



30 March 2016

Project Icewine Permeability Exceeds Pre-Drill Expectations

88 Energy Limited ("88 Energy", "the Company", "Operator") (ASX, AIM: 88E) is pleased to provide an update on Project Icewine, located onshore North Slope of Alaska.

Highlights

- **"Super Highway" Permeability Numbers ~20 Times Better than Pre-Drill Forecast**
- **2D Seismic Program Underway - ~15% Completed**

Overview

Additional analysis of sections of core obtained from the Icewine#1 exploration well has confirmed outstanding permeability in two previously unmeasured core samples. These core samples had readings too high to be measured using the traditional method for estimating permeability in tight rocks and have therefore been measured using pulse decay permeability analysis. The results of this analysis have indicated that permeability in these core sections is approximately 20 times greater than the Company's pre-drill forecasts for permeability in the HRZ at Project Icewine.

The results boost the already excellent permeability numbers measured from the core at the Icewine#1 well and provide further encouragement for the potential of high flow rates from the planned production test well, Icewine#2H, for which permitting and planning work has begun.

The 2D seismic program at Project Icewine has commenced, as planned, and is on schedule with approximately 15% of the total program having been completed to date.

Forward Plan

Further work is underway to refine the frac design for the planned Icewine#2H well, including:

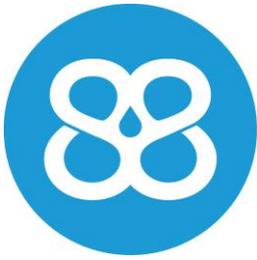
- Proppant Embedment – determines the optimal size and type of proppant;
- Fluid Sensitivity – determines the best fluid type for carrying proppant and minimising chemical interaction with the rock; and
- Borehole Stability – determines stress direction for optimisation of orientation of lateral section.

The results from this analysis will be known over the next few weeks.

Progress is being made on the Independent Resource Report, which is on track for release in early – mid April. The report will incorporate both the HRZ evaluation results from the Icewine#1 well and the November 2015 acreage additions.

Managing Director of 88 Energy Limited, Dave Wall commented: *"As expected, the permeability results from the 'super highways' are excellent and provide further support for a resource play that could yield production rates more akin to those normally experienced in conventional wells. An increasing body of evidence from Icewine#1 supports a case for potentially exceptional flow rates from the HRZ. The next step is to test this theory via the drilling of Icewine#2H, which will be a horizontal well with a multi-stage fracture stimulation.*

Our 2D seismic program has also commenced on schedule and we look forward to its successful completion over the coming weeks, which will both de-risk drilling for Icewine#2H but also potentially identify conventional prospects across the Project Icewine acreage."



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Yours faithfully

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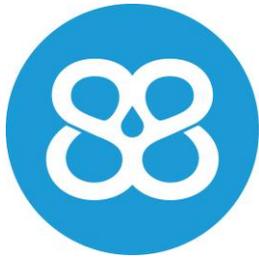
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Project Icewine Highlights

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 HRZ liquids-rich resource play has been successfully evaluated based on core obtained in the recently completed (December 2015) Icewine #1 exploration well, marking the completion of Phase I of Project Icewine. Phase II has now commenced, with planning for a horizontal well, Icewine#2H, underway.

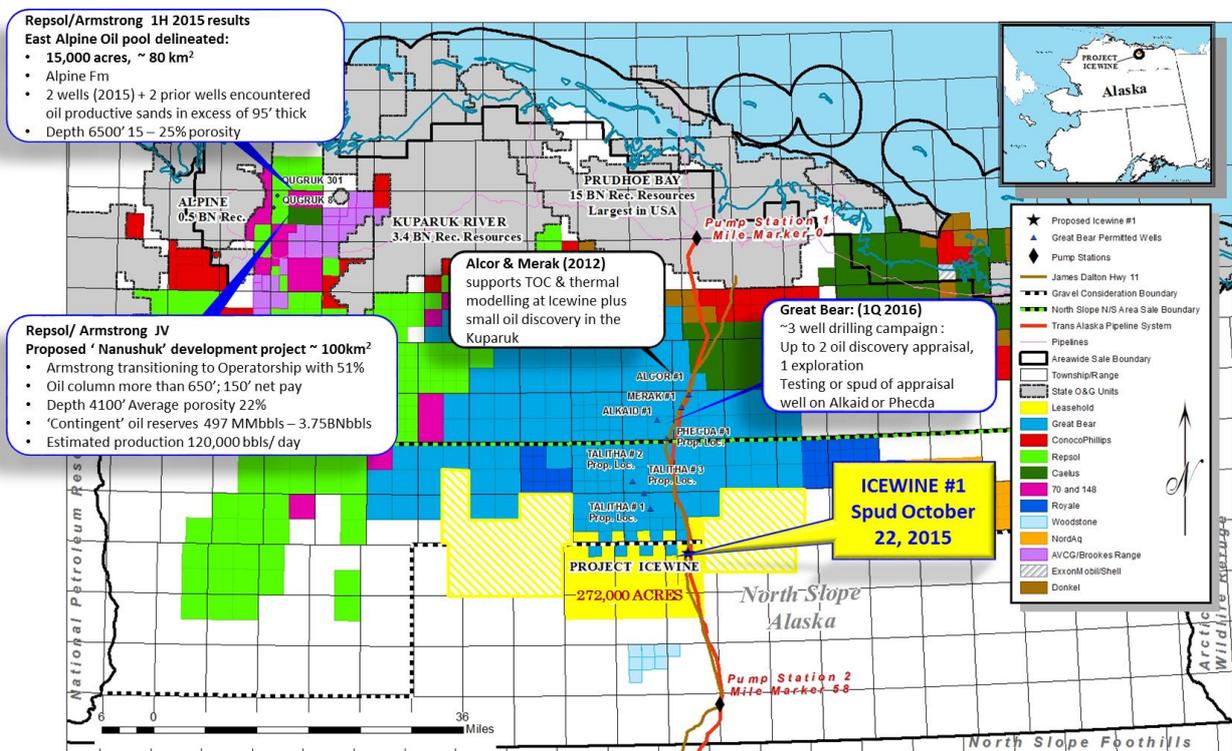
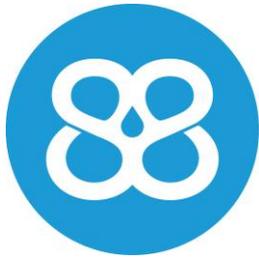


Figure 1: Project Icewine Location

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 sweet spot analogous to those encountered in other Tier 1 shale plays e.g. the Eagle Ford, Texas.



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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 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 exploration expenditure to be rebated in cash.