



20 January 2020

QUARTERLY REPORT

Report on Activities for the Quarter ended 31 December 2019

The Directors of 88 Energy Limited (“88 Energy” or the “Company”, ASX & AIM:88E) provide the following report for the quarter ended 31 December 2019.

Highlights

Project Icewine

- Farm-out with Premier Oil Plc (“Premier”) finalised and completion documents executed in the quarter;
- The Alaska Department of Natural Resources approved the Plan of Operations for the Charlie-1 appraisal well in November 2019;
- Permit to Drill submitted – approval expected in January 2020; and
- All other contracting and logistical work is proceeding as planned ahead of the scheduled February 2020 spud date.

Yukon Acreage

- Discussions continue with nearby resource owners to optimise the monetisation strategy of the acreage; and
- Permitting underway ahead of potential drilling in 2021 – subject to farm-out.

Western Blocks

- Assessment of strategy for future of leases underway.



Project Icewine

- **Project Icewine Conventional**

Farm-out Update

All conditions precedent to the farm-out agreement between 88 Energy, Premier and Burgundy Xploration, signed in August 2019, have been satisfied. Consequently, execution of the final agreements took place on 26th November 2019.

Operations Update

88 Energy, via its 100% owned subsidiary Accumulate Energy Alaska, Inc (“Accumulate”), executed a rig contract with Nordic-Callista Services just prior to the beginning of the quarter, to utilise Rig-3 for the upcoming drilling of the Charlie-1 appraisal well. 88 Energy utilised Rig-3 for the drilling of the Winx-1 well in March 2019 and was extremely pleased with its safe and efficient performance throughout the course of operations.

The Alaska Department of Natural Resources approved the Plan of Operations for the Charlie-1 appraisal well on 22nd November. The Plan of Operations is one of the key major permits required for drilling.

The Permit to Drill was submitted prior to the end of 2019, as planned, and approval is expected towards the end of January. This is the last major permit required prior to spud of the Charlie-1 well.

As per the farm-out agreement, initial cash call was receipted into the Joint Venture account in December 2019.

All other contracting and logistical work is proceeding as planned ahead of the scheduled February 2020 spud date.

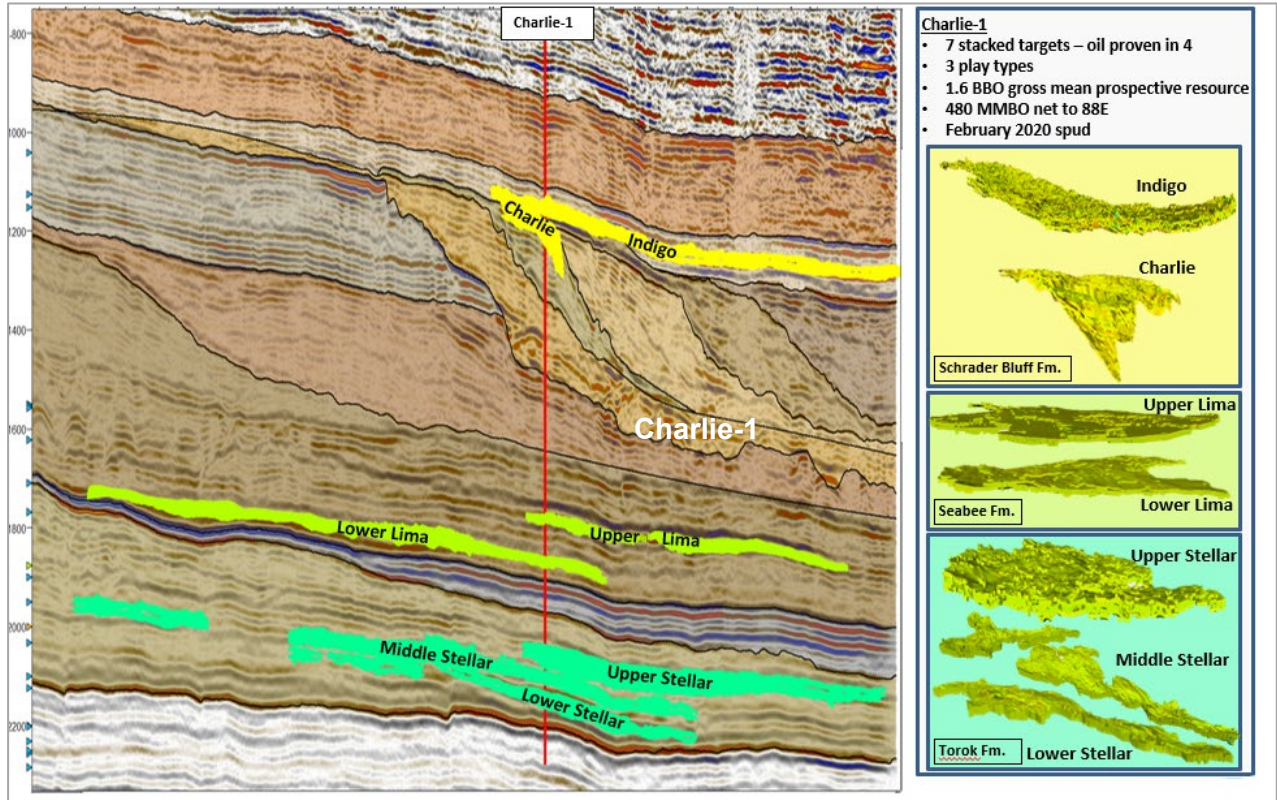
About the Charlie-1 Appraisal Well

The Charlie-1 appraisal well has been designed as a step out appraisal of a well drilled in 1991 by BP Exploration (Alaska) Inc called Malguk-1. Malguk-1 encountered oil shows with elevated resistivity and mud gas readings over multiple horizons during drilling but was not tested due to complications towards the end of operations, which resulted in lack of time before the close of the winter drilling season. It was also drilled using vintage 2D seismic, which was insufficient to adequately determine the extent of any of the prospective targets encountered.

88 Energy subsequently undertook revised petrophysical analysis, which identified what is interpreted as bypassed pay in the Malguk-1 well. 88E also completed acquisition of modern 3D seismic in 2018, in order to determine the extent of the discovered oil accumulations. Charlie-1 will intersect seven stacked prospects, four of which are interpreted as oil bearing in Malguk-1 and are therefore considered appraisal targets. 88 Energy will operate Charlie-1, via its 100% owned subsidiary Accumulate Energy Alaska, Inc, with cost of the well to be funded by Premier Oil Plc up to US\$23m under the recent farm-out agreement. Drilling is scheduled to commence in February 2020 with flow testing anticipated to conclude in April 2020. The total Gross Mean Prospective Resource across the seven stacked targets to be intersected by Charlie-1 is 1.6 billion barrels of oil (480 million barrels net to 88E). Refer announcement dated 23rd August.

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.

Charlie-1: Seven Stacked Horizons



CHARLIE-1 TARGETS	Prospective Oil Resource (MMBO): Post Farm-Out (Aug '19)					
	Horizon/Play	Low	Best	High	Gross Mean	Net Mean to 88E
Indigo Discovery	Schrader / Topset	225	358	543	374	112
Charlie Prospect	Schrader / Topset	126	201	304	210	63
Lima Discovery / Prospect (stacked)	Seabee / Apron Fan	105	323	713	376	113
Stellar Prospect / Discovery (stacked)	Torok / Fan Channel	320	604	999	639	192
CHARLIE-1 APPRAISAL WELL TOTAL					1,599	480

- **Project Icewine Unconventional**

Assessment of material from regional wells ongoing in order to conduct additional FIB-SEM analysis to confirm improved effective porosity and connectivity.

Additional analysis to be complimented by results from the Charlie-1 well, with the well designed to penetrate HRZ and gather additional data which will complement the ongoing additional analysis being conducted.

The Joint Venture plans to conduct a formal farm-out process to fund further appraisal.

Yukon Leases

Discussions are ongoing with nearby lease owners to optimise the monetisation strategy for existing discovered resources located in the vicinity of the Yukon Leases. The Yukon Leases contain the 86 million barrel Cascade Prospect*, which was intersected peripherally by Yukon Gold-1, drilled in 1994, and classified as an historic oil discovery. 88 Energy recently acquired 3D seismic (2018) over Cascade and, on final processing and interpretation, high-graded it from a lead to a drillable prospect. The Yukon Leases are located adjacent to ANWR and in close proximity to recently commissioned infrastructure.

Permitting underway ahead of possible drilling in 2021 – subject to farm-out.

* Refer announcement 7th November 2018

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.

Western Blocks

Assessment of strategy for future of leases underway, ahead of lease expiry in May 2021.

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 totalled A\$4.0m (gross), primarily associated with lease rentals and expenditure associated with the upcoming Charlie-1 appraisal well;
- Cash call proceeds received from Joint Venture partners totalled \$12.4m;
- Payments in relation to the debt facility interest totalled A\$0.6m (US\$0.4m); and
- Administration and other operating costs A\$0.9m (Sept'19 Quarter A\$1.1m).

At the end of the quarter, the Company had cash reserves of A\$15.9m, including cash balances held in Joint Venture bank accounts relating to Joint Venture Partner contributions totalling A\$10.7m.



Information required by ASX Listing Rule 5.4.3:

Project Name	Location	Area (acres)	Interest at beginning of Quarter	Interest at end of Quarter
Project Icewine	Onshore, North Slope Alaska	~482,000	64%	64% ¹
Yukon Gold	Onshore, North Slope Alaska	15,235	100%	100%
Western Blocks	Onshore, North Slope Alaska	22,711	36%	36%

¹ Assignment of interest to Premier in Project Icewine Area A completed in Q4 2019.

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.



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This announcement contains inside information.

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 December 2019

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	-	-
1.2 Payments for		
(a) exploration & evaluation	(4,043)	(30,711)
(b) development	-	-
(c) production	-	-
(d) staff costs	(465)	(1,710)
(e) administration and corporate costs	(466)	(1,757)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	23
1.5 Interest and other costs of finance paid	(595)	(2,396)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (JV Partner Contributions)	12,387	23,860
1.9 Net cash from / (used in) operating activities	6,819	(12,691)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	(52)
(c) investments	-	-
(d) other non-current assets	-	-

Mining exploration entity and oil and gas exploration entity quarterly report

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: a) Bond Returned – State of Alaska	-	4,251
	b) JV Partner Contribution – Bond	-	(2,549)
	c) Bond Paid – State of Alaska	(659)	(659)
2.6	Net cash from / (used in) investing activities	(659)	991
3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	-	6,530
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	(23)	(461)
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 (Fees for debt refinancing)	-	-
3.10	Net cash from / (used in) financing activities	(23)	6,069
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	10,144	21,723
4.2	Net cash from / (used in) operating activities (item 1.9 above)	6,819	(12,691)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(659)	991
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(23)	6,069
4.5	Effect of movement in exchange rates on cash held	(378)	(189)
4.6	Cash and cash equivalents at end of period	15,903	15,903

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	15,903	10,144
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)	15,903	10,144

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	170
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 Payments relate to Director and consulting fees paid to Directors. 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 Payments relate to consulting fees paid to Director related entities. Consultant fees paid to associated entities were on normal commercial terms.

Mining exploration entity and oil and gas exploration entity quarterly report

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	15,884	15,884
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 the 23rd of March 2018, 88 Energy Lt's 100% controlled subsidiary Accumulate Energy Alaska Inc entered into a US\$ 16.5 million debt refinancing agreement to replace the existing Bank of America debt facility. The key terms to the facility are noted in the ASX announcement released on 26th of March 2018. The facility is secured by available Production Tax Credits.

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation*	(565)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(385)
9.5 Administration and corporate costs	(300)
9.6 Other (provide details if material)**	(595)
9.7 Total estimated cash outflows	(1,845)

* Includes amounts relating to lease rentals, G&A, G&G, which are net of anticipated JV partner contributions.

** Includes amounts relating to costs associated with the Brevet debt interest costs.

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		~482,000 Gross acres	~482,000 Gross acres
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: 20 January 2020

Print name: Ashley Gilbert

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.