



2 December 2016

Operational Update

88 Energy Limited ("**88 Energy**", "**the Company**", "**Operator**") (ASX, AIM: 88E) is pleased to announce the following operational update in relation to Project Icewine, located on the North Slope of Alaska (77.5% Working Interest, Operator).

Icewine#2 Progress

Permitting

Permitting remains on track for completion well ahead of the scheduled spud date for Icewine#2 in late Q1 2017. Two of the major permits, the Plan of Operations and Oil Discharge Prevention and Contingency Plan, have just passed major milestones in the permitting process with no problems identified.

Vendor Selection

With the design of the well, logging program and stimulation design now largely finalised, 88 Energy anticipates conclusion of key vendor contracts over the coming weeks, including rig selection. Availability of equipment for the planned design and schedule has been ascertained and no issues are expected on this front.

2D Seismic Update

Processing

Final processing of the Icewine 2D vibroseis data acquired by 88 Energy during the first half of 2016 across the Project Icewine acreage was successfully completed in November.

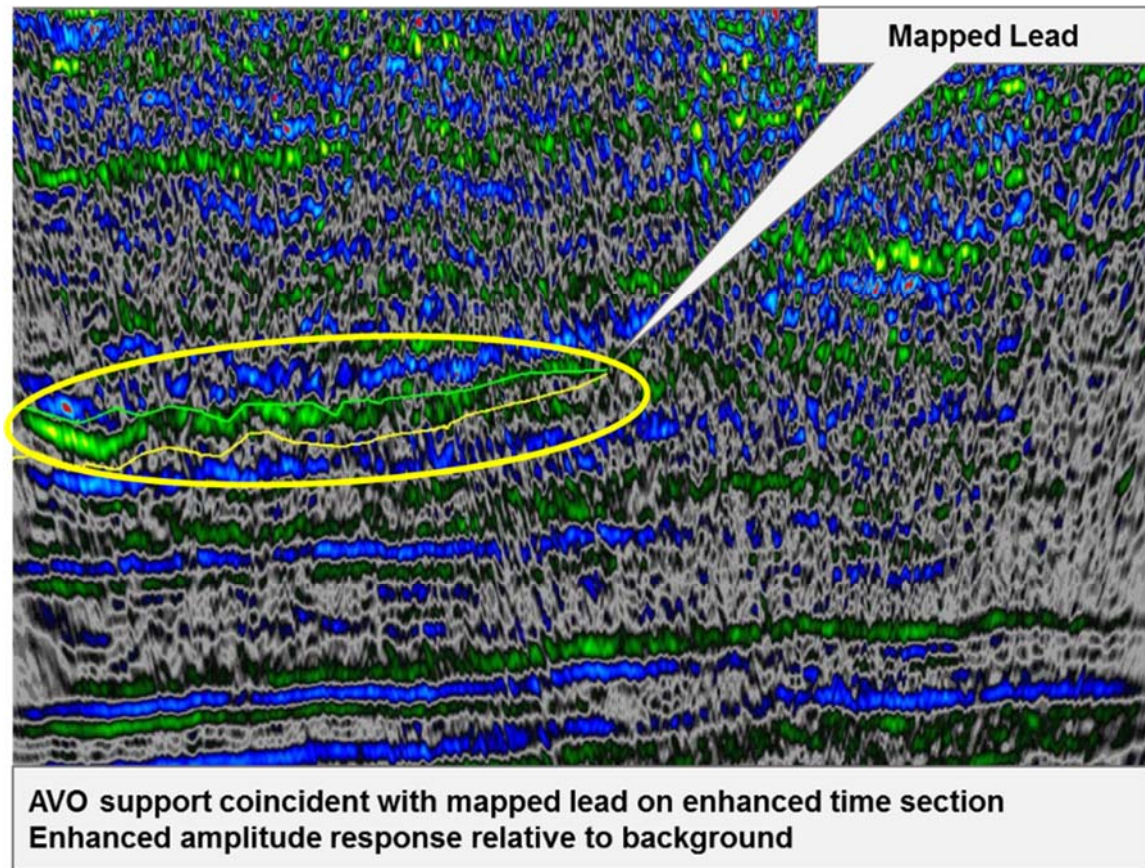
Conventional Prospectivity Review

The range of preliminary leads identified in the Brookian and Beaufortian sequences, along with additional mapped leads have been matured and now form the basis of a diverse conventional Prospect and Lead inventory across the Project Icewine acreage.

The majority of leads identified are stratigraphic: typically comprising slope apron, basin floor fan systems and turbidites. These leads are within proven play fairways with successful analogues on the North Slope.

A number of leads are associated with enhanced seismic amplitudes which is considered promising as it can indicate the presence of hydrocarbons. To further evaluate the enhanced amplitudes, an amplitude versus offset (AVO) analysis was undertaken - this work is ongoing and the initial results are encouraging.

AVO response associated with Leads and Prospects is a useful tool as it can be used to rank and de-risk exploration targets.



The forward plan is to fully mature the conventional Prospect and Lead portfolio and highgrade potential candidates for future exploration drilling. This will include finalisation of the volumetric estimation of the prospective resource potential, prior to year end.

Managing Director of 88 Energy Limited, Dave Wall commented: *“Operational activity associated with the near term spud of Icewine#2 is ramping up and the Company is on the cusp of testing the flow potential of the HRZ resource play. Our large acreage position and the quality of the rock means that the potential resource prize is enormous and success would be truly transformational.*

Additionally, the conventional portfolio continues to firm up, exceeding our expectations.

We look forward to providing additional news on both fronts in the near future.”

Yours faithfully



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This announcement contains inside information.



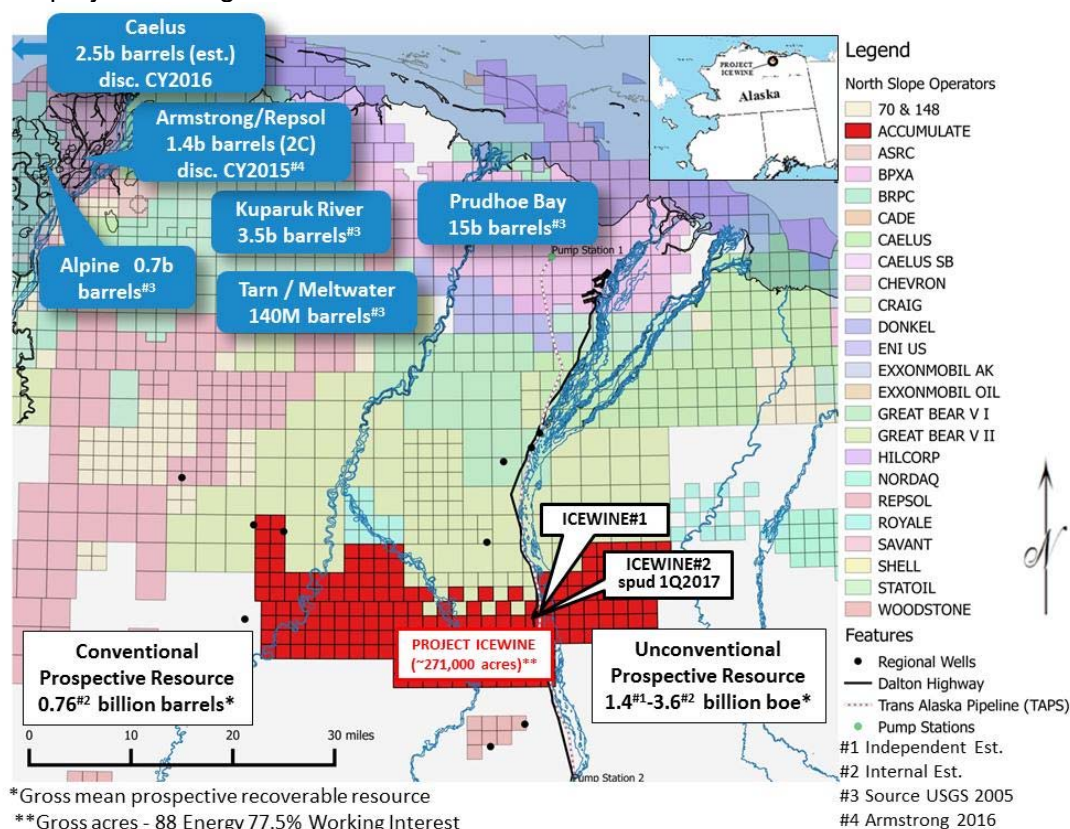
Project Icewine Overview

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).

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 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 Location

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.



Generous exploration incentives are provided by the State of Alaska with up to 35% of exploration expenditure 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 Icwine 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 Icwine 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 Icwine 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 Icwine"). 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 three highly prospective play types that are likely to exist on the Project Icwine acreage – two conventional and one unconventional. The large unconventional resource potential of Project Icwine 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 has recently acquired 2D seismic 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. Interim results from this seismic are encouraging, having identified several large leads. In late 2015, the Company completed its maiden well at the project, Icwine#1, to evaluate an unconventional source rock resource 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, Icwine#2, is planned for 1Q2017.