



4 June 2015

## Excellent Drilling Results Reported by North Slope Explorers

### Repsol / Armstrong Provide Details on Recent Success

88 Energy ("Company") is pleased to provide an update related to recent exploration success by the Repsol / Armstrong Joint Venture on nearby acreage in conventional play fairways that may extend and be prospective at the Company's Project Icewine.

Managing Director of 88 Energy Ltd, Dave Wall commented: *"The results reported by Repsol and Armstrong are outstanding and well above expectation. They clearly vindicate Repsol's US\$768m deal with Armstrong in 2011 as well as highlight the success that can be achieved through utilisation of modern 3D seismic on the North Slope. The flow rates, large areal extent, reservoir quality and oil gravity all point towards what are likely to be large to very large commercial discoveries, located only 50 miles from the boundary of our Project. Whilst the Icewine #1 exploration well is initially targeting the world class unconventional oil potential at Project Icewine, the results by Repsol / Armstrong provide an example of the scale of additional potential that may be unlocked in conventional plays once we acquire 3D seismic."*

The following excerpt was sourced from [prnewswire.com/news-releases/armstrong-announces-significant-discoveries-on-the-north-slope-of-alaska-300092293.html](http://prnewswire.com/news-releases/armstrong-announces-significant-discoveries-on-the-north-slope-of-alaska-300092293.html)

"DENVER, June 2, 2015 /PRNewswire/ -- 70 & 148, LLC (Armstrong) announced today the successful completion of the 2014/2015 winter campaign.

Two Nanushuk wells were tested this year, including the Qugruk 8 (Q-8) vertical well, which tested a small portion of the net pay zone and flowed 30 degree API gravity crude at rates of up to 2,160 barrels of oil per day (BOPD). The Qugruk 301 (Q-301), two miles north of Q-8, tested a 2,000 foot horizontal lateral. The well flowed at tubing constrained rates as high as 4,600 BOPD with minimal bottom hole pressure drawdown.

In the East Alpine field, two new penetrations were completed in the Alpine Formation, adding to the previous two penetrations. Three of these wells have encountered oil productive Alpine sand in excess of 95 feet thick at a depth of 6500 feet with porosities ranging from 15% to 25%. Well control and seismic data indicates the oil pool covers an area in excess of 15,000 acres.

The successful drilling program is the result of a joint exploration effort underway since 2012. Repsol operates the consortium and holds a 70% interest, Armstrong holds a 22.5% stake and GMT Exploration Company has 7.5%.

The activity to date since the beginning of exploration has resulted in the discovery of several oil fields on the North Slope of Alaska. All 16 wells (including sidetracks) drilled by the consortium have found hydrocarbons, most with multiple pay zones. In the Nanushuk reservoir, the consortium has drilled seven appraisal wells to date and has proven an oil pool that covers more than 25,000 acres, at a depth of 4,100 feet, with an oil column of 650+ feet, and up to 150 feet of net pay with an average porosity of 22%.

Although additional drilling is needed to confirm the ultimate size of some discoveries, this season's results justify moving forward with development, and two of the fields are in the process of being permitted for development -- one in the Nanushuk and another in the Alpine Fm.



# ENERGY

"These new discoveries show the immense potential that still exists on the North Slope of Alaska," said Bill Armstrong, President of Armstrong Oil & Gas. "We strongly believe that there are many great conventional oil projects yet to be found and developed in Alaska, and with the passage of the More Alaska Production Act (SB 21), the state has encouraged new drilling and future developments."

SOURCE 70 & 148, LLC (Armstrong)"

Yours faithfully

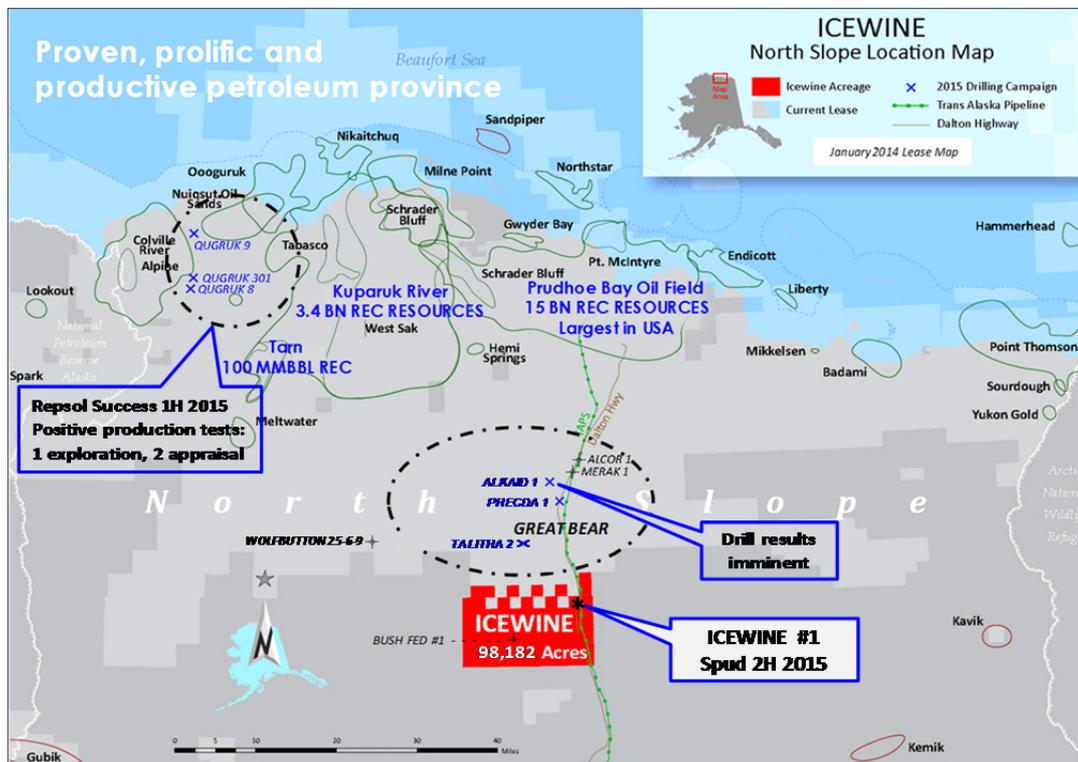
Dave Wall  
Managing Director  
88 Energy Ltd



**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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