



Sacgasco Limited

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Announcement to ASX

9 February 2017

Dempsey Farmout Increases to 32.5% of Total Well Cost

- **Farm-out of a 20% interest (previously 10%) on promoted basis- paying 32.5% of well cost**
- **Dempsey-1 scheduled for drilling in April-May 2017, targeting 1 Tcf conventional natural gas reservoirs beneath a producing field**
- **SGC assessing multiple options to fund additional well costs**

Sacramento Basin focused, conventional gas developer and producer Sacgasco Limited (ASX: SGC) ("Sacgasco" or "the Company") is pleased to announce that Bombora Natural Energy Pty Ltd ("BNE") has exercised its option to increase its farm-in to fund drilling of SGC's Dempsey Gas Prospect (1 Tcf conventional gas onshore California), from 10% to 20%. Consequently, 32.5% of the total well cost is now committed (refer ASX release 17 January 2017).

The Company plans to drill a 3,200 metre (~10,500 feet) combined appraisal and exploration well in April-May 2017.

BNE will earn 20% working interest by funding 32.5% of the Dempsey-1 well program to a gross well cost cap (the "Cost Cap") of approximately A\$5.2 million (US\$3.8 million). All expenditure by BNE on the Dempsey well program in excess of the Cost Cap would be at its pro rata earned working interest.

Separately, BNE have advised that it is in the process of being acquired by gas-focused energy company, ASX listed, Magnum Gas and Power Ltd.

Working Interests:

Post the Farm-in the beneficial Working Interests in the Dempsey Gas Project would be:

Sacgasco Limited (ASX: SGC) (Operator)	70%
Bombora Natural Energy Pty Ltd (BNE)	20%
Xstate Resources Limited (ASX: XST)	10%

Relevant details are available in a previous Sacgasco announcement dated 17 January, 2017.

Sacgasco will provide announcements on the progress of further funding and planning for the drill program as relevant milestones are reached.

Sacgasco's Managing Director Gary Jeffery commented:

"We are pleased to secure funding on a promoted basis for a significant part of the Dempsey well, allowing Sacgasco to conclude permitting activities and commit to the securing of long lead items for the drilling of the Dempsey well in April - May 2017.

SGC is delighted that the momentum is building to drill this multi-horizon, high impact well, targeting 1 Tcf of conventional natural gas. The well will be located adjacent to existing infrastructure which could provide early commercialization.

Success at Dempsey would add significant value to Sacgasco's compelling and diversified asset base that continues to grow. We look forward to reporting on progress on new leases and other production acquisitions shortly."

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 conventional gas exploration 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. SGC is of the view that the size of the prospects in California have the potential to supply both the domestic Californian gas market and export LNG markets.

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