

6 June 2017

## **88 Energy Limited Icewine#2 Operations 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**

- Arctic Fox rig demobilisation complete
- Log interpretation for finalisation of stimulation design completed
- Sundry application for stimulation submitted
- Logistic planning on schedule to perform stimulation ~17<sup>th</sup> June
- Production testing remains on schedule for late June / early July

### **Icewine#2 Operations Update**

Following the successful completion of the initial drilling activities at Icewine#2, the Arctic Fox drilling rig has been demobilised. The Company would like to thank Doyon Drilling Inc and the Arctic Fox crew for executing a safe and efficient operation.

The stimulation design for Icewine#2 has been completed, and the final application has been lodged with the State. The logging program in Icewine#2 was tailored to optimise the location of perforations for the stimulation design by identifying areas within the HRZ with:

- the same stress profile;
- the highest hydrocarbon saturation; and
- any pre-existing planes of weakness that may be exploited by artificial stimulation.

All three of the above goals were accomplished successfully and the Company is confident that the stimulation design has been optimised based on the best information currently at hand.

Additionally, insights have been gained into the stress profile and pore pressure of the HRZ, which appears higher than previously expected. This can have a direct effect on potentially higher flow rates. Consequently, the planned micro stimulation (DFIT) is no longer necessary and will be removed from the forward program.

The next phase of the program will comprise the planned artificial stimulation and production testing, which will aim to resolve a number of current uncertainties, including whether complex artificial fracture systems can be created within the HRZ via the proposed stimulation. These complex fracture systems are evident in the best performing shale plays as they result in maximised stimulation rock volume, which directly impacts potential flow rates. Similarly, whilst substantial work has been done on thermal maturity, the exact gas oil ratio is difficult to predict prior to a flow test. The Company interprets that the vast majority of the HRZ sweetspot has been captured irrespective of any uncertainty, due to the large acreage position.

Production testing remains on schedule for late June / early July.

Further updates will be made as and when appropriate throughout the drilling / testing program.



Yours faithfully

A blue ink handwritten signature, appearing to be 'Dave Wall', with a 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, 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.

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### Project Icewine Overview

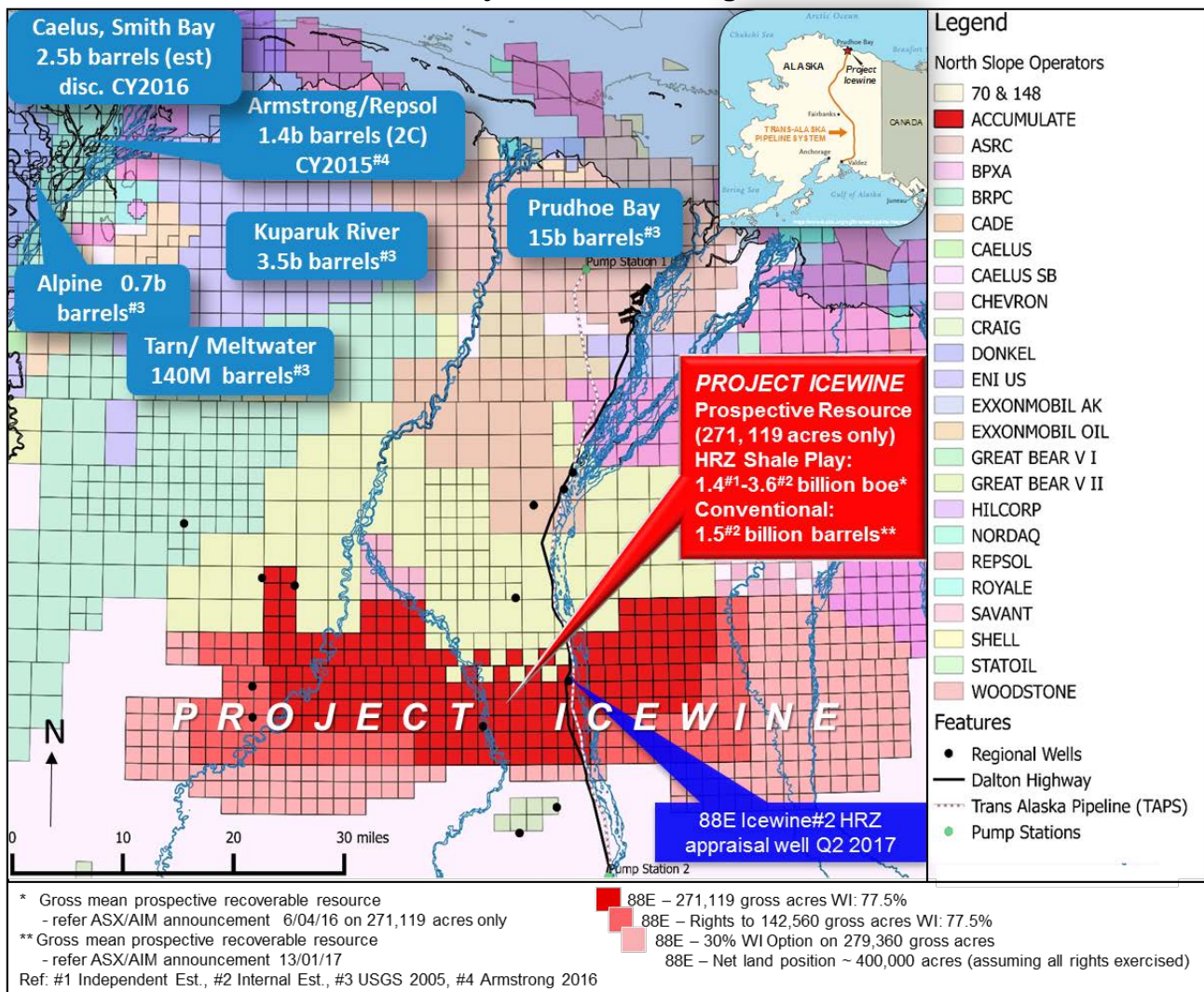
In November 2014, the Company entered into a binding agreement with Burgundy Xploration (**BEX**) to acquire a significant working interest (87.5%, reducing to 77.5% on spud of the first well on the project) in a large acreage position on a multiple objective, liquids rich exploration opportunity onshore 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 drilling at the follow-up appraisal well, Icewine#2, commencing early 2Q2017. Production testing is scheduled to occur in mid-2017.

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.*

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 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 6<sup>th</sup> 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. The follow-up well with a multi-stage stimulation and test of the HRZ shale, Icewine#2, spud in early 2Q2017.*