Sacgasco Limited (ASX:SGC) is pleased to advise that production and sale of natural gas from the Dempsey 1-15 well has commenced.

The well is flowing high quality dry gas (997 Btu/scf) at a rate of approximately 140 mcf/day with a flowing tubing pressure of 670 pounds per square inch (psi).

Concurrently the application process for the permitting of the enhanced reservoir stimulation of the well is proceeding as planned with field operations expected in the first quarter of 2018.

**Working Interests (WI) in the Dempsey Gas Project:**

<table>
<thead>
<tr>
<th>Company</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sacgasco Limited (ASX: SGC) (Operator)</td>
<td>50%</td>
</tr>
<tr>
<td>Empyrean Energy PLC (LON: EME)</td>
<td>30%</td>
</tr>
<tr>
<td>Pancontinental Oil and Gas NL (ASX: PCL)</td>
<td>10%</td>
</tr>
<tr>
<td>Xstate Resources Limited (ASX: XST)</td>
<td>10%</td>
</tr>
</tbody>
</table>
Gary Jeffery, Managing Director of Sacgasco commented:

“Sacgasco is pleased that sales of gas from Dempsey have commenced. The production and sale of natural gas is part of an extended production test of the currently perforated zone in the Dempsey well to better understand reservoir characteristics.

This is a momentous event as this is the first time natural gas from these older strata have been produced and sold in the northern Sacramento Basin, and represents a significant step in the Sacgasco-led evaluation and realisation of the potential of the under-explored parts of the Basin.

The process for planning and permitting the enhanced stimulation of the currently producing zone in the well is proceeding smoothly with the guidance of the highly experienced team of advisors and suppliers assembled for this process. Their initial feedback is very encouraging.

In the meantime we are actively pursuing ways of further increasing shareholder exposure to the prolific Sacramento Natural Gas Basin through workovers of existing wells and acquisitions of additional natural gas wells and infrastructure”.

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 the size of the prospects in California have the potential to supply both the domestic Californian gas market and export LNG markets.

www.sacgasco.com

Twitter: @SacGasCo

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.