Fair value at grant date (cents)	Share price at grant date (cents)
Tranche 1	20,000,000	6.00	29-Jan-21	31-Dec-22	1.92	151.94%	8.00%	5.21	6.00

23 SHARE-BASED PAYMENT PLANS (continued)

Options (continued)

On 31 December 2020, a summary of the Group options issued and not exercised under the share-based payment programme are as follows. Options are settled by the physical delivery of shares:

Grant date	Vesting date	Expiry date	Exercise Price (cents)	Balance at the start of the year	Granted during the year	Exercised during the year	Expired / forfeited during the year	Balance at the end of the year	Vested and exercisable at the end of the year
31-May-19	13-Jun-19	31-Dec-21	4	19,000,000	-	-	-	19,000,000	19,000,000
Total				19,000,000	-	-	-	19,000,000	19,000,000
Weighted average exercise price (cents)				4.00	-	-	-	4.00	

At the reporting date, the weighted average remaining contractual life of options outstanding at year end was two years.

24 FINANCIAL INSTRUMENTS

Accounting Policy

Recognition and derecognition

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled, or expires.

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI).

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

The classification is determined by both:

- the entity's business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

Subsequent remeasurement of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets to collect its contractual cash flows,
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised costs using the effective interest method.

Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments as well as listed bonds that were previously classified as held-to-maturity under AASB 139.

24 FINANCIAL INSTRUMENTS (continued)

Accounting Policy (continued)

Impairment of financial assets

AASB 9's impairment requirements use more forward-looking information to recognise expected credit losses – the 'expected credit loss (ECL) model'. This replaced AASB 139's 'incurred loss model'.

Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under AASB 15 and loan commitments that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Group first identifying a credit loss event. Instead, the Group considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Level 1'); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Level 2').
- 'Level 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognised for the first category whilst 'lifetime expected credit losses' are recognised for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The Group makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Group uses its historical experience, external indicators, and forward-looking information to calculate the expected credit losses using a provision matrix.

Classification and measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are initially measured at fair value, and where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are initially measured at amortised cost using the effective interest method except for derivatives and financial liabilities designation at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Derivative financial instruments

Derivative financial instruments are accounted for at fair value through profit and loss (FVTPL).

24 FINANCIAL INSTRUMENTS (continued)

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group's overall strategy remains unchanged from 2020.

The capital structure of the Group consists of cash and cash equivalents, borrowings, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

None of the Group's entities are subject to externally imposed capital requirements.

Operating cash flows are used to maintain and expand operations, as well as to make routine expenditures such as tax and general administrative outgoings.

Financial risk management objectives

The Group is exposed to market risk (including foreign currency exchange rate risk and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimise the effect of these risks, by using derivative financial instruments to hedge these risk exposures. The use of financial derivatives is governed by the Group's Board of Directors who has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed on a continuous basis to reflect changes in market conditions and the Group's activities. The Group does not trade financial instruments, including derivative financial instruments, for speculative purposes.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There has been no change to the Group's exposure to market risks or the manner it manages and measures the risk from the previous period.

Foreign currency exchange rate risk management

Foreign exchange risk arises when individual Group entities enter into transactions denominated in a currency other than their functional currency. The Group's policy is to allow group entities to settle liabilities denominated in their functional currency with the cash generated from their own operations in that currency. Where group entities have liabilities denominated in a currency other than their functional currency, cash already denominated in that currency will, where possible, be transferred from elsewhere within the Group.

The Group is predominantly exposed to US dollars (USD) and Canadian dollars (CAD).

24 FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

As of 31 December 2021, the Group's net exposure to foreign exchange risk was as follows:

	Assets		Liabilities	
	2021	2020	2021	2020
	\$	\$	\$	\$
Canadian Dollar	1,786,984	-	-	-
Philippine Peso	38,244	-	-	-
US Dollar	4,926,898	392,242	(4,650,612)	(265,528)

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 5% (2020: 10%) increase and decrease in the Australian dollar against the relevant foreign currencies and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% (2020: 10%) change in foreign currency rates. A positive number indicates an increase in profit or loss where the Australian dollar strengthens against the respective currency.

	Impact on profit or loss	
	2021	2020
	\$	\$
If AUD strengthens by 5% (2020: 10%)		
CAD	(82,377)	-
PHP	(70,871)	-
USD	(11,338)	(12,671)
If AUD weakens by 5% (2020: 10%)		
CAD	82,377	-
PHP	70,871	-
USD	11,338	12,671

Fluctuations in foreign currencies during the current financial year compared with the prior year are as follows:

	2021	2020
	%	%
CAD	(4.11)	7.38
PHP	0.21	4.15
USD	(5.71)	9.91

There would be no impact on other equity of the Group.

24 FINANCIAL INSTRUMENTS (continued)

Interest rate risk management

The Group is exposed to interest rate risk as entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group's exposure to interest rate on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate risk sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the balance date.

At balance date, if interest rates had been 25 points higher or lower and all other variables were held constant, the Group's profit or loss would increase / (decrease) by \$358 / (Nil).

The Group's sensitivity to interest rates has decreased during the year mainly due to the reduction in variable rate debt instruments.

Credit risk management

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to credit risk from financial assets including cash and cash equivalents held at banks and trade and other receivables.

The Group has adopted a policy of only dealing with creditworthy counterparties.

The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses publicly available financial information and its own trading record to rate its customers.

The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks or government agencies with high credit ratings assigned by international credit rating agencies.

The carrying amount of financial assets recorded in the financial statements, represents the Group's maximum exposure to credit risk.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium, and long-term funding and liquidity management requirements.

The Group manages liquidity risk by maintaining adequate banking and borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Non-derivative financial liabilities

The following table details the Group's expected contractual maturities for its non-derivative financial liabilities.

These have been drawn up based on undiscounted contractual maturities of the financial liabilities based on the earliest date the Group can be required to repay.

24 FINANCIAL INSTRUMENTS (continued)

The table include both interest and principal cash flows.

	Weighted average interest rate %	Less than 6 months \$	6 months to 1 year \$	1 – 5 years \$
31 December 2021				
Trade and other payables	n/a	3,000,431	1,778,475	-
Contract liabilities	n/a	219,639		
Borrowings	10	839,534	-	-
		4,059,604	1,778,475	-
31 December 2020				
Trade and other payables	n/a	1,147,059	-	-
Borrowings	10	276,787	-	-
		1,423,846	-	-

Fair value measurement

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy.

The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Transfers

There have been no transfers between the levels of the fair value hierarchy during the year ended 31 December 2021.

Not measured at fair value

The Group has various financial instruments which are not measured at fair value in the statement of financial position.

The Directors consider that the carrying amounts of current receivables, current payables and current borrowings are a reasonable approximation to their fair values.

The methods and valuation techniques used for the purposes of measuring fair values are unchanged compared to the previous reporting period.

25 RELATED PARTIES

Accounting Policy

Key management personnel compensation

Directors' remuneration is expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount because of past service provided by the employee and the obligation can be estimated reliably.

(a) Key management personnel compensation

Key management personnel compensation comprises the following:

		2021	2020
	Note	\$	\$
Short-term employee benefits		164,294	180,622
Share-based payments – shares issued	23	62,741	89,144
Share-based payments – shares to be issued	23	34,824	12,931
Share-based payments – options	23	1,042,000	-
	7	1,303,859	282,697

(b) Other key management personnel transactions

Several key management personnel, or their related parties, hold positions in other companies that result in them having control or significant influence over these companies.

A number of these companies transacted with the Group during the year. The terms and conditions of these transactions were no more favourable than those available, or which might reasonably be expected to be available, in similar transactions to non-key management personnel related companies on an arm's length basis.

Andrew Childs

Resource Recruitment Pty Ltd, a company for which Mr Childs is a Director, received \$31,200 (2020: \$31,200) in repayment for office rent and outgoings. The balance outstanding on 31 December 2021 was nil (2020: nil).

David McArthur

Broadway Management (WA) Pty Ltd, a company for which Mr McArthur is a Director, received \$40,000 (2020: \$36,387) in repayment for commercial, arms-length consulting services. The balance outstanding on 31 December 2021 was \$nil (2020: nil).

DAS (Australia) Pty Ltd, a company for which Mr McArthur is a Director, received \$5,000 (2020: \$4,548) in repayment for company secretarial services. The balance outstanding on 31 December 2021 was nil (2020: nil).

25 RELATED PARTIES (continued)

(c) Loans from key management personnel

Gary Jeffery

Dungay Resources Pty Ltd, a company for which Mr Jeffery is a Director and shareholder, provided cash loans to the Company, accruing interest at 10% per annum, pro rata, repayable within six months if, and when, the company was in a financial position to do so. Interest expense to 31 December 2021 was \$40,979 (2020: \$7,000) and the balance outstanding was \$839,534 (2020: \$71,760).

Gary Jeffery provided cash loans to the Company in the prior year, accruing interest at 10% per annum, pro rata, repayable within six months if, and when, the company was in a financial position to do so. Interest expense to 31 December 2021 was \$2,259 (2020: \$15,915) and the balance outstanding was \$nil (2020: \$205,027). These loans are based on standard commercial terms and conditions.

26 CAPITAL AND OTHER COMMITMENTS

	2021 \$	2020 \$
Office rent		
Less than one year ⁽¹⁾	15,600	15,600

⁽¹⁾ Office rents are short-term (less than 12 months) and continue to be recognised on a straight-line basis.

27 CONTINGENT LIABILITIES

Dempsey 1-15

Pursuant to the acquisition of Peregrine Limited, a cash bonus totalling in aggregate \$3,000,000 may be payable out of the net proceeds of sales of gas (after deducting operating costs) from any reservoir below the Forbes Zone and attributable to a 17.5% working interest in the Dempsey 1-15 well.

Service Contract 14C2 (SC 14C2)

The Group has a 22.279% participating interest in SC 14C2 which includes the West Linapacan Oil Field. The approved commitment budget is US\$19,530 (2022).

Service Contract 54A (SC 54A)

As disclosed in note 17, on 3 September 2021, the Company acquired Yilgarn Petroleum Pty Ltd for cash consideration of \$1. In addition to the cash consideration, up to a maximum royalty of \$1.97 million (US\$1.5 million) would be payable to IMC Investments Capital Pte Ltd after commercial production is achieved under SC 54A. There are no wells currently capable of producing oil or gas.

As disclosed in note 20, on 20 November 2021, the Company executed an agreement to acquire TG World for cash consideration of \$1 and up to a maximum net royalty of \$730,000 (US\$530,000) would be payable to TEC after commercial production is achieved at a rate of 12.5% under SC 54A.

SC 54A is under Force Majeure and Nido Petroleum is not required to perform any activity except for desktop exercises with a gross commitment budget of US\$241,000 (2022). The Group's share of this budget will be reduced if the Farmin referenced in note 32 is approved.

27 CONTINGENT LIABILITIES (continued)

Service Contract 58 (SC 58)

Nido Petroleum Pty Ltd has provided a letter of undertaking dated 14 November 2006 to the Department of Energy in the Philippines to provide technical and financial support to Nido Petroleum Philippines Pty Ltd in relation to work obligations in the SC 58 Farm In Agreement executed between PNOG Exploration Corporation and Nido Petroleum Philippines Pty Ltd on 17 July 2006.

SC 58 is under Force Majeure and Nido Petroleum is not required to perform any activity except for desktop exercises with a commitment budget of US\$70,000 (2022).

There is a commitment to drilling a well when / if Force Majeure is lifted.

28 INTEREST IN JOINT OPERATIONS

Accounting Policy

Joint arrangements are arrangements of which two or more parties have joint control. Joint control is the contractually agreed sharing of control of the arrangement which exists only when decisions about relevant activities require unanimous consent of the parties sharing control.

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement.

In relation to its interests in joint operations, the Group recognises:

- Assets, including its share of any assets held jointly.
- Liabilities, including its share of any liabilities incurred jointly.
- Revenue from the sale of its share of the output arising from the joint operation.
- Share of the revenue from the sale of the output by the joint operation.
- Expenses, including its share of any expenses incurred jointly.

Permit	Country	Interest	Share of assets \$	Share of liabilities \$
SC 6B	Philippines	9.09%	-	-
SC 14-C2	Philippines	22.28%	-	-
SC 54A	Philippines	72.50%	476,724	(286,551)
SC 58	Philippines	50.00%	14,027	(200,356)

The Group's participating interest in SC 58 is dependent upon the completion of its farm-in obligation under its Farmin Agreement with PNOG-EC dated 17 July 2006. Activity within SC 58 is under Force Majeure.

The Group has classified all joint arrangement interests in its projects as joint operations given that the arrangements are such that each party contributes assets and has proportional rights to the return of assets and payment of obligations based on its percentage contributed. These proportions are as noted above under average interest. In this respect, the Company records its proportion of income, expenses, assets, and liabilities pertaining to the projects. Any loans or contributions to the joint operations, or obligations to the joint operations, that are owed directly to (or from) the Company are recorded in full as and when they arise. (requires clarification).

29 AUDITORS' REMUNERATION

	2021 \$	2020 \$
HLB Mann Judd		
<i>Audit and other assurance services</i>		
Audit and review of financial reports	60,794	37,669
Total Auditor's Remuneration	60,794	37,669

30 SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities, and results of the following wholly owned subsidiaries in accordance with the accounting policy described in note 1.4:

Name of subsidiary	Place of incorporation	Equity Interest	
		2021 %	2020 %
Sacgasco CA Inc	United States of America	100	100
PEOCO LLC	United States of America	100	100
Sacgasco AB Ltd	Canada	100	-
Sacgasco SG Pte Ltd	Singapore	100	-
Nido Petroleum Pty Ltd	Australia	100	-
Nido Petroleum Philippines Pty Ltd	Australia	100	-
Yilgarn Petroleum Pty Ltd	Australia	100	-

Sacgasco AB Ltd. was incorporated in Alberta, Canada on 4 February 2021.

Sacgasco SG Pte Ltd (formerly BCPE International) and its subsidiaries was acquired on 1 July 2021.

Yilgarn Petroleum Pty Ltd was acquired on 3 September 2021.

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

31 PARENT COMPANY DISCLOSURES

Accounting Policy

The accounting policies of the parent entity, which has been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements.

As at, and throughout the financial year ended 31 December 2021, the parent entity of the Group was Sacgasco Limited.

	2021 \$	2020 \$
Result of the parent entity		
Loss for the year	(7,623,911)	(1,413,573)
Total comprehensive loss for the year	(7,623,911)	(1,413,573)
Financial position of parent entity at year end		
Current assets	340,341	2,083,416
Total assets	1,687,917	2,090,530
Current liabilities	(1,267,999)	(1,121,973)
Total liabilities	(1,267,999)	(1,121,973)
Total equity of the parent entity comprising of:		
Share capital	29,941,940	23,656,342
Equity-settled benefits reserve	1,038,384	484,360
Accumulated losses	(30,560,406)	(23,150,895)
Total equity	419,918	968,557

32 MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 19 January 2022, the Company issued 810,811 shares in lieu of directors' fees, as approved by shareholders on 28 May 2021.

On 19 January 2022, the Company issued 337,838 shares at 3.7 cents per share in satisfaction of consulting services.

On 19 January 2022, the Company issued 649,350 shares at 2.8 cents per share in satisfaction of consulting services.

On 19 January 2022, the Company issued 1,160,714 shares at 2.8 cents per share as partial consideration for consulting services.

On 1 March 2022, the acquisition of TG World was completed following regulatory approvals. However, the approvals process for the sale to Blue Sky is ongoing.

On 4 March 2022, the Company announced that it had signed a Farmin Agreement with the Service Contract 6B (SC 6B) joint venture to fund 100%, and to operate an extended well test and subsequent development of the Cadlao Field, in return for an additional 63.637% working interest, bringing the Group's working interest to 72.727%. The Farmin agreement is subject to approvals from relevant Philippines Authorities. The approved budget for SC6B is U\$500,000 (2022).

On 10 March 2022, following completion of the conditions precedent, the Company announced that Blue Sky exercised its farmin option by committing to drill the Nandino Prospect within the Service Contract 54 (SC 54), subject to Philippine Department of Energy approval and rig availability. Post farmin, the Groups working interest in SC 54 reduces to 36.25%.

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Sacgasco Limited, we state that:

In the directors' opinion:

1. The financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001, and other mandatory professional reporting requirements.
2. The attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as disclosed in *note 1.2*.
3. The financial statements and notes give a true and fair view of the Group's financial position as of 31 December 2021 and of its performance for the financial year ended on that date; and
4. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the *Corporations Act 2001* for the year ended 31 December 2021.

On behalf of the Board



GARY JEFFERY

Managing Director

31 March 2022
Perth, Western Australia

INDEPENDENT AUDITOR'S REPORT

To the members of Sacgasco Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sacgasco Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 1.8 in the financial report, which indicates that a material uncertainty exists that may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* we have determined the matters described below to be the key audit matters to be communicated in our report.

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Key Audit Matter	How our audit addressed the key audit matter
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<p>Oil and gas properties Refer to Note 16</p>	<p>Our audit procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> • Considering the possible application of the transaction under the requirements of AASB 3 Business Combinations. • Reviewing the sale and purchase agreement to understand key terms and conditions. • Agreeing the fair value of the consideration paid to supporting information. • Obtaining audit evidence that the acquisition date assets and liabilities of acquiree were fairly stated. • Considering the allocation of the excess of the value of the consideration over the net assets acquired to exploration and evaluation expenditure. • Ensuring appropriateness to recognise the resultant exploration and evaluation asset at balance date. • Assessing the adequacy of the Group's disclosures in the financial report with respect to this asset acquisition.
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- Read Earth (a 30% working interest)
- Alberta Plains (20% working interest)
- BCPE International Pte Ltd

These acquisitions were considered to be a key audit matter due to the size of the impact on the financial statements and their important to users of the financial statements.

<p>Rehabilitation Provision Refer to Note 21</p>	<p>Our audit procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> • We assessed the competence and objectivity of the expert used by management in the preparation of the cost models. • We evaluated management's cost model for each well site and critically challenged the key estimates and assumptions made in the models. • We assessed the expected timing of the rehabilitation to the respective life of each well. • We assessed the reasonableness of the discount and inflation rates applied to the expected cash flows. • Our testing included comparison of a sample of unit rates included in the cost models to supporting documentation.
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As at 31 December 2021, the carrying value of the Group's provision for rehabilitation was \$35,330,966.

The Group's provision for rehabilitation is material to our audit, and requires significant estimates of future costs.

The determination of the provision requires management's judgement in relation to estimating the costs of performing the work required, including volume and unit rates, the timing of cash flows and the appropriate discount rate.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit

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evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of Sacgasco Limited for the year ended 31 December 2021 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards



HLB Mann Judd
Chartered Accountants

Perth, Western Australia
31 March 2022



N G Neill
Partner

SECURITIES EXCHANGE INFORMATION

The shareholder information set out below was applicable on 30 March 2022:

1. Distribution of ordinary shares

Range	Total holders	Ordinary shares	% of issued capital
1 – 1,000	98	11,251	-
1,001 – 5,000	73	311,907	0.06
5,001 – 10,000	250	1,999,179	0.42
10,001 – 100,000	945	40,369,475	8.34
100,001 and over	529	441,465,615	91.18
Total	1,895	484,157,427	100.00

There were 600 holders of less than a marketable parcel of ordinary shares.

2. Voting rights

Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll, every member present or by proxy shall have one vote for every share held.

Options and rights

No voting rights.

3. Corporate Governance Statement

In accordance with Listing Rule 4.10.3, the Company's Corporate Governance Statement can be found on the Company's website.

Refer to <http://www.sacgasco.com/company/corporate-governance/>

4. Unlisted options

Grant date	Number	Number of holders	Expiry date	Exercise price (cents)
22-Jan-21	18,000,000	4	31-Dec-22	6

5. Twenty largest shareholders on 11 March 2021

Shareholders	Ordinary shares	
	Number held	% of issued shares
Stephen David Dahl & Louisa Yvette Dahl	31,348,338	6.47
Gary John Jeffery & related parties	23,264,158	4.81
BNP Parabis Nominees Pty Ltd <IB AU Noms Retail Client DRP>	14,553,701	3.01
Citicorp Nominees Pty Limited	10,423,376	2.15
Justine Davina Michel <Lambrecht Investment A/C>	10,369,198	2.14
HSBC Custody Nominees (Australia) Limited	10,146,132	2.10
BNP Parabis Nominees Pty Ltd Six Sis Ltd <DRP A/C>	8,249,724	1.70
Andrew Ross Childs & related parties	7,972,975	1.65
M & E Earthmoving Pty Ltd	6,236,457	1.29
Great Eastern Holdings Pty Ltd <Nambung Unit A/C>	6,071,016	1.25
Hemsby Super Pty Ltd <Hemsby Super Fund A/C>	5,703,846	1.18
Alan George Brooks & Philippa Claire Brooks <AG & PC Brooks S/Fund A/C>	5,169,837	1.07
Geoffrey Kenneth Farnell & Janet Lesley Farnell <Farnell Super Fund A/C>	5,000,000	1.03
Gordon Joseph Pearn & Joelle Marie Pearn	4,860,000	1.00
Magaurite Pty Ltd <Peter Nelson Super Fund A/C>	4,339,452	0.90
David Waterston & Natalie Ana Kovacev	4,284,000	0.88
Andrew James Drury	4,280,000	0.88
Blue Sky Resources Ltd	4,188,432	0.87
Quatri Pty Ltd <Quatri Super Fund A/C>	4,000,000	0.83
Matilda West Pty Ltd	3,600,000	0.74

CORPORATE DIRECTORY**Directors**

Mr Andrew Childs
Mr Gary Jeffery
Ms Joanne Kendrick

Secretary

Mr David McArthur
Mr Jordan McArthur

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