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Announcement to ASX **30 OCTOBER 2020**

SEPTEMBER QUARTERLY ACTIVITY REPORT

HIGHLIGHTS

- **Drilling of Borba 1-7 well expected to commence in 2020**
- **Construction of all-weather drilling location and future production base commencing this week.**
- **3 km access roadwork was completed for the Borba 1-7 Natural Gas well earlier in 2020**
- **High capacity rig selected and available at short notice to mobilise**
- **Significant interest from potential partners to participate and fund Borba drilling**
- **Continuing to review new opportunities and prospects to add resilience and sustainability to the strong Sacramento Basin portfolio of projects.**

Sacramento Basin-focused natural gas developer Sacgasco Limited (ASX: SGC) ("Sacgasco" or "the Company") is pleased to provide the Quarterly Activities Report for the calendar quarter ending 30 September 2020.

EXPLORATION, APPRAISAL AND NEW VENTURES

ONSHORE CALIFORNIA

Borba Natural Gas Prospect Drilling (Sacgasco 76% Working Interest ("WI"))

Construction of the all-weather drilling-pad and future production-base for the Borba 1-7 conventional natural gas well commenced in the last week of October 2020.

Highly experienced local contractor, NOR CAL Construction will build the pad which is expected to take around 10 days.

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Sacramento Basin

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. Strategic analysis of well histories and seismic to uncover opportunities for growth are ongoing.

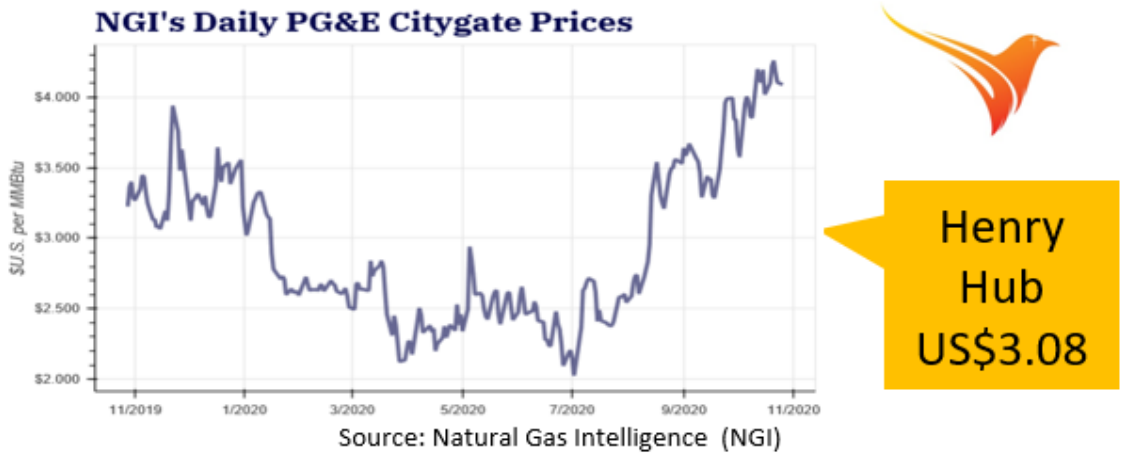
GAS FLOW UPDATE

Gas Flows	September 2020 Quarter	June 2020 Quarter
Gross mcf * (100%)	*38,062*	*44,618*
Net SGC mcf (after Royalty)	*21,008*	*25,000*
**mcf – Thousand Cubic feet gas*		

Overall gas flows were reduced in the quarter by operational interruptions.

California has an unsatiated average 7 Bcf per day gas market. California imports over 90% of this natural gas from other US States and Canada.

The relevant Natural Gas prices in California for the last quarter have been up to 270% of USA benchmark Henry Hub natural gas prices. They are currently some 133% of the USA benchmark Henry Hub natural gas prices.



Source: Natural Gas Intelligence (NGI)

CURRENT QUARTER OBJECTIVES

Drilling the Borba 1-7 well is a primary forward focus of the company.

The well will be drilled with a small directional component to optimise the intersection of more than 10 separate seismic anomalies on 3D seismic. The well is expected to take some 25 to 35 days to drill and operations are expected to commence this calendar year.

Sacgasco is planning to commence drilling the Borba 1-7 well as soon as final preparation for drilling are completed and additional leasing is documented. The well is already fully permitted with the State and local authorities.

At the shallow Kione Formation the Borba well will test a strong seismic anomaly separated from the sandstones that were productive at this level in the nearby West Ord Bend Gas Field. Production has also been encountered in the Borba vicinity from other shallower sand reservoirs.

At around 5,600 feet (1,700 metres) the well is projected to be in a mapped structural closure 140 feet (43 metres) up-dip from a 1998 well which encountered multiple zones over a 570 feet (175 metres) interval of high gas shows and porosity. These shows were not flow tested at the time, but these sand intervals have been productive in the local area.

Deeper seismic anomalies are interpreted to indicate sand reservoir development and natural gas shows are expected. Sacgasco has also previously found the basement to be fractured and gas productive.

The well will be drilled with the largest capacity rig in the area and will require a 10,000 psi rated control stack on the 9 5/8" casing below 6,000 feet. The well will have 3 strings of protective pipe.

Farmout and funding discussions to reduce Sacgasco's Working Interest exposure are advanced to enable Sacgasco to implement its plans to drill the well this year.

A Resource Report by an independent party is being finalised and will be released once final working interests are settled

A comparison of key characteristics of the Perth Basin and the Sacramento Basin shows the many advantages of the Sacramento Basin as an investment location.



Borba 1-7 Well Pad Site

Ongoing review of potential conventional oil and gas projects that have a strategic fit with Sacgasco's current assets and strategy.

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Project Portfolio

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

Sacgasco is the Operator of all but one of its WI wells and related tenements.

PROJECT NAMES ***All located in the Sacramento Basin Onshore northern California***	**LEASES; RELATED GAS FIELD (HBP LEASES); OR KEY WELL**	**PROJECT TYPE**	**TOTAL GAS WELLS**	**WORKING INTEREST (WI)***
Dempsey Area Project	Rancho Capay, Rice Creek, East Gas Fields - HBP Leases Oil and Gas Mineral Leases	Exploration, Appraisal & Rework	10	40-60%
Alvares Project	Oil and Gas Mineral Leases Alvares 1 well (P&A Re-entry)	Exploration & Appraisal	1	50%
Borba Project	Oil and Gas Mineral Leases	Exploration	-	50%
Los Medanos Project	Los Medanos Gas Field HBP Leases	Appraisal & Rework	2	90%
Malton Project	Malton Gas Field HBP Leases and Oil and Gas Mineral Leases	Exploration, Appraisal & Rework	8	45-70%
Dutch Slough Gas Project	Dutch Slough Gas Field HBP Leases	Exploration, Appraisal & Rework	4	70%
Denverton Creek Gas Project	Denverton Creek Gas Field HBP Leases	Gas flow & Rework	1	70%
Rio Vista Gas Project	Rio Vista Field Wells HBP Leases	Gas flow, development & Rework	3	100%
Willows Gas Field (Non-operated)	Willows Gas Fields HBP Leases	Gas flow & Rework	1	10%

***** Approximate WI across the referenced Project

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Perth Basin Comparison – SGC, XST 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 – 120% to 160% of 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 - $ 422 million (1,700 Million Shares)** **WGO - $ 190 million (900 Million Shares)**
Reservoirs and Opportunity	**Tens of Bcf to Tcf potential;** 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	**Tens of Bcf to Tcf potential;** Highly Pressured; Identified from limited well intersection and high flow rates; reliant on seismic amplitudes for Resource Estimation
Land Access	**Landowner Incentives** in form of 20% Royalty from Production	**"Lock the Gate"** adversarial activity; little landowner incentive;
Equipment and Industry Support	Existing owned plant; Extensive local suppliers and competition mean **lower costs** -> $	New plant needed; Limited suppliers and equipment and labour drive **costs up** -> $$$$
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

Sacramento Basin compared to Perth Basin Investments

Corporate

The company held its Annual General Meeting of shareholders in July 2020. All resolutions were passed.

Greg Channon resigned as Non-Executive Director during the quarter and Mr David McArthur joined the Board as a Non-Executive Director. The Board would like to thank Mr Channon for his assistance during his time with Sacgasco.

Appendix 5B Quarterly Cash Flow report includes $25,000 at Line 6.1 under "Payments to related parties of the entity and their associates". This includes the payment of loan interest ($10,400), office lease ($10,400), and company secretarial and accounting management fees ($3,800).

SACGASCO CAPITAL STRUCTURE

ISSUED CAPITAL at 30 October 2020	
Ordinary Shares (ASX: SGC) *	274,517,033
Listed Options (ASX: SGCOA) - exercisable @ 4 cents by 31 December 2021	133,429,938
Unlisted Options - exercisable @ 4 cents by 31 December 2021	19,000,000
Unsecured Convertible Notes – 1 cent conversion price	40,500,000

NOTE: * Includes 2,333,333 shares issued in October 2020; these shares are a combination of shares approved by shareholders as part payment of Director's fees and shares for consulting fees.

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 clean conventional natural gas in the Sacramento Basin, onshore California.

SGC has an extensive portfolio of conventional-reservoir, natural gas flowing wells; and prospects at both exploration and appraisal stages, including Tcf natural gas opportunities.

The Company is targeting gas supply to the premium 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' (HBP) 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 47 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.

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Appendix 5B

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

Name of entity

Sacgasco Limited

ABN	Quarter ended ("current quarter")
83 114 061 433	30 September 2020

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	207	595
1.2	Payments for		
	(a) exploration & evaluation	(86)	(189)
	(b) development	-	-
	(c) production	(277)	(843)
	(d) staff costs	(5)	(34)
	(e) administration and corporate costs	(138)	(343)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	-
1.5	Interest and other costs of finance paid	(10)	(20)
1.6	Income taxes paid	-	(4)
1.7	Government grants and tax incentives	5	15
1.8	Other (JV receipts)	54	182
1.9	**Net cash from / (used in) operating activities**	**(250)**	**(641)**

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

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**-**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
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	(2)	(7)
3.5	Proceeds from borrowings	100	501
3.6	Repayment of borrowings	(10)	(39)
3.7	Transaction costs related to loans and borrowings	-	(22)
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	**Net cash from / (used in) financing activities**	**88**	**433**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	248	283
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(250)	(641)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-

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Consolidated statement of cash flows		Current quarter $A'000	Year to date (9 months) $A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	88	433
4.5	Effect of movement in exchange rates on cash held	(6)	5
4.6	**Cash and cash equivalents at end of period**	**80**	**80**

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	80	248
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)**	**80**	**248**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	25
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	371	271
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	401	401
7.4	**Total financing facilities**	772	672

7.5	**Unused financing facilities available at quarter end**	100

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.

Three unsecured loan facilities earning interest at 10% pa, repayable within six months unless extended by mutual agreement:

- Facility with Gary John Jeffery, dated 17 July 2018 for $100,000, extended until 16 January 2021,
- Facility with Gary John Jeffery, dated 17 July 2020 for $100,000, repayable within six months, accruing interest at 10%;
- Facility with Dungay Resources Pty Ltd, a company associated with Gary Jeffery, dated 17 September 2018 for $70,000, extended to 17 March 2021; and
- Facility with Gary John Jeffery, dated 22 October 2020 for $100,000, repayable within six months, accruing interest at 10%;

Unsecured convertible note agreements totalling $401,500 with 19 sophisticated investors, accruing interest at 10%pa. payable quarterly, maturing on 11 May 2021.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	(250)
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)	(250)
8.4	Cash and cash equivalents at quarter end (item 4.6)	80
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	80
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	0.32

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.

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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?

No. The Group expects negative cash flows (Item 8.3) to decrease in the next two quarters when compared with Q3/2020. Higher gas prices are expected to reduce negative cash flows. The main factor for higher than normal cash outflows in the September 2020 quarter were due to the settlement of a lease for Borba exploration well.

These measures collectively are expected to result in having sufficient funding available for operations for the coming 2 quarters.

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?

Yes. During the quarter, Gary Jeffery loaned the Company $100,000 which will be used to fund its exploration program.

As noted above in note 7.6, Gary Jeffery loaned the Company $100,000 on 22 October 2020 to further fund its exploration program.

The Directors are confident they can raise further capital and /or farmout some obligations to sustain future operations.

If necessary, the Group will delay discretionary expenditure that is not contractually committed.

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?

Yes. The entity believes operations will continue through the methods identified in sections 8.8.1 and 8.8.2 through the deferral of discretionary expenses. Additionally, 50% of the Managing Director and Chairman Director fees are extinguished through the issue of shares, with the remaining 50% payable when the Company is in a financial position to do so.

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: 30 October 2020

Authorised by: Gary Jeffery – Managing Director
(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.

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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.

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