



# Sacgasco Limited

ABN 83 114 061 433

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

T +61 8 9388 2654 E info@sacgasco.com

Announcement to ASX

10 March 2022

## NANDINO PROSPECT FARMOUT

- Sacgasco funds its subsidiaries' SC 54 Nandino drilling with confirmation of 2:1 farmout to Blue Sky
- Nandino Prospect targets 27 million barrels of recoverable oil (mean, unrisksed Prospective Resource)
- Operations are imminent beginning with drilling site survey
- Sourcing of Long Lead Items for Drilling underway

Sacgasco Limited (ASX:SGC) ("SGC", "Sacgasco" or "the Company"), is pleased to announce that Blue Sky International Holding Inc. (Blue Sky) has exercised its farmin option in relation to Service Contract 54 (SC 54) by committing to drill the Nandino Prospect subject to Philippine Department of Energy (DOE) approval and rig availability. Sacgasco granted Blue Sky the farmin option as a component of the Transaction announced on 20th December 2021.

Pre-farmin, Sacgasco effectively held a consolidated 72.5% through two wholly owned subsidiaries, Nido Petroleum Philippines Pty Ltd (Nido) and Yilgarn Petroleum Philippines Pty Ltd (Yilgarn) and Blue Sky held 12.5% working interest via its wholly owned subsidiary TG World (BVI) Corporation (TG World) (subject to completion of the Transaction). The farmin will be effected by an assignment of a combined 36.25% working interest from Nido and Yilgarn to TG World.

The Nandino well targets 27 million barrels of mean, unrisksed prospective resources\* (100% WI) as announced on 3<sup>rd</sup> March 2022 (details included in the attachment to this announcement). Internal estimates for the gross Joint Venture cost of Nandino drilling range from US\$13 million to US\$17 million which will firm up once contracts for the drilling rig and other services and equipment are executed through the year.

\* Note: 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.

Under the terms of the farmin election, Blue Sky will pay Sacgasco subsidiaries' Nido and Yilgarn's 72.5% working interest share of the dry hole Nandino well cost up to and including wireline logging to earn a further 36.25% in SC 54.

Subject to DOE approval, the resulting working interests in SC 54 would then be:

Joint Venture Party	Pre-farmin	Post-farmin*
Sacgasco (through Nido and Yilgarn); Operator	72.5%	36.25%
Blue Sky (through TG World)	12.5%	48.75%
Halo Oil	15%	15%
* Subject to DOE approval and Nandino drilling		

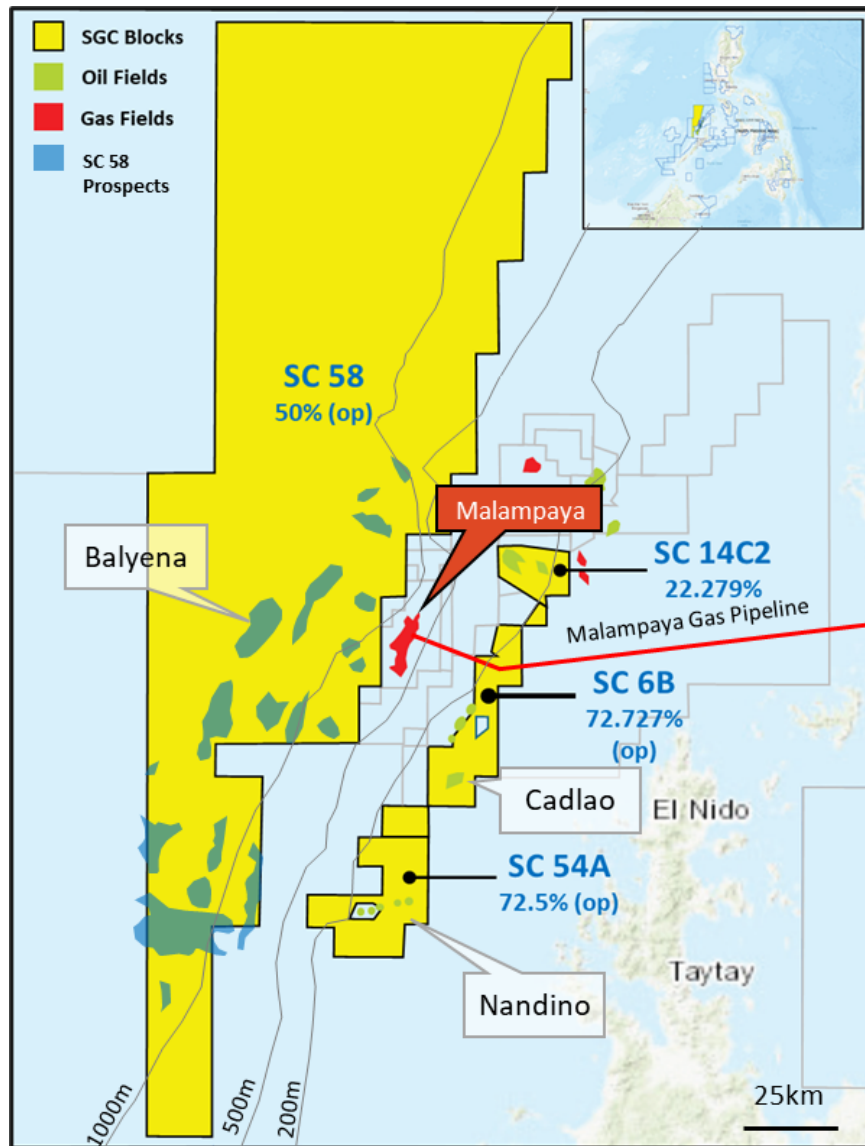
**Sacgasco's Managing Director, Gary Jeffery commented:**

"I am thrilled that Blue Sky have elected to exercise their drilling option on Nandino. Sacgasco's working interest is funded for the dry-hole cost of the well through to completion of the logging program.

Blue Sky is an international operator of note with some 6,500 boepd of operated gross oil and gas production (approximately 4,300 boepd net to Blue Sky entities). Blue Sky has significant operating experience in diverse jurisdictions from onshore North America to offshore Indonesia.

A farmin partner of this calibre with an aligned interest in delivering early activity and results in the Philippines is excellent news for the Joint Venture and delivery of Sacgasco's 2022 plans.

The farmin firms up Nandino's place on the 2022 drilling program and we are now full speed ahead on execution of the program with the site survey expected shortly and we are working closely with Blue Sky on sourcing long lead items for drilling."



Sacgasco Philippines Acreage Map (SC54 interest 36.25% post-farmout)

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

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

**Joanne Kendrick**  
**Director**  
**+61 8 9388 2654**

**Ben Jarvis**  
**Six Degrees Investor Relations**  
**+61 (0) 413 150 448**

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

**Attachment:**

**ABOUT NANDINO PROSPECT**

- Nandino Prospect targets 27 million barrels of recoverable oil (mean prospective resource)
- Nandino lies updip and on-trend with 4 oil discoveries within SC54 (SGC 72.5% WI)
- 119m+ oil column and strong oil shows interpreted in two previous tests of the greater Nandino structure

Nandino Prospective Resources (100%)	Oil in Place	Recoverable Oil	Net to SGC
P90 (million barrels)	24.2	6.6	4.8
P50 (million barrels)	75.3	21.9	15.9
P10 (million barrels)	175.0	54.2	39.3
Mean (million barrels)	91.0	27.3	19.8

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.

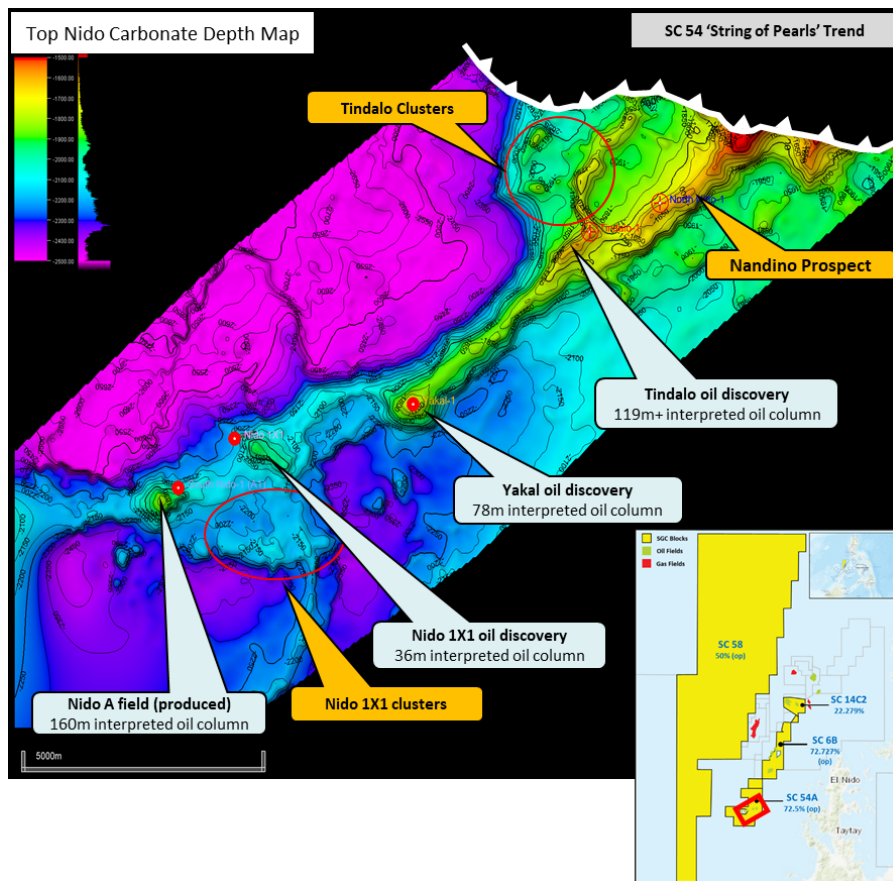
Note 2: The resource estimates have been prepared using the probabilistic method and are presented on an unrisked basis. In a probabilistic resource distribution, P90 (Low), P50 (Best), P10 (High) estimates represent the 90%, 50% and 10% probability respectively that the quantity recovered will equal or exceed the estimate assuming a success case in the prospect.

Note 3: The resource estimates are reported as at an evaluation date of March 2022

Note 4: The Nandino Prospect lies wholly within SC54 where Sagasco, through its subsidiaries, effectively owns a consolidated 36.25% working interest post-farmout to Blue Sky (Subject to DOE approval and Nandino drilling)

The Nandino Prospect within SC 54 is considered the largest shallow water prospect in Sagasco’s Philippines portfolio and is delineated on 3D seismic. The Miocene aged carbonate pinnacle reef structure lies in water depths of 90 meters and is immediately updip of the Tindalo oil discovery. Out of 60 exploration wells drilled in the basin to date, 27 have led to discoveries, giving a 45% success rate.

Within SC 54, a “fill-to-spill” chain of oil fields has been discovered as shown in the Figure below. The Nandino Prospect lies updip and on-trend of this fill-to-spill chain.



The North Nido-1 historical well, which had strong oil shows, was drilled in 1976 on 2D seismic data and is now interpreted to be on the flank of the Nandino structure with significant updip attic potential remaining.

3D seismic was acquired over the area in 1997 and subsequently reprocessed in 2011 using a Pre-Stack Depth Migration (**PSDM**) workflow. The 3D seismic interpretation shows the interpreted oil-water-contact at Tindalo-1 is below the lowest closing contour of the Tindalo substructure. Consequently, the Tindalo discovery and the greater Nandino structure are interpreted to have the same oil-water-contact and to be in communication through the oil column in the best estimate case as shown in the Figures below.

A third-party independent audit of the Nandino Prospect has been undertaken by RISC confirming the unrisked prospective resources. RISC estimates the Geological Chance of Success (**COS**) to be 25%.

In the event of a discovery at Nandino, the chance of development (as defined in the PRMS) is strong given current high oil prices, favourable service contract terms and relatively low cost, shallow water development options. Sagasco, through its subsidiaries Nido and Yilgarn, may seek to conduct an EWT and will then evaluate the possibility of a clustered development together with the nearby Tindalo, Yakal and Nido 1X1 discoveries.

The current Sub-Phase 6 of SC 54 ends on 05 August 2022 at which time the Joint Venture may elect to enter Sub-Phase 7 of the Service Contract, which is for a period of one year. All commitments have been fulfilled for the current Sub-Phase 6. Sub-Phase 7 includes a commitment for one exploration well.

The Nandino prospective resources assessment did not include an assessment of the volumes in the Tindalo substructure, and these would be classified as contingent resources under the Petroleum Resources Management System, 2018 (**PRMS**) definitions.

