



20 May 2015

## General Manager Alaskan Operations Appointed

- **High calibre in house drilling / project management capability secured for 88 Energy's world class exploration asset in Alaska**

The Board of 88 Energy Limited ("88 Energy" or the "Company") provide the following update regarding the appointment of Mr Erik Opstad as General Manager of Alaskan Operations.

### In House Drilling Capability Attained

88 Energy is delighted to announce the appointment of Mr Erik Opstad as General Manager of Alaskan Operations. Mr Opstad has managed successful drilling campaigns on the North Slope in recent times, similar to that planned by the Project Icewine Joint Venture. This is a key step for the Company, with Mr Opstad's skillset complementing the significant geological, geophysical, reservoir engineering and commercial expertise already in house.

Mr Opstad is a 35 year veteran of the oil and gas industry with a broad range of experience throughout the value chain, making him an ideal candidate for a small company where many hats must be worn. Mr Opstad brings drilling engineering experience combined with a geological background and has a demonstrated focus on project execution and cost control.

His most recent experience was as Principal and General Manager / Drilling & Wells Manager for Savant Alaska LLC, a successful private organisation founded in 2006. Mr Opstad negotiated the acquisition of the Badami field from BP as well as managing subsequent operations (including managing the production facility, permitting, drilling, HSE, compliance, AFE generation and contracting) to bring the field back into production in 2010. This included the drilling of two appraisal wells and two exploration wells, with a strong track record of remaining within Budget.

Other relevant experience includes the design and build of a high tech automated drilling rig for deployment on the North Slope in Joint Venture with a large Japanese multinational, under contract to BP.

Managing Director of 88 Energy Ltd, Dave Wall commented: *"Erik's appointment is one of several key milestones expected to be announced over the coming weeks and is a crucial step forward for the Company. Local experience cannot be underestimated, particularly when operating in a unique environment such as Alaska. Erik brings a wealth of knowledge and experience plus a deep local network, which has already resulted in the identification of cost savings in the order of several million dollars. 88 Energy and its shareholders are extremely fortunate to have secured the services of an individual of Erik's calibre."*

### Employment Package Designed for Alignment with Shareholders

As part of the employment contract, Mr Opstad has been incentivised to deliver a safe and efficient drilling program on time through the issue of milestone options as follows:



# ENERGY

Milestone	Payment
Completion of permitting for the Icewine #1 well by 15 <sup>th</sup> October 2015	5m 88EO listed options
Spud of Icewine #1 well by 15 <sup>th</sup> October 2015	5m 88EO listed options
Safe execution of the Icewine #1 well with no major HSE events	5m 88EO listed options
Plug and abandonment of the Icewine #1 well without major incident	5m 88EO listed options

The issue of the above 88EO listed options will, if required, be subject to the Company obtaining prior shareholder approval in general meeting as necessary under the ASX Listing Rules.

Yours faithfully

Dave Wall  
Managing Director  
88 Energy Ltd

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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.

88 Energy, (through BEX their co-venture partner), was announced highest bidder on 90,720 acres in the November State lease sale for the North Slope of Alaska on 20 November 2014. Post award of the acreage in Q2 2015 88 Energy will secure a 99,360 gross contiguous acre position with 77,500 acres net to the Company. The primary term for the State leases is 10 years with no mandatory relinquishment and a low 16.5% royalty.

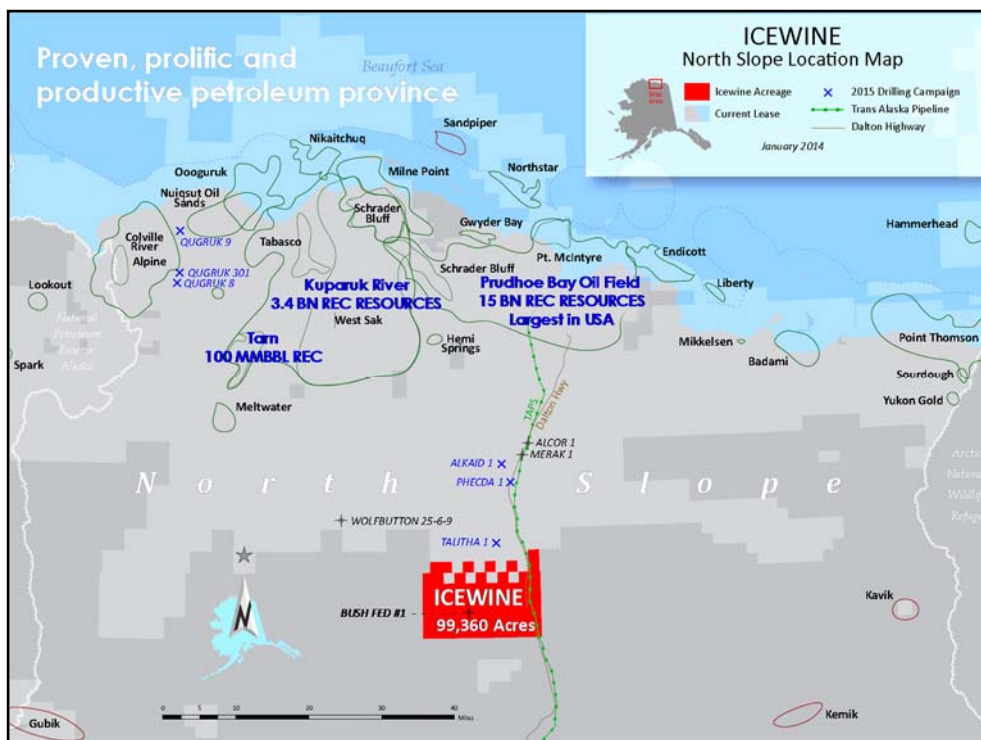


Figure 1: Project Icewine Location

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 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 recently acquired an initial 87.5% working interest and operatorship in 99,360 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 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 the Icewine Project was recently 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 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.

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