



SACGASCO LIMITED

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Announcement to ASX

10 April 2017

OPERATIONS UPDATE and CORPORATE PRESENTATION

Sacramento Basin Natural gas producer and developer, **Sacgasco Limited (ASX: SGC)** ('**Sacgasco**') is pleased to provide an operations update and corporate presentation.

- **Discussions with farm-in party well advanced**
- **Sacgasco leasing on 4 additional Dempsey look-a-likes**
- **Location for Dempsey 1 surveyed with spud date firming for 1H 2017.**
- **Alvares well integrity testing to be undertaken as soon as access is available after recent rain.**

Following earlier updates on farmout progress and Dempsey well funding discussions, Sacgasco advises it is well advanced in discussions for a further farmout of working interest in Dempsey on a promoted basis.

For and on behalf of the Board of Sacgasco Limited.

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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 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

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SACGASCO

TARGETING CALIFORNIA'S OVER-LOOKED, WORLD-CLASS GAS POTENTIAL

INVESTOR PRESENTATION – APRIL 2017

ASX:SGC



Sacgasco Limited (ASX:SGC) is uniquely placed to test the under-explored, multi-Tcf potential of the overlooked Natural Gas plays in the North Sacramento Basin.

Any one of the company's large prospects has the ability to transform Sacgasco and the Californian natural gas market.

"After recent strategic acquisitions the Sacgasco Joint Venture's production in 2017 is poised to rank in the Top 5 in the Sacramento Basin, but it would only take a flow rate of just 2.5 million cubic feet of gas per day from a combination of existing wells and a well on the Dempsey Prospect to move the JV ranking to 2nd."

California Gas Market

2.5 Tcf/year – California gas demand

7 to 11 Bcf – Average to peak daily consumption

6.5 Bcf/day – supply shortfall

90+ % – imported from out-of-state

10 – 15% premium – over Henry Hub price

SGC already connected to Open-Access gas pipelines

High demand for in-state gas production in the world's 6th largest economy



"California imports about 90 percent of its natural gas demand, and staff expects natural gas imports to be about 98 percent in 2025." Natural Gas Outlook for California

'Discovery Thinking' used by SGC to unlock huge overlooked potential

Over 6,000 wells have been drilled in the Sacramento Basin

Less than 10 have drilled to SGC primary target in a proven Petroleum System (PS) in 1+ million acres (Reservoirs, seals, structures and sources can be demonstrated by past drilling and / or outcrop)

Only two of these wells tested valid gas traps- both flowed gas to surface → Proven Petroleum System

Both wells found over 1,500 metres of gas shows



"The history of oil and gas exploration demonstrates that some of the best places to explore are in and around existing production areas."

Revisiting mature areas and applying a truly investigative approach to geology has resulted in huge discoveries of oil and gas over time.

Buzzard Oil (North Sea), Zohr Gas (Egypt), Gunslinger Oil (California) and Edvard Grieg and Johan Sverdrup Oil (Norway) are but a few examples of Major to Super-Giant discoveries in industry-labelled "mature" areas since 2000.



We believe that the Sacramento Basin holds **Multi-Tcf gas potential**

Many gas traps have been overlooked and the basin is under-explored

Sacgasco is uniquely positioned to unlock this potential; with high working interests; tight share register; low cost onshore operations and easy access to a world-class market

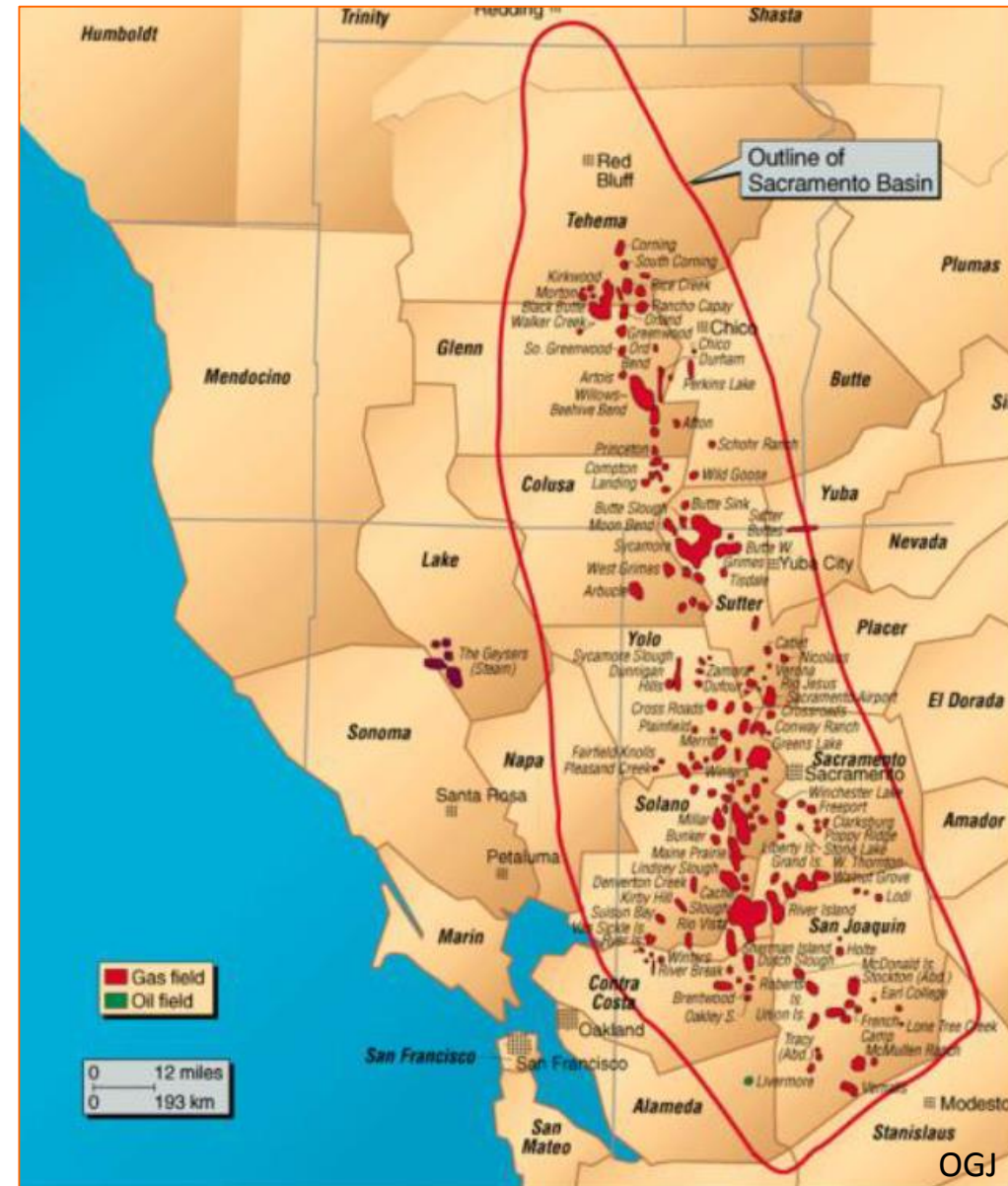
The best place to look for more gas is under and adjacent to discovered gas

Over 11 Tcf has been produced in the Sacramento Basin

Rio Vista, the largest gas field, has produced 3.5+ Tcf to date

Extensive database of 2D and 3D seismic and wells readily available

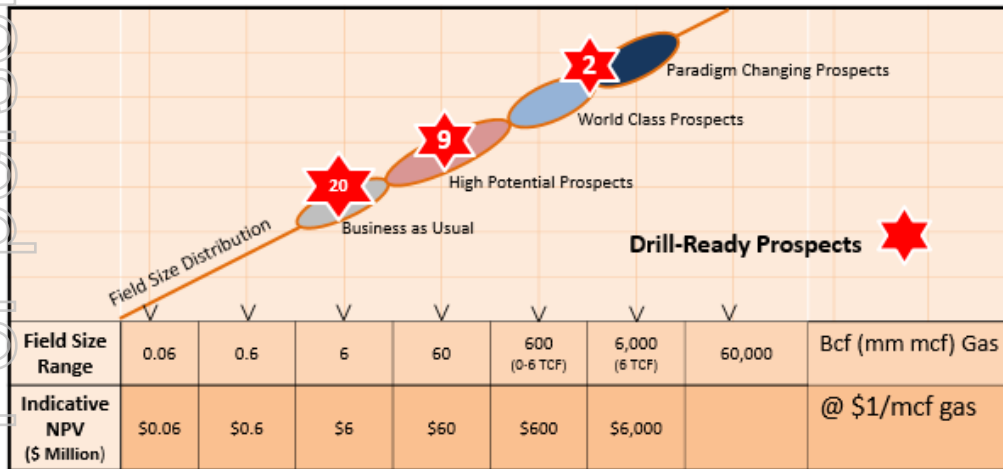
Lower operating cost due to accessible gas industry infrastructure



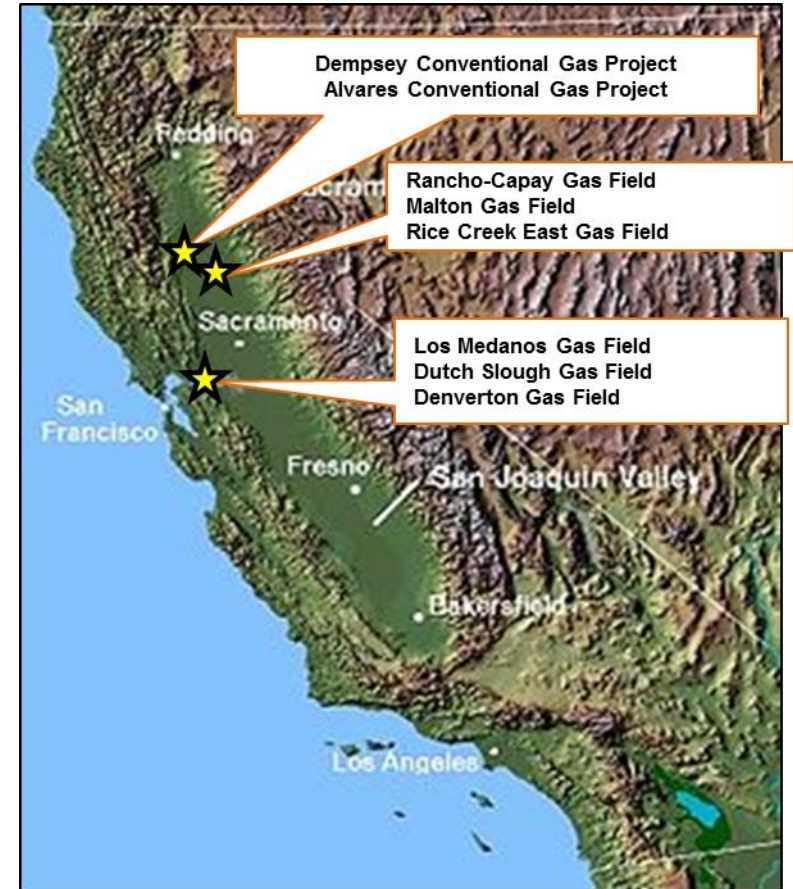
Sacramento Basin Gas Fields

Asset Summary

- ✓ Dempsey Appraisal and Exploration Prospect-
1+Tcf in 7 stacked targets
- ✓ Alvares Discovery Appraisal-
2+ Tcf gas appraisal
- ✓ Multiple mapped look-a-like prospects
200+ Bcf to Multi-Tcf gas exploration targets
- ✓ Production and Infrastructure in 6 Fields-
Multiple Prospects for drilling as gas prices
rise beyond \$4 /mcf



Un-risked Value Estimator



Increasing Gas Production

A simple pathway to rapid growth and cash flow

Production (operated):

Rancho Capay and Los Medanos:

165 mcf/d gross - December quarter 2016

Recently acquired:

Malton, Dutch Slough and Denverton, Rancho Capay and Rice Creek East:

640 mcf/d gross - December quarter 2016

More under negotiation



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SGC owned and operated infrastructure for low cost, rapid development, and early cash flow



Unlocking multi-Tcf Potential from over-looked reservoirs- Dempsey Project

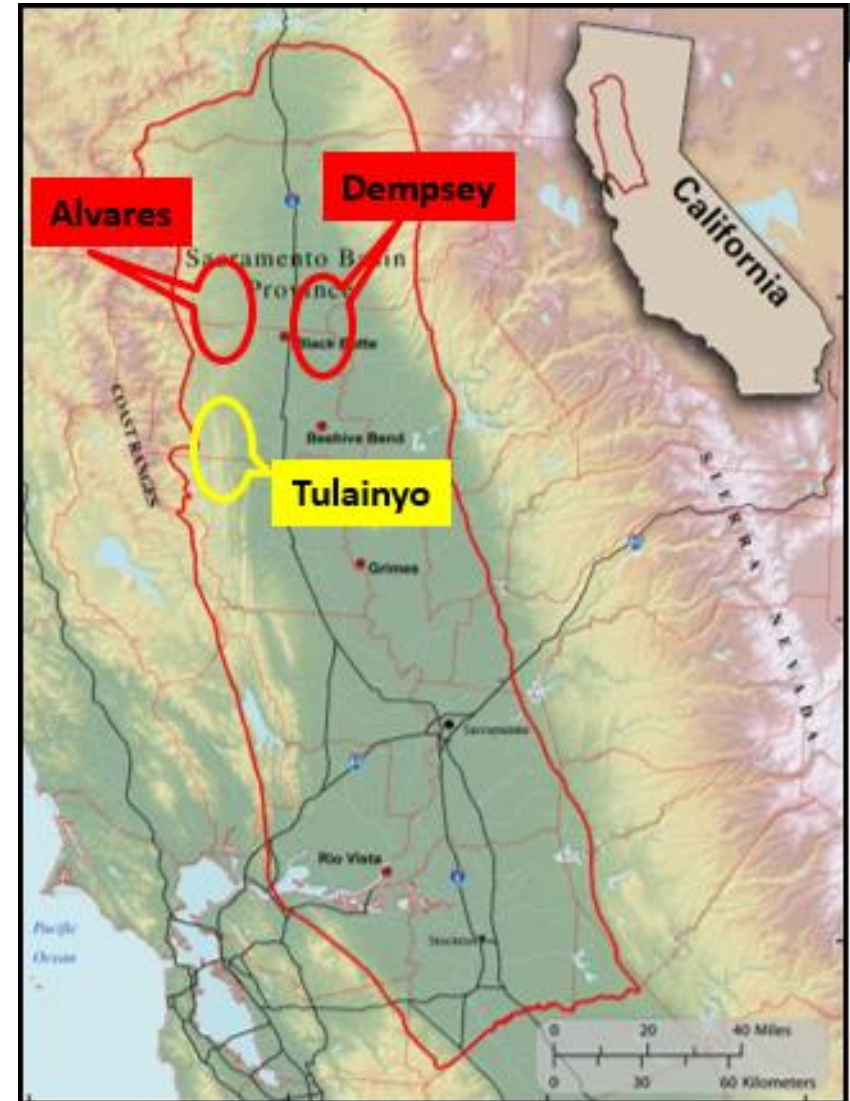
A proven working Petroleum System and Play-gas to surface in the two valid tests

Supported by structurally consistent amplitude anomalies, and regional source, seals, and reservoir data

Integrated well control through 2D and 3D seismic

Dempsey will be the first Prospect drilled on 3D data to unlock the high-multiple upside of the Sacramento Basin

Tulainyo “10 for 1” farmout for same target reservoirs as Dempsey and Alvares provides independent validation of play



Dempsey Project - Schematic

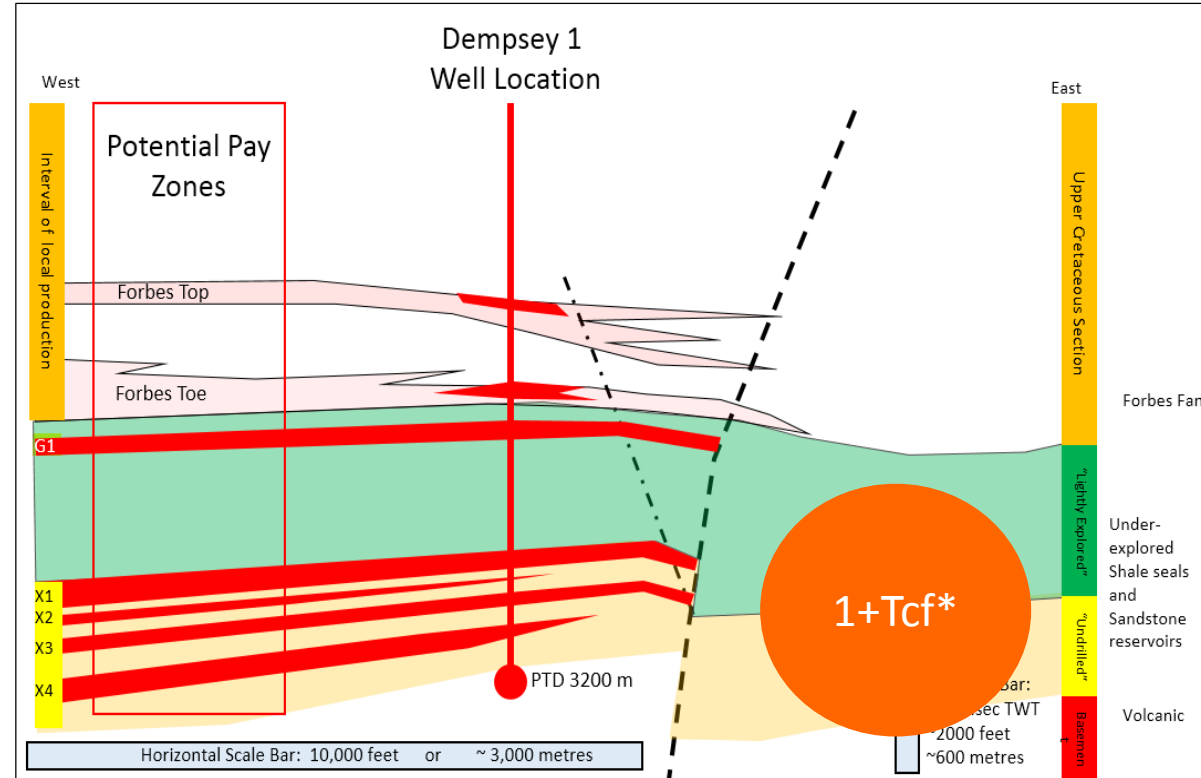
Appraisal/ Exploration - 1+ Tcf*

Reduced Risk - 7 stacked independent conventional sand reservoirs

High Potential - Total (100%) deterministic un-risked recoverable prospective resource: 1+ Tcf

High Probability of Success - Multiple independent targets ranging from 1+ Bcf to 350+ Bcf

Speed to Market - Located within existing and producing gas fields with quick access to markets



* Further details were included in the Company's ASX release dated 4 September 2014.

"The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially movable hydrocarbons.

Dempsey Project – 3D Seismic Based

Simple regionally prominent structure

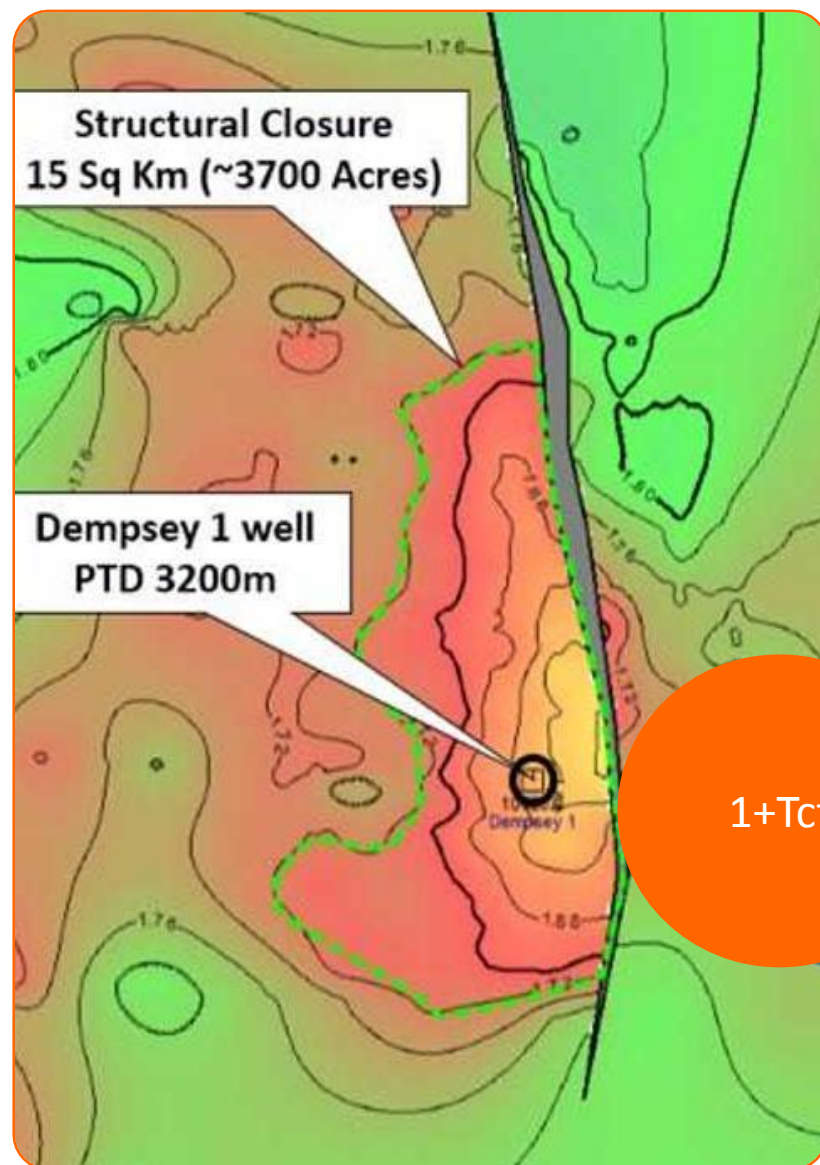
Mapped on 3D seismic

Focus for gas migration

Proximal to sand reservoir source

Good gas trap seals

In a gas unit with pipeline access



Alvares Project

Appraisal/ Exploration - 2+ Tcf* Gas

Reduced risk – Overlooked conventional natural gas discovery drilled in 1982 when looking for oil

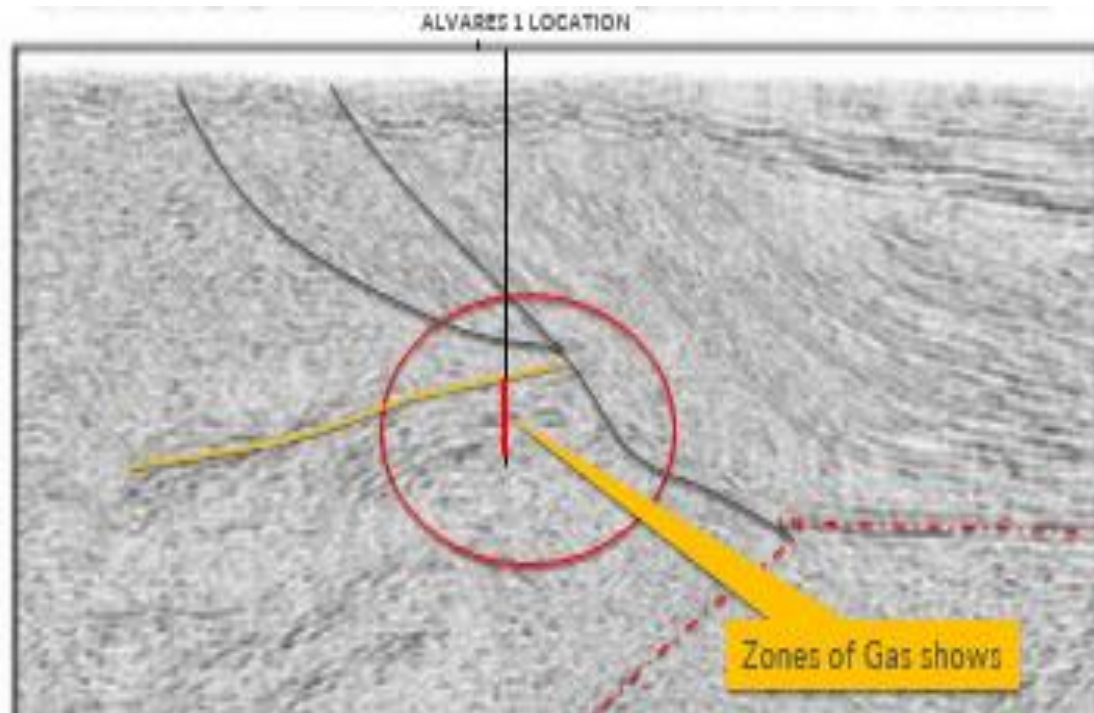
High Upside - 1500+ metres of gas shows with gas flow to surface

Highly prospective - On trend with analog Tulainyo and James wells with multiple stacked gas filled conventional sands in a mapped multi-Tcf prospect

Massive potential - 100% un-risked recoverable prospective resource of 2+ Tcf, only 13 Kilometres from major pipelines



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Published Texaco line

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Tulainyo gas on trend with SGC Alvares overlooked gas discovery

● Sacramento Basin Gas Prospect

- 50+ square mile (32,000 acres) 4-way closure with stacked reservoir potential, mappable at surface and on proprietary 2D seismic
- Previous CRC drilling encountered 2 high-pressure gas sands
- ~ 5 miles to PG&E trunk line

Tulainyo 1

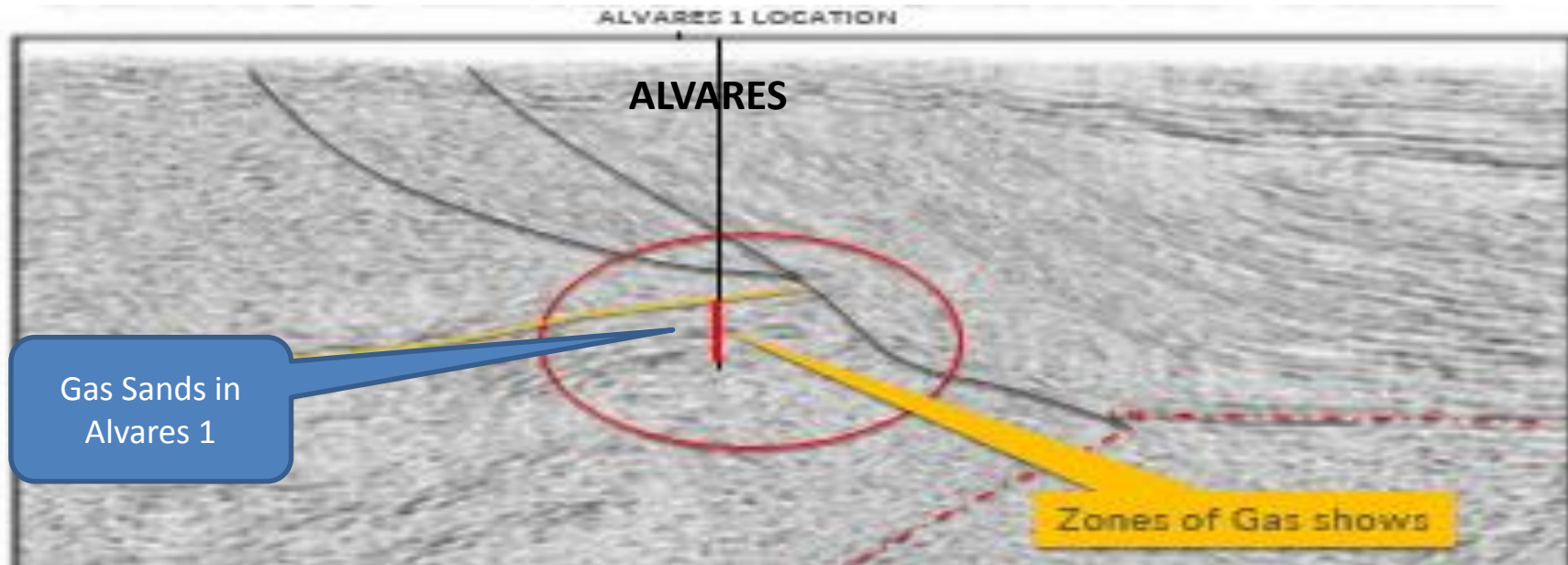
- SGC's Dempsey and Alvares Prospects are located in 11 Tcf produced natural gas basin and Alvares is on trend with geologically similar multi-Tcf Tulainyo Project
- Tulainyo developed by Cirque, and part explored by California Resources in early 2015 to follow up multiple gas bearing sands intersected by Shell in 1947 oil focused James 1 exploration
- Early 2015 drilling at Tulainyo by CRC found "multiple stacked, gas bearing conventional reservoirs on a 50 square mile anticline" CRC

Gas Sands similar age to Dempsey Targets (SGC)

TULAINYO
PROSPECT

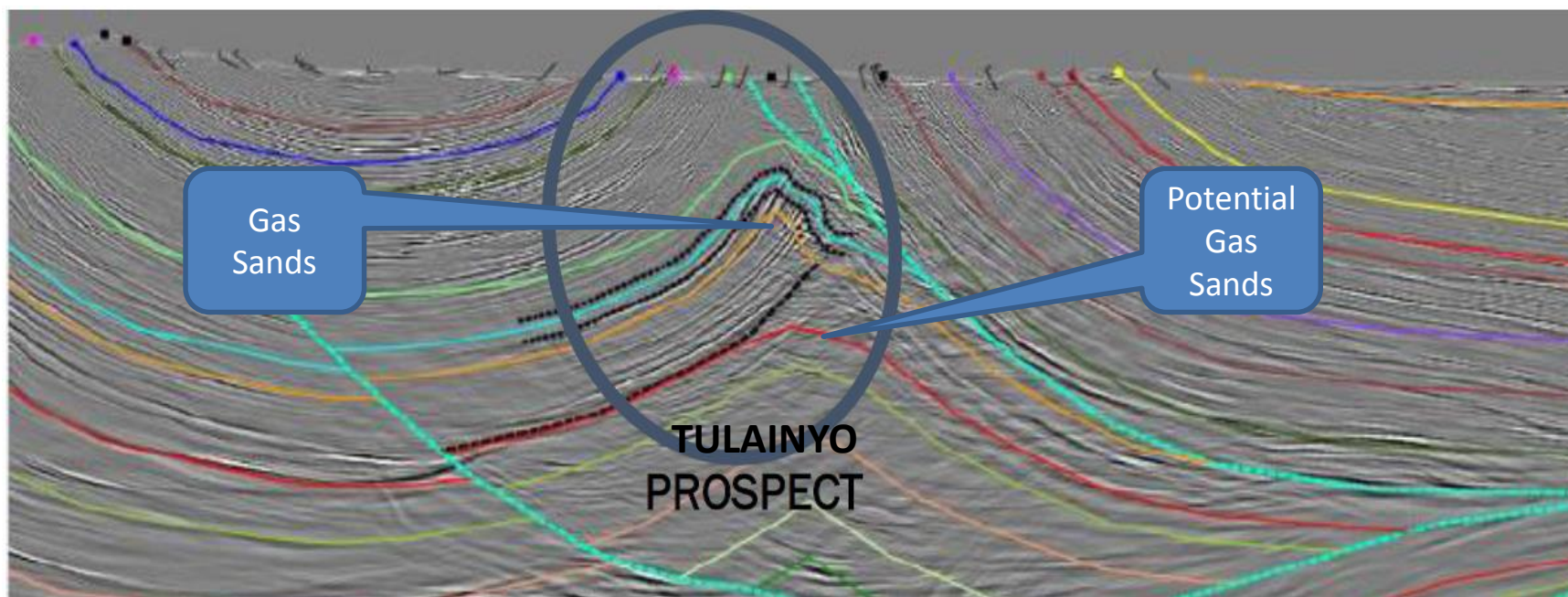
Reservoir outcrop projected into prospect via proprietary 2D seismic Location shown on Map





Published Texaco line

Published CRC line



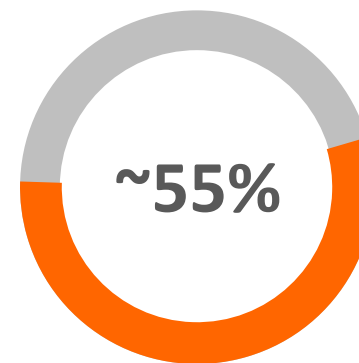
Corporate overview

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Corporate Snapshot

ASX Code:	SGC
Cash (as at 31 March 2026):	\$1.5m
Market Cap (@\$0.07/share):	~\$14m
52 week high (\$/share):	\$0.081
52 week low (\$/share):	\$0.023
Shares on issue: Post Placement	~196m
Unlisted Options @\$0.15 (expire Dec 19):	22m
Unlisted Options @\$0.10 (expire Sept 19):	11m
Unlisted Options @\$0.03 (expire Sept 17):	1.1m

Register structure:



Top 20 Shareholders

Board & Management:



Andrew Childs
Chairman



Gary Jeffery
Managing Director



Phillip Haydn-Slater
Non-Executive Director



David McArthur
Company Secretary



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Exploration Project Costs

Dempsey: 1+Tcf potential

US\$4m

Total completion cost

US\$2.2m

SGC share at 70% WI[#]

Alvares: 2+Tcf potential

US\$1-\$8m

Total completion cost

US\$0.7-\$6 m

SGC share at 69%

Note:# Subject to farmout on which discussions are well advanced; SGC desire is to retain 45 to 50% WI with smaller residual funding requirement.

Work programme is discretionary, as all prospects are held under the USA Private Mineral lease system.



Recent Progress on value delivery

Q4 2016 - Acquired additional equity in and operatorship of Sacramento Basin Portfolio

Q4 2016 - Farmed out part of Sacramento Basin portfolio of follow-up prospects for leasing funds

Q1 2017 - Acquired additional producing conventional gas wells for infrastructure and prospect inventory

Q1 2017 - Farmed out 20% of Dempsey for funding 32.5% of drilling costs

Q1 2017 - Farmed out 10% of Alvares for funding 13.3% of drilling costs

More production to come with infrastructure and exploration upside



Staged Growth and Value Delivery Plan

Phase 1: 1H 2017

- Acquire additional producing assets to add scale, infrastructure and exploration inventory
- Leasing to increase prospect diversification in Sacramento Basic over new large-scale targets
- Test Alvares casing integrity for future re-entry and evaluation of gas shows
- Drill Dempsey 1+ Tcf appraisal well
- Work-over and drill additional conventional wells in known producing zones to increase production as gas prices improve

Phase 2: 2H 2017

- Gas production from completion and quick connection of Dempsey Well upon success
- Re-drill 2.4+ Tcf Alvares gas well
- Appraisal/Development Drilling at Dempsey
- Continue to increase lease holding using 'SGC internal knowledge' of large potential prospects

Phase 3: 2018+

- Drill additional large potential prospects
- Connect successful well at Alvares into infrastructure
- Acquire additional producing conventional gas wells for infrastructure and prospect inventory: single assets, fractional ownership and multi-well portfolios being assessed (2-50 wells portfolios)



Investment Summary

The California gas market has extremely favourable economics

Management are highly motivated to achieve results with a low cash burn rate

Gas is the transition fuel of choice in the US and will be for decades to come

Sacgasco has diversity in production and prospects with asymmetric upside potential based on its high-impact gas prospects



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Disclaimer

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 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.

Before investing it is recommended that you conduct your own due diligence and consult financial and technical advisors.

“These outsiders saw the giant potential at the heart of the Sacramento Basin, and they saw it by doing something the rest of the players never thought to do: **They looked.**”

Adapted from the Big Short by Michael Lewis

