



Indago Energy Limited

June 4, 2018

Good Oil Shows Encountered at Indago's Kentucky Project

Indago Energy Limited ("INK") announces that drilling and coring operations have been successfully completed on the Weldon Young #1A well at its 100% owned heavy oil project in Kentucky.

Strong oils shows were encountered across multiple zones during drilling operations. The first oil show was observed at 255 feet in the Palistine sandstone with another oil show at 425 feet in the Tar Springs sandstone. Further oil shows were observed in the Hardinsburg sand over a 20 foot interval where samples exhibited high oil saturation.

The primary target, the Big Clifty Sandstone, was reached as prognosed at 600 feet at which point coring operations were conducted from 603' to 657' in the oil saturated sandstone. The cores were observed to be bleeding oil with no observed gas.

The hole was then drilled on to a total depth of 713' after which the well was logged and cased. Log analysis indicates a net pay of 54' in the Big Clifty sandstone with porosities of approximately 14% including a high porosity 16' zone of 18%.

The core has been sent for analysis to confirm reservoir properties including oil saturation, reservoir thickness, porosity and permeability. Tests will also be conducted on the core to ascertain the suitability of INK's technology and key product, HCD Multi-Flow®, on the viscosity and thus the producibility of the oil.

Indago's Chairman, Stephen Mitchell, commented *"Early results from our first Kentucky well are very encouraging with oil observed to be bleeding from cores in the targeted Big Clifty sandstone. Oil shows from three shallower zones were also a welcome surprise"*.

The well is the first of several planned to appraise INK's Kentucky heavy oil project acquired recently (see ASX announcement 18 December, 2017). INK will use information from the core to design a well completion programme to promote oil production using HCD Multi-Flow® and any necessary enhancements, such as carrier fluids, stimulation techniques or bacteria.

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Should this test prove encouraging, INK will then move to a more comprehensive production pilot likely to involve multiple wells to determine the most commercial extraction techniques. At this stage such a programme may include a 4-5 well pilot, a HCD Multi-Flow® flood and/or horizontal frac-assisted completions with HCD Multi-Flow®.

On 6 March, 2018 Indago Energy announced that it had received its first oil certification for its heavy oil project in Kentucky. An independent Contingent Oil Resources report prepared by Netherland Sewell & Associates Inc (“NSAI”) estimated that the Contingent Oil Resources within the 100% owned project are 3.74 million barrels of oil (“mmbbl”) on a 2C basis, 1.87 mmbbls on a 1C basis and 7.49 mmbbls on a 3C basis from an Original Oil in Place (“OOIP”) of 42.8 mmbbls as set out in the table below:

Indago Kentucky Heavy Oil Project

Best Estimate OOIP (mmbbl)	<u>Net (87.5%) Contingent Oil Resources (mmbbl)*</u>		
	Low Estimate (1C)	Best Estimate (2C)	High Estimate (3C)
42.79	1.87	3.74	7.49

*The resources shown in this report are contingent upon demonstrating the efficiency and economics of HCD Multi-Flow® injection into the Big Clifty Sandstone heavy oil reservoir and Indago Oil and Gas Inc.'s commitment to develop the properties. If these contingencies are successfully addressed, some portion of the contingent resources estimated in this report may be reclassified as reserves. The estimates in this report have been prepared in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers (SPE).

The contingent resources shown in this report have been estimated using deterministic methods. No petroleum reserves or prospective resources have been determined at this time. Once all contingencies have been successfully addressed, the approximate probability that the quantities of contingent resources actually recovered will equal or exceed the estimated amounts is generally inferred to be 90 percent for the low estimate, 50 percent for the best estimate, and 10 percent for the high estimate. The estimates of contingent resources included herein have not been adjusted for any risk including for the possibility that the contingencies are not successfully addressed.

This initial Contingent Resource report confirms significant oil in place in INK’s initial project area, which is believed to also extend significantly beyond INK’s leased acreage, providing scope for a sizeable project should INK’s technologies prove technically and commercially successful.

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Qualification Statement

The contingent resources stated herein are based on and fairly represents information and supporting documentation prepared by or under the supervision of John Hattner of NSAI who is a qualified petroleum reserves and resources evaluator within the meaning of the ASX Listing Rules. Mr Hattner has provided his written consent to the issue of this report in the form and context in which the contingent resources and the supporting information are presented in it. The contingent resources reported continue to apply and have not materially changed.

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