



Sacgasco Limited

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Announcement to ASX

6 FEBRUARY 2019

PEP11 OPTION UPDATE

- Sacgasco has determined it does not wish to proceed with the PEP11 Option due to unresolved issues at the joint venture level and complex approval procedures.
- Near-term focus remains on scaling up natural gas production and maximising value from onshore Sacramento Basin project portfolio.

Sacgasco Limited (ASX:SGC) (“Sacgasco” or “the Company”) has determined it does not wish to proceed with the option to acquire RL Energy Pty Ltd and its related Farm In arrangement with respect to PEP11 in the offshore Sydney Basin.

Sacgasco previously announced on 19 November 2018 that it had acquired the exclusive option to 100% of the issued capital of RL Energy, who have signed a Farm In Agreement with Asset Energy Pty Ltd to earn a 60% Working Interest in Petroleum Exploration Permit PEP11.

Upon review by the Board (other than Mr Channon, who recused himself from any discussion on the matter), Sacgasco has determined not to exercise the PEP11 option. The Board concluded after extensive due diligence that the risks associated with the government regulatory procedures and complicated joint venture arrangements and associated time frames, make it a project that is not suitable for the Company given the activity levels required for its Californian business.

Sacgasco will continue to focus on growing production from its multiple projects in the onshore Sacramento Basin in California.

Sacgasco’s Managing Director Gary Jeffery commented:

“PEP11 is a technically interesting project, but the uncertainty around approval risks and timing associated with regulatory and public processes make the project unattractive for Sacgasco shareholders.”

“Sacgasco has many opportunities to grow production in the Sacramento Basin with our ambition to soon become the 2nd largest gas producer in Northern California.”

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 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 domestic Californian natural gas and export LNG markets.

www.sacgasco.com

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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 and or their timing 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 46 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.