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Announcement to ASX

8th March 2018

Dempsey Production Testing to Resume

- Testing to recommence this month
- Moving progressively up hole and beginning with two gas reservoir intervals (Zone 3) covering over 400 gross feet (120+ metres)
- Opportunities to test more zones before reaching overlying field production zones
- Focus on testing zones with the potential to flow without stimulation first, whilst maintaining the optionality to revisit any zone and stimulate, if required, later.

Sacgasco Limited (ASX:SGC) is pleased to advise that production testing of the Dempsey 1-15 well will re-commence this month following review of all existing results and data collected to date. The review has involved in-house technical capability, independent consultants, technical collaboration with partners and leading US well completion and stimulation experts.

The new program has been designed to allow earlier than previously planned testing of shallower zones that exhibit extensive gas shows and higher porosity, while preserving the opportunity for more testing and possibly reservoir stimulation of all zones in the well, including previously tested zones.

Sacgasco will shortly commence operations to access two shallower gas-filled reservoir sands (Zone 3) covering a gross interval of gas shows over 400 feet (120+ metres) at the same time as allowing access to the currently producing interval (Zone 2).

Sacgasco estimates that Zone 3 has sands within it having significantly better porosity than exhibited by the tested Zone 2. The Zone 3 sands also have a strong seismic signature, with positive seismic attributes interpreted to reflect better reservoir continuity and extent.

Other as yet untested zones of gas saturated reservoirs, separate from the overlying field-level reservoirs, exist above Zone 3 and may also be tested. Sales of natural gas being produced from Dempsey 1-15 will continue until Zone 3 testing work begins this month.

Sacgasco confirms that a draft application to stimulate zones in the Dempsey well, should that be necessary in future, is near completion. The application is structured to accommodate future flexibility. Consultation with various interested parties, including Government authorities on aspects of the stimulation process has occurred and lodgement of the application is the part of the final process to achieve approval to stimulate.

Gary Jeffery, Managing Director of Sacgasco commented: "Testing of the new zones at Dempsey is a great development. After extensive technical reviews and assessing all options with our partners and

well stimulation experts, we have concluded that we can practically continue to test all zones with potential for natural flow, before undertaking any more complex well stimulation work, if that is needed at all.

So far, we have only tested a small part of the gas saturated intervals at Dempsey for conventional natural gas production, leaving extensive gas shows still to be tested. This is before we reach the shallower field level reservoirs.

Testing will begin this month and we will continue to work on permitting to give us the option to undertake well stimulation if required."

Updates on progress with respect to Dempsey and production growth will be reported progressively.

Working Interests (WI) in the Dempsey Gas Project:

Sacgasco Limited (ASX: SGC) (Operator)	50%
Empyrean Energy PLC (LON: EME)	30%
Pancontinental Oil and Gas NL (ASX: PCL)	10%
Xstate Resources Limited (ASX: XST)	10%

For and on behalf of the Board of Sacgasco Limited.

Gary Jeffery Ben Jarvis

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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 the domestic Californian gas market 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 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.