25 January 2017

QUARTERLY REPORT
Report on Activities for the Quarter ended 31 December 2016

The Directors of 88 Energy Limited ("88 Energy" or the "Company", ASX & AIM:88E) provide the following report for the quarter ended 31 December 2016.

Highlights

- **Major permit approved: Lease Plan of Operations for Icewine#2**
- **Large increase in acreage – rights secured for up to ~190,000 additional net acres**
- **Interim volumetric estimates for Top 5 Conventional Leads identifed on 2D seismic**
    - **758 million barrels of prospective gross mean recoverable resource (587 million barrels net to 88E)**
- **A$11m raised from two US-based institutional investors**

Permitting Update

On December 23rd, the Lease Plan of Operations for Icewine#2 was approved by the Alaska Department of Natural Resources, Division of Oil and Gas. The only remaining permit, the Permit to Drill, is typically submitted post the approval of all other permits, in the lead up to final drilling preparations. No issues are expected in relation to its approval prior to the planned spud date for Icewine#2. Icewine#2 remains on schedule for late Q1 spud and has been designed to test the production potential of the HRZ interval.

Central North Slope Alaska – Large Acreage Increase

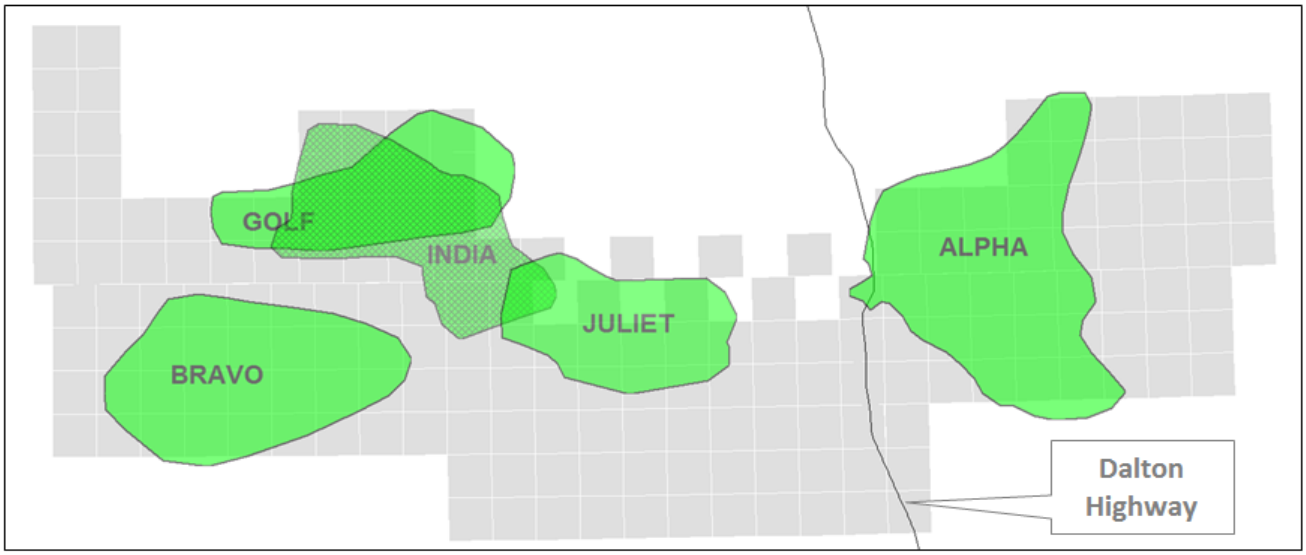
Additional analysis of the results from the Icewine#1 well by the Company's JV partner, Burgundy, has refined the potential HRZ resource play sweetspot. This resulted in a joint decision by 88 Energy and Burgundy to seek rights to a substantial increase in acreage in the December 2016 Central North Slope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

- Accumulate Energy Alaska, Inc. ("Accumulate", a 100% subsdiary 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)

Conventional Prospectivity - Initial Internal Volumetric Estimates for Top 5 Leads

- Multiple large conventional leads identified in Brookian Sequence over Project Icewine
- 758 million barrels of prospective mean recoverable oil (gross) identified in top 5 leads
    - 587 million barrels net to 88E, based on internal estimates*
- "Alpha" lead located in close proximity to existing transport infrastructure and Trans Alaskan Pipeline with 118 million barrels prospective mean recoverable oil (gross)*

Conventional Prospectivity Mapping: Top 5 Leads from Interim Results



Prospective Oil Resources (Unrisked Recoverable)* for Current Top 5 Ranked Leads					
Name	**Low**	**Best**	**High**	**Gross Mean**	**Net Mean to 88E (WI: 77.5%)**
Alpha	19	71	263	118	91
Bravo	129	245	449	273	212
Golf	60	115	210	128	99
India	61	116	212	129	100
Juliet	52	99	181	110	85
Total				**758**	**587**

*****Prospective resources classified in accordance with SPE-PRMS as at 18th October 2016 using probabilistic and deterministic methods on an unrisked basis. Leads identified from interpretation of modern 2D seismic acquired in 2015/2016 across Project Icewine, which comprises 271,119 gross acres on the Central North Slope of Alaska. 88 Energy is Operator of record at Project Icewine (through its wholly owned subsidiary Accumulate Energy Alaska, Inc) with a 77.5% working interest.*

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.

Successful A$11m Placement Completed with Two US-Based Institutional Investors

On the 25th October, the Company announced it had reached agreement 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.

Post Quarter Significant Events

Conventional Prospectivity Review Complete – Highlights

- Additional resource potential identified for conventional leads across Project Icewine acreage, based on internal estimates totalling:
    - 710 million barrels of gross mean Prospective Resources (unrisked)
    - 550 million barrels of net mean Prospective Resources to 88 Energy (unrisked)
- Total Resource Potential (conventional only), including previously reported leads:
    - 1.47 billion barrels gross mean Prospective Resources (unrisked)
    - 1.14 billion barrels net mean Prospective Resources to 88 Energy (unrisked)

Conventional Prospectivity Review – Details

88 Energy has completed the interpretation of the 2D seismic data acquired/ licensed by the Company early in 2016 across Project Icewine and is encouraged by the results of the technical evaluation. Stacking of Leads mapped in the Central region and on the Western margin of Project Icewine may, on maturation, offer the opportunity to test multiple stacked objectives with one exploration well.

The principal objective of the seismic acquisition program, to evaluate the conventional prospectivity across Project Icewine, has been achieved. A conventional Prospect and Lead Portfolio has been developed to complement the unconventional Prospective Resource potential already recognised in the HRZ liquids rich resource play.

On completion of the conventional prospectivity portfolio review, the Alpha and Bravo Leads remain the most significant given their seismic relief and geometries. Of note, the Alpha Lead is located close to the transportation corridor and mature infrastructure so could be developed relatively quickly, in the event of exploration success. The Bravo Lead is the most significant Lead in the Western Play Fairway, with closure delineated on the Company's new 2016 seismic database.

Project Icewine Conventional Prospectivity Summary
Prospective Oil Resources – Unrisked Recoverable - MMBO

PROJECT ICEWINE CONVENTIONAL LEAD SUMMARY **Prospective Oil Resources - Unrisked Recoverable - MMBO**					
Lead	Low	Best	High	Gross Mean	Net Mean to 88E (WI: 77.5%)
Eastern Play Fairway					
Alpha	19	71	263	118	91
Romeo	2.1	3.4	5.3	3.6	2.8
Sierra	1.1	2.0	3.4	2.2	1.7
Central Play Fairway					
Golf	60	115	210	128	99
Hotel	10	18	31	19.8	15.3
India	61	116	212	129	100
Juliet	52	99	181	110	85
Western Play Fairway					
Bravo	129	245	449	273	212
Oscar	14.5	26.6	47	29.2	22.6
Papa	7.6	13.9	24.6	15.3	11.9
Charlie*	147	257	432	277	215
Delta*	74.7	131	219	141	109
Foxtrot*	40.9	71.5	120	77	60
Mike*	50	87.5	147	94	73
November*	24.8	45.6	80.4	50.1	39
FINAL TOTAL				*1,468*	*1,137*

*Prospective resources classified in accordance with SPE-PRMS as at 13th January 2017 using probabilistic and deterministic methods on an unrisked basis. Leads identified from interpretation of modern 2D seismic acquired in 2015/2016 across Project Icewine, which comprises 271,119** gross acres on the Central North Slope of Alaska. 88 Energy is Operator of record at Project Icewine (through its wholly owned subsidiary Accumulate Energy Alaska, Inc) with a 77.5% working interest.*

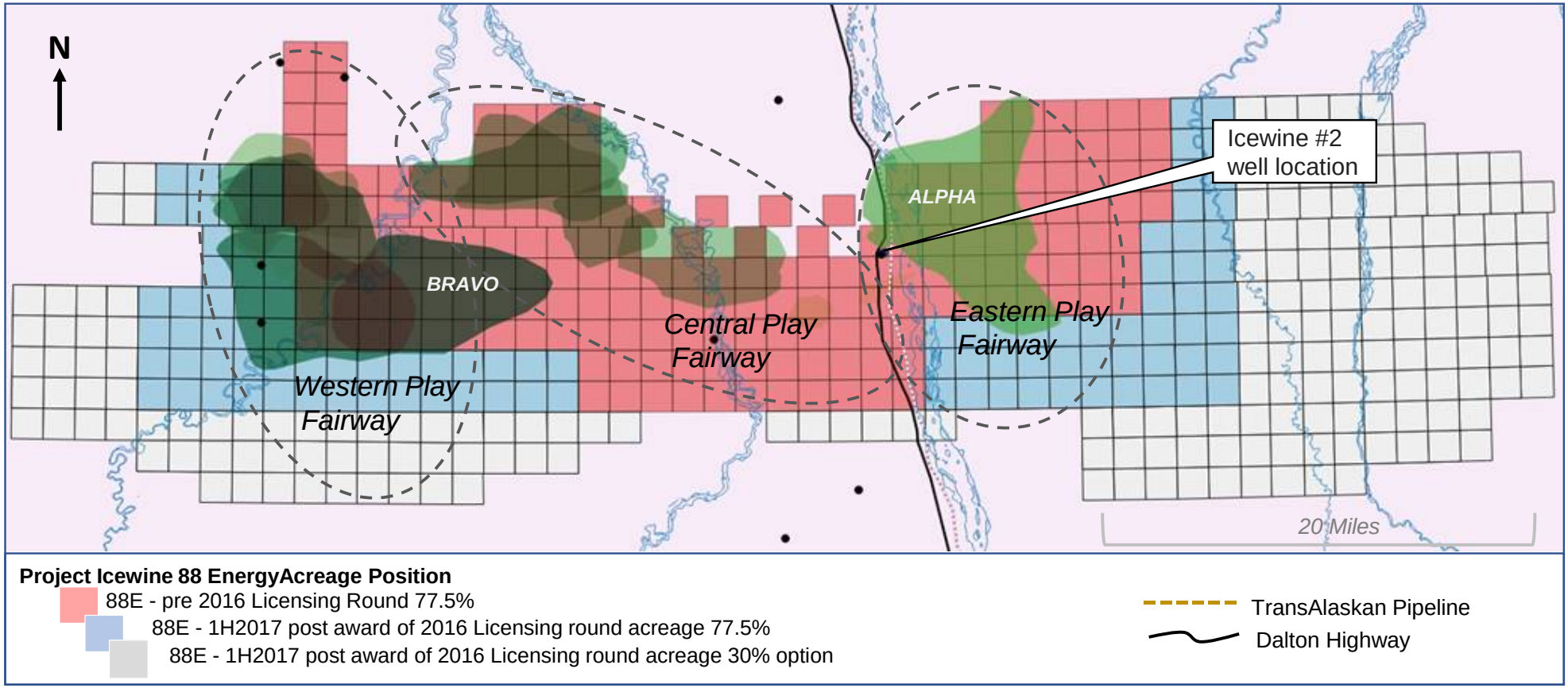
Cautionary Statement: The estimated quantities of petroleum that may be potentially recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation are required to determine the existence of a significant quantity of potentially movable hydrocarbons.

**Conceptual leads extend into previously open acreage to the west of Icewine Project, which was successfully bid on by 88 Energy in the recent State of Alaska Licensing round, December 2016. Currently delineated on Icewine 2D seismic data and extending onto sparse vintage 2D. Further technical work is required to define the full potential of the Western Play Fairway conceptual leads.*

*** An additional ~420,000 gross acres (~190,000 net to 88E) is subject to formal award, which is expected in 2017*

The conventional leads mapped are predominantly stratigraphic and the majority are considered to be associated with slope apron, turbidites and basin floor fan development. The Tarn Oil Pool, Kuparuk River Unit to the norwest of Project Icewine is considered a proven and productive analogue. The Tarn Oil Pool comprises multiple stacked sands within the Seabee Formation.

Project Icewine: Conventional Leads Prospectivity Map and Acreage Position



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

- exploration and evaluation expenditure of A$1.45m, related to the processing and interpretation of 2D seismic data, well design and permitting work for Icewine#2 as well as US$600k deposit for winning bid on increased acreage position (September 2016 A$0.9m):
- administration and other operating costs A$0.9m (September 2016 of A$0.9m);
- proceeds from issue of shares A$10.2m (net of costs);
- a net cash inflow of A$8.0m recorded by the Company.

At the end of the quarter, the Company had cash reserves of A$26.5 million.

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, Mr Brent Villemarette, who is a Non Executive Director of the Company. Mr Villemarette has more than 30 years' experience in the petroleum industry, is a member of the Society of Petroleum Engineers, and a qualified Reservoir Engineer 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. Mr Villemarette 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.

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This announcement contains inside information.

Project Icewine Overview

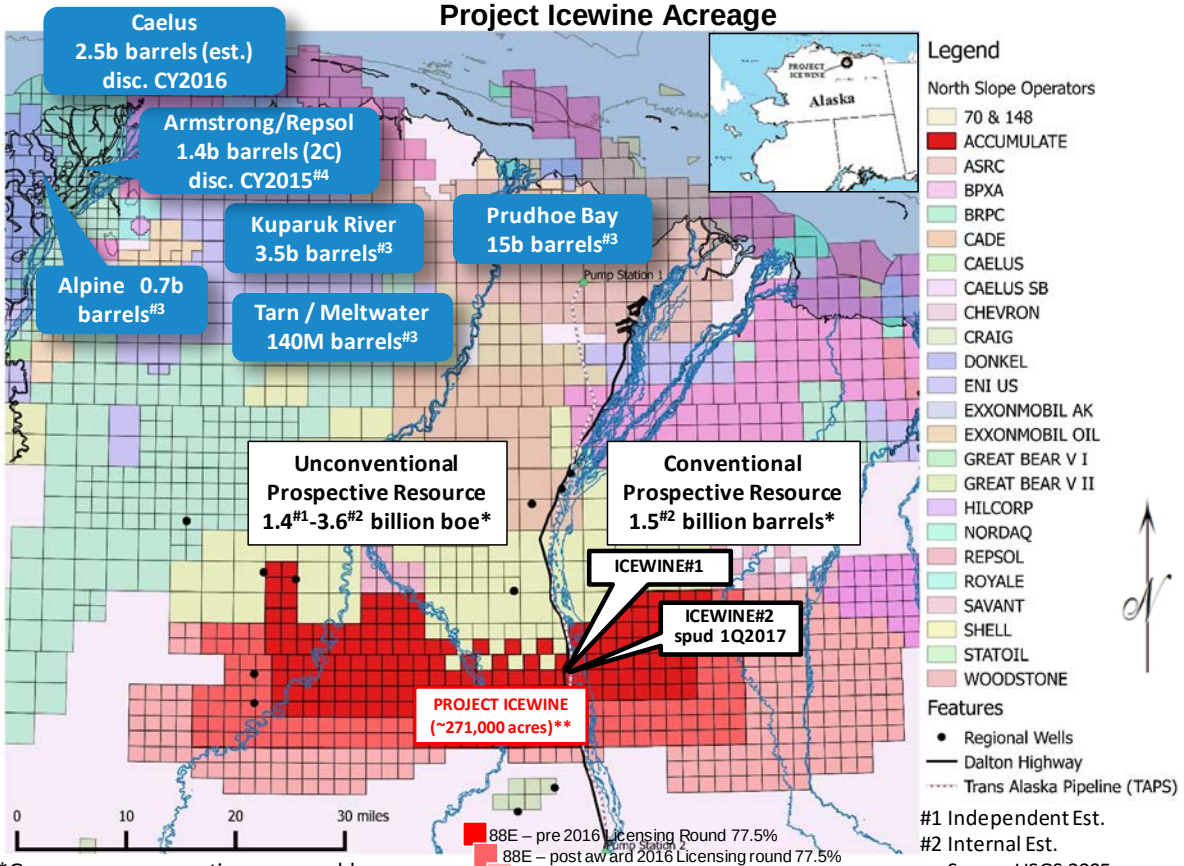
In November 2014, the Company entered into a binding agreement with Burgundy Xploration (**BEX**) to acquire a significant working interest (87.5%, reducing to 77.5% on spud of the first well on the project) in a large acreage position on a multiple objective, liquids rich exploration opportunity onshore 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). In December 2016 the Company successfully bid on additional acres. On award the Project Icewine gross acreage position will be further expanded to ~690,000 contiguous acres (~400,000 acres net to the Company assuming all rights are taken up).

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 Icewine #1 exploration well (2015), 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 late 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 Acreage



*Gross mean prospective recoverable resource

**Gross acres - 88 Energy 77.5% WI, ~420,000 additional gross acres subject to award

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 net operating loss 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.

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.

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. Additional conventional potential may be matured in the Brookian delta topset play, deeper Kuparuk sands and the Ivishak Formation.

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 alone. Three recent discoveries in the Brookian have already exceeded these estimates, with Armstrong/Repsol discovering 1.4 billion barrels in 2015 (Pikka); Caelus announcing a 2.5 billion barrel discovery in 2016 (Smith Bay) and ConocoPhillip, in January 2017, announcing an estimated 300 million barrel discovery (Willow).

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"). Gross contiguous acreage position will expand on award of additional leases successfully bid on in the December 2016 State of Alaska North Slope Licensing Round.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 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 acquired 2D seismic in early 2016, benefitting from the globally unique fiscal system in Alaska, which allowed for up to 75% of 1H2016 exploration expenditure to be rebated in cash. Results from the seismic mapping and prospectivity review are encouraging, and form the basis of a conventional prospectivity portfolio for Project Icewine. In late 2015, the Company completed its maiden well at the project, Icewine#1, to evaluate an unconventional source rock reservoir 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.*

+Rule 5.5

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

88 Energy Limited

ABN	**Quarter ended ("current quarter")**
80 072 964 179	31 December 2016

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (12 months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	47	773
1.2	Payments for		
	(a) exploration & evaluation	(1,454)	(26,045)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(159)	(530)
	(e) administration and corporate costs	(742)	(3,025)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	-	33
1.5	Interest and other costs of finance paid	(6)	(6)
1.6	Income taxes paid	-	-
1.7	Research and development refunds	-	-
1.8	Other (provide details if material)	-	-
1.9	**Net cash from / (used in) operating activities**	**(2,314)**	**(28,800)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) property, plant and equipment	-	(3)
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter $A'000	Year to date (12 months) $A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	**Net cash from / (used in) investing activities**	**-**	**(3)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of shares	11,000	36,000
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	1,465
3.4	Transaction costs related to issues of shares, convertible notes or options	(775)	(2,184)
3.5	Proceeds from borrowings	-	10,408
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**	**10,225**	**45,689**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	18,435	9,604
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,314)	(28,800)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	(3)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	10,225	45,689
4.5	Effect of movement in exchange rates on cash held	110	(34)
4.6	**Cash and cash equivalents at end of period**	**26,456**	**26,456**

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	26,456	18,435
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)**	**26,456**	**18,435**

6.	Payments to directors of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to these parties included in item 1.2	182
6.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

6.1 All transactions involving directors and associates were on normal commercial terms.

7.	Payments to related entities of the entity and their associates	Current quarter $A'000
7.1	Aggregate amount of payments to these parties included in item 1.2	24
7.2	Aggregate amount of cash flow from loans to these parties included in item 2.3	-

7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

7.1 Consultant fees paid to associated entities were on normal commercial terms.

8.	**Financing facilities available** *Add notes as necessary for an understanding of the position*	**Total facility amount at quarter end $US'000**	**Amount drawn at quarter end $US'000**
8.1	Loan facilities	32,387	17,613
8.2	Credit standby arrangements	-	-
8.3	Other (please specify)	-	-

8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.

On 20 August 2015, 88 Energy entered into a credit agreement with the Bank of America for a facility of up to US$50 million. Interest on the drawdown is paid upfront being Eurodollar rate (1% p.a.) plus the applicable rate (6.5% p.a.). The facility is secured by available Production Tax Credits.

9.	**Estimated cash outflows for next quarter**	**$A'000**
9.1	Exploration and evaluation	(1,800) [(1)]
9.2	Development	-
9.3	Production	-
9.4	Staff costs	(150)
9.5	Administration and corporate costs	(700)
9.6	Other (provide details if material)	-
9.7	**Total estimated cash outflows**	**(2,650)**

(1) 88 Energy equity contribution not including drawdowns on Bank of America debt funding facility.

10.	**Changes in tenements (items 2.1(b) and 2.2(b) above)**	**Tenement reference and location**	**Nature of interest**	**Interest at beginning of quarter**	**Interest at end of quarter**
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	N/A			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	North Slope Acreage	Joint Venture (88 Energy 77.5%)	271,119* acres	271,119* acres

** An additional ~420,000 gross acres (~190,000 net to 88E) is subject to formal award, which is expected in 2017.*

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.

Sign here: . Date: 25 January 2017
(Company Secretary)

Print name: Sarah Smith

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.

2. If this quarterly 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 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.