

## QUARTERLY ACTIVITIES REPORT

For the quarter ended 31 December 2022

88 Energy Limited (ASX:88E, AIM:88E, OTC:EEENF) (**88 Energy** or the **Company**) provides the following report for the quarter ended 31 December 2022.

### Highlights

#### Project Phoenix (formally Icewine East, ~75% WI)

- Hickory-1 exploration well scheduled to spud on or around 1 March 2023, targeting 647 million barrels of oil<sup>1,2</sup>
- Well location informed by extensive data suite analysis
  - Located in the sweet spot of interpreted AVO anomalies
  - Focused on the oil-bearing conventional reservoirs identified in adjacent acreage and during the drilling and logging of Icewine 1
  - Designed to appraise six targets within SMD, SFS, BFF and Kuparuk reservoirs
  - Strategically located proximate to significant, established infrastructure
- Drilling rig contract executed with Nordic Calista for Rig-2
- Permitting and planning on schedule to be completed end of January 2023 or shortly thereafter, with the final well cost anticipated to be lower than the previous Icewine wells on the acreage

#### Project Leonis (100% WI)

- Project Leonis secured as part of the North Slope Areawide 2022W Oil and Gas lease sale
- Acreage includes ten leases covering ~25,600 contiguous acres, subject to an adjudication process, regulatory approvals and formal award expected in 1H 2023
- Project Leonis is covered by the existing Storms 3D seismic data suite and contains the historical exploration well Hemi Springs Unit #3 (drilled by ARCO in 1985)
- A review of the Hemi Springs Unit #3 well indicated over 200 feet of logged net pay in the Upper Schrader Bluff (USB) reservoir, with good porosity and oil shows evident over the interval
- Initial internal interpretation of the Storms 3D indicates a prospect at the USB reservoir interval that appears to be bound by faults on three sides

#### Project Longhorn (~73% WI)

- Successful completion of the final two planned workovers scheduled for 2022
- Quarterly cash flow distribution of A\$1.5M received in December 2022

#### Corporate

- Cash of A\$14.1M and no debt (as at 31 December 2022)

**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.

1. Net mean total unrisks prospective resource.

2. Refer to the ASX release dated 23 August 2022 for full details with respect to the Prospective Resource estimate, associated risking and applicable Cautionary Statement.

## Project Phoenix (formally Icewine East, ~75% WI)

The former Icewine East area was renamed Project Phoenix to reflect the Company's refreshed exploration strategy for this acreage. Since its acquisition in 2014, exploration on the acreage targeted the unconventional HRZ play. Project Phoenix is focused on the oil-bearing conventional reservoirs identified during the drilling and logging of Icewine-1 and recently flow tested by Pantheon Resources<sup>3</sup>. Project Phoenix is strategically located on the Dalton Highway with the Trans-Alaska Pipeline System running through the acreage.

The Company has received notice from the Alaska Department of Natural Resources (**DNR**) that a recently submitted unit application covering the Project Phoenix acreage was open for public comment until 31 December 2022. The DNR is expected to issue a decision no later than 1 March 2023. The unit approval will extend the leases for Project Phoenix beyond their primary term and provide an agreed program to assess commercialisation of the acreage and a pathway to development and production.

### Hickory-1 Exploration Well

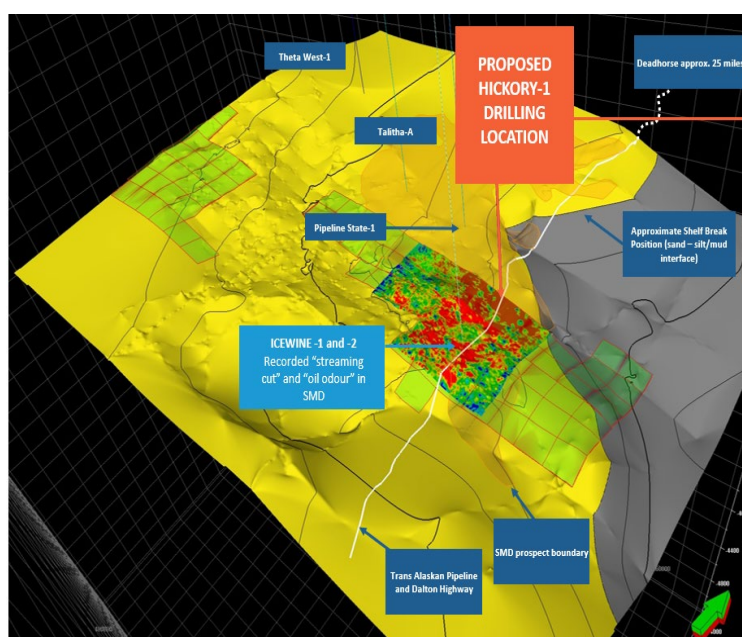
The Hickory-1 well is designed to appraise six conventional plays within the SMD, SFS, BFF and KUP reservoirs targeting 647 million barrels of oil<sup>1,2</sup>. Spud of Hickory-1 is scheduled to occur in early March 2023 to a permitted total depth of 12,500 feet. The well has been significantly de-risked by recent Pantheon Resources<sup>3</sup> drilling and flow tests, interpretation of the Icewine-1 well logs and modern Franklin Bluffs 3D seismic data (**FB3D**) and associated AVO analysis.

The optimised drilling location intersects and will test, the substantial potential oil volumes noted across all mapped play fairways, particularly the SMD, SFS and BFF reservoirs.

Significant progress has been made on permitting and planning of Hickory-1 by project manager, Fairweather, LLC. All long lead items have been secured with the tendering process nearing completion. Further details of the drilling program will be announced by the Company in the lead-up to the scheduled spud on or around 1 March 2023, which remains subject to relevant approvals that are anticipated to be received by end of January 2023 or shortly thereafter.

Drilling location for Hickory-1 was informed by analysis of an extensive data suite and chosen to:

- ✓ Provide optimal appraisal of six stacked reservoir targets
- ✓ Ensure closest possible position to the Shelf Edge
- ✓ Be of a relative down-dip position
- ✓ Potentially unlock up-dip optionality across the remaining acreage
- ✓ Within the sweet spot of interpreted AVO anomalies relative to Icewine-1 which the FB3D data confirms was drilled outside of interpreted AVO anomalies at the target horizons
- ✓ Maximise the strategic location proximate to existing infrastructure



1. Refer Cautionary statement on page 1  
2. Mean unrisked resource - Net Entitlement to 88 Energy. Refer announcement released to ASX on 23 August 2022  
3. Refer to Pantheon Resources AIM releases 7 February, 21 February and 24 March 2022 for details in relation to flow tests

## Project Leonis (100% WI)

On the 9 November 2022, the Company's wholly-owned subsidiary Captivate Energy Alaska, Inc. was declared the highest bidder for select acreage offered as part of the North Slope Areawide 2022W Oil and Gas lease sale. The Company's new acreage will be known as Project Leonis (the **Project**) comprising ten leases covering approximately 25,600 contiguous acres.

The new Project Leonis leases remain subject to an adjudication process, regulatory approvals and formal award which is expected in 1H 2023. The Project is superbly located adjacent to TAPS and the Dalton Highway, enhancing future potential commercialisation.

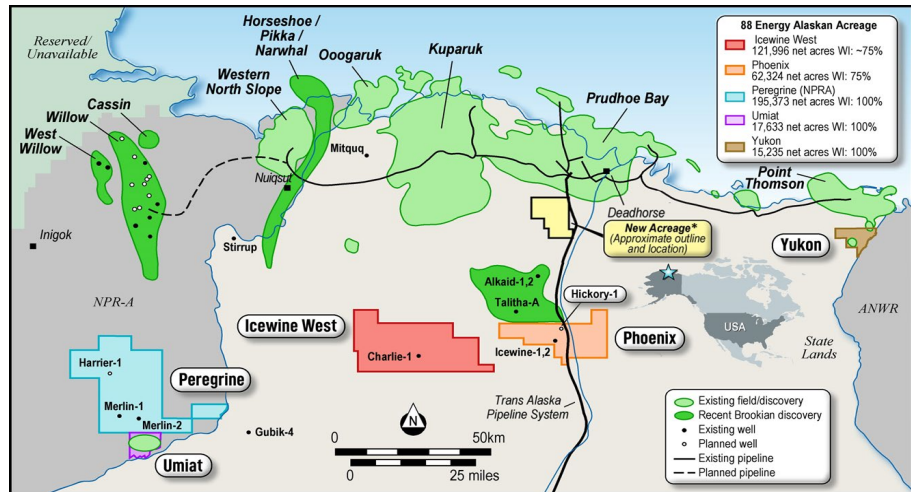


Figure 1: New Acreage awarded, named Project Leonis in relation to exiting 88E acreage

Project Leonis is covered by the existing, recently purchased, Storms 3D seismic data suite. The acreage contains the historical exploration well Hemi Springs Unit #3, drilled by ARCO in 1985 to target the deep Kugaruk and Ivishak reservoirs. At the time, these were the main producing intervals in the giant northern fields.

An initial review of the Hemi Springs Unit #3 well indicated over 200 feet of low resistivity bypassed log pay within the Upper Schrader Bluff (**USB**) reservoir, with good porosity and oil shows evident over the interval. The USB reservoir has been successfully developed at the nearby Orion, Polaris, West Sak and Milne Point oil fields.

A preliminary internal review and interpretation of the Storms 3D seismic data reveals a strong seismic-well tie and a clear seismic amplitude at the USB prospect level. Encouragingly, the prospect appears to be bound by faults on three sides which potentially serve as the trapping mechanism. Further analysis will determine further potential of the acreage and define a possible exploration program and timeline for the project.

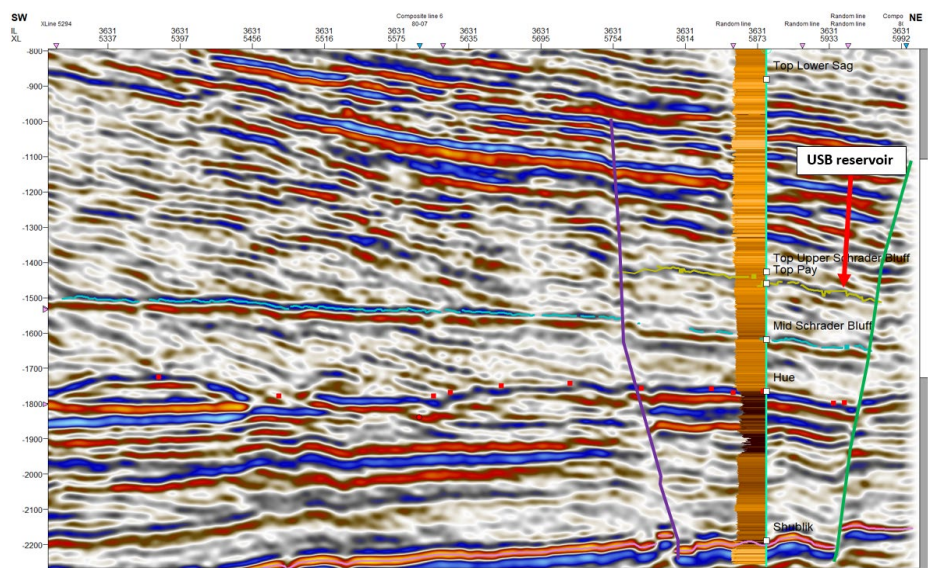


Figure 2: Hemi Springs Unit #3 well and initial interpretation of regional faulting

## Project Peregrine (100% WI)

Similarly, to Merlin-1, the Merlin-2 High Resolution Gas Chromatography side wall core results show definitive evidence of hydrocarbons at Project Peregrine.

Results of a recent, independent basin modelling study, coupled with abundant oil shows across Merlin-1 and Merlin-2, are encouraging for untested Harrier and Harrier Deep prospects to the North.

The Company is currently assessing possible forward work-programs, which will be subject to potential future farm-out.

## Project Longhorn (~73% WI)

During the quarter, the operator and ~24% net working interest partner, Lonestar I, LLC (**Lonestar**), successfully completed the final two planned workovers scheduled for 2022. The workovers were completed on time and commenced production, with plans in place to optimise oil and gas rates from each well.

Production from the Longhorn wells averaged ~420 BOE per day gross (~70% oil) during the quarter, peaking at 580 BOE per day gross.

Since acquisition, the Longhorn investment has resulted in net cash flow returns to 88E of A\$4.3M. Net cash flows from operations before capital investment, generated A\$6.5M in 2022. The Company's share of capital invested in the six completed work overs for 2022 was A\$9.1M of which A\$2.2M was paid in cash and the remaining A\$6.9M (US\$4.6M) in 88E shares<sup>1,2</sup>

Four workovers and at least six new drill targets remain on the acreage, with the forward work program and timing for future capital investments to be determined by the Joint Venture in 2023.

## 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:

- Project Longhorn quarterly cash distribution of A\$1.5M
- Exploration and evaluation expenditure of A\$3.3M (September 2022 quarter: A\$5.7M), primarily associated with planning, securing long lead items, and permitting for Hickory-1 exploration well
- Lease rental payments of A\$0.3M, including bid deposit for Project Leonis acreage
- Fees paid to Directors and consulting fees paid to Directors of A\$0.2M
- Administration, staff, and other costs of A\$1.2M (incl A\$0.2M director related payments)

At quarter end, the Company had cash reserves of A\$14.1M and no debt.

1. Refer ASX announcement 21 February 2022 – working capital share issue of US\$1.6 million  
2. Refer ASX announcement 27 June 2022 – working capital share issue of US\$3.0 million

**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 Phoenix	Onshore, North Slope Alaska	62,324	~75%	~75%
Project Icewine West	Onshore, North Slope Alaska	121,996	~75%	~75%
Project Peregrine	Onshore, North Slope Alaska (NPR-A)	195,373	100%	100%
Project Longhorn	Onshore, Permian Basin Texas	964	~73%	~73%
Project Leonis <sup>1</sup>	Onshore, North Slope Alaska	25,600	0%	100%
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.

1. leases remain subject to an adjudication process, regulatory approvals and formal award which is expected in 1H 2023.

**This announcement has been authorised by the Board.**

*Media and Investor Relations:*

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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")

31 December 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(561)	(2,388)
(e) administration and corporate costs	(618)	(2,519)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	13	20
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(1,166)</b>	<b>(4,887)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	(10,694)
(b) tenements	(326)	(3,369)
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(3,343)	(49,275)
(e) investments	-	-
(f) other non-current assets	-	-

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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
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	19	1,079
	Other - Distribution from Project Longhorn	1,465	4,282
	Other – Return of Bond	-	138
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(2,185)</b>	<b>(57,839)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	47,053
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	-	(3,150)
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)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>43,903</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	17,525	32,317
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,166)	(4,887)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,185)	(57,839)



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

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	0	43,903
4.5	Effect of movement in exchange rates on cash held	(51)	629
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>14,123</b>	<b>14,123</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	14,123	17,525
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>14,123</b>	<b>17,525</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	201
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

<b>7. Financing facilities</b>	<b>Total facility amount at quarter end \$US'000</b>	<b>Amount drawn at quarter end \$US'000</b>
<i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>		
<i>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)	-	-
<b>7.4 Total financing facilities</b>	-	-
<b>7.5 Unused financing facilities available at quarter end</b>		-
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.		

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	(1,166)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(3,343)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(4,509)
8.4 Cash and cash equivalents at quarter end (item 4.6)	14,123
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	14,123
<b>8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	3.1
<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:	
8.8.2 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:	
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:	
<i>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.</i>	

**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: 25 January 2023

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.