



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

30 April 2018

March 2018 Quarterly Activity Report

- **Production:**
 - Production increased ~ 40% Quarter on Quarter to 30,572 mcf (net)
 - Field activities continuing to increase operated natural gas production.
 - Sacgasco's 27 well portfolio, with 13 producing gas in the quarter, provides multiple opportunities to bring additional wells back into production.
- **Dempsey:**
 - Confirmed high pressure gas saturated rocks over a 2000+ foot vertical interval
 - More gas zones to be tested shortly including field production zone
 - SGC to combine flows of gas from all zones to deliver cash flow
 - The Dempsey well is connected to the sales gas system facilitating testing via production
- **Alvares:**
 - Rights to well bore transferred to Sacgasco
 - Application filed for re-entry of by-passed gas discovery made while drilling for oil in 1982.
 - Sacgasco free carried through well bore integrity testing
- **Prospects Portfolio:**
 - Leases continue to be maintained and acquired over prospects for follow up to up to success at Dempsey 1-15 well and Alvares

Sacramento Basin-focused natural gas developer and producer Sacgasco Limited (ASX: SGC) ("Sacgasco" or "the Company") is pleased to provide its Quarterly Activities Report for the period ended 31 March 2018.

During the March quarter, Sacgasco achieved a number of operational milestones, strengthening the Company's position as one of the leading Natural Gas operators in California's world-class Sacramento Basin.

Sacgasco is leading the way in the evaluation of the under-explored older sediments of the Northern Sacramento Basin. The sediments of interest are a series of Cretaceous sandstones

For personal use only

that have been the hosts for high gas shows while drilling and have flowed clean natural gas to surface in 3 zones in Saccasco's Dempsey well and two other wells in the Basin to date.

MARCH QUARTER PRODUCTION UPDATE

Saccasco is pleased to confirm that March quarter production increased approximately 40% quarter-on-quarter from 21,849 mcf to 30,572 mcf (Net SGC after royalty). The significant production increase reflects activities to bring wells back on line and opening up for production of other wells in Saccasco's 27 well portfolio.

The below table outlines Saccasco's current operated Well Interests:

Gas Field	SGC Working Interest (WI)	Total Wells	Wells in Production
Rancho-Capay/ Rice Creek East	33-50%	10	6
Los Medanos	90%	3	1
Malton	35-69%	8	5
Dutch Slough	69%	4	0
Denverton Creek	70%	1	1

Combined Production	March 2018 Quarter	December 2017 Quarter
Gross mcf * (100%)	81,354	53,682
Net SGC mcf (after Royalty)	30,572	21,849
<i>*mcf – Thousand Cubic feet gas</i>		



Figure 1: Saccasco producing well

Activities to Increase Operated Natural Gas Production

Opportunities have been identified in the Sacgasco portfolio of wells for multiples of current production levels.

The Company has continued work on pipeline connections to facilitate an increase in natural gas production by bringing back online some of the 2017 acquired shut-in gas wells.

Sacgasco has identified additional workover and equipment relocation and refurbishment activities in its portfolio that provide opportunities for further increases in production in the near future. Scaling up production from the company's portfolio of 27 wells is a focus, while working on bringing larger projects into production at Dempsey and Alvares.

Production facilities also provide access points for future exploration success from Sacgasco's appraisal and exploration activities. This has been demonstrated by the quick connection of the Dempsey 1-15 well for an extended production test while awaiting stimulation design and permitting.

Dempsey Natural Gas Project - Appraisal stage (SGC 50% WI)

During 2017, the Dempsey 1-15 well was safely drilled and cased to its prognosed target. A workover rig and high pressure rated equipment was mobilised to complete and test the well.

The three zones tested to date are in Cretaceous sediments beneath the known producing sandstones in the basin and at Dempsey.

The zones have been sequentially tested from the bottom of the well up to gather the most information from this important well in a functional way, rather than prioritising the best zones first. The zones tested span some 2000 feet (~35%) of some 5,700 feet of interest in the Dempsey 1-15 wellbore.

The testing of Zone 3 in the Dempsey 1-15 well resulted in flow of clean natural gas with the quality of the gas consistent with other zones. Zone 3 perforations flowed gas at 190 mcfpd on 16/64" choke with a FTP of 118 psi and no water.

At report time, Sacgasco is preparing to test gas filled reservoirs at the field production level and a gas filled reservoir zone (Zone 4) while maintaining access to the two deeper gas producing intervals (Zones 2 and 3).

Sacgasco plans a completion to produce natural gas from the yet to be tested Zone 4, Zones 2 and 3, and from field production zones which are also to be tested shortly. Cumulative gas flows from all these zones are likely to generate steady cash flow from the Dempsey well very quickly given the well is already tied into a metering station and pipeline to market.

Production data collected assists the Joint Venture to design a forward development program for the well and Dempsey Field to enhance production. There is considerable optionality to extract value from the conventional sandstone reservoirs in the Field and if required fracture stimulation is an option for enhanced gas flow.

For personal use only

Zone 1 Test	Thin gas show on mud logs and poor reservoir from petrophysical logs.	Flowed clean, sweet, dry natural gas with no associated water, at sub-commercial rate; similar energy content to Zone 2 gas, which is slightly better than overlying field level gas.
Zone 2 Test	More extensive gas show and better reservoirs on logs.	Flowed water free, clean, sweet dry natural gas (997 Btu / scf) at a stabilised rate of ~140 mcf/gpd at ~150 psi flowing tubing pressure; shut-in tubing pressure in excess of 6000 psi.
Zone 3 Test	More extensive gas show and better reservoirs on logs.	Flowed water free, clean, sweet dry natural gas (997 Btu / scf) at a stabilised rate of ~190 mcf/gpd at ~118 psi flowing tubing pressure;

Alvares Natural Gas Project – Appraisal stage (SGC 39% WI)

The Alvares natural gas project is located only 9 miles from large natural gas pipelines and on trend 35 miles from the similarly structured, and recently drilled Sites Anticline on which the 1948 Shell James 1 well flowed gas to surface from reservoirs of similar age to those of interest at Alvares.

Planning is proceeding for the Alvares well bore to be assessed for its suitability as the basis for re-evaluating the prospectively of extensive high-pressure gas shows discovered while drilling for oil in 1982.

The right to access the Alvares wellbore has been obtained by Sacgasco and an application outlining a simple approach to testing the interpreted by-passed natural gas in the Alvares 1 well has been submitted to the California regulator.

The initial task will be to test the integrity of the existing casing and if safe, then to test various zones of gas saturated reservoirs in the well.

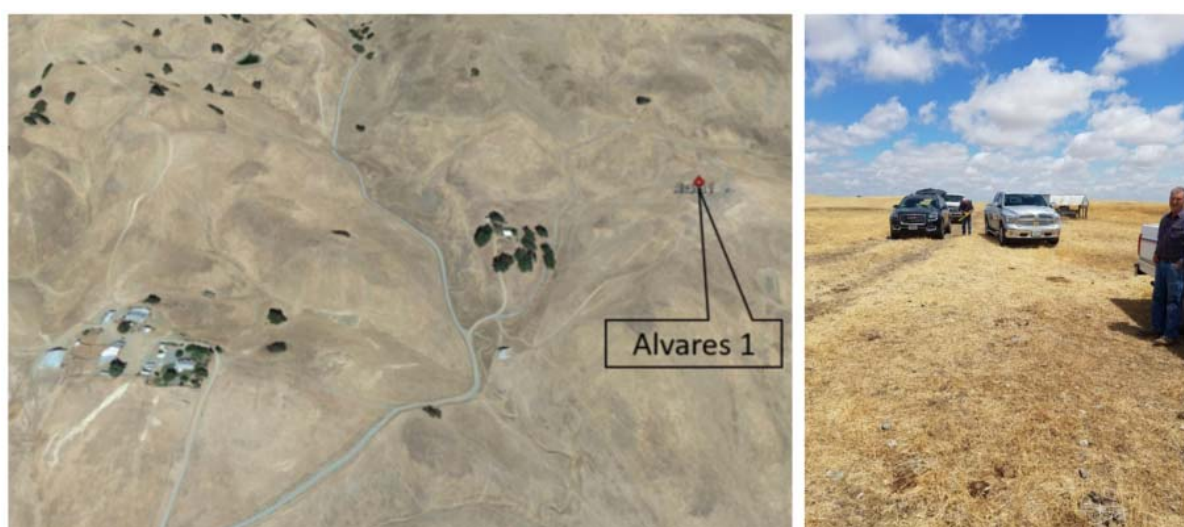


Figure 2: Alvares location in rolling rangeland

The Alvares well had an extensive column of high pressure gas shows which were not fully evaluated at the time of drilling due to the oil focus of the operators. The Alvares 1 well is one

of only three on-structure wells (Dempsey 1-15 and James 1 are the others) in the under-explored part of the Northern Sacramento Basin that flowed pipeline quality natural gas to the surface on test.

As previously announced Sacgasco's share of up to US\$200,000 in drilling and evaluation costs to assess the feasibility of re-entering the Alvares 1 well bore (previously plugged) to evaluate the well bore integrity is carried by another joint venturer.

Under the revised program the well bore will be assessed for its suitability for directly testing various gas saturated reservoirs interpreted from petrophysical and mud logs and seismic in the Alvares well.

State-of-the-art through-casing gas detection logs, and high penetration perforating tools are planned to be utilised for the testing.

EXPLORATION, APPRAISAL AND NEW VENTURES

Exploration leases have continued to be maintained and acquired within the Sacramento Basin during the quarter. SGC has a net working interest (WI) of between 33% and 100% in oil and gas leases which cover natural gas prospects ranging in size from 5-20 Bcf to over 2 Tcf of recoverable prospective reserves of natural gas.

Review of Sacramento Basin activity including drilling on the Dempsey and Tulainyo Projects has reinforced the belief that SGC has significant exposure to world-class, multi-Tcf natural gas projects. Technical data and ongoing analysis continues to be used to identify and upgrade additional prospects for leasing and future exploration drilling.

TENEMENT LIST (as 31st March 2018)

Project name	Location	Working Interest (WI)*
<i>Dempsey Project</i>	Sacramento Basin Onshore Northern California	50%
<i>Alvares Project</i>	Sacramento Basin Onshore Northern California	39%
<i>Dempsey Trend Prospects</i>	Sacramento Basin Onshore Northern California	36%
<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	33-50%
<i>East Rice Creek Gas Field</i>	Sacramento Basin Onshore Northern California	50%

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

SACGASCO CAPITAL STRUCTURE

ISSUED CAPITAL at 18 April 2018

Ordinary Shares	245,750,873
Unlisted Options exercisable @ 10 cents 30 September 2019	10,000,000
Unlisted Options exercisable @ 15 cents 31 December 2019	27,000,000

Note:

In January 2018, 227,273 shares as part payment of director's fees, and 155,858 shares in lieu of consulting fees were issued as approved by shareholders, and a further 500,000 options were converted to shares upon payment of the \$50,000 option exercise fee.

In early April 2018, 446,429 shares as part payment of director's fees and 521,429 shares as payment of consulting fees as approved by shareholders were issued.

In late April Sacgasco announced a capital raising to provide working capital.

For and on behalf of the Board of Sacgasco Limited.

Gary Jeffery
Managing Director
+61 8 9388 2654

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

About Sacgasco Limited (ASX. SGC)

Sacgasco Limited (ASX: SGC) is an Australian-based energy company focused on natural gas exploration and production in the Sacramento Basin, onshore California. SGC has an extensive portfolio of gas prospects at both exploration and appraisal stages, including multi-Tcf opportunities. The Company is targeting gas supply to the local Californian gas market and burgeoning LNG market in North America.

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 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 45 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.

For personal use only

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")

31 MARCH 2018

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	195	195
1.2 Payments for		
(a) exploration & evaluation	(1,032)	(1,032)
(b) development	-	-
(c) production	(70)	(70)
(d) staff costs	(11)	(11)
(e) administration and corporate costs	(418)	(418)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	(4)	(4)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (<i>Net JV Receipts</i>)	638	638
1.9 Net cash from / (used in) operating activities	(702)	(702)
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>)	-	-
(d) other non-current assets (<i>DOGGR Bond</i>)	-	-

For personal use only

Mining exploration entity and oil and gas exploration entity quarterly report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
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	(2)	(2)
3.5	Proceeds from borrowings	50	50
3.6	Repayment of borrowings	(22)	(22)
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	26	26

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	2,005	2,005
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(702)	(702)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	26	26
4.5	Effect of movement in exchange rates on cash held	19	19
4.6	Cash and cash equivalents at end of period	1,348	1,348

For personal use only

Mining exploration entity and oil and gas exploration entity quarterly report

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	1,348	2,005
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)	1,348	2,005

Included in the above balance is \$1.3m of cash held by Peoco LLC, a wholly owned subsidiary of Sacgasco, which represents cash calls made by Peoco LLC for exploration expenditure incurred up to 31 March 2018 but not yet paid. This includes amounts paid by Sacgasco.

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	18
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	

Includes salaries and fees paid to Directors of the company and interest payable on loans received from Directors.

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	

For personal use only

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	50	50
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.		

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation (net)	1,000
9.2 Development	-
9.3 Production	-
9.4 Staff costs	22
9.5 Administration and corporate costs	27
9.6 Other	-
9.7 Total estimated cash outflows	1,049

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			

For personal use only

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:



Date: 30 April 2018

Company Secretary

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.