



20 January 2016

Icewine #1 Core Evaluation Update

88 Energy Limited ("88 Energy", "the Company", "Operator") (ASX, AIM: 88E) is pleased to provide the following update on the evaluation of the core over the HRZ interval from the recently drilled Icewine#1 exploration well.

Highlights

- **Oil / condensate observed leaching from HRZ core**
- **Mass spectrometry analysis of mud gas confirms liquids rich gas throughout the HRZ shale interval**
- **HRZ core samples analysed for Total Organic Carbon (TOC) all yielded values in the range of 2.3% to 4.9% (avg 3.5% - by weight)**
- **Initial results support HRZ thermal maturity as per pre-drill modelling at Icewine #1**

Overview

The leaching process (using toluene) is ongoing; however, the initial observations of oil / condensate leaching from the core indicate the presence of liquid hydrocarbons in the HRZ shale at the Icewine #1 location.

Consistent with the results seen from mud gas analysis whilst drilling, the final mass spectrometry analysis has confirmed the presence of liquids rich gas throughout the HRZ interval. These results will be integrated with data from the core to provide an estimate of the gas to oil ratio in the coming weeks.

Total Organic Carbon ("TOC") content of 3.5% average (by weight) has been confirmed and is favourable by comparison to other successful North American Shale plays. TOC by volume is likely to be significantly higher and will be confirmed post X-ray diffraction ("XRD") analysis.

Geochemical results to date are supportive of the favourable thermal maturity window predicted within the HRZ shale at the Icewine #1 location. Additional analysis of the core is ongoing to provide a definitive thermal maturity value.

Forward Plan

Evaluation of the core is ongoing, with results expected on key variables over the coming weeks, including:

- Permeability and porosity
- Final thermal maturity
- Rock mechanics and stress regime

Seismic planning continues with acquisition planned to commence in March 2016, subject to final negotiations with vendors and approval of the proposed program by Bank of America.

Managing Director of 88 Energy Limited, Dave Wall commented: *"The early observations and tests are directionally very positive for the HRZ play at Project Icewine and consistent with pre-drill modelling. At this stage of the process, we are highly encouraged by these results; however, substantial additional work is ongoing to de-risk our key 'Achilles heels' and we look forward to sharing these results as and when they become available."*

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In addition, given that the intersection of high quality reservoir in Icewine#1 boosted our view of the conventional potential at Project Icewine, we are concurrently progressing our seismic program with the aim of complementing the HRZ shale play by quantifying the conventional prospectivity at Project Icewine.”

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. 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 unconventional oil play will be evaluated based on core obtained in the recently completed (December 2015) Icewine #1 exploration well.

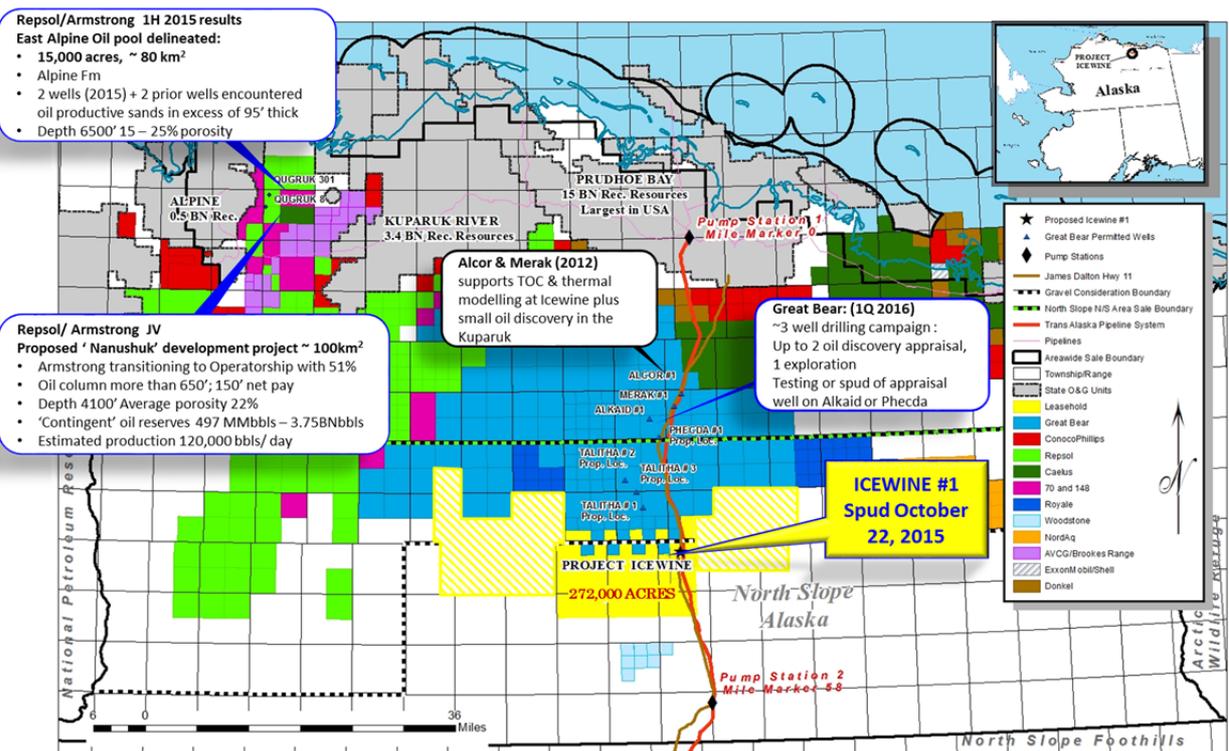


Figure 1: Project Icewine Location

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.

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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.

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