



Unit 14, Level 2, 210 Bagot Road, Subiaco, WA 6008 Australia
Tel: (08) 9388 2654 E: info@saggasco.com
ABN 83 114 061 433

Announcement to ASX

12 September 2016

**SHARE PLACEMENT TO ADVANCE JOINT VENTURE DISCUSSIONS AND SECURE
ADDITIONAL LEASES IN SACRAMENTO BASIN**

- **Negotiations around funding and drilling 1+Tcf Dempsey conventional natural gas well are at an advanced stage**
- **Placement gives SGC capacity to secure new leases in highly prospective and under-explored part of Sacramento Basin**

Sacramento Basin-focused conventional gas producer and developer Saggasco Limited (ASX: SGC) (“Saggasco” or “the Company”) wishes to advise that it has completed a placement of 17,397,546 fully paid ordinary shares at a price of 2.5 cents each to raise \$434,938 (before costs). The Company has also issued 8,698,773 unlisted options for zero consideration exercisable at 3 cents each on or before 30 September 2017.

The funds raised from the placement will provide the Company with financial flexibility to actively continue negotiations with potential Joint Venture partners regarding the near-term drilling of the 1+TCF Dempsey conventional gas prospect in the Sacramento Basin. Saggasco is negotiating with a number of parties with some discussions at an advanced staged.

Saggasco recently announced it had farmed out a working interest in its operated onshore California Area of Mutual Interest (“Cal AMI”) to private company Bombora Natural Energy Pty Ltd (“BNE”) (see announcement 15 August 2016). As part of the agreement, BNE will earn a 20% working interest in up to nine natural gas prospects that have already been mapped in the AMI via staged funding of up to A\$400,000.

Together with the BNE farmout, the funds from this share placement will allow Saggasco to secure additional strategic leases over already mapped gas prospects. The AMI lies within an area of approximately 250,000 acres in the Sacramento Basin which the Company believes is highly prospective for conventional natural gas. The Company has commenced the leasing process over new prospects.

Saggasco’s Managing Director Gary Jeffery said: “The Board of Saggasco is very encouraged by the recent pick-up in activity in the US energy sector, particularly in natural gas markets. Saggasco holds the key to what it believes is a major conventional natural gas province right on the doorstep of the seventh largest economy in the world, California, a state that attracts premium pricing for natural gas, and sources over 90% of its natural gas supply from interstate.

We have been very encouraged by the level of support for this modest capital raise.

Our technical work shows that the Sacramento Basin holds significant untapped potential and we are intent on securing more leases in the Basin. Sacgasco is on its way to unlocking real value for shareholders as we progress along a clear pathway towards drilling Dempsey.”

The issue was made pursuant to Section 708 of the Corporations Act 2001 (Cth) (**Corporations Act**) and Rule 7.1 (6,344,868 shares and 8,698,773 options)) and Rule 7.1(A) (11,052,678 Shares) of the ASX Listing Rules.

Disclosure under ASX Listing Rules 7.1A.4(b) and 3.10.5A

In accordance with ASX Listing Rules 7.1A.4(b) and 3.10.5A, the Company makes the following disclosures in respect of the Shares issued pursuant to Listing Rule 7.1(A):

The dilutive effect of the Shares on existing shareholders, as a result of the issue of Shares under the placement, is as follows:

	Shares	Dilution
Shares on issue prior to Placement	111,562,156	
Shares issued under Listing Rule 7.1	6,344,868	5.38%
Total Shares on issue after Listing Rule 7.1 issue	117,907,024	
Shares issued under Listing Rule 7.1A	11,052,678	8.57%
Total Shares on issue following Placement	128,959,702	

Due to the relatively small amount of capital being raised, the Directors formed the view that the time and cost involved in a pro rata rights issue did not warrant raising the funds by way of a rights issue or other type of issue in which existing ordinary security holders would have been eligible to participate. No underwriting arrangements were applicable to the placement.

For and on behalf of the Board of Sacgasco Limited

Gary Jeffery
Managing Director
+61 8 9388 2654

Released through Ben Jarvis, Six Degrees Investor Relations: +61 (0) 413 150 448

Sacgasco Limited Company Background:

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 oil and gas prospects at both exploration and appraisal stages, including a number of multi-Tcf opportunities. The Company is targeting gas supply to the local Californian gas market and the evolving LNG export market from North America. SGC is of the view that the size of the prospects it has already leased and has further identified in the Sacramento Basin have the potential to supply both the domestic Californian gas market and export LNG markets.

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