



Sacgasco Limited

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Announcement to ASX

21 April 2017

Dempsey Farm-out and Leasing Update

- Revised Farm-out of 10% interest on promoted basis - paying 20% of well expenditure
- Dempsey-1 scheduled for drilling in first half 2017, targeting 1 Tcf conventional reservoir gas underneath a producing field
- Discussions with an additional potential farm-in party are well advanced
- Acquisition of new highly strategic leases in Sacramento Basin at an advanced stage

Sacramento Basin-focused natural gas developer and producer, Sacgasco Limited (ASX: SGC) ("Sacgasco" or "the Company") advises that it has signed a revised farm-out agreement ("farm-out") with Bombora Natural Energy Pty Ltd ("BNE") for its large, natural gas Dempsey Prospect located in the Sacramento Basin, onshore California.

The Company plans to undertake a 3,200 metre (~10,500 feet) combined appraisal and exploration well (Dempsey-1) in the second quarter of 2017.

BNE will earn 10% Working Interest ('WI') by funding 20% 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.

The revised terms are for a smaller percentage of funding, but on better terms and Sacgasco is confident the balance of the equity from the originally announced farm-out (a further 10% WI) will in turn attract more favourable terms than the original farm-out. The revised terms include the payment of a non-refundable cash deposit of A\$270,000 by early May 2017 and payment of the balance of drilling funds by 2 June 2017.

Working Interests:

Revised Farm-in Working Interests in the Dempsey Gas Project:

Sacgasco Limited (ASX: SGC) (Operator)	80%
Bombora Natural Energy Pty Ltd (BNE)	10%
Xstate Resources Limited (ASX: XST)	10%

Sacgasco expects to provide in the near future further updates on the progress of additional farm-out discussions which are well advanced. Sacgasco is expecting to retain a working interest of around 50% after providing funding of around 25%, which is within its anticipated funding capacity.

Leasing on additional mapped prospects is proceeding well. Details will not be announced until leasing is complete to preserve Sacgasco's intellectual property and maintaining its competitive advantage.

Sacgasco's Managing Director Gary Jeffery commented:

"Sacgasco remains on-track to undertake the drilling of an appraisal and exploration well at our world-class Dempsey Prospect in first half of 2017. The revised farm-out provides Sacgasco with better terms, and we are actively progressing discussions with a final party.

Sacgasco is committed to building a world-class natural gas business in the energy-hungry Californian market, and we look forward to providing our shareholders with further updates as we realize this exciting phase in the Company's development."

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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