

23<sup>rd</sup> May 2019

## **88 Energy Limited Alaska Projects Update**

88 Energy Limited ("**88 Energy**" or the "**Company**", ASX:88E, AIM 88E) advises the following in relation to its oil and gas operations on the North Slope of Alaska.

### **Highlights:**

- Project Icewine Conventional: farm-out process continues to progress with preferred bidder
  - Third party due diligence process now largely complete
  - Final decision on approval scheduled for June
- Project Icewine Unconventional: advanced FIB-SEM\* and HAWK\*\* analysis significantly advances understanding of HRZ shale play
  - Majority of acreage remains within revised prospectivity fairway
  - Additional application of FIB-SEM underway to validate fairway revision
  - Franklin Bluffs (Icewine#2 location) considered to be marginally outside revised fairway
  - Formal farm-out process deferred to 2H 2019 – soft farm-out underway with continued third party interest
- Yukon Leases: discussions underway with nearby resource owners to optimise monetisation strategy
- Western Blocks: aggregation of additional data ongoing, with tender for reprocessing work to occur 3Q 2019

*\*Focused ion beam scanning electron microscope, \*\*hydrocarbon analyser with kinetics*

### **Project Icewine Conventional**

Subsequent to the selection of a preferred bidder, indicative terms have been agreed and due diligence is now largely complete. The remaining steps are; final decision on approval and documentation of the agreement. Both steps are scheduled to occur in June 2019. The Company advises that there is no guarantee that final approvals will be granted.

### **Project Icewine Unconventional**

Finalisation of advanced analysis using state-of-the-art technology has significantly advanced the Joint Venture understanding of the nature of the HRZ play. This analysis has confirmed that the HRZ is an excellent source rock with good potential as an economic shale play.

The nature of the dominant kerogen in the HRZ has been demonstrated to be prone to more rapid transformation into hydrocarbons than other shales initially used for comparison. This means that the thermal maturity window for volatile oil in the HRZ is at lower temperature than that typically seen in other plays. As a result, the Franklin Bluffs location (where both Icewine wells were drilled) is considered to be just outside the fairway. The kerogen in the HRZ at Franklin Bluffs has been converted largely to solid bitumen, with sub optimal intraparticle porosity and connectivity. The total porosity of the formation remains excellent – the effective kerogen porosity (pathways between the particles that contain the hydrocarbon); however, is lower than ideal. At slightly lower thermal maturity, it is prognosed that porosity/connectivity will be significantly improved.

The expansive leasing strategy employed by the Joint Venture means that the majority of the revised fairway for the play remains captured within the Project Icewine leasehold, with greater than 50% of the acres under lease considered prospective.



The forward program consists of accessing material from regional wells in order to conduct additional FIB-SEM analysis to confirm improved effective porosity and connectivity. Consequently, the formal farm-out process will be deferred until 2H 2019 to allow for this work to be completed. The Joint Venture continues to field unsolicited third party interest in the HRZ shale play and an informal farm-out process is underway.

### **Yukon Leases**

Discussions have been initiated by the Company with nearby lease owners to optimise the monetisation strategy for existing discovered resources located in the vicinity of the Yukon Leases. The Yukon Leases contain the 86 million barrel Cascade Prospect<sup>#</sup>, which was intersected peripherally by Yukon Gold-1, drilled in 1994, and classified as an historic oil discovery. 88 Energy recently acquired 3D seismic (2018) over Cascade and, on final processing and interpretation, high-graded it from a lead to a drillable prospect. The Yukon Leases are located adjacent to ANWR and in close proximity to recently commissioned infrastructure.

<sup>#</sup> Refer announcement 7<sup>th</sup> November 2018

*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.*

### **Western Blocks**

Good progress has been made on integration of the Winx-1 well results into the existing 3D seismic volume. Additional data, that will aid in the evaluation process for the Western Blocks, has been identified. The forward program will be to access this data and reprocess and reinterpret the 3D seismic. It is anticipated that the evaluation work will be completed towards the end of CY2019.

88 Energy Ltd.'s Managing Director, Dave Wall, commented: *"Final decision on approval for the conventional farm-out is now scheduled for June 2019 and we remain optimistic of a favourable outcome for our shareholders in the very near term.*

*It is also encouraging that recent analysis of the HRZ provides both some answers as to why Icewine#2 did not flow as expected but also that the play remains prospective on our leasehold."*

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Dave Wall', with a horizontal line extending to the right.

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