



Sacgasco Limited

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Announcement to ASX

19 November 2018

Please find attached an updated version of the earlier announcement. The date on page 2 of the announcement should have read 30 January 2019, not 30 January 2018.

For and on behalf of the Board of Sacgasco Limited.

Gary Jeffery
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About Sacgasco Limited (ASX: SGC)

Sacgasco Limited (ASX: SGC) is an Australian-based energy company focused on conventional gas exploration and production in the Sacramento Basin, onshore California. Sacgasco has an extensive portfolio of natural gas producing wells and 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. Sacgasco is of the view that the size of the prospects in California have the potential to supply both domestic Californian natural gas and export LNG markets.

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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 and or their timing 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.



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OPTION SECURED OVER MULTI-TCF SYDNEY BASIN PERMIT

- Exclusive Option to acquire RL Energy which has the rights to earn a 60% Working Interest in Offshore Sydney Basin (PEP11) with multi-Tcf gas potential, adjacent to a large under supplied gas market;
- RL Founder and Director Greg Channon to join the Board of Sacgasco;
- Sacgasco remains fully committed to ongoing development of its producing natural gas fields in California – update on growth opportunity is imminent.

Sacgasco Limited (ASX: SGC) ("Sacgasco" or "the Company") has secured an exclusive option to acquire 100% of the issued capital of RL Energy Pty Ltd ("RL"). RL previously signed a Farm-in Agreement dated 2 May 2018 with Asset Energy Pty Ltd ("Asset Energy") to earn a 60% Working Interest in Petroleum Exploration Permit PEP11 ("PEP11") located in the offshore Sydney Basin by carrying Asset through defined Farm In Works. Asset Energy which is a wholly owned subsidiary of MEC Resources Ltd (ASX: MMR) investee Advent Energy Ltd, presently holds 85% of PEP11 and is Operator of that title.

Sacgasco through the execution of this agreement agrees to fund RL in their endeavours to advance the Farm In Works for the highly prospective Sydney Basin, develop an agreed work programme as required under the Farm-in Agreement, and work with JV partners to explore the permit.

Under the plan, RL and Sacgasco will support the lodging of the Environment Permit ("EP") for 3D seismic acquisition, with Sacgasco funding the estimated cost of \$326,000 for the EP.

Sacgasco's Managing Director Gary Jeffery commented:

"Sacgasco has discovered another exciting opportunity that fits the Company's strategy. We are pleased to diversify the Company's asset base by working in Australia to develop the offshore Sydney Basin. It is not often that highly prospective and under-explored multi Tcf opportunities on the door-step of an energy hungry major population and industrial centre come available. This project gives us the opening to provide gas to a market that is chronically under- supplied on Australia's East Coast. We are also delighted to welcome Greg Channon to the Board, an oil & gas executive with excellent technical experience that adds considerable bench strength to our team.

The Sacramento Basin remains our first priority and key focus area as it has all the attributes to deliver real near-term value for shareholders. I expect we will have further news on our California activities imminently.

The exclusive option on PEP11 provides a separate and very attractive option that is consistent with Sacgasco's Strategy which is restated below."

Sagasco's Strategy is to find and explore under-valued and under-evaluated (and recently overlooked) opportunities connected to materially under-supplied oil and gas markets.

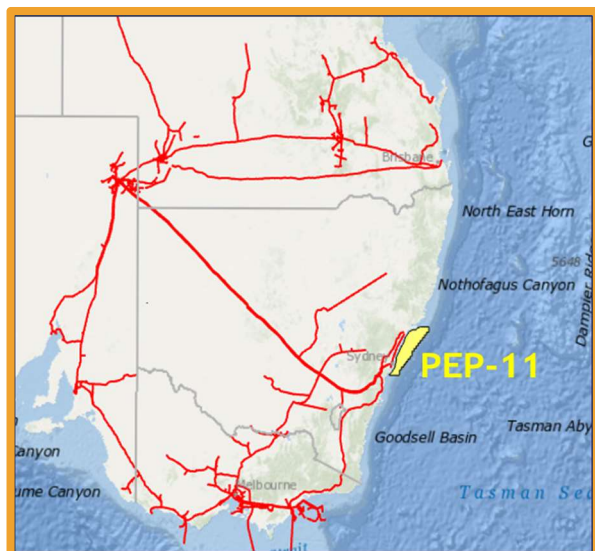


Fig. 1: (a) PEP11 Location Map and Gas Pipelines

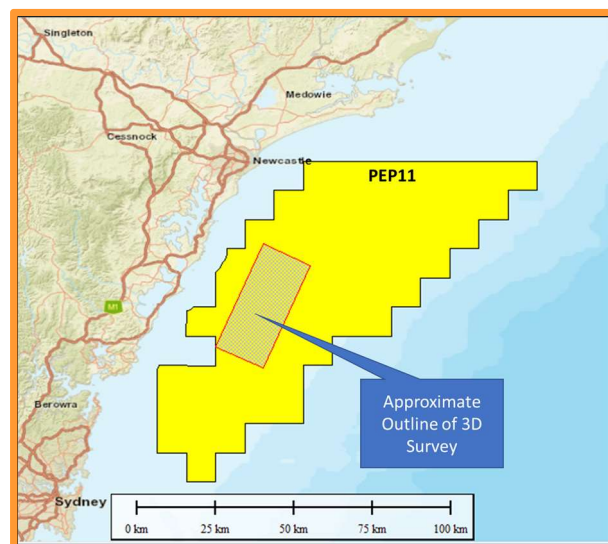


Fig 1: (b) Proposed 3D Seismic Location

RL Energy will provide the technical and management experience to advance the exploration of PEP11 located in the center of the under-explored, high potential offshore Sydney Basin.

Summary of Key Terms of Option:

- ✓ Payment of an A\$25,000 Option Fee and 2,000,000 SGC shares to the RL shareholders gives Sagasco an Exclusive Option to acquire 100% of the shares in RL.
- ✓ RL shareholders agree to sell all their shares in RL, to Sagasco upon Sagasco exercising the Exclusive Option by 30 January 2019.
- ✓ Consideration to be paid to RL shareholders upon exercising the Exclusive Option by Sagasco will be A\$25,000 and 4,000,000 fully paid ordinary shares in Sagasco.
- ✓ Sagasco to assist in the lodgement of an EP for the 3D seismic acquisition, which will cost approximately A\$326,000.

Greg Channon has agreed to join the Board of Sagasco Limited as part of the transaction.

Mr. Channon is a geologist with over 34 years of international experience in the oil and gas industry. He commenced his career in 1984 as a Wellsite and Operations Geologist at Delhi Petroleum before joining Santos as an Explorationist in 1987. For the next 13 years, Mr. Channon held various executive and management roles in Santos, and made a number of onshore and offshore discoveries. In 2000, Mr. Channon moved to New Zealand with Fletcher Challenge Energy and later became the Exploration Portfolio Manager for Shell in New Zealand and then Manager of Geology for Swift Energy New Zealand. In 2005, Mr. Channon returned to Australia to take up the role of CEO for the unconventional gas start-up company Alto Energy.

He secured and developed a portfolio of shale gas assets in the Appalachia region of the USA. In late 2006 he joined Salinas Energy as General Manager, undertaking a heavy oil development in California, USA. Between 2009-2012, Mr. Channon moved to Hong Kong and joined Brightoil Petroleum Holdings Limited as the Upstream CEO. He then became CEO of Pathfinder Energy Pty. Ltd. before co-founding RL Energy. During his career, Mr. Channon has sat on the Board of Directors of companies listed on the ASX, TSX and HKSE, and is currently a non-executive Director of ASX listed Samson Oil and Gas Ltd.

Mr. Channon commented:

“This is a great deal for both RL Energy and Sacgasco. The Agreement will help the PEP11 project move forward with the experience and support of a strong oil and gas team. PEP11 has the ability now to fund future work programs and work towards filling the gap in a grossly under supplied gas market on the East Coast.

RL Energy believes there is potential to discover natural gas in PEP11 and anticipates the 3D seismic will confirm a multi-Tcf drillable prospect. If successfully drilled, the permit will have a significant positive impact on the Australian East Coast gas and energy markets, which will have a positive flow-on effect to consumers who are currently suffering through some of the highest gas prices in recent years due to the lack of domestic supply available to local customers.”

PEP11 Highlights and Technical Overview:

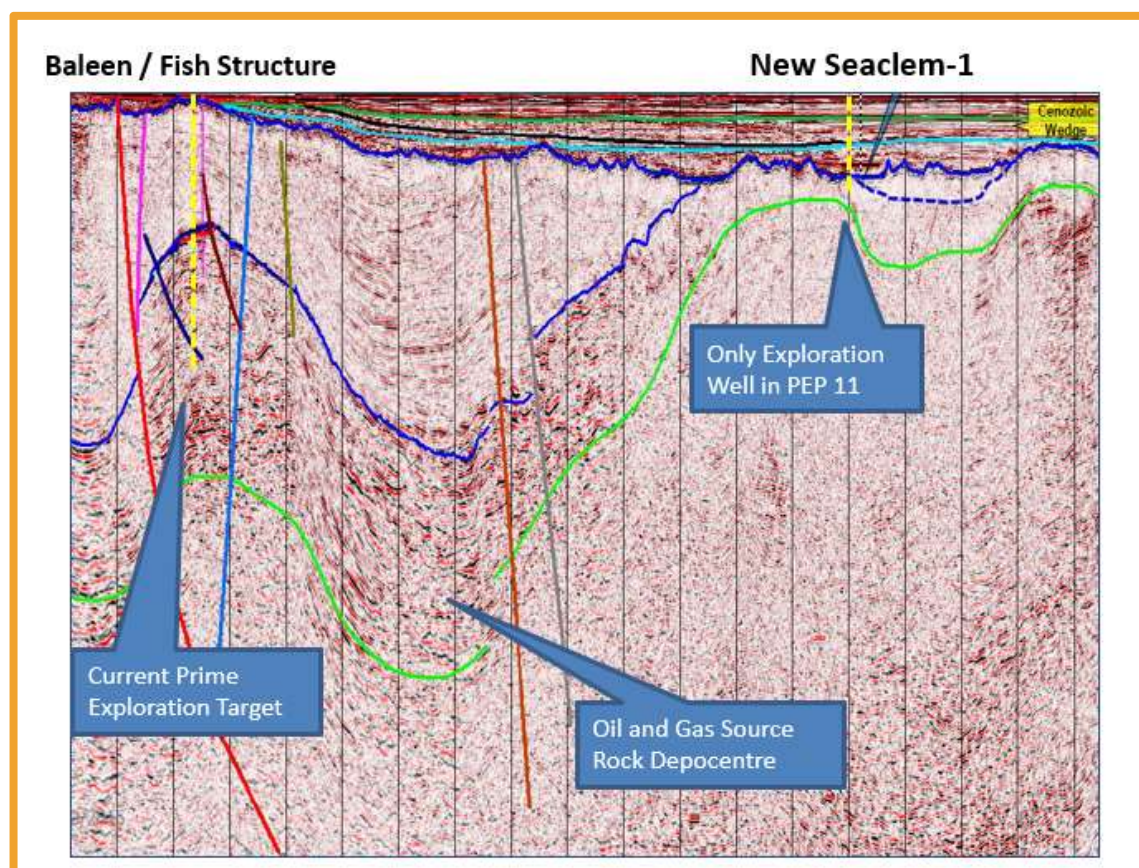


Fig 2: Seismic line showing Baleen / Fish Prospect and New Seaclem-1

PEP11 is the only permit in the offshore Sydney Basin, making it a unique exploration opportunity. The area is interpreted to be highly prospective for natural gas. The only drilling in the off-shore Basin, was at New Seaclem #1 in 2010. This well, which was only drilled to 750 metres confirmed the presence of early mature Permian sediments within the offshore basin. The seismic line above (Fig. 2) shows the significant section of sedimentary rock, which is expected to contain both hydrocarbon source and reservoir properties.

This depocentre is analogous to the Upper Paleozoic sediments in the Cooper and Bowen Basins onshore. Sacgasco sees the potential for a large multi-TCF prospect inventory in less than 150m of water. Our strategy is to acquire 3D seismic prior to drilling, which could be as early as 2020/21.

The Permit is ideally located to leverage off significant shortages in the East Coast Gas Market, with the primary prospect only 60km from Newcastle's pipeline network.

For and on behalf of the Board of Sacgasco Limited.

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