

Indices and Prices	
All Ordinaries	6,269
Energy Index	11,907
Brent AU\$/bbl	\$ 109
AUS\$/US\$	\$ 0.72
Live Gold/AU\$	\$ 1,659
As at close 18 September 2018	

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Sacgasco (SGC)

Sacgasco's (SGC) presentation to Perth's Good Oil Conference could have gone on for an hour as it was very dense with information and left a lot unsaid.

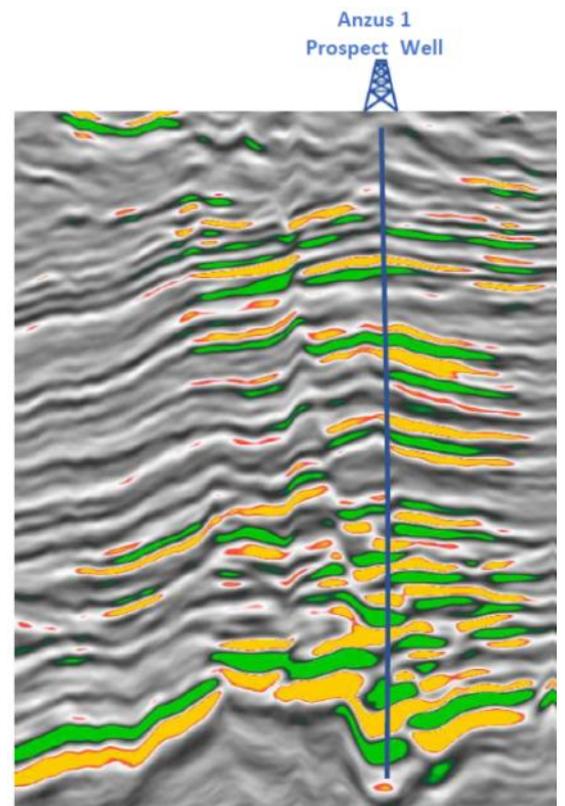
While its recently drilled Dempsey wildcat well found a lot of gas in rocks where it has not previously been recognised, it failed to find reservoir of adequate quality that could support commercial gas flows.

The company has since returned to the seismic data to find channel sands that it interprets to provide a higher quality reservoir environment.

The **Anzus prospect**, which is adjacent to natural gas pipeline infrastructure along the Dempsey trend, has been outlined by this process. Seismic anomalism that was found to be associated with gas in-place at Dempsey is much more widely evident at the Anzus location, where up to thirteen gas sands are counted, based on relative seismic attributes, compared with Dempsey.

Seismic amplitude anomalism seen at Anzus conforms to mapped structural closure within channel intervals, which provides additional support for petroleum charge in-place.

The company is working up potential target size for the prospect, which has more horizons down to a depth of about 2,800 metres than did the Dempsey well. Additionally, drill costing is expected to be significantly less than benchmarked drilling in California.



Yellow and Red is interpreted as Gas Reservoir; Amplitudes balanced for comparison with Dempsey Area

GOLD LIVE AU\$



ALL ORDINARIES



S&P ASX 200 ENERGY INDEX



BRENT CRUDE OIL \$AU/BARREL



AU\$/US\$



In the absence of further guidance from Sacgasco around potential size of the Anzus prospect, StockAnalysis sets an initial 2P target of 250 Bcf, which is estimated to have a value of 19 cps to SGC. Even a 35 Bcf discovery is estimated to underpin the company's current market capitalisation of just \$7 million.

Subject to finalising funds from JV partners, StockAnalysis expects that the company will test the Alvares well's casing integrity, prior to perforating target zones.

Targeted gas in the Stone Creek Formation at the pre-existing Alvares well is in a Lower Cretaceous unit that was not tested by either the Dempsey or nearby Tulainyo wells, so this project has significant merit with over 1 Tcf of gas potential seen regionally.

Target			POS	NPV
	mmbbl	Bcf	%	\$m
Anzus	0	250	17%	\$ 250
In-ground Value Assumptions				
Oil \$A/bbl	\$ 12	/bbl		
gas \$m/PJ	\$ 1.00	/GJ		
Discovery Value per share	SGC	XST	EME	PCL
Equities	36%	24%	30%	10%
Anzus	\$ 0.19	\$ 0.033	\$ 0.18	\$ 0.004
Total Risk Adjusted Value	\$ 0.03	\$ 0.005	\$ 0.026	\$ 0.000
Discovery Leverage per share	671%	3287%	102%	145%

Source: Strachan Corporate

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