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Announcement to ASX

6 April 2021

Borba 1-7 to be Production Tested; Canadian Oil Production Increasing

BORBA 1-7

- Borba 1-7 Drilled to 8,827 feet; slow drilling and need to protect Guinda and other intervals necessitated intermediate petrophysical analysis
- Lower Guinda interpreted to have 10 feet of log pay; and along with other lower zones evaluated to have limited commercial interest
- SGC will now test the Kione Formation where over 92 Feet of Log Pay has been reported
- Zones of interest in the Kione already behind 9 5/8" casing and testing to occur in ~3 weeks

PRODUCTION

- SGC's share of oil production from Red Earth and Alberta Plains Assets in Canada continues to exceed expectations and is now over 420 BOEPD; first revenues to be reported shortly
- SGC and its partners actively assessing other complementary oil & gas producing assets in Canada and California that would substantially boost production

Sacgasco Limited (ASX:SGC ("Sacgasco" or "the Company")) wishes to provide an operational update for the Borba 1-7 well and growth in production from its recently acquired non-operated oil & gas leases in Canada.

Following the last update, drilling was taking longer than expected and exposure of the Guinda Formation to heavy mud related drilling damage resulted in a decision to run intermediate petrophysical logs at a depth of 8,827 feet to evaluate the well, and to determine the appropriate course of operations.

Interpretation of the logs showed the Guinda Formation to have 'best estimate' log pay of approximately 10 feet below 6,150 feet measured depth. The reservoir quality was less than was expected from the Mudlog descriptions. Also, the Guinda interval up dip from the interpreted pay in the offset Hunt Borba-1 well lacked reservoir on the petrophysical logs.

The lower Mudlog zones of interest, described as sands or sandy siltstones with good natural gas shows (C1 and C2) were interpreted from the petrophysical logs to be of limited current commercial interest.

In addition, based on the synthetic seismic generated from the recorded sonic logs, the high amplitude seismic events below the Guinda Formation are derived from zones of silty sediments saturated with Natural Gas, and separate hard, heavily cemented intervals. Based on these correlations it was determined that the remaining few zones of high amplitude were unlikely to be significantly different from those already drilled, and the decision was made to discontinue planned drilling of the last 900 feet of section of the Borba 1-7 well below the 9 5/8" casing shoe (5,493 feet), and to focus instead on production testing the Kione Formation.

The Kione Formation Sandstones with 92 feet of log pay (with possible upside to 137 feet of pay) previously advised in ASX release dated 15 March 2021, is to be completed, perforated and Flow Tested.

Graham Rig 5 is in the process of being demobilized and will be replaced by a more appropriate smaller and lower cost workover rig for the Kione Testing. The testing is expected to occur within 3 weeks.

Deltaic sandstones in the Kione Formation are key producing zones for Natural Gas in many wells in the Northern Sacramento Basin. In particular, wells in the adjacent Ord Bend Gas Field produced natural gas from the Kione Sands at initial rates of up to 4.6 million cubic feet per day (CALGEM well record API # 02120736).

The likely test zone in the Kione has porosity up to 23% and exhibited filter-cake buildup on caliper logs, an indicator of permeability for the flow of natural gas.

Based on the gas shows and regional production experience the Natural Gas in Borba 1-7 is expected to be mostly methane. A tie in point to a nearby gas pipeline will facilitate early production from Borba 1-7, should production testing prove to be successful.

Natural Gas in the Borba area continues to be sold at almost 50% premium to US benchmark Henry Hub prices.

The Working Interests ("WI") in the Borba 1-7 well and Borba AMI are:

	Drilling Costs	After Drilling WI
Sacgasco Limited (Operator) (ASX: SGC)	62.5%	66.67%
Xstate Resources Limited (ASX: XST)	37.5%	33.33%

CANADIAN OIL PRODUCTION

Oil and gas production continues to increase from Sacgasco working interest in fields in Canada, with Sacgasco's share of oil production rising to 421 BOEPD, as at 4 April 2021.

Red Earth Assets: Having recently completed the acquisition of the Red Earth oil producing properties on 21 March 2021 (SGC WI 30%), the Operator Blue Sky Resources Limited ("Blue Sky") has already shipped 7500 bbls of oil (gross) in March 2021, of which Sacgasco's share is 2,250 bbls. Current production from the Red Earth properties is around 1000 BOPD; 300 BOPD net to Sacgasco WI.

Alberta Plains assets: At the Alberta Plains assets, where Sacgasco holds a 20% WI, reactivation of the oil fields continues positively, with gross production up from initial purchase date production of

100 BOEPD, to a current production level of 607 BOEPD, which is 114 BOEPD net to Sacgasco WI. The fields produce on an oil to gas (BOE) ratio of 93 to 7. The Operator Blue Sky reports that 11,900 gross bbls (2,380 bbls net to SGC) of oil was shipped in March 2021, and this is expected to increase significantly in April 2021.

Oil and Gas prices have increased significantly since the decision was made to acquire interests in the Canadian production assets.

Blue Sky and Sacgasco are actively assessing other complementary assets in Canada that could boost current production levels. These assets are available at similarly favourable acquisition prices and pricing metrics to those already announced for the Red Earth and Alberta Plains Assets.

Sacgasco's Managing Director commented:

"Drilling of the lower parts of the Borba 1-7 well drilling has been unexpectedly disappointing. The improved Mudlog descriptions and other observations had us feeling positive about the potential of the well, but the petrophysical log results necessitated pragmatic decisions.

Consequently we have made the economically rational decision to undertake production testing of the Kione Formation where we have encountered over 92 feet of log pay that is already sealed behind casing.

As we have reported previously, offset wells in the nearby Ord Bend gas field have excellent daily production rates and we hope to replicate this with our Borba 1-7 well which has similar geological characteristics. Our operator has identified nearby pipeline tap in points that could see us generating revenue relatively quickly after measuring commercial well flows.

A workover rig has been identified and should be on site within three weeks. We are also looking at enhancing production from our other natural gas wells in California to benefit from the premium pricing we can secure there.

We are very pleased to report that oil and gas production from the recently acquired assets in Canada are exceeding our expectations, and we continue to assess and expect to add new assets to our increasing production and revenues.

The currently owned field are now experiencing solid cash generation and we look forward to communicating first revenue numbers very shortly. These leases have huge upside which we can realise from the current well inventory, facilities and acreage. Other opportunities currently being carefully assessed contain larger scale production growth potential.

It is very pleasing to see Sacgasco rapidly moving up the ASX oil and gas production comparison tables. We expect to be able to provide some more detailed comparisons on this aspect of Sacgasco's peer relativities soon.

Building multiple revenue streams from our leases in Canada and California is the current focus for the Board."

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 overlooked, world class oil and gas opportunities near under-supplied markets.

The current prime focus is on conventional gas exploration and production in the Sacramento Basin, onshore California. Sacgasco has an extensive portfolio of natural gas producing wells and prospects at both exploration and appraisal stages, including multi-Tcf opportunities. The Company is targeting gas supply to the local Californian gas market and burgeoning LNG market in North America. Sacgasco is of the view that the size of the prospects in California have the potential to supply domestic Californian natural gas and export LNG markets.

Sacgasco is in the process of acquiring undervalued oil producing assets in Alberta, Canada to complement its current natural gas assets.

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The technical information provided has been supervised and reviewed by Mr Gary Jeffery, Managing Director of Sacgasco Limited. He is a qualified geophysicist with over 49 years technical, commercial and management experience in exploration for, appraisal and development, and transportation of oil and gas and mineral resources . Mr Jeffery is a member of the American Association of Petroleum Geologists with over 49 years of oil and gas Industry experience. He is a Competent Person under the relevant ASX Listing Rules and has supervised the interpretations reported on in this release, and consents to the inclusion of the information in the form and context in which it appears.

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 and or their timing may be affected by many variables which could cause actual results or trends to differ materially.