



5 September 2016

## **Icewine#2 Well Design Complete and Preliminary 2D Seismic Results**

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**

- **Finalisation of Well Design for Icewine#2**
  - **Well design revised and finalised as vertical completion with multi-stage stimulation**
  - **Optimised to achieve program objectives at reduced cost**
    - **88E fully funded for Icewine#2 from current cash position**
  - **New design will test both HRZ/HUE shales with potential for significant resource upgrade**
- **Interpretation of inline/crossline 2D in Franklin Bluffs Area progressing well**
  - **Subtleties of seismic stratigraphic plays clearly imaged on new 2D extracts**
  - **Progradational sequence evident, potential basal floor fan, amplitude anomaly**
- **Processing of 2D data from recently acquired vibroseis over two thirds of Project Icewine acreage nearing completion**
  - **Data is of high resolution with excellent lateral reflector continuity throughout the stratigraphic sequence**

### **Well Design Complete**

88 Energy, in consultation with its partner, Burgundy Xploration (together the “Joint Venture”), has finalised the well design for Icewine#2. Upon strategic review of the desired objectives for Icewine#2, the Joint Venture has concluded that a vertical well with a multi stage stimulation is superior to the initially proposed lateral well.

The vertical well design will allow the Joint Venture to:

- test production potential of entire HRZ/HUE interval with potential for resource upgrade
  - HRZ remains premier reservoir and primary target
- enhance dataset for landing zone selection of future laterals
- decrease drilling risk associated with a more complex lateral completion
- increase availability of suitable rigs and result in a more competitive tender process
- lower the estimated cost of the well completion by ~US\$5m, meaning that 88 Energy is fully funded for the costs associated with Icewine#2 from its current cash position

For more detail, please refer to the presentation releases on ASX today, which is also available on the Company’s website [www.88energy.com](http://www.88energy.com).



## Preliminary 2D Seismic Results

Interpretation of the processed inline/crossline 2D seismic data (purchased as extracts from 3D seismic acquired in 2015 using dynamite) is at an early stage, but is progressing well due to the excellent data quality. Initial observations indicate the presence of seismic stratigraphic features, consistent with a potential basin floor fan play fairway. Further seismic interpretation and geological analysis is required to evaluate the exploration potential of this fairway, which could lead to the maturation of an attractive drilling portfolio.

In addition, processing of the 2D data acquired this year by 88 Energy using vibroseis, over approximately two thirds of the Project Icewine acreage, is nearing completion. Initial observations indicate data quality of the same calibre as the 2D extracts referred to above. Interpretation remains on schedule to commence in September 2016, with results to follow several weeks later.

Further details on the finalised well design and 2D seismic progress can be found in the presentation released to the ASX today, which is also available on the Company's website [www.88energy.com](http://www.88energy.com).

Managing Director of 88 Energy Limited, Dave Wall commented: *"The revision to the well design has resulted in a best of both worlds scenario for 88 Energy and its shareholders. We now have a more efficient, lower cost outcome that optimises achievement of the operational objectives targeted by the Icewine#2 well.*

*Additionally, we are highly encouraged by the initial results from the 2D seismic at this very early stage of interpretation."*

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

### Media and Investor Relations:

#### Australia

88 Energy Ltd  
[admin@88energy.com](mailto:admin@88energy.com)  
+61 8 9485 0990

Hartleys Limited  
As Corporate Advisor  
Mr Dale Bryan  
+61 8 9268 2829

#### United Kingdom

Cenkos Securities Plc  
As Nominated Adviser  
Mr Neil McDonald

Mr Derrick Lee

Tel: +44 (0)131 220 9771 /  
+44 (0)207 397 1953

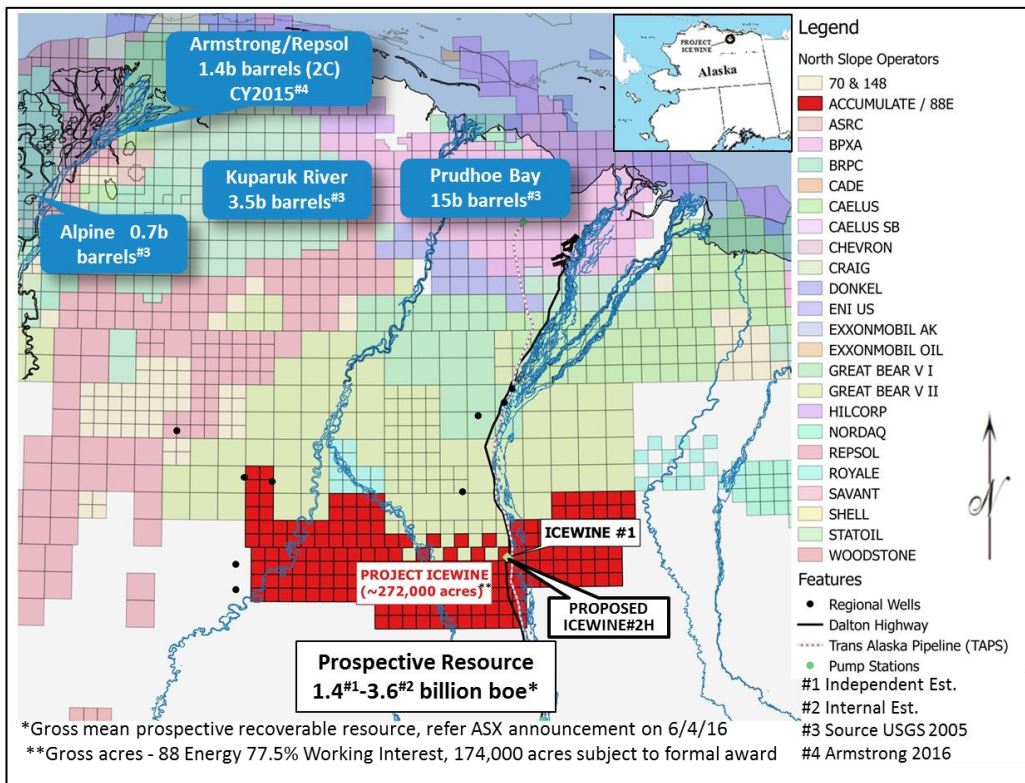
Tel: +44 (0)131 220 9100 /  
+44 (0)207 397 8900

### 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 172,937 acres (formal award finalised in June 2016) 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 planning for a vertical multi-stage stimulated well, Icewine#2, currently underway.



**Figure 1: 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 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 in (2012), on 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 February 2016 and was released to the market on 6<sup>th</sup> April 2016.

**About 88 Energy:** 88 Energy has a 78% working interest and operatorship in ~271,000 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 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 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. In late 2015, the Company completed its maiden well at the project, Icewine#1, with excellent results from analysis of core obtained in the HRZ shale. A follow-up well with a multi-stage stimulation, Icewine#2, is planned for 1Q2017.