



**SAGGASCO**

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# **Saggasco's Foundation for Growth**

## **Red Earth Acquisition and Borba Drilling**

Webinar-November 26, 2020

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**“Compelling Production Acquisition to add Growth, build Diversity and Resilience;**

**Like Buying Straw Hats in Winter”**

**Gary Jeffery MD SGC**

# Corporate Summary after Acquisition

SACGASCO

## Corporate Snapshot

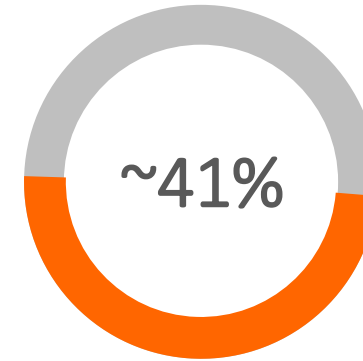
ASX Code:	SGC
Market Cap (Currently @\$0.042/share):	~12m
Shares on issue-Assuming conversion of Notes:	~392m
Options (152 m @ 4 cents expire 31 Dec '21) ASX:SGCOA	152m
Number of Shareholders:	~1200
Directors Shareholding:	~8%

## Board & Management

Chairman **Andrew Childs**

Managing Director **Gary Jeffery**

Non-executive Director **David McArthur**

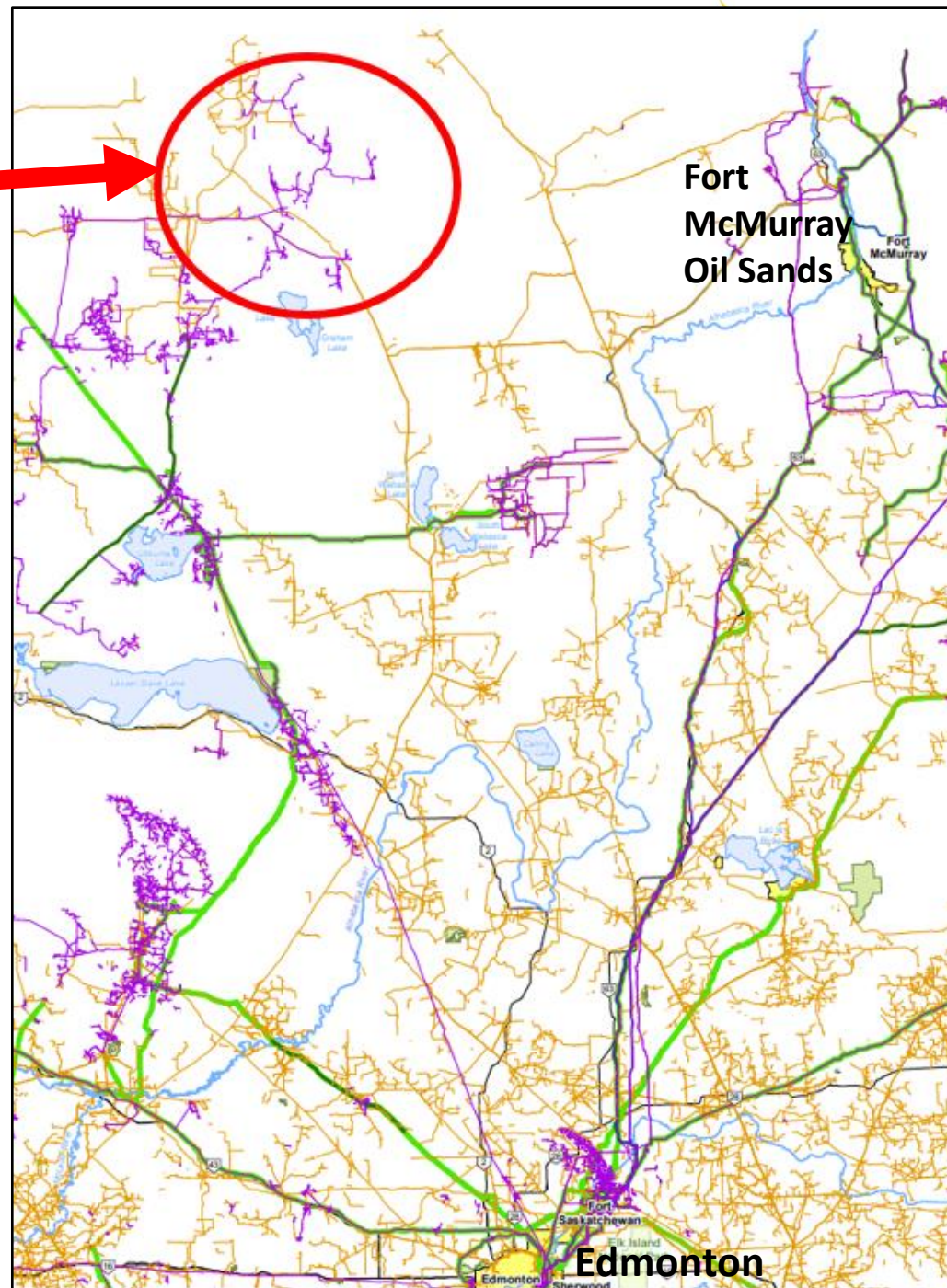
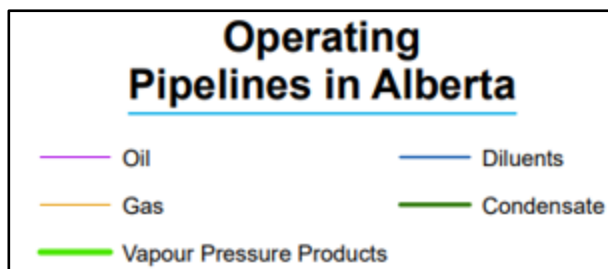


Top 20 Shareholders

- ✓ Sustainable oil revenues underpinning Sactasco's highly leveraged corporate structure run on the smell of an oily rag."
- ✓ Imminent Borba drilling
- ✓ "Oil and gas industry veterans ensuring dollars go into the ground to benefit shareholders"

# Red Earth Acquisition

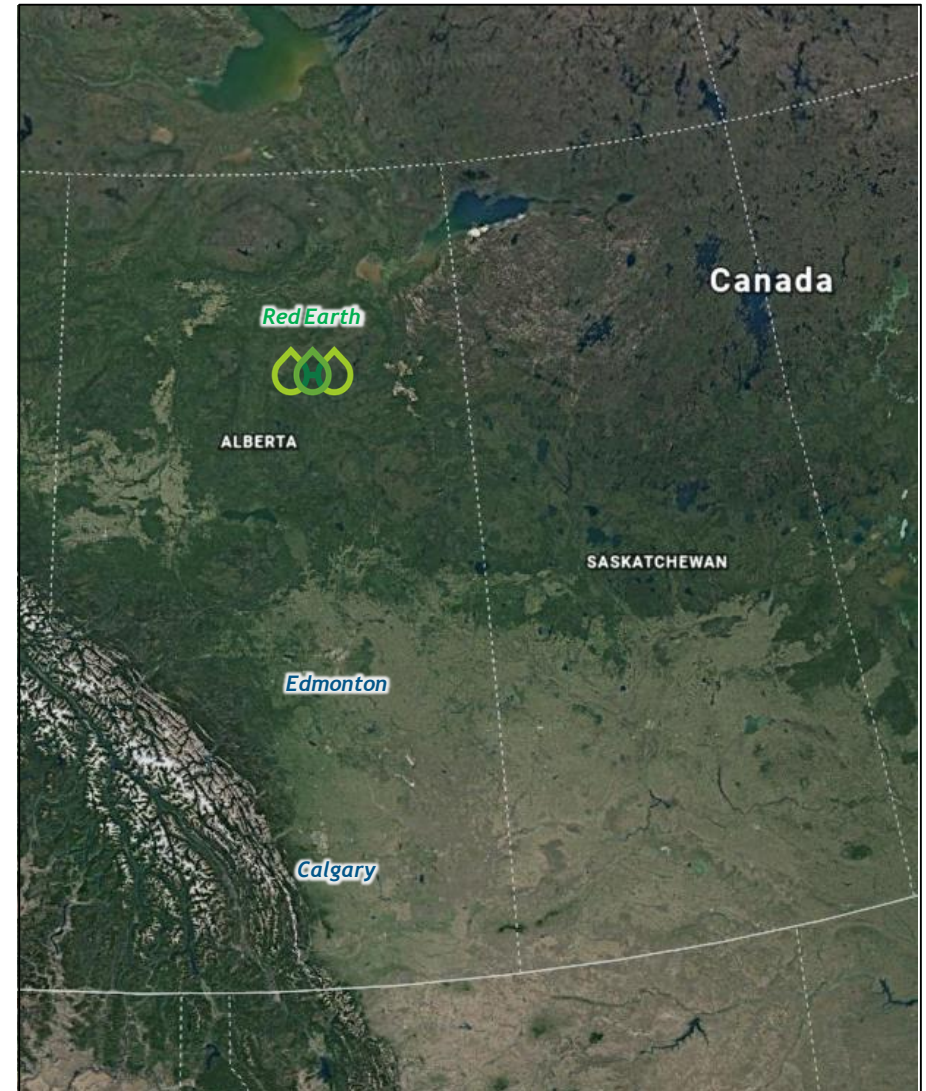
- 1,000 bopd Light Sweet oil production
- Working Interests:
  - Sacgasco 30% 300 BOPD
  - Blue Sky (Operator) 55% 550 BOPD
  - Xstate 15% 150 BOPD
- Extensive and Valuable Owned Infrastructure connected to
- Third Party Pipelines and Refineries



# Red Earth Production Overview

## KEY HIGHLIGHTS

- Located 450 km North of Edmonton
- Approximately 1,000 bopd production
  - Sweet light oil with an average oil quality of 39° API
  - Minimal associated gas
  - Near term opportunity to add up to 300 bopd by restoring recently idled wells to production
  - Proved Reserves (100%): 4.4 million BO; 2P: 6.7 million
- To be Operated by locally operating, efficient privately-owned Blue Sky Resources Ltd
- Transaction subject to Alberta Energy Regulator (AER) approval
- Purchase Price: CAD 600,000 cash (A\$640k) and 8.85 million SGC shares (A\$350k)
- Purchase price metrics -US\$2,400 per flowing BOPD; US\$55 cents per Proved BO
- Expected to Close by 31 January 2021
- Acquisition and Working Capital for Red Earth fully funded through placement of 67 million shares at 3.5c; raised A\$2.3 million
- 15 to 30 year remaining life with development wells
- Subsurface well data and 3D and 2D seismic provides development basis, Appraisal and Exploration Potential;
- 3rd Party revenue from owned infrastructure: road use, drilling fluid & water disposal, and oil processing
- 110 wells are producing oil; Additional wells available for workover and returning to production
- Current Net revenue between A\$5 and A\$10 per barrel; Highly leveraged to oil price





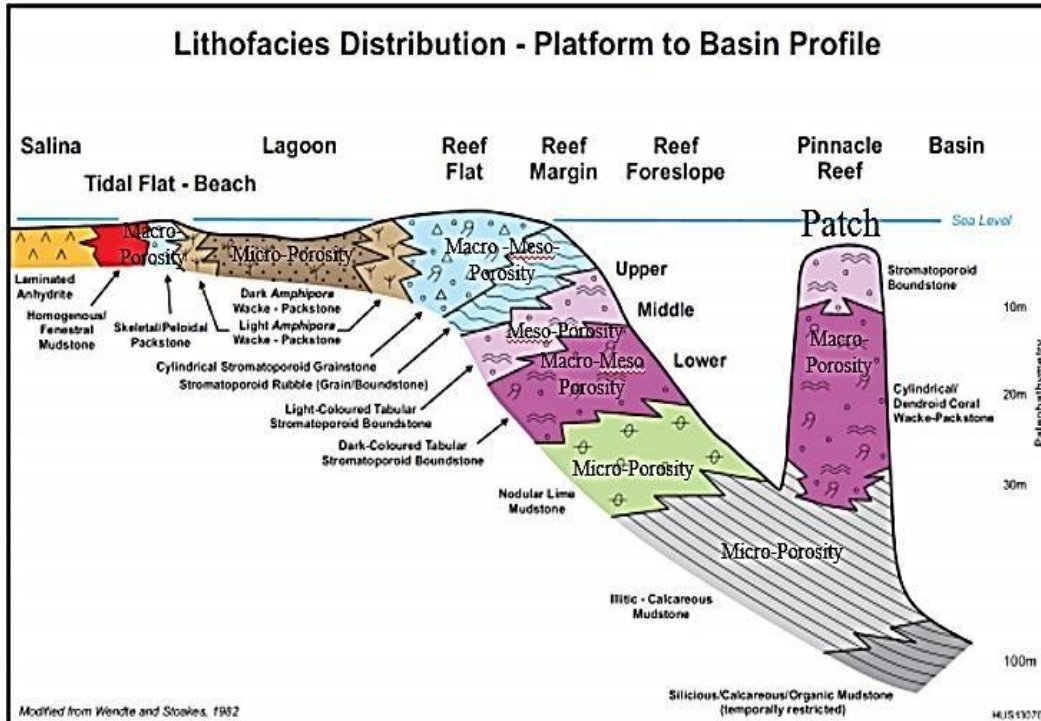
# Red Earth Geology

## Keg River Depositional Environment - Shoaling Reef Complex<sup>(1)</sup>

- Keg River is a Devonian aged shoaling reef complex, middle to upper carbonate shoreface:
  - Primarily characterized with secondary dolomite porosity generated in primary porosity
  - Permeability systems from Stromatoporoid and algal laminae systems



Winnipegosis is dominantly algal deposits in a peritidal setting; it is geologically older than the Keg River / Muskeg reef system at Rainbow Lake



Source: Wendte and Stoakes (1982)

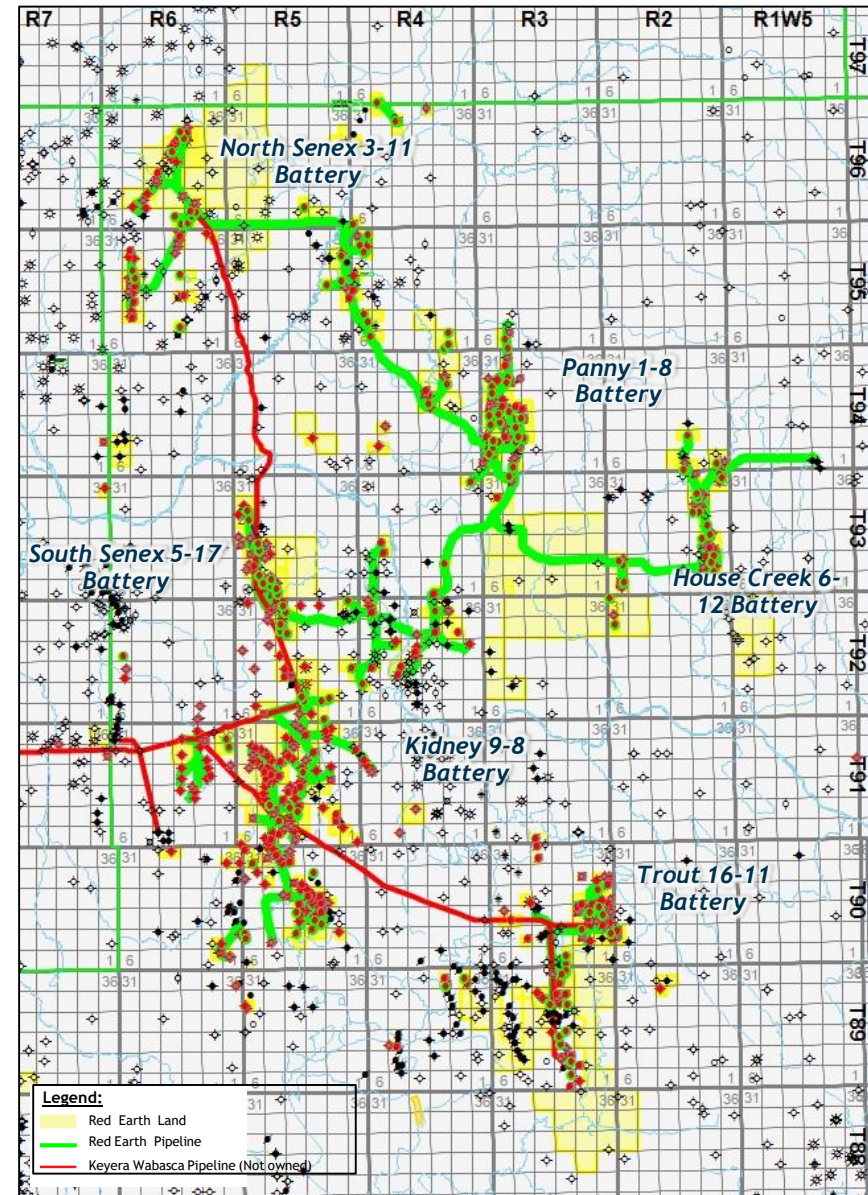
“Saggasco can leverage its technical skills, equipment and experience to interrogate the 3D and 2D seismic to help grow Red Earth production”

# Red Earth Overview



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- 6 processing facilities with gathering lines and plant and equipment
- Majority of Red Earth production is transported to the Plains system via the 3<sup>rd</sup> Party WRPL
- All access and infrastructure in the area is to be owned at Closing by Blue Sky group including Sacgasco, includes:
  - Four work camps that contract operators reside in
- -266 gross (193 net) sections (640 Acres each) of mineral rights in the Keg River Formation
  - Largely unburdened all Crown minerals
- Cumulative Oil Production of ~63 million barrels
- The area has economically produced Keg River and Slave Point oil for 30 years; up to 15 years of inventory remaining; With secondary water flood schemes offering an additional 15 years of economic production
- Current recovery factor of 12% has the potential to reach greater than 30% on a single section basis via secondary recovery
- Annual base decline of 10%
  - Decline can be mitigated with modest annual capital investment via workovers and re-fracture stimulating on existing wellbores
- Operator working relations with local First Nations, but none of the assets reside on reserve lands



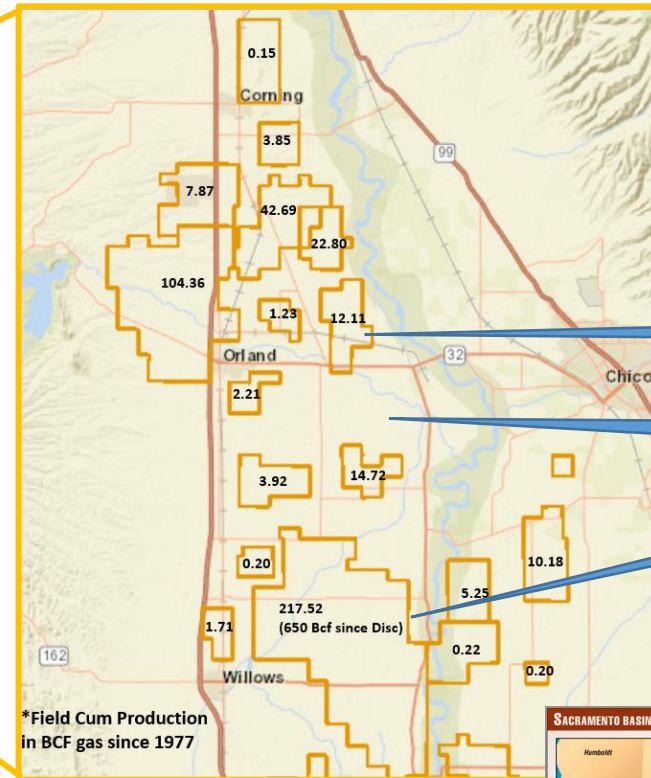
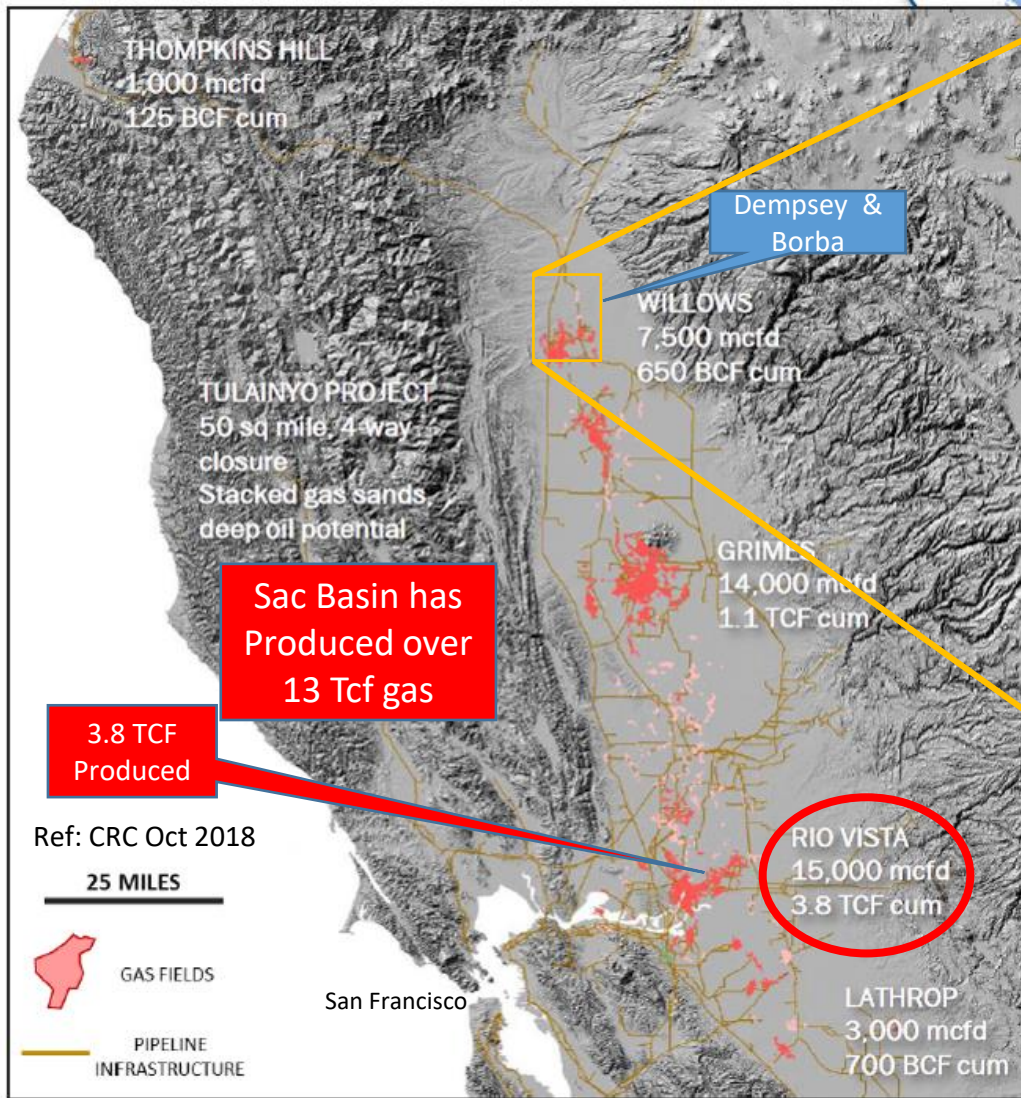


Access road





# Back to the Future- Ideal Location to apply Operational Leverage



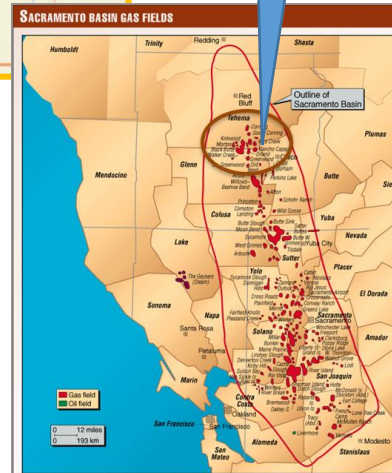
Dempsey

Borba

Willows

Borba

“The right address for large gas: The only Guinda Production in the Basin is from the Willows Field just to the south, and older reservoir production is from Dempsey just to the North”



## Sacramento Basin CA Perth Basin's Big Brother

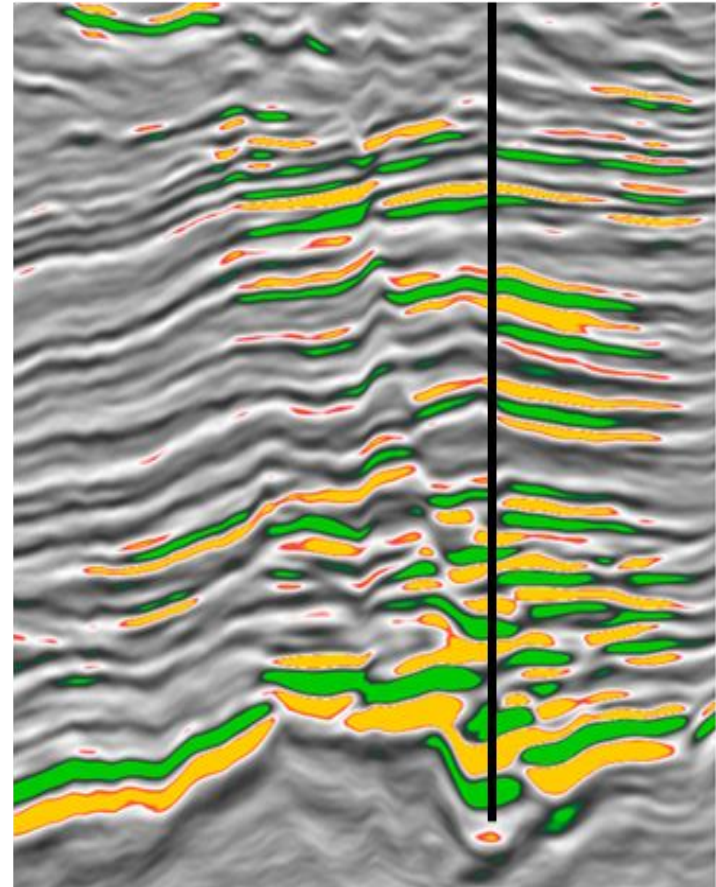
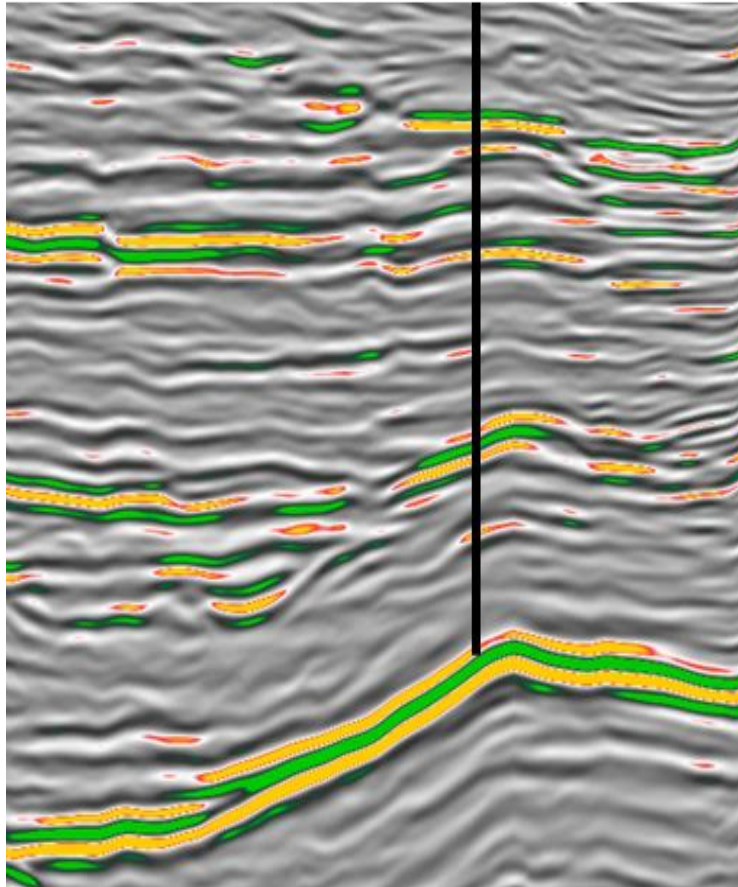


**“Borba is the Obvious place to drill after Dempsey;  
Borba takes advantage of the lessons learned from the gas saturated Dempsey Well”**

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Dempsey 1-15

SGC Borba



Gas Saturated

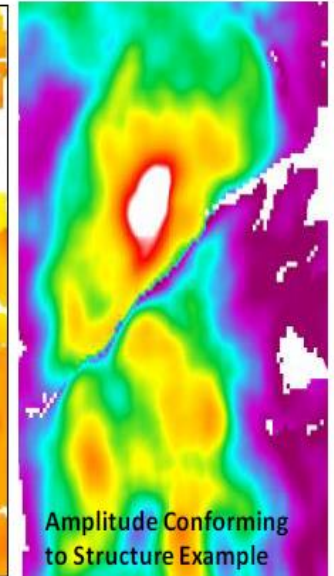
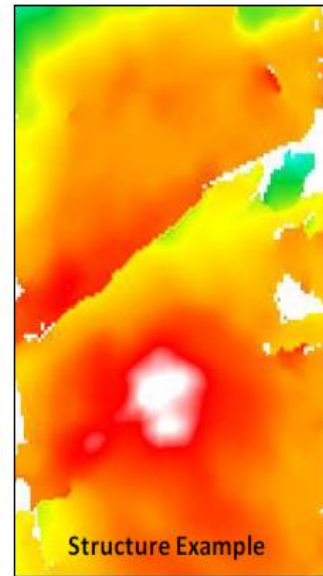
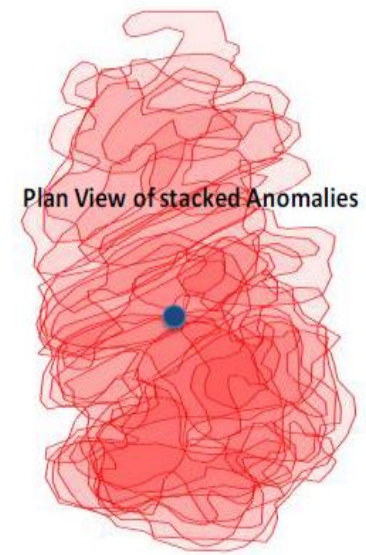
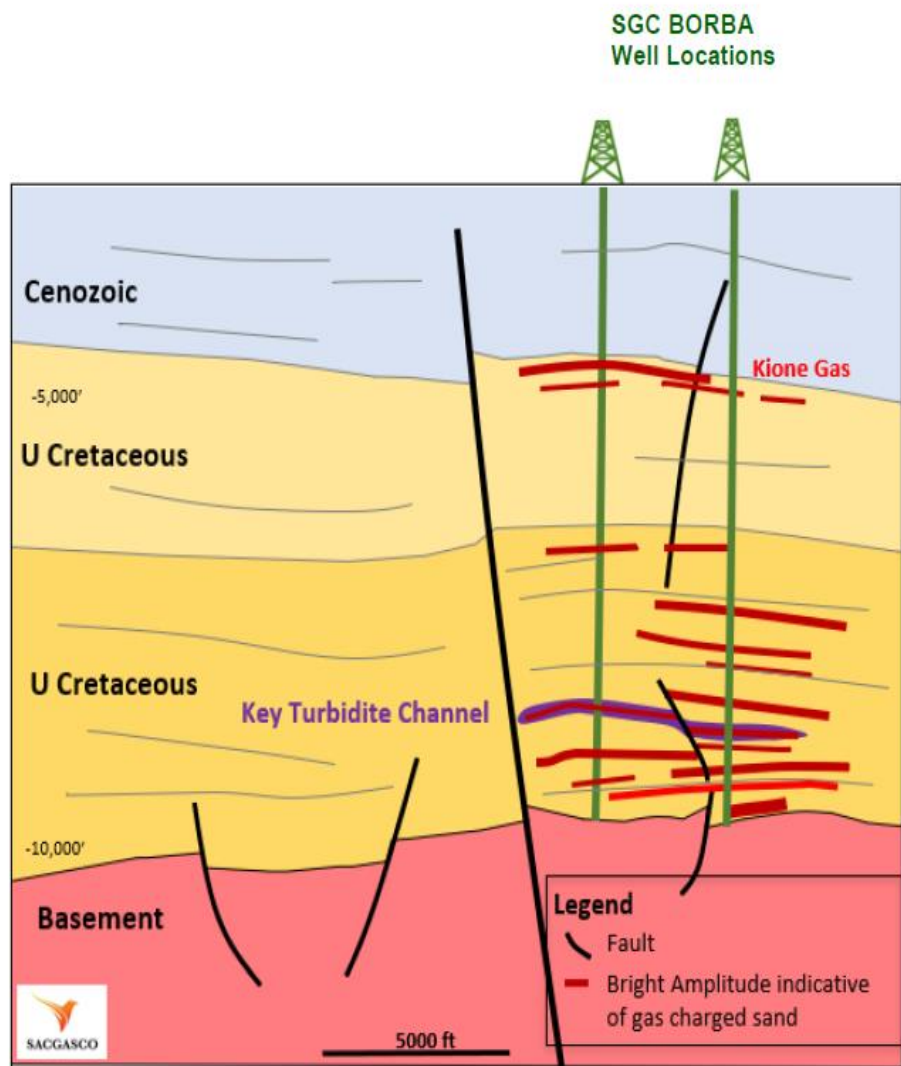
“Hotter” 3D Seismic amplitudes stacked vertically at Borba” mean that it is “good different” to Dempsey; better reservoirs, and gas trap seals -> better gas flows!

**Representative Seismic Across Dempsey and Borba**

Amplitudes balance for comparison: Yellow and Red interpreted as Gas Reservoir



“Coincidence of Anomalies at Borba cannot be explained without invoking significant Gas Trap Opportunity”



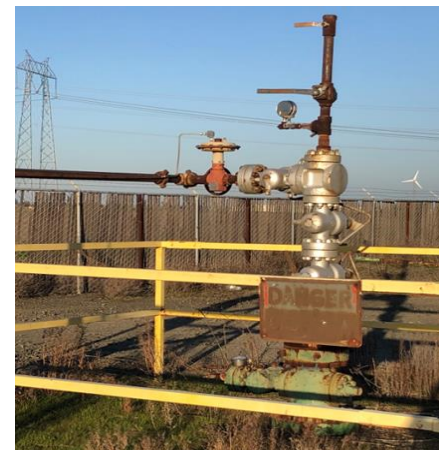
# Perth Basin Comparison – SGC and Strike / Warrego

Comparison Criteria	SACRAMENTO BASIN	Perth Basin
Production to Date	Over 13 Tcf	Around 0.6 Tcf
Gas Market	7 Bcf per day; Undersupplied- 90% gas imported from interstate	Less than 1 Bcf per day; Over supplied, limited market subject to WA DOMGAS Policy
Gas Price	~A\$6 per mcf – 20% to 60% premium to Henry Hub US benchmark natural gas price	Less than A\$4 per mcf; No export outlet (WA Govt Policy Aug 2020)
Well Depths	Less than 3,000 Metres	Around 5,000 metres
Market Caps and Leverage	SGC - \$ 11 million ( 270 Million Shares) XST - \$ 4 million ( 1,400 Million Shares)	STX - \$ 456 million ( 1,700 Million Shares) WGO - \$ 192 million ( 900 Million Shares)
Reservoirs and Opportunity	<b>Tens of Bcf to Tcf potential;</b> Highly pressured; Identified in Outcrop; Identified Sweet Spots in Subsurface from 3D Seismic; Extensive vertical column of gas saturated rocks in Sacgasco's Dempsey control well	<b>Tens of Bcf to Tcf potential;</b> Highly Pressured; Identified from limited well intersection and high flow rates; reliant on seismic amplitudes for Resource Estimation
Land Access	<b>Landowner Incentives</b> in form of 20% Royalty from Production	<b>"Lock the Gate"</b> adversarial activity; little landowner incentive;
Equipment and Industry Support	Existing owned plant; Extensive local suppliers and competition mean <b>lower costs</b> -> \$	New plant needed; Limited suppliers and equipment and labour drive <b>costs up</b> -> \$\$\$\$
Government Regulation	Existing Gas Field Administrative Areas facilitate activity; California is desperate for gas "to keep the lights on"	Sovereign Risk from WA Govt Domgas Policy of restricted gas export

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# SGC- “Sacramento and Northern Alberta ”

- ✓ Sacgasco in the Sacramento Basin and Alberta- Prolific Playgrounds
- ✓ Sacgasco in California -Insatiable Premium Natural Gas Market
- ✓ Sacgasco –Invaluable, Irreplaceable Infrastructure in Both Locations
- ✓ Sacgasco Red Earth Oil Acquisitions for Resilience, Diversity & Growth!
- ✓ **Sacgasco’s Next Steps – Multiple Value Catalyst over next 3 months**
  - ✓ **Multiple parties interested in Borba farmin**
  - ✓ **Borba Third Party Resource and Probability Report**
  - ✓ **Drill Borba!**
  - ✓ **Close Red Earth Transaction by end January.**



**“Sacgasco –provider of sustaining Oil & Natural Gas for future energy needs”**



**“Lands and Times of Opportunity for Realistic Contrarians”**



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**Explanatory and Cautionary Notes:**

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 over 47 years technical, commercial and management experience in exploration for, appraisal and development, and transportation of oil and gas, and 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. While many of the images are of Sacgasco owned equipment and Sacgasco operational sites, some of the images used represent aspects of the oil and gas industry in which Sacgasco is involved or include 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.

Authorized for lodgment by Gary Jeffery, Managing Director.