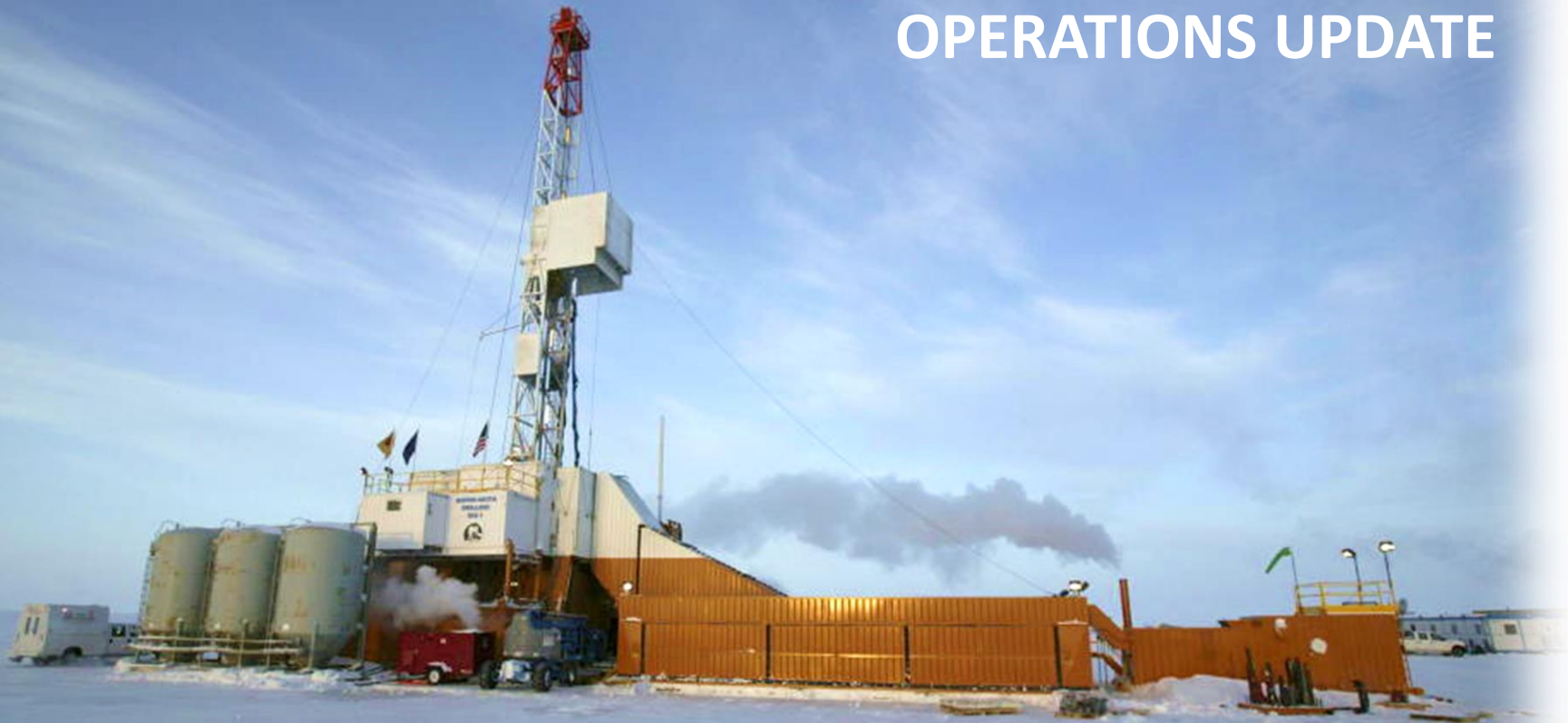


# PROJECT ICEWINE

NORTH SLOPE OF ALASKA



## PROJECT ICEWINE OCTOBER 2017 OPERATIONS UPDATE



*Doyon Arctic Fox*  
**DOYON DRILLING, INC.**

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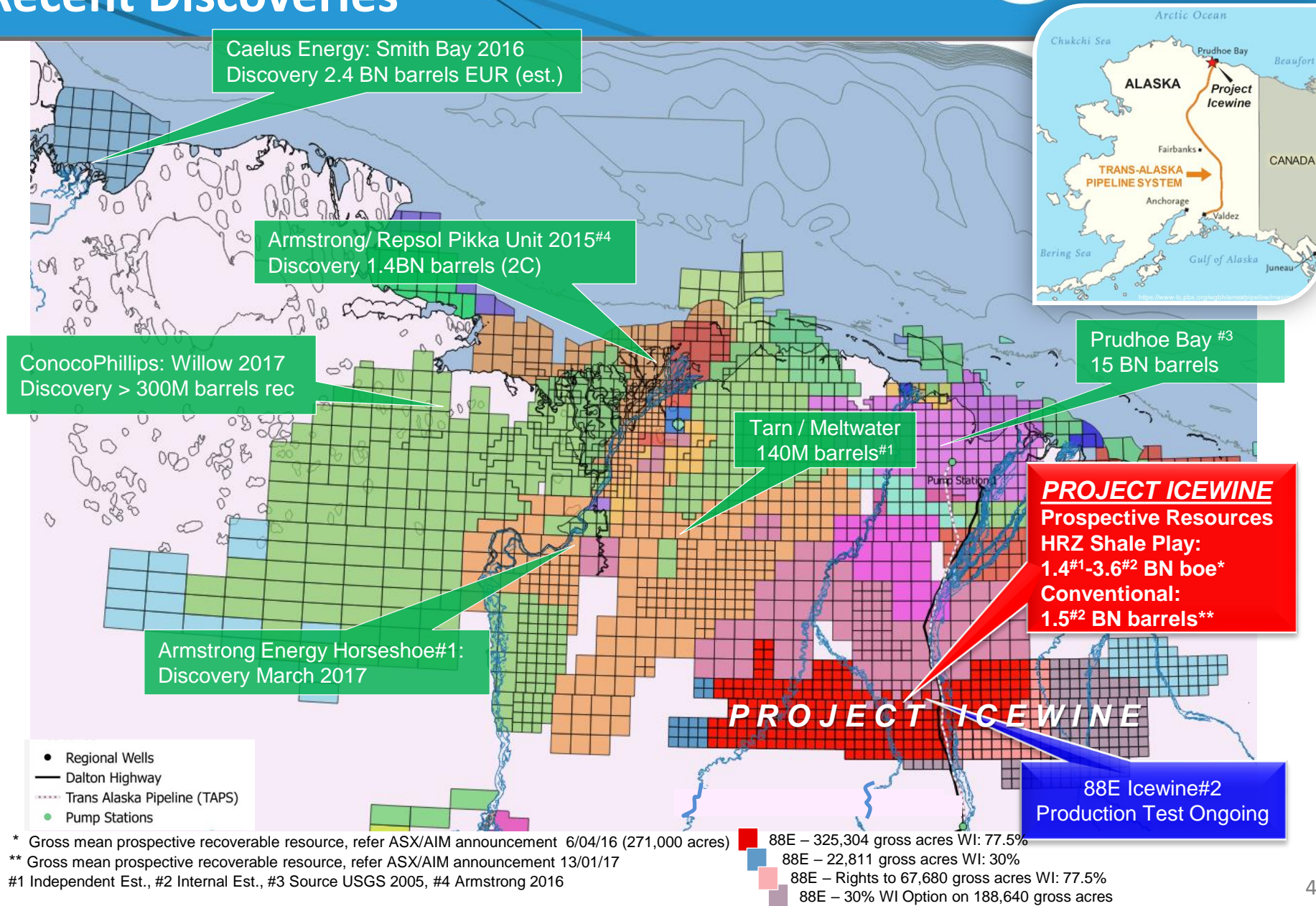
Pursuant to the requirements of the ASX Listing Rules Chapter 5 and the AIM Rules for Companies, the technical information and resource reporting contained in this presentation are based on, and fairly represent, information and supporting documentation prepared by, or under the supervision of, Mr Brent Villemarette, who is a Non Executive Director of the Company. It has been produced for the Company, and at its request, for adoption by the Directors. Mr Villemarette has more than 30 years experience in the petroleum industry and is a qualified Reservoir Engineer who has sufficient experience that is relevant to the style and nature of the oil prospects under consideration and to the activities discussed in this document. He has consented to the inclusion of the petroleum prospective resource estimates prepared by DeGolyer & MacNaughton (as of 31 December 2015) and supporting information being included in this announcement in the form and context in which they are presented. His academic qualifications and industry memberships appear on the Company's website and both comply with the criteria for "Competence" under clauses 18-21 of the Valmin Code 2005. Terminology and standards adopted by the Society of Petroleum Engineers "Petroleum Resources Management System" have been applied in producing this document.

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# North Slope Oil & Gas Activity 2017

## Recent Discoveries



# Corporate Snapshot



## 88 Energy Limited (ASX, AIM: 88E)

	Current
Shares on Issue	4,649m
Options on Issue	769m
Market Capitalisation (A\$0.025)	A\$116m
Cash (28 Sep 17 unaudited)	A\$18m / US\$14.6m
Board and Top 20	58%
Project Icewine Operator, Working Interest	~74%

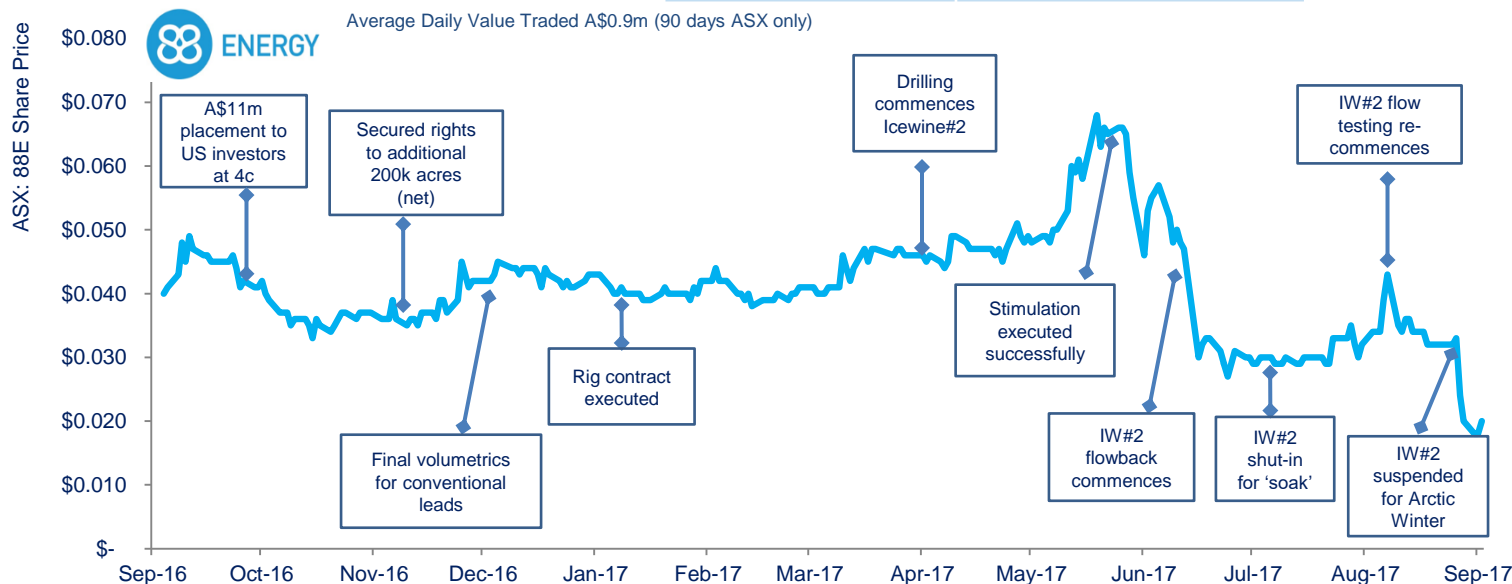
## 88E Board and Management

David Wall	Managing Director
Michael Evans	Non-Exec Chairman
Brent Villemarette	Non-Executive Director
Dr Stephen Staley	Non-Executive Director
Ashley Gilbert	Chief Financial Officer
Erik Opstad	General Manager, Alaska Operations
Elizabeth Pattillo	General Manager, Exploration

## Burgundy Xploration JV Partner



Paul M. Basinski, Founder & CEO
Michael R. McFarlane, President
Closely Held Texas LLC
Special Purpose Vehicle for Project Icewine
Project Icewine Working Interest ~26%



## Activity Planned

- Icewine#2 ongoing production test – April / May 2018
- 3D seismic to delineate conventional drilling candidates ~March 2018

'Planned' are forward looking and subject to change

## **Large, Strategic Acreage Position – Vast Majority of HRZ Play now Captured**

- Joint Venture controls rights to 600,000 gross acres (~370,000 net to 88E\*, Operator)
- Strategically located on infrastructure – all year access road / pipeline

## **Primary Target: HRZ Liquids Rich Resource Play – 1.0-2.6 billion barrels liquids\*\***

- De-risked by core/log analysis from Icewine#1 (2015/2016)
- Stimulated successfully in Icewine#2 with flow-back clean up ongoing
- Preliminary results encouraging, but not definitive, with only 20% frac fluid recovered
- Limited connection to the reservoir due to low recovery of frac fluid prior to Arctic Winter shut-in on 18<sup>th</sup> September
- Finalise flow testing with optimised completion and artificial lift – April/May 2018

## **Large Conventional Leads Identified – 1.5 billion barrels\*\***

- Initially based on 750km of modern 2D seismic (2015/2016)
- Additional 1,000km vintage 2D seismic reprocessed – interpretation underway
- Increased potential identified on early interpretation, coincident with AVO response
- Planned acquisition of 3D seismic ~March 2018 to delineate optimal drilling locations

\* ~370,000 acres net to 88E assuming all rights taken up – 259,000 net acres currently under award

\*\* Gross Mean Prospective Recoverable Resource based on 271,000 gross acres

# HRZ Shale Play Overview: Brief History and Evolution



- Pre-2014: opportunity identified by JV Partner, Burgundy Xploration LLC
  - Utilising proven unconventional resource exploration toolbox to de-risk and identify crucial elements for success
- 2015 -> mid 2016: increase lease position in partnership with 88E and fast track Icewine#1 core, log and isotope data
  - Resulted in further de-risking of hydrocarbon phase, permeability, porosity and rock mechanics
- 1H2017: drill and frac follow-up appraisal well Icewine#2 and begin extended production test
  - Frac execution at upper end of expectation
  - Advanced logging suite acquired to fine-tune interpretation
  - Additional major Achilles heel of pore pressure de-risked
  - Mass spectrometer analysis of flow-back gas supports presence of high API oil / condensate in reservoir
  - Hydrocarbon flow achieved during flow-back clean up at low rate, to date, not considered representative of the reservoir composition
  - 20% of frac fluid recovered vs projected minimum target of 30%



## Learnings

- Formation can be effectively fracture stimulated
- Mass spectrometer analysis of flowback gas indicates likely reservoir products are high API oil / condensate
- Revision to petrophysical analysis integrating new data from logging suite
  - Icewine#1 / #2 in-place resource per 640 acre revised from 75mmboe to between 40 and 46mmboe (based on multiple independent analyses)
  - Remains attractive compared to other commercial shale plays
- Higher than expected reservoir pore pressure of 0.82psi/ft vs 0.6psi/ft interpreted to largely offset commercial implications of petrophysical revision due to potentially higher recovery factor and production rate

## Forward Plan

- Install narrower gauge tubing and employ artificial lift in April/May 2018 to complete flow testing of Icewine#2 (net cost ~US\$1.5m)
- Drill follow-up lateral with multi-stage stimulation, contingent upon outcome of final flow testing of Icewine#2



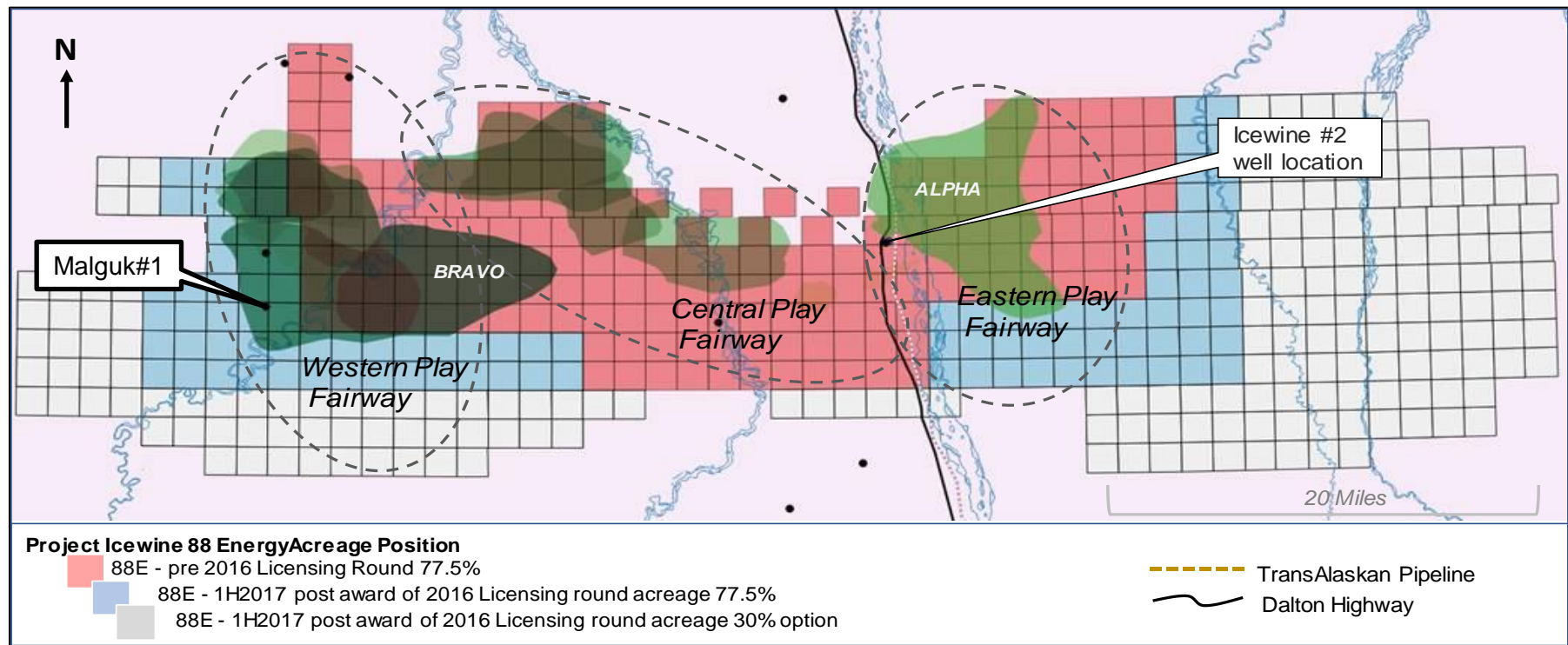
# HRZ Unconventional: Phase II

## Icewine#2 Vertical Well, Stimulate & Flow Test



- Completed on time and remains under budget to date
- Two stage, multi-perforation cluster stimulation over 128' interval
- Slickwater treatment comprising 27,837 barrels of fluid and 1 million pounds of proppant
- Initial clean up from 19<sup>th</sup> June – 10<sup>th</sup> July and then shut in to allow for pressure build-up and 'soak'
- Clean up recommenced on 31<sup>st</sup> August with first hydrocarbon to surface recorded 9<sup>th</sup> September
- Shut-in for Arctic Winter 18<sup>th</sup> September after average flow of 1.85mcf/d gas, with increasing ratio of heavy components, during test period
  - 20% of frac fluid recovered vs projected minimum target of 30% targeted to achieve connectivity to reservoir
  - Results not considered representative of potential flow rate or composition of hydrocarbon in the reservoir
- Forward plan to optimise and re-initiate flow testing using artificial lift in April/May 2018 - estimated cost US\$2m (US\$1.5m net)

# Project Icewine Conventional Prospectivity Portfolio



- Conventional Prospective Resource Potential (mean unrisked) :
  - 1.47 BN barrels gross; 1.14 BN net to 88E \*
- Leads predominantly stratigraphic, slope apron, turbidites & basin floor fan systems
- Current focus on Western Play Fairway - opportunity to test stacked multiple objectives
- 625 miles vintage 2D acquired and reprocessed, early interpretation results encouraging
- Plan to acquire ~200 sq miles 3D seismic to firm up drilling candidates (net cost ~US\$6-8m)
- Exceptional exploration drilling success using 3D seismic on the North Slope in last 4 years

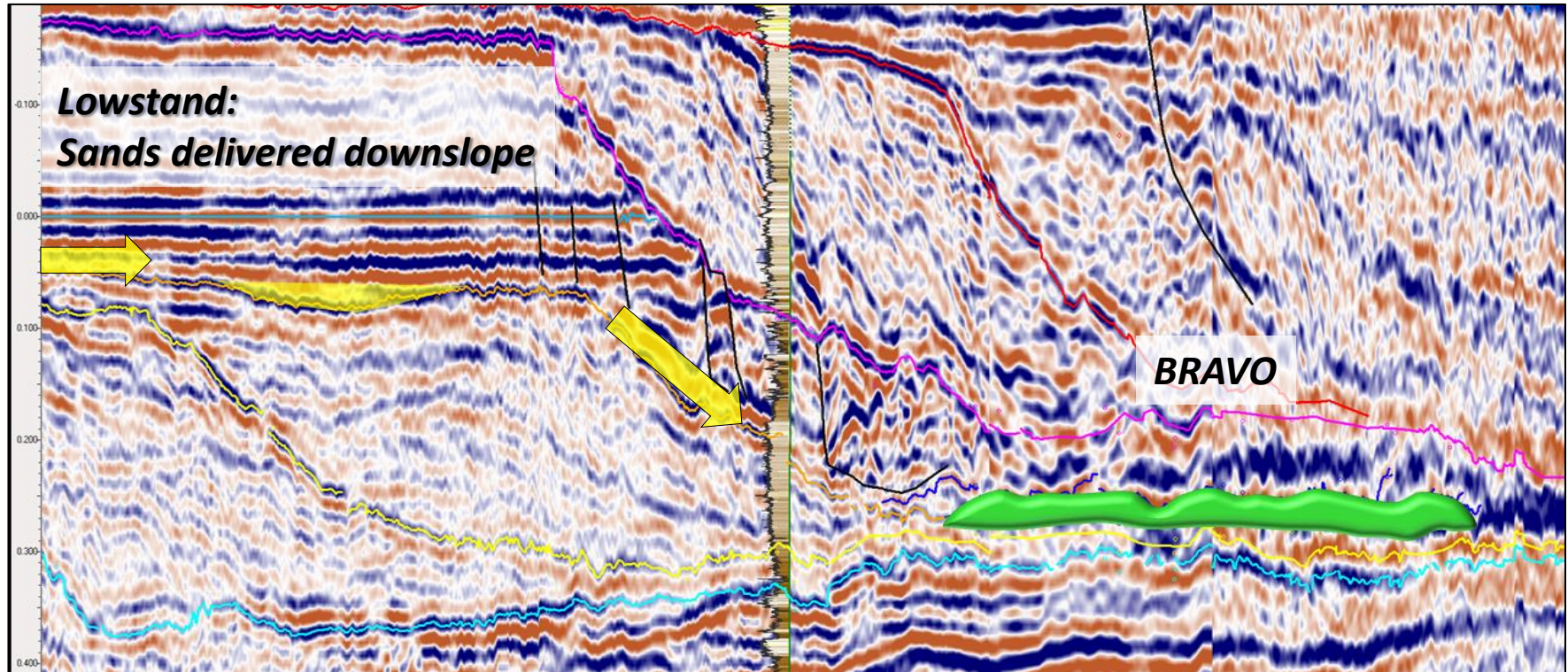
\* Refer ASX/ AIM announcement 13/01/2017



# Project Icewine: Western Play Fairway, Bravo Lead



## MALGUK-1

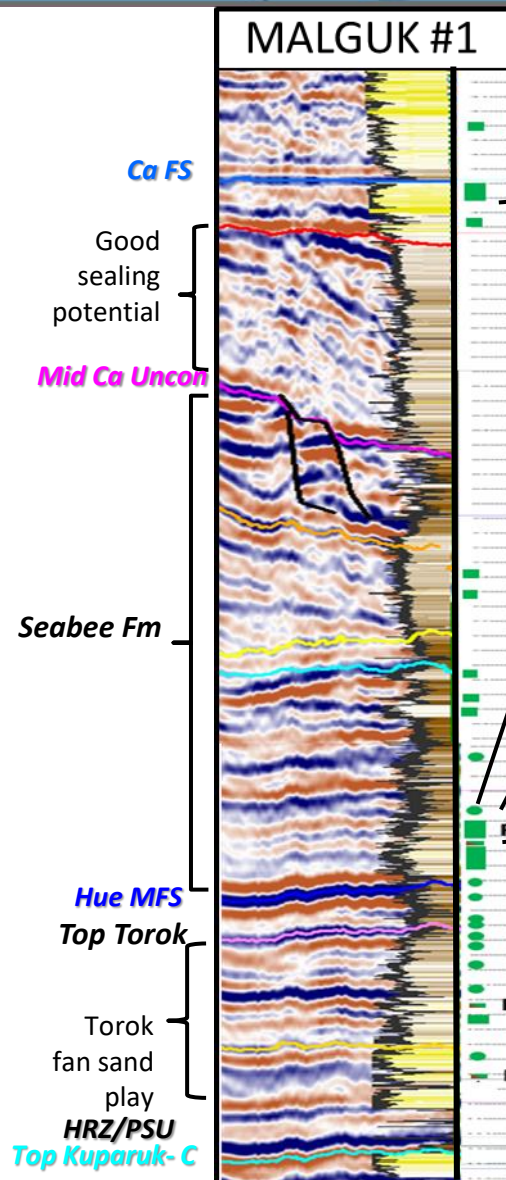


- Bravo lead mapped on basin floor to the east of Malguk#1
- Seabee Fm: typically very fine to fine grained sandstones – medium grained in part and producible
- Turbiditic seismic character, erosional base
- Seabee sequence productive at Tarn / Meltwater Oil Fields

# Project Icewine: Malguk#1 Key Well Excellent Oil Shows



- Malguk#1 (1990/91) pivotal well for Western Play Fairway with significant hydrocarbons
- No open hole wireline logs below ~ 5000'MD
- Good hydrocarbon indications logged throughout Malguk#1
- Good hydrocarbon shows beneath Campanian Flooding Surface (CaFS) – indicates excellent sealing potential
- From 7357' to 10690'MD strong and persistent hydrocarbon shows always associated with cut fluorescence indicating oil
- Untested due to premature close of Winter drilling season, transition in ownership & low oil price



## Malguk#1 Mudlog Excerpts: Hydrocarbon Shows

4940'–4970'MD: Sandstone. Bright yellow gold fluor in 50% of sample, fair – slow white cut fluor in part

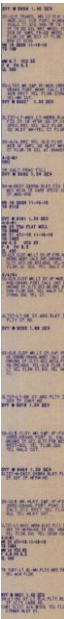
8985'–9000'MD: Sandstone. 40% bright yellow streaming yellow white cut. Interpreted probable production: Oil

9060'–9070'MD: Sandstone. Trace oil at shakers. Bright yellow gold fluor in 80% of sample, good bright milky white cut, trace oil in sample. Interpreted probable production: Oil

9070'– 9080'MD: Sandstone. Bright yellow gold fluorescence, bright milky yellow cut Interpreted probable production: Oil/Gas

10193'–10204'MD: Sandstone. Dull yellow fluor, slow milky yellow halo cut. Interpreted probable production: Oil/gas

10660'-10690'MD: Sandstone. Trace dull yellow fluor, slightly yellow-milky streaming cut. Interpreted probable production: Gas

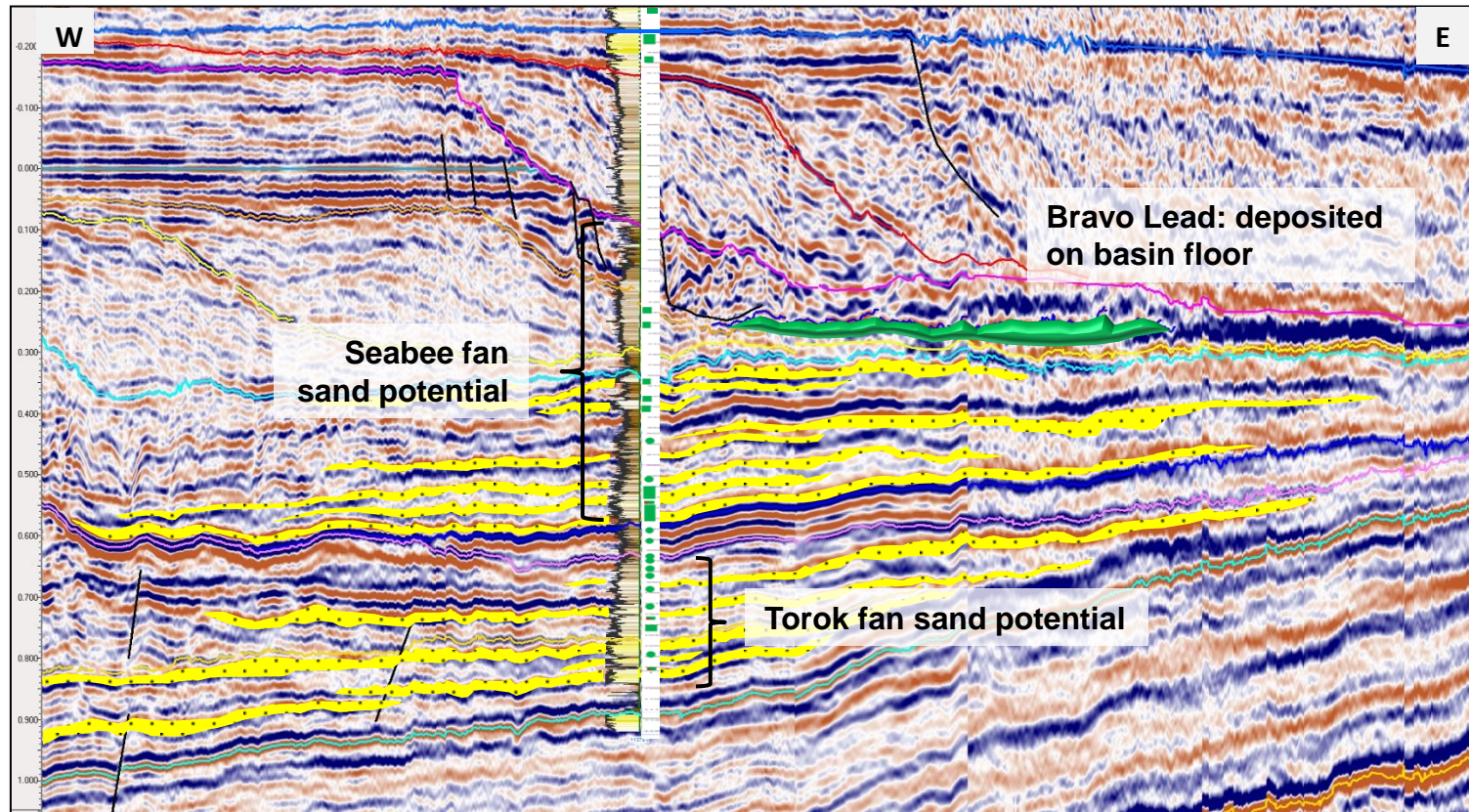




# Project Icewine: New 2D Seismic Reprocessing Highlights Deeper Potential



Malguk#1



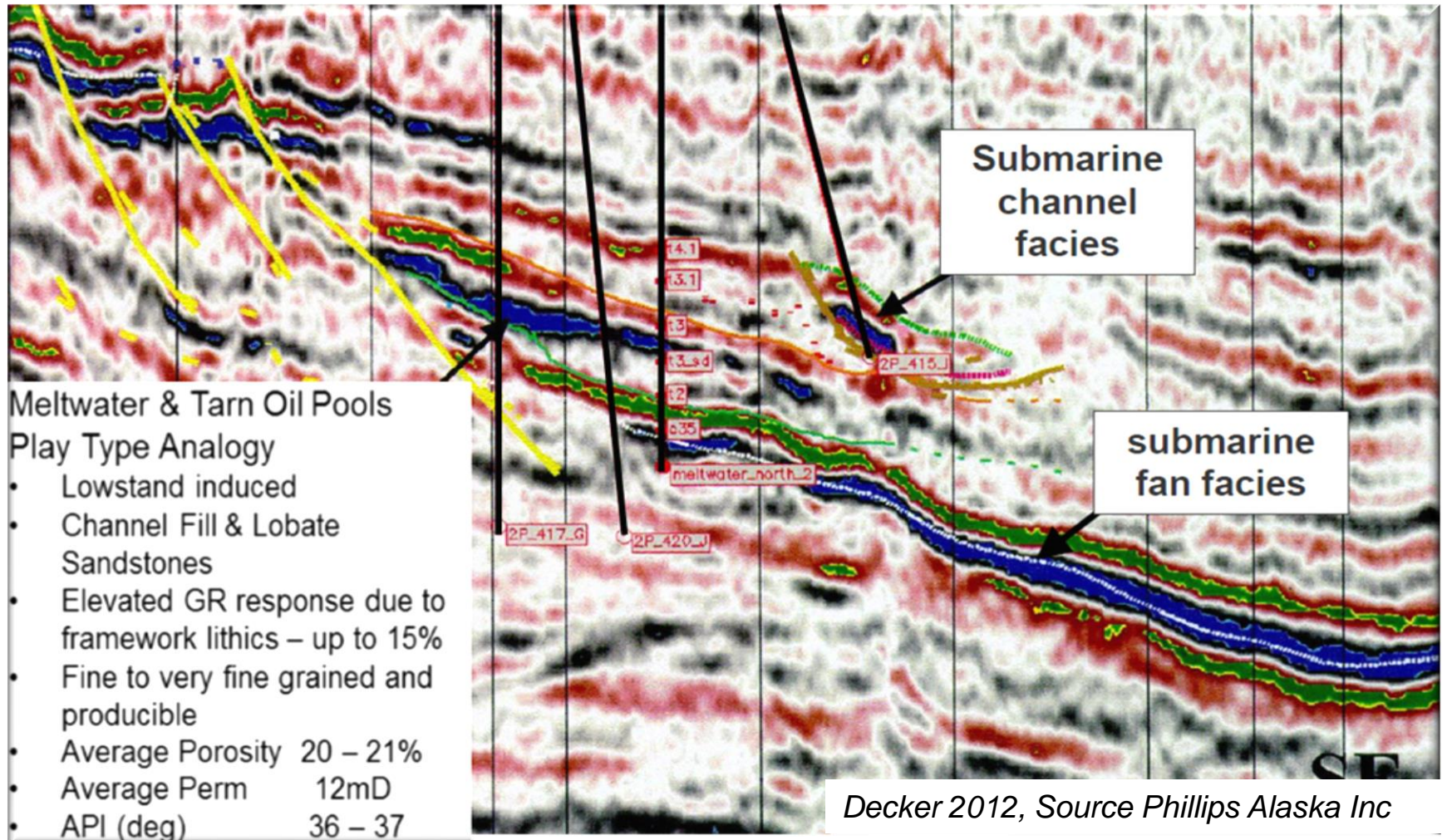
- Additional play potential seen in the deeper Torok Fm
  - Cycles of basin floor fan sands development associated with lowstand events
  - Analogous play type to Meltwater/Tarn depositional system
  - Deeper objectives could be tested by a potential Bravo well
- Evaluation ongoing



# Project Icewine: Meltwater & Tarn Oil Field Analogues



## Meltwater North 2A



# Project Icewine Conventional Portfolio

## Prospective Oil Resources - Unrisked Recoverable



PROJECT ICEWINE CONVENTIONAL LEAD SUMMARY Prospective Oil Resources - Unrisked Recoverable - MMBO					
Lead	Low	Best	High	Gross Mean	Net Mean to 88E (WI: 77.5%)
<i>Eastern Play Fairway</i>					
Alpha	19	71	263	118	91
Romeo	2.1	3.4	5.3	3.6	2.8
Sierra	1.1	2.0	3.4	2.2	1.7
<i>Central Play Fairway</i>					
Golf	60	115	210	128	99
Hotel	10	18	31	19.8	15.3
India	61	116	212	129	100
Juliet	52	99	181	110	85
<i>Western Play Fairway</i>					
Bravo	129	245	449	273	212
Oscar	14.5	26.6	47	29.2	22.6
Papa	7.6	13.9	24.6	15.3	11.9
Charlie*	147	257	432	277	215
Delta*	74.7	131	219	141	109
Foxtrot*	40.9	71.5	120	77	60
Mike*	50	87.5	147	94	73
November*	24.8	45.6	80.4	50.1	39
<b>FINAL TOTAL</b>				<b>1,468</b>	<b>1,137</b>

- Bravo & Alpha Leads prominent given mapped seismic geometries and relief
- Stacked leads offer opportunity to test multiple objectives
- Concurrently permitting drilling locations and 3D seismic for winter 2018
- Integration of additional potential underway

Prospective Resources classified in accordance with SPE-PRMS as at 13<sup>th</sup> January 2017 using probabilistic and deterministic methods on an unrisked basis. Leads identified from interpretation of modern 2D seismic acquired in 2015/2016 across Project Icewine, which comprises 271,119\*\* gross acres on the Central North Slope of Alaska. 88 Energy is Operator of record at Project Icewine (through its wholly owned subsidiary Accumulate Energy Alaska, Inc) with a 77.5% working interest.

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

\* Conceptual leads extend into previously open acreage to the west of Project Icewine, which was successfully bid on by 88 Energy in the recent State of Alaska Licensing round, December 2016. Currently delineated on Icewine 2D seismic data and extending onto sparse vintage 2D. Further technical work is required to define the full potential of the Western Play Fairway conceptual leads.

\*\* 348,000 gross acres currently under award

## Unconventional - HRZ

- Flow-back clean up phase ongoing with only ~20% of frac fluid recovered vs target of >30% - recommence April/May 2018 with artificial lift
- Results to date encouraging and consistent with early stage results from other successful plays
- Volumetric and commercial impact assessment underway, incorporating increased lease position

## Conventional

- Continue integration and interpretation of legacy 2D data with modern 2D
  - Early interpretation highly encouraging - additional potential identified
- Acquire ~200 mi<sup>2</sup> of 3D seismic to decrease exploration risk ~March 2018
- Firm up 1H 2019 drilling candidate(s) and launch farm-out process

## Strong Financial Position

- US\$14.6m in cash compared to planned work program of US\$8-US\$10m
- US\$22m in cash receivable from State of Alaska vs debt of US\$16.5m



## **Mr David Wall – Managing Director**

4 years experience in strategy and planning at Woodside Petroleum. 6 years experience in financial services industry as small cap oil and gas equities analyst, specialising in exploration companies.

*B. Comm in Management and Finance from University of Western Australia.*

## **Mr Michael Evans – Non-Executive Chairman**

Extensive executive and Board level experience with publicly listed companies in the natural resources sector spanning over 30 years.

Founding Executive Chairman of ASX oil and gas explorer FAR Limited and was responsible for FAR's entire West African portfolio where significant oil discoveries were made in 2014.

*B Bus Curtin University, Chartered Accountant, Chartered Secretary, Governance Institute Australia*

## **Erik Opstad – General Manager Alaska Operations**

37 years of energy project management and technical experience including with BP in Alaska, conducting both offshore and onshore operations. Mr. Opstad joined the 88 Energy team from Savant Alaska where as a principal in the company he served as Drilling & Wells Manager and General Manager driving geoscience and engineering redevelopment activities at the Badami oilfield on the North Slope of Alaska. *Erik holds a BSc and MSc in Geology from the University of Iowa.*

## **Dr Stephen Staley – Non-Executive Director**

34 years of energy management and technical experience including with Conoco and BP. Dr Staley was founding Managing Director of upstream AIM start-ups Fastnet Oil & Gas plc and Independent Resources plc and a Non-executive Director of Cove Energy plc. *BSc (Hons.) in Geophysics from Edinburgh University, PhD in Petroleum Geology from Sheffield University and MBA from Warwick University.*

## **Mr Brent Villemarette – Non-Executive Director**

Over 35 years experience in the global oil and gas industry, primarily with Apache Corporation in the US and in Australia. Also served as Chief Operating Officer for Transerv Energy, an ASX listed oil and gas company. *BSc in Petroleum Engineering from Louisiana State University. Reservoir Engineer.*

## **Ms Elizabeth Pattillo – General Manager Exploration**

Over 20 years experience in the upstream petroleum industry both with major international oil and gas companies, (BHP Petroleum Pty Ltd, Shell UK Exploration & Production), and junior explorers. *BSc (Hons) in Geology, Monash University Australia; Post Graduate Diploma in Education University of Western Australia*

## **Mr Ashley Gilbert – Chief Financial Officer**

Over 20 years experience in commerce and public practice. Prior roles include CFO of Neptune Marine Services and Nido Petroleum, as well as positions within Woodside Petroleum and GlaxoSmithKline plc. in London. *B.Comm Curtin University, Chartered Accountant, Governance Institute Australia, Institute of Company Directors GAICD*

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David Wall  
[dwall@88energy.com](mailto:dwall@88energy.com)

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Investor Services Pty Ltd

ASX: 88E

### **AIM: Computershare**

Investor Services Pty Ltd

AIM: 88E

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