

20 December 2018

88 Energy Limited Operations Update

88 Energy Limited ("**88 Energy**" or the "**Company**", ASX:88E, AIM 88E) is pleased to advise the following in relation to its oil and gas operations on the North Slope of Alaska.

Highlights

- Multiple high-quality parties active in conventional dataroom
 - Deadline for bids extended due to request
 - Deal now targeted for 1Q 2019
- Initial HRZ review by Baker Hughes encouraging
 - Additional value add analysis now underway ahead of finalising farm-out package
- Yukon Leases - 3D seismic processing continues with inversion now underway
- Western Leases – Winx-1 exploration well on schedule for February 2019 spud

Project Icewine - Conventional

The level of interest and the quality of parties in the Project Icewine Conventional farm-out dataroom remains highly encouraging. 88 Energy decided to honour requests for an extension to the year-end deadline in order to maximise the number of bid ready parties, whilst also remaining within the logistical schedule required for the drilling of multiple wells in the 2020 operating season. Consequently, the Company is now targeting close of a deal in 1Q 2019.

Project Icewine – HRZ Shale

The Project Icewine JV engaged Baker Hughes, a GE Company, to undertake a comprehensive, ground-floor peer review of data and analysis, both internal and third-party, related to the HRZ shale. This analysis included the pre-drilling work completed by Burgundy Xploration as well as data obtained from the Icewine-1 and Icewine-2 wells. Baker Hughes brings global experience from both longstanding and burgeoning unconventional plays to provide integrated geological, structural, petrophysical, and geomechanical interpretations for evaluation of the HRZ shale. The initial review is now complete and is consistent with the prior work done.

Given the rapid advancement of unconventional assessment technologies over the past several years, Baker Hughes has recommended several new state-of-the-art lab tests to augment the current body of work. The main thrust of the work being undertaken is to better understand the producibility of the formation by advanced electron microscope analysis, which will allow for a spatial understanding of landing zones in a horizontal lateral. This work incorporates an integrated producibility, fracability and geohazards model to find optimal placement for a lateral well in addition to a completion and stimulation program.

The JV is also working with the U.S. Geological Survey (USGS), who have access to specialist testing equipment, which allows for better definition of quantitative oil and gas biomarkers, kerogen, age dating, as well as variability in source rock geochemistry, both vertically within the core due to changes in lithofacies and laterally across the fairway.

In summary, the HRZ shale remains prospective and will continue to be a focus for 88 Energy in order to unlock its considerable value for shareholders. Work currently underway is expected to be complete in 1H 2019 ahead of commencing farm-out proceedings.

Yukon Leases

The Yukon Leases contain the recently defined Cascade Prospect (refer release dated 7 November 2018). Inversion of the modern 3D seismic, acquired in 1Q 2018, used to delineate Cascade is now underway, with results expected in February 2019.

Cascade was intersected by the Yukon Gold-1 well, drilled in 1993, which penetrated the prospect in a down-dip location in reasonable quality, hydrocarbon saturated sandstone. The up-dip portion of the prospect can now clearly be identified as a channelised feature and is likely to contain thicker sands of higher quality.

Western Leases

As recently announced, all major permits associated with the drilling of the Winx-1 well (with the exception of the Permit to Drill) are now in hand. The Permit to Drill will be submitted prior to year-end, as planned. All other logistics are on schedule for commencement of drilling at Winx in February 2019.

Winx-1 is located ~4 miles east of the Horseshoe1/1A well that significantly extended the highly successful Nanushuk play fairway to the south. Winx-1 will target multiple stacked potential objectives, including the Nanushuk, which is the primary target of the well.

Commenting on the operations update, Dave Wall, Managing Director of 88 Energy, stated: *“By shifting the self-imposed year-end deadline for the Icewine conventional farm-out, we are maximising the chances of achieving the best deal possible for our shareholders and we remain highly encouraged by the level of activity and the quality of the parties active in the dataroom.”*

The first quarter of 2019 is shaping up to be an important period for the Company with results expected from ongoing analysis related to the HRZ shale, the drilling of the Winx-1 exploration well, further definition of the potential on the Yukon Leases and, of course, the Project Icewine conventional farm-out.

We look forward to a prosperous 2019 and wish all our shareholders a safe festive season.”

Yours faithfully



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