



# **Sacgasco Limited**

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**Announcement to ASX**

**30 January 2017**

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## **UPDATE ON SACRAMENTO ACTIVITIES**

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- **Issuance of 32 million fully paid SGC shares to complete purchase of private company Peregrine Limited to acquire additional 35% of Dempsey and Alvares Prospects.**
- **Farm-out Agreement with Bombora Natural Energy Pty Ltd (BNE) varied with an extension of BNE option until 3 February 2017.**
- **\$227,963 raised by issuing shares in exchange for the early conversion of 7,598,773 options at 3 cents per share.**
- **Acquisition of new leases and producing assets in Sacramento Basin are well advanced.**

### **Purchase of Peregrine Limited**

**Sacramento Basin focused conventional gas producer and developer, Sacgasco Limited (ASX: SGC) ('Sacgasco')** advises that it has issued 32 million shares to acquire additional equity and to secure Operatorship at its flagship Dempsey and Alvares conventional natural gas prospects in the Sacramento Basin, California.

The issuance of shares is consistent with its related announcements dated 31 October 2016 and 4 January 2017. Sacgasco will acquire an additional 35% equity in, and Operatorship of its flagship Dempsey and Alvares Prospects through the acquisition of private company Peregrine Limited ('Peregrine').

### **Farm-out Agreement**

Sacgasco advised on 17 January 2017 that it had signed a farm-out agreement ("farm-out") with Bombora Natural Energy Pty Ltd ("BNE") for its large, conventional Dempsey Gas Prospect located in the Sacramento Basin, onshore California.

Following this key milestone, the Company plans to undertake a 3,200 metre (~10,500 feet) combined appraisal and exploration well in April-May 2017.

BNE will earn an initial 10% working interest by funding 20% of the Dempsey-1 well program to a gross well cost cap (the "Cost Cap") of approximately A\$5.2 million (US\$3.8 million). Pursuant to previous

advice BNE had until 25 January 2017 to exercise the right by notice to Sacgasco to earn an additional 10% working interest by funding a further 12.5% of the drill program to the Cost Cap.

The farm-in by BNE is subject to BNE achieving comfort on an ASX listing pathway in relation to which it is at an advanced stage.

BNE has requested and has been granted by Sacgasco an extension until 3 February 2017 to exercise the above right.

### **Exercise of Options**

Sacgasco has issued shares in exchange for the early conversion of options at 3 cents.

The options were granted in relation to a placement of shares on 17 September 2016. 87% of options issued have been converted at this time.

The \$224,963 raised from the placement will provide the Company with financial flexibility to actively continue it's well permitting and leasing and acquisition activities in the Sacramento Basin.

### **Sacgasco's Managing Director Gary Jeffery commented:**

"These milestones are important for Sacgasco, as it enables the Company to continue its assessment of the interpreted world-class natural gas prospects in the Sacramento Basin.

The strong support of shareholders exercising their share options early is appreciated by the Board.

As well as progressing the Dempsey Prospect, Sacgasco is actively strengthening its asset base with the acquisition of new leases and producing natural gas wells being considered.

We will continue to update shareholders on Sacgasco's exciting natural gas opportunities in the prolific Sacramento Basin and the attractive California natural gas market."

### **For and on behalf of the Board of Sacgasco Limited.**

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### **About Sacgasco Limited (ASX. SGC)**

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 gas 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. SGC 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](http://www.sacgasco.com)

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