



15 December 2015

Icewine #1 Drilling Update

88 Energy Limited ("88 Energy", "the Company", "Operator") (ASX, AIM: 88E) is pleased to provide the following drilling update.

Highlights

- **HRZ primary target intersected - preparations being made to cut core**
- **Visible bleeding of gas from rock chip samples in top HRZ interval**
- **Persistent oil shows in and above HRZ interval**
- **Gas ratios continue to support the thermal maturity model**
- **Outstanding support from shareholders in relation to Share Purchase Plan**

Current Operations

The rig is currently pulling out of hole (POOH) to pick up a core barrel and core the primary HRZ shale objective. A statutory Blow Out Preventer test is required prior to commencing coring operations.

As at 0230 14th December (AK Time), the Icewine#1 well had been drilled to 11,075' and intersected the top of the HRZ primary target where the critical coring point decision was made. The HRZ shale came in deeper than prognosed at this location and this will be explained in more detail below.

The HRZ (also known as the GRZ or Gamma Ray Zone) is characterised by a high gamma ray reading which was identified on the LWD (logging while drilling tool). High gamma, concurrent with a decrease in resistivity, provides confidence of the coring pick in addition to an observed increase in black organic shale in cuttings.

Significantly, visible bleeding out gas was observed from most larger cuttings retrieved from the interpreted HRZ section at 11,075'. This is indicative of strong hydrocarbon saturation and is considered favourable for certain other critical parameters, which will be the subject of further analysis. Oil shows comprising of a range of streaming yellow to orange fluorescence were associated with the transition into the HRZ from 10,970-11,075'.

Gas ratios (heavy to light) in the well remain favourable for the thermal maturity model.

The increased depth of the HRZ at this location is interpreted to have little bearing on the thermal maturity model, which is based on the historic burial depth. The HRZ shale has been significantly uplifted through geologic time to its present day depth.

The Company's current interpretation regarding the present day depth indicates that the stratigraphy is tracking closer to that of the Bush Federal#1 well (WSW of Icewine#1) than the Pipeline States#1 well (N of Icewine#1). The original stratigraphic interpretation indicated that Icewine#1 would be a hybrid of Bush Federal#1 (WSW of the Icewine#1 location) and Pipeline States#1 (N of Icewine#1); however, due to the lack of seismic data, and the region being underexplored, this always had a level of uncertainty. Whilst the present day depth of the HRZ at Bush Federal#1 and Icewine#1 are similar, this is not representative of the historic burial depths at these locations, which are interpreted to be different.

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Over the weekend, a 90' core was cut in the Hue Formation with a 99% recovery. This core will undergo processing and laboratory analysis in tandem with core cut from the HRZ formation, once obtained.

The well continues to remain within budget.

Forward Plan

Following completion of the statutory test of the Blow Preventer System, operations will then run into the hole to core the HRZ.

Subject to hole conditions, the well will be deepened to test additional conventional zones of interest beneath the HRZ.

The well is planned to a Total Depth of 11,600 feet and was scheduled to take 30 days of drilling to complete. The primary objective of the well is the HRZ shale formation, targeting a huge unconventional resource prize.

Please refer to the presentation released 5th November 2015 for more details on the well, look-forward operations and evaluation program.

Further updates will be made in a timely fashion as information becomes available.

Share Purchase Plan

- SPP applications received for ~A\$4,755,000
- Capital raised totals A\$7,428,348 including Share Placement completed in November
- Funds to be utilised for additional acreage in Alaska and to progress Project Icewine

88 Energy Limited ("88 Energy", "the Company", "Operator") (ASX, AIM: 88E) advises that the Share Purchase Plan (SPP) announced 20 November 2015 closed at 5pm (AWST), Friday 11 December 2015. The Company has received applications for a total of 475,500,000 shares to raise a total of \$4,755,000 pursuant to the SPP, albeit that the maximum that can be raised under the SPP is A\$4,428,348. Owing to differences between the UK and Australian process for receiving applications it was not possible to execute the first come, first served strategy without penalising UK shareholders in an inequitable fashion and the Company has decided to affect an approximate 6% scale back in respect of all applications.

Application will be made for the admission to trading on both the ASX and AIM of 442,834,800 fully paid ordinary shares (the "Ordinary Shares"). Such Ordinary Shares are expected to be issued on or around 18 December 2015 and admission of the Ordinary Shares is expected to occur on or around 22 December 2015. Following the issue of the Ordinary Shares, which rank pari passu to the existing ordinary shares in the Company, the Company will have 3,082,140,823 ordinary shares in issue, all of which have voting rights.

Under the SPP, the Company gave Eligible Shareholders and DI Holders the opportunity to purchase up to \$15,000 (GBP7,050¹) worth of fully paid ordinary shares in the Company, irrespective of the size of their shareholding, without incurring brokerage or transaction costs.

The issue price of shares offered under the SPP is \$0.01 per share (*Based on an exchange rate of AUD1:GBP0.47 as at 20 November 2015*)



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Managing Director of 88 Energy Limited, Dave Wall commented: *“The present day depth of the HRZ shale at Icewine #1 does not reflect its burial history through geological time. As burial history is the key driver of thermal maturity, we interpret minimal impact, if any, to the thermal maturity model, which continues to be supported at Icewine #1 by the gas ratios observed. The oil shows and visible bleeding of gas from rock chip samples provides further encouragement to that previously seen during drilling.*

The outstanding take-up of the Share Purchase Plan is a testament to the support from our shareholders, to whom we extend our thanks. The additional funds place the Company in a strong position from which to progress the project on multiple fronts and deliver increased value for investors.”



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Fig 1. Kuukpik Rig 5 On Location



Upon completion of drilling, certain data will be available immediately and will be reported to the market after internal examination; however, the definitive testing of the HRZ shale potential will take several months of data analysis. The pivotal focus will be an extensive evaluation of core material by specialist laboratories, which will cover a number of parameters considered critical for the success of the play.

Conventional potential may also exist in shallower (Brookian) and deeper (Kuparuk) horizons and the well has been designed such that testing of these horizons is possible, if warranted. The drilling of Icewine #1 will deliver first insight to the conventional prospectivity of 88 Energy's acreage to be matured up by the potential acquisition of 3D seismic in the near term. The conventional horizons that will be encountered in Icewine #1 have not been delineated by 3D seismic and remain secondary to the primary target, that being the HRZ shale.

Regular announcements will be made during the course of drilling, as appropriate.

Yours faithfully

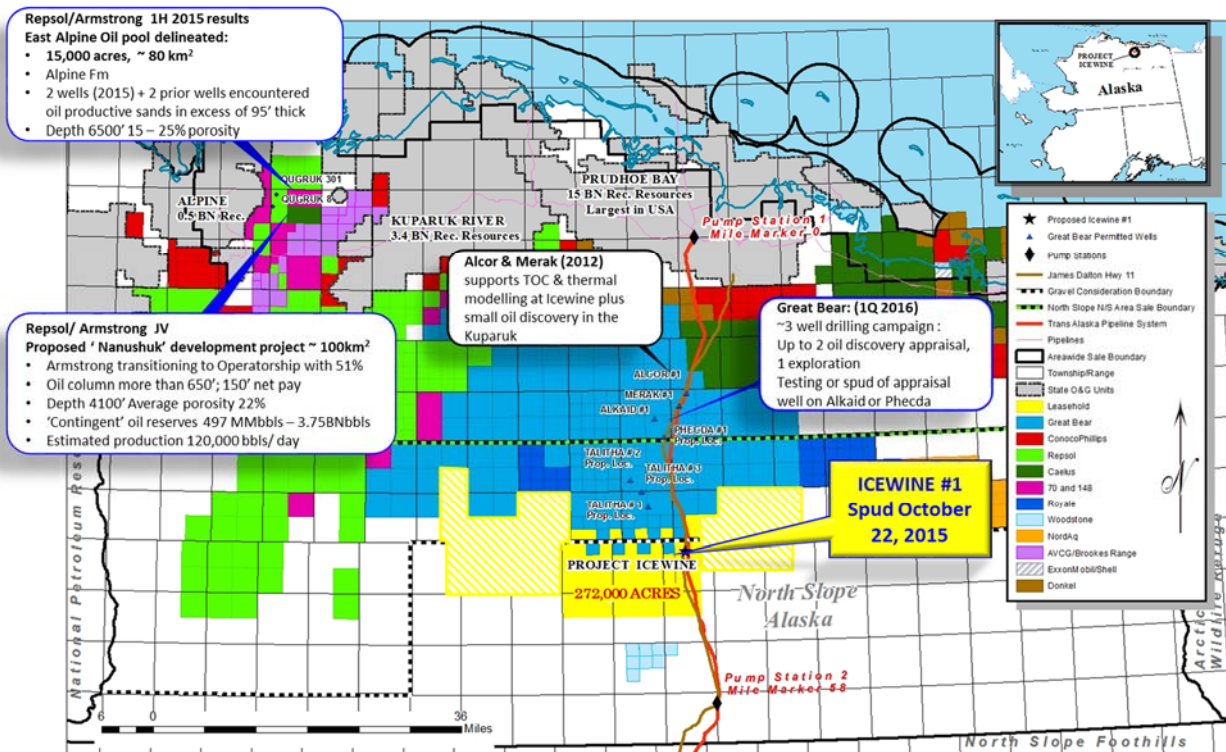
Dave Wall
Managing Director
88 Energy Ltd

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. In November 2015, the gross acreage position was expanded by 174,240 acres (to be awarded in due process by the State of Alaska)..

88 Energy has a 272,422 gross contiguous acre position with 212,489 acres net to the Company, 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 will be tested by the recently spud Icewine #1 exploration well, scheduled to be completed in November 2015.



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 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.

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