



## Indago Energy Limited

6 March 2018

### Initial Oil Certification for Kentucky

Indago Energy Limited (“INK”) announces that it has received its first oil certification for its new heavy oil project in Kentucky.

An independent Contingent Oil Resources report has been prepared by Netherland Sewell & Associates Inc (“NSAI”) dated February 28<sup>th</sup> 2018 for Indago’s 100% owned Kentucky heavy oil project.

NSAI estimate that the Contingent Oil Resources within the 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:

Best Estimate OOIP (mmbbl)	Net (87.5%) Contingent Oil Resources (mmbbl)*		
	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.

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Commenting on the results, INK Chairman, Stephen Mitchell, stated “the initial Contingent Resource report confirms significant oil in place in our initial project area, which we believe also extends significantly beyond our leased acreage, providing ample scope for a sizeable project should our technologies prove technically and commercially successful”.

The Company is finalising design of a single well programme for the April-June quarter of 2018 that will extract core to confirm reservoir properties and to test if its key product, HCD Multi-Flow® , will be able to maintain the oil in a liquid state from the reservoir to the well head and thus enable the oil to be pumped using conventional equipment.

Should this test prove successful, 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® .

Well costs in the region are expected to be low given the shallow target zones with a single well anticipated to cost less than US\$100,000 to drill and complete.

Indago recently acquired three-year leases with a 12.5% royalty on 1,786 acres in the Illinois Basin in western Kentucky where it is targeting the oil sands in the Upper Mississippian Big Clifty Sandstone. The Company has targeted the Big Clifty Sandstone due to its well documented substantial heavy oil resources as well as secondary objectives including five other sandstones which have proven to be hydrocarbon bearing.

As noted in INK’s release to the ASX on December 18th 2017, previous operators have drilled dozens of wells in the vicinity of INK’s project area including 10 wells in INK’s leased acreage. The information from these wells has demonstrated an oil saturated reservoir approximately 12-20 metres thick at a depth range of between 125-215 metres and this information formed the basis for estimating OOIP and contingent resources.

Initial research based on previous published results of more than 2,000 core samples from this region suggests a target zone with reservoir properties including average porosities of 15.5%, average permeability of 192 millidarcies, oil saturation from 32-45% and an oil gravity of 10 API.

INK’s upstream strategy has been to identify and acquire an interest in several upstream oil projects where its unique technology for reducing viscosity and pour point can be applied in order to develop its own reserves and cash flow. Should it be successful in this project, this will also demonstrate to other participants in the industry the commercial benefits of HCD Multi-Flow® and assist in generating additional product sales.

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In addition to its upstream initiatives in north America, INK continues to aggressively pursue opportunities for product sales through its own staff in the US & Canada as well as via its distribution partners in the Middle East and China.

### **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.

For further information please contact:

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ASX code: INK