

10 September 2019

INITIAL NANUSHUK LEAD MAPPED

- **Best estimate unrisked recoverable prospective oil resource of 255 MMbbls at the “Merlin Lead” (XCD internal estimate)**
- **First of many leads mapped within the 100% owned ~150,000 acre Project Peregrine lease area**
- **Independent prospective resource report covering all leads due to commence immediately following completion of INTRO study later this month**
- **Merlin Lead mapped to be on trend with ConocoPhillips Willow discovery approximately 35 km to the north of Project Peregrine**

XCD Energy Limited (ASX:XCD) (“XCD or the “Company”) is pleased to provide the following information with respect to the prospective resource that has been calculated by the Company following the re-processing and re-mapping of the initial lead identified in the Nanushuk play within the Project Peregrine lease area in the National Petroleum Reserve – Alaska (“NPRA”).

Merlin Lead (100% XCD) <i>Nanushuk (N20 Level)</i>	Prospective Resource Distribution		
	Low	Best	High
OOIP (MMbbls)	275	1112	4503
Recovery Factor	15%	23%	35%
Recoverable Oil (MMbbls)	59	255	1099
Net Recoverable Oil (MMbbls)*	51	219	945

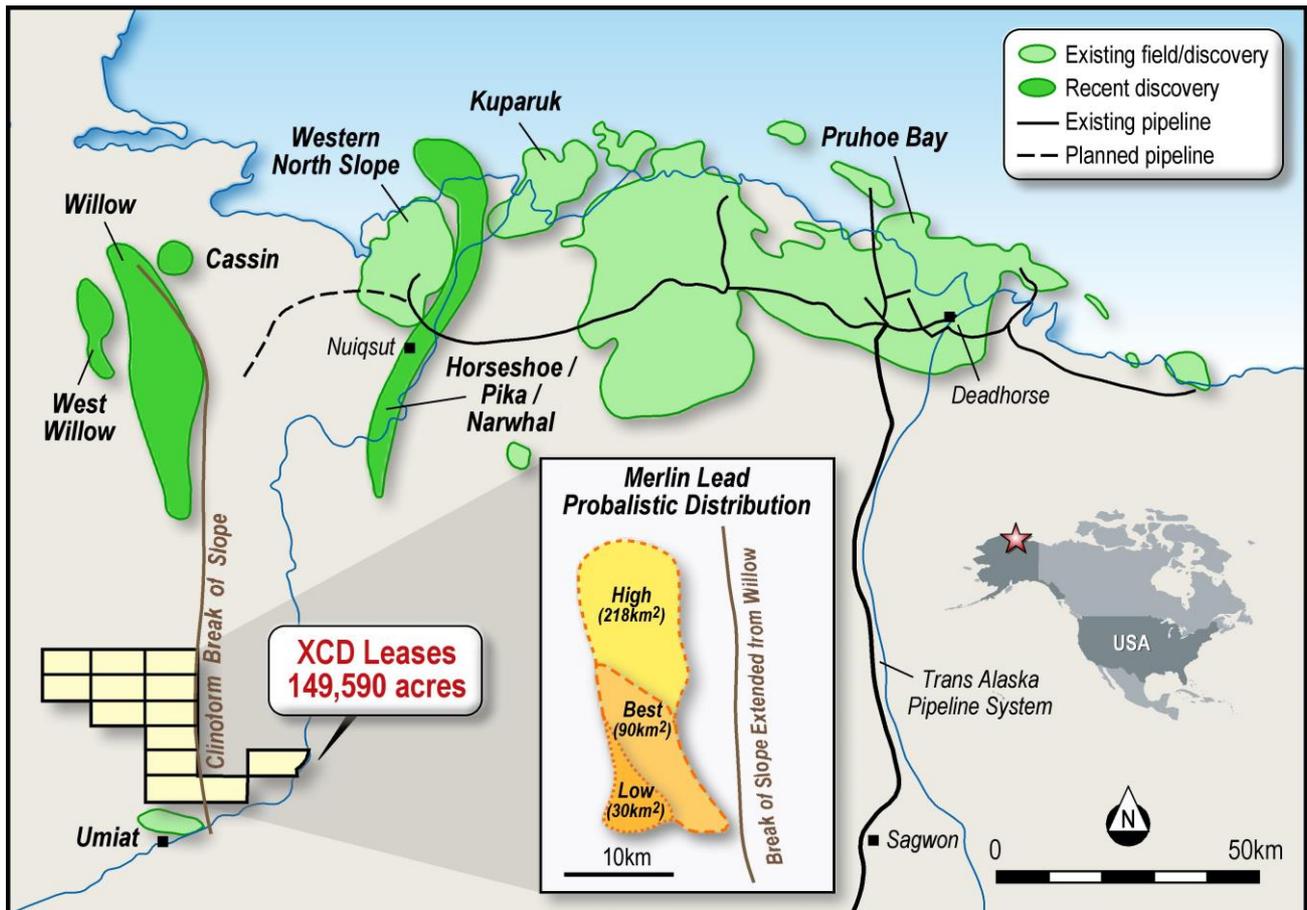
*The Net Recoverable Oil is the Company’s economic interest net of royalties. Total royalties are 14%, being 12.5% payable to the United States Federal Government and a 1.5% overriding royalty payable to the original vendors of the initial leases acquired. The amount stated above is net recoverable oil with no allowance for or conversion of natural gas.

The Chance of Discovery for the Merlin Lead has been calculated at 13% and the Chance of Development has been assessed at 50%. The numbers in the Table above have not been adjusted for this risk factor.

Cautionary Statement: The estimated quantities of petroleum that may be potentially recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal

and evaluation are required to determine the existence of a significant quantity of potentially movable hydrocarbons.

Prospective resource assessments in this release were estimated using probabilistic methods in accordance with 2018 SPE-PRMS standards. The data used to compile the prospective resource includes reprocessed 2D seismic data, regional well data and other publicly available information with respect to the Willow discovery to the north and the Umiat oil accumulation to the south. The data was compiled and interpreted by XCD and the prospective resource numbers have been calculated by XCD using industry standard probabilistic input parameters.



XCD’s methodology for determining Prospective Resources for the Merlin Lead

XCD has defined the Merlin Lead by using the recently reprocessed 2D seismic data mapped both in time and depth, RMS amplitude extraction and open file regional well data. Reservoir parameters (porosity, oil saturation and recovery factors) were determined from both open file well data and data gathered from publicly available information published by local operators (e.g. ConocoPhillips). XCD has also commenced its own proprietary study (the INTRO project) which includes techniques such as basin modelling and petrophysical interpretation to assist in its prospective resource estimations.

These desktop studies and further detailed mapping are ongoing and are aimed at defining further leads within the Project Peregrine lease area. Additional planned exploration activities to further

delineate the Merlin Lead (and other leads with the Project Peregrine leases) may include 3D seismic acquisition, the planning for which has commenced. The Company is targeting drilling an exploration well in early 2021 subject to farmout or additional fund raising.

XCD estimated the chance of Technical Success for the Merlin Lead to be 13%, calculated using industry standard risk elements. Please refer to Schedule 1 for more information on the Prospective Resource Estimates.

About the Project Peregrine Leases

The Project Peregrine leases have a seven to ten-year exploration period and covers an area of around 150,000 acres within the NPR-A (refer to map). The leases are around 35km south of the Willow discoveries owned and operated by ConocoPhillips estimated to be between 400 – 750 MMBOE ⁽¹⁾. Directly south of the Project Peregrine leases lies the Umiat oil accumulation estimated to have greater than 1 billion barrels of oil in place by the USGS.

Infrastructure in the area is limited but should the Willow area be developed in the timeframe predicted by ConocoPhillips ⁽¹⁾, then that will become the nearest infrastructure to the Project Peregrine leases and would represent the closest route to market should a commercial discovery be made at Project Peregrine.

⁽¹⁾ <https://static.conocophillips.com/files/resources/willow-fact-sheet-final.pdf>

XCD's Managing Director, Mr. Dougal Ferguson commented:

"This is the first estimation of the potential for just one of the many leads in our substantial lease position in this exciting new oil play in one of the world's Super Basins. We look forward to now completing the INTRO Project and delineating the additional leads already identified and having them independently verified to further add to the overall Prospective Resources in our acreage in Alaska."

ENDS

For further information, please contact:

Dougal Ferguson
Managing Director
+61 (8) 9381 4975

For further information on XCD Energy, please visit the Company's website at www.xcdenergy.com

SCHEDULE 1

Important Information:

Cautionary Statement for Prospective Resource Estimates - With respect to the Prospective Resource estimates calculated for the Merlin Lead, it should be noted that the estimated quantities of oil that may potentially be recovered by the future application of a development project relate to undiscovered accumulations. These estimates have an associated risk of discovery and risk of development. Further exploration and appraisal is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Hydrocarbon Resource Estimates – The Prospective Resource estimates for the Merlin Lead presented in this report are prepared as at 10 September 2019. The Prospective Resource estimates are quoted on an unrisks basis, with an associated geological risk estimated at 13% chance of geological success. The Prospective Resources have not been adjusted for the chance of development, which is estimated by XCD to be 50%.

Lease Terms and Royalties – The NPR-A leases are governed by a federal lease between the Company and the Bureau of Land Management, a Federal United States regulatory body. The leases have a government royalty of 12.5% and the leases are also burdened with an approximate 1.5% overriding royalty.

Competent Person Statement Information – In this report information relating to hydrocarbon resource estimates have been prepared and calculated by the Company in accordance with the definitions and guidelines set forth in the Petroleum Resources Management System, 2018, approved by the Society of Petroleum Engineers and have been prepared using probabilistic methods. Mr Peter Stickland, who is the Chairman of XCD and a member of the European Association of Geoscientists & Engineers and the Petroleum and Exploration Society of Australia, has peer reviewed the Prospective Resource estimation process and is a qualified person for the purposes of the Prospective Resource estimations. Mr Stickland is a qualified geoscientist with over 25 years of oil and gas industry experience. Mr Stickland consents to the inclusion of the information in this report relating to hydrocarbon Prospective Resources in the form and context in which it appears.

Forward looking statements – This document may include forward looking statements. Forward looking statements include, are not necessarily limited to, statements concerning XCD's planned operation program and other statements that are not historic facts. When used in this document, the words such as "could", "plan", "estimate", "expect", "intend", "may", "potential", "should" and similar expressions are forward looking statements. Although XCD believes the expectations reflected in these are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements. The entity confirms that it is not aware of any new information or data that materially affects the information included in this announcement and that all material assumptions and technical parameters underpinning this announcement continue to apply and have not materially changed.