3 December 2015

Icewine #1 Drilling Update

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

Overview
Drilling recommenced in the 8.5" intermediate hole through the Brookian sequence from 8,773' on November 29 (AK time). The mid Cretaceous unconformity, a key subsurface marker, was intersected at 9,465', on prognosis. Geology in the Canning / Seabee Formations (Lower Brookian) has been characterised by predominantly fine grained siltstones and minor unconsolidated sandstones, interbedded with claystones. Multiple minor oil shows and elevated background gas (C1 – C5+) has been encountered throughout the interval.

At 0200 2nd December (AK time), a 110' interval (10,011' – 10,121') was encountered, yielding gas shows significantly above background. The interval is interpreted to be comprised of cemented siltstones interbedded with unconsolidated very fine to fine grained sandstones with abundant matrix. Oil shows with minor fluorescence and crush cut were also recorded. The interval appears to be predominantly tight with the shows likely associated with residual oil; however, a full petrophysical evaluation of all available log data will be undertaken at section TD.

The hydrocarbon shows encountered to date at Icewine #1 are encouraging for both the conventional and unconventional plays targeted by the Icewine JV for the following reasons:

- The hydrocarbon shows and elevated background gas, including C1 – C5+, confirms the presence of an active working petroleum system in the Brookian sequence, that is likely to be liquids rich, across the Project Icewine acreage
- The proportions of heavier gases in the intermediate hole appear consistent with the thermal maturity model on which the HRZ shale sweetspot mapping is based
- Underpins the Company strategy to additionally target conventional stratigraphic and structural prospectivity

The well continues to remain within budget.

Current Operations
As at 2nd December 21:00 (AK time), the Icewine#1 well had drilled to 10,400' within the Hue formation, which overlies the HRZ primary target. Drilling of the current section will be finalised shortly at circa 10,490' prior to pulling out of hole (POOH) and preparing to run the 7" casing.

Forward Plan
The forward plan is to set casing above the primary HRZ shale target and commence coring operations in the lower Hue / upper HRZ, which is the primary target for the Icewine #1 exploration well. Coring is anticipated to commence within approximately seven days.

The well is planned to a Total Depth of 11,600 feet and was 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 5th November 2015 for more details on the well, look-forward operations and evaluation program.

Further updates will be made in a timely fashion as information becomes available.

Media Article and Speculation

The Company is aware of an article originally published on the 30th November 2015 in relation to oil and gas activity in Alaska, including a brief comment on progress to date at Icewine#1. Whilst the Company does not comment specifically on the contents of reports in the media, it can confirm that it is in complete compliance with the ASX and AIM listing rules and specifically those related to continuous disclosure.

Share Purchase Plan

88 Energy also reminds all shareholders that the Company's Share Purchase Plan ("SPP") is currently open and acceptances are flowing in, with allocations to be made on a first come first serve basis.

The SPP is currently scheduled to close at **5pm (AWST), Friday 11 December 2015.**

Under the SPP, the Company is giving Eligible Shareholders and DI Holders the opportunity to purchase up to $15,000 (GBP7,050[1]) worth of fully paid ordinary shares in the Company, irrespective of the size of their shareholding, without incurring brokerage or transaction costs.

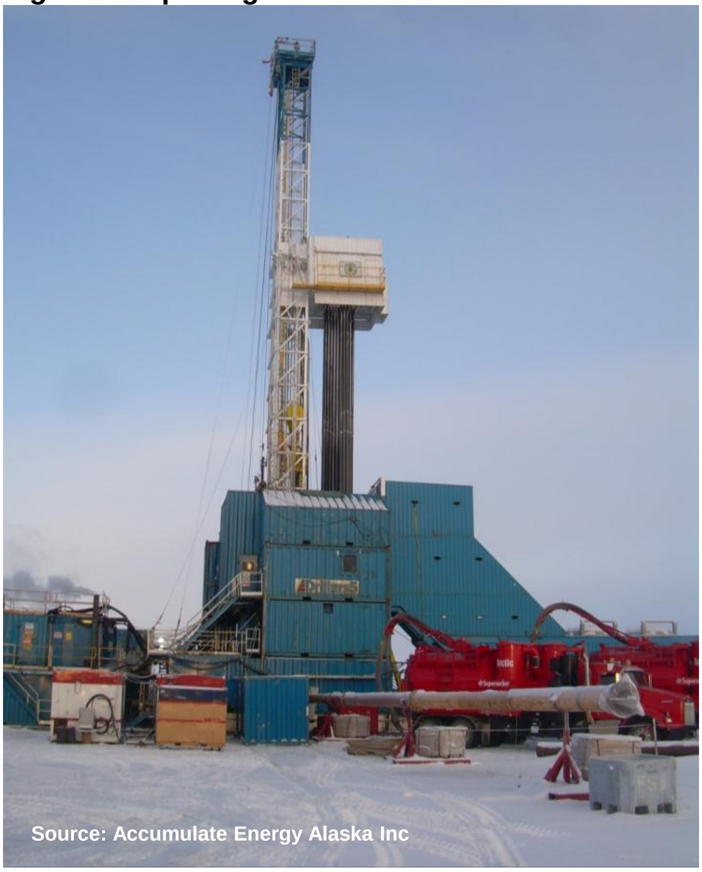
The issue price of shares offered under the SPP is $0.01 per share.

1. Based on an exchange rate of AUD1:GBP0.47 as at 20 November 2015.

Managing Director of 88 Energy Limited, Dave Wall commented: *"Results in the most recently drilled section provide encouragement for both the unconventional thermal maturity model as well as conventional potential at Project Icewine.*

It is still early days and we are yet to definitively clear the first of several required hurdles in the planned HRZ evaluation program, but we are heading in the right direction."

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
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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. In November 2015, the gross acreage position was expanded by 174,240 acres (to be awarded in due process by the State of Alaska)..

88 Energy has a 272,422 gross contiguous acre position with 212,489 acres net to the Company, 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 unconventional oil play will be tested by the recently spud Icewine #1 exploration well, scheduled to be completed in November 2015.

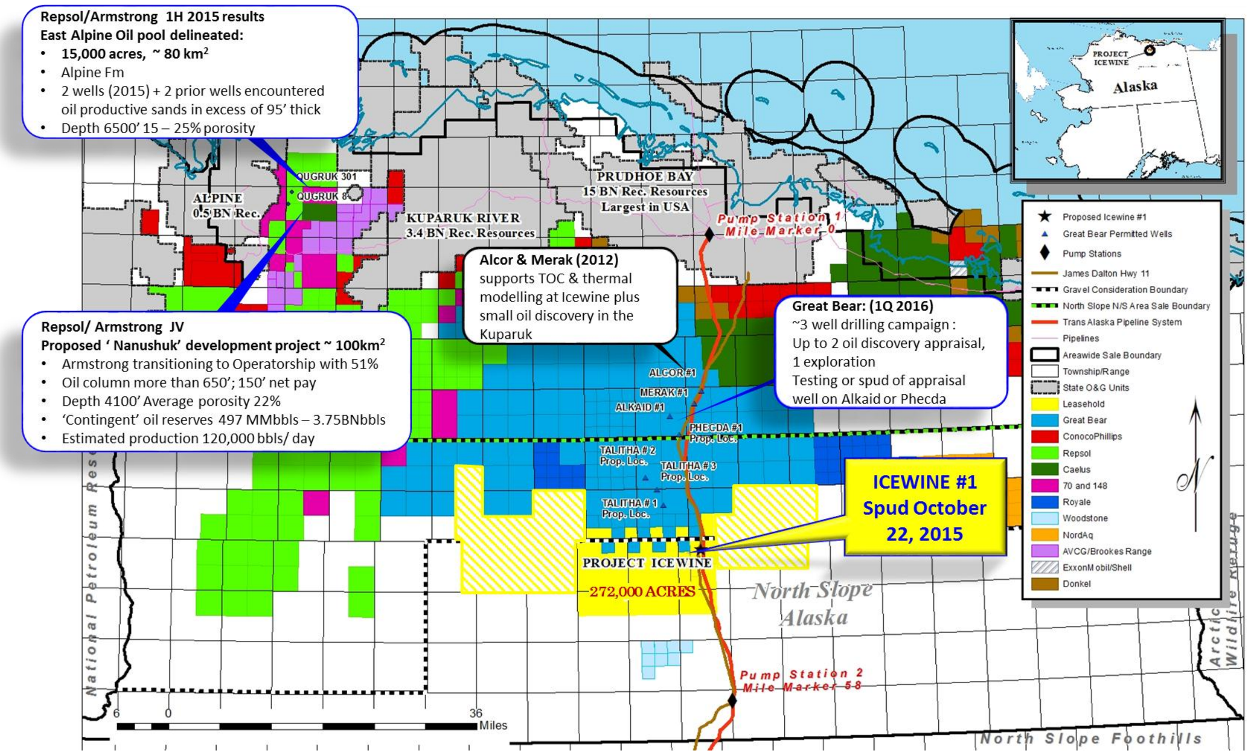

Figure 1: Project Icewine Location

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***: *88 Energy has a 78% working interest and operatorship in ~272,000 acres (~174,000 acres subject to formal award) 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 three highly prospective play types that are likely to exist on the Project Icewine acreage – two 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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