



# Sacgasco Limited

ABN 83 114 061 433

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

T +61 8 9388 2654 E [info@sacgasco.com](mailto:info@sacgasco.com)

Announcement to ASX

31 October 2022

## SEPTEMBER 2022 QUARTERLY ACTIVITY REPORT

### HIGHLIGHTS

- **Philippines - Exploration and Development**
  - Contract signed for Site Surveys over Cadlao and Nandino Well Locations
  - DOE approved Acquisition of Site Surveys
  - Site Surveys to commence in mid-November 2022
  - Long Lead Items including casing and wellheads secured for drilling up to three wells
  - Planning for Extended Well Tests to produce oil from drilling upon success
  - Deep Venture Drillship currently undergoing preparations for Philippines Drilling Program
- **North America - Producing Properties and Development**
  - Total net production from Canadian assets (before royalty) of 42,066 BOE
  - Net production receipts of A\$652 thousand (after production costs) from Canadian operations
  - SGC current share of Production in Canada is 457 BOEPD - shut in wells being reactivated with a goal of an additional 180 BOPD net to Sacgasco;
  - Gas flow optimisation in California, including continued search for alternatives to monetise Borba gas
- **Corporate**
  - Sacgasco 2022 Interim Financial Report released 13<sup>th</sup> September 2022
  - Gary Jeffery presented at the Good Oil Conference held in Perth on 6<sup>th</sup> - 7<sup>th</sup> September
  - Gary Jeffery presented to the Australia Philippines Business Council in Perth in July
  - Sacgasco Directors visited Manila, Philippines to meet with Energy officials, Service Contract participants and service providers.

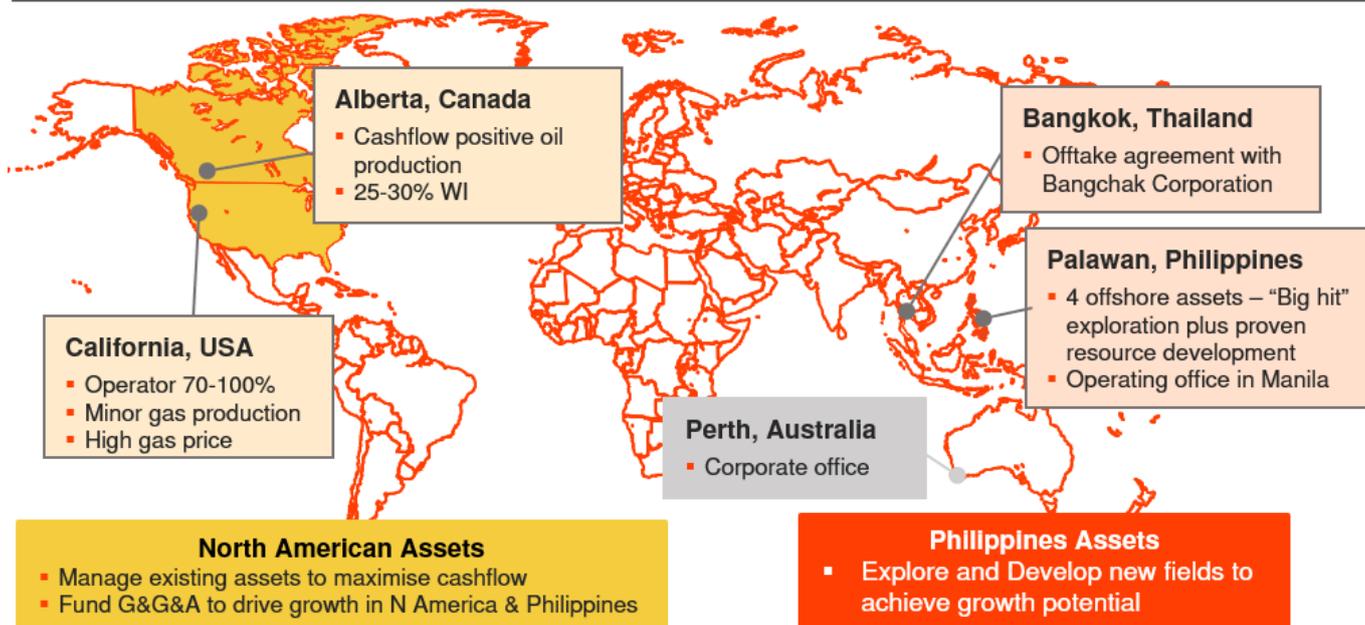
**Sacgasco Limited (ASX: SGC)** (“**Sacgasco**”, “**SGC**” or “**the Company**”) is pleased to provide the Quarterly Activities Report for the calendar quarter ending 30 September 2022.

References to SGC or Sacgasco include its wholly owned subsidiaries Nido Petroleum, Sacgasco AB and Sacgasco CA.

The September quarter and subsequent events referred to in this report represent continuing significant development in the Company’s growth into an Exploration & Production (E&P) Company with forward cashflows expected to underpin production and development projects in Canada and California, and maturing and implementing development and exploration projects in the world class offshore Palawan Basin in the Philippines.

Sacgasco now hold a suite of assets with large upside in three stable jurisdictions.

## Asset base



## EXPLORATION AND PRODUCTION ACTIVITIES

### OFFSHORE PHILIPPINES

Sacgasco, through its 100% owned Nido Petroleum, has interests in 4 Service Contracts offshore Palawan. Nido is Operator for two of the Service Contracts (SC 54 and SC 58) and Technical Operator for another (SC 6B).

Service Contracts in the Philippines are granted by the government for defined periods of time that vary from contract to contract.

Nido, which has been active in the Philippines for over 22 years, was acquired by Sacgasco one year ago and during the year the participants' interests in the various Service contracts have been consolidated and simplified by farmouts.

Many of the operational and support team assembled by Sacgasco and its Nido subsidiary have been involved in many Early Production Facilities (EPF) including MOPU's, FPSOs and rig-based Production facilities over the past 30+ years in the Asia Pacific region. EPF can be used for smaller reserves that would be financially risky or uneconomical to produce with a permanent production facility.

### Site Surveys in Preparation for Drilling

Nido has signed agreements to acquire drilling site surveys over the Cadlao Oilfield in Service Contract SC6B, offshore Palawan, Philippines, and the Nandino Prospect in Service Contract 54 (“SC 54”), offshore Palawan, Philippines.

The Department of Energy and relevant authorities in the Philippines have approved acquisition of the site surveys which are scheduled to commence mid- late November 2022 dependent on vessel availability from previous work in Asia.



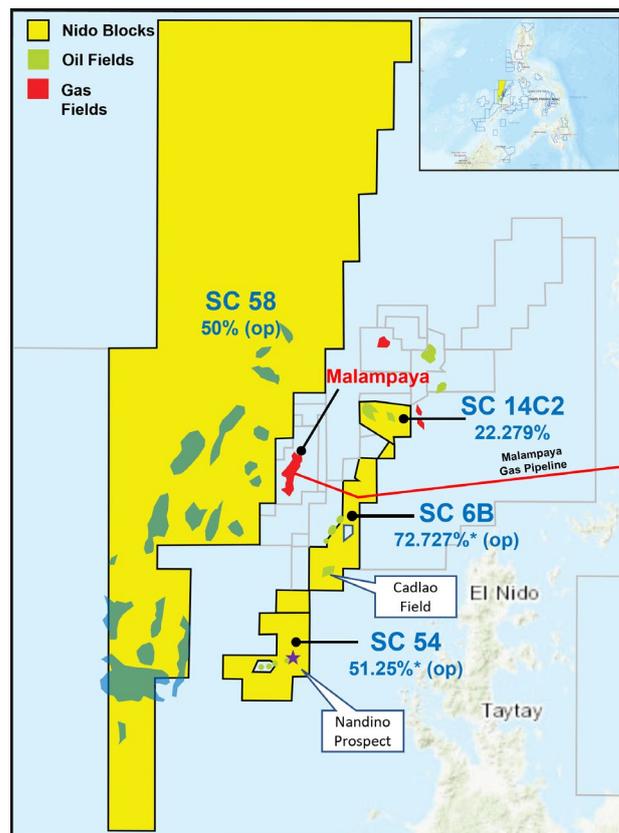
**Cassandra VI Geophysical Survey Vessel**

Details	Specifications
LOA	53.80 m
Beam	13.80 m
Total Berth	38 including crew compliment
Port of Registry	Kuching, Malaysia
Flag	Malaysia
Class	America Bureau of Shipping (ABS)

**The Cassandra VI survey vessel from Hurricane Geo Inspection Survey Sdn Bhd (“HGIS”) will conduct the geophysical based drilling site surveys.**

Nido has completed field work for baseline environmental survey around the proposed drill sites.

The site surveys provide the option for drilling of the wells using either the Deep Venture drillship or an alternative Jack Up rig. Nido is planning to begin drilling offshore the Philippines in early 2023. Successful drilling would allow early production of oil under a Phase One of a development program using an Extended Well Test.



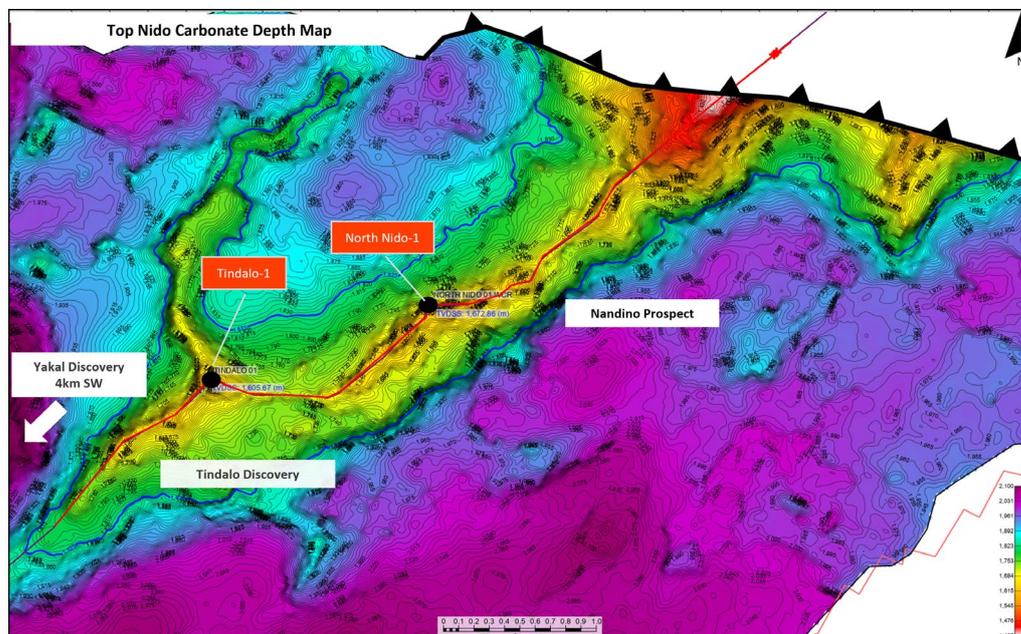
**Sagasco’s Acreage in the Northwest Palawan Basin, Philippines**

The Geological and Geophysical Studies (“G&G”) focused on Carbonate Facies Modelling to assist the decision to select the optimum location for drilling the Nandino Prospect and drilling other oil exploration and development wells is being reviewed.

## SC54 (SGC (Nido) Operator)

Sacgasco's wholly owned subsidiary, Nido Petroleum Philippines Pty Ltd. ("**Nido**"), is the Operator of SC54. Service Contract SC54 includes the Nandino Oil Prospect and Nido Limestone hosted oil discoveries at Tindalo, North Nido 1, Nido 1X and Yakal.

Currently the most attractive Prospect in SC54 is the Nandino Oil Prospect. Nandino lies updip and on-trend with 4 oil discoveries within SC54. A total of over 119 metres of oil column and strong oil shows are interpreted in two previous tests of the greater Nandino structure.



***Nido Carbonate Depth Map***

Prospective Resources in the Nandino Prospect have been endorsed by RISC Advisory (**RISC**). (Refer ASX announcement dated 3 March 2022)

<b>Nandino Prospective Resources (100%)</b>	<b>Oil in Place (100%)</b>	<b>Recoverable Oil (100%)</b>
P90 (million barrels)	24.2	6.6
P50 (million barrels)	75.3	21.9
P10 (million barrels)	175.0	54.2
Mean (million barrels)	91.0	27.3

*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.*

Nido and its JV Participants elected to proceed to Sub-Phase 7 which will be for a period of 1 year from August 2022 and includes a commitment to drill one well. TG World (Blue Sky) has elected to pay 85% of the costs of the planned Nandino well to earn an additional 36.25% participating interest from Nido.

## SC 6B Cadlao (SGC (Nido) Technical Operator)

Nido previously entered into a Farmin Agreement (“FIA”) with the Service Contract 6B (SC 6B) Joint Venture to fund 100% and Operate the Extended Well Test (EWT) and subsequent redevelopment of the Cadlao Oil Field in return for an additional 63.637% Participating Interest, bringing Nido’s total working interest in SC 6B to 72.727%. (Refer ASX release “Farmin to Cadlao Oil Development 4<sup>th</sup> March 2022).

Sacgasco, through its wholly- owned subsidiary, Nido Petroleum Philippines Pty Ltd (“Nido”) has entered into an Investment Agreement with Blue Sky International Holding Inc (“Blue Sky”) to fund 45.455% of initial drilling and EWT and subsequent Cadlao Oilfield Redevelopment on a Ground Floor basis.

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 has been approved by Joint Venture participants and is awaiting the DOE approval.

Given its 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.

The results of an independent Contingent Resources estimate for the Cadlao Oilfield were released (ASX release: “Cadlao Contingent Resources Certified” 13 April 2022).

The Contingent Resources estimate, undertaken by RISC Advisory (“**RISC**”) are summarized in the table below. The Contingent Resources are for the Cadlao Field Redevelopment only and **do not include** any additional Contingent and Prospective Resources identified in SC 6B, e.g., Cadlao East Prospect and other nearby leads identified on 3D seismic.

Cadlao Contingent Resources Summary (oil, MMstb)			
	1C	2C	3C
Gross Contingent Resources	4.5	6.2	8.2
SGC Net Contingent Resources (72.727%)	3.3	4.5	6.0

**Note 1:** These are unrisksed contingent resources that have not been risksed for the chance of development, and that there is no certainty that at the time of project approval it will be economically viable to produce any portion of the contingent resources.

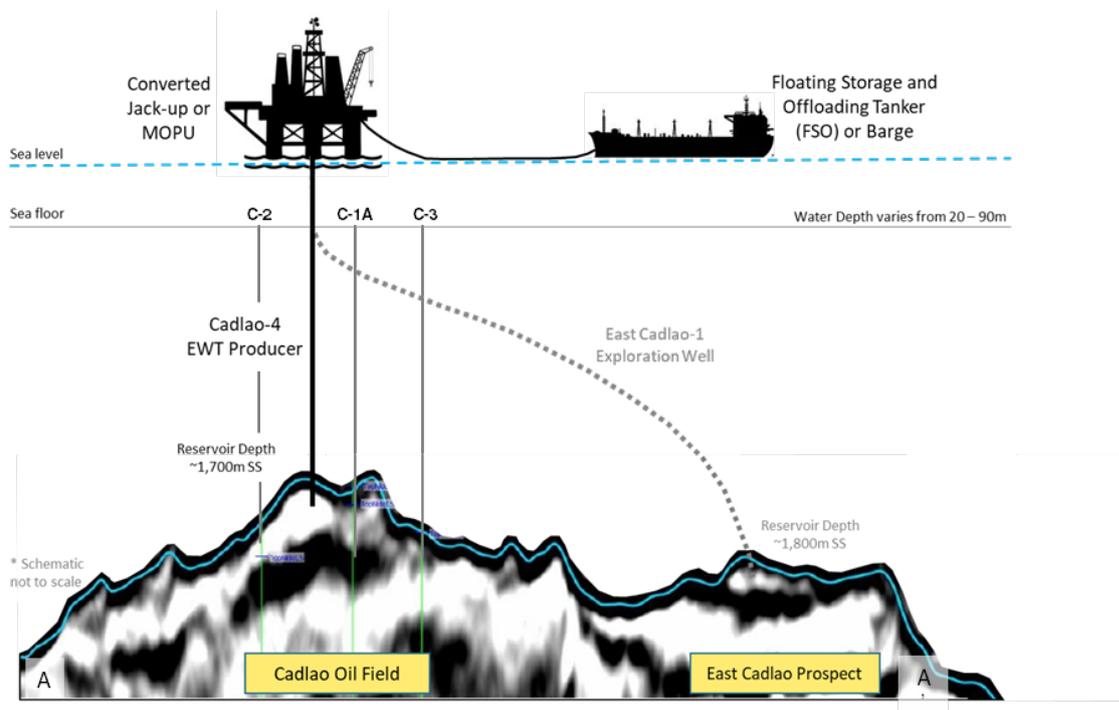
**Note 2:** Nido’s net entitlement to future production proceeds is dependent on approval of the FIA which includes preferential cost recovery and an approved EWT agreement by the DOE

**Note 3:** The contingent resource estimate assumes an economic cutoff of 750 barrels of oil per day

The Cadlao Field resources are classified as Contingent Resources rather than reserves. Phase-1 of the development (EWT) will initially be approved and progressed. Resources associated with the EWT can be transferred to undeveloped reserves once this project is approved. RISC has reviewed and in general support the field re-development plans for Cadlao.

Cadlao drilling and EWT is planned for 2022 in a 2-well drilling program with the Nandino Prospect in Service Contract 54 (ASX Announcement “Philippines Drilling Update” 30 May 2022); subject to DOE and JV approvals.

In the event of a successful EWT at Cadlao and depending upon the field data obtained, a full field development may include extra wells with a dedicated oil production facility. The East Cadlao Prospect, which is only 3km away, may also be drilled, tested and produced from any Cadlao development.



***A Cadlao Field development Scenario***

### **SC58 (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. SC 58 covers 13,440 square kilometres and Nido has mapped more than 10 prospects on 3D and 2D seismic.

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.

Nido continues its 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.

## SC14C2 West Linapacan (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. Sargasco is considering development and funding options for the redevelopment of the West Linapacan Field.

## New Ventures (SGC 100%)

Nido has identified New Venture Opportunities in the Philippines and is actively pursuing them. These include Natural Gas opportunities.

## SACGASCO PHILIPPINES TENEMENT TABLE (30 September 2022)

Service Contract	Fields / Discoveries	% Working Interest	Operator
SC 54	Tindalo, Yakal, Nido 1X1, Nandino Prospect	85% (reducing to 51.25% when Farmout terms are satisfied, and DOE approved)	NIDO (SGC)
SC 14C2	West Linapacan A Field; West Linapacan B	22.28%	Philodrill
SC 58	Palawan Basin big hit Exploration	50%	NIDO (SGC)
SC 6B	Cadlao, near field Exploration	9.09% (Increasing to 72.727% when Farmin terms are satisfied, and DOE approved)	Philodrill - NIDO (SGC) Technical Operator

## ONSHORE CANADA (Non-Operated)

This quarter again saw strong production and revenue from the Group's Canadian assets. Sargasco's September quarter share of production from the Group's Canadian assets was 42,066 boe, with net operational receipts for the quarter totalling C\$652 thousand. This figure is net of costs for the conclusion of the drilling and development program at Alberta Plains, which have been paid from production funds in the quarter of C\$110k net to Sargasco. Furthermore, the Operator has undertaken reclamation and abandonment activities with a total cost of C\$265k net to Sargasco during the quarter. Current SGC net production rate before royalty is approximately 457 BOEPD.

The Operator has identified shut in wells that can be reactivated with a goal of an additional 180 BOPD of oil production net to Sargasco. Other optimisation and production increase opportunities are being pursued across the Canadian assets.

Canada Oil and Gas Production (BOE) <sup>1</sup>	September 2022 Quarter	June 2022 Quarter
<b>SGC Production</b>	42,066	41,892
<b>SGC Production after Royalty</b>	36,660	36,508

*Note 1: Gas converted to BOE using 6:1 ratio*

## SACGASCO CANADA TENEMENT TABLE (30 September 2022)

PROJECT NAMES	LEASES; RELATED GAS FIELD (HBP LEASES); OR KEY WELL	PROJECT TYPE	WORKING INTEREST (WI)*
<b>Red Earth Assets (Canada)</b>	Oil and gas Mineral Leases and wells and associated Infrastructure	Production	30%
<b>Alberta Plains Assets (Canada)</b>	Oil and gas Mineral Leases and wells and associated Infrastructure	Production	20%



Sagasco's Canadian Producing Properties

### ONSHORE CALIFORNIA (Majority Operated)

The Company continued to maintain leases in the Sacramento Basin during the quarter. Sagasco 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 Gas Production (mcf) <sup>1</sup>	September 2022 Quarter	June 2022 Quarter
<b>Gross Production</b>	50,147	42,053
<b>SGC Production after Royalty</b>	25,506	23,461
<i>Note 1: mcf = Thousand Cubic feet gas</i>		

Production optimization and sales opportunities are being continually pursued.

## SACGASCO CALIFORNIA TENEMENT TABLE (30 September 2022)

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	Gas Flow, Exploration, Appraisal and Rework	40-60%
<i>Borba Project</i>	Oil and Gas Mineral Leases	Commercialization of Gas Discovery	66.67%
<i>Los Medanos Project</i>	Los Medanos Gas Field HBP Leases	Gas Flow, and Rework	90%
<i>Malton Project</i>	Malton Gas Field HBP Leases and Oil and Gas Mineral Leases	Gas Flow, 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, 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.

### **Borba Gas**

Evaluations to monetise the previously reported Borba gas discovery continued with review of alternatives for the Borba gas discovery. These include electricity production for an onsite data centre, hydrolysis of natural gas for Hydrogen generation for the local transport market or other means of transporting the gas molecules to local markets. Permitting of onsite facilities is being pursued.

### **CORPORATE**

Gary Jeffery presented to the Australia Philippines Business Council in Perth on July 26.

Gary Jeffery also presented at the Good Oil Conference held in Perth on 7<sup>th</sup> September.

Philippines Department of Trade and Industry released news of Sacgasco's developments in the region on their trade, industry, and investment newsreel, 21<sup>st</sup> September 2022.

Sacgasco Directors visited Manila, Philippines to meet with Energy officials, Service Contract participants and service providers in September and Gary Jeffery and a Blue Sky drilling representative presented to an enthusiastic meeting of the Manila chapter of SEAPEX.

### **DECEMBER QUARTER OBJECTIVES**

Progress and facilitate strategic plans for exploration and development of the Philippines Service Contracts including optimizing working interests, accelerating cash flow from existing oil discoveries, and pursuing significant exploration prospects.

Increasing production, revenues and cashflow from oil and gas producing properties in North America including the reactivation of numerous shut-in oil production wells in Canada and permitting of facilities for monetization of the natural gas from the Borba 1-7 well discovery.

Ongoing review of potential conventional oil and natural gas projects including Hydrogen and Helium that have a strategic fit with Sacgasco's current assets and strategy.

## **SACGASCO CAPITAL STRUCTURE**

Sacgasco Common shares are listed on the Australian Stock Exchange-**Ticker: SGC**.

Sacgasco Common shares are also traded on the OTCQB market in North America- **Ticker: SGCSF**

<b>ISSUED CAPITAL at 30 September 2022</b>	
Ordinary Shares (ASX: SGC) *	607,706,062
Unlisted Options exercisable @ 6 cents by 31 December 2022	18,000,000
Unlisted Options exercisable @ 4.5 cents by 31 December 2024	27,250,000
<i>On the 8th of July 2022, the Company issued 1,352,727 fully paid ordinary shares to Directors in lieu of cash payments for Directors fees for the June 2022 quarter, as approved by shareholders at the May 2022 AGM. The Company also issued 1,206,250 fully paid ordinary shares to Consultants as partial extinguishment of amounts owed for services provided.</i>	

## **APPENDIX 5B DISCLOSURES**

ASX LR 5.4.1: Exploration expenditure during the quarter was \$1.305m.

ASX LR 5.4.2: n/a

ASX LR 5.4.3: Tenement schedule included in activities report.

ASX LR 5.4.5: Payments to related parties totalled \$76k and was in respect of Directors' fees, loan interest and office lease.

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

**Gary Jeffery**  
**Managing Director**  
**+61 8 9388 2654**

### **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. Sacgasco's Natural Gas activities include Hydrogen and Helium.*

*The Company is currently focused on conventional oil and gas exploration and production in the Sacramento Basin, onshore California, Alberta Canada and offshore Philippines.*

*Sacgasco has an extensive portfolio of natural gas and oil producing wells and discoveries and prospects at various appraisal and exploration stages. The Company is targeting supply to the local Californian and Canadian oil and gas markets and burgeoning Asian market.*

*Sacgasco is in the process of evaluation for acquisition additional undervalued oil and gas producing and exploration assets.*

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

Twitter: @SacGasCo

**Leases:**

US and Canadian exploration is conducted on leases granted by Mineral Right owners, including the respective Governments and 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' (HBP) and royalties are paid to mineral right owners in lieu of rentals. SGC has not listed all its leases as it is impractical and not meaningful for potential project value assessment in a conventional natural gas play. A detailed listing of leases may also lead to a loss of competitive advantage and consequent reduced value to SGC shareholders.

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

**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 almost 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.

## Appendix 5B

### Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

Sacgasco Limited

ABN

83 114 061 433

Quarter ended ("current quarter")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	652	3,109 *
1.2 Payments for		
(a) exploration & evaluation	(1,305)	(3,087) *
(b) development	-	-
(c) production	-	- *
(d) staff costs	(183)	(278)
(e) administration and corporate costs	(383)	(650)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	(15)	(81)
1.6 Income taxes paid *	(98)	(660)
1.7 Government grants and tax incentives	-	-
1.8 Other (JV receipts)	-	- *
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,330)</b>	<b>(1,645)</b>

\* Note that the previous YTD balance has been adjusted following completion of the Interim Financial Report. Some cashflows previously identified as receipts from customers, JV receipts and production costs have been recognised as a reduction in exploration costs as these activities are a by-product of exploration activities.

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant and equipment	(19)	(35)
(d) exploration & evaluation	-	-
(e) investments	-	-

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter</b>	<b>Year to date (9 months)</b>
		<b>\$A'000</b>	<b>\$A'000</b>
	(f) other non-current assets	-	-
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(19)</b>	<b>(35)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	2,918
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(1)	(146)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Right of Use Lease Liability)	(35)	(35)
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(36)</b>	<b>2,737</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	3,619	1,286
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,330)	(1,645)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(19)	(35)

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>Consolidated statement of cash flows</b>		<b>Current quarter</b>	<b>Year to date (9 months)</b>
		<b>\$A'000</b>	<b>\$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(36)	2,737
4.5	Effect of movement in exchange rates on cash held	222	113
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>2,456</b>	<b>2,456</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b>	<b>Current quarter</b>	<b>Previous quarter</b>
at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		<b>\$A'000</b>	<b>\$A'000</b>
5.1	Bank balances	2,455	3,619
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (petty cash)	1	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,456</b>	<b>3,619</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter</b>
		<b>\$A'000</b>
6.1	Aggregate amounts of payments to related parties and their associates included in item 1	76
6.2	Aggregate amounts of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

<b>7. Financing facilities</b>	<b>Total facility amounts at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	800	800
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	<b>800</b>	<b>800</b>
<b>7.5 Unused financing facilities available at quarter end</b>		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	
	<p>Three unsecured loan facilities earning interest at 10% pa, repayable within six months unless extended by mutual agreement:</p> <ul style="list-style-type: none"> <li>- Unsecured facility with Dungay Resources Pty Ltd, a company associated with Gary Jeffery, dated 1 November 2021 for \$250,000, extended until 1 November 2022,</li> <li>- Unsecured facility with Dungay Resources Pty Ltd, dated 4 May 2021 for \$300,000, extended until 4 November 2022, and</li> <li>- Unsecured facility with Dungay Resources Pty Ltd, dated 17 May 2021 for \$250,000, extended until 17 November 2022.</li> </ul>	

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,330)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(1,330)
8.4 Cash and cash equivalents at quarter end (item 4.6)	2,456
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	2,456
<b>8.7 Estimated quarters of funding available (Item 8.6 divided by Item 8.3)</b>	<b>1.85</b>
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	

## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer: No. Exploration costs are expected to reduce as previous quarter expenditure was largely for one-off long lead items in preparation for drilling.

8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer: Sacgasco anticipates increased revenues from production of oil and gas in North America during the coming quarter. The entity maintains the capacity to generate funds via sale or farmout of its various interests if so necessitated. The entity does not have current plans for capital raisings to supplement operational funds but maintains the capacity to do so under the listing rules.

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: Yes, based on the response in 8.8.2.

*Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2022

Authorised by: Gary Jeffery – Managing Director  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.