



29 February 2016

Core and Petrophysics Data Indicate World Class Resource Potential at Icewine#1

88 Energy Limited (“88 Energy”, “the Company”, “Operator”) (ASX, AIM: 88E) is pleased to provide the following update on the evaluation and integration of the core with log data over the HRZ interval from the recently drilled Icewine#1 exploration well.

Highlights

- **Integrated Core and Petrophysical Analyses Indicate Tier 1 Liquids-Rich Hydrocarbon Concentration with World Class Resource Prize Potential - Consistent with Pre-Drill Forecast**
- **Gross Pay of 196’ with Net Pay of 180.5’ – Exceptional Net to Gross Ratio of 92% as Prognosed**
- **Reservoir Quality In Line With or Above Expectation:**
 - Outstanding Effective Porosity of 11%
 - Shale Plays Typically in 4 – 7% Porosity Range
 - Total Organic Carbon (TOC) Average of 3.55% in Cored HRZ Interval
 - Hydrocarbon Saturation Over Entire HRZ Interval Estimated at >70%
- **Rock Mechanics Further De-Risked by Additional Analysis:**
 - Average Clay Volume 40% - Analogous to Marcellus and Haynesville Shales
 - High Percentage of Brittle, Non Swelling Clays
- **Planning for Horizontal Well, Icewine#2H Commenced**

Notably the Icewine #1 exploratory well, designed to evaluate the resource potential of the HRZ shale, was completed on budget for US\$16.61m (versus \$16.58m AFE), having achieved all of its primary objectives.

Forward Evaluation Program

Integrated core and petrophysical analysis continue with results expected on key variables over the coming weeks, including:

- Additional rock mechanical properties – basis for integrated well stimulation design
- Characterisation of “super highway” permeability zones
- Independent Resource Report commissioned to incorporate Icewine#1 HRZ results

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Project Icewine Seismic On Schedule for March 2016 Start

- Seismic contractor selected and design completed
- Bank of America final funding approval underway
- Acquisition scheduled to commence mid-March 2016
- Seismic program adjusted to reflect external market conditions and prudent fiscal management, with focus shifted to prioritise HRZ liquids-rich shale play:
 - Lower cost 2D survey designed to mitigate drilling risk for Icewine#2H
 - Design also tailored to delineate large conventional features over broader acquisition area

Managing Director of 88 Energy Limited, Dave Wall commented: *“Results from analysis of core and petrophysical data from the Icewine#1 well continue to deliver at or above pre-drill expectations for the HRZ shale play at Project Icewine.*

As a consequence of these continued good results, we have tailored our seismic acquisition to focus on mitigating drilling risk for the next well, Icewine#2H, for which planning has commenced. Given the current oil price, it did not make sense to attempt to delineate the more subtle, and typically smaller, conventional features at this point in time. The revised 2D seismic program will give a broader regional picture across a larger aerial extent on our expanded acreage position and should still identify those larger conventional features that would be economic at today’s prices.

Costs for the Icewine#1 well have now been finalised, with our Operations Team in Alaska, headed up by Erik Opstad, delivering an outstanding outcome. The well not only achieved all of its primary objectives, including exceptional core recovery in the primary HRZ target, but it was also delivered on Budget.”

Yours faithfully

A blue ink signature of Dave Wall, appearing as a stylized scribble.

Dave Wall
Managing Director
88 Energy Ltd

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.

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 gross acreage position was expanded by 174,240 acres (to be awarded in due process by the State of Alaska).

Subject to final payment on the expanded acreage, 88 Energy will have a 272,422 gross contiguous acre position with 212,489 acres net to the Company. The Project is located on an 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 is being evaluated based on core obtained in the recently completed (December 2015) Icewine #1 exploration well.

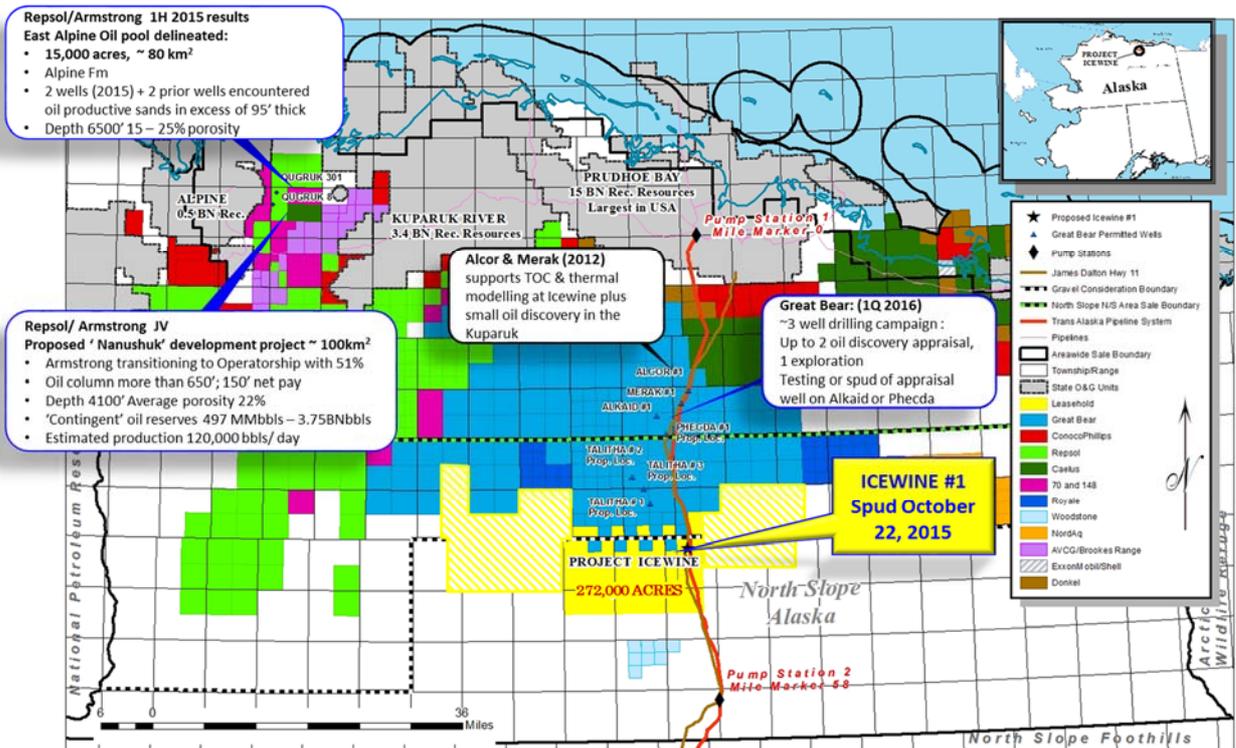


Figure 1: Project Icewine Location

Generous exploration incentives are provided by the State of Alaska with up to 85% of exploration expenditure in 2015 cash refundable, dropping to 75% until 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 in (2012), on 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 (~174,000 acres subject to formal award) 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 three highly prospective play types that are likely to exist on the Project Icewine acreage – two 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 and 75% of 1H2016 exploration expenditure to be rebated in cash.

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