

11<sup>th</sup> January 2021

*This announcement contains inside information*

## **88 Energy Limited**

### **Umiat Oil Field Purchase**

88 Energy Limited ("**88 Energy**" or the "**Company**", ASX:88E, AIM 88E) is pleased to provide the following update related to the purchase of the Umiat Oil Field, located on the North Slope of Alaska.

#### **Highlights**

- Sale and Purchase Agreement executed to acquire the Umiat Oil Field for consideration of:
  - 4% overriding royalty interest (ORRI)
  - Assumption of liability of abandonment of two historic wells (at an estimated cost of ~US\$1m)
- Umiat is an historic oil discovery, made in 1945 in shallow Brookian (Nanushuk) sandstones, located immediately adjacent to southern boundary of Project Peregrine
- The Umiat-23H well was flow tested at a sustained rate of 200 barrels per day with no water in 2014 by Linc Energy (max rate 800 barrels of oil per day)
- Gross 2P reserves independently estimated at 123.7 million barrels of oil (94 million barrels attributable to 88E's 76% net revenue interest) by Ryder Scott on 1 December 2015

#### **Reserves Cautionary Statement**

*Oil and gas reserves and resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. Additionally, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans which may, in turn, adversely impact the Company's operations. Reserves estimates and estimates of future net revenues are, by nature, forward looking statements and subject to the same risks as other forward looking statements.*

#### **Umiat Oil Field Purchase**

On 8<sup>th</sup> January, 88 Energy, via its wholly owned subsidiary Emerald House LLC, entered into a Sale and Purchase Agreement with Malamute Energy, Inc and Renaissance Umiat LLC (Sellers) to acquire the Umiat Oil Field. The consideration for the purchase was a 4% ORRI and assumption of the liability for the abandonment of the Umiat-18 and Umiat-23H wells, drilled by Linc Energy in 2013/2014. The estimated cost to abandon the two wells is approximately US\$1m.

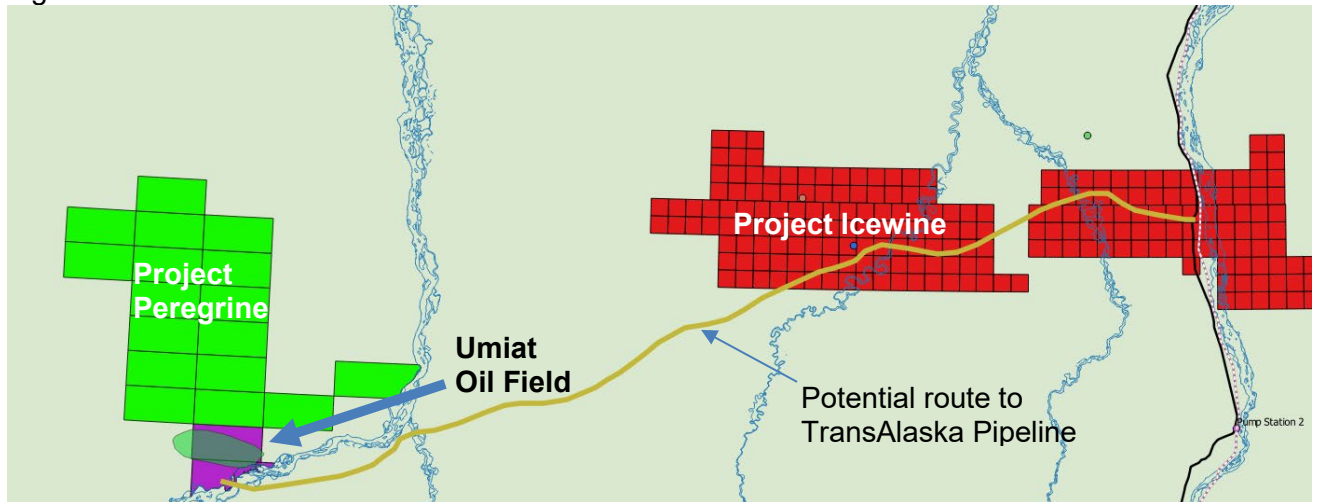
The Umiat Oil Field is covered by two leases comprising 17,633 acres, which are in a unit that was formed in September 2019 with an initial 10 year term. The current conditions of the unit stipulate a well commitment (exploration or appraisal) by 31<sup>st</sup> August 2022.

Umiat was discovered in the mid-1940s with 11 appraisal wells drilled by 1953, several of which were tested. Umiat-5 flowed 268 barrels per day on a 3 month test and Umiat-8 had a peak flow rate of 5.9mmcf/d of natural gas during a 4 day test. Little work was done until 2013/2014 when Linc Energy drilled two wells, Umiat-18 and Umiat-23H. Umiat-23H was tested with a maximum flow rate of 800 barrels per day and sustained flow of 200 barrels per day.

Substantial engineering and environmental work was also done by Linc Energy in support of a potential future development. One of the routes for access to infrastructure runs directly through 88 Energy's Project Icewine leasehold where there are significant independently estimated resources of oil and gas. 88 Energy will now undertake a full field review to determine at what oil price Umiat may

be commercial as a stand-alone development and whether optimisation of the previous development plan is possible. In the event of a discovery at Project Peregrine, where drilling is imminent, it is expected that Umiat would contribute significant value to any development.

Fig. 1 Umiat Oil Field Location



Managing Director of 88 Energy, Dave Wall, stated: "Our operational activity at Project Peregrine has provided 88E with a unique position from which to acquire the Umiat Oil Field at an opportunistic price point. The asset has potential to add significant value for shareholders, possibly as a standalone development but certainly in the event that there is a material discovery in the imminent Project Peregrine drilling program."

### **Pricing Assumptions**

Oil price assumptions used in the independent report were estimated to average \$67.49/bbl for 2015, \$66.03 for 2016, \$86.66 for 2017, \$89.06 for 2018, \$97.51 for 2019, \$109.54 for 2020, \$112.61 for 2021, \$114.92 for 2022, \$119.61 for 2023, \$124.34 for 2024 and held constant thereafter. The average price received during production is \$109.

### **ASX Reserves and Resources Reporting Notes**

(i) The reserves and prospective resources information in this document is effective as at 1 December, 2015 (Listing Rule (LR) 5.25.1). There have been no material changes to any of the information used to estimate the reserves since the report was produced.

(ii) The reserves information in this document has been estimated and is classified in accordance with SPE-PRMS (Society of Petroleum Engineers - Petroleum Resources Management System) (LR 5.25.2).

(iii) The reserves information in this document is reported according to the Company's economic interest in each of the reserves and prospective resource net of royalties (LR 5.25.5).

(iv) The reserves resources information in this document has been estimated by the deterministic method based on performance methods, volumetric methods, analogy and reservoir simulation methods, or a combination of methods (LR 5.25.6).

(v) Operating costs assumed to be \$15/bbl, development costs assumed to be \$10.34/bbl with peak production of 30,000 barrels of oil per day and average price received of \$109/bbl (LR 5.31.1)

(vi) 88 Energy is 100% working interest owner and operator of the project (via its fully owned subsidiary Emerald House LLC), subject to standard regulatory approvals (LR 5.31.2).

(vii) The two leases in the Umiat Unit are designated AKAA-081726 and AKAA-084141 (LR 5.31.3)

(viii) The classification of reserves has been based on data from 14 historical well penetrations in the field and subsequent engineering work. The total plan calls for 35 wells, 24 producers and 11 injectors (LR 5.31.4).

(ix) All of the reserves are classified as undeveloped (LR 5.31.5).

(x) The Umiat Oil Field Unit was recently formed to allow for development of the field to commence within a 10 year window, commencing in September 2019. Numerous environmental and engineering

*studies have been undertaken to confirm various paths to market with oil sales via the TransAlaska Pipeline System where crude is predominantly sold based on the ANS West Coast oil price. Standard government and environmental approvals will be required prior to commencement of full field development. (LR 5.31.6).*

*(xi) 1P reserves are currently not estimated as there is no plan of development in place that includes all of the necessary approvals required to enter into production. (LR 5.31.8).*

**Reserves Table (barrels of oil; '000)**

<b>Gross Reserves</b>			<b>Net Reserves to 88E Revenue Entitlement</b>		
1P	2P	3P	1P	2P	3P
-	123,693	57,156	-	94,007	43,439

This announcement has been authorised by the Board.

**Yours faithfully**



**Dave Wall**  
**Managing Director**  
**88 Energy Ltd**

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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 announcement was prepared by, or under the supervision of, Dr Stephen Staley, who is a Non-Executive Director of the Company. Dr Staley has more than 35 years' experience in the petroleum industry, is a Fellow of the Geological Society of London, and a qualified Geologist/Geophysicist 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. Dr Staley has reviewed the information and supporting documentation referred to in this announcement and considers the resource and reserve estimates to be fairly represented and consents to its release in the form and context in which it appears. His academic qualifications and industry memberships appear on the Company's website and both comply with the criteria for "Competence" under clause 3.1 of the Valmin Code 2015. Terminology and standards adopted by the Society of Petroleum Engineers "Petroleum Resources Management System" have been applied in producing this document.