

30th July 2018

88 Energy Limited Operations Update

88 Energy Limited (ASX: 88E) (“88 Energy” or the “Company”) provides the following update related to its operations, located on the North Slope of Alaska.

Highlights

- **Definitive Agreements Executed for Farm-in to Western Blocks**
 - **Large Prospect to be Drilled 1Q2019**
 - **Permitting underway**
- **Project Icewine Farm-out Dataroom Formally Opened**

Western Blocks – Definitive Agreements Executed

88E, via its 100% owned subsidiary Captivate Energy Alaska, Inc, has executed definitive agreements with Great Bear Petroleum Ventures II LLC (“Great Bear”), along with Otto Energy Ltd (Borealis) and Red Emperor Resources NL (together with 88 Energy, the “**Consortium Partners**”), to acquire the majority of Great Bear’s working interest in the four leases comprising the Western Blocks (ADL 391718; ADL 391719; ADL 391720; ADL 391721) in exchange for drilling a commitment well on the Western Blocks prior to 30 May 2019.

The Western Blocks contain a 3D seismic defined oil prospect in the successful Nanushuk play fairway with a gross mean unrisked prospective resource of 400MMbbls (144MMbbls net to 88E) and a geological chance of success in the range of 25-30%.

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 moveable hydrocarbons.

In accordance with the terms of the definitive agreement, the Consortium Partners have funded their share of a US\$3,000,000 performance bond to the State of Alaska and a US\$500,000 cash payment to Great Bear as part of the consideration for the acquisition of the working interests in the Western Blocks.

The details of the working interests are described in the below table:

	Current Working Interest	Post-transaction			
		Working Interest (before back-in)	Paying Interest (before back-in)	Net Revenue Interest* (before back-in)	Working Interest (after back-in)
88 Energy (Drilling Management)	-	36.0%	40%	30.00%	32%
Otto Energy	10.8%	22.5%	25%	18.75%	20%
Red Emperor	-	31.5%	35%	26.25%	28%
Great Bear Petroleum**	89.2%	10.0%	-	8.33%	20%
State of Alaska	-	-	-	16.67%	
	100%	100.0%	100%	100%	100%

For further details related to the transaction, please refer to the announcement dated 25th June 2018.



Internal interpretation by 88 Energy of 3D seismic over the Western Blocks has confirmed the original interpretation by Otto's technical team, who identified the 400 million barrel prospect (144 million barrels net to 88E). A location to optimally test the prospect has been selected and permitting is underway, ahead of scheduled drilling in 1Q2019.

Project Icewine: Farm-out Dataroom Formally Opened

The dataroom related to farm-out of both the conventional and unconventional prospectivity at Project Icewine has now been formally opened. 88 Energy and its Joint Venture Partner, Burgundy Xploration LLC ("BEX"), are aiming to complete a farm-out prior to year-end that will result in significant expenditure over Project Icewine to continue evaluation of the large conventional and unconventional potential identified over the past three years by the Joint Venture.

A conventional portfolio update based on interpretation and mapping of the preliminary Icewine 3D dataset is being finalised and will be released to the market in due course.

Yukon Gold – 3D Seismic Processing

Seismic processing of the Yukon 3D is progressing well, and the Company remains on schedule to deliver an evaluation of the acreage following mapping and interpretation of the 3D dataset in 4Q2018.

Project Icewine – HRZ Evaluation Process

The evaluation process for the HRZ shale, post the recent suspension of the Icewine#2 well, is ongoing and is expected to take several months. Results from this process will be reported as appropriate during this period.

Additional Credit Certificates Granted

On the 24th July, the Company was informed by the Alaska Department of Revenue that it had issued a Credit Certificate to Accumulate Energy Alaska Inc, (100% owned subsidiary of 88 Energy Ltd), for US\$5.66m related to CY2017 expenditure. An amount of US\$2.83m is available to be cashed out at such time that cash payments are made by the State. The total expected cashable credits owed by the State to 88E is US\$20.7m versus debt of US\$16.5m. Timing of complete payment by the State remains uncertain but is estimated to be prior to 2019 calendar end.

88 Energy Ltd Managing Director, Dave Wall, commented: *"The closing of the Western Blocks transaction is a significant milestone for the Company and its shareholders."*

Encouraging progress continues to be made across the expanded portfolio of assets in Alaska and we look forward to providing additional news on these in the near term."

Yours faithfully

A blue ink handwritten signature, appearing to read 'Dave Wall', written over a horizontal line.

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

88 Energy Alaska North Slope Assets Overview

Project Icewine

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). These are marked in blue and red on the below map.

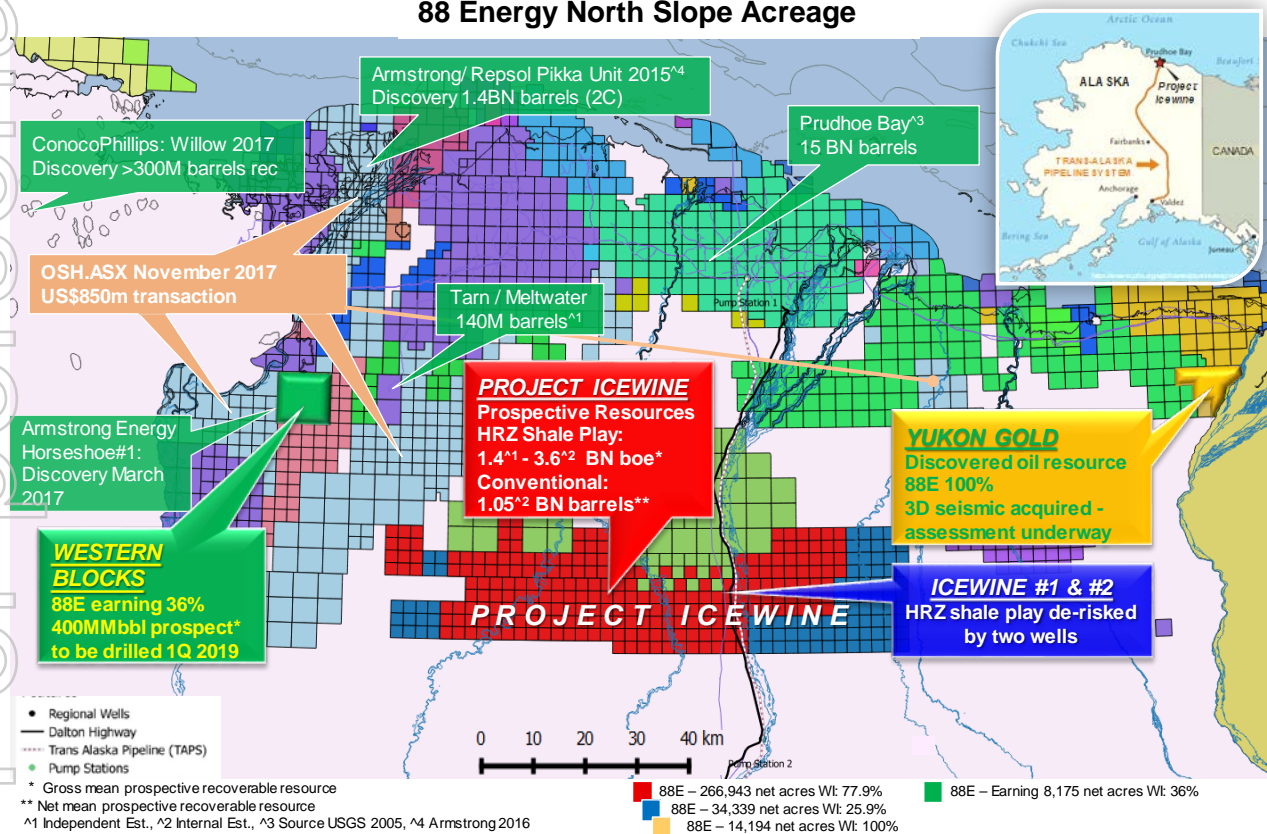
The Project is located on an all year operational access road with both conventional and unconventional oil potential. The primary term for the State leases is 10 years with no mandatory relinquishment and a low 16.5% royalty.

The HRZ liquids-rich resource play has been successfully evaluated based on core obtained in the Icewine#1 exploration well (December 2015), marking the completion of Phase I of Project Icewine. Phase II has now commenced, with drilling at the follow-up appraisal well, Icewine#2, concluding mid 2017.

Production testing at Icewine#2 concluded on 30 June 2018 after retrieving 24.8% of the injected stimulation fluid vs a targeted return of at least 30%. Gas rates of up to 100mcf/d were achieved during flowback; however, these are not considered representative due to limited reservoir connectivity. A farm-out process is underway to fund the future work program.

Significant conventional prospectivity has also been identified on recently acquired 2D and 3D seismic across the project acreage.

88 Energy North Slope Acreage



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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.

Yukon Gold

The Yukon Gold leases are located on the eastern border of the Central North Slope of Alaska and were acquired in 2018. 88 Energy via its subsidiary has a 100% working interest in these leases, totalling 14,194 acres. The leases contain an historic discovery well, Yukon Gold #1, which is currently being evaluated internally. 3D seismic was acquired in early 2018 to assist with this process and results are expected in 4Q2018. The leases are marked in yellow on the above map.

Western Blocks

88 Energy is earning a 36% working interest in four leases (totalling 22,711 acres) immediately adjacent to the Horseshoe#1/1A oil discovery well. 88 Energy, with its consortium partners Otto Energy Ltd and Red Emperor Resources NL, has posted a US\$3m performance bond to the State of Alaska and will fund 100% of the costs of well, targeting a prospect with a gross mean unrisks prospective resource volume of 400MMbbls (144MMbbls net to 88E), to be drilled in 1Q 2019. The leases are marked in green on the above map.