



5 April 2017

QUARTERLY REPORT

Report on Activities for the Quarter ended 31 March 2017

The Directors of 88 Energy Limited ("88 Energy" or the "Company", ASX & AIM:88E) provide the following report for the quarter ended 31 March 2017.

Highlights

- **Conventional prospectivity review completed in the quarter identifying resource potential in conventional leads, based on internal estimates totalling;**
 - 1.5 billion barrels of gross mean Prospective Resources (unrisked)
 - 1.1 billion barrels of net mean Prospective Resources to 88 Energy (unrisked)
- **Rig contract executed with Doyon Drilling Inc.; Arctic Fox rig mobilised to the Franklin Bluffs pad in March 2017**
- **Icewine#2 Operations commenced in the quarter, with cellar and conductor installation completed**
- **Icewine#2 Permit to Drill submitted for approval with spud on schedule April 2017**
- **Oversubscribed placement to domestic and international institutional and sophisticated investors raised A\$ 17 million in the quarter**

Conventional Prospectivity Review Complete

Additional resource potential was identified for conventional leads across Project Icewine acreage, based on internal estimates was announced in Q12017:

- 710 million barrels of gross mean Prospective Resources (unrisked)
- 550 million barrels of net mean Prospective Resources to 88 Energy (unrisked)

The overall Conventional Resource Potential for Project Icewine, including previously reported leads, now totals:

- 1.47 billion barrels gross mean Prospective Resources (unrisked)
- 1.14 billion barrels net mean Prospective Resources to 88 Energy (unrisked)

88 Energy completed the interpretation of the 2D seismic data acquired by the Company early in 2016 across Project Icewine and is encouraged by the results of the technical evaluation. 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. 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.

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%)
<i>Eastern Play Fairway</i>					
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
<i>Central Play Fairway</i>					
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
<i>Western Play Fairway</i>					
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 northwest of Project Icewine is considered a proven and productive analogue. The Tarn Oil Pool comprises multiple stacked sands within the Seabee Formation.

Icewine#2 Operations

On 16th February 2017, Accumulate Energy Alaska Inc. entered into a contract with Doyon Drilling Inc to utilise the Arctic Fox rig to drill the Icewine#2 appraisal well. The Arctic Fox is one of the premier rigs on the North Slope and was mobilised directly to the Franklin Bluffs pad from its previous drilling operation.

As of end Q1 2017 the conductor for the Icewine#2 appraisal well had been set and installation of the cellar was complete.

Final permit approval and delivery of additional equipment required for spud remain on schedule for an April 2017 spud. Stimulation and flow test of the HRZ shale is expected to commence June-July 2017.

Oversubscribed Placement to Raise A\$17 million

On the 6th of March, the Company announced that it had successfully completed a capital raise of A\$17 million, with the placement made to domestic and international institutional and sophisticated investors through the issue of 459,459,460 ordinary shares of no par value at A\$0.037 (equivalent to £0.023) per New Ordinary Share.

Funds raised under the Placement further strengthen the Company's balance sheet ahead of the upcoming drilling of the Icewine#2 well. Specifically, the proceeds will provide the Company with the financial flexibility to cover any unexpected costs arising from the drilling of Icewine#2, lease payments due in respect of the significant new acreage awarded and ongoing exploration activities.

Corporate

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

- exploration and evaluation expenditure of A\$1.3m primarily relating to Icewine#2 operations including well design and permitting work as well as an initial US\$300k payment for the Arctic Fox rig;
- administration and other operating costs A\$0.9m (December 2016 of A\$0.9m); and
- proceeds from issue of shares A\$15.8m (net of costs).

At the end of the quarter, the Company had cash reserves of A\$39.7 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

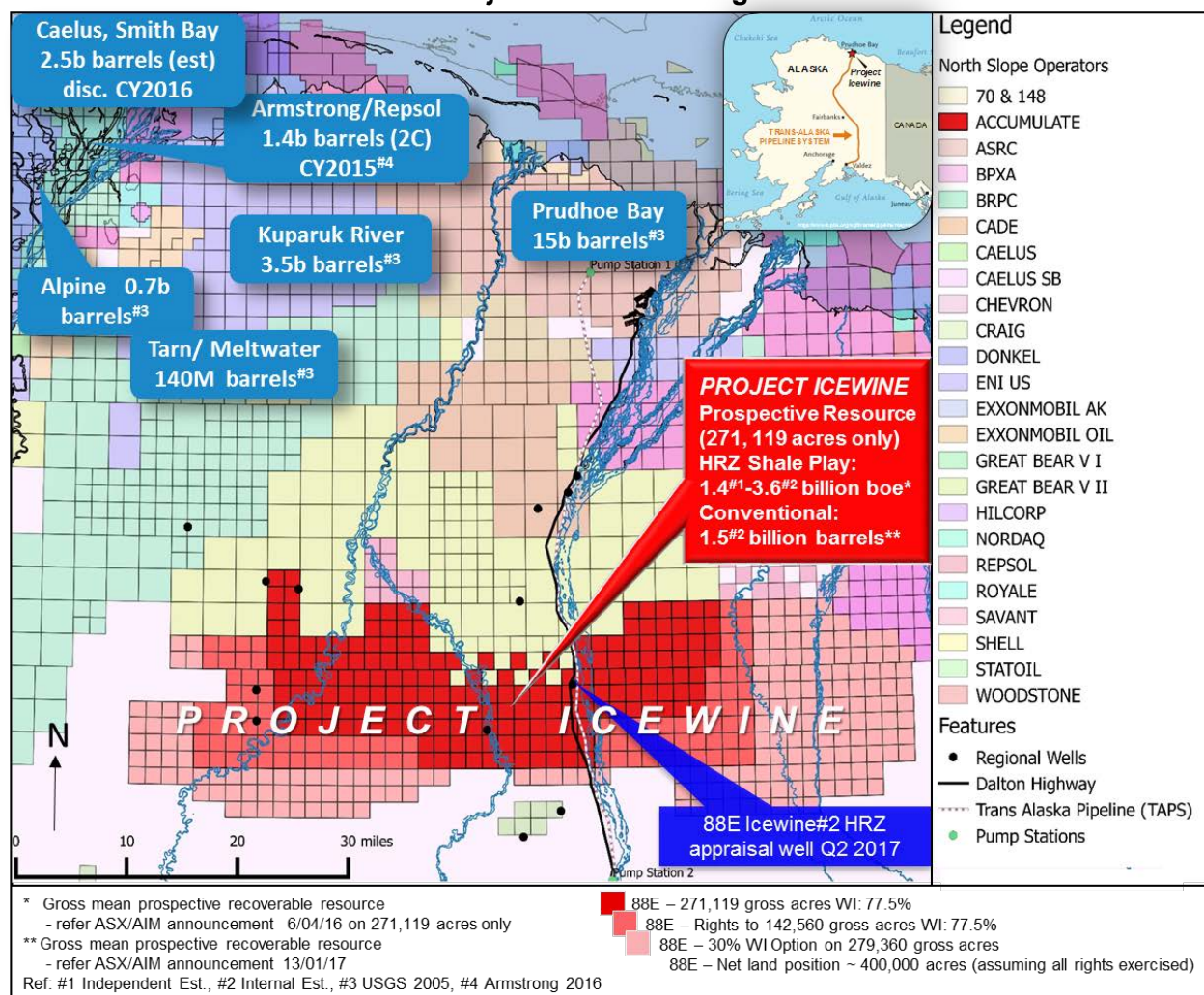
In November 2014, the Company entered into a binding agreement with Burgundy Xploration (**BEX**) to acquire a significant working interest (87.5%, reducing to 77.5% on spud of the first well on the project) in a large acreage position on a multiple objective, liquids rich exploration opportunity onshore 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 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, due to spud early 2Q2017. 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





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.

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 Ivishak 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"). 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 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. 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 due to spud early 2Q2017.

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

80 072 964 179

Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	23	23
1.2 Payments for		
(a) exploration & evaluation	(1,264)	(1,264)
(b) development	-	-
(c) production	-	-
(d) staff costs	(351)	(351)
(e) administration and corporate costs	(574)	(574)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	-	-
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	(2,165)	(2,165)

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	17,091	17,091
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	(1,250)	(1,250)
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	15,841	15,841

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	27,303	27,303
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,165)	(2,165)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4	Net cash from / (used in) financing activities (item 3.10 above)	15,841	15,841
4.5	Effect of movement in exchange rates on cash held	(1,302)	(1,302)
4.6	Cash and cash equivalents at end of period	39,677	39,677

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	39,677	27,303
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)	39,677	27,303

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	222
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	42
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 <i>Add notes as necessary for an understanding of the position</i>	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	(14,440)
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	(15,290)

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	N/A			

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:

(Company Secretary)

Date: 05 April 2017

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.