

15 December 2016

88 Energy Limited

**Acquisition of Rights to Secure
Substantial Increase in Alaska Land Holding**

88 Energy Limited (“**88 Energy**”, “**the Company**”) (ASX, AIM: 88E) is pleased to announce the following update in relation to Project Icewine (77.5% Working Interest, Operator), located on the Central North Slope of Alaska.

Highlights

- Accumulate Energy Alaska, Inc. (“Accumulate”, a 100% subsidiary of 88E) and JV Partner, Burgundy Xploration LLC (“Burgundy”) declared high bidder on ~142,560 acres on the Central North Slope (Accumulate 77.5% working interest)
- Burgundy declared high bidder on additional 279,360 acres on the Central North Slope (Accumulate retains back in right for 30% of these additional acres at cost)
- Net land position for Accumulate (assuming all rights taken up) now over 400,000 acres on the Central North Slope (Joint Venture gross position over 690,000 acres)

Managing Director of 88 Energy Limited, Dave Wall commented: “Our success in this bid round provides us with the ability to significantly increase our acreage position on the North Slope and highlights the confidence that management has in both the HRZ unconventional play as well as the conventional prospectivity at Project Icewine.”

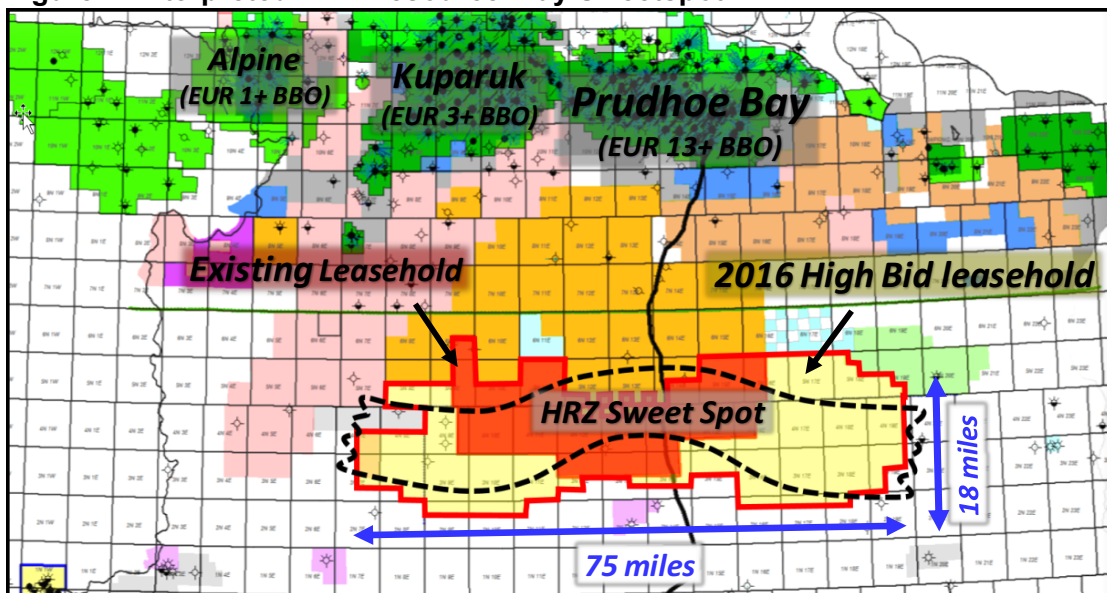
The upcoming drilling of Icewine#2 will test the flow potential of the HRZ in 1H 2017 and, with the additional acreage, we have now maximised the potential upside exposure for our shareholders in the event of success.

We look forward to providing additional news on all fronts in the near future.”

Central North Slope Alaska - Acreage Details

Additional analysis of the results from the Icewine#1 well by the Company’s JV partner, Burgundy, has refined the potential HRZ resource play sweetspot. This resulted in a joint decision by 88 Energy and Burgundy to seek rights to a substantial increase in acreage in the December 2016 Central North Slope Alaska bid round.

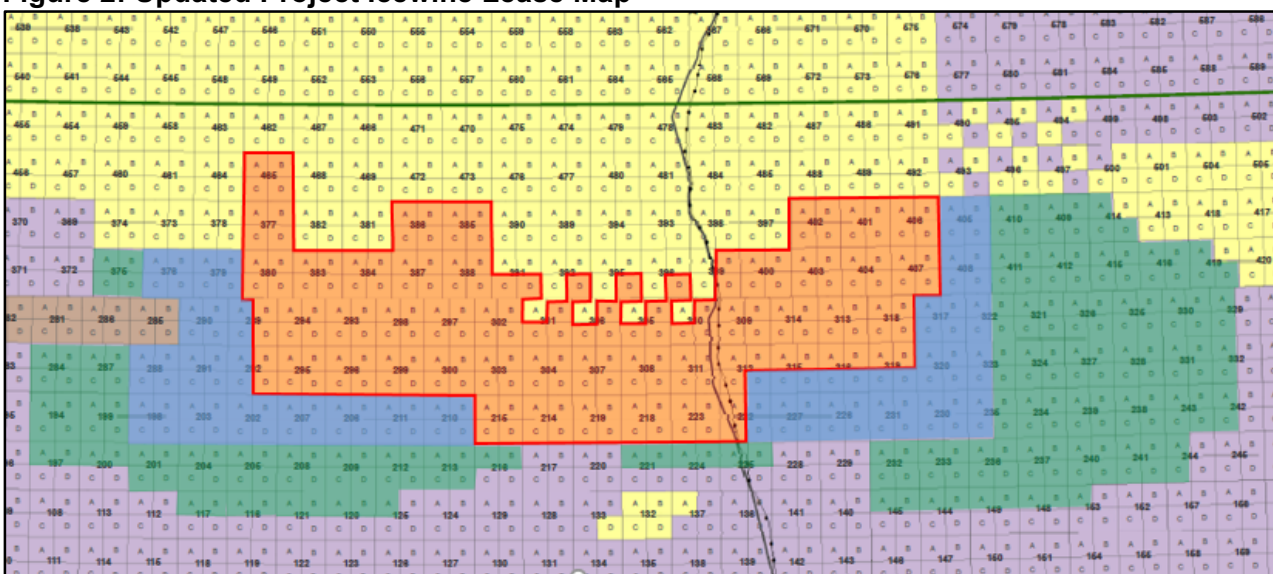
Figure 1: Interpreted HRZ Resource Play Sweetspot



Accumulate elected to bid its pro rata entitlement of 77.5% working interest on 142,560 gross acres, based on the original Area of Mutual Interest (“AMI”). Given Burgundy’s desire to lease a substantially larger area, being an additional 279,360 acres, the Joint Venture agreed to modify the AMI, extending its boundary to include all of the additional leases bid on by Burgundy and to change the working interest for Accumulate’s back in right to 30%.

As per previous bid rounds on the Central North Slope of Alaska, the Joint Venture participants each funded their share of a 20% deposit of the gross bid amount (88E net deposit paid US\$600k), the balance of which is paid on official award in several months’ time.

Figure 2: Updated Project Icewine Lease Map



CODE	SIZE (gross acres)	STATUS
RED	271,119	Awarded (88E: 77.5%, BEX: 22.5%)
BLUE	~142,560	High bidder (88E: 77.5%, BEX 22.5%)
GREEN	~279,360	High bidder (BEX: 100%, 88E back in right 30%)

Conventional Update

Finalisation of the 2D seismic interpretation over Project Icewine identified the extension of a prospective play fairway on the western margin of the acreage where a number of promising leads have been mapped, all with stacked pay potential. The acquisition of the new leases by the Company captures the full potential of these leads which will be further evaluated in conjunction with the continuing conventional prospectivity review of the Icewine acreage.

Vintage exploration wells within the newly acquired lease area encountered hydrocarbon shows within the prospective play fairway, which is encouraging, and prospectivity analysis is ongoing.

Figure 3: Western Margin Fairway and Associated Leads

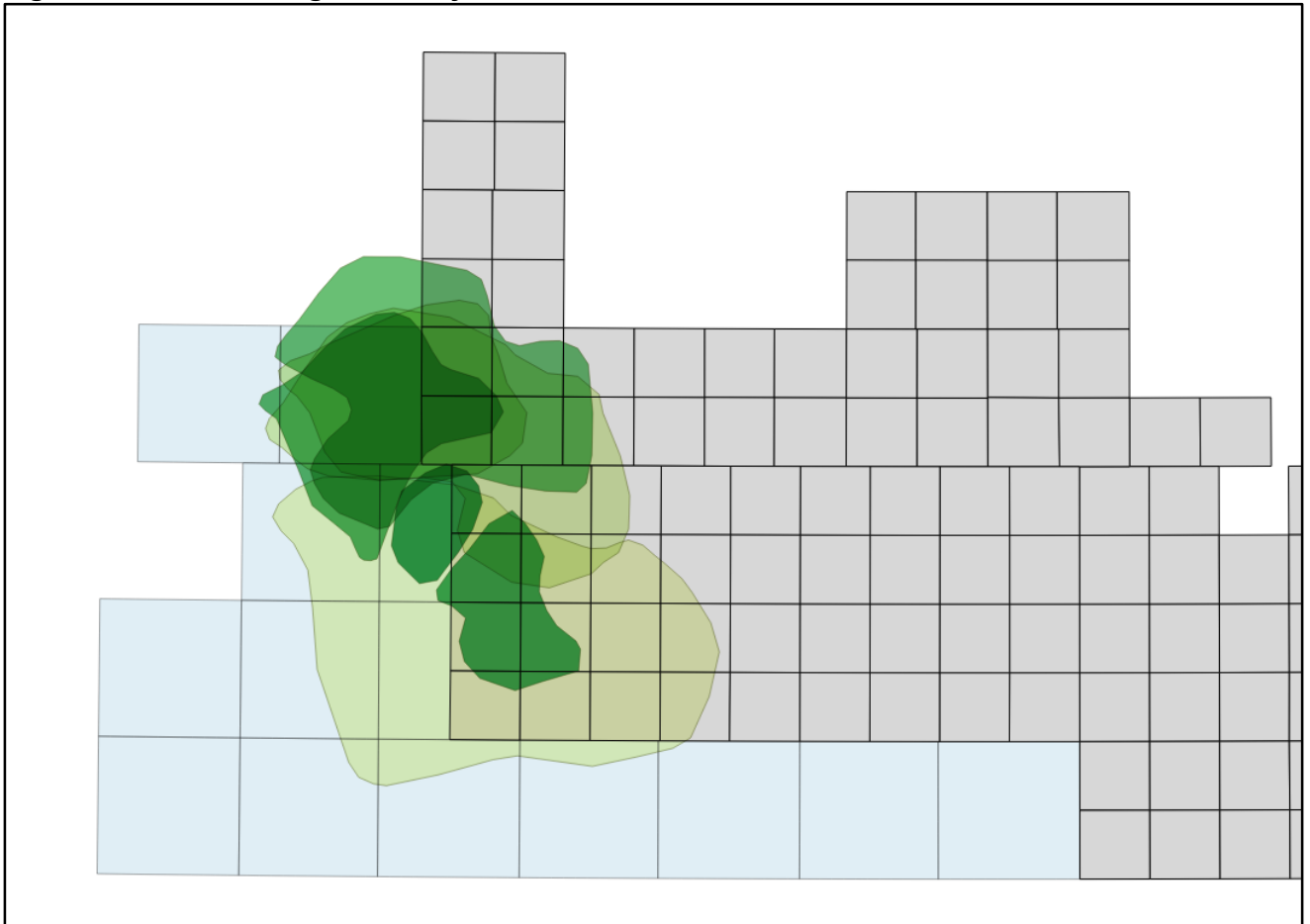
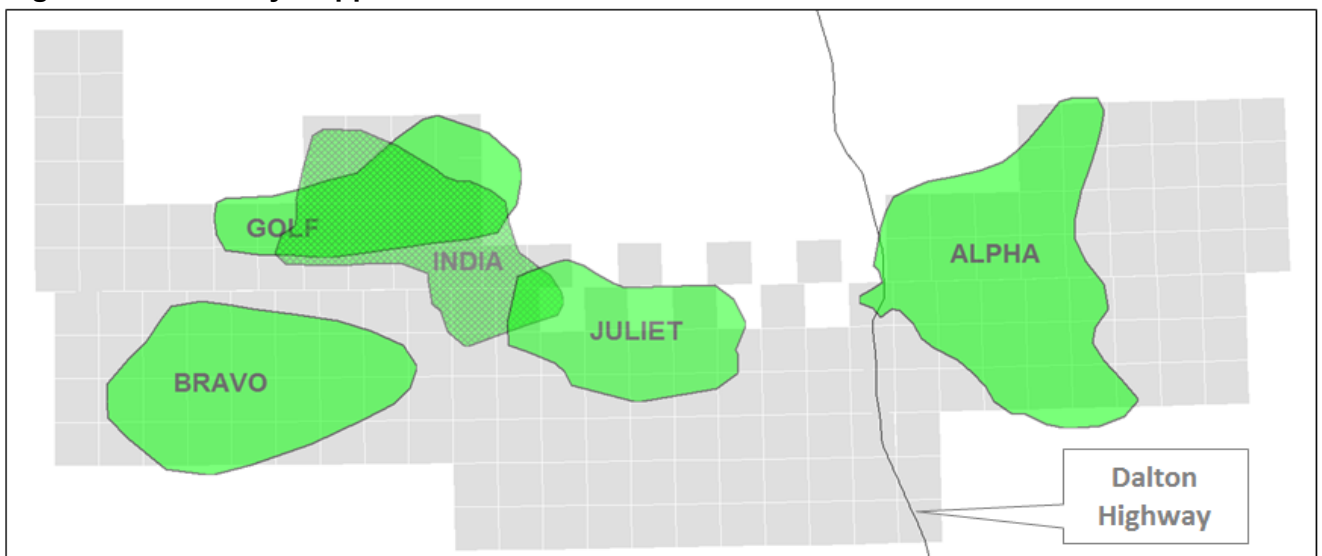
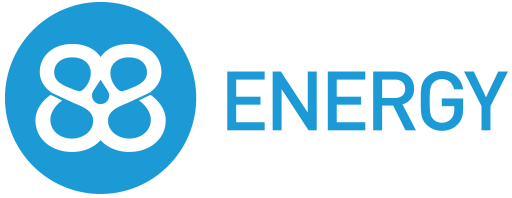


Figure 4: Previously Mapped Leads





Yours faithfully

A blue ink handwritten signature, appearing to be 'Dave Wall', with a horizontal line extending to the right.

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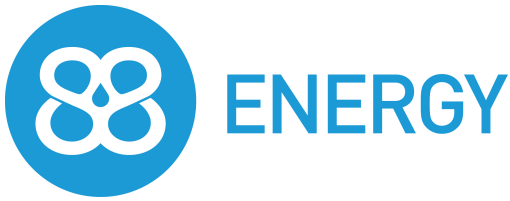
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This announcement contains inside information.



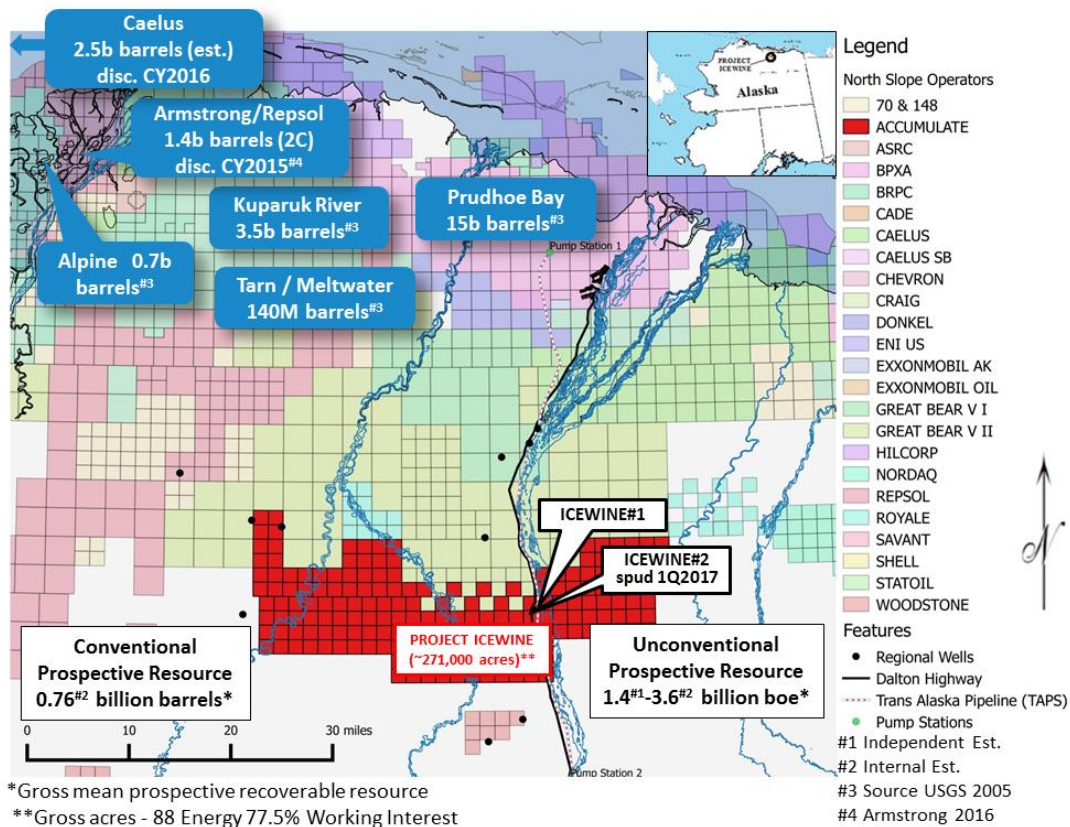
Project Icewine Overview

In November 2014, the Company entered into a binding agreement with Burgundy Xploration (**BEX**) to acquire a significant working interest (87.5%, reducing to 77.5% 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 June 2016, the gross acreage position was expanded to 271,119 contiguous acres (210,250 acres net to the Company). The Joint Venture has recently secured rights, in December 2016, to additional acres bringing the Project Total to over 690,000 acres (>400,000 acres net to the Company – assuming all rights are exercised).

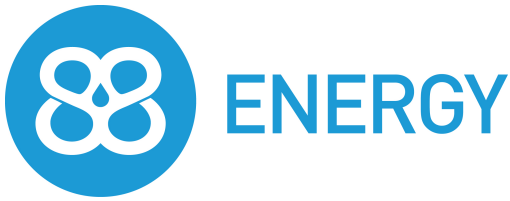
The Project is located on an all year operational access road with both conventional and unconventional oil potential. The primary term for the State leases is 10 years with no mandatory relinquishment and a low 16.5% royalty.

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 a followup appraisal well, Icewine#2, scheduled for spud in 1Q2017. Icewine#2 has been designed as a vertical well with a multi-stage stimulation and flow test, to assess the production potential of the HRZ.

Significant conventional prospectivity has also been identified on recently acquired 2D seismic across the project acreage.



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.

Recently acquired 2D seismic has identified large conventional leads at Project Icewine within the same Brookian petroleum system and shallow to the HRZ shale, including potential high porosity channel and turbiditic sands associated with slope apron and deepwater fan plays. The Brookian conventional play is proven on the North Slope; the USGS (2013) estimated the remaining oil potential to be 2.1 billion barrels within the Brookian sequence. Two recent discoveries in the Brookian have already exceeded these estimates, with Armstrong/Repsol discovering 1.4 billion barrels in 2015 and Caelus announcing a 2.5 billion barrel discovery in 2016. Additional conventional potential exists in the Brookian delta topset play, deeper Kuparuk sands and the Ivishuk Formation.

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 6th April 2016.

About 88 Energy: 88 Energy has a 77.5% working interest and operatorship in ~271,000 acres onshore the prolific North Slope of Alaska ("Project Icewine"). The North Slope is the host to 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 unconventional 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 Trans Alaska 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. Interim results from this seismic are encouraging, having identified several large leads. In late 2015, the Company completed its maiden well at the project, Icewine#1, to evaluate an unconventional source rock resource play which yielded excellent results from analysis of core obtained from the HRZ shale. A follow-up well with a multi-stage stimulation and test of the HRZ shale, Icewine#2, is planned for 1Q2017.