

13th March 2019

88 Energy Limited Operations Update – Winx-1 Final Report

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: Winx-1

- Comprehensive wireline logging program successfully completed at Winx-1, full petrophysical analysis and review commenced
- Provisional petrophysical analysis of the wireline logging program indicates low oil saturations in the primary Nanushuk Topset objectives; testing and fluid sampling indicates that reservoir quality and fluid mobility at this location is insufficient to warrant production testing, despite encouragement from oil shows and logging while drilling (LWD) data
- Zones of interest in the Torok formation, secondary objectives, were identified on wireline logs, which similarly exhibited low oil saturations and did not flow hydrocarbons during the Modular Formation Dynamics Test (MDT) pressure testing and fluid sampling program

Western Leases – Winx-1 Exploration Well

Petrophysical interpretation of the LWD data at Winx-1 indicated elevated resistivities associated with increased mud gas ratios (C1 – C5) in the distinctive Nanushuk Topset sequence comparable with other successful neighbouring wells in the Nanushuk play fairway. Early indications were encouraging and, on this basis, a comprehensive wireline program was undertaken to further evaluate the interval of interest.

The wireline program was designed to fully evaluate and quantify the reservoir potential and associated shows in the Nanushuk Topsets. The suite comprised specialist logging tools capable of quantifying laminated pay zones, including nuclear magnetic resonance; a triaxial induction tool that measures both horizontal and vertical resistivity, FMI (formation micro imager) and an MDT program to determine pressure gradients and sample fluids from the zones of interest.

Provisional wireline results indicate low oil saturations in the Nanushuk Topsets not conducive to successfully flowing the formation, as borne out by the MDT sampling results, which did not retrieve hydrocarbon samples. Reservoir properties appear to be compromised by dispersed clay in the matrix at Winx-1. This clay is often present in other successful Nanushuk wells but in discrete laminations with decent quality, high resistivity, oil saturated sandstones in between. The dispersed clay in the Nanushuk at Winx impacts both fluid mobility and oil saturations. The clay serves to bind much of the fluid present in place so it cannot flow. It also occupies pore space within the formation, resulting in a lower relative hydrocarbon saturation. This means that, whilst oil is present in the reservoir, there is less of it and it is not mobile. Further evaluation will be undertaken post drill to fully understand the implications of the petrophysical results.

The reservoir performance in the Torok Channel Sequence was better than the Nanushuk in the Winx-1 well as evidenced by relatively faster influx of fluid during MDT sampling. On completion of the wireline logging program it is apparent that the oil saturations in the zone of interest are also low and not conducive to hydrocarbon flow. While the oil saturations are evidence of an active petroleum system and charge, further work is required to determine whether there is an effective trapping mechanism at this location.

The forward plan is to further evaluate and integrate the valuable data acquired at Winx-1 and reprocess the Nanuq 3D seismic (2004) in order to evaluate the remaining prospectivity on the



Western Leases including the Nanushuk Fairway potential. Winx-1 will now be plugged and abandoned.

88 Energy Ltd's Managing Director, Dave Wall, commented: *"The early encouragement seen at Winx has not been confirmed by the results from the wireline logging program, despite many of the hallmarks of a successful Nanushuk play being present. Analysis of the data is ongoing; however, it is deemed unlikely to change the current view in a material fashion."*

We appreciate that this is disappointing for investors but, at the same time, we look to the future and continue our forward path to ultimate success at our projects in Alaska.

An update will be provided on the broader Alaska project portfolio in the near term."

Yours faithfully

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

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