

This Announcement Contains Inside Information.

13 January 2017

Conventional Prospectivity Review Complete & Icewine#2 Update

88 Energy Limited (“88 Energy”, “the Company”, “Operator”) (ASX, AIM: 88E) is pleased to provide an update on Project Icewine, located onshore North Slope of Alaska.

Highlights

- Conventional Prospectivity Review by 88 Energy over Project Icewine complete
- Additional resource potential identified for conventional leads across Project Icewine acreage, based on internal estimates totalling:
 - 710 million barrels of gross mean Prospective Resources (unrisked)
 - 550 million barrels of net mean Prospective Resources to 88 Energy (unrisked)
- Total Resource Potential (conventional only), including previously reported leads:
 - 1.47 billion barrels gross mean Prospective Resources (unrisked)
 - 1.14 billion barrels net mean Prospective Resources to 88 Energy (unrisked)
- Plan of Operations for Icewine#2 Production Test Well approved – Late December 2016

Managing Director of 88 Energy Limited, Dave Wall commented: *“The results from the 2D seismic interpretation continue to exceed our expectations for the conventional potential across Project Icewine.*

Whilst the conventional Prospective Resource is very large, it is eclipsed by the potential of the HRZ, especially given the recently expanded acreage position. Additionally, the HRZ has been de-risked via analysis of the results from Icewine#1 and remains the Company’s primary objective.

Preparations for the drilling of Icewine#2, which will test the production potential of the HRZ, remain on track and we look forward to providing further news on this front over the coming months, in the lead up to spud.”

Permitting Update

On December 23rd, the Lease Plan of Operations for Icewine#2 was approved by the Alaska Department of Natural Resources, Division of Oil and Gas. The only remaining permit, the Permit to Drill, is typically submitted post the approval of all other permits, in the lead up to final drilling preparations. No issues are expected in relation to its approval prior to the planned spud date for Icewine#2. Icewine#2 remains on schedule for late Q1 spud and has been designed to test the production potential of the HRZ interval.

Conventional Prospectivity Review – Results

88 Energy has completed the interpretation of the 2D seismic data acquired/ licensed by the Company early in 2016 across Project Icewine and is encouraged by the results of the technical evaluation. Stacking of Leads mapped in the Central region and on the Western margin of Project Icewine may, on maturation, offer the opportunity to test multiple objectives with one exploration well.

The principal objective of the seismic acquisition program, which was to evaluate the conventional prospectivity across Project Icewine, has been achieved. A conventional Prospect and Lead Portfolio has been developed to complement the unconventional Prospective Resource potential already recognised in the HRZ liquids rich resource play.

**Table 1: Project Icewine Conventional Prospectivity Summary
Prospective Oil Resources – Unrisked Recoverable - MMBO**

PROJECT ICEWINE CONVENTIONAL LEAD SUMMARY Prospective Oil Resources - Unrisked Recoverable - MMBO					
Lead	Low	Best	High	Gross Mean	Net Mean to 88E (WI: 77.5%)
<i>Eastern Play Fairway</i>					
Alpha	19	71	263	118	91
Romeo	2.1	3.4	5.3	3.6	2.8
Sierra	1.1	2.0	3.4	2.2	1.7
<i>Central Play Fairway</i>					
Golf	60	115	210	128	99
Hotel	10	18	31	19.8	15.3
India	61	116	212	129	100
Juliet	52	99	181	110	85
<i>Western Play Fairway</i>					
Bravo	129	245	449	273	212
Oscar	14.5	26.6	47	29.2	22.6
Papa	7.6	13.9	24.6	15.3	11.9
Charlie*	147	257	432	277	215
Delta*	74.7	131	219	141	109
Foxtrot*	40.9	71.5	120	77	60
Mike*	50	87.5	147	94	73
November*	24.8	45.6	80.4	50.1	39
FINAL TOTAL				1,468	1,137

Prospective resources classified in accordance with SPE-PRMS as at 13th January 2017 using probabilistic and deterministic methods on an unrisked basis. Leads identified from interpretation of modern 2D seismic acquired in 2015/2016 across Project Icewine, which comprises 271,119** gross acres on the Central North Slope of Alaska. 88 Energy is Operator of record at Project Icewine (through its wholly owned subsidiary Accumulate Energy Alaska, Inc) with a 77.5% working interest.

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.

*Conceptual leads extend into previously open acreage to the west of Icewine Project, which was successfully bid on by 88 Energy in the recent State of Alaska Licensing round, December 2016. Currently delineated on Icewine 2D seismic data and extending onto sparse vintage 2D. Further technical work is required to define the full potential of the Western Play Fairway conceptual leads.

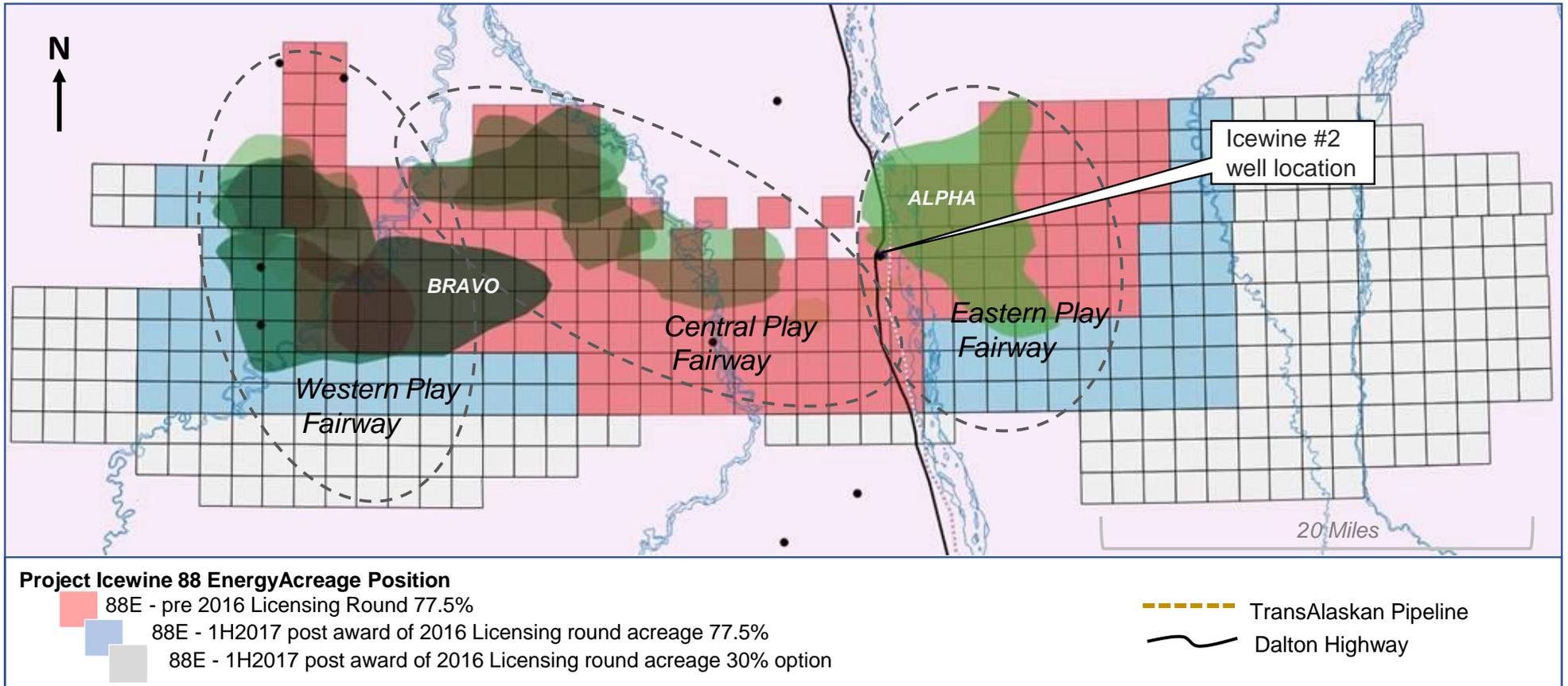
** An additional ~420,000 gross acres (~190,000 net to 88E) is subject to formal award, which is expected in 2017



On completion of the conventional prospectivity portfolio review, the Alpha and Bravo Leads remain the most significant given their seismic relief and geometries. Of note, the Alpha Lead is located close to the transportation corridor and mature infrastructure so could be developed relatively quickly, in the event of exploration success. The Bravo Lead is the most significant Lead in the Western Play Fairway, with closure delineated on the new 2016 seismic database. Additional information on the Alpha and Bravo Leads is included in the Appendix.

The conventional leads mapped are predominantly stratigraphic and the majority are considered to be associated with slope apron, turbidites and basin floor fan development (refer Figure 1). The Tarn Oil Pool, Kuparuk River Unit to the northwest of Project Icewine is considered a proven and productive analogue. The Tarn Oil Pool comprises multiple stacked sands within the Seabee Formation. Depositional systems associated with the Tarn Oil Pool are also included in the Appendix.

Figure 1: Project Icewine: Conventional Leads Prospectivity Map and Acreage Position





Several significant conceptual leads were identified with the Seabee formation and mapped on the western margin of the Project Icewine acreage – the Western Play Fairway. These leads are considered conceptual at this stage as they extend marginally beyond the existing 2016 2D seismic database onto sparse vintage 2D and require further technical work to confirm their western closure. The leads have seismic geometries consistent with the depositional model at the Tarn Oil Pool to the norwest.

Incised gullies analogous to those in the Tarn Play Fairway have been identified on the shelf break immediately west of Project Icewine and represent potential point source to deliver sediments downslope for slope apron, turbidite & basin floor fan development in the Western Play fairway and across Project Icewine.

88 Energy successfully bid on additional acreage in the recent State of Alaska December 2016 Licensing Round as part of the strategy to increase the footprint of its HRZ liquids rich resource play and capture the full western extent of the conceptual leads identified on the 2D seismic in the Project Icewine Western Play Fairway.

Yours faithfully

A blue ink handwritten signature, appearing to read 'Dave Wall', with a long horizontal line extending to the right.

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 and is 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. His academic qualifications and industry memberships appear on the Company's website and both comply with the criteria for "Competence" under clauses 18-21 of the Valmin Code 2005. Terminology and standards adopted by the Society of Petroleum Engineers "Petroleum Resources Management System" have been applied in producing this document.

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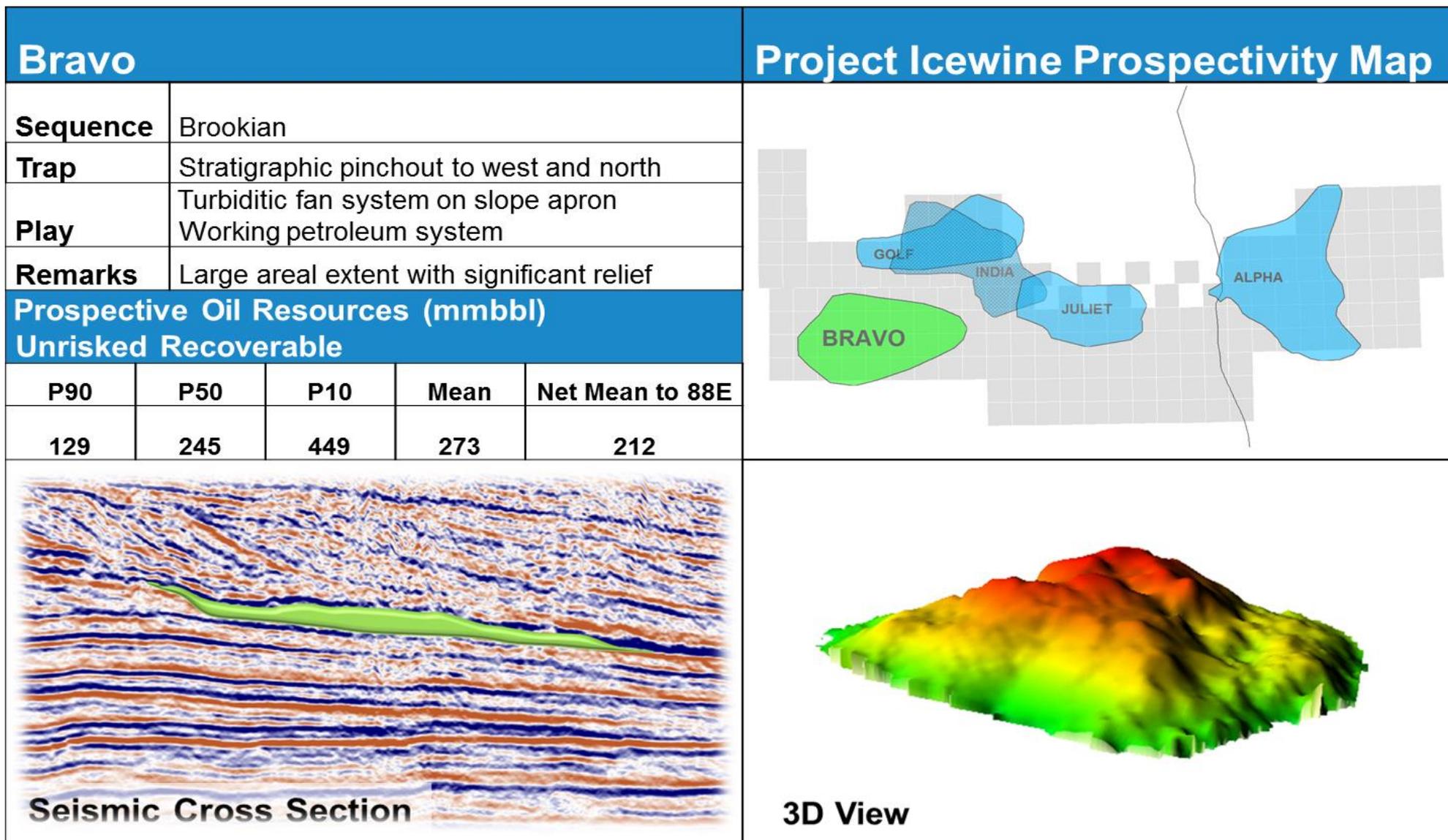
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APPENDIX - KEY LEADS

Alpha					Project Icewine Prospectivity Map				
Sequence	Brookian								
Trap	Stratigraphic pinchout to west and north								
Play	Lobate toe of slope/ basal floor fan Working petroleum system								
Remarks	Large areal extent with significant relief Located in close proximity to road and TAPS								
Prospective Oil Resources (mmbbl) Unrisked Recoverable									
P90	P50	P10	Mean	Net Mean to 88E					
19	71	263	118	91					



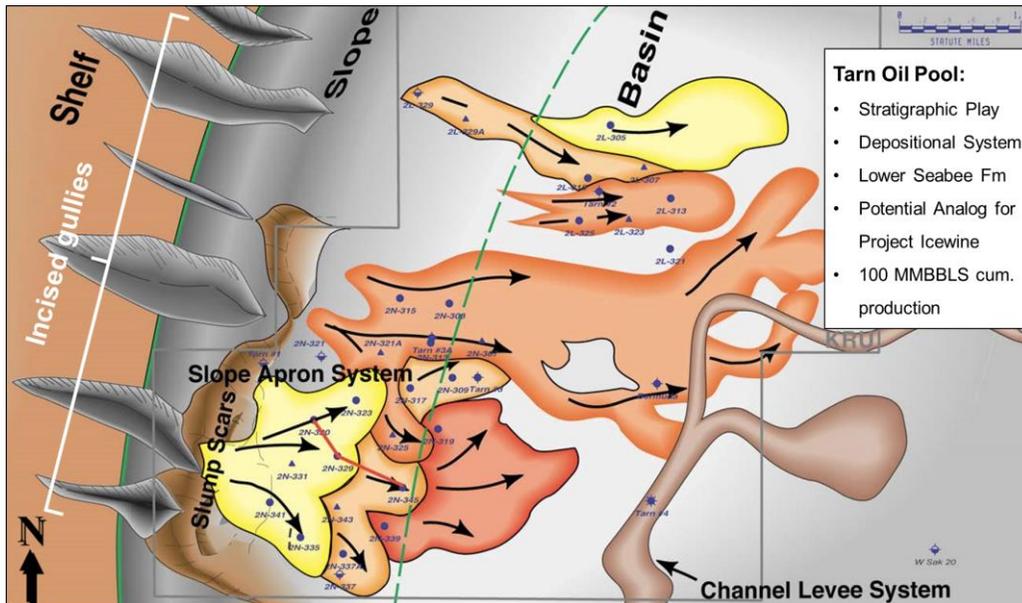
88 Energy Icewine 2D Seismic Data, (2016)

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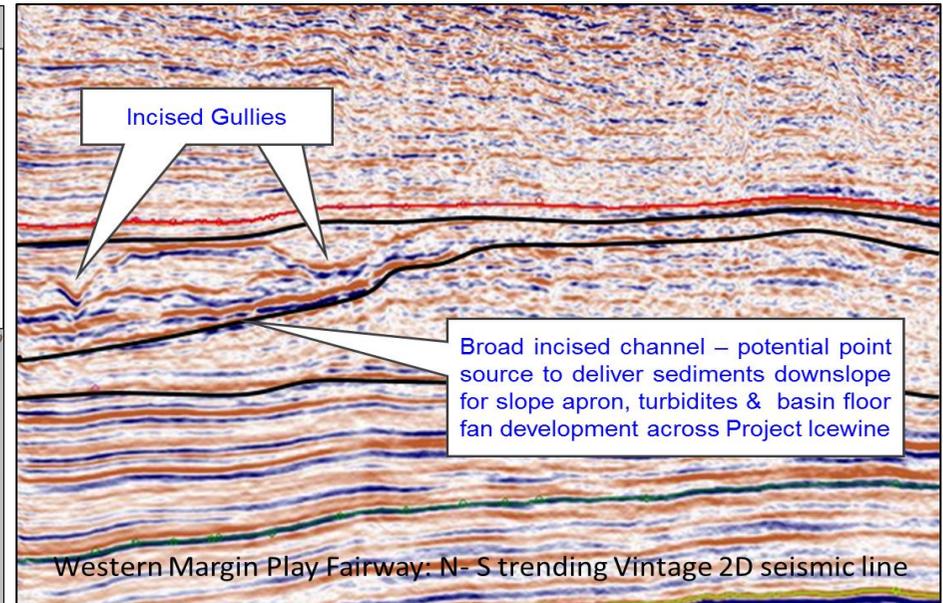
NORTH SLOPE ANALOGUE: TARN OIL POOL

The Project Icewine conventional prospectivity is considered to be an extension of and analogous to the Tarn/ Meltwater Stratigraphic Play Fairway to the north. The Tarn depositional systems, are diagrammatically illustrated in figures below, comprising slope apron, turbidites, basin floor fan and channel levee deposits fed by incised gullies on the shelf break to the west. The Tarn Oil Pool – part of the Kuparuk River Unit - has produced in excess of 100+ MMBO.

The Tarn Oil Pool comprises multiple stacked sands within the Seabee Formation. Geologically equivalent incised gullies to those in the Tarn Play Fairway have been identified on the shelf break associated with the western margin and similar seismic geometries have been mapped across Project Icewine.



Tarn Depositional Sytem (Annotated, after Helmoldt 2006)



Incised gullies / feeder channel associated Project Icewine Western Play Fairway

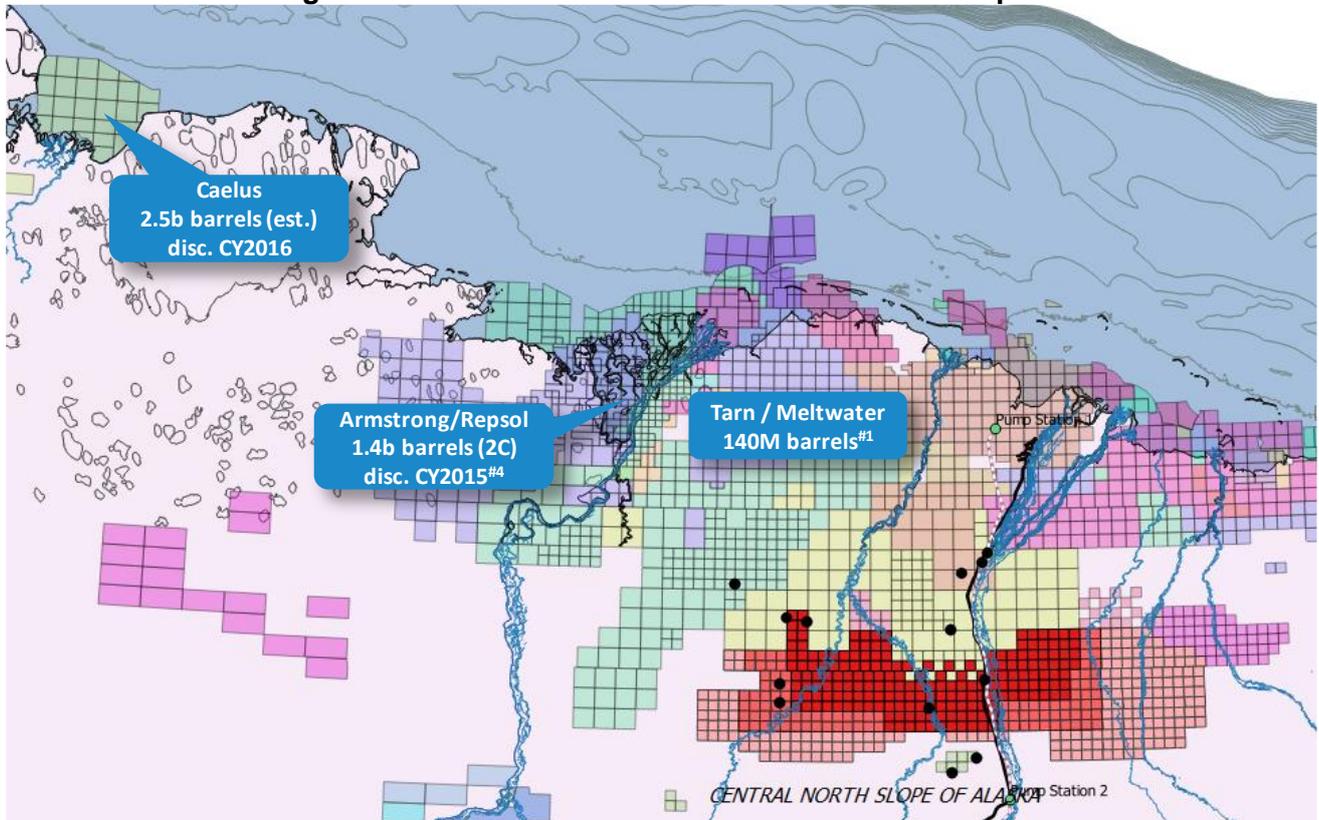
- Tarn Oil Pool:**
- Stratigraphic Play
 - Depositional System
 - Lower Seabee Fm
 - Potential Analog for Project Icewine
 - 100 MMBLS cum. production

Broad incised channel – potential point source to deliver sediments downslope for slope apron, turbidites & basin floor fan development across Project Icewine

Recent High Impact Regional Discoveries

Two regional discoveries greater than one billion barrels of oil in the Brookian sequence have been announced in the last 18 months, both sourced / co-sourced by the HRZ shale. Although not directly analogous to Project Icewine these discoveries indicate the significant remaining undiscovered conventional oil resource potential within the Brookian.

Recent Regional Billion Barrel+ Discoveries in Brookian Sequence



#1. Analogous to Conventional Prospectivity at Project Icewine

Public reported metrics on each are summarised below:

Joint Venture	Armstrong/Repsol
Discovery Name	Nanushuk
Reservoir Horizon	Brookian
Areal Extent	~25,000 acres
Gross / Net Pay	650 ft / 150 ft
Resource Size (oil)	1.4b (2C independent)
Oil Gravity	30 API
Likely Source	Shublik / HRZ Shale

Joint Venture	Caelus Energy
Discovery Name	Smith Bay
Reservoir Horizon	Brookian
Areal Extent	~75,000 acres
Gross / Net Pay	1,000 ft / 250 ft
Resource Size (oil)	2.5b (Caelus est)
Oil Gravity	40-45 API
Likely Source	HRZ Shale

Project Icewine Overview

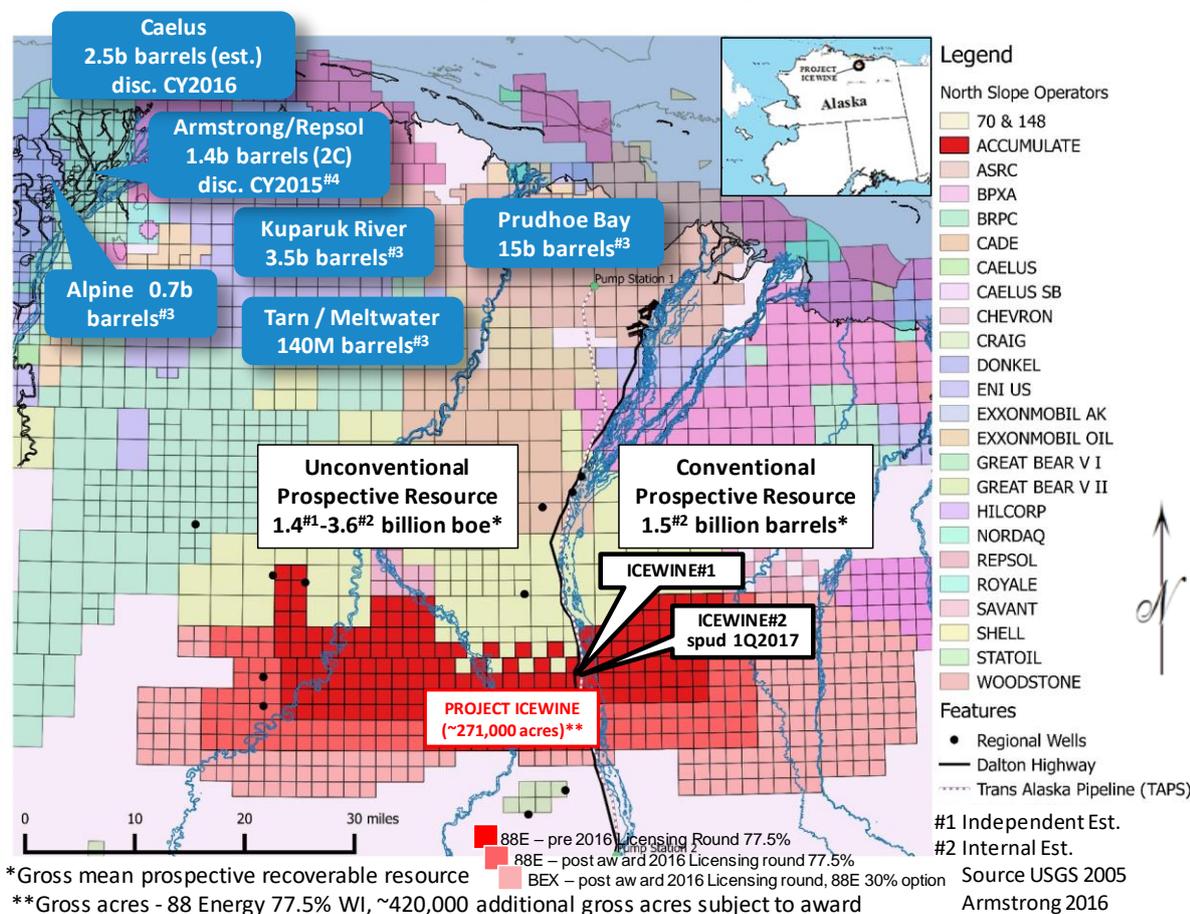
In November 2014, the Company entered into a binding agreement with Burgundy Xploration (**BEX**) to acquire a significant working interest (87.5%, reducing to 77.5% on spud of the first well on the project) in a large acreage position on a multiple objective, liquids rich exploration opportunity onshore Alaska, North America, referred to as Project Icewine. In June 2016, the gross acreage position was expanded to 271,119 contiguous acres (210,250 acres net to the Company). In December 2016 the Company successfully bid on additional acres. On award the Project Icewine gross acreage position will be further expanded to ~690,000 contiguous acres (~400,000 acres net to the Company assuming all rights are taken up).

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 a followup appraisal well, Icewine#2, scheduled for spud in late 1Q2017. Icewine#2 has been designed as a vertical well with a multi-stage stimulation and flow test, to assess the production potential of the HRZ.

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

Project Icewine Acreage



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Generous exploration incentives are provided by the State of Alaska with up to 35% of net operating loss refundable in cash.

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 Ivishuk 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 77.5% working interest and operatorship in ~271,000 acres onshore the prolific North Slope of Alaska (“Project Icewine”). Gross contiguous acreage position will expand on award of additional leases successfully bid on in the December 2016 State of Alaska North Slope Licensing Round. 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. A follow-up well with a multi-stage stimulation and test of the HRZ shale, Icewine#2, is planned for 1Q2017.