



Sacgasco Limited

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Announcement to ASX

10 February 2021

Borba Drill Rig Mobilises to Site - Spud Imminent Drilling planned to commence within 1 week

Sacgasco Limited (ASX: SGC) ("Sacgasco" or "the Company") is pleased to announce that a drilling contract has been signed for the Graham drilling Rig 5 to drill the Borba 1-7 Well in the Northern Sacramento Basin onshore California. The rig is now mobilizing to site and drilling will commence within 1 week. As shareholders are aware, the drilling location is already in place and the cellar and surface conductor casing is in place.



Trucks ready for Rig 5 Mobilization from Graham Drilling Yard in Rio Vista

The Borba 1-7 well will be drilled to test multiple stacked 3D seismic anomalies in the interval from 3,200 feet (975 metres) to 9,500 feet (2,800 metres) depth and finish in Basement rocks. The prospective interval covers around 6,300 feet (1,920 metres).

Rig 5 mobilization involves 35 truckloads of equipment and will take 5 to 6 days to rig up and spud the well. Graham Drilling Rig 5 is rated to over 12,500 feet and has 750 HP mud pumps. The well 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. The well will be drilled with a small directional component to optimise the intersection of the multiple seismic anomalies on 3D seismic. The well is expected to take some 25 - 35 days to drill.

The Working Interests (WI) in the Borba 1-7 well and Borba AMI are:

	Drilling Costs	After Drilling WI
Sacgasco Limited (Operator) (ASX: SGC)	62.5%	66.67%
Xstate Resources Limited (ASX: XST)	37.5%	33.33%

Sacgasco's Managing Director Gary Jeffery commented:

"Sacgasco is about to commence drilling the high potential Borba Prospect.

It has taken a couple of years of perseverance to get to this point mainly due to strong competition for the Borba leases from one of California's largest companies. We have recently been able to acquire the lease coverage on the Prospect and surrounding trends that we desired and have now moved expeditiously to begin drilling.

My view is that Sacgasco is without doubt the best ASX-listed company leveraged to a very Big Gas play. Borba is a most technically compelling, low risk, onshore prospect, located in the massively under-supplied and hence premium priced Natural Gas Market that is California.

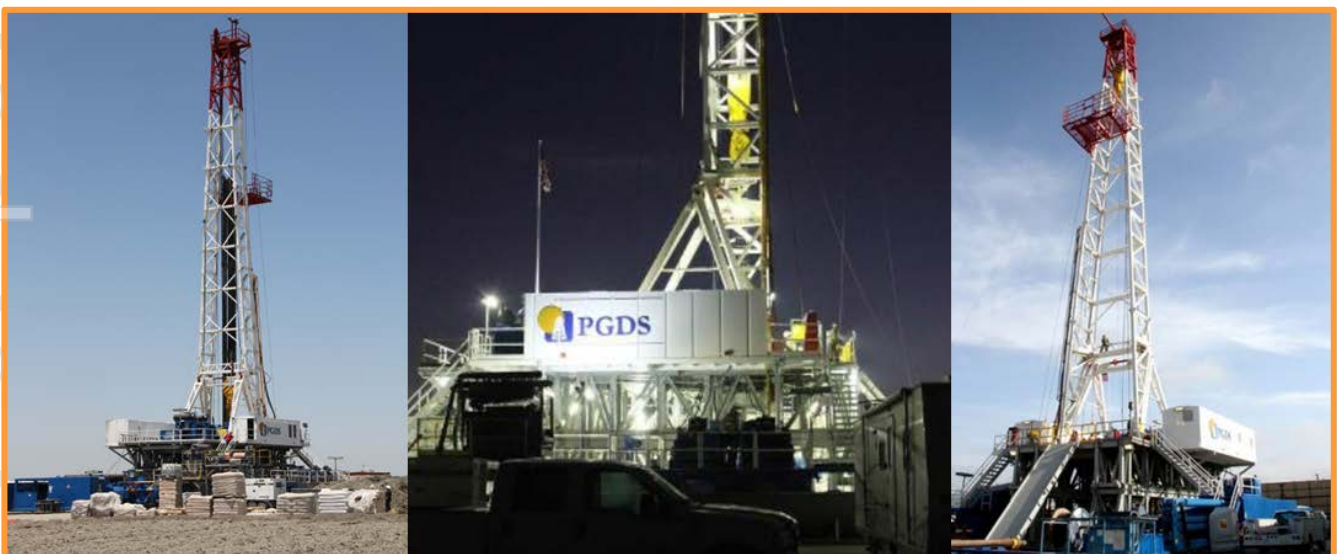
The Borba well is the logical next step in evaluating the world class potential of the older sediments in the Sacramento Basin. There is plenty of room on the well site to skid the rig to drill further wells upon success.

Investors and shareholders are reminded of the similarities and advantages in our Sacramento Basin opportunities, when compared to the recent success achieved in the older and much deeper sediments of the Perth Basin. Please refer to the comparison later in this release.

There is an unsatiated 7 Bcf/day gas market in California which imports over 90% of its natural gas from Canada and other US states. Natural Gas in California continues to realize premium prices. Prices are currently close to US\$4.00 per mcf. The Sacgasco led JV owns pipeline access equipment less than 5 miles from the Borba well site which means we can monetise a successful producing natural gas well quickly and cost effectively.

As previously advised, we will shortly release a Resource Report prepared by a highly respected independent party for the Borba well and provide our own analysis of the resource potential for the broader Borba Trend that we now control.

It will be exciting to work with local, Rio Vista based, Graham Drilling again, and we look forward keeping shareholders informed of progress as well as other opportunistic initiatives we are progressing."



Graham Drilling Rig 5

Perth Basin Comparison – SGC 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\$5 per mcf – 20% to 60% premium to 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- ASX Listed	SGC - \$ 37 million XST - \$ 33 million	STX - \$ 508 million WGO - \$ 217 million
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

2

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 focused on under-explored, recently over-looked, world class oil and gas opportunities near under-supplied markets.

The current prime focus is 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 domestic Californian natural gas and export LNG markets.

Sacgasco is in the process of acquiring undervalued oil producing assets in Alberta, Canada to complement its current natural gas assets.

www.sacgasco.com **Twitter: @SacGasCo**

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 48 years technical, commercial and management experience in exploration for, appraisal and development, and transportation of oil and gas and mineral resources. Mr Jeffery is a member of the American Association of Petroleum Geologists and consents to the inclusion of the information in the form and context in which it appears.