

19 November 2015

Icewine Joint Venture High Bidder on 174,240 New Acres on North Slope

88 Energy Limited ("88 Energy", "the Company", "Operator") (ASX, AIM: 88E) is pleased to provide the following update.

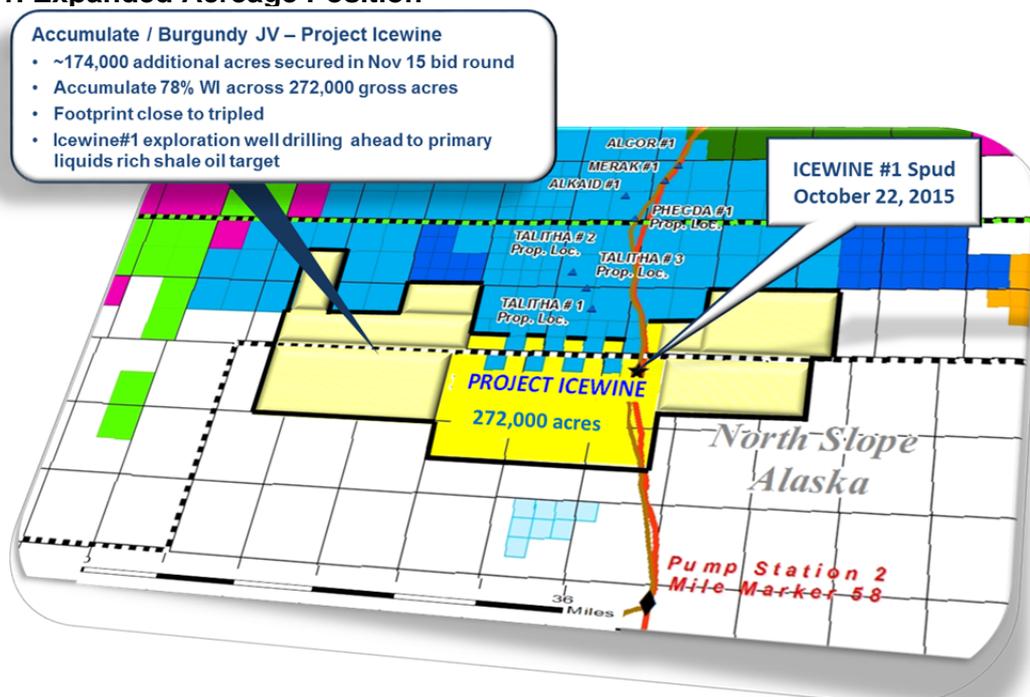
Additional 174,000 Gross Acres Acquired

100% owned subsidiary of 88 Energy, Accumulate Energy Alaska Inc, in conjunction with Joint Venture Partner, Burgundy Xploration LLC (88 Energy 78%, Burgundy 22%), was confirmed as the high bidder on 174,240 acres on November 18th (Alaska time) at the North Slope Areawide Bid Sale. The Joint Venture has contributed a non-refundable 20% downpayment of US\$947,000 to secure the rights to the acreage. As per the previous bid round in 2014, finalisation of the acquisition is subject to formal award and payment of the remainder of the bid (80%) plus US\$10 per acre rentals (~US\$5.5m in total). The acres are contiguous to the current JV position at Project Icewine (see diagram below).

The acquisition is consistent with the Company's strategy of growth within Alaska:

- JV now has a gross 272,242 acre position – almost triple that prior to the acquisition
- HRZ shale play potential now internally estimated at over 2 billion barrels recoverable across the expanded acreage position
- Conventional play potential has also more than doubled
- Scale now more attractive to Major oil and gas companies / NOCs
- Risk is diversified as more acreage increases the chances of one or more play types being successful
- Acquisition of rights over acreage for a fraction of current market capitalisation (<4%) whilst more than doubling potential returns for investors
- Bottom of cycle entry price created by current low oil price and unique understanding of the acreage potential

Fig 1. Expanded Acreage Position





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Funding

The Company plans to undertake a small capital raising, which is currently being finalised. The capital raising will include a Share Purchase Plan component to enable participation from all eligible 88 Energy shareholders.

Further announcements regarding the proposed capital raising will be announced in due course.

Managing Director of 88 Energy Limited, Dave Wall commented: *“After shareholders have contributed A\$20m to Project Icewine, it is strategically imperative to secure the dominant position in the play ahead of the results of the Icewine#1 well. We do not want to prove up a play and then have someone else acquire a large portion of it.*

Whilst we do not have definitive data that the HRZ play will be successful, the option value associated with the success case versus the relatively small downpayment required is an opportunity that cannot be passed up.

Additionally, downside risk has been mitigated as we now have a greater chance that the HRZ or one of the conventional plays will work somewhere on the expanded acreage position.

Any success at Icewine#1 will result in substantial industry interest, which we hope will lead to a highly accretive farmout in 2016.”

Yours faithfully

Dave Wall
Managing Director
88 Energy Ltd



Project Icewine Highlights

In November 2014, the Company entered into a binding agreement with Burgundy Xploration (**BEX**) to acquire a significant working interest (87.5%, reducing to 78% on spud of the first well on the project) in a large acreage position on a multiple objective, liquids rich exploration opportunity onshore Alaska, North America, referred to as Project Icewine. In November 2015, the acreage position was expanded by 174,240 acres.

88 Energy has a 272,422 gross contiguous acre position with 212,489 acres net to the Company, located on an on all year operational access road with both conventional and unconventional oil potential. The primary term for the State leases is 10 years with no mandatory relinquishment and a low 16.5% royalty.

The unconventional oil play will be tested by the recently spud Icewine #1 exploration well, scheduled to be completed in November 2015.

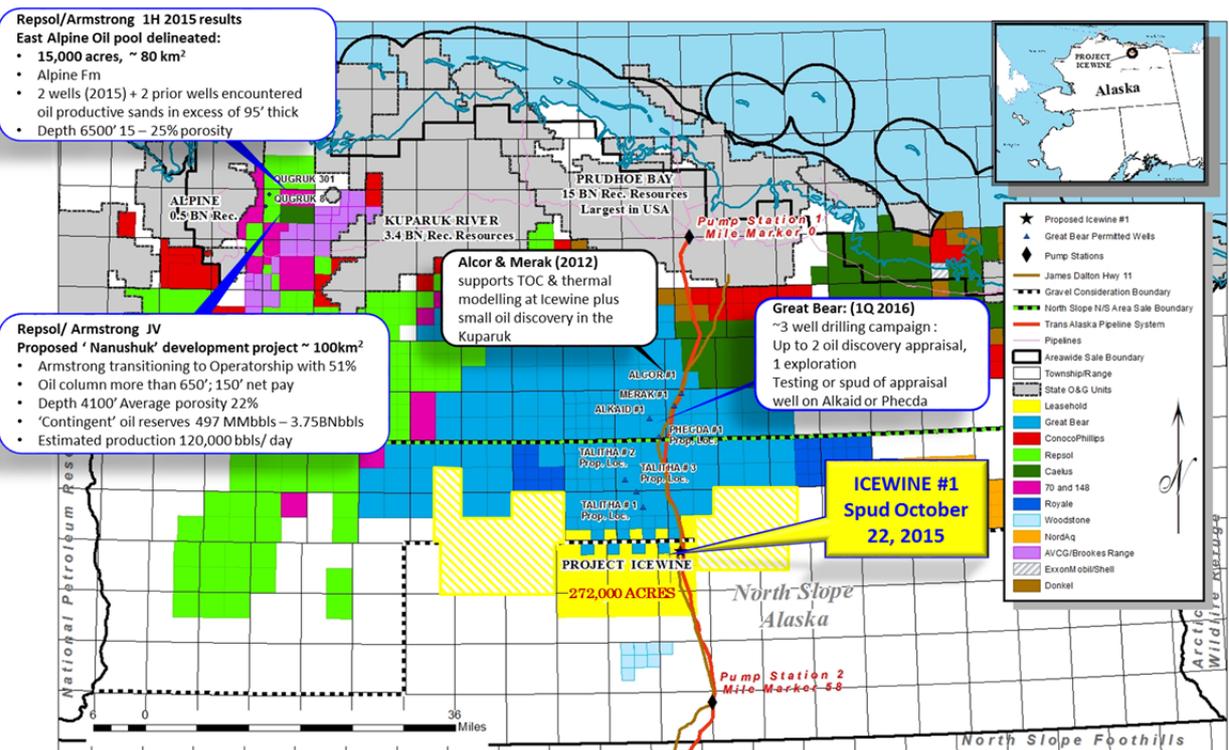


Figure 1: Project Icewine Location

Generous exploration incentives are provided by the State of Alaska with up to 85% of exploration expenditure in 2015 cash refundable, dropping to 75% mid 2016 and thereafter 35%.

The primary objective is an untested, unconventional liquids-rich shale play in a prolific source rock, the HRZ shale, (Brookian Sequence), that co-sourced the largest oil field in North America; the giant Prudhoe Bay Oil Field Complex. Internal modelling and analysis indicates that Project Icewine is located in a high liquids vapour phase sweetspot analogous to those encountered in other Tier 1 shale plays e.g. the Eagle Ford, Texas.

Conventional play potential can be found at Project Icewine within the same Brookian petroleum system and shallow to the HRZ shale and includes high porosity channel and deep water turbiditic



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sands. The Brookian conventional play is proven on the North Slope; the USGS (2013) estimate the remaining oil potential to be 2.1 billion barrels just within the Brookian sequence. Additional conventional potential exists in the deeper Kuparuk sands and the Ivashuk Formation.

Drilling, (2012), in the adjacent acreage to the north confirmed that the HRZ shales, along with the underlying Kingak & Shublik shales, were all within the oil window which is extremely encouraging for the unconventional potential at Project Icewine. In addition, a conventional oil discovery was reported in the Kuparuk sandstones.

A Prospective Resources Report by DeGolyer and MacNaughton, was commissioned by 88 Energy to evaluate the unconventional resource potential of Project Icewine in early December 2014 and was released to the market on 19 January 2015.

About 88 Energy: 88 Energy has a 78% working interest and operatorship in 272,000 acres onshore the prolific North Slope of Alaska ("Project Icewine"). The North Slope is the host for the 15 billion barrel Prudhoe Bay oilfield complex, the largest conventional oil pool in North America. The Company, with its Joint Venture partner Burgundy Xploration, has identified two highly prospective play types that are likely to exist on the Project Icewine acreage – one conventional and one unconventional. The large resource potential of Project Icewine was independently verified by leading international petroleum resource consultant DeGolyer and MacNaughton. In addition to the interpreted high prospectivity, the project is strategically located on a year-round operational access road and only 35 miles south of Pump Station 1 where Prudhoe Bay feeds into the TransAlaska Pipeline System. The Company plans to progress drilling and seismic acquisition in the near term to take advantage of the globally unique fiscal system in Alaska, which allows for up to 85% of CY2015 exploration expenditure to be rebated in cash.

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, Mr Brent Villemarette, who is a Non Executive Director of the Company. Mr Villemarette has more than 30 years' experience in the petroleum industry and is a qualified Reservoir Engineer 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. His academic qualifications and industry memberships appear on the Company's website and both comply with the criteria for "Competence" under clauses 18-21 of the Valmin Code 2005. Terminology and standards adopted by the Society of Petroleum Engineers "Petroleum Resources Management System" have been applied in producing this document.



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