



13 November 2015

### **Icewine #1 Weekly Drilling Update**

88 Energy Limited ("88 Energy", "the Company", "Operator") (ASX, AIM: 88E) is pleased to provide the following drilling update.

#### **Current Operations**

As at 12<sup>th</sup> November 2015 13:50 (AK time), Kuukpik Rig 5 had drilled to 6,258' and is currently drilling ahead. Subsequent to successful testing of the Blow Out Preventer system (BOP) and formation integrity test (FIT), drilling recommenced on the 10<sup>th</sup> November 14:45 (AK time). Excellent penetration rates have been achieved since that time, resulting in a 2,600' interval being drilled over an approximate 48 hour period, significantly in excess of the budgeted rate of penetration.

The Brookian sequence intersected to date comprises predominantly siltstones and clays with some sandstone intervals, as prognosed. Good porosity is indicated in several horizons and multiple oil shows have also been recorded; however, on first analysis, these are interpreted as of minor significance.

Conventional potential remains in the continuing Brookian sequence before intersection of the primary HRZ shale target. Additional conventional potential also exists below the HRZ, in the Kuparuk, which will be evaluated subject to hole conditions.

#### **Previous Week Operational Update**

Since the last update, minor delays were experienced due to replacement of faulty equipment associated with the BOP, which pushed back the BOP test by three days. Subsequently, a successful statutory test was completed and overseen by the Alaska Oil and Gas Conservation Commission. The FIT was then executed to a very high standard (13.5 ppg EMW), allowing drilling operations to recommence.

A replacement mud pump was also required and was sourced and tied-in within 24 hours, resulting in increased pump capacity (over and above the original capacity). This has led to improved drilling capability and excellent penetration rates (see above).

#### **Forward Plan**

The next casing point is at circa 10,450' before setting 7" casing and commencing coring operations in the lower Hue / upper HRZ, which is the primary target for the Icewine #1 exploration well.

The well is planned to a Total Depth of 11,600 feet and is scheduled to take 30 days of drilling to complete. The primary objective of the well is the HRZ shale formation, targeting a huge unconventional resource prize.

Please refer to the presentation released 5<sup>th</sup> November 2015 for more details on the well, look-forward operations and evaluation program.

Managing Director of 88 Energy Limited, Dave Wall commented: *"Whilst the issues with the BOP and mud pump caused minor delays to the schedule, the well remains well within the Budget and substantial lost time has already been clawed back while drilling the intermediate section, which includes potential remaining conventional zones of interest in the Brookian sequence."*

*The crew has done a great job at expediting the necessary repairs and we are now making excellent progress through the Brookian and towards the primary objective in the HRZ."*



**Fig 1. Kuukpik Rig 5 On Location**



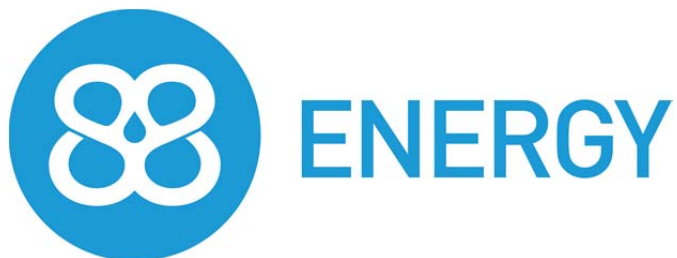
Upon completion of drilling, certain data will be available immediately and will be reported to the market after internal examination; however, the definitive testing of the HRZ shale potential will take several months of data analysis. The pivotal focus will be an extensive evaluation of core material by specialist laboratories, which will cover a number of parameters considered critical for the success of the play.

Conventional potential may also exist in shallower (Brookian) and deeper (Kuparuk) horizons and the well has been designed such that testing of these horizons is possible, if warranted. The drilling of Icewine #1 will deliver first insight to the conventional prospectivity of 88 Energy's acreage to be matured up by the potential acquisition of 3D seismic in the near term. The conventional horizons that will be encountered in Icewine #1 have not been delineated by 3D seismic and remain secondary to the primary target, that being the HRZ shale.

Regular announcements will be made during the course of drilling, as appropriate.

Yours faithfully

Dave Wall  
Managing Director  
88 Energy Ltd



## Project Icewine Highlights

In November 2014, the Company entered into a binding agreement with Burgundy Xploration (**BEX**) to acquire a significant working interest (87.5%, reducing to 78% 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.

88 Energy has a 98,182 gross contiguous acre position with 85,900 acres net to the Company (76,582 net acres post spud), located on an on 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 unconventional oil play will be tested by the recently spud Icewine #1 exploration well, scheduled to be completed in November 2015.

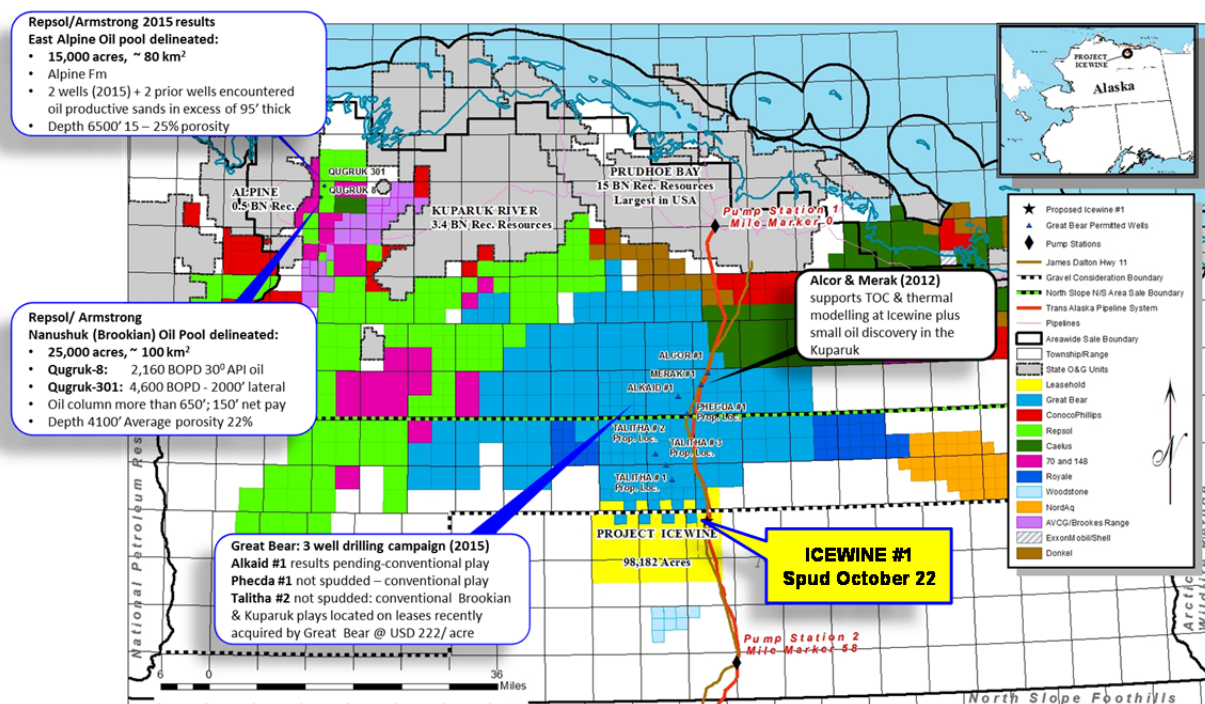
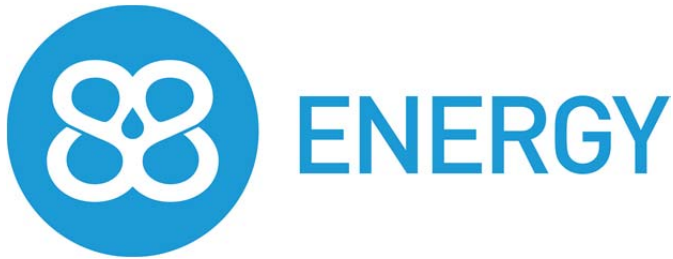


Figure 1: Project Icewine Location

Generous exploration incentives are provided by the State of Alaska with up to 85% of exploration expenditure in 2015 cash refundable, dropping to 75% mid 2016 and thereafter 35%.

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.

Conventional play potential can be found at Project Icewine within the same Brookian petroleum system and shallow to the HRZ shale and includes high porosity channel and deep water turbiditic sands. The Brookian conventional play is proven on the North Slope; the USGS (2013) estimate the remaining oil potential to be 2.1 billion barrels just within the Brookian sequence. Additional conventional potential exists in the deeper Kuparuk sands and the Ivashuk Formation.



Drilling, (2012), in the adjacent acreage to the north confirmed that the HRZ shales, along with the underlying Kingak & Shublik shales, were all within the oil window which is extremely encouraging for the unconventional potential at Project Icewine. In addition, a conventional oil discovery was reported in the Kuparuk sandstones.

A Prospective Resources Report by DeGolyer and MacNaughton, was commissioned by 88 Energy to evaluate the unconventional resource potential of Project Icewine in early December 2014 and was released to the market on 19 January 2015.

**About 88 Energy:** *In late 2014, 88 Energy acquired an initial 87.5% working interest (reducing to 78% on spud of the first well on the project) and operatorship in 98,182 acres onshore the prolific North Slope of Alaska ("Project Icewine"). The North Slope is the host for 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 two highly prospective play types that are likely to exist on the Project Icewine acreage – one conventional and one unconventional. The large 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 TransAlaska Pipeline System. The Company plans to progress drilling and seismic acquisition in the near term to take advantage of the globally unique fiscal system in Alaska, which allows for up to 85% of CY2015 exploration expenditure to be rebated in cash.*

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