

# PROJECT ICEWINE

## NORTH SLOPE OF ALASKA



### 88 ENERGY ANNUAL GENERAL MEETING APRIL 2018 OPERATIONS UPDATE



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

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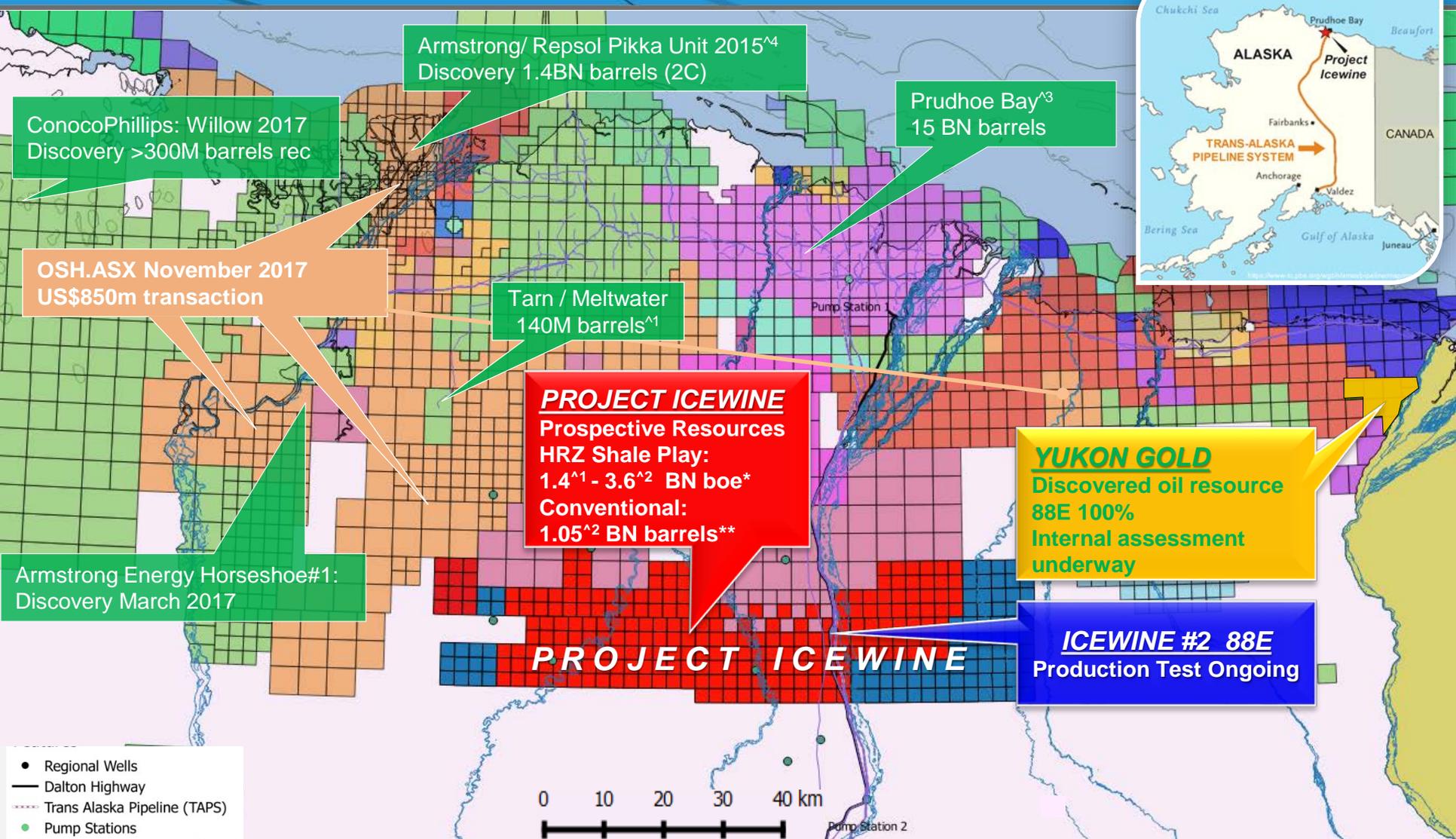
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Pursuant to the requirements of the ASX Listing Rules Chapter 5 and the AIM Rules for Companies, the technical information and resource reporting contained in this presentation are based on, and fairly represent, information and supporting documentation 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 35 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 2017/18

## Recent Discoveries and Activity



ConocoPhillips: Willow 2017  
Discovery >300M barrels rec

Armstrong/ Repsol Pikka Unit 2015<sup>^4</sup>  
Discovery 1.4BN barrels (2C)

Prudhoe Bay<sup>^3</sup>  
15 BN barrels

OSH.ASX November 2017  
US\$850m transaction

Tarn / Meltwater  
140M barrels<sup>^1</sup>

**PROJECT ICEWINE**  
Prospective Resources  
HRZ Shale Play:  
1.4<sup>^1</sup> - 3.6<sup>^2</sup> BN boe\*  
Conventional:  
1.05<sup>^2</sup> BN barrels\*\*

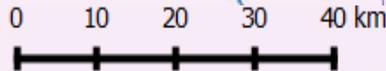
**YUKON GOLD**  
Discovered oil resource  
88E 100%  
Internal assessment  
underway

Armstrong Energy Horseshoe#1:  
Discovery March 2017

**ICEWINE #2 88E**  
Production Test Ongoing

**PROJECT ICEWINE**

- Regional Wells
- Dalton Highway
- Trans Alaska Pipeline (TAPS)
- Pump Stations



\* Gross mean prospective recoverable resource, refer ASX/AIM announcement 6/04/16 (271,000 acres)  
\*\* Net mean prospective recoverable resource, refer slide 16  
<sup>^1</sup> Independent Est., <sup>^2</sup> Internal Est., <sup>^3</sup> Source USGS 2005, <sup>^4</sup> Armstrong 2016

■	88E – 266,943 net acres WI: 77.9% (14,693 net acres subject to formal award)
■	88E – 34,339 net acres WI: 25.9%
■	88E – 15,520 net acres WI: 100% (subject to formal award)

# Corporate Snapshot

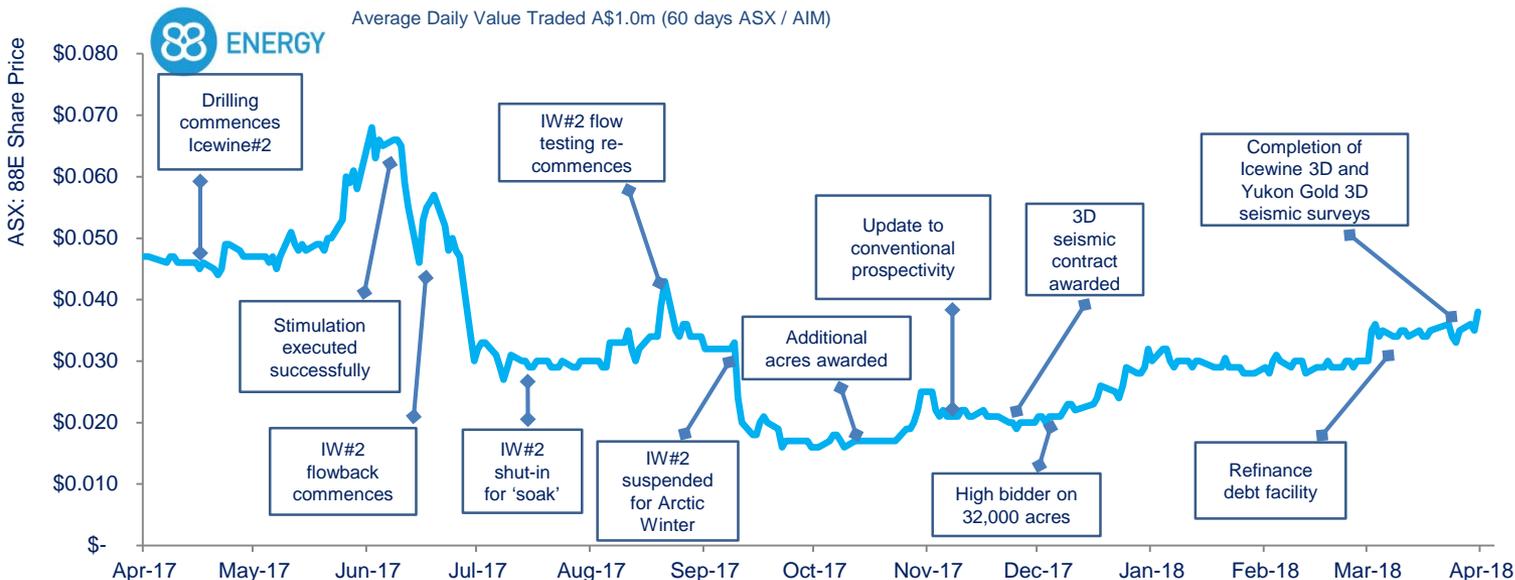
88 Energy Limited (ASX, AIM: 88E)	Current
Shares on Issue	5,097m
Options on Issue	320m
Market Capitalisation (A\$0.035)	A\$178m
Cash (12 <sup>th</sup> April 2018 unaudited)	A\$13m / US\$10m
Board and Top 20	58%
Project Icewine Operator, Working Interest	~63%
Yukon Gold Operator, Working Interest	100%

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

Michael R. McFarlane, President
Closely Held Texas LLC
Special Purpose Vehicle for Project Icewine
Project Icewine Working Interest ~37%

Average Daily Value Traded A\$1.0m (60 days ASX / AIM)



## Activity Planned

- Icewine#2 ongoing production test – April / May 2018
- Process / interpret Icewine 3D and farm-out 2H2018
- Process / interpret Yukon Gold 3D seismic and assess prospectivity

'Planned' are forward looking and subject to change

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

- Joint Venture controls 475,000 gross acres (~301,000 acres 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\*\*

- Phase I: De-risked by core/log analysis from Icewine#1 (2015/2016)
- Phase II: Stimulated successfully in Icewine#2 with flow-back clean up ongoing
- Preliminary results encouraging, but not definitive, with only 20% frac fluid recovered
- April/ May 2018: Finalise flow testing with optimised completion and artificial lift

## Large Conventional Leads Identified – 1.05 billion barrels#

- 2,350 line kilometers of modern/vintage 2D seismic – prospectivity review complete
- Multiple leads mapped, coincident with reservoir and oil shows in regional wells
- ~ 500km<sup>2</sup> 3D seismic completed March 2018 to delineate optimal drilling locations
- Initial results from 3D expected June 2018

## Future Expenditure Post Icewine#2 / 3D Seismic to be Funded via Farm-out

- Significant value added to assets plus improving oil price -> time is right to deal

\* Operator on 342,000 gross acres, JV Partner operates the remaining 133,000 gross acres

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

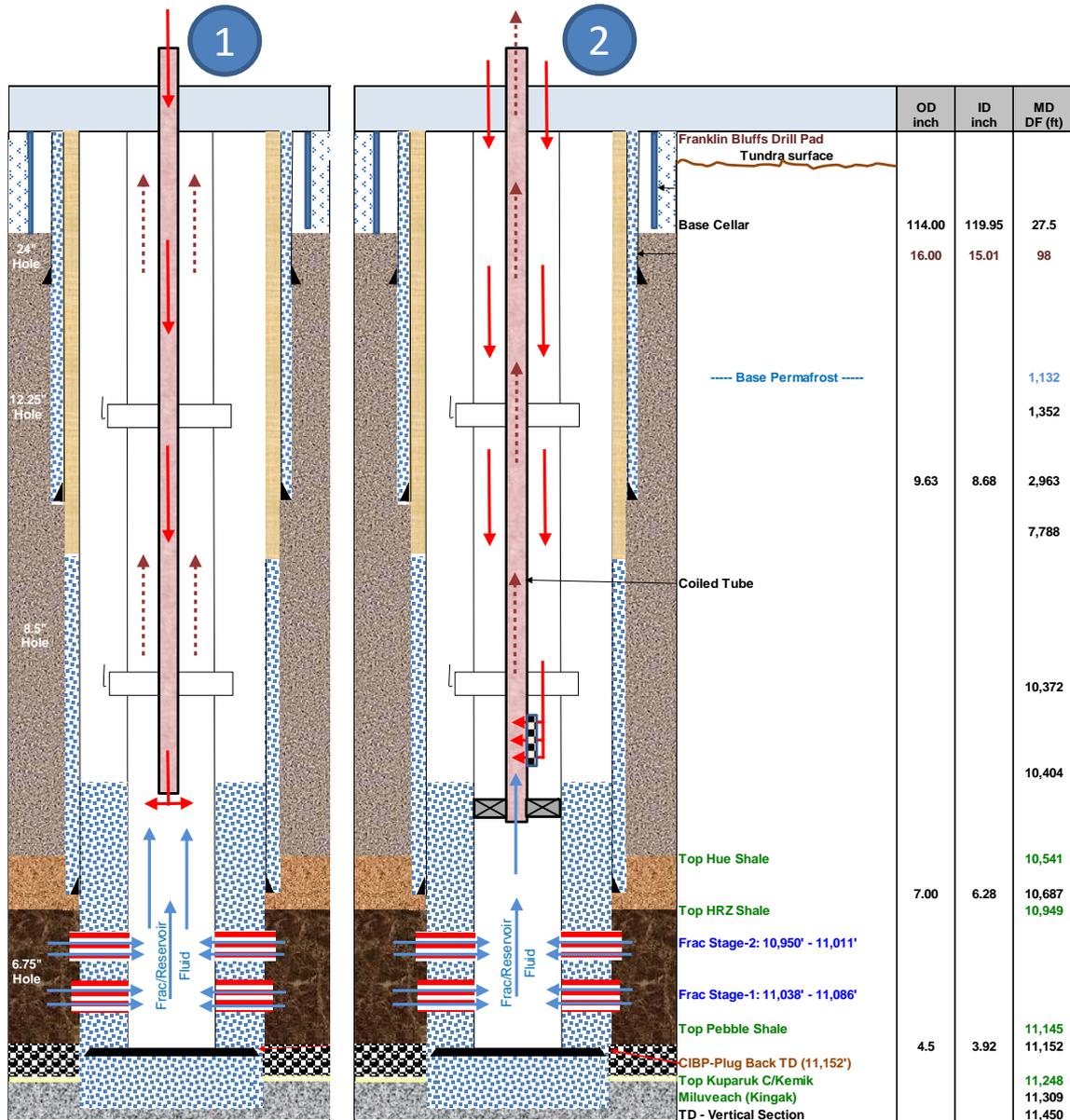
- Drilling / stimulation completed on time and to date remains under budget
  - Two stage, multi-perforation cluster stimulation over 128' interval
- Slickwater treatment comprising 27,837 barrels of water and 1 million pounds of proppant
- September '17: Shut-in for Arctic Winter after average flow of 1.85mcf/d gas, with increasing ratio of heavy components, during final test period
  - 20% of frac fluid recovered vs projected minimum target of 30% to achieve connectivity to reservoir
  - Results not considered representative of formation fluids
- 2018 Forward Plan
  - Re-initiate flow testing using artificial lift (gross cost <US\$2m)
  - Clear snow from Franklin Bluffs pad late April / early May
  - Pull gauges mid May and finetune flowback / production test procedure
  - Mobilise equipment mid-late May and commence flowback
  - Result expected early-mid June

# HRZ Unconventional: Phase II Icewine#2 Workover Schematic



Nitrogen ( $N_2$ ) injected to lighten fluid column inside wellbore and reduce downhole pressure to improve production from reservoir.

- 1  $N_2$  initially injected through coiled tubing (CT) with production through annulus. Planned for first 24 to 48 hours to rapidly lift fluid inside wellbore and drain fractures near wellbore.
- 2  $N_2$  injected through annulus with production through CT. Production through smaller diameter CT allows for increased flow rate with less  $N_2$ .

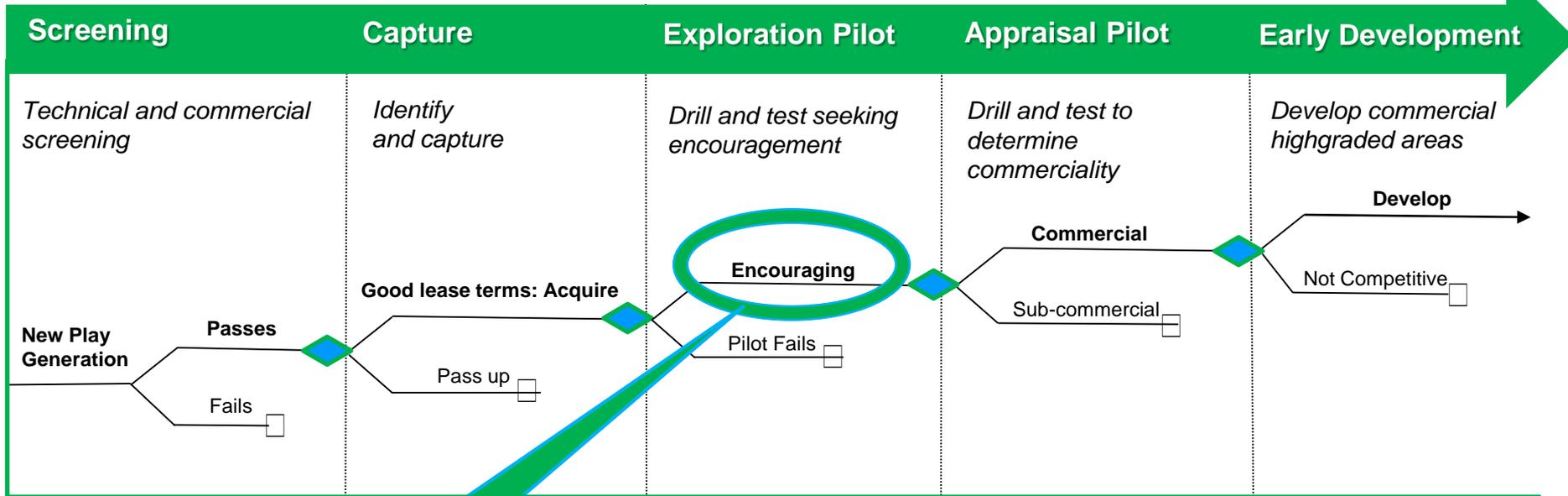


**Legend**

- Nitrogen
- Frac/Res Fluid
- - - - - Frac/Res Fluid lightened with Nitrogen
- Gas Lift valve
- Packer

## Icewine HRZ Shale Play:

Encouraging results - attractive to a farminee to progress and create world-class commercial resource

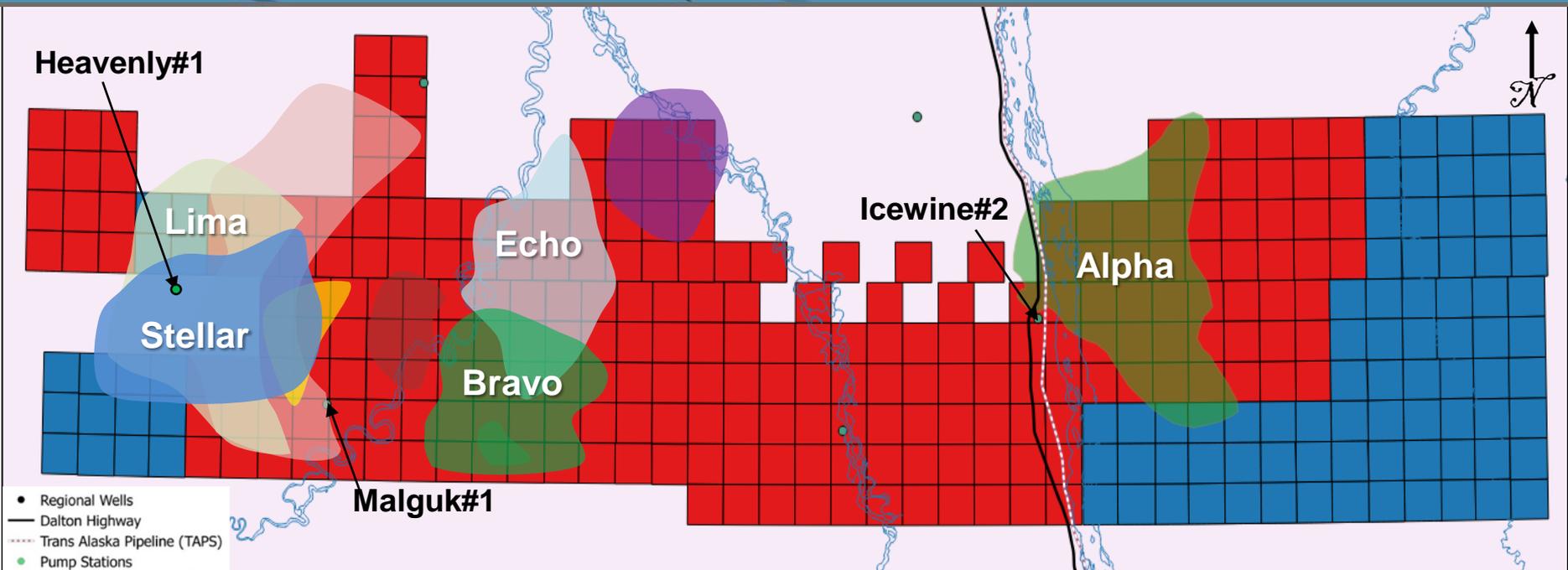


**ICEWINE PLAY STATUS:**

- 475,000 acres (~1,922 km<sup>2</sup>)
- Resource prize attractive to end-user oil companies
- Volatile oil phase
- Highly over pressured
- Premium product pricing

	Drilling Program:	<ul style="list-style-type: none"> <li>▪ Representative cores across fairway</li> <li>▪ Initial flow tests</li> </ul>	<ul style="list-style-type: none"> <li>▪ Horizontal appraisal wells with meaningful IP data</li> </ul>	<ul style="list-style-type: none"> <li>▪ Continue to drill wells in best prospect areas</li> </ul>
	Economic Hurdle	% of Breakeven	Breakeven	Competitive

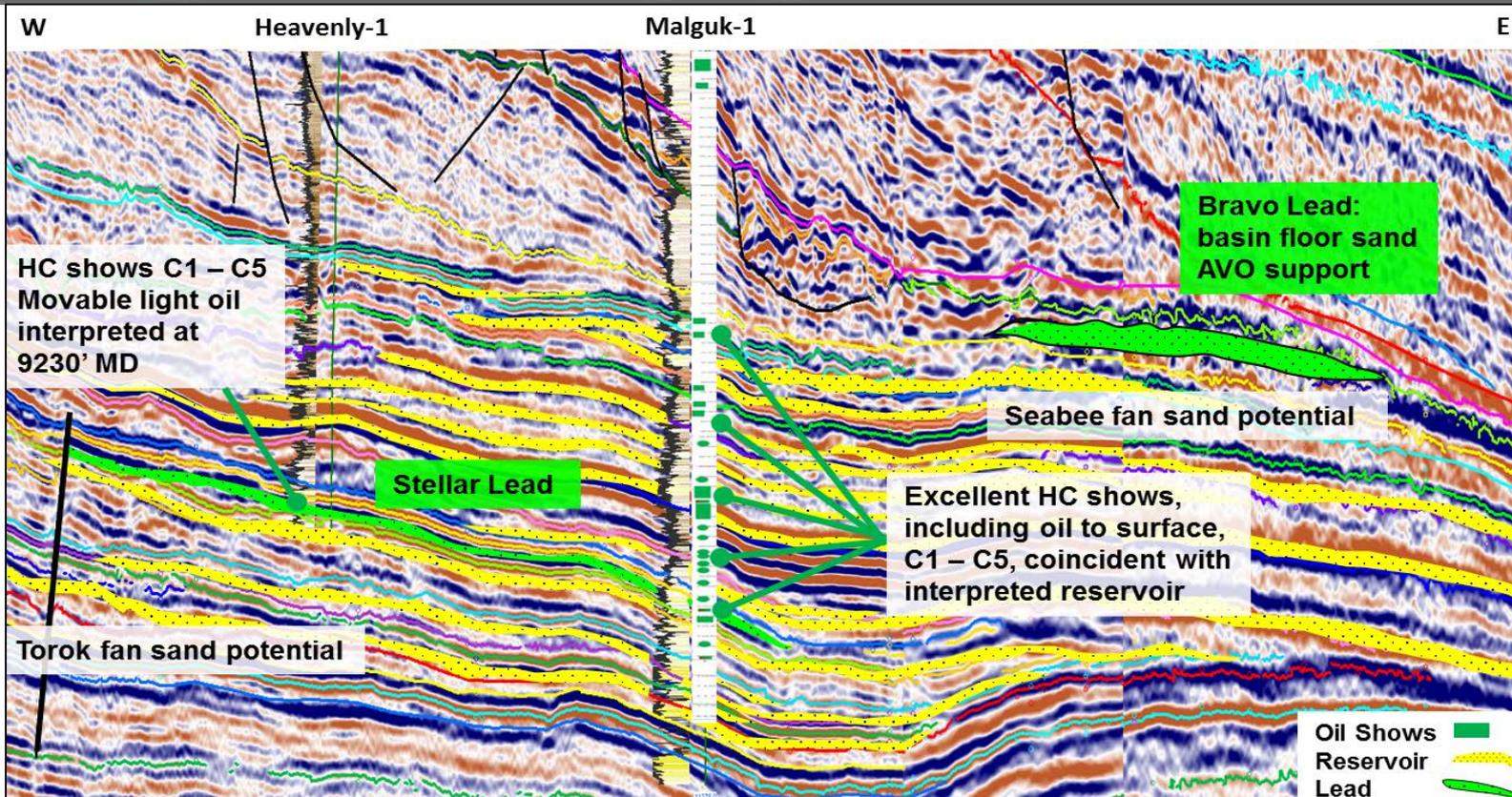
# Project Icewine Conventional Prospectivity Portfolio



- Conventional Prospective Resource Potential (mean unrisked)
  - 1.96 BN barrels gross; 1.05 BN net to 88E\*
- Multiple stacked leads predominantly stratigraphic, slope apron, turbidites & basin floor fan systems
- 1,600 line km vintage 2D reprocessed / interpreted: new potential identified in Torok e.g. Stellar
- Acquired ~500 km<sup>2</sup> 3D seismic (March 2018) to firm up drilling candidates (net cost ~US\$8m)
- Exceptional exploration drilling success over last 4 years using 3D seismic on the North Slope
  - ConocoPhillips 1H2108 - 6 successful wells in Brookian play (3 appraisal / 3 exploration)
- US\$850m transaction on nearby conventional discoveries highlights increased regional interest

\* Refer slide 12 for full resource table and disclaimer

# Project Icewine: 2D Seismic Reprocessing Highlights Deeper Potential



- Additional play potential identified on reprocessed 2D seismic and regional well petrophysics
  - Stacked Torok and Seabee Fm basin floor fan sands associated with lowstand events
  - Analogous play type to Meltwater/Tarn Field depositional system
  - Moveable hydrocarbons interpreted in both Malguk-1 and Heavenly-1
  - Good porosity interval intersected within the Torok Fm sands at Malguk averaging 17%
  - Multiple objectives could be tested by an exploratory well in the Western Play Fairway

# Project Icewine: Conventional Portfolio

## Prospective Unrisked Recoverable Resources



PROJECT ICEWINE CONVENTIONAL PORTFOLIO					
Prospective Recoverable Resources MMBO					
Leads	NOVEMBER 2017: Post Mapping & Interpretation of Reprocessed 2D				
	Unrisked				
Q4 2017 REVIEW	Low	Best	High	Gross Mean	Net Mean to 88E
<b>WESTERN PLAY FAIRWAY</b>					
Bravo	129	215	357	232	180
Lima	281	457	731	488	190
Stellar	64	150	353	187	136
Mike	90	166	293	182	54
Rose	98	171	287	185	103
Victor	20	31	47	33	25
Charlie West	15	25	42	27	21
Oscar	15	27	47	29	23
Papa	8	14	25	15	12
Charlie 4 Way	9	15	24	16	12
<b>CENTRAL PLAY FAIRWAY</b>					
Echo	60	138	293	162	121
Golf	106	193	339	211	72
<b>EASTERN PLAY FAIRWAY</b>					
Alpha	19	71	263	118	91
Romeo	2	3	5	4	3
Sierra	1	2	3	2	2
<b>FINAL TOTAL</b>				<b>1,891</b>	<b>1,045</b>

- Bravo & Alpha Leads prominent on modern 2D seismic
- Additional potential identified on legacy 2D – recently reprocessed and interpreted
- Stacked leads offer opportunity to test multiple objectives with one well
- 3D seismic acquisition completed March 2018

*Prospective Resources classified in accordance with SPE-PRMS as at 24<sup>th</sup> November 2017 using probabilistic and deterministic methods on an unrisked basis. Leads identified from interpretation of modern 2D seismic acquired in 2015/2016 and legacy 2D seismic of varying vintages post 1980 across Project Icewine, which comprises 475,000\*\* 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 ~63% working interest over the conventional play fairway where the leads have been mapped.*

*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.*

*\*\* 301,000 acres net to 88 Energy working interest*

## Recent Acquisition of Existing Oil Discovery (subject to formal award in 2018)

- Opportunistic (post 2017 lease expiry), low cost bid in improving oil price environment
- 88E 100% ownership of ~15,520 acres through subsidiary Regenerate Alaska, Inc
- Located in close proximity to newly commissioned (2016) infrastructure

## Multiple Oil Bearing Sands in Historic Well

- Yukon Gold #1 well drilled by BP 1993/ 1994 to a Total Depth of 12,800' MD
- Oil saturations indicated at multiple intervals in the Tertiary Canning Formation between 8,880' - 9,340' and 12,200'- 12,350'
- Good effective porosity indicated in both intervals >18%
- Oil saturations supported by mudlog shows, C1-C5 mudgas ratios and sidewall cores
- Topset delta and bottomset turbiditic Brookian conventional plays proven locally (e.g. Badami)
- State of Alaska reported Yukon Gold as a significant undeveloped oil resource

## Forward Strategy

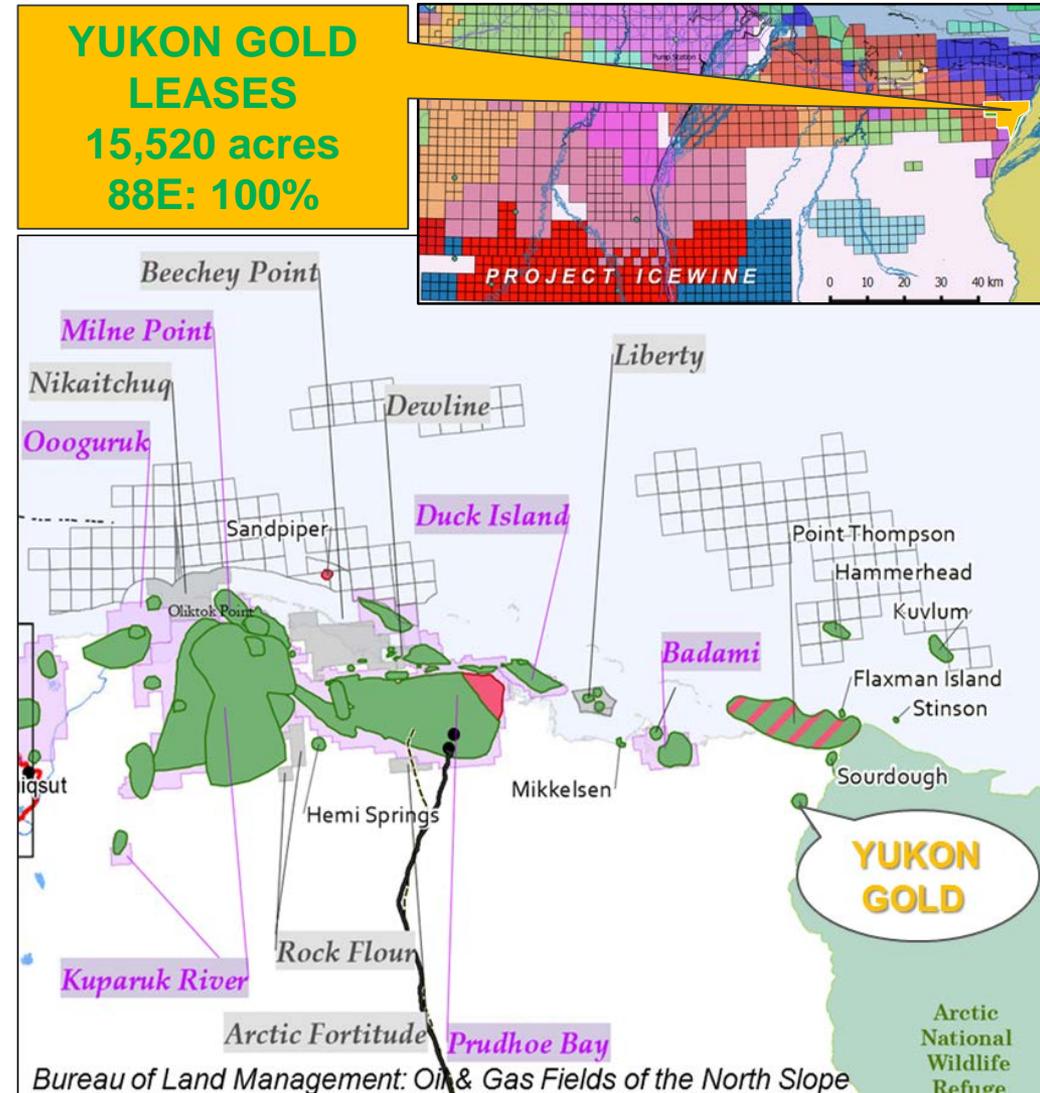
- Internal assessment underway utilising existing regional well logs and 2D seismic (1989)
- Opportunistic Yukon 3D seismic survey acquired by 88E – completed April 2018
- Process, integrate & work up prospectivity with minimal spend and seek partner

Project Icewine HRZ and conventional prospectivity remain principal exploration objectives

# Yukon Gold: Background



- Yukon Gold #1 located on the eastern margin of the North Slope of Alaska, ~50 miles East of Prudhoe Bay
- 120 MMbbls of recoverable oil reserves estimated (AEDC, 2015\*)
- Volumetric review / commercialisation strategy underway – minimal spend required in near term
- Plan to partner for any major capital outlay
- Recently commissioned infrastructure (2016) and improving oil price increases chance of securing deal if technical merit can be demonstrated



\* Anchorage Economic Development Corporation

## Project Icewine: 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

## Project Icewine: Conventional

- Final interpretation of 2D seismic highly encouraging
- ~500km<sup>2</sup> of 3D seismic acquired Mar '18 to firm up drilling candidates for 1H2019 -> launch farm-out process

## Yukon Gold: Existing Oil Field Discovery

- Low cost acquisition of existing oil discovery, close to infrastructure – assessment underway based on recently acquired 3D seismic (Apr '18)

## Strong Financial Position

- US\$10.5m in cash, compared to planned work program of US\$6.5m (IW#2 & residual seismic payments)
- US\$21m in forecast cash receivable from State vs debt of US\$16.5m

*In tribute to Paul Basinski*



## **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*

**Managing Director:** David Wall

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

**Registered Office:**

Level 2, 5 Ord St, West Perth WA 6005

**Postal Address:**

PO Box 1674, West Perth WA 6872

Telephone: +61 8 9485 0990

Facsimile: +61 8 9321 8990

Web: [www.88energy.com](http://www.88energy.com)

**Share Registry:**

**ASX: Computershare**

Investor Services Pty Ltd

ASX: 88E

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Investor Services Pty Ltd

AIM: 88E

**Brokers:**

**Australia**

Hartleys Ltd

As Corporate Advisor: Mr Dale Bryan + 61 8 9268 2829

**United Kingdom**

Cenkos Securities Plc As Nominated Adviser and Broker:

Mr Neil McDonald

+44 (0)131 220 9771 / +44 (0)207 397 1953

Mr Derrick Lee

+44 (0)131 220 9100 / +44 (0)207 397 8900

**Investor Relations**

Finlay Thomson

+44 (0) 7976 248471