



# Sacgasco Limited

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Announcement to ASX

6 September 2021

## **Acquires Controlling Working Interest in SC54A Philippines and Secures Oil Offtake**

- Acquisition of a further 30.1% of SC54A brings total working interest to 72.5% and Operatorship
- Sacgasco to accelerate its development strategy over 3 oil discoveries within SC54A
- Oil offtake agreement signed with Bangchak for Sacgasco's future production in the Philippines

Sacgasco Limited (ASX: SGC) ("SGC", "Sacgasco" or "the Company") is pleased to confirm its acquisition of Yilgarn Petroleum Philippines Pty Ltd (Yilgarn) which holds a 30.1% working interest in Service Contract 54A (SC54A) and that the Company has secured an oil offtake agreement for future production from its Philippines assets.

### **SC54A Working Interest increases to 72.5% with Sacgasco as Operator**

Sacgasco has executed an agreement with IMC Investments Capital Pte Ltd ("IMC") to acquire its wholly owned subsidiary Yilgarn 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.

A summary of Service Contract 54A and Sacgasco's development strategy is included as an Attachment at the end of this release.

### **Oil Offtake Agreement secured for future production from Philippines Assets**

Simultaneously, Sacgasco has 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 that Sacgasco and BCP cannot reach agreement on pricing.

### **Sacgasco's Managing Director, Gary Jeffery commented:**

*"SC54A is an exciting block, with 3 existing discoveries to choose from for potential near-term cash flow, and a large ready-to-drill, updip and on trend prospect at Nandino. SC54A is in shallow water, exhibits excellent proven productivity and offers low cost, rapid development options."*

*“The first phase of our SC54A strategy has been completed with this acquisition which gives us 72.5% working interest and operatorship, allowing us the freedom to drive the development strategy and the timetable. We are pleased to have acquired this interest for negligible upfront cash and a deferred royalty, greatly enhancing the economics and cash management prior to commercial production.*

*“The next stage of the strategy is development planning with reserves assessment already underway. Sacgasco plans to move fast through the process to accelerate activity and exposure to cashflow from a successful extended well test followed by commercial production. With the higher working interest we have secured, we have the opportunity to consider non-dilutive financing options such as farmouts whilst retaining significant exposure to upside and cashflow.”*

**For and on behalf of the Board of Sacgasco Limited.**

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**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, undeveloped well locations and 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 production and exploration assets.***

**[www.sacgasco.com](http://www.sacgasco.com)**

**Twitter: @SacGasCo**

**ATTACHMENT: Summary of Service Contract 54A and Sacgasco’s development strategy**

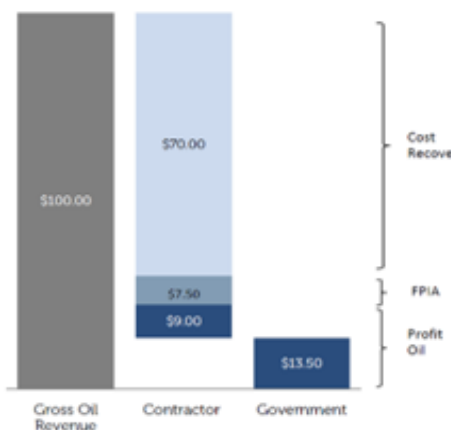


## Service Contract 54A, NW Palawan Basin – Sacgasco 72.5% Working Interest

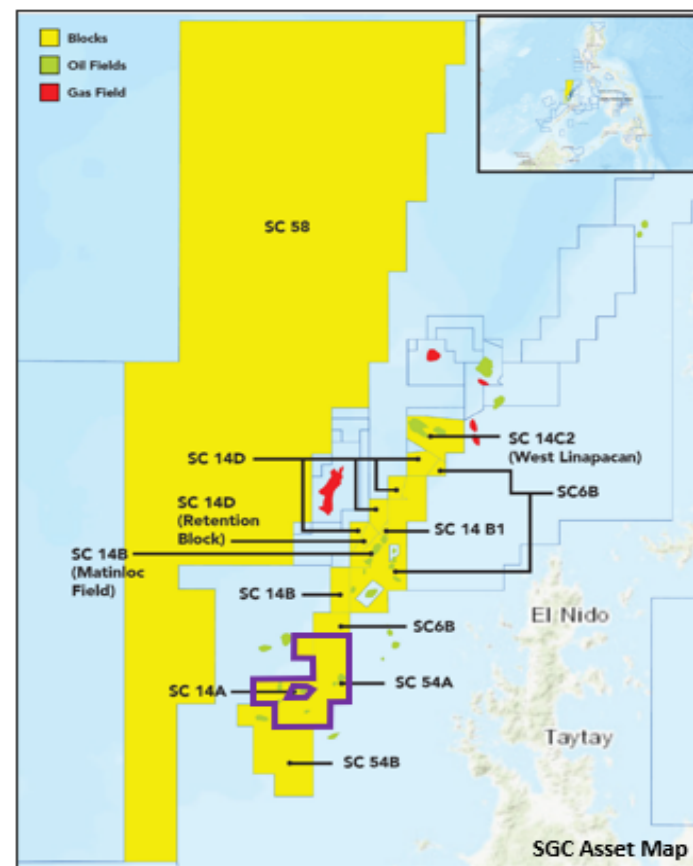
### Summary and Status

- 550km<sup>2</sup> Service Contract in the NW Palawan Basin. Philippines
  - Shallow Water depths- up to 120m
- Operated by Nido Petroleum (SGC) with 72.5% WI
  - Non operated partners include TG World 12.5%, Halo 15%
  - 70% voting pass mark, non-consent operations available under JOA
- Service Contract Summary
  - Sub-phase 6 - Commitments completed
  - JV awaiting approval from DOE of extension of Subphase 6 until August 2022 (includes relinquishment of SC54B area)
  - Drill or Drop decision to enter Subphase 7 (final subphase) – Aug 2022-Aug 2023 if current Subphase 6 extension approved
  - 25 year production period (+15 year extension) available upon commercial production

Revenue Sharing Structure



- Cost Recovery: Maximum of 70% of Gross Oil Revenue
- Filipino Participation Incentive Allowance ("FPIA") up to 7.5% of Gross Oil Revenue. Sliding scale depending on level of Filipino participation
- Profit Oil: Gross Oil Revenue less Cost Recovery less FPIA (\$22.50)
  - Government Share: 60% of Profit Oil (\$13.50)
  - Contractor Share: 40% of Profit Oil (\$9.00)
  - Government Share includes Contractor’s income tax of 35%
- IMC Royalty paid at 30.1% of Contractor Share of Profit Oil
  - Up to a maximum of \$1.5million
- \$150million (gross) in historical cost pool recoverable from future production

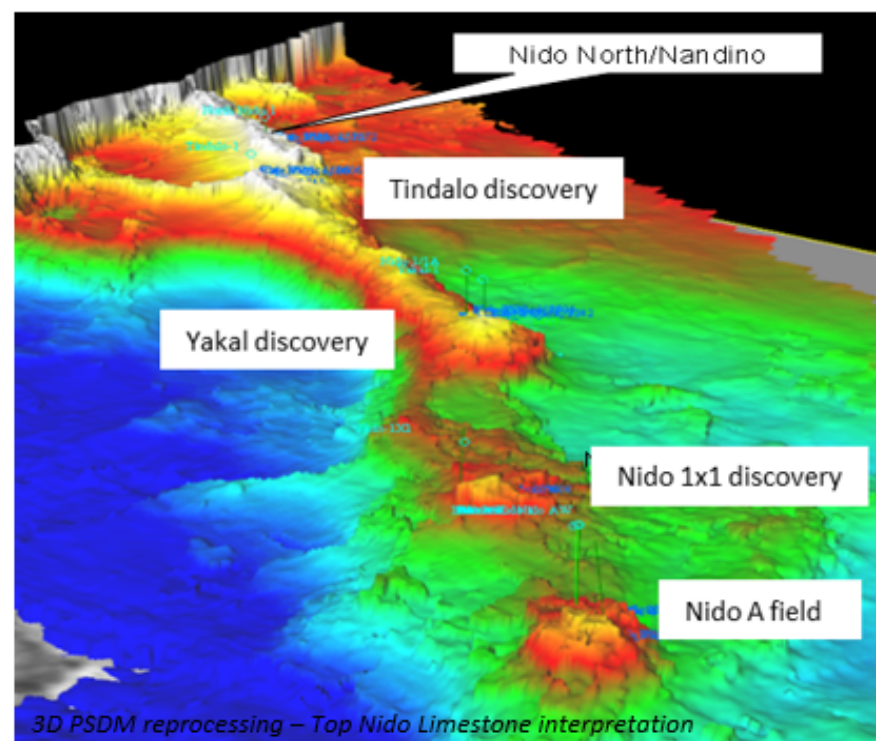




## Service Contract 54A, NW Palawan Basin – Sacgasco 72.5% Working Interest

### Opportunity Pipeline

- Full 3D seismic and PSDM reprocessing coverage of oil trend
- Reserves assessment and subsurface review underway to confirm
  - Recoverable oil volumes
  - Preferred development well location and type
- Minimalist and redeployable development options for discoveries
  - Shallow water depths
  - Proven high productivity
  - Rental equipment available
- Discussions initiated with equipment and service providers



Initial Opportunities	Type	Water Depth TVD SS	Top Reservoir TVD SS	Oil Column	Test Results
Tindalo	Discovery	100m	1640m	120+m	18,000 bopd (max) and 250,000 bbl produced
Yakal	Discovery	114m	1740m	80+m	N/A
Nido-1X1*	Discovery	35m	1900m	100+m	2,100 bopd (max)
<u>Nandino</u>	Prospect	94m	~1400m	15m oil shows at North Nido-1 on flank	N/A

\*Nido 1X1 interpreted to cross block boundary



## Service Contract 54A, NW Palawan Basin – Sagasco 72.5% Working Interest

SC54A Strategy

