



Sacgasco Limited

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Announcement to ASX

31 October 2019

SEPTEMBER 2019 QUARTERLY ACTIVITY REPORT

HIGHLIGHTS

- Borba Prospect Drilling Application approved by County – final approval from California Department of Geological and Geothermal Resources are pending
- Gas prices at a premium to Henry Hub benchmark
- Multiple growth opportunities under assessment
- Near-term focus on increasing gas flows

Sacramento Basin-focused natural gas developer Sacgasco Limited (ASX: SGC) (“Sacgasco” or “the Company”) is pleased to provide its Quarterly Activities Report for the period ended 30 September 2019.

EXPLORATION, APPRAISAL AND NEW VENTURES

ONSHORE CALIFORNIA

Borba Natural Gas Prospect (Previously named Anzus)

During the quarter Sacgasco received approval from the Glenn County Planning and Community Development Services Agency for the drilling of the Borba 1-7 well. The Company believes the Borba prospect is in an optimal location to test multiple stacked amplitude anomalies underlying the potential for channel fill sand reservoirs for its next drilling target.

The well is located within a 3D seismic data volume. An undrilled amplitude anomaly interpreted to indicate gas filled sands will be intercepted by the Borba 7-1 well in the shallower Forbes Formation. The interpreted individual gas traps range from structural to stratigraphic in nature. The interception of good reservoirs at this location will calibrate more extensive seismic anomalies and gas resource potential in the region.

Notably, in granting the drilling permit Glenn County staff provided the following commentary in the approval document:

2.4 PUBLIC BENEFIT

There is a growing public demand for natural gas energy. The development of this natural resource is desirable because it will contribute to the County’s tax revenues and provide a necessary resource to the community. The proposed gas well is in an agricultural area.

Approval from the California Department of Geological and Geothermal Resources (DOGGR) is the next and final step in the approval process.

CALIFORNIA

Sacgasco maintains leases in the Sacramento Basin, including 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 a Tcf recoverable prospective resources of natural gas.

Sacgasco continues its strategic analysis of well histories and seismic to uncover opportunities for growth. SGC is working towards a drilling and workover program commencing in late 2019.

GAS FLOW UPDATE

Combined Gas Flows	September 2019 Quarter	June 2019 Quarter
Gross mcf * (100%)	65,597	64,466
Net SGC mcf (after Royalty)	35,252	37,145
<i>*mcf – Thousand Cubic feet gas</i>		

Gas flow during the quarter was steady. Natural gas prices in California during October have been at a premium of around 45% above the US benchmark Henry Hub natural gas prices compared to historical premium closer to 15%.

Gas has been produced intermittently from the Dempsey 1-15 well since its completion and connection to sales. A workover is required to reduce water flow (interpreted to be from separate wet reservoirs) in the well bore. This is to be scheduled, in conjunction, with other well work.

NEAR TERM OBJECTIVES

Sacgasco's priority is to increase gas flows. A drilling and workover program is due to commence shortly, focused on the Borba Prospect.

Project Portfolio

SGC's current focus is on unlocking the underlying value from its natural gas prospects in the under-explored parts of the Sacramento Basin and elsewhere as opportunities arise.

The Company continues to review several potential projects for their strategic fit and an extensive analysis of opportunities within the region are being evaluated.

Sacgasco is the Operator of all but one of its WI wells:

PROJECT NAMES <i>All located in the Sacramento Basin Onshore northern California</i>	LEASES; RELATED GAS FIELD (HBP LEASES); OR KEY WELL	PROJECT TYPE	TOTAL OPERATED WELLS	GAS PRODUCING WELLS	WORKING INTEREST (WI)*
<i>Dempsey Project</i>	Rancho Capay, Rice Creek, East Gas Fields - HBP Leases; Oil and Gas Mineral Leases	Exploration, Appraisal & Rework	10	5	33-60%
<i>Alvares Project</i>	Oil and Gas Mineral Leases; Alvares 1 well (P&A Re-entry)	Exploration & Appraisal	1	-	50%
<i>Borba Project</i>	Oil and Gas Mineral Leases	Exploration	-	-	46%
<i>Los Medanos Project</i>	Los Medanos Gas Field HBP Leases	Appraisal & Rework	2	1	90%
<i>Malton Project</i>	Malton Gas Field HBP Leases and Oil and Gas Mineral Leases	Exploration, Appraisal & Rework	8	3	35-69%
<i>Dutch Slough Gas Project</i>	Dutch Slough Gas Field HBP Leases	Exploration, Appraisal & Rework	4	-	69%
<i>Denverton Creek Gas Project</i>	Denverton Creek Gas Field HBP Leases	Gas flow & Rework	1	1	70%
<i>Rio Vista Gas Project</i>	Rio Vista Field Wells HBP Leases	Gas flow, development & Rework	3	2	100%
<i>Willows Gas Field (Non-operated)</i>	Willows Gas Fields HBP Leases	Gas flow & Rework	-	1	10%

Tenement List (as 30 September 2019)

PROJECT NAME	LOCATION	WORKING INTEREST (WI)*
<i>Dempsey Project</i>	Sacramento Basin Onshore Northern California	60%
<i>Alvares Project</i>	Sacramento Basin Onshore Northern California	50%
<i>Borba Prospect</i>	Sacramento Basin Onshore Northern California	46%
<i>Los Medanos Gas Field</i>	Sacramento Basin Onshore Northern California	90%
<i>Malton Gas Field</i>	Sacramento Basin Onshore Northern California	35-69%
<i>Dutch Slough Gas Field</i>	Sacramento Basin Onshore Northern California	69%
<i>Denverton Gas Field</i>	Sacramento Basin Onshore Northern California	70%
<i>Rancho Capay Gas Field</i>	Sacramento Basin Onshore Northern California	43-60%
<i>East Rice Creek Gas Field</i>	Sacramento Basin Onshore Northern California	60%
<i>Rio Vista Field</i>	Sacramento Basin Onshore Northern California	100%
<i>Willows Gas Field</i>	Sacramento Basin Onshore Northern California	10%

Note: WI* – Approximate numbers represent post any farmout working interests

CORPORATE

The Company continues its strategic evaluation of growth opportunities and will advise the market of any developments.

A Non-Renounceable Rights issue was undertaken by the Company during the quarter. The offer was based on 1 new option for every 2 shares held at the record date, with the offer price of 0.3 cents per option. The options are exercisable at 4 cents each on or before 31 December 2021. The rights issue was completed just after the end of the quarter, with 133,429,948 new listed options issued to shareholders raising \$400,290.

Mr Greg Channon attended the Good Oil Conference in September and presented on behalf of the Company.

SACGASCO CAPITAL STRUCTURE

ISSUED CAPITAL at 30 September 2019	
Ordinary Shares (SGC)	*268,513,742
Listed Options (SGCOA)	133,429,948
Unlisted Options exercisable @ 5 cents 30 December 2019	6,000,000
Unlisted Options exercisable @ 15 cents 31 December 2019	27,000,000
Unlisted Options exercisable @ 4 cents 31 December 2019	19,000,000
Note:	
*Includes 1,653,843 shares issued in October 2019 as part payment of director's fees as approved by shareholders.	

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 appraising, developing and flowing clear conventional natural gas in the Sacramento Basin, onshore California. SGC has an extensive portfolio of natural gas flowing wells and prospects at both exploration and appraisal stages, including Tcf gas 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 prospects in California have been the potential to supply both domestic California natural gas and export LNG markets including those to Asia.

Sacgasco's strategy is to find and develop under-valued and under-explored opportunities connected to under-supplied oil and gas markets with attractive product prices.

www.sacgasco.com

Twitter: @SacGasCo

Leases:

US exploration is conducted on leases grant by Mineral Right owners, in SGC's case primarily 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' and royalties, are paid to mineral right owners in lieu of rentals. SGC has not listed all it 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.

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, Managing Director of Sacgasco Limited. He is a qualified geophysicist with over 46 years technical, commercial and management experience in exploration for, appraisal and development, and transportation of oil and gas. 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.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

SACGASCO LIMITED

ABN

83 114 061 433

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	152	668
1.2 Payments for		
(a) exploration & evaluation	(366)	(879)
(b) development	-	-
(c) production	(310)	(829)
(d) staff costs	(18)	(56)
(e) administration and corporate costs	(23)	(225)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	(6)
1.6 Income taxes refund / (paid)	-	(2)
1.7 Research and development refunds	-	-
1.8 Other (<i>Net JV Receipts</i>)	-	487
1.9 Net cash from / (used in) operating activities*	(565)	(842)

*Note 1.9 and 5.5: net cash outflow from operating activities of \$565,000 include payments made by Sacgasco as operator for joint operations in California for which reimbursement has not yet been made by the other participants in the joint operations.

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments (<i>shares in o/s company</i>)	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
(d) other non-current assets (<i>Credit Card Bond</i>)	(5)	(5)
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments (<i>shares in o/s company</i>)	-	-
(d) other non-current assets (<i>Refund of Bond</i>)	-	-
2.3 Cash flows from loans to other entities	-	-
2.4 Dividends received (see note 3)	-	-
2.5 Other (<i>Cash held on acquisition of subsidiary</i>)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	-
3.2 Proceeds from issue of convertible notes	-	-
3.3 Proceeds from exercise of share options	-	-
3.4 Transaction costs related to issues of shares, convertible notes or options	(5)	(11)
3.5 Proceeds from borrowings	61	61
3.6 Repayment of borrowings	(23)	(108)
3.7 Transaction costs related to loans and borrowings	-	-
3.8 Dividends paid	-	-
3.9 Other (provide details if material)	-	-
3.10 Net cash from / (used in) financing activities	33	(58)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	590	953
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(565)	(842)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(5)	(5)
4.4 Net cash from / (used in) financing activities (item 3.10 above)	33	(58)

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.5	Effect of movement in exchange rates on cash held	15	20
4.6	Cash and cash equivalents at end of period	68	68

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	68	590
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	68	590

6.	Payments to directors of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	-
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3	Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7.	Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	-
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3	Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1 Loan facilities	170	170
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

Unsecured loan from a director earning interest at 10% pa, repayable within six months unless extended by mutual agreement.

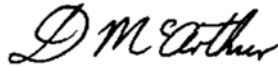
9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation (net)	-
9.2 Development	-
9.3 Production	222
9.4 Staff costs	17
9.5 Administration and corporate costs	45
9.6 Other	-
9.7 Total estimated cash outflows	284*

*Note to 9.7 and 5.5: The Company notes that the estimated cash outflow for the quarter exceeds the closing cash balance, however the Company advises that it completed a rights issue to raise \$400,200 in early October and has receivables in excess of \$200,000 due from joint operations participants.

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A			
10.2 Interests in mining tenements and petroleum tenements acquired or increased	N/A			

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.



Sign here:

Company Secretary

Date: 31 October 2019

Print name: David M McArthur

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly 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 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.