



Sacgasco Limited

ABN 83 114 061 433

Unit 14, 210 Bagot Road, Subiaco, WA, 6008.

T +61 8 9388 2654 E info@sacgasco.com

Announcement to ASX

16th April 2018

Dempsey Update

- Flow of clean natural gas at 195 mcfpd from Test Zone 3
- Confirms gas saturated rocks over a 2000+ foot vertical interval
- More gas zones to be tested shortly prior to field production zones testing
- SGC to combine flows of gas from all zones to deliver cash flow
- Multiple options to increase Dempsey's production and develop the broader field

Sacgasco Limited (ASX: SGC) advises that the testing of Zone 3 in the Dempsey 1-15 well has resulted in a further flow of clean natural gas with the quality of the gas samples consistent with other zones. Zone 3 perforations flowed gas at 195 mcfpd on 16/64" choke with a FTP of 118 psi and no water. The well is currently shut-in to enable short-term pressure build up measurements.

Sacgasco will now test a shallower gas filled reservoir zone (Zone 4) while maintaining access to the two deeper producing intervals (Zones 2 and 3), with the option to perforate and flow test gas filled reservoirs at the field production level.

Sacgasco plans a dual completion to produce natural gas from the yet to be tested Zone 4, and previously tested Zones 2 and 3. Likely commercial gas flows from field production zones can also be tested shortly and may be produced along with gas from Zones 2 to 4. Aggregated gas flows from all of these zones can generate cash flow from the Dempsey well very quickly given the well is already tied into the production system.

Production data collected assists the Joint Venture in designing a forward development program for the well and Dempsey Field to enhance overall production. There is considerable optionality to extract value from the Field, including fracture stimulation.

Gary Jeffery, Managing Director of Sacgasco commented:

"We are very encouraged to flow clean pipeline-quality natural gas from multiple deeper zones (below field levels) at Dempsey. We will commence testing Zone 4 this week, and if required we can test field level reservoirs soon after.

Ongoing testing demonstrates that we are sitting on a very large and undeveloped active petroleum system located in the under-explored strata of the Northern Sacramento Basin. The results show

the potential for natural gas flow from large in-place volumes of gas as we continue to optimise production growth. This growth is expected to be underpinned by increasing revenue streams from Dempsey and our other wells.

We are assessing the proprietary Dempsey data to guide us to 'sweet spots' for conventional sandstone reservoir development, and future tight-reservoir stimulation, to access and produce more gas. There is very broad scope to develop Dempsey and other fields, and look-a-like prospects.

The resources identified in the Dempsey well so far are very meaningful as our existing owned and operated infrastructure immediately connects us to California's premium gas market. Production related activities on other wells continues and further production improvements are anticipated.

A combined flow rate can be reported once testing is concluded and the well is brought back into production."

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
Managing Director
+61 8 9388 2654

Ben Jarvis
Six Degrees Investor Relations
+61 (0) 413 150 448

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 its prospects in California have the potential to supply both domestic Californian natural gas and export LNG markets.

www.sacgasco.com

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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.