



25 August 2015

Close of US\$50m Credit Facility with Bank of America

88 Energy Limited ("88 Energy" "the Company") (ASX, AIM: 88E) is pleased to announce that definitive binding documentation has been executed with Bank of America in respect of funding for 88 Energy's Icewine Project of up to US\$50 million. Signing of the binding Bank of America funding agreement follows completion of a detailed due diligence process by Bank of America on 88 Energy's Icewine Project.

Under the terms of the agreement with Bank of America, 88 Energy will contribute circa US\$5.7m, which includes its equity contribution towards the AFE for the well (including 20% contingency), interest on the equity contribution and structuring fees.

Coupled with the recent successful A\$12 million equity raising, the Bank of America facility will ensure 88 Energy is fully funded for its Icewine #1 exploration well, which remains on track to spud this October.

Managing Director of 88 Energy Limited, Dave Wall commented: *"With 88 Energy fully funded for drilling, the Company can now complete the ramp-up of activity related to its first exploration well onshore in Alaska, Icewine #1. Anticipated spud is only around two months away and we look forward to updating shareholders on our progress as we aim to unlock a world class oil resource. Costs associated with the drilling of Icewine #1 are eligible for up to 85% in cash rebates under the Alaskan Government credit scheme.*

A regional drilling program consisting of four to five wells will commence in a few short weeks, starting with Icewine #1 in October, targeting the HRZ unconventional oil play. Drilling will continue with three to four wells from early 2016, targeting conventional oil plays on acreage immediately adjacent to Project Icewine. The scale of this +\$100 million drilling program speaks to the significant potential of the region, and provides multiple opportunities for a considerable re-rating of the value of 88 Energy's acreage.

In less than a year from acquisition of the Project, the hard work of a talented and dedicated team is on the cusp of realising the culmination of its efforts, resulting in a possible Company making event for the shareholders of 88 Energy."

Bank of America is one of the world's largest financial institutions, serving individual consumers, small and middle-market businesses and large corporations with a full range of banking, investing, asset management and other financial and risk management products and services.

Yours faithfully

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

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.

88 Energy, (through BEX their co-venture partner), was announced highest bidder on 90,720 acres (revised to 89,542 post survey) 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 98,182 gross contiguous acre position with 85,900 acres net to the Company (76,582 net acres post spud). The primary term for the State leases is 10 years with no mandatory relinquishment and a low 16.5% royalty.

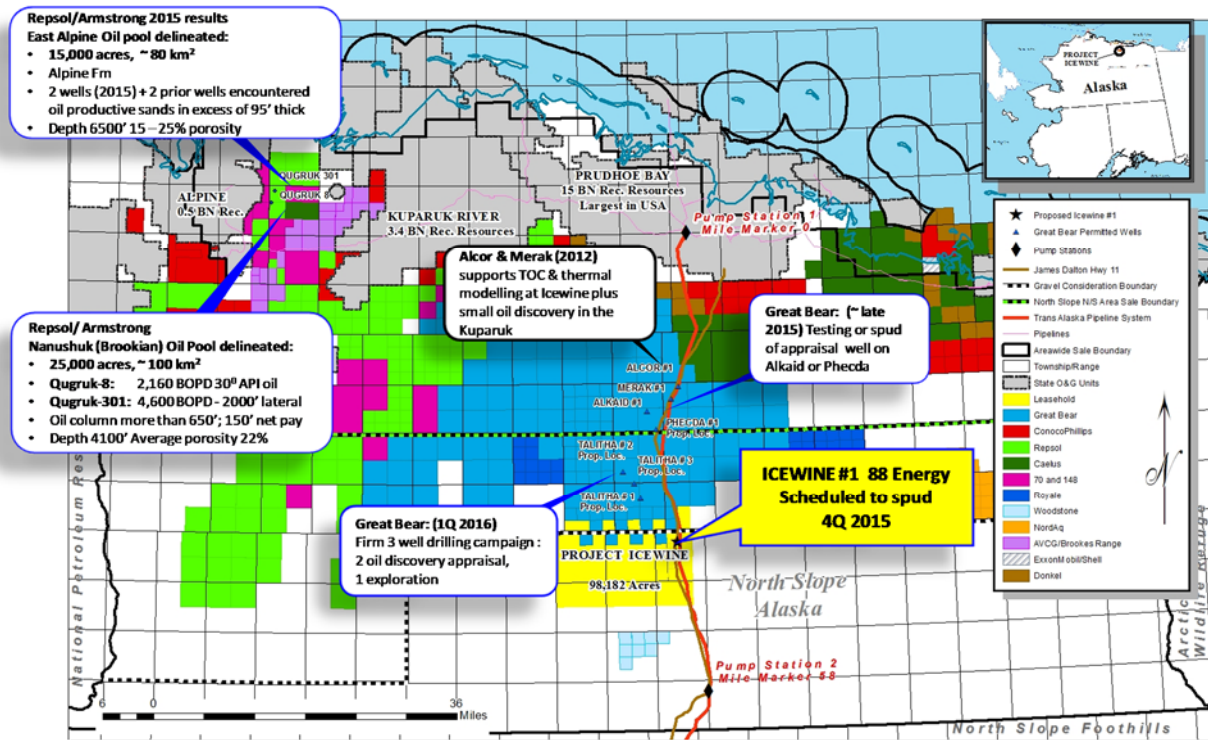


Figure 1: Project Icewine Location

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.



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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: In late 2014, 88 Energy acquired an initial 87.5% working interest and operatorship in 98,182 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 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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