

QUARTERLY ACTIVITIES REPORT

For the quarter ended 30 June 2022

88 Energy Limited (ASX:88E, AIM:88E, OTC:EEENF) (**88 Energy** or the **Company**) provides the following report for the quarter ended 30 June 2022.

Highlights

Project Icewine (~75% WI)

- Icewine East third-party evaluation of the Shelf Margin Delta (SMD), Slope Fan Set (SFS) and Basin Floor Fan (BFF) play fairways was completed in May 2022, which interpreted all of Pantheon reservoir units (SMD, SFS, BFF) to extend onto 88 Energy's Icewine East acreage.
- Completed in-depth petrophysical re-evaluation of Icewine-1 and the broader Icewine East acreage, with results indicating comparable, or better, reservoir quality in some reservoir units relative to those of Pantheon's tested intervals which flowed oil.
- Licensing agreement executed with SAExploration, Inc. (SAE) for use of SAE's Franklin Bluffs 3D seismic survey data (FB3D), covering a significant area over the Icewine East leases, including areas over the SMD, SFS and BFF reservoir units.
- Completion of independent resource report ongoing, scheduled in early Q3 2022.
- Planning underway for a new exploration well expected to spud in 2023.

Project Peregrine (100% WI)

- Ongoing Merlin-2 post well studies to assess future exploration potential.
- Multiple independent drill ready targets remain untested (Harrier-1 & Merlin-1A).
- Merlin-2 demobilisation completed in April and majority of invoices paid before quarter end.

Project Longhorn (~73% WI)

- Production (~70% oil) has increased over 70% since acquisition in mid-February 2022
- Successful completion of two work-overs, with three of seven planned for 2022 now completed.
- Quarterly cash flow distribution of A\$1.3M received in June 2022.

Umiat Oil Field (100% WI)

- Studies commenced with an Alaskan drilling operator regarding use of a new light-weight rig and optimised operations to drill a cost effective exploration well designed to unlock further upside in Umiat Unit.

Corporate

- Cash of A\$10.5M and no debt (as at 30 June 2022).

Project Icewine (~75% WI)

During the quarter, 88 Energy progressed further studies and analysis across the Icewine East acreage, which included completing the mapping of the SMD, SFS and BFF play fairways onto the Project Icewine East acreage. In May, the Company announced that Jordan & Pay completed an independent evaluation of the play fairways, utilising available well information from presentations publicly released by neighbouring project proponent, Pantheon Resources plc (AIM: PANR) (**Pantheon**). This was coupled with internal Company data (including Icewine-1 and Icewine-2 well logs and existing 2D seismic) and concluded that all Pantheon reservoir units (SMD, SFS, BFF) extended onto the Project Icewine acreage.

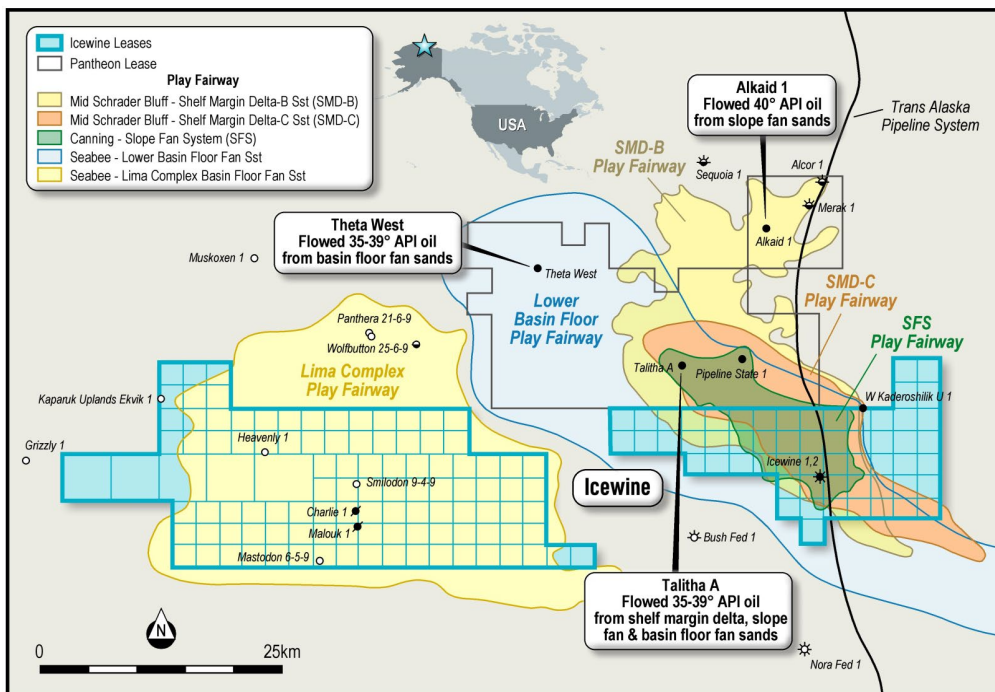


Figure 1: Third-party mapping indicates extension of all PANR prospect play fairways into Project Icewine

Also during the quarter, the Company commissioned an in-depth petrophysical re-evaluation of Icewine-1 and the broader Icewine East area by independent petrophysical consultants (Stimulation Petrophysics Consulting, LLC and Snowfall Energy LLC). The consultants focussed on assessing Icewine-1 logs against intervals that flowed oil in Pantheon’s acreage to the north. Pleasingly, a comparison of the tested interval in Alkaid-1 against a similar interval in Icewine-1 indicated favourable potential for a flow test of the same zone in the Icewine East acreage.

Pantheon’s wells – Alkaid-1, Talitha-A and Theta West-1 – all flowed 35 to 40° API oil from multiple Brookian reservoirs. Pantheon’s testing has confirmed reservoir deliverability of light, sweet oil (see Pantheon releases of 7 February and 21 February 2022), which 88 Energy believes is positive for the prospectivity of the adjacent Project Icewine acreage. Data from the Talitha-A and Theta West-1 wells are not yet publicly available and as a result, only a qualitative comparison of these logs against Icewine-1 logs have been carried out to date.

Given the favourable petrophysical comparison between Icewine-1 and Alkaid-1, the Company is optimistic that a production test in the Icewine East acreage could potentially yield a similar or better result than seen during the testing of Alkaid-1. The Company also notes Pantheon’s announcement of 7 July 2022 that it has spudded a horizontal production well in Alkaid, named Alkaid#2, to prove up the development concept (see also Pantheon release of 24 January 2022 and Figure 2 below).

At the end of June, the Company signed a licensing agreement with SAE for the use of SAE's Franklin Bluffs 3D seismic survey data (FB3D). The FB3D seismic data was acquired in 2015 by SAE and covers approximately 86 square miles, predominantly over the Icewine East acreage. More importantly, the FB3D extends across an area where the SMD, SFS and BFF play fairways have been independently mapped on the Icewine East acreage.

The FB3D data will assist the Company with carrying out its forthcoming analysis, including Amplitude-variation-with-offset analysis (AVO analysis) and simultaneous seismic inversion. These studies will aid the Company in defining 'sweet spots' for each play and determining optimal drilling locations for future exploration and appraisal wells.

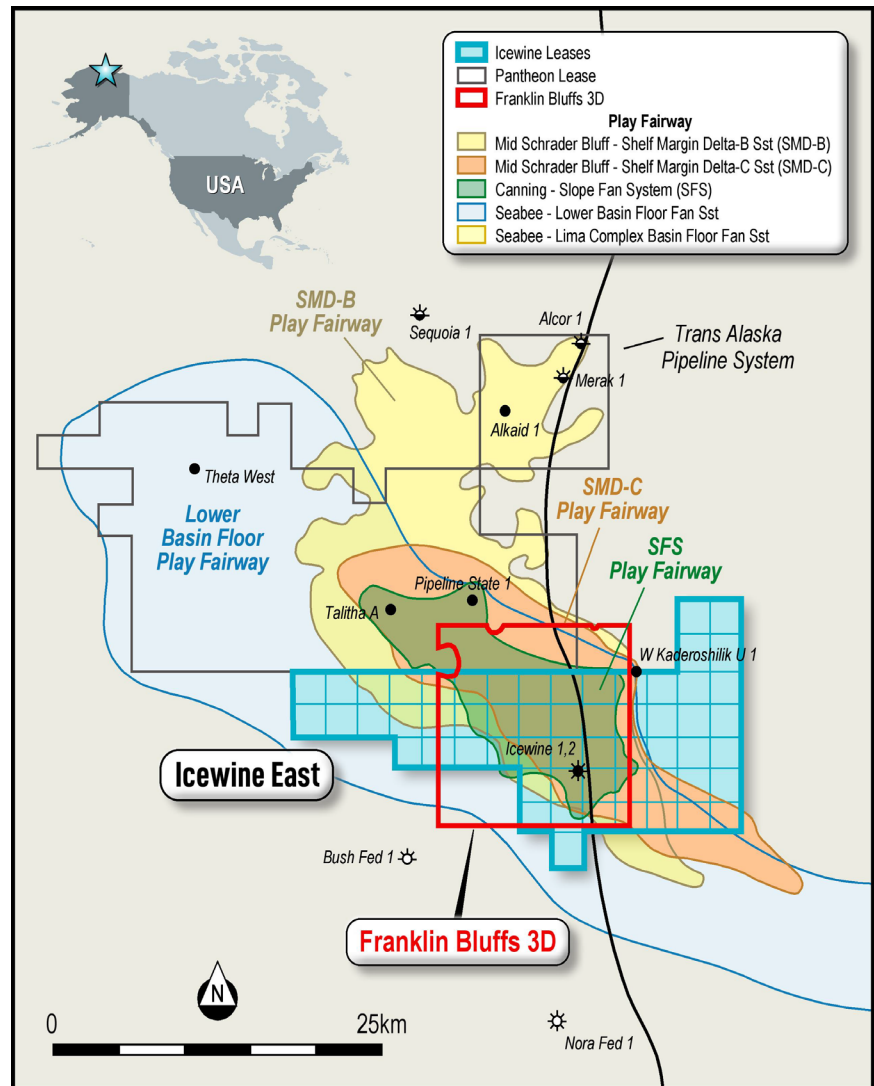


Figure 2: The FB3D seismic data covers an area over the third-party mapped SMD, SFS and BFF play fairways, which 88 Energy believes is an extension of all Pantheon's prospect play fairways onto Icewine East

88 Energy's initial license fee included US\$2.0 in cash and US\$1.0 million in fully paid new ordinary shares in 88 Energy (approximately 181 million shares at an issue price of A\$0.008 per share, being the closing price of 88 Energy shares on the ASX on 24 June 2022).

Other activities that the Company undertook in Q2 2022 included:

- Progressing the maiden Project Icewine East prospective resource estimate, scheduled for completion early Q3 2022.
- Planning operations for 2023, which are targeted to include an exploration well to be drilled in the Icewine East acreage, and at least one flow test from the multiple Brookian reservoirs that have been mapped on the Icewine East acreage. These are the same reservoirs that nearby Pantheon wells – Alkaid-1, Talitha-A and Theta West-1 – have flowed 35° to 40° API oil.

Project Peregrine (100% WI)

The Merlin-2 well was designed to appraise the N20, N19 and N18 horizons which were encountered in the Merlin-1 well drilled in 2021. The well was spudded on 7th March 2022 and reached Total Depth (TD) of 7,334 feet on 22nd March 2022. All three Nanushuk targets (N20, N19 and N18) were penetrated during drilling, with Logging While Drilling (LWD) data and physical cuttings collected throughout the Merlin-2 program. Observations of LWD logs and drill cuttings collected during drilling revealed target intervals were thicker than those encountered in Merlin-1. Plugging, abandonment and demobilisation of the Merlin-2 well was completed in April 2022.

The results of Merlin-2 are largely consistent with the Merlin-1 exploration well drilled in 2021. Strong fluorescence, oil sheen, petroliferous odour and cut noted in the drilling cuttings, elevated C2-C5 mud gas readings over the target zones with total gas significantly above background gas readings and also evidence from the reservoir sampling tool of moveable hydrocarbons.

Both Merlin wells were drilled on sparse, vintage 2D seismic data, which provides a narrow field of view of the reservoir and limited optionality on drilling locations. 88 Energy will assess the merits of a future 3D seismic acquisition program or an in-fill 2D program in order to define optimal play fairways and determine the potential commerciality of the Project Peregrine acreage.

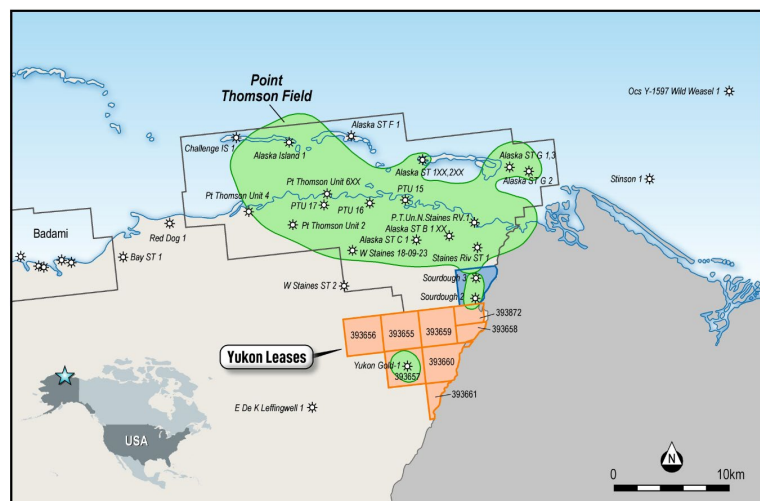
The Company has commenced detailed analysis of all data obtained from the Merlin-2 drilling program and will evaluate potential future appraisal activities within the Project Peregrine acreage, which include independent drilling locations such as the Harrier-1 prospect to test the N14 and N15 horizons.

In particular, during the quarter, the Company commenced an independent NPRA basin modelling study to further improve 88 Energy’s understanding of the geological history and how it pertains to the Nanushuk reservoir quality across Project Peregrine. Coupled with petrographic studies of Merlin side-wall cores, the modelling will utilise available maximum Brookian uplift / erosion and burial depth data to produce qualitative reservoir risk maps of the Nanushuk Formation which, will help inform how the Project Peregrine reservoir quality varies Northward, away from the Merlin-1 and 2 locations. This study is anticipated to be completed by Q3, 2022.

Yukon Leases (100% WI)

The Yukon Leases contain the 82 million barrel¹ Cascade Prospect, which was intersected peripherally by Yukon Gold-1 and classified as a historic oil discovery. The Company continues to complete due diligence and commercial assessment of a joint development with near-by resource owners.

Figure 3: remaining Yukon acreage retained on State lands after relinquishment of Tract 29 in ANWR. Tract 29 relinquished in Q2 2022 given ongoing restrictions and inability to explore in lease / uncertainty when drilling could occur – all fees were refunded to 88 Energy.



1. Refer to 88 Energy release dated 7th November 2018. Note cautionary statement on page 6.

Umiat Oil Field (100% WI)

In Q1 2021, 88 Energy acquired the Umiat Oil Field. As part of the acquisition, the Company received the Umiat data pack which includes Umiat 3D seismic data. The Umiat 3D survey abuts the southern edge of the Project Peregrine lease blocks. Integrating the Linc/Malamute seismic interpretation has provided a better understanding of the Peregrine reservoir geometries to the north as well as enriching the Company's petrophysical database with additional well control (Umiat-8 and Umiat-23H).

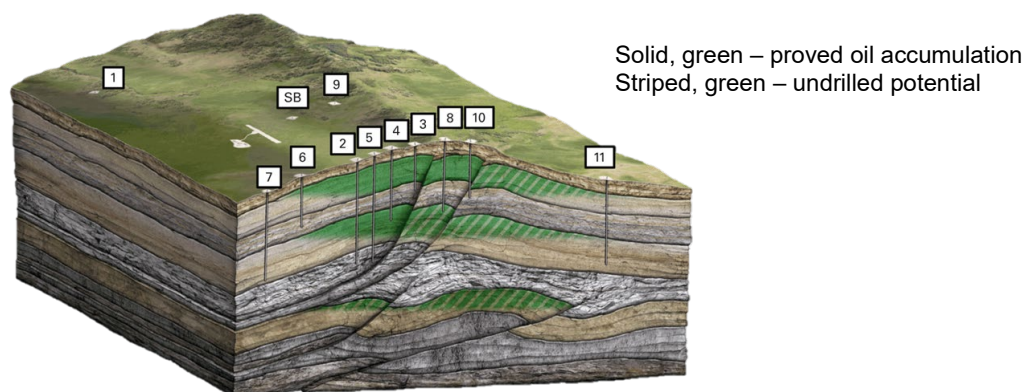


Figure 4: Conceptual 3D model of Umiat Structure

Internal reinterpretation of modern 3D seismic is suggestive of untested reservoirs at Umiat. Prospects have been mapped in the footwall of the Umiat structure as well as downdip from the proven oil zone in the hanging wall. Initial internal volumetric calculations suggest there may be multi-million barrels of potentially recoverable oil combined in the hanging wall and footwall. Both prospects are deeper than the current reserves at Umiat which the Company expects will have a positive impact on producibility.

Initial development studies, focusing on the potential integration of Ultra Low Sulphur Diesel (ULSD) production, suggests that this development option adds further value to a future Umiat development, considering the high cost of diesel (~US\$6-7/gal) on the North Slope of Alaska.

A separate Umiat-23H well performance review concluded that this well significantly underperformed due to poor drilling and completion techniques. This well was drilled in 2014 by a previous owner and flowed at a sustained rate of 200 BOPD with no water, and a maximum rate of 800 BOPD. Further review of the historical data includes a more conventional trajectory and completion design for a 5,000ft horizontal section that was modelled to produce at stabilised rates of between 800 and 1,600 BOPD. The Company believes an opportunity exists for the optimisation of historic subsurface development plans.

During the quarter, the Company commenced discussions with an Alaskan drilling operator regarding use of a new light weight rig and optimised operations to drill a cost-effective exploration well designed to unlock further upside in Umiat.

Project Longhorn (~73% WI)

On 21 February 2022, 88 Energy executed a binding Securities Purchase Agreement (SPA) for the acquisition of a ~73% average net working interest in established conventional oil and gas production assets in the proven Permian Basin, onshore Texas, U.S. The oil and gas assets, collectively known as Project Longhorn contain certified net 2P reserves of 2.05MMBOE¹. The purchase price for the acquisition was US\$9.7M, consisting of US\$7.2M cash and US\$2.5M in 88 Energy shares (~98.1 million shares at an issue price of A\$0.035 per share). The acquisition represents the Company's first move into producing oil and gas assets and is in line with Company's strategy to build a successful oil and gas exploration and production Company.

During the quarter, the Company has been pleased with the progress at Project Longhorn as the operator and ~24% net working interest partner, Lonestar I, LLC (Lonestar), successfully completed the second and third of seven planned capital-efficient work-overs scheduled in 2022. In line with the first work-over, these were completed on time and on budget and have delivered a significant increase to the total oil and gas production rates of Project Longhorn.

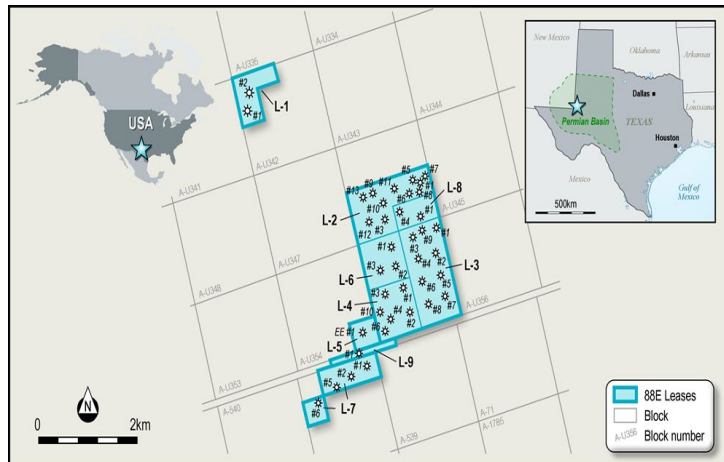


Figure 5: Project Longhorn acreage

Production from the Longhorn wells exceeded 650 BOE per day gross (over ~475 BOE per day net, approximately 70% oil) following completion of the third work-over at the end of May, at initial production rates. Daily production rates are anticipated to settle at around ~500 BOE per day gross (over ~365 BOE per day net, of which approximately 70% is oil) in Q3 2022, which represents an overall output increase of ~70% since the completion of the acquisition in mid-February 2022.

The production increase provides additional direct exposure to the higher WTI oil and gas price environment and accelerates payback on both the acquisition of the assets and the capital investment in the work-overs.

Given the success of the initial three work-overs this year, as well as the continued high oil and gas price environment, during the quarter, the joint venture participants agreed to accelerate the capital development program and the completion of the remaining four planned work-overs this year. As part of this agreement, 88 Energy has agreed to part fund its share of the anticipated US\$3.5 million (net) in development capital through the issuance of US\$3.0 million in 88 Energy shares (approximately 544 million shares at an issue price of A\$0.008 per share, being the closing price of 88 Energy shares on the ASX on 24 June 2022) to Lonestar, to fund Longhorn's working capital contributions towards the remaining CY2022 capital development program (Capital Development Shares).

Project Longhorn is now scheduled to complete the targeted seven capital development activities earlier than planned during Q4 2022.

1. Further ASX Listing Rule 5.31 Information (Notes to Reserves) related to these Reserves is provided in Appendix 1 of the announcement dated 21 February 2022 as released on ASX, AIM and OTCQB markets.

Reserves Cautionary Statement: Oil and gas reserves and resource estimates are expressions of judgment based on knowledge, experience, and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. Additionally, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans which may, in turn, adversely impact the Company's operations. Reserves estimates and estimates of future net revenues are, by nature, forward looking statements and subject to the same risks as other forward-looking statements.

Finance

The ASX Appendix 5B attached to this quarterly report contains the Company's cash flow statement for the quarter. The material cash flows for the period were:

- Exploration and evaluation expenditure of (A\$23.8M) [March 2022 quarter: A\$16.4M], primarily associated with Merlin-2 drilling activities and demobilisation. During the quarter, most of the final costs associated with the Merlin-2 program were paid. US\$2.0M was also paid to SAE as part of the initial license fee for the FB3D data.
- Project Longhorn quarterly cash distribution of A\$1.3M.
- Lease rental payments of A\$0.5M, offset by Project Icewine joint venture contributions of A\$0.8M.
- Administration, staff, and other costs of A\$1.3M.

At quarter end, the Company had cash reserves of A\$10.5M and no debt.

Information required by ASX Listing Rule 5.4.3

Project Name	Location	Net Area (acres)	Interest at beginning of Quarter	Interest at end of Quarter
Project Icewine	Onshore, North Slope Alaska	192,830	~75%	~75%
Project Peregrine	Onshore, North Slope Alaska (NPR-A)	195,373	100%	100%
Project Longhorn	Onshore, Permian Basin Texas	964	~73%	~73%
Umiat Unit	Onshore, North Slope Alaska (NPR-A)	17,633	100%	100%
Yukon Leases	Onshore, North Slope Alaska	15,235	100%	100%

Pursuant to the requirements of the ASX Listing Rules Chapter 5 and the AIM Rules for Companies, the technical information and resource reporting contained in this announcement was prepared by, or under the supervision of, Dr Stephen Staley, who is a Non-Executive Director of the Company. Dr Staley has more than 35 years' experience in the petroleum industry, is a Fellow of the Geological Society of London, and a qualified Geologist / Geophysicist who has sufficient experience that is relevant to the style and nature of the oil prospects under consideration and to the activities discussed in this document. Dr Staley has reviewed the information and supporting documentation referred to in this announcement and considers the prospective resource estimates to be fairly represented and consents to its release in the form and context in which it appears. His academic qualifications and industry memberships appear on the Company's website and both comply with the criteria for "Competence" under clause 3.1 of the Valmin Code 2015. Terminology and standards adopted by the Society of Petroleum Engineers "Petroleum Resources Management System" have been applied in producing this document.

QUARTERLY REPORT

For the period ended 30 June 2022



This announcement has been authorised by the Board.

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Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

88 Energy Limited

ABN

80 072 964 179

Quarter ended ("current quarter")

30 June 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(504)	(1,326)
(e) administration and corporate costs	(848)	(1,755)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
1.9 Net cash from / (used in) operating activities	(1,352)	(3,079)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	(10,694)
(b) tenements	(462)	(1,311)
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(23,806)	(40,245)
(e) investments	-	-
(f) other non-current assets	-	-

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other - Joint Venture Contributions	822	831
	- Distribution from Project Longhorn	1,324	1,921
2.6	Net cash from / (used in) investing activities	(22,122)	(49,498)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	32,153
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(2,152)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	-	30,001

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	32,631	32,317
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,352)	(3,079)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(22,122)	(49,498)

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	30,001
4.5	Effect of movement in exchange rates on cash held	1,312	728
4.6	Cash and cash equivalents at end of period	10,469	10,469

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	10,469	32,631
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	10,469	32,631

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	198
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

6.1 Payments relate to Director and consulting fees paid to Directors. All transactions involving directors and associates were on normal commercial terms.

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

7. Financing facilities	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,352)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(23,806)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(25,158)
8.4 Cash and cash equivalents at quarter end (item 4.6)	10,469
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	10,469
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	0.4
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>	
8.8 If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: 8.2 consists of Merlin-2 program costs which were fully covered by existing cash reserves. Merlin 2 was plugged and demobilised in April 2022 and final invoices will be paid in July 2022.	
8.8.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: There is no requirement to raise further cash based on anticipated expenditure and cash distributions from Project Longhorn in 2022.	

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: The business expects to continue to meet its business objectives including assessing opportunities across its Alaska portfolio and its rental obligations as well as operating objectives for Project Longhorn

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 14 July 2022

Authorised by: By the Board
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.