



8 June 2016

## Operational Update - Significant Progress on All Fronts

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.

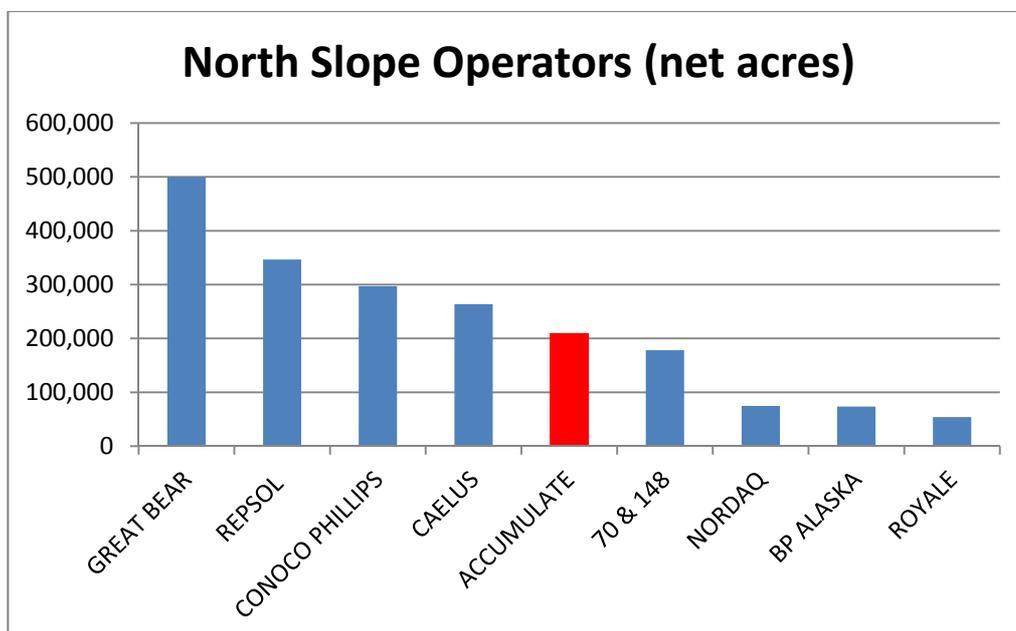
### Highlights

- **Acreage Award Finalised for ~173,000 Additional Acres**
  - **88 Energy Now Holds 210,250 Acres**
- **Icewine#2H Well and Stimulation Design for HRZ in Final Stages**
  - **Landing Zone Narrowed to Two Horizons**
- **Official Tender Process for Icewine#2H Major Contracts to Commence in July 2016**
  - **Several Suitable Rigs have been Identified for Drilling of Icewine#2H**
- **Well Permitting on Track for Completion Ahead of Scheduled Spud in Q117**
- **Well Performance Modelling Indicates Potential for Improved Economics**
  - **Detail to be Provided to Market Shortly**
- **Integrated Petrophysical Model for Young's and Poisson's Validated by Core Data**
- **2D Seismic – Initial Results from Processing and Interpretation Expected in August**

### Finalisation of Award of Additional ~173,000 Gross Acres

Processing has been completed for the official award of 172,937 acres successfully bid on in the State of Alaska November 2015 Licensing Round. The Icewine Joint Venture now holds title on a total of 271,119 acres, with 210,250 acres net to 88 Energy's 77.5% working interest.

Accumulate Energy Alaska, Inc (100% owned U.S.subsidiary of 88 Energy Ltd) is now the fifth largest net acreage holder of any Operator on the Central North Slope.





## **Icewine#2H Substantial Progress on All Fronts**

The well and stimulation design for Icewine#2H are both in the final stages of completion and are currently being fine-tuned.

In the interim, integration of the latest rock property analysis, including Young's Modulus and Poisson's Ratio (stiffness, compressibility), as well as fluid sensitivities, has resulted in a narrowing of the proposed landing zone to two horizons. The final horizon will be selected based on the optimal stimulated rock volume, which in turn should result in maximum flow potential. Significantly, the results from the latest rock property analysis correlate to the integrated petrophysics, increasing the Company's confidence in the validity of the model.

Projections of potential well performance and its effect on the project economics is ongoing. Early observations indicate that the excellent source reservoir rock characteristics in the HRZ and consequent high potential flow rates should significantly improve the break even price for Project Icewine in the success case scenario. Scoping economics will be provided to the market in the coming weeks.

Operationally, good progress continues to be made with the identification of several suitable rigs for the drilling of Icewine#2H. The official tender process for all major contracts will commence in July. Permitting remains on track for completion well before the scheduled spud date in Q1 2017.

### **2D Seismic Status**

2D seismic extracts purchased from Franklin Bluffs 3D Speculative Survey:

- Seismic interpretation of the extracted 2D lines in the vicinity of the Icewine#2H well location is anticipated late July/early August.

Icewine 2D seismic acquisition 2016:

- The Icewine 2D seismic data acquired earlier this year by Accumulate Energy comprises a series of regional dip and strike lines spanning the majority of the Project Icewine acreage. The 2D dataset is expected to be processed by the end of July, with first look interpretation following in August.

Managing Director of 88 Energy Limited, Dave Wall commented: *"The project continues to move forward with significant progress made on all fronts.*

*Well planning, contracting and permitting remain on track ahead of the scheduled spud of Icewine#2H in Q1 2017 when the productive potential of the HRZ will be tested potentially unlocking a huge resource play on the North Slope of Alaska.*

*Any conventional prospectivity indicated by the recently acquired 2D seismic will be icing on the cake for shareholders."*

Yours faithfully

A handwritten signature in blue ink, appearing to be 'Dave Wall', with a horizontal line extending to the right.

Dave Wall  
Managing Director  
88 Energy Ltd



*Media and Investor Relations:*

**Australia**

88 Energy Ltd  
[admin@88energy.com](mailto:admin@88energy.com)  
+61 8 9485 0990

Hartleys Limited  
As Corporate Advisor  
Mr Dale Bryan  
+61 8 9268 2829

Media Enquiries  
Tony Dawe/ Colin Hay PPR  
+61 8 9388 9444

**United Kingdom**

Cenkos Securities Plc  
As Nominated Adviser  
Mr Neil McDonald

Mr Derrick Lee

Tel: +44 (0)131 220 9771 /  
+44 (0)207 397 1953

Tel: +44 (0)131 220 9100 /  
+44 (0)207 397 8900

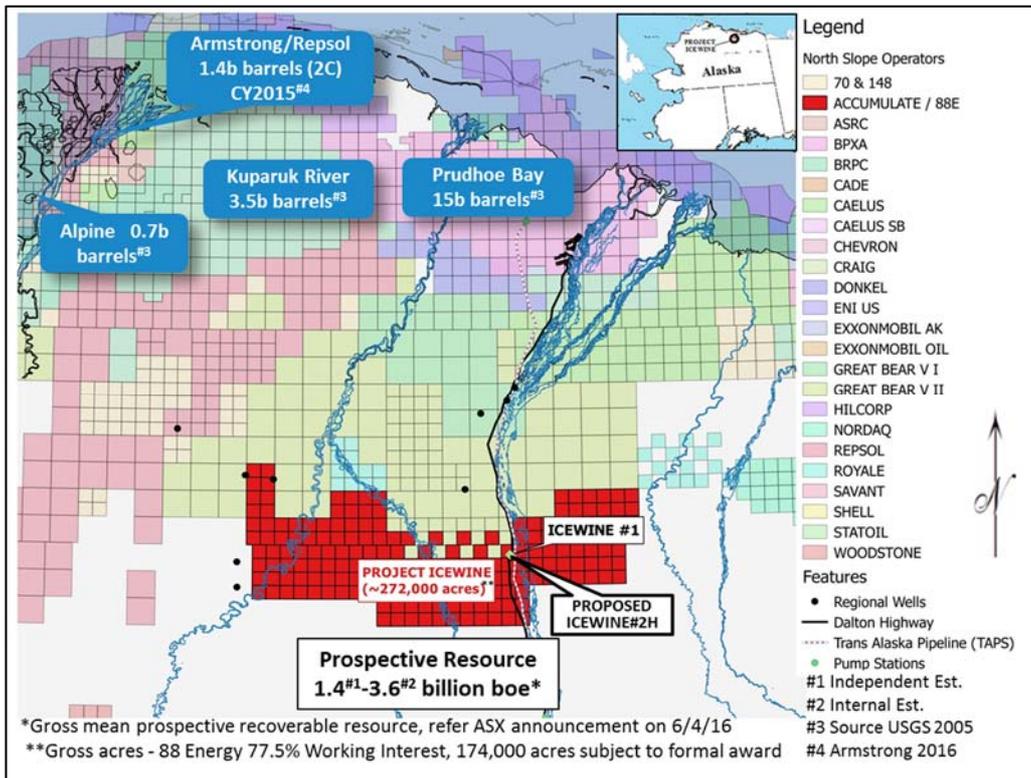
For personal use only

### 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 172,937 acres (formal award finalised in June 2016) to 271,119 contiguous acres (210,250 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 multi-stage fracture stimulated well, Icewine#2H, currently 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 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



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 February 2016 and was released to the market on 6<sup>th</sup> April 2016.

**About 88 Energy:** 88 Energy has a 78% working interest and operatorship in ~271,000 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 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 is currently acquiring seismic to take advantage of the globally unique fiscal system in Alaska, which allows for up to 75% of 1H2016 exploration expenditure to be rebated in cash. The Company recently completed its maiden well at the project, Icewine#1, with excellent results from analysis of core obtained in the HRZ shale. A follow-up well with a horizontal section and multi stage frac, Icewine#2H, is planned for 1Q2017.