SACGASCO LIMITED

ABN 83 114 061 433

INTERIM FINANCIAL REPORT
For the six months ended 30 June 2017

CONTENTS

CORPORATE DIRECTORY

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Mr Gary Jeffery
Mr Philip Haydn-Slater

Secretary
Mr David McArthur

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ASX Code
Shares: SGC

Country of Incorporation and Domicile
Australia

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DIRECTORS' REPORT

The Directors present their report together with the financial statements of the Group, comprising Sacgasco Limited ("the Company" or "SGC") and its controlled entities (together referred to as "the Group" and individually as "Group Entities") for the six months ended 30 June 2017 and the auditor's review report thereon.

1. DIRECTORS

The directors of the Company at any time during or since the end of the interim period are:

Name	Period of directorship
Executive	
Gary Jeffery Managing Director	Director since 24 October 2013
Non-executive	
Andrew Childs Non-executive Chairman	Director since 25 November 2008
Philip Haydn-Slater	Director since 1 February 2017
David McArthur	Director from 15 November 2016 to 1 February 2017

Executive Director and Non-executive directors' remuneration

At the Annual General Meeting on 31 May 2017 shareholders approved the issue of up to 3,750,000 plan shares at no less than 4.0 cents each, totalling a value of $150,000, in satisfaction of Directors' fees under the Incentive Share Plan approved by shareholders on 31 May 2017. The shares are to be issued on a quarterly basis within a period of 12 months from 31 May 2017. The issue price is the average of the 5 days VWAP for the first and last 5 days of the respective quarter.

2. OPERATING AND FINANCIAL REVIEW

Overview

Sacgasco Limited is listed on the Australian Securities Exchange (ASX: SGC) and has approximately 213 million shares on issue at the date of this report.

Significant events during the reporting period

On 3 January 2017, the Company completed acquisition of private company Peregrine Limited to secure additional equity and operatorship of the Dempsey and Alvares Prospects in the Sacramento Basin on-shore Northern California. As part of the transaction, the Company issued 32 million fully paid shares to the owners of Peregrine on 31 January 2017.

On 17 January 2017, the Company signed a farm-out agreement with Bombora Natural Energy Pty Ltd (BNE) for BNE to earn 10% working interest in the Dempsey prospect by funding 20% of the Dempsey-1 well program to a gross well cost cap of approximately $5.2 million (US$3.8 million).

On 1 February 2017, Mr Philip Haydn-Slater was appointed as a non-executive director of the Company. Mr Haydn-Slater has worked throughout his 36 years career within institutional sales for a number of well-known financial institutions. He was co-founder and director of HD Capital Partners Ltd, a London-based specialist corporate finance advisory company. Upon the appointment of Mr Haydn-Slater, Mr David McArthur resigned as a director, but he remains as Company Secretary.

2. OPERATING AND FINANCIAL REVIEW (continued)

Significant events during the period (continued)

On 1 March 2017, the Company signed an agreement to farm-out 6% of their working interest in the Alvares Gas Discovery to BNE.

On 20 March 2017, the Company acquired an additional 5 gas wells and associated facilities and leases over the northern part of the Dempsey Prospect from The Termo Company.

On 28 March 2017, the Company completed a $1.72 million share placement at 6.5 cents each.

Sacgasco's new corporate identity and a new logo was unveiled on 31 March 2017 with the publication of the Company's 2016 Annual Report.

On 16 May 2017, the Company announced a farmout of 25% working interest in the Dempsey Project to Empyrean Energy plc. This agreement was revised on 22 June 2017 to increase the interest farmed out to Empyrean to 30% in Dempsey and to increase farmout interests in other assets in the Sacramento Basin.

On 7 June 2017, the Company farmed out additional interest in the Alvares Project to BNE and adjusted other BNE farmout interests in the Sacramento Basin.

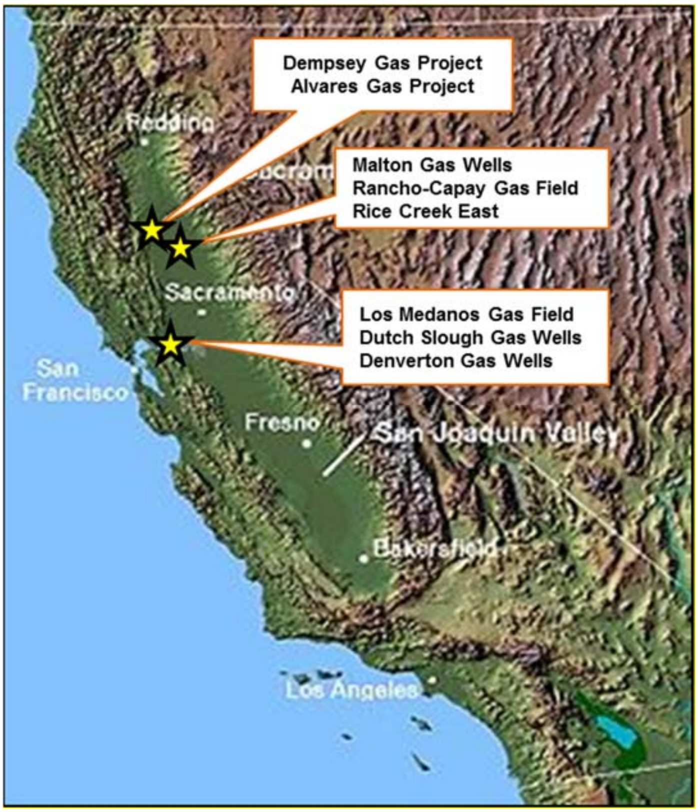
REVIEW OF OPERATIONS

Summary of Strategy

- **Sacgasco's growth strategy is aimed at increasing Natural Gas production to underpin its revenue profile as a means to accelerate company growth through the drilling of its world-class exploration and appraisal propects.**
- **Its methodology is to acquire new leases over conventional structural prospects that are interpreted to contain large quanities of natural gas, along with producing and shut-in gas wells that provide held-by-production leases and associated infrastructure for future production in the event of successful appraisal and exploration drilling.**
- **Drilling is to be funded by a combination of farmouts and cash flow from production and / or capital raisings.**
- **Targeting gas supply to 2.5 Tcf per year Californian domestic gas market and growing North American export LNG markets through connection to the extensive intra- and interstate Natural Gas pipeline systems, and growing export terminals in North America.**
- **Start with high working interests and seek to maintain relatively high Working Interests in active projects.**
- **Importantly, Sacgasco seeks to be the Operator of all its Sacramento Basin Assets.**
- **Sacgasco's development plans for large-scale natural gas projects in Sacramento Basin are supported by:**
    - **Geological and Geophysical information that reinforces interpreted multi-Tcf natural gas production potential under the Company's Sacramento Basin leases;**
    - **An industry switch to areas with lower cost of operations that are close to infrastructure which enables earlier monetisation of discoveries.**

2. OPERATING AND FINANCIAL REVIEW (continued)

REVIEW OF OPERATIONS (continued)



SGC's Sacramento Natural Gas assets, onshore California

Sacramento Basin - Onshore Northern California

Exploratıon, appraisal and new ventures

Exploration leases have continued to be maintained within the Sacramento Basin during the year. SGC has a working interest (WI) of between approximately 30% and 100% in these leased lands which cover natural Natural Gas prospects.

During the first half of 2017 interpretation of seismic and geologic information reinforced SGC's belief that both Dempsey and Alvares are world-class, multi-Tcf prospects. Compilation and Improvement of technical data and "Discovery Thinking" processes have also been used to identify additional prospects for exploration drilling.

Mapping completed to date has resulted in the identification of a portfolio of additional gas prospects and leads, with gross unrisked best estimate recoverable Prospective Resources of Natural Gas ranging from 300 Bcf to over 2 Tcf.

The Company's key assets are the Dempsey and Alvares natural gas prospects, which have gross unrisked best estimate recoverable prospective resources of 1+TCF* and 2.4 TCF*.

* Further details were included in the Company's ASX release dated 4 September 2014:

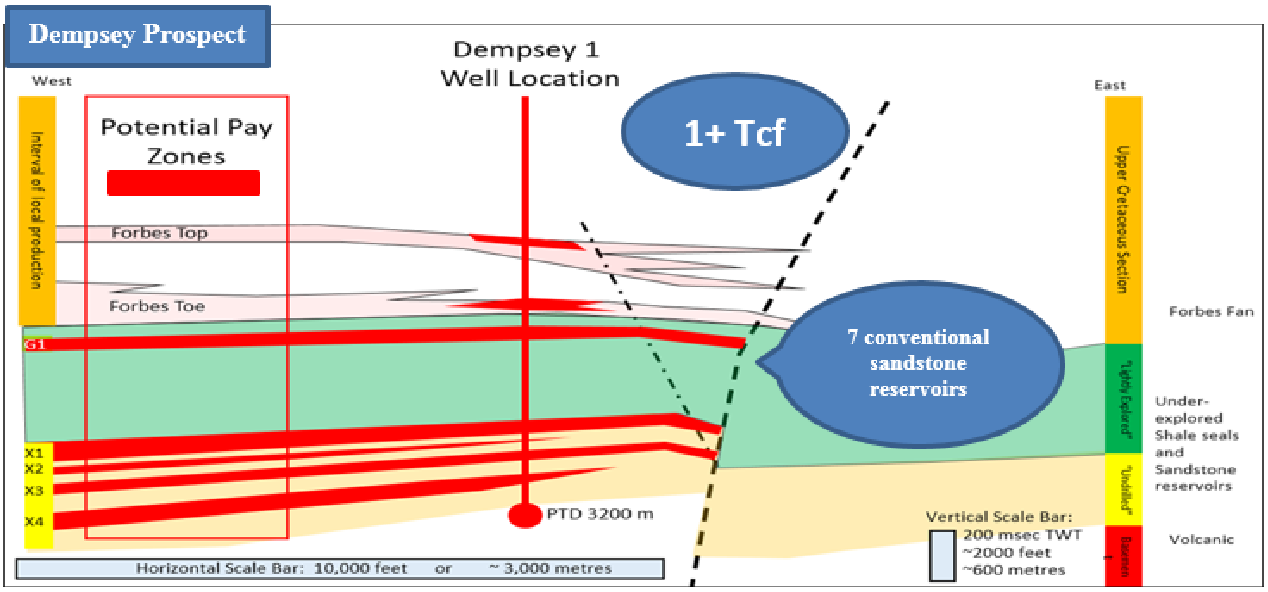
"The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required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

2. OPERATING AND FINANCIAL REVIEW (continued)

REVIEW OF OPERATIONS (continued)

Dempsey Natural Gas Prospect – Appraisal / Exploration stage (SGC 50% WI after farmouts)

The Dempsey natural gas prospect is SGC's flagship prospect and remains the focus of the Company's near-term development plans. The Dempsey prospect has the potential for near-term, natural gas production because it is located below existing SGC production facilities and the surface location of the Dempsey well is adjacent to the Gas meter station that provides access to caifornias extensive pipeline system and markets.



Dempsey Prospect Schematic Cross-section

Susequent to the end of the reporting period the Dempsey 1-15 well spudded-in on 2 August 2017 and has a Proposed Total Depth ('PTD') of 3,200 metres and is anticipated to take around 30 to 45 days to drill with costs estimated to be between US$3 and US$5.3 million. This range of costs covers the costs of just drilling an exploration well, up to the costs of also completing the well ready for production through Company owned existing pipeline access facilities.

The total (100%) unrisked recoverable Prospective Resource, from over seven interpreted reservoir zones, on a best estimate deterministic basis in the Dempsey prospect is over 1 Tcf (i.e. over 167 million barrels of oil equivalent (boe) – using an industry standard energy based conversion factor of 6 mcf per boe).

The Dempsey 1-15 well will be located within a proven gas field area with existing joint venture owned pipeline and meter station infrastructure easily accessible. Should commercial quantities of gas be found, these existing production facilities with capacity of up to 20 mmcfgpd, and which are connected to the interstate pipeline networks, would be used to sell the gas with minimum delay. Such potential flows, if achieved could result in up to US$60,000 per day of gross well production revenue, if gas prices were to remain similar to current prices.

2. OPERATING AND FINANCIAL REVIEW (continued)

REVIEW OF OPERATIONS (continued)

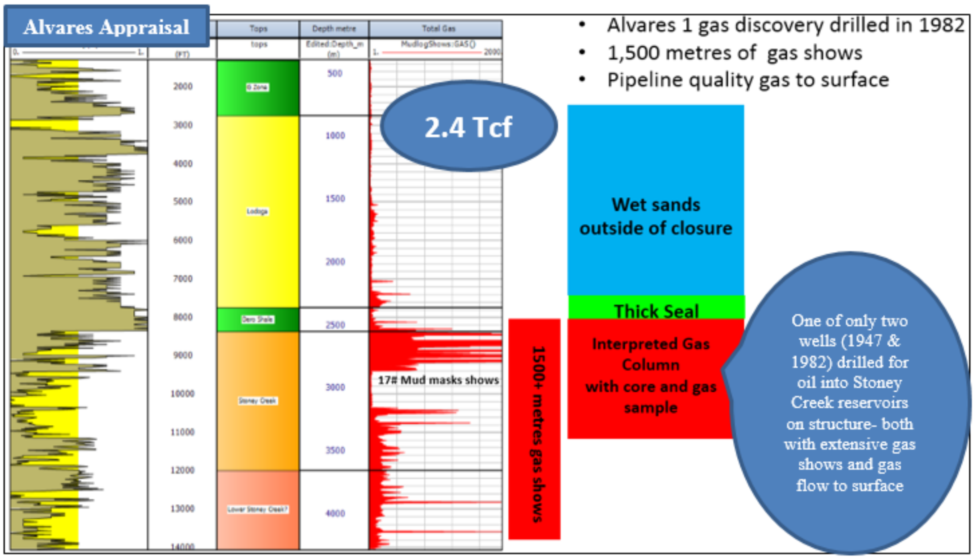
Alvares Natural Gas Prospect – Appraisal stage (SGC 39% WI after farmouts)

The Alvares natural gas prospect is located close to large Natural Gas pipelines and on trend 35 miles from the similarly structured multi-Tcf Tulainyo Project (based on the Shell James 1 well drilled in 1947), mapped by Cirque Resources and involving California Resources Corporation (NYSE: CRC).

The Tulainyo Prospect contains Boxer / Ladoga (equivalent to the Dempsey Targets) and Stoney Creek (equivalent to the Alvares Gas Sands) targets. Reportedly the well was terminated before 1,800 metres for mechanical reasons, but nevertheless found multiple stacked gas reservoirs on a 50 square mile four-way closure on 2D sesimic. Public annoucements indicate that there are agreements from a group of farminees to fund the redrill of the Tulainyo Prospect on highly promoted basis.

The Alvares prospect contains a total (100%) unrisked recoverable prospective natural gas resource on a best estimate deterministic basis of approximately 2.4 Tcf (400 million boe).

Alternative methods of evaluating the gas flow potential using the existing Alvares well bore are being investigated further and a site visit with a drilling company was conducted during the reporting period.



Alvares Appraisal Project Summary

Additional prospects and leads have been mapped and leasing activity continued during the half-year reporting period consistent with the Company's growth strategy.

2. OPERATING AND FINANCIAL REVIEW (continued)

REVIEW OF OPERATIONS (continued)

Production Update

The below table outlines Sacgasco's current gas fields and associated Well Interests:

Gas Field	SGC Working Interest (WI)	Total Wells	Wells in Production
Rancho-Capay	33-50%	6	5
Los Medanos	90%	3	2
Malton	35-69%	8	2
Dutch Slough	69%	4	0
Denverton	70%	1	1
Rice Creek East	50%	3	0

Production	June 2017 Half Year	June 2016 Half Year
Gross mcf * (100%)	*127,223*	*25,165*
Net SGC mcf (after Royalty)	*55,943*	*9,384*
**mcf – Thousand Cubic feet gas*		

During the half-year, the Company benefited from production from all wells acquired in transactions during the reporting period. Sacgasco's net production after Royalty reflects the effects of farming out interests in the Dempsey Project area. Working Interests in topside facilities and underground resources have been equilibrated to facilitate joint venture alignment especially in commercial aspects of the gas production.

Permitting to Increase Operated Natural Gas Production

In May, the Company advised that it had begun permitting pipeline connections to facilitate an increase in natural gas production by up to 1.5 million cubic feet of gas per day (mmcfgpd). This additional production would be the result of bringing back online some of the recently acquired shut-in gas wells. At current gas prices of around US$3.40 per mcf the gross cash flow from production from Sacgasco operated wells would be over A$4 million per year. Implementation of these activities is ongoing.

Further to this, Sacgasco has also identified additional workover opportunities and pipeline connections in its portfolio that provide opportunities for further increases in production in the near future.

Production facilities also provide access points for future exploration success from Sacgasco's appraisal and exploration activities.

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

2. OPERATING AND FINANCIAL REVIEW (continued

REVIEW OF OPERATIONS (continued)

Prospect Portfolio

As outlined above, SGC's current focus is unlocking the underlying value from its natural gas prospects in the Sacramento Basin. At this point, the Company believes shareholders' interests are best suited to a singular focus on the largest value adding projects in the Sacramento Basin, in particular the early monetisation of the Dempsey prospect.

SACGASCO LIMITED - Tenement / Project List (at 30 June 2017)			
Project name	Location	Working Interest (WI)	WI after Farmout
Dempsey Prospect	*Sacramento Basin Onshore Northern California*	50%	50%
Alvares Prospect	*Sacramento Basin Onshore Northern California*	39%	39%
California AMI Prospects	*Sacramento Basin Onshore Northern California*	70%	56-70%
Rancho-Capay Gas Field	*Sacramento Basin Onshore Northern California*	50%	50%
Los Medanos Gas Field	*Sacramento Basin Onshore Northern California*	90%	NA
Tenements acquired effective 1 February 2017			
Malton Field	*Sacramento Basin Onshore Northern California*	35-69%	NA
Dutch Slough Field	*Sacramento Basin Onshore Northern California*	69%	NA
Denverton Field	*Sacramento Basin Onshore Northern California*	70%	NA
Rancho-Capay Field	*Sacramento Basin Onshore Northern California*	30-48%	30-48%
East Rice Creek Field	*Sacramento Basin Onshore Northern California*	50%	50%

Notes to Tenement / Project List:

NA: Not applicable- not affected by farmout; Working interest may vary across individual Prospects and WI above reflects the WI in the majority of leased lands. The company also acquired 100% of the Arnaudo Prospect as part of the Peregrine acquisition. It is currently not considered material relative to the other company prospects.

Projects are continuously reviewed for their strategic fit and are expected to be modified over time to reflect industry conditions.

Leases:

US exploration is conducted on leases grant by Mineral Right owners, in SGC's case primarily private individuals or groups. Leases can vary in size from very small parcels (part of an acre) to large landholdings (covering a few square miles). Leases generally are for 5 years and rentals are paid annually. There are no 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 its individual leases as it is impractical and not meaningful for potential project value assessment in a natural gas play. A detailed listing of leases may also lead to a loss of competitive advantage and consequent reduced value to SGC shareholders.

2. OPERATING AND FINANCIAL REVIEW (continued)

REVIEW OF OPERATIONS (continued)

Competent Persons Statement

This document contains forward looking statements that are subject to risk factors associated with the oil and gas industry. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by many variables which could cause actual results or trends to differ materially. The technical information provided has been reviewed by Mr Gary Jeffery, Managing Director of Sacgasco Limited. He is a qualified geophysicist with over 44 years technical, commercial and management experience in exploration for, appraisal and development, and transportation of oil and gas. Mr Jeffery consents to the inclusion of the information in the form and context in which it appears.

Financial Position

For the six months ended 30 June 2017 the Group incurred a loss after income tax of $5,048,151 (six months ended 30 June 2016: loss $544,793).

The company had a net cash inflow of $991,194 (six months ended 30 June 2016: outflow of $35,654).

On 20 February 2017, the Company entered into loan agreements with two directors totalling $270,000. The unsecured loans were for six months with interest payable at 12% p.a. and extendable, by mutual agreement in writing, at least 20 days prior to expiry of the loan term. These loans were repaid on 10 April 2017.

Placement of Shares and Issue of Options

On 10 January 2017, the Company issued 720,259 fully paid shares [(1)] – 549,569 shares at 3.6 cents each with a value of $19,784 in satisfaction of directors' fees as approved by shareholders on 20 May 2016, and 170,690 shares at 5.8 cents each with a value of $9,900 in satisfaction of services provided by a vendor.

On 11 January 2017, shareholders approved the issue of 13 million options to the directors of the Company. The options are exercisable at 15 cents each and expire on 31 December 2019.

On 27 January 2017, 7,598,773 options were converted to fully paid shares raising $227,963. The options had an expiry date of 30 September 2017 and an exercise price of 3 cents each.

On 31 January 2017, the Company issued 7,598,773 fully paid shares on conversion of options exercisable at 3 cents each.

On 31 January 2017, the Company issued 32,000,000 fully paid shares pursuant to the acquisition of Peregrine Limited, as approved by shareholders on 11 January 2017.

On 31 January 2017, the Company issued 22,000,000 options to directors, employees and consultants for nil value. Options are exercisable at 15 cents each on or before 31 December 2019.

On 7 April 2017, the Company issued 26,876,391 fully paid shares [(1)] – 26,453,855 shares at 6.5 cents each to raise $1,719,500 (before costs); and 422,536 shares at 6.5 cents each with a value of $30,000 in satisfaction of directors' fees as approved by shareholders on 20 May 2016. The Company also issued 500,000 options to directors for nil consideration under the employee option scheme approved by shareholders on 20 May 2016. The options are exercisable at 15 cents each on or before 31 December 2019

[(1)] The issue price of the shares is the mathematical average of the VWAP for the first and the last 5 trading days in the calendar quarter. However, the fair value of the shares issued to directors is the share price at the date the share plan was approved by shareholders (3.6 cents each at AGM held on 20 May 2016).

2. OPERATING AND FINANCIAL REVIEW (continued)

Financial Position (continued)

Placement of Shares and Issue of Options (continued)

On 14 June 2017, the Company issued 4,000,000 fully paid shares in satisfaction of a loan of $100,000 as approved by shareholders on 31 May 2017. The Company also issued 5,000,000 options to directors for nil consideration as approved by shareholders on 31 May 2017. The options are exercisable at 15 cents each on or before 31 December 2019

On 12 July 2017, the Company issued 12,037,592 fully paid shares (1) – 10,000,000 shares at 9.0 cents each by way of private placement to shareholders; 1,100,000 shares on conversion of options exercisable at 3 cents each; 527,740 shares with a value of $42,500 in satisfaction of directors' fees as approved by shareholders on 31 May 2017.and 409,852 shares in satisfaction of consulting fees.

(1) The issue price of the shares is the mathematical average of the VWAP for the first and the last 5 trading days in the calendar quarter. However, the fair value of the shares issued to directors is the share price at the date the share plan was approved by shareholders (3.6 cents each at AGM held on 31 May 2017).

3. DIVIDENDS

The directors recommend that no dividend be provided for the six months ended 30 June 2017. (Six months ended 30 June 2016: Nil).

4. CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Sacgasco Limited support, and have adhered to the principles of good corporate governance. The Group's corporate governance statement is contained in the 31 December 2016 Annual Report and can be viewed on the Company's website.

5. EVENTS SUBSEQUENT TO REPORTING DATE

Other than the matters disclosed in note 4.2 of the notes to the consolidated financial statements, there have been no matters or circumstances that have arisen since the end of the reporting period that have significantly affected, or may significantly affect, the operations of the Group, the results of these operations, or the state of affairs of the Group in future financial years.

6. LEAD AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is included on page 11 of this interim report.

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

GARY JEFFERY

Director

Dated at Perth, Western Australia this 13th day of September 2017.

HLB Mann Judd

Accountants | Business and Financial Advisers

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the consolidated financial report of Sacgasco Limited for the half-year ended 30 June 2017, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Perth, Western Australia
13 September 2017

N G Neill
Partner

HLB Mann Judd (WA Partnership) ABN 22 193 232 714

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017

	Note	30 June 2017 $	31 December 2016 $
Assets			
Cash and cash equivalents		1,089,329	118,215
Trade and other receivables		185,503	65,161
Prepayments		13,330	69,318
Available for sale financial assets	1.8	405,938	-
Total current assets		1,694,100	252,694
Trade debtors and other receivables		267,369	7,642
Property, plant and equipment		13,839	-
Total non-current assets		281,208	7,642
Total assets		1,975,308	260,336
Liabilities			
Trade and other payables		(699,289)	(611,633)
Employee entitlements		(61,180)	(53,385)
Loans and borrowings	3.2	(4,369)	(125,901)
Deferred income		(409,570)	(153,963)
Total current liabilities		(1,174,408)	(944,882)
Site restoration	2.1	(946,161)	(323,031)
Total non-current liabilities		(946,161)	(323,031)
Total liabilities		(2,120,569)	(1,267,913)
Net liabilities		(145,261)	(1,007,577)
Equity			
Issued capital	3.1	16,367,336	12,133,480
Reserves		1,884,582	207,971
Accumulated losses		(18,397,179)	(13,349,028)
Total equity attributable to equity holders of the Company		(145,261)	(1,007,577)

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE SIX MONTHS ENDED 30 JUNE 2017

	30 June 2017 $	30 June 2016 Restated [1] $
Revenue from continuing operations		
Finance income	-	1,443
Other operating income	157,013	142,223
Expenses		
Other operating expenses	(217,889)	(202,001)
Exploration expenditure	(2,763,772)	(145,765)
Site rehabilitation expenses	(459,810)	(7,234)
Personnel expenses	(1,087,518)	(206,997)
General and administrative expenses	(47,416)	(36,654)
Professional fees	(606,379)	(80,156)
Finance expenses	(9,114)	(9,578)
Marketing and business development expense	(28,618)	-
Depreciation	(208)	-
Other gains and losses	18,841	2,137
Results from operating activities	(5,044,870)	(542,582)
Loss before income tax	(5,044,810)	(542,582)
Income tax expense	(3,281)	(2,211)
Loss for the period	(5,048,151)	(544,793)
(Loss) per share (cents per share)		
Basic and diluted	(2.84)	(0.5)

[1] With effect from 1 January 2016, the directors of Sacgasco Limited made a voluntary change in accounting for exploration and evaluation expenditure from capitalisation to expense when incurred (refer note 2.2).

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	30 June 2017 $	30 June 2016 Restated [1] $
Loss for the period	(5,048,151)	(544,793)
Other comprehensive income		
Items that may be classified subsequently to profit or loss		
Changes in fair value on equity instruments measured at fair value	216,500	-
Net change in fair value of derivative financial liabilities	-	2,505
Foreign currency translation difference of foreign operations	31,198	1,723
Total items that may be classified subsequently to profit or loss	247,698	4,228
Total comprehensive loss for the period	(4,800,453)	(540,565)
Total comprehensive loss for the period attributable to Owners of the Company	(4,800,453)	(540,565)

(1) With effect from 1 January 2016, the directors of Sacgasco Limited made a voluntary change in accounting for exploration and evaluation expenditure from capitalisation to expense when incurred (refer note 2.2).

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Share capital	Translation Reserve (1)	Fair value Reserve	Options reserve	Share-based Payments reserve	Accumulated Losses (1)	Total
	$	$	$	$	$	$	$
Balance at 1 January 2017	12,133,480	13,287	-	174,900	19,784	(13,349,028)	(1,007,577)
Total comprehensive income for the period							
Loss for the period	-	-	-	-	-	(5,048,151)	(5,048,151)
Other comprehensive income for the year							
Equity instruments measured at fair value	-	-	216,500	-	-	-	216,500
Foreign exchange translation difference on foreign operations	-	31,198	-	-	-	-	31,198
Total other comprehensive loss for the period	-	31,198	216,500	-	-	-	247,698
Total comprehensive loss for the period	-	31,198	216,500	-	-	(5,048,151)	(4,800,453)
Issue of ordinary shares	4,104,396	-	-	-	(19,784)	-	4,084,612
Issue of ordinary shares on conversion of options	227,963	-	-	-	-	-	227,963
Share-based payment transactions	-	-	-	1,414,150	34,547	-	1,448,697
Capital raising costs	(98,503)	-	-	-	-	-	(98,503)
Total contributions by and distributions to owners	4,233,856	-	-	1,414,150	14,763	-	5,662,769
Total transactions with owners	4,233,856	-	-	1,414,150	14,763	-	5,662,769
Balance at 30 June 2017	16,367,336	44,485	216,500	1,589,050	34,547	(18,397,179)	(145,261)

(1) With effect from 1 January 2016, the directors of Sacgasco Limited made a voluntary change in accounting for exploration and evaluation expenditure from capitalisation to expense when incurred (refer note 2.2).

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Share Capital	Translation reserve	Fair Value Reserve	Options reserve	Share-based payments reserve	Accumulated Losses [1]	Total
	$	$	$	$	$	$	$
Balance at 1 January 2016	11,477,843	22,638	-	199,900	65,055	(12,236,908)	(471,472)
Total comprehensive loss for the period							
Loss for the period	-	-	-	-	-	(544,793)	(544,793)
Other comprehensive loss for the period							
Fair value of derivative financial liability			2,505				2,505
Foreign exchange translation difference on foreign operations	-	1,723	-	-	-	-	1,723
Total other comprehensive loss for the period	-	1,723	2,505	-	-	-	4,228
Total comprehensive loss for the period	-	1,723	2,505	-	-	(544,793)	(540,565)
Transactions with owners, recorded directly in equity:							
Contributions by and distributions to owners							
Issue of ordinary shares	162,052	-	-	-	(65,055)	-	96,997
Share-based payment transactions	-	-	-	-	42,187	-	42,187
Capital raising costs	(3,308)	-	-	-	-	-	(3,308)
Total contributions by and distributions to owners	158,744	-	-	-	(22,868)	-	135,876
Total transactions with owners	158,744	-	-	-	(22,868)	-	135,876
Balance at 30 June 2016	11,636,587	24,361	2,505	199,900	42,187	(12,781,701)	(876,161)

[1] With effect from 1 January 2016, the directors of Sacgasco Limited made a voluntary change in accounting for exploration and evaluation expenditure from capitalisation to expense when incurred (refer note 2.2).

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	30 June 2017 $	30 June 2016 Restated [1] $
Cash flows from operating activities		
Receipts from customers	-	81,904
Cash paid to suppliers and employees	(255,296)	(82,715)
Payments for exploration and evaluation	(389,844)	(167,495)
Interest paid	(17,165)	-
Income taxes paid	(3,281)	(2,211)
Net cash used in operating activities	(665,586)	(170,517)
Cash flows from investing activities		
Investment in associates	-	(1,233)
Proceeds from dissolution of an associate	4,502	-
Payments for available for sale assets	(189,438)	-
Payments for property, plant and equipment	(14,047)	-
Cash held on acquisition	74,246	-
Net cash used in investing activities	(124,737)	(1,233)
Cash flows from financing activities		
Proceeds from issue of share capital	1,893,500	-
Proceeds from issue of convertible notes	-	57,500
Proceeds from related party loans	270,000	100,000
Proceeds from settlement of loans to joint venture partner	-	46,566
Payment of capital raising costs	(98,503)	(3,308)
Payment of transaction costs related to loans	(270,000)	(2,875)
Repayment of borrowings	(13,480)	-
Repayment of loans from / payment on behalf of JV partner	-	(61,787)
Net cash from financing activities	1,781,517	136,096
Net increase / (decrease) in cash and cash equivalents	991,194	(35,654)
Cash and cash equivalents at 1 January	118,215	70,972
Effect of exchange rate fluctuations on cash held	(20,080)	(6,718)
Cash and cash equivalents at 30 June	1,089,329	28,600

(1) With effect from 1 January 2016, the directors of Sacgasco Limited made a voluntary change in accounting for exploration and evaluation expenditure from capitalisation to expense when incurred (refer note 2.2).

The accompanying notes are an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

SECTION 1 BASIS OF PREPARATION

Sacgasco Limited (the "Company") is a for-profit, listed public company domiciled in Australia. The consolidated interim financial report of the Company as at the end of the six months ended 30 June 2017 comprises the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group is primarily involved in the evaluation, acquisition, exploration and development of natural gas and petroleum projects in California, USA.

The consolidated interim financial report does not include all the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 31 December 2016, which is available upon request from the Company's registered office at Level 1, 31 Cliff Street, Fremantle, Western Australia 6160 and on the Company's website at www.sacgasco.com.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statemens as at the year ended 31 December 2016.

1.1 STATEMENT OF COMPLIANCE

The consolidated interim financial report is a general purpose financial report prepared in accordance with AASB 34 *Interim Financial Reporting* and the Corporations Act 2001 and with IAS 34 *Interim Financial Reporting*.

The consolidated interim financial report was approved by the Board of Directors on 13 September 2017.

1.2 SIGNIFICANT ACCOUNTING POLICIES

Except as described below, the accounting policies applied by the Group in the consolidated interim financial report are the same as those applied in its consolidated financial report as at and for the year ended 31 December 2016. The Group has adopted the following Amendments to Australian Accounting Standards with a date of initial application of 1 January 2017.

AASB 2016-1 – Recognition of Deferred Tax Assets for Unrealised Losses: Amends AASB 112 *Income Taxes* to clarify the requirements on recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value.

AASB 2016-2 – Disclosure Initiative Amendments to AASB 107: Amends AASB 107 Statement of Cash Flows to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

These changes do not impact the financial statements.

1.3 GOING CONCERN

The consolidated financial statements have been prepared on a going concern basis which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business. The Directors are satisfied the Company is a going concern, notwithstanding it has a working capital surplus of $519,692 (six months ended 30 June 2016: deficit of $692,188) and a net cash inflow for the six months ended 30 June 2017 of $991,194 (six months ended 30 June 2016 outflow of $35,654). The Group recorded a loss for the period of $5,048,151 (six months to 30 June 2016: loss $399,028). The Group had cash and cash equivalents at 30 June 2017 and at 8 September 2017 of $1,089,329 and $3,858,403 respectively.

The Group is focused on securing further land leases in California and pursuing and assessing new venture opportunities which are complementary with its existing asset position. The Group's cash flow forecast for the period to 30 September 2018, reflects the Group's ability to meet its working capital requirements and its committed and planned development expenditure relating to its exploration and evaluation assets.

On 1 September 2017, the Company sold its available for sale financial asset generating cash income of $522,234.

On 7 September 2017, the Company announced a share placement of 28,744,080 ordinary shares at 8.5 cents each to raise $2,443,247 before costs.

The directors are therefore of the opinion that the use of the going concern basis is appropriate in the circumstances.

1.4 JUDGEMENTS AND ESTIMATES

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2016.

1.5 FOREIGN CURRENCIES

The financial report is presented in Australian dollars, which is Sacgasco Limited's presentation currency and country of domicile.

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

1.6 OPERATING SEGMENTS

The Group has identified its operating segments on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group currently operates in one operating segment being oil and gas exploration and evaluation. Accordingly, under management's approach outlined, only one operating segment has been identified and no further disclosure is required in the financial statements.

1.7 ASSET ACQUISITION

On 26 October 2016, the Company signed an agreement to acquire Peregrine Limited, a company registered in Belize, to secure additional equity and operatorship of the Dempsey and Alvares Prospects in the Sacramento Basin Onshore Northern California.

On 11 January 2017, shareholders approved the issue of 32 million fully paid shares at 5 cents each in consideration for the acquisition of Peregrine. The effective date of the transaction was 1 January 2017.

Details of the fair value of the assets and liabilities acquired as at 1 January 2017 are as follows:

	$
Purchase consideration comprises:	
32,000,000 ordinary shares at 7 cents each	2,240,000
Net assets acquired:	
Cash and cash equivalents	74,246
Other receivables	2,779
Exploration and evaluation assets expensed in line with accounting policy to expense exploration as incurred	2,443,511
Trade payables and other payables	(74,971)
Site restoration provision	(205,565)
	2,240,000

1.8 AVAILABLE FOR SALE FINANCIAL ASSETS

Accounting Policy

Available for sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available for sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available for sale reserve in equity. Cumulative gain or loss previously reported in the available for sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

On 9 June 2017, the Company acquired 3,200,000 fully paid ordinary shares in Empyrean Energy PLC, a UK listed company, at 3.5 pence each for GBP 112,000 ($190,840).

At 30 June 2017, these shares were valued at 7.5 pence per share and had a fair value of $405,938.

These shares were sold on 1 September 2017 for 10 pence each, generating cash income of $522,234.

SECTION 2 ASSETS AND LIABILITIES SUPPORTING EXPLORATION AND EVALUATION

This section focuses on the assets and liabilities which form the core of the ongoing business, including those assets and liabilities which support ongoing exploration and evaluation as well as capital and other commitments existing at 30 June 2017.

Key estimates and assumptions in this section

Indicators of impairment for exploration and evaluation assets

The Group has reviewed exploration and evaluation assets for indicators of impairment in accordance with AASB 6 and concluded that impairment indicators did not exist at period end. In making this assessment, management is required to make assessments on the status of each project and the future plans towards successful development and commercial exploration, or alternatively sale, of the respective areas of interest.

Provisions

Provisions are determined by discounting the expected future cash flow at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance costs.

Site restoration

In accordance with the Group's published environment policy and applicable legal requirements, a provision for site restoration in respect of contaminated and disturbed land, and the related expense, is recognised when the land is contaminated or disturbed. Provisions for the costs of rehabilitation, decommissioning and restoration of the area disturbed during mining activities depends on the legal requirements at the date of decommissioning, the costs and timing of work and the discount rate to be applied.

At each reporting date, the site rehabilitation provision is re-measured to reflect any 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 re-added to, or deducted from, the related asset where it is possible that future economic benefits will flow to the entity.

2.1 PROVISIONS

The non-current site restoration provision of $946,161 (31 December 2016: $323,031) is in respect of the Group's on-going obligation for the environmental rehabilitation of the Sacramento Basin onshore California area of interest. 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 well-plugging, restoration, reclamation and revegetation of affected areas. The Company continues to work with the Californian authorities and landowners with regards to the planning and timing of the rehabilitation which is currently in progress.

	Note	30 June 2017 $	31 December 2016 $
Site restoration provision		(946,161)	(323,031)
Movement in carrying amounts			
Opening balance		(323,031)	(350,438)
Additional provisions recognised		(459,810)	-
Provision recognised on asset acquisition	1.7	(205,565)	
Provision extinguished		-	31,708
Effects of foreign exchange		42,245	(4,301)
Closing balance		(946,161)	(323,031)

2.2 EXPLORATION AND EVALUATION EXPENDITURE

The consolidated financial statements have been prepared incorporating retrospective application of a voluntary change in accounting policy relating to exploration and evaluation expenditure which was adopted by the Group on 31 December 2016 and applied retrospectively.

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

The previous accounting policy was that expenditure on exploration and evaluation activities in relation to areas of interest which had not reached a stage which permitted reasonable assessment of the existence or otherwise of economically recoverable reserves were capitalised as incurred.

The Directors believe that the change in accounting policy will provide more relevant information and no less reliable information to users of the consolidated financial statements. Both the previous and the new accounting policy are compliant with AASB 6 Exploration and Evaluation of Mineral Resources, which permits a choice of accounting policy.

As a result of this change in accounting policy, exploration expenditure totalling $145,765 which was previously capitalised in the comparative period has been retrospectively expensed in the comparative period restated statement of profit or loss and other comprehensive income. The impact of this is also reflected in accumulated losses in the statement of changes in equity and comparative earnings per share disclosure and in the comparative consolidated statement of cash flows where payments for exploration, evaluation and development are no longer recorded as investment activities but operating activities.

SECTION 3 EQUITY AND FUNDING

This section focuses on the debt and equity funding available to the Group at half-year end, most notably covering share capital and loans and borrowings.

3.1 CAPITAL AND RESERVES

Share capital

	Ordinary shares			
	Number of shares		Amount in $	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016
Movement in ordinary shares on issue:				
On issue at 1 January	**130,110,984**	**107,095,783**	**12,133,480**	**11,477,843**
Shares issued and expensed during the period:				
Issue of shares at 6 cents each in lieu of diirectors' fees		2,256,122		135,367
Issue of shares in satisfaction of service provider fees		729,000		26,685
Issue of shares at 3.6 cents each in lieu of directors' fees	972,105	-	34,996	-
Issue of shares at 6.5 cents each to raise working capital	26,453,855	-	1,719,500	-
Issue of shares at 3.2 cents each in lieu of Consulting fees	170,690	-	9,900	-
Issue of shares at 7 cents each pursuant to acquisition of Peregrine Limited	32,000,000	-	2,240,000	
Issue of shares at 2.5 cents each in satisfaction of director loan	4,000,000	-	100,000	
Issue of shares at 3 cents each on conversion of options	7,598,773	-	227,963	
Capital raising costs	-	-	(98,503)	(3,308)
On issue at 30 June	**201,306,407**	**110,080,905**	**16,367,336**	**11,636,587**

The holders of ordinary shares are entitled to receive dividends as declared from time and are entitled to one vote per share at meetings of the Group. Option holders cannot participate in any new share issues by the Group without exercising their options.

In the event of a winding up of the Group, ordinary shareholders rank after all other shareholders (if any) and creditors and are fully entitled to any proceeds on liquidation.

All issued shares are fully paid.

3.1 CAPITAL AND RESERVES (continued)

Options

At the date of this report the Company has a total of 39,600,000 unissued ordinary shares under option with an exercise price of between3 cents and 15 cents and expiry dates between 30 September 2017 and 31 December 2019.

These options do not entitle the holder to participate in any share issue of the Company.

During the reporting period, 7,598,773 shares were issued as a result of the exercise of 3 cent options.

No options expired during the reporting period (during the six months ended 30 June 2016: no options expired).

3.2 LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings.

	30 June 2017 $	31 December 2016 $
Current		
Loans received from a director	(2,055)	(110,107)
Premium funding facility	(2,314)	(15,794)
	(4,369)	(125,901)
Loans received from a director		
Opening balance	(110,107)	-
Loans advanced	(270,000)	(100,000)
Interest charged	(8,594)	(10,107)
Less repaid	286,646	-
Less value of shares issued in satisfaction of debt	100,000	-
	(2,055)	(110,107)
Premium funding		
Opening balance	(15,794)	-
Loans advanced	-	(22,275)
Interest and establishment costs charged	(520)	(579)
Less repaid (1)	14,000	7,060
	(2,314)	(15,794)

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

SECTION 4 OTHER DISCLOSURES

The disclosures in this section focuses on share schemes in operation, financial risk management of the Group. Other mandatory disclosures, such as details of related party transactions, can also be found here.

4.1 SHARE-BASED PAYMENT PLANS

Key estimates and assumptions in this section

Share-based payments

The fair value of share options is measured using the binomial options pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on an evaluation of the company's historic volatility, particularly over the historic period commensurate with the expected term) and weighted average expected life of the instruments (based on historical experience), expected dividends (if any) and the risk-free interest rate (based on government bonds). Service and non-market conditions are not taken into account in determining fair value.

(a) Description of the share-based payment arrangements

At 30 June 2017, the Group has the following share-based payment arrangements:

	30 June 2017 $	30 June 2016 $
(i) Shares issued in lieu of deferred director fees	34,996	135,366
(ii) Shares to be issued in lieu of accrued director fees	34,547	42,188
(iii) Shares issued in satisfaction of debt	9,900	26,685
(iv) Shares issued in satisfaction of director loan	100,000	-
(v) Options issued under the incentive option plan	1,414,150	-

(i) Shares issued in lieu of deferred director fees

At a general meeting on 20 May 2016, shareholders approved the issue of up to 7,500,000 plan shares at no less than 2 cents each, totalling a value of $150,000 in satisfaction of 50% of deferred director fees. At 30 June 2017, 50% of director fees had been satisfied in full by the issue of shares, as follows:

	Tranche	Value of services rendered (A) $	Fair value of shares on grant date (B) $	No. of Plan Shares issued	Date of Issue
Gary Jeffery	1	25,000	15,517	431,034	10-Jan-17
	2	25,000	12,676	352,113	10-Apr-17
Andrew Childs	1	5,000	3,104	86,207	10-Jan-17
	2	5,000	2,535	70,423	10-Apr-17
Keith Martens (1)	1	1,875	1,164	32,328	10-Jan-17

(1) Resigned on 15 November 2016

(A) Reflects the contractual salary amounts that have been settled by the company in shares.

(B) Reflects the fair value of shares at the date the share plan was approved by shareholders on 20 May 2016 (3.6 cents each)

4.1 SHARE BASED PAYMENT PLANS (continued)

(ii) Shares to be issued in lieu of accrued director fees

At a general meeting on 31 May 2017, shareholders approved the adoption of an Incentive Share Plan for the issue of Plan Shares to Company eligible participants over a period of three years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without shareholder approval in any 12 months period. The issue price of each Plan Share which shall be issued on a calendar quarterly basis will be not less than the mathematical average of the volume weighted average price at which shares are traded on the ASX over the 5 trading days at the commencement and the 5 trading days at the end of the respective calendar quarters, subject to shareholder approval if required.

At 30 June 2017, 50% of director fees (100% for Philip Haydn-Slater) had been satisfied in full by the issue of shares, as follows:

	50% accrued at 30 June 2017 $	Number of shares issued, approved by shareholders	Fair value of shares at grant date 7 cents each $
Gary Jeffery	25,000	304,878	21,341
Andrew Childs	5,000	60,976	4,268
Philip Haydn-Slater	12,500	161,886	8,938

(iii) Shares issued to a consultant in satisfaction of debt

A consultant advised the Company that it was prepared to accept payment of outstanding fees by the issue of shares. As this was in line with the Company's policy to conserve cash, on 12 January 2016 the board resolved to issue shares in satisfaction of the outstanding debt. It was mutually agreed to issue shares on a quarterly basis in satisfaction of ongoing fees.

	Value of services rendered $	Fair value of shares on grant date $	No. of Plan Shares issued	Date of Issue
Shares issued to consultant	9,900		170,690	10-Jan-17

(iv) Shares issued in satisfaction of director loan

At the Annual General Meeting on 31 May 2017, shareholders approved the issue of 4,000,000 fully paid shares at 2.5 cents each to Mr Gary Jeffery in satisfaction of a $100,000 loan which Mr Jeffery had provided to the Company.

(v) Equity-settled share option programme

The Company adopted an Incentive Option Plan (Plan) effective 11 January 2017. Under the Plan, the Company may grant options to Company eligible employees to acquire securities over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without shareholder approval in any 12 months period. The fair value of share options granted is estimated using the Black-Scholes option pricing model.

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

4.1 SHARE BASED PAYMENT PLANS (continued)

(v) Equity-settled share option programme

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

	2016	2016
	$	$
Expensed in personnel expenses (director remuneration)		
Options issued to directors	1,171,100	-
Expensed in professional fees		
Options issued to a consultant	243,050	-

Key valuation assumptions made at valuation date are summarised below:

	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Exercise price (cents)	15	15	15	15
Grant date	11-Jan-17	19-Jan-17	7-Apr-17	31-May-17
Expiry date	31-Dec-19	31-Dec-19	31-Dec-19	31-Dec-19
Life of the options (years)	2.97	2.95	2.73	2.59
Volatility	140.84%	138.64%	121.42%	91.41%
Risk free rate	1.83%	1.83%	1.67%	1.66%

4.2 SUBSEQUENT EVENTS

During July 2017, the Company completed a placement of 10,000,000 shares at 9 cents each to sophisticated investors raising $900,000 before costs under the Company's existing placement capacity.

On 12 July 2017, the Company issued 527,740 shares in lieu of directors' fees, as approved by shareholders on 31 May 2017 and 409,852 shares in lieu of consulting fees.

In addition, 1,100,000 shares were issued at 3 cents each upon conversion of 1,100,000 30 September 2017 options.

On 2 August 2017, drilling commenced on the Company's 1+ Tcf Dempsey 1-15 well in the Sacramento Basin, California. Drilling is expected to take 30-40 days to reach total depth.

On 1 September 2017, the Company sold its available for sale financial asset generating cash income of $522,234.

On 7 September 2017, the Company announced a share placement of 28,744,080 ordinary shares at 8.5 cents each to raise $2,443,247 before costs.

At the date of this report, the Company has 213,343,999 shares on issue.

Other than as disclosed above, there have been no 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

DIRECTORS' DECLARATION

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

1 The interim financial statements and notes are in accordance with the Corporations Act 2001, including

   (a) complying with Australian Accounting Standards AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001; and

   (b) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the half-year ended on that date.

2 There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

GARY JEFFERY

Managing Director

Dated at Perth, Western Australia this 13th day of September 2017.

HLB Mann Judd

Accountants | Business and Financial Advisers

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Sacgasco Limited

Report on the Interim Financial Report

We have reviewed the accompanying half-year financial report of Sacgasco Limited ("the company") which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss, consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the Group comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

(a) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the half-year ended on that date; and

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

HLB Mann Judd

HLB Mann Judd
Chartered Accountants

Norman Glad

N G Neill
Partner

Perth, Western Australia
13 September 2017