



Indago Energy Limited

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Indago Acquires Leases in US Heavy Oil Province

Indago Energy Limited (“INK”) announces that it has acquired 1,450 acres in the Illinois Basin in western Kentucky 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.

Previous operators have drilled dozens of wells in the vicinity including approximately over 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.

Based on previous published results of more than 2,000 core samples from this region on the Kentucky Geological Survey website, the target zone has reported 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 will submit these historical results and all available well logs to an independent resource assessor for assessment including volumetric analysis to verify published information.

The Company will also design a single well programme for early 2018 in order to determine whether its key product, MultiFlow, 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.

INK has budgeted \$50,000 for leasing and expects to lease between 2,000- 2,500 acres. The average royalty rate to mineral owners for the leases is 12.5%. While detailed costings for a new well have not been completed, it is anticipated to be less than US\$100,000/well.

“The inexpensive leasing and well costs, combined with a sizeable identified oil saturated sandstone, gives the Big Clifty play a very attractive risk reward profile on which to test INK’s heavy oil technologies.” according to INK Chairman Stephen Mitchell.

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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, this will also demonstrate to other participants in the industry the commercial benefits of MultiFlow and assist in generating additional product sales.

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 channel partners in the Middle East and China.

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