



Sacgasco Limited

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DECEMBER 2023 QUARTERLY ACTIVITY REPORT HIGHLIGHTS

North America – Exploration and Producing and Development Properties

- Total net production from Canadian assets (before royalty) of 21,125 BBL;
- Red Earth assets currently producing at approximately ~835 barrels per day on a gross basis. Improvement to net cash inflow is envisaged through early 2024 following extensive turnaround and maintenance activities in December quarter;
- Company share of oil production in Canada was 240 BOPD for the quarter; and
- Company share of gas flows in California was 294 MCFPD, with premium gas prices during the December 2023 quarter and continuing.

Philippines - Exploration and Development

- Revised terms of a Sale and Purchase Agreement (“SPA”) with Blue Sky Resources Limited (“BSRL”) for the divestment of Nido Petroleum Pty Ltd, Nido Petroleum Philippines Pty Ltd and Yilgarn Petroleum Philippines Pty Ltd (collectively, the “Nido entities”) executed during the quarter. Subsequent to quarter end the divestment was approved by shareholders at a General Meeting on 19 January 2024; and
- PNOC Exploration Corporation (“PNOC”) Farmin to SC6B (Cadlao Field) finalisation executed with Nido granted for the Cadlao Field work program and budget with funds of US\$3.32m (A\$5.1m) transferred to Nido.

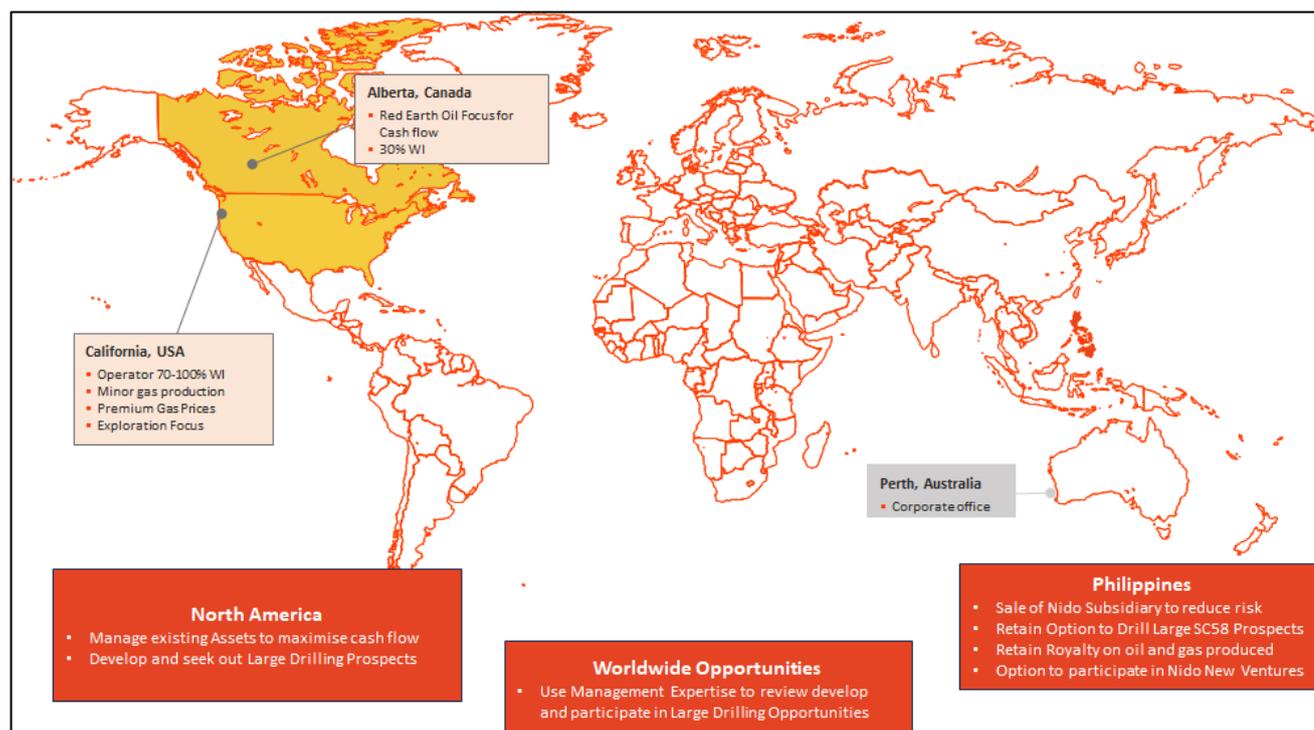
Corporate and New Ventures

- Leading up to shareholder approval of the divestment of Nido, the Board has been finalising a selection of high impact large resource exploration drilling opportunities both in North America and domestically with a view of executing a drilling program in Q2 2024;
- Additional long-term value accretive opportunities in natural gas have been identified domestically as a lack of new gas supply has affected both LNG and domestic markets have which has seen sentiment shift in upstream investment both in exploration and development; and
- Sacgasco’s review of all its assets and corporate structure was nearly complete in the quarter with efficiency initiatives to be implemented during the coming quarter consistent with a strategic shift in its asset portfolio.

Sacgasco Limited (ASX: SGC) (“Sacgasco” or “Company”) is pleased to provide the Quarterly Activities Report for the calendar quarter ending 31 December 2023.

The December 2023 quarter and subsequent events referred to in this report represent continuing 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 new venture projects.

Sacgasco now holds a suite of quality production assets with large upside in two stable jurisdictions and is currently shortlisting new venture projects as at this reporting date.



EXPLORATION AND PRODUCTION ACTIVITIES

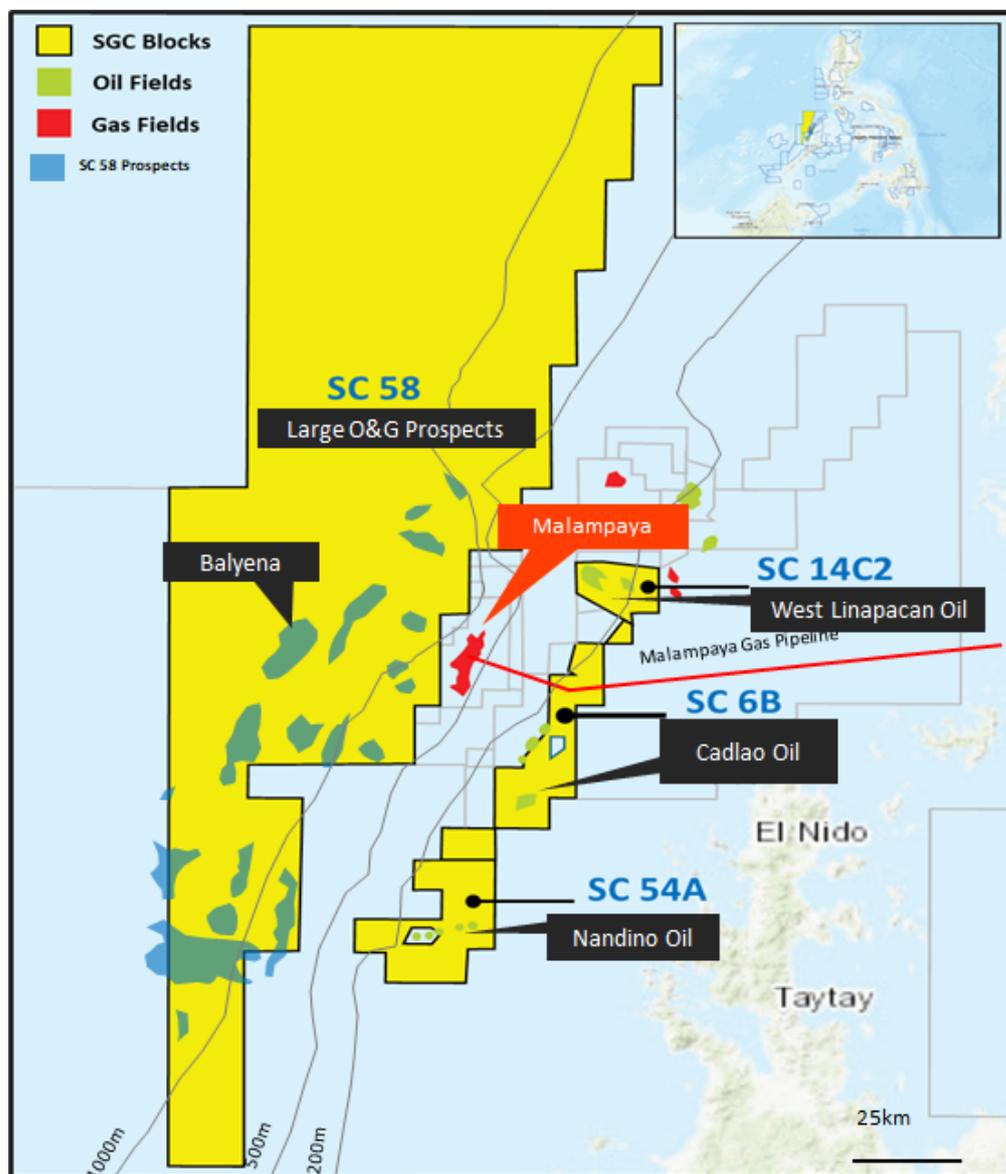
OFFSHORE PHILIPPINES

During the quarter, a revised SPA was negotiated and executed between BSRL and Sacgasco for the divestment of the Nido entities. Those improved terms include:

- Execution of Drilling Services Agreement with Saba Drilling that included a cash payment of US\$2.1 million, which has been advanced against the contractual drilling costs for using the Deep Venture drillship to drill Cadlao 4 development well in SC 6B offshore the Philippine and two (2) other wells;
- US\$1.24 million was released for costs relating to offshore Philippines drilling and re-development planning including Extended Well Testing for the Cadlao Oil Field;
- Sale consideration of US\$1.25 million cash to be paid in two tranches, being US\$350 thousand upon Sacgasco receiving approval from Shareholders and US\$900 thousand on or before 30 April 2024.
- Cash payment of US\$1.5 million to be paid to Sacgasco within 6 months of production activities commencing at Cadlao;
- A further cash payment of US\$1 million after 12 months of oil production from the Cadlao Oilfield at a production rate exceeding 3,000 BOPD; and

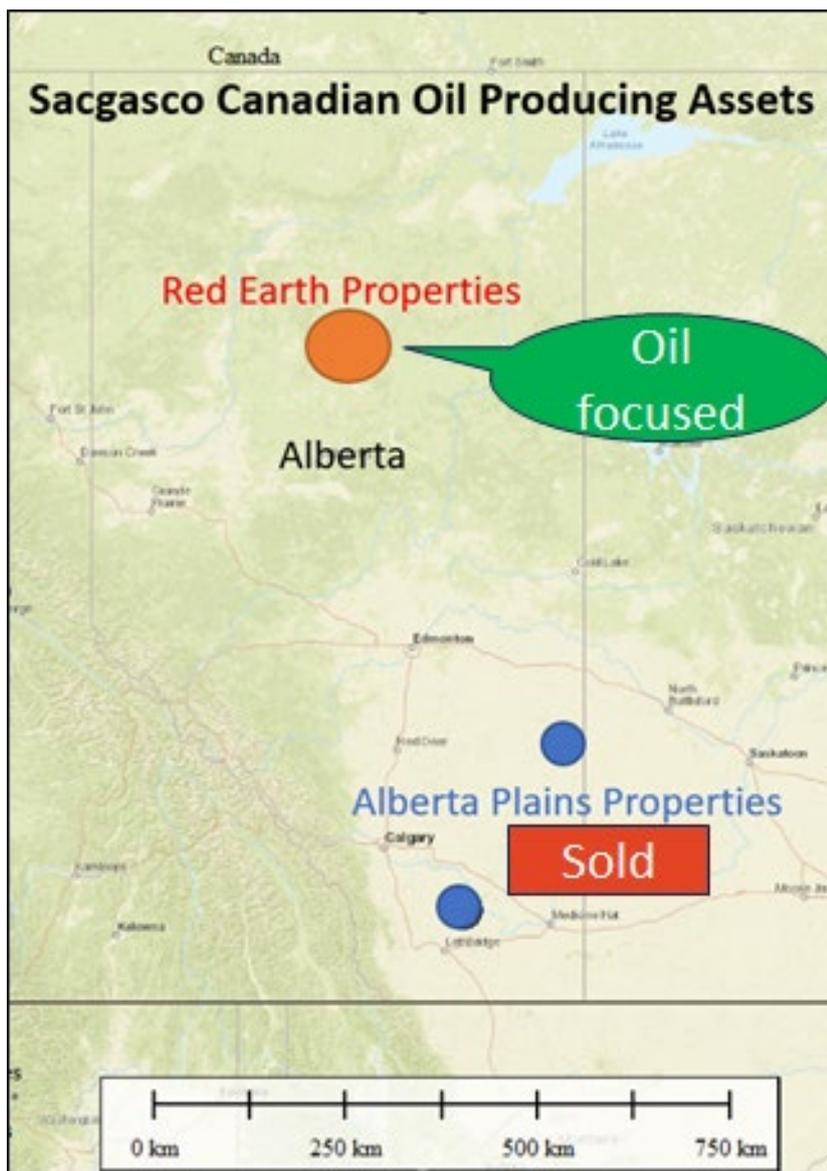
- A sliding scale royalty on the Cadlao Field of:
 - Overriding royalty of 3% on production up to 3,000 BOPD net to Nido Participating Interest after PNOC EC Farmin, overriding royalty of 4% on production of 3,000 to 5,000 BOPD net to Nido Participating Interest after PNOC EC Farmin and overriding royalty of 5% on production greater than 5,000 BOPD net to Nido Participating Interest after PNOC EC Farmin; and
 - A sliding scale royalty on all other Nido Service Contracts, except Cadlao as contemplated above including an overriding royalty of 1.5% on production up to 3,000 BOPD net to Nido Participating Interest after PNOC EC Farmin, overriding royalty of 2% on production between 3,000 and 5,000 BOPD net to Nido Participating Interest after PNOC EC Farmin and overriding royalty of 2.5% on production up greater than 5,000 BOPD net to Nido Participating Interest after PNOC EC Farmin.

As a result of the divestment of the Nido entities, Sagsasco has reduced its debt facilities by approximately A\$660k. This amount represents borrowings that were required to continue operations in the December quarter prior to receipt of farmin funds. A majority of this loan balance in the Nido entities was paid during December.



Sagsasco's royalty interests in relevant Nido Service Contracts

ONSHORE CANADA (Non-Operated)



Sagasco’s Canadian Producing Properties

Canada Oil and Gas Production (BBL) ¹	December 2023 Quarter	September 2023 Quarter
SGC Production	22,125	20,842
SGC Production after Royalty	18,128	17,077

Current production rate net to SGC (before royalty) was approximately 258 BOPD in mid-December.

SAGASCO CANADA TENEMENT TABLE (31 December 2023)

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

ONSHORE CALIFORNIA (Majority Operated)

The Company continued to maintain leases in the Sacramento Basin during the quarter. Sacgasco 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. In addition to maintaining these leases, Sacgasco is looking at further “bolt on” opportunities that are exploration with large upside (follow up opportunities) in other leases as well as potentially further drilling in the Alvares area.

California Gas Flows (mcf) ¹	December 2023 Quarter	September 2023 Quarter
Gross Gas Flows	43,932	41,409
SGC Gas Flows after Royalty	27,055	24,808
<i>Note 1: mcf = Thousand Cubic feet gas</i>		

Gas flow optimization and sales opportunities are being continually pursued.

Evaluations to monetise the previously reported Borba gas discovery continued with discussions on alternatives uses for natural gas from the Borba gas discovery including trucking of compressed natural gas and other alternatives. These other alternatives include divestment of the asset along with other complimentary small gas accumulations where stranded gas can be monetised in other ways for onsite electricity generation.

SACGASCO CALIFORNIA TENEMENT TABLE (31 December 2023)

PROJECT NAMES	LEASES; RELATED GAS FIELD (HBP LEASES); OR KEY WELL	PROJECT TYPE	WORKING INTEREST (WI)*
Dempsey Area Project	Rancho Capay, Rice Creek, East Gas Fields - HBP Leases. Oil and Gas Mineral Leases	Gas Flow, Exploration, Appraisal and Rework	40-60%
Borba Project	Oil and Gas Mineral Leases	Commercialization of Gas Discovery	66.67%
Los Medanos Project	Los Medanos Gas Field HBP Leases	Gas Flow, and Rework	90%
Malton Project	Malton Gas Field HBP Leases and Oil and Gas Mineral Leases	Gas Flow, Exploration, Appraisal and Rework	45-70%
Dutch Slough Gas Project	Dutch Slough Gas Field HBP Leases	Exploration, Appraisal and Rework	70%
Rio Vista Gas Project	Rio Vista Field Wells HBP Leases	Gas flow, Development and Rework	100%
Alvares Project	Alvares 1 well (P&A Re-entry)	Exploration, Appraisal	50%

* Approximate WI across the referenced Project

Sacgasco is the Operator of all its WI wells and related tenements in California.

CORPORATE

During the quarter several reviews were undertaken and completed of the Company's assets, overheads and strategy with a view of implementing an operating exploration company philosophy and taking this business model to increase the Company's footprint to include other jurisdictions. LNG and Australian domestic gas prices have increasing as a result of the lack of new gas supply and under investment in the sector and this will underpin the company's future growth.

New venture opportunities have been focused in two areas:

- High impact near term exploration opportunities adjacent to infrastructure as liquidity has improved in ASX listed juniors and in the energy space in general; and
- Medium to longer term portfolio opportunities to ensure an inventory of news flow as the company recapitalizes into higher commodity prices.

JANUARY 2024 QUARTER OBJECTIVES

- Rationalising the portfolio properties in North America and optimizing production and cash flow from Red Earth;
- Completing the divestment of Nido including transfer of shares and appointing BSRL Directors; and
- Securing new venture opportunities for immediate activity and news flow.

SACGASCO CAPITAL STRUCTURE

ISSUED CAPITAL – 31 December 2023	
Ordinary Shares (ASX: SGC)	779,687,078
Unlisted Options exercisable @ 4.5 cents by 31 January 2024	27,250,000

APPENDIX 5B DISCLOSURES

ASX LR 5.4.1: Exploration expenditure during the quarter was \$663k.

ASX LR 5.4.2: n/a

ASX LR 5.4.3: Tenement schedule attached to activities report.

ASX LR 5.4.5: Payments to related parties totalled \$36k and was in respect of Directors' fees and office lease.

For and on behalf of the Board of Sacgasco Limited.

J.L. Kane Marshall
Managing Director
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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.

The Company is currently focused on conventional oil and gas exploration and production in the Sacramento Basin, onshore California USA, Alberta Canada and new venture opportunities in Australasia.

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

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, Technical Director of Sacgasco Limited. He is a qualified geophysicist with over 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")

31 December 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	294	2,080
1.2 Payments for		
(a) exploration & evaluation	(663)	(3,016)
(b) development	-	-
(c) production	(310)	(751)
(d) staff costs	(182)	(604)
(e) administration and corporate costs	(190)	(800)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(2)	(8)
1.6 Income taxes refund	38	110
1.7 Government grants and tax incentives	-	-
1.8 Other (PAYG Refund)	-	399
JV Receipts	171	250
1.9 Net cash from / (used in) operating activities	(844)	(2,340)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) entities	-	-
(b) tenements	-	-
(c) property, plant, and equipment	-	(4)
(d) exploration & evaluation	-	-
(e) investments	-	-
(f) other non-current assets	-	-

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant, and equipment	-	-
	(d) investments *	5,124	5,124
	(e) other non-current assets	-	464
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other ^	(4,645)	(4,645)
2.6	Net cash from / (used in) investing activities	479	939

* US\$3,337,400 received from PNOG under the terms of the binding farm-in agreement, executed on 15 November 2023

^ Cash outflows from Nido entities during December 2023. Nido entities were controlled by SGC to 19-Jan-24, the date of shareholder approval for disposal post year-end. All cash movements post 1-Dec-23 have been recognised as "Other Investment Outflows" to accurately identify funds movements for balances controlled during the quarter by SGC whilst highlighting the relevant funds attributable to the disposal of the Nido entities, with the divestment effective date of 1-Dec-23.

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	1,075
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	(3)	(60)
3.5	Proceeds from borrowings	660	760
3.6	Repayment of borrowings	(10)	(20)
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (Right of Use Lease Liability)	(6)	(74)
3.10	Net cash from / (used in) financing activities	641	1,681

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	490	436
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(844)	(2,340)

Appendix 5B

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	479	939
4.4	Net cash from / (used in) financing activities (item 3.10 above)	641	1,681
4.5	Effect of movement in exchange rates on cash held	(25)	25
4.6	Cash and cash equivalents at end of period	741	741

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	741	490
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (petty cash)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	741	490

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amounts of payments to related parties and their associates included in item 1	36
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

7. Financing facilities		Total facility amounts at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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	1,200	1,200
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	1,200	1,200
7.5	Unused financing facilities available at quarter end		-
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>Parent entity debt facilities</p> <p>Five Related Party loan facilities earning interest at 10% pa, repayable within six months unless extended by mutual agreement:</p> <ul style="list-style-type: none"> - Unsecured facility with Dungay Resources Pty Ltd, a company associated with Gary Jeffery, dated 1 November 2021 for \$250,000, extended until 1 May 2024, - Unsecured facility with Dungay Resources Pty Ltd, dated 4 May 2021 for \$300,000, extended until 4 May 2024, - Unsecured facility with Dungay Resources Pty Ltd, dated 17 May 2021 for \$250,000, extended until 17 May 2024, - Unsecured facility with Dungay Resources Pty Ltd, dated 25 November 2022 for \$100,000, extended until 25 May 2024, and - Unsecured facility with Dungay Resources Pty Ltd, dated 6 June 2023 for \$100,000, extended to 6 June 2024. <p>Nido Petroleum Pty Ltd debt facility</p> <p>One Related Party loan facility earning interest at 10% pa, repayable within six months unless extended by mutual agreement.</p> <ul style="list-style-type: none"> - Unsecured facility with Dungay Resources Pty Ltd, dated 20 October 2023 for \$200,000. 			
8. Estimated cash available for future operating activities			\$A'000
8.1	Net cash from / (used in) operating activities (item 1.9)		(844)
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)		(844)
8.4	Cash and cash equivalents at quarter end (item 4.6)		741
8.5	Unused finance facilities available at quarter end (item 7.5)		-
8.6	Total available funding (item 8.4 + item 8.5)		741
8.7	Estimated quarters of funding available (Item 8.6 divided by Item 8.3)		0.88
<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. Following shareholder approval to divest its Filipino operations on 19 January 2024, operational cash outflows are expected to decrease in the coming quarter.

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: On 19 January 2024, shareholders approved the divestment of its Filipino Operations. As part of the divestment of the Nido entities, the Company has received US\$100,000 upon completion of the divestment transaction, with the residual US\$250,000 owing to be received on or before 10 February 2024. A further US\$900,000 is due under terms of the divestment on or before 30 April 2024.

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 responses in 8.8.1 and 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 January 2024

Authorised by: Board of Directors
(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.