



Sacgasco Limited

ABN 83 114 061 433

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

T +61 8 9388 2654 E info@sacgasco.com

Announcement to ASX

30 July 2021

SACGASCO'S CANADIAN ASSETS PRODUCING AT 400 BOEPD

- **34,815boe delivering revenue of A\$2.4 million: June 2021 quarter net oil and gas sales from Red Earth and Alberta Plains**
- **A\$796,000 (A\$22.87/boe): SGC's share of the JV's June quarter net operating cashflow**
- **Operating cashflow reinvested into production improvement opportunities and one-off acquisition related costs**
- **Sacgasco expects to receive surplus cash from Canadian assets in September quarter**
- **A\$300k deposit to be refunded to SGC after decision not to proceed with ABC acquisition**

Sacgasco Limited (ASX: SGC) ("SGC", "Sacgasco" or "the Company") is pleased to provide this production and operations update for its Canadian projects.

Red Earth (30 WI%) and Alberta Plains (20 WI%) Production

Sacgasco's June quarter sales from the Company's Canadian assets were 34,815boe (33,303bbl and 9,071mcf) delivering a total of \$2.41million in revenue. In the short time since Sacgasco acquired the assets, gross production from Red Earth and Alberta Plains has increased by around 25%.

Sacgasco's share of the Joint Venture's operating cashflow is estimated at A\$796,000 at an A\$22.87/boe average margin.

For the June quarter, the Joint Venture decided to reinvest the operating cashflow (rather than distribute funds to the Joint Venture parties) into a number of production improvement projects and one-off acquisition related costs. The remainder of the net operating cashflow is currently being held in the Joint Venture account.

Reinvestment into the asset (\$573,000 net to Sacgasco) includes production improvement projects such as well workovers and restarts and optimization of oil transport routes as well as one-off acquisition related costs including reimbursement of prepaid lease fees and property taxes.

The focus for Sacgasco's Canadian assets continues to be optimizing production, margin and cashflow. A seriatim of additional low-cost capital projects are being considered in relation to the optimization program including further well workovers and the restart of a JV-owned gas plant. It is currently intended that the optimization program will be funded entirely from the operating cashflow.

It is expected that Sagasco will start receiving cash remittances from the assets in the September quarter.



Sagasco's Producing Assets in Canada

Red Earth (30 WI%) and Alberta Plains (20 WI%) Exploration Potential

A multi-spectral satellite imagery study over Sagasco's Canadian assets is ongoing targeting the identification of hydrocarbon, hydrogen and helium anomalies. The results of the study will be integrated with the extensive subsurface well control and other geophysical data including seismic to define potential exploration targets within the areas of operations.

ABC Agreement Terminated

The Company announced on 28 April 2021 an agreement (subject to due diligence) to acquire 25% in certain oil and gas assets in Alberta and British Columbia, Canada.

The due diligence process identified more onerous than expected regulator performance bond requirements, as well as larger and substantial future well abandonment liabilities and other risks. As a result, Sagasco has decided to not proceed with the acquisition of the whole of the ABC assets as contemplated in its announcement of 28 April 2021.

Along with other potential acquisition assets, Sagasco is continuing to review certain wells and infrastructure from within the ABC asset package which may meet Sagasco's investment thresholds.

The US\$300,000 deposit previously paid by Sagasco will be returned shortly and deployed to advancing other assets within Sagasco's growing portfolio.

Sacgasco's Managing Director, Gary Jeffery commented:

"We acquired these assets with a prevailing oil price between \$40 to \$50 per barrel. A steady rise in WTI oil pricing since then to over \$72 per barrel today combined with production optimisation initiatives has significantly improved our operating margin and accelerated the expected timing of free cash to the September quarter. It is an excellent validation of our strategy to acquire under-valued assets at low prices where we can add value quickly.

"We are now rich with opportunities within a great suite of assets in California, Canada and the Philippines. All opportunities in our portfolio are currently being reviewed and I am looking forward to using our free cash flow from Canada and the returned funds from the ABC transaction to extract more value from the extensive portfolio of assets that we are actively advancing on all fronts.

Sacgasco is truly in the best shape in the Company's history, and I look forward to delivering a steady stream of updates."

For and on behalf of the Board of Sacgasco Limited.

Gary Jeffery
Managing Director
+61 8 9388 2654

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

About Sacgasco Limited (ASX: SGC)

Sacgasco Limited (ASX: SGC) is an Australian-based energy company focused on under-explored, recently over-looked, world class oil and gas opportunities near under-supplied markets.

The Company is currently focussed on conventional oil and gas exploration and production in the Sacramento Basin in California, Alberta Province in Canada and offshore The Philippines. Sacgasco has an extensive portfolio of natural gas and oil producing wells as well as prospects and discoveries at various exploration and appraisal stages. The Company is targeting supply to the local Californian and Canadian oil and gas markets and the burgeoning Asian market. Sacgasco is in the process of acquiring additional undervalued oil and gas producing and exploration assets.

www.sacgasco.com

Twitter: @SacGasCo