



# Sacgasco Limited

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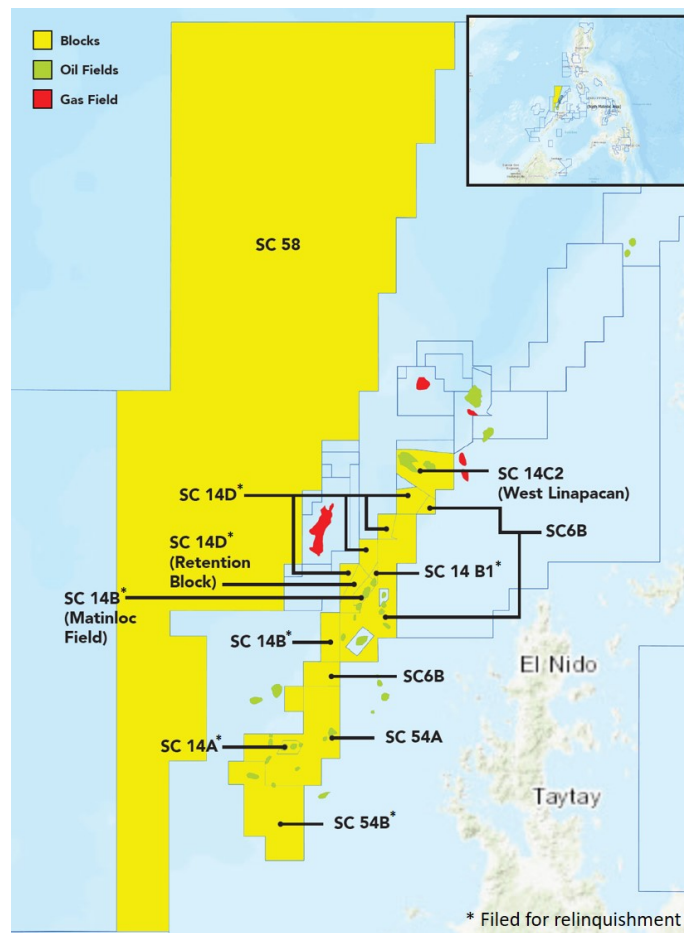
Announcement to ASX

29 November 2021

## Philippine Operated Service Contract Updates

- Sacgasco acquires a further 12.5% of SC54A bringing its total working interest to 85% and Operatorship
- SC54A Firm Budget to rank and select drilling targets
- SC54A Contingent Budget includes drilling program subject to SGC's election to proceed
- SC58 Firm Budget to assess development concepts for marketing a potential gas discovery via the capacity in the Malampaya to Manila pipeline

Sacgasco Limited (ASX: SGC) ("SGC", "Sacgasco" or "the Company") is pleased to confirm its acquisition of TG World (BVI) Corporation ("TG World") which holds a 12.5% working interest in Service Contract 54A (SC54A) bringing SGC's consolidated working interest in SC54A to 85%.



Sacgasco (Nido) Service Contracts Map

Nido Petroleum Philippines Pty Ltd (“Nido”) (a wholly owned subsidiary of Sagasco) has submitted Work Program and Budgets for Operated SC54A and SC58. The Firm Budgets totaling US\$263,502 (net to Sagasco) include preparing prospects to drill-ready status and development concept studies. This follows the recent approval by the Philippine Department of Energy (“DOE”) to the Service Contract Extensions of SC54A and SC58 as announced to the market on 18 November 2021.

A Contingent Budget for a drilling program in SC54A is also included in the submission to the DOE. The Contingent component is subject to a number of conditions precedent including drilling permit approvals, rig contract, drilling design, cost estimate and AFE. The Contingent Budget is ultimately subject to the Company’s election to proceed and does not create a commitment to drill at this stage.

#### **SC54A Working Interest increases to 85% with Sagasco as Operator**

Sagasco has executed an agreement with TG World Energy Corp (“TEC”) to acquire its wholly owned subsidiary TG World (including intercompany receivables owing from TG World to TEC) for consideration of A\$1 (one dollar) and up to a maximum net royalty of circa US\$530,000 paid after commercial production is achieved. The royalty will be paid at the rate of 12.5% of the contractor share of Net Proceeds from SC54A production until the maximum is reached. Net Proceeds are calculated after cost recovery for current and historical expenditures on the block. The acquisition is subject to a number of administrative conditions including the usual regulatory approvals.

#### **SC54A Work Program and Budget Submitted**

The SC54A Firm Budget of US\$227,650 includes identification of reservoir sweet spots based on carbonate facies modelling and other G&G work designed at delivering drill-ready targets within the block. SGC’s net share of the Firm Budget is US\$193,502

SGC plans to submit a drilling program proposal for approval by the DOE early in 2022.

Subject to drilling proposal approval and other elements including rig contract, drilling design, cost estimate and AFE, Sagasco may elect to commit and proceed with the drilling program during 2022. The Contingent Budget does not create a commitment to drill at this stage.

Nido is Operator of SC54A and Sagasco’s consolidated working interest in the block is now 85%.

The current Sub-Phase 6 of the SC54A has been extended until 05 August 2022. All commitments have been fulfilled for this sub-phase. At the end of Sub-Phase 6, Nido and the Joint Venture **may elect** to enter Sub-Phase 7 of the Service Contract, which is for a period of one year and includes a commitment for one exploration well. The drilling program contemplated in the Contingent Budget would satisfy this commitment if executed.

#### **SC58 Work Program and Budget Submitted**

The SC58 Firm Budget includes development concept and screening studies to assess the potential economic value of a notional gas discovery in SC58, including the opportunity to access the Philippine energy market via the Malampaya pipeline to Luzon. The Firm Budget for SC58 totals US\$70,000 net to Sagasco (SGC paying 100% of cost- see below).

Nido is Operator and has a 50% participating interest in SC58.

Nido is currently paying 100% of the costs under the Service Contract until Sub-Phase 3 has been completed. The current Sub-Phase 3 of SC58, which includes a commitment well) will be restarted at either the 16 October 2022 or the lifting of the state of public health emergency in the Philippines, whichever comes later.

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

*"Our team is diligently making great progress in the Philippines. With the Service Contract extensions secured and this most recent acquisition taking our working interest in SC54A to 85%, we can confidently move forward with our work programs. We plan to drill wells in the Philippines as soon as practicable to assess and develop known prospects and oil discoveries.*

*The formal submission of the budgets to the DOE demonstrates our commitment to delivering activity in the Philippines. This is being well received by both the DOE and the Philippine National Oil Company which is our partner in SC58.*

*A previously released summary of each of SC54 and SC58 is attached to this release. Note that following the acquisition of TG World, Sacgasco's participating interest in SC54 is now 85%.*

*We will continue to update shareholders as activities in all our areas of operations build momentum."*

**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. Sacgasco's Natural Gas activities include Hydrogen and Helium. Sacgasco is a Silver Member of the California Hydrogen Business Council.***

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

***Sacgasco's goal is to provide natural gases including Hydrogen and Helium and contribute to the production of the required oil to assist the world in an orderly transition to a Clean Energy Future. Sacgasco is using its extensive energy experience to seek out and produce naturally occurring Hydrogen and Helium in its areas of Operations.***

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

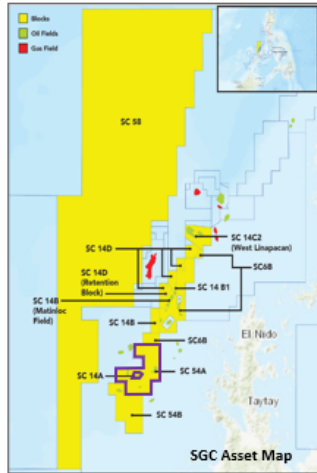
**Twitter: @SacGasCo**

**ATTACHMENT:**

**Service Contract 54 (Sagasco 72.5%)**

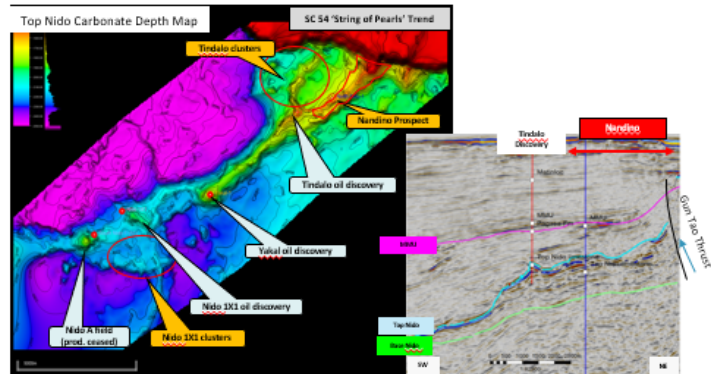


- 550km<sup>2</sup> Service Contract in the NW Palawan Basin situated in water depths between 50-110m
- Operated by Nido Petroleum (SGC) with 72.5% WI
- SC 54 contains the Tindalo, Yakal and Nido 1X1 Discoveries
- Over 20 prospects and leads identified on 3D seismic datasets with a proven charge system



**Nandino Prospect – Top Ranked Drill Candidate**

- Three way dip closure - Miocene-aged carbonate pinnacle reef with material volume upside
- Interpreted oil in Nandino structure from logs in North Nido-1 well drilled in 1970s
- Clustered and minimalist development options available given shallow water depths and close proximity of Nandino to the Tindalo discovery



**Service Contract 58 (Sagasco 50%)**



- 13,440km<sup>2</sup> contract area covering the highly prospective deepwater extension of the NW Palawan Basin
- One of the last undrilled deepwater play fairways in SE Asia
- Nido Petroleum (SGC) has a 50% participating interest and operatorship
- Significant prospect and lead inventory with >10 matured prospects identified on high quality 2D and 3D seismic datasets
- Immediately adjacent to the Malampaya Gas Field (3.2 TCF) - interpreted extension of source kitchen outboard into SC58 with both oil and gas potential identified
- Opportunities to monetise commercial discoveries through the existing Malampaya gas field facility and associated pipeline infrastructure to undersupplied Manila / Luzon market.

