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Project Icewine, North Slope, Alaska – Update Services Agreement Executed to Facilitate Fast Tracking of Drilling

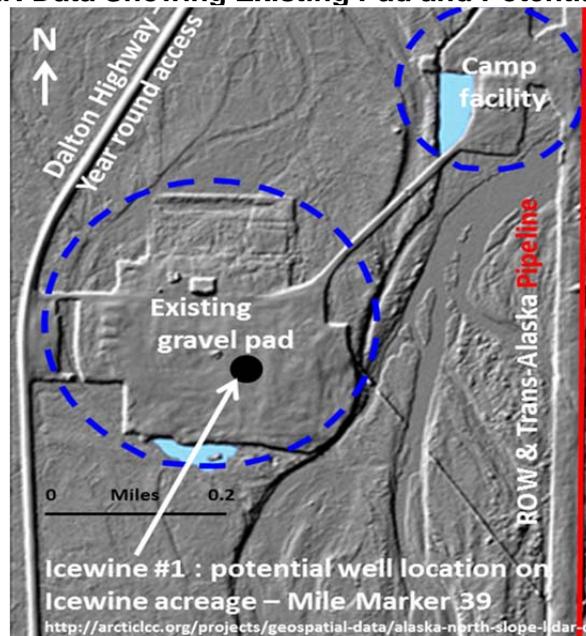
- Permitting process for drilling at Project Icewine is underway
- Utilisation of existing gravel pad at Project Icewine may provide substantial benefits in preparation for drilling in terms of both timing and cost
- 88 Energy progressing discussions with multiple parties for Project Icewine funding / farmout
- Commencement of exploration activities targeted in 2015 to access favourable 85% tax credit rebates

88 Energy Ltd (“88 Energy”, “Company”) is pleased to announce that it has signed a Services Agreement with US-based Fairweather Science (“FWS”) to facilitate fast tracking of permitting for the drilling of a well at its Project Icewine acreage, located on the North Slope of Alaska.

FWS is an experienced service provider in Alaska and has a team of permitters that have extensive experience in state (of Alaska) and federal permitting, developing plan of operations, regulatory compliance, and negotiating mitigation measures. The FWS team is comprised of Anchorage-based staff that are available to meet regularly with agency representatives to monitor permit approval status.

The team at FWS has identified the presence of an existing gravel pad on the Project Icewine leases that may provide substantial benefits to the Project Icewine Joint Venture. Specifically, the use of the existing gravel pad will minimize adverse effects on vegetation, habitat, impacted wildlife and cultural resources thus possibly fast tracking permitting for a well to be drilled at the site prior to the end of CY2015, subject to regulatory approvals.

Figure 1: LIDAR Data Showing Existing Pad and Potential Well Location



Already several permits that have the longest regulatory review period have had documentation drafted for submission to the relevant agencies in Alaska. This includes the development of a draft Plan of Operations for the drilling of the Icewine #1 exploration well. A cultural resource clearance has been obtained for the site and several water withdrawal locations are being researched to support drilling and camp operations. Substantial research and planning is underway to obtain additional permit approvals. A pre-application meeting with regulatory agencies is being planned before the end of the month to officially start the permitting process. The goal of these meetings is to facilitate an open, round-table discussion, to answer questions, relieve concern and provide all the information possible for the agencies to receive and process permit applications quickly.

Background – Existing Pad at Project Icewine

The Franklin Bluffs #1 well was designed as a shallow coal bed methane test (Bureau of Land Management, 2005) which encountered mechanical issues and was plugged and abandoned at 1818 feet prior to reaching its objective at approximately 2500 feet. The large pad from which it was drilled has subsequently been used as a general staging area for various regional activities and is considered suitable as a potential location for the drilling of the first well at Project Icewine.

Potential benefits associated with the use of the existing pad, which is located on an easement between the Dalton Highway and the TransAlaska Pipeline System, include:

- Likely faster processing time for permits related to drilling, subject to regulatory approvals
- Cost savings associated with lower construction costs for the well pad
- Possible cost reductions via use of an existing all purpose camp, subject to availability and negotiations

By taking advantage of these benefits, the Project Icewine Joint Venture will be able to access the full 85% in cash rebates offered by the State of Alaska in relation to exploration activity undertaken in CY2015 (prior to a reduction in the rebate to 75% in 1H 2016).

Forward Plan

The Joint Venture is progressing permitting activity and well planning to firm-up the schedule for the drilling of the Icewine #1 exploration well and will provide further updates to shareholders as appropriate.

The Company is also making headway in relation to funding / farm-out of its share of exploration costs (net of the generous rebate) and, despite the low oil price environment, remains confident of achieving an accretive outcome for shareholders. Having access to the higher (85%) rebate in CY2015, as well as the other advantages likely to be afforded through use of the existing pad, will facilitate these discussions.

Yours faithfully



Dave Wall
Managing Director
88 Energy Ltd

About 88 Energy: 88 Energy recently acquired an initial 87.5% working interest and operatorship in 99,360 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 Project Icewine 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 activities 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.

Media and Investor Relations:

Australia

88 Energy Ltd
admin@88energy.com
+61 8 9485 0990

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

United Kingdom

RFC Ambrian Limited
As Nominated Adviser
Mr Oliver Morse
+61 8 9480 2500