



22 July 2015

### **Oversubscribed Placement to Raise \$12 Million**

88 Energy Limited (“88 Energy” or “the Company”, ASX:88E, AIM 88E) is pleased to advise that it has successfully completed the bookbuild for a placement to domestic and international institutional and sophisticated investors to raise up to \$12 million through the issue of up to 1,200 million shares at 1 cent per ordinary share (“Placement”). The Placement was strongly oversubscribed.

Funds raised pursuant to the Placement will be applied to progress exploration at 88 Energy’s Project Icewine, to fund the equity component of its planned drilling program<sup>1</sup> and for working capital purposes. 88 Energy expects drilling at Project Icewine to commence in October 2015.

Commenting on the success of the Placement, 88 Energy Managing Director Dave Wall stated *“Notwithstanding the dilutive impact of the Placement, the leverage afforded to our shareholders by the substantial upside potential at Project Icewine remains compelling. The overwhelming support shown by new and existing shareholders for the Placement is a testament to both the quality of the project and the hard work by the Company, its partners and its advisers. With the close of the BOA facility expected within the coming weeks, 88E will be fully funded to test the significant unconventional resource prospectivity of Project Icewine via the drilling of the high impact Icewine #1 exploration well, scheduled for an October spud.”*

*“Recent transactional activity on neighbouring acreage also highlights the conventional potential on the North Slope, which also exists on our Project Icewine acreage, and the increased level of industry interest in the region. An announced four well drilling campaign on acreage adjacent to the Project Icewine boundary is likely to provide significant catalysts for 88E and its shareholders, commencing from late 2015.”*

Hartleys Limited acted as Sole Lead Manager to the Placement. Patersons Securities Limited, Cenkos Securities plc and APP Securities Pty Ltd acted as Co-Managers to the Placement.

The Placement will be settled in two tranches of 170 million ordinary shares (the “Tranche One Shares”) and 1,030 million shares (the “Tranche Two Shares”) respectively. The Tranche One Shares and the Tranche Two Shares will rank pari passu with the existing ordinary shares in the Company.

Settlement of the Tranche One Shares is scheduled for Wednesday 29 July 2015 and is not subject to shareholder approval as the issuance will fall within the Company’s 15% placement capacity pursuant to ASX Listing Rule 7.1. Application will be made for the Tranche One Shares to be admitted to trading on both the ASX and AIM, with admission expected to occur on Wednesday 29 July 2015. Following the issue of the Tranche One Shares, the Company will have 1,309,306,023 ordinary shares in issue, all of which have voting rights.

The Tranche Two Shares will be issued subject to shareholder approval to be obtained at a general meeting of shareholders scheduled to take place on the 21 August 2015. Settlement of the Tranche Two Shares is scheduled for Thursday 27 August 2015. Application will be made for the Tranche Two Shares to be admitted to trading on both the ASX and AIM, with admission expected to occur on Thursday 27 August 2015. Following the issue of the Tranche Two Shares, the Company will have 2,339,306,023 ordinary shares in issue, all of which have voting rights.

A prospectus will be lodged to facilitate secondary trading of the Placement shares.



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<sup>1</sup> The budgeted cost of the drilling program is approximately US\$16.5 million (including contingency), which is in excess of the amount to be raised under the Placement. The Company intends to utilise approximately A\$8 million from the Placement proceeds to fund the balance of well planning and permitting costs, part of the well cost, costs associated with the conditional loan facility, and other contingencies, with the balance of the well cost to be funded from the conditional loan facility that the Company is in the process finalising with Bank of America (further details are included in the 88 Energy announcement of 24 June 2015). The Bank of America loan facility is not finalised and remains subject to various conditions including completion of due diligence by the Bank of America. However a non-binding letter of intent is in place. Whilst the Company expects that the Bank of America loan facility will complete and that the Company will have access to the Bank of America loan funds to assist in funding drilling, if these funds are not available the Placement funds will be predominantly used to fund ongoing exploration at Project Icewine, and meet the Company's working capital requirements, which may include drilling if alternative loan financing is obtained or alternatively may include seismic acquisition.

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, (through BEX their co-venture partner), was announced highest bidder on 90,720 acres (revised to 89,542 post survey) in the November State lease sale for the North Slope of Alaska on 20 November 2014. Post award of the acreage in Q2 2015 88 Energy will secure a 98,182 gross contiguous acre position with 85,900 acres net to the Company (76,582 net acres post spud). The primary term for the State leases is 10 years with no mandatory relinquishment and a low 16.5% royalty.

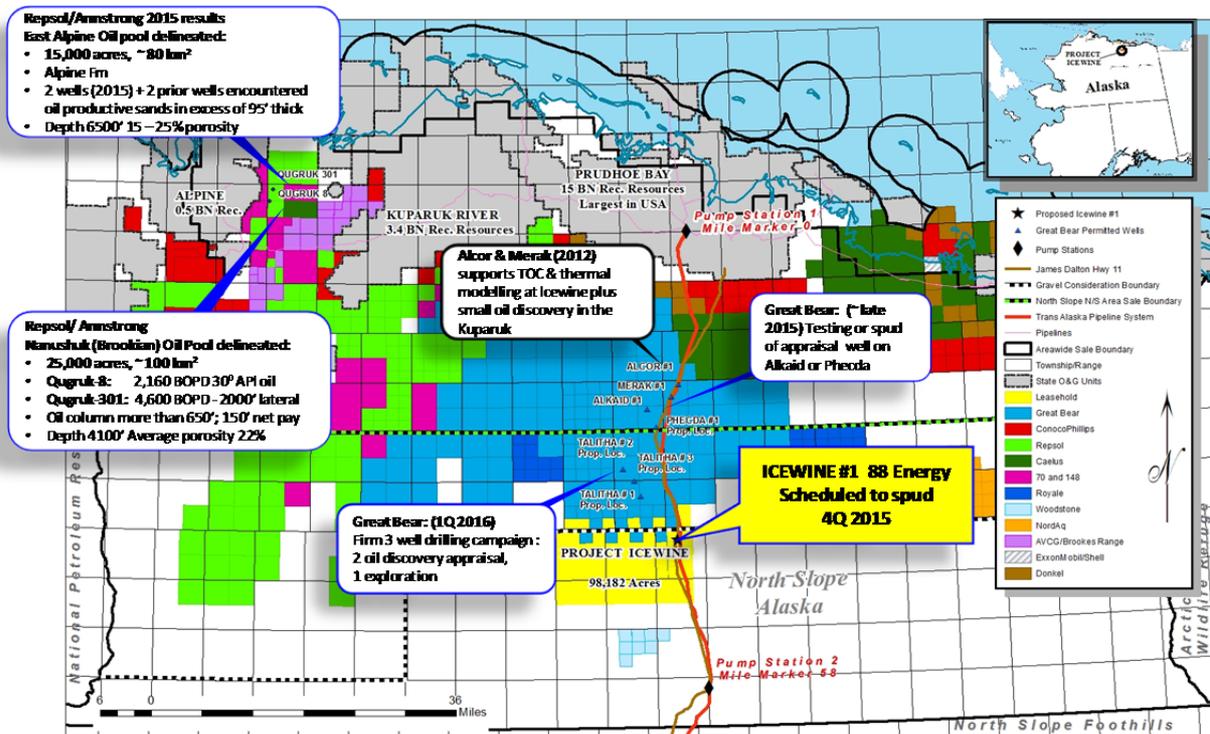
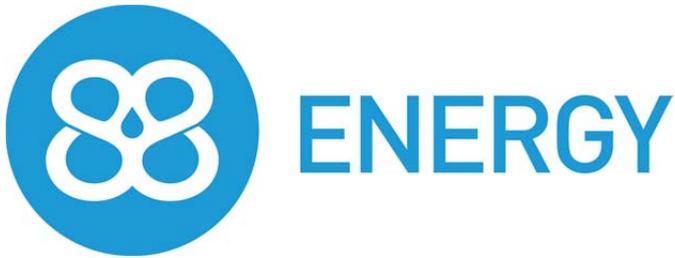


Figure 1: Project Icewine Location

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 recently acquired an initial 87.5% working interest 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 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 the Icewine Project was recently 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 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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