



Sacgasco Limited

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Announcement to ASX

21 August 2017

Four Gas Zones confirmed in Dempsey Well

- Wireline and mud logs confirm 4 zones of interpreted gas saturated sandstones between 1,000 and 1,560 metres
- Net pay estimates range from 30-50 feet in undrained fault block; expectations for enough future gas production to cover well costs
- Casing currently being cemented in preparation for drilling ahead into the remaining 5-plus interpreted highly prospective sandstone reservoirs

Sacramento Basin-focused natural gas developer and producer, Sacgasco Limited (ASX: SGC) ("Sacgasco" or "the Company") is pleased to advise that the field appraisal drilling component of the Company's Dempsey 1-15 well in the Sacramento Basin in California has been successfully completed. Dempsey 1-15 has reached the planned intermediate casing point and has been wireline logged.

The wireline and mud logs have confirmed 4 zones of interpreted gas saturated sandstones at field production levels (depths from approximately 1,000 metres (3,300 feet) to 1,560 metres (5,100 feet). Based on log correlations and 3D seismic these gas filled sands have not been previously produced in this fault block of the field.

The net gas pay estimate from the logs ranges from 30 to 50 feet depending on petrophysical-parameter cut-off values used. These zones will now be protected behind casing for future testing and production.

As a reference point, the database on the Californian Regulator's (DOGGR) website shows that Sacgasco's and other offset production wells have produced natural gas volumes that have exceeded 1 Bcf of pipeline quality natural gas from individual equivalent zones.

As planned, 9 5/8" casing has been run to a depth of approximately 1,760 metres (5,800 feet), and is in the process of being cemented in place in preparation for drilling ahead into more than 5 remaining prospective underlying sandstone reservoir targets.

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Intermediate Casing ready to be run at Dempsey 1-15

Working Interests in the Dempsey Gas Project:

Sagasco 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%

Sagasco's Managing Director Gary Jeffery commented: "The drilling of the field-appraisal stage of the Dempsey Project has been successfully accomplished. This is only the first phase of the drilling of Dempsey 1-15 and the results are very pleasing. Our focus now turns to drilling the more than 5 underlying targets.

"The local team, which has drilled many of the wells in the immediate area, estimate that there is sufficient producible gas in the discovered zones at field production levels to provide cashflow to more than pay for the well. This is consistent with our pre-drilling prognosis, and is based on analogue well and production data.

"Drilling to date has realised a number of significant "firsts" for the Sacramento Basin in terms of hole sizes and casing depths. The drilling team has planned and safely drilled the well to the point where we are optimally placed to handle the drilling of the interpreted highly prospective underlying sandstone reservoir strata.

Further updates will be provided on meaningful results from the drilling of the target sandstone reservoirs interpreted to exist from the current casing point to the proposed total well depth in basement rocks.

Shareholders and investors are advised that the next wireline logging run is planned after reaching the proposed total drilling depth of approximately 3,200 metres."

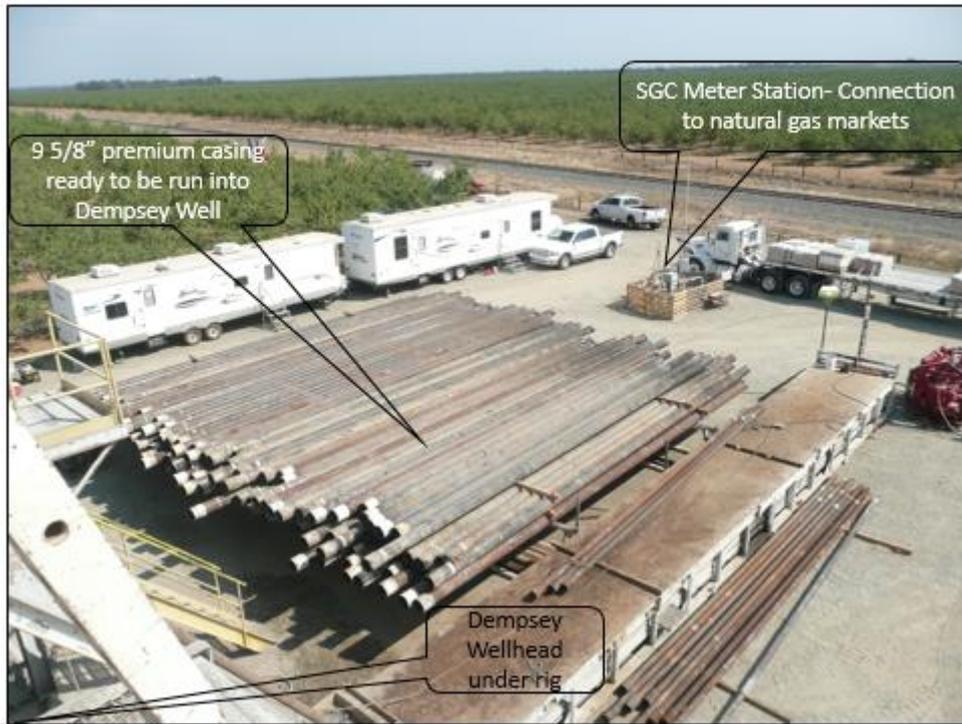


Image from Rig Floor showing Casing and Gas Meter Station

For and on behalf of the Board of Saggasco Limited.

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About Saggasco Limited (ASX: SGC)

Saggasco Limited (ASX: SGC) is an Australian-based energy company focused on conventional gas exploration and production in the Sacramento Basin, onshore California. Saggasco 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. Saggasco 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.

www.saggasco.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 Saggasco Limited. He is a qualified geophysicist with over 43 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.