

21st May 2018

**88 Energy Limited
Operations Update**

88 Energy Limited (ASX: 88E) ("88 Energy" or the "Company") is pleased to announce the following update for its projects located on the North Slope of Alaska.

Highlights

- **Production testing at Icwine#2 scheduled to recommence 11th June 2018**
 - Site clearance works commenced at Franklin Bluffs pad
 - Final preparations for mobilisation of test equipment underway
- **3D seismic processing on schedule**

Project Icwine – Icwine#2 Production Testing

Site works have commenced to clear snow and ice from the Franklin Bluffs gravel pad to enable access to the Icwine#2 wellhead. Pressure gauges will then be retrieved from downhole and data analysed to determine if any reservoir degradation is observed, which may require remedial action such as reperforation of the target intervals. Concurrently, test equipment including separators, tanks and nitrogen lift units will be mobilized to site ahead of the scheduled commencement of flow testing on the 11th June 2018.

The flow testing program has been designed to utilize nitrogen lift to assist the removal of up to an additional 4,000 barrels of fluid from the HRZ reservoir. It is anticipated that this will enable the hydrocarbons in the reservoir to flow naturally to surface at a representative rate. Based on modelling of the reservoir pressure and fracture conductivity, this is estimated to take 10-14 days. The well will then continue to be flowed back to ascertain drawdown pressure and decline rate.

3D Seismic Processing

Processing of recently acquired 3D seismic at both Project Icwine and the Yukon Gold leases is progressing as per schedule.

Early products from the Project Icwine 3D survey are expected to be received mid-year prior to commencement of a formal farm-out process related to the conventional prospectivity already identified over the Western Margin leases at the project.

The Yukon Gold 3D data is expected in Q4 2018 and will assist in assessment of the potential of the Yukon Gold oil discovery as well as delineation of any additional potential on the leases.

Managing Director, Dave Wall, commented: "*The team remains busy on several fronts; however, focus is now clearly on the imminent recommencement of production testing at the Icwine#2 well.*"

Regular updates will be provided as works progress, as appropriate."

Yours faithfully



Dave Wall
Managing Director
88 Energy Ltd



Pursuant to the requirements of the ASX Listing Rules Chapter 5 and the AIM Rules for Companies, the technical information and resource reporting contained in this announcement was prepared by, or under the supervision of, Mr Brent Villemarette, who is a Non-Executive Director of the Company. Mr Villemarette has more than 30 years' experience in the petroleum industry, is a member of the Society of Petroleum Engineers, and a qualified Reservoir Engineer who has sufficient experience that is relevant to the style and nature of the oil prospects under consideration and to the activities discussed in this document. Mr Villemarette has reviewed the information and supporting documentation referred to in this announcement and considers the prospective resource estimates to be fairly represented and consents to its release in the form and context in which it appears. His academic qualifications and industry memberships appear on the Company's website and both comply with the criteria for "Competence" under clause 3.1 of the Valmin Code 2015. Terminology and standards adopted by the Society of Petroleum Engineers "Petroleum Resources Management System" have been applied in producing this document.

Media and Investor Relations:

88 Energy Ltd

Dave Wall, Managing Director

Tel: +61 8 9485 0990

Email: admin@88energy.com

Finlay Thomson, Investor Relations

Tel: +44 7976 248471

Hartleys Ltd

Dale Bryan

Tel: + 61 8 9268 2829

Cenkos Securities

Neil McDonald/Derrick Lee

Tel: + 44 131 220 6939

Project Icewine Overview

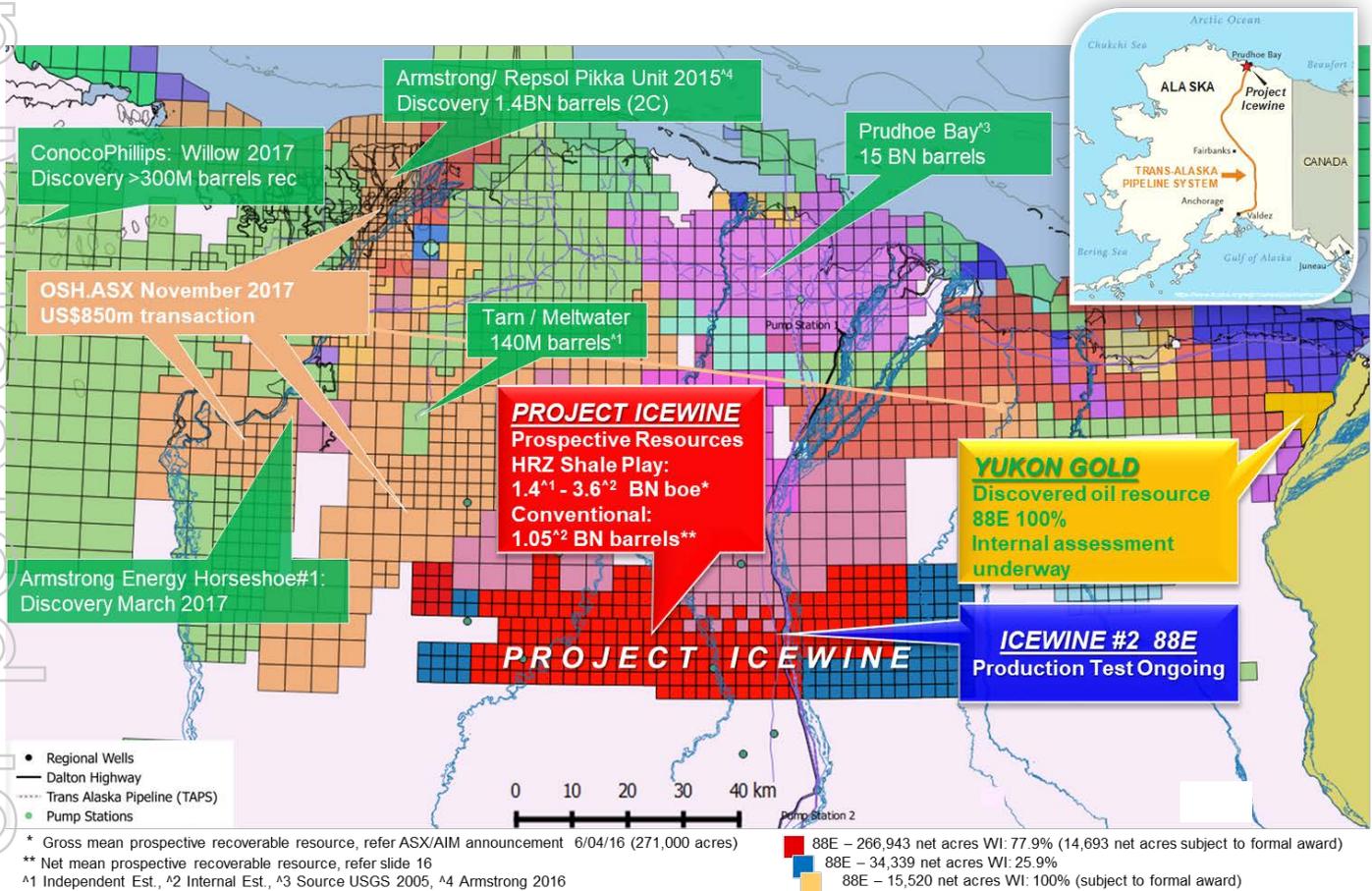
In November 2014, the Company entered into a binding agreement with Burgundy Xploration (**BEX**) to acquire a significant working interest (87.5%, reducing to 77.5% on spud of the first well on the project) in a large acreage position on a multiple objective, liquids rich exploration opportunity onshore Alaska, North America, referred to as Project Icewine. The current gross acreage position is ~475,000 contiguous acres (301,000 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 drilling at the follow-up appraisal well, Icewine#2, commencing early 2Q2017. Production testing is ongoing.

Significant conventional prospectivity has also been identified on recently acquired 2D seismic across the project acreage.

Project Icewine Acreage



Cautionary Statement: The estimated quantities of petroleum that may be potentially recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation are required to determine the existence of a significant quantity of potentially movable hydrocarbons.



Exploration incentives provided by the State of Alaska with up to 35% of net operating loss refundable in cash were concluded for all expenditure post 31 December 2017.

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.

Recently acquired 2D seismic has identified large conventional leads at Project Icewine within the same Brookian petroleum system and shallow to the HRZ shale, including potential high porosity channel and turbiditic sands associated with slope apron and deepwater fan plays. The Brookian conventional play is proven on the North Slope; the USGS (2013) estimated the remaining oil potential to be 2.1 billion barrels within the Brookian sequence. Two recent discoveries in the Brookian have already exceeded these estimates, with Armstrong/Repsol discovering 1.4 billion barrels in 2015 and Caelus announcing a 2.5 billion barrel discovery in 2016. Additional conventional potential exists in the Brookian delta topset play, deeper Kuparuk sands and the Ivishak Formation.

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 6th April 2016.

About 88 Energy: 88 Energy has a 63% working interest and operatorship in ~342,000 acres onshore the prolific North Slope of Alaska (“Project Icewine”). Gross contiguous acreage position for the Joint Venture is ~475,000 acres (88E 301,000 net acres). The North Slope is the host to 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 highly prospective play types that are likely to exist on the Project Icewine acreage – two conventional and one unconventional. The large unconventional 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 Trans Alaska Pipeline System. The Company acquired 2D seismic in early 2016 to take advantage of the globally unique fiscal system in Alaska, which allowed for up to 75% of 1H2016 exploration expenditure to be rebated in cash. Results from the seismic mapping and prospectivity review are encouraging, and form the basis of a conventional prospectivity portfolio for Project Icewine. In late 2015, the Company completed its maiden well at the project, Icewine#1, to evaluate an unconventional source rock reservoir play which yielded excellent results from analysis of core obtained from the HRZ shale. The follow-up well with a multi-stage stimulation and test of the HRZ shale, Icewine#2, spud in early 2Q2017. Flow testing at Icewine#2 is scheduled to re-commence in June 2018.