



Sacgasco Limited

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Announcement to ASX

22 June 2017

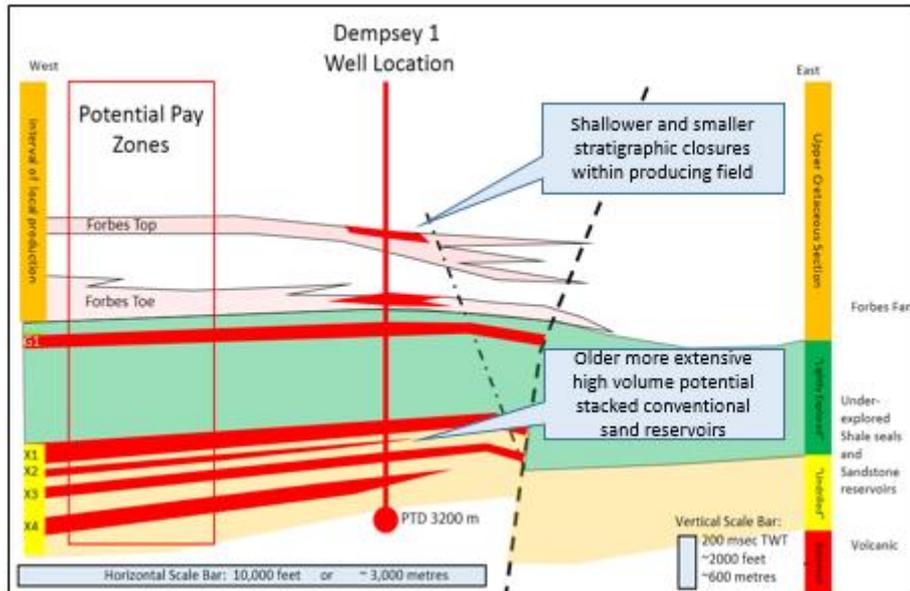
Additional Empyrean Energy Farmin

- **Sacgasco has signed an Agreement with Empyrean Energy plc (LON:EME) to farm out additional interests in Sacramento Basin Projects**
- **Empyrean to increase their interest from 25% to 30% in the Dempsey Project on a promoted basis**
- **Dempsey-1 scheduled for drilling in July 2017, targeting 1 Tcf conventional reservoir gas underneath a producing field**
- **Empyrean also acquiring an additional 15% interest in the Alvares Project targeting 2+Tcf conventional reservoired natural gas.**
- **Empyrean can also earn 30% interest in 3 identified Dempsey style Prospects**

Sacramento Basin-focused natural gas developer and producer, Sacgasco Limited (ASX: SGC) (“Sacgasco” or “the Company”) advises that it has entered into a revised farm-out agreement (“FOA”) with London Stock Exchange listed Empyrean Energy PLC (“EME” or “Empyrean”) for its large, natural gas Dempsey Prospect and other Sacramento Basin assets, onshore California.

The Company plans to commence a 3,200 metre (~10,500 feet) combined appraisal and exploration well (Dempsey-1) early in the third quarter of 2017 to evaluate a world class prospect. Empyrean has agreed to earn an additional 5% in the Dempsey Project to take their interest from 25% to 30%.

Sacgasco interprets 7 target gas reservoir levels beginning with a small (1-3 BCF Deterministic Recoverable Prospective Resource) seismic amplitude defined, extension of the shallow producing Forbes Sandstone reservoir system. The targets then extend down to total depth through a series of older Cretaceous sandstone reservoirs that also exhibit structurally consistent amplitude anomalies analogous to those that are observed on seismic elsewhere in the basin where conventional sandstone reservoirs have trapped natural gas in mapped structural closures, e.g Tulainyo / James wells and Alvares.



Cross Section through Proposed Dempsey 1 well

Individual, unrisks Deterministic Prospective Resources for these primary targets range from 116 bcf to 352 Bcf of recoverable gas. Should all the stacked reservoirs be full of gas, the cumulative unrisks recoverable Prospective Resources within the prospect could exceed 1 Tcf.

**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."*

This farmout in conjunction with previously announced farmout agreements will result in Sargasco funding approximately 12% of the expected Dempsey 1 well drilling costs to retain 50% working Interest in the Dempsey Prospect.

Empyrean has also agreed to pay 33.33% of the next Alvares well drilling costs to earn 25% WI in the Alvares Project estimated by Sargasco to have over 2 Tcf* of best-estimate recoverable prospective resources.

Empyrean has also agreed to join Sargasco in exploration along the Dempsey trend and has the option to pay promoted drilling costs to earn 30% WI in three additional prospects with cumulative "Tcf-size" best estimate recoverable prospective resource potential.

The earning basis is as follows:

- Identified Prospect #1: EME pays 60% of drilling cost to earn 30% WI
- Identified Prospect #2: EME pays 45% of drilling cost to earn 30% WI
- Identified Prospect #3: EME pays 45% of drilling cost to earn 30% WI

Sargasco also advises that it has terminated the farmin agreement with Magnum Gas and Power Limited announced on 25 May 2017.

Sacgasco's Managing Director Gary Jeffery commented:

“Sacgasco welcomes Empyrean increased contribution to the joint venture. Empyrean will use part of the placing proceeds of £660,000 announced on 20 June 2017 and pre-existing cash to pay for the increased interests.

Sacgasco remains on-track to undertake the drilling of an appraisal and exploration well at our world-class Dempsey Prospect in July 2017.

Sacgasco is committed to building a world-class natural gas business in the energy-hungry Californian market, and we look forward to providing our shareholders with further updates as we realize this exciting phase in the Company's development.”

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

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About Empyrean Energy PLC (LON: EME)

Empyrean Energy PLC is an oil and gas explorer and producer listed on the London Stock Exchange AIM market (Ticker: EME.LON). Empyrean was established to finance the exploration, development and production of energy resource projects in geopolitically stable environments. Empyrean has a strong management team, with many years' experience in both the global investment and energy industries. The Company is currently involved in two projects and continues to pursue other exciting energy opportunities. Within a short period of time, Empyrean has proven its ability to identify, analyse, negotiate and fund excellent projects with an appropriate mix of risk versus reward. Empyrean has typically participated in later-stage exploration and can fast track the process from identification of a suitable project through to funding and drilling.