



25 October 2016

Execution of Agreements for A\$11m Placement with Two US Based Institutional Investors

88 Energy Limited ("**88 Energy**", "**the Company**", "**Operator**") (ASX, AIM: 88E) is pleased to announce that it has reached agreement (subject to settlement) regarding a placement to raise gross proceeds of A\$11m (before fees and expenses) to two US-based institutional investors (the "**Placement**"). The net proceeds from the Placement will be used to strengthen the Company's balance sheet ahead of the upcoming drilling of Icewine#2 in 1Q2017, pursue complementary growth opportunities in Alaska and for general working capital purposes.

Pursuant to the Placement the Company will issue 275m ordinary shares of no par value (the "**New Ordinary Shares**") at a price of A\$0.04 (equivalent to ~£0.025) per New Ordinary Share. In addition, 137.5m unlisted options ("**Placement Options**") at an exercise price of A\$0.055 (equivalent to ~£0.034) expiring on the five-year anniversary of completion will be issued to the investors. If exercised, the Placement Options would result in receipt of supplementary funds of ~A\$7.6m at a premium to the current market price. After the two-year anniversary of the Placement, the Company may redeem the Placement Options for A\$0.001 per option share if the volume weighted average price of its ordinary shares is above A\$0.12 per share for 20 consecutive trading days commencing after such two-year anniversary. There can be no guarantee that the Placement Options or any of the other options on issue will be exercised.

Maxim Group LLC, a full service US based investment bank, acted as the US placement agent for the Placement. A placement fee of 7% is payable to Maxim Group LLC in respect of the funds raised in the Placement. In addition, Maxim Group LLC will be issued with ~22m unlisted options to acquire ordinary shares in 88E at an exercise price of A\$0.05 per share, expiring on the five-year anniversary of completion ("**Placement Fee Options**") in connection with the transaction.

The Placement is being conducted within the Company's 15% placement capacity under ASX rule 7.1 and results in dilution to shares on issue of 7.1%, with another 4.0% possible if all of the Placement Options and Placement Fee Options are exercised.

Application has been made for admission of the New Ordinary Shares to trading on AIM, which is expected to occur on 31 October 2016. Following the issue of the New Ordinary Shares, which rank pari passu to the existing ordinary shares in the Company, the Company has 4,169,180,418 ordinary shares in issue, all of which have voting rights.

Managing Director of 88 Energy Limited, Dave Wall commented: *"It is encouraging to receive this level of support from the USA, where Project Icewine is domiciled. The Company is now in a stronger position to exploit opportunistic growth opportunities in Alaska and has increased flexibility in regards to upcoming operational activity. Progress at the Icewine#2 production test well remains on track for commencement of drilling in 1Q2017, which is now just around the corner. Success at Icewine#2 could unlock over 2.5 billion barrels of oil potential for our shareholders and we are, understandably, looking forward to the upcoming well with great anticipation."*

We would like welcome our new US investors to the register and give special thanks to our US based broker, Maxim Group, for providing timely market advice and smooth execution on this placement."

Yours faithfully

A blue ink signature of Dave Wall, consisting of a stylized 'D' and 'W' followed by a horizontal line.

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This announcement contains inside information.



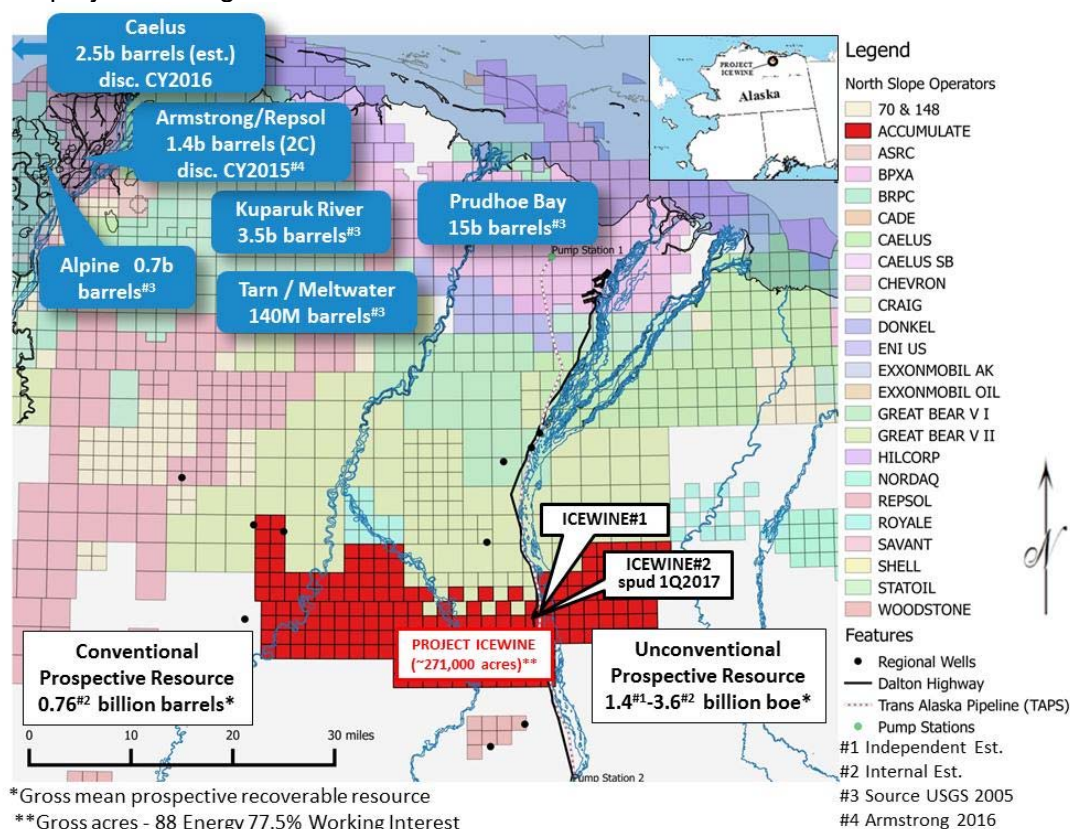
Project Icewine Overview

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 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.