

## QUARTERLY ACTIVITIES REPORT

For the quarter ended 30 September 2022

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

### Highlights

#### Project Icewine (~75% WI)

- Maiden Independent Prospective Resource estimate reported at Project Icewine East;
  - Total estimated Prospective Resource of gross 1.03 billion barrels (Bnbbls) of oil<sup>1,2</sup> recoverable from multiple reservoir zones (total unrisks net mean entitlement prospective oil resource to 88 Energy of 647 MMbbls of oil<sup>2</sup>)
  - Substantial oil volumes noted across all mapped play fairways, in particular the Seabee – Lower Basin Floor (BFF) and the Shelf Margin Delta (SMD) reservoirs
- Interpretation of the recently licensed Franklin Bluffs 3D seismic survey data (FB3D) completed, covering a significant area over the Icewine East leases;
  - Amplitude Variation with Offset (AVO) analysis used to define ‘sweet spots’ for each play to identify location for the planned 1H 2023 exploration well (“Hickory-1”).
  - The Fluid Factor attribute has identified areas of anomalous AVO behaviour within the FB3D area which could indicate hydrocarbon content and/or superior pore volume
  - Good correlation also observed between AVO signature, RMS amplitude and the geological model at Icewine East
- Drilling location selected for Hickory-1;
  - Hickory-1 set to test the SMD, SFS, BFF and Kuparuk reservoir units
  - Planning and permitting for drilling of Hickory-1 underway

#### Project Peregrine (100% WI)

- Encouraging results returned from the completion of an independent basin modelling study for the untested Harrier and Harrier Deep prospects
- Definitive evidence of hydrocarbons indicated from High Resolution Gas Chromatography performed on Merlin-2 side wall cores

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

- Successful completion of the fourth planned work-over (of seven scheduled in 2022), and production commenced end of August 2022
- Quarterly cash flow distribution of A\$0.9M received in September 2022

#### Corporate

- Share placement completed on 22 August 2022, raised gross proceeds of A\$14.9M (net A\$13.9M)
- Cash of A\$17.5M and no debt (as at 30 Sept 2022)

1. Gross 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 on page 2.

**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.

## Project Icewine (~75% WI)

During the quarter, 88 Energy made significant progress across the Icewine East acreage.

In August 2022, the Company reported a maiden, independently certified Prospective Resource estimate for Project Icewine East (~75% net WI) of a total 1.03 Bbbls of oil<sup>1,2</sup> gross mean unrisks (total unrisks net mean entitlement prospective oil resource to 88 Energy of 647 MMbbls of oil<sup>2</sup>). The maiden Independent Prospective Resource Report was completed by Lee Keeling and Associates, Inc. (LKA).

Significant prospective resources have been estimated across all the recently mapped Shelf Margin Delta (SMD), Slope Fan System (SFS), Basin Floor Fan (BFF) and Kuparuk (KUP) play fairways on the Icewine East acreage. Importantly, these are mapped as the same Brookian / Beaufortian reservoirs that nearby Pantheon wells – Alkaid-1, Talitha-A and Theta West-1 – have flowed 35° to 40° API oil<sup>3</sup>.

In September, the Company selected the drilling location in Icewine East for the planned Hickory-1 exploration well scheduled for 1H 2023, following completion of the interpretation of the recently licenced FB3D seismic data set which covers a significant area of the Project Icewine East leases.

Results from this analysis and interpretation have been used to define ‘sweet spots’ for each of the mapped Shelf Margin Delta (SMD), Slope Fan System (SFS), Basin Floor Fan (BFF) and Kuparuk (KUP) play fairways. This analysis has played a key role in identifying the drilling location for the planned 2023 exploration well, Hickory-1, which is designed to intersect and test all four key play fairways.

Interpretation of the FB3D data included AVO analysis, where a comprehensive study of the FB3D seismic gathers across all offsets, ultimately produced a series of AVO attributes (such as fluid factor). These attributes can be used to further enhance existing 2D and 3D interpretation and reservoir understanding, as well as improve the probability of geological success and refine selection of target drilling locations. Significantly, it was observed that the Fluid Factor attribute has identified areas of anomalous AVO behaviour within the FB3D area, which could indicate hydrocarbon content and/or superior pore volume (reservoir quality). It was also observed that good correlation existed between AVO signatures, RMS amplitude and the geological model at Icewine East.

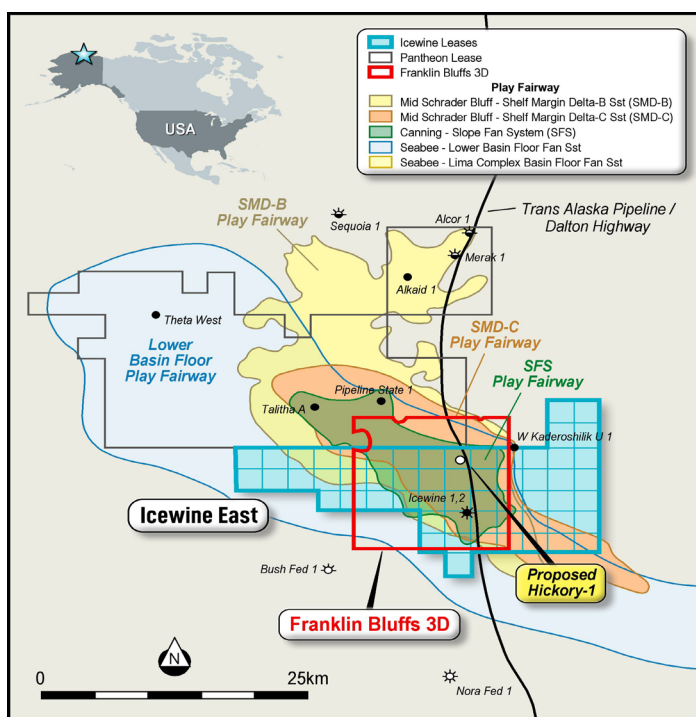


Figure 2: Icewine East lease area, including mapped play fairways and planned Hickory-1 well location

1. Gross 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 riskings and applicable Cautionary Statement on page 2.

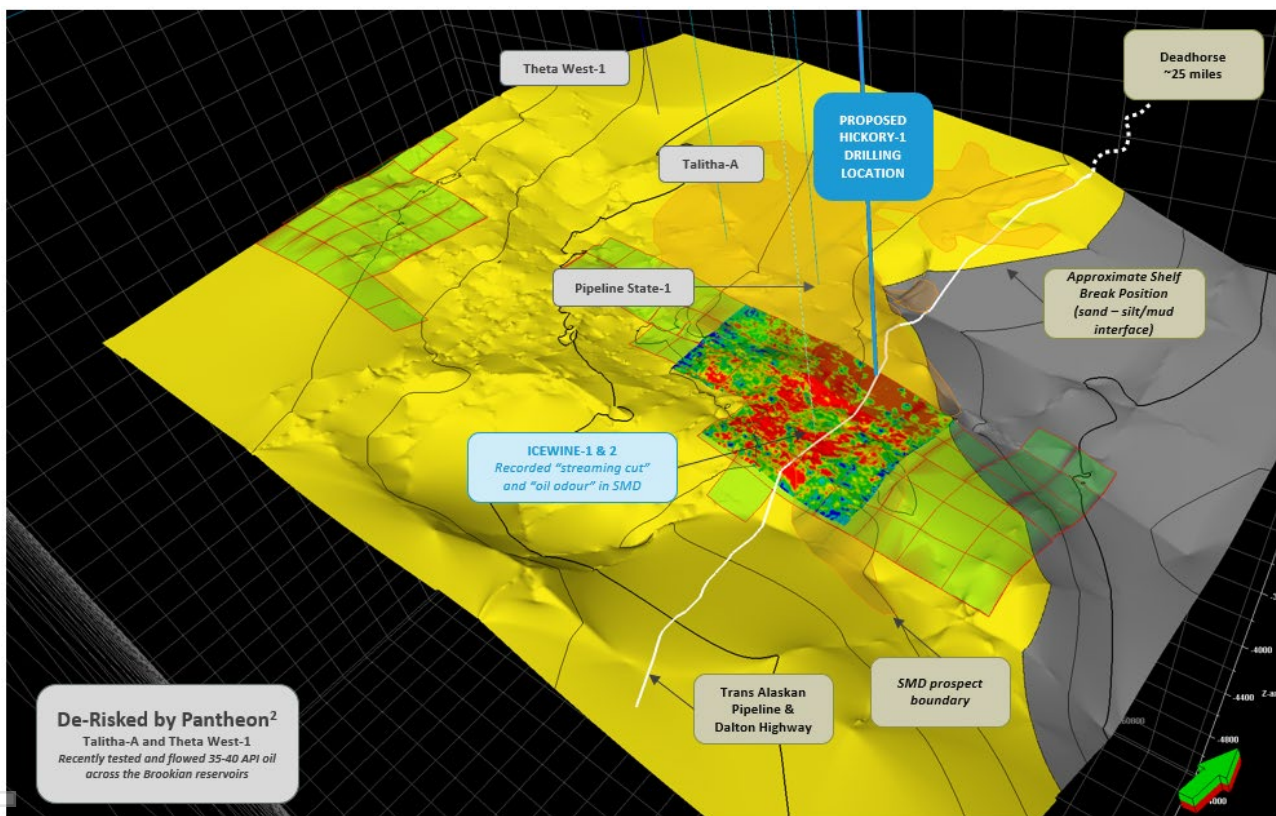
3. Refer to Pantheon Resources AIM releases 7 February, 21 February and 24 March 2022 for details in relation to flow tests

## **Hickory-1 Exploration Well**

The Hickory-1 exploration well is currently being planned and permitted to be drilled during 2023<sup>1</sup> and has been designed as a vertical well to be drilled to approximately 12,500 feet to intersect and test all four key reservoirs.

Using the results from the initial analysis and interpretation of the FB3D, in combination with Icewine-1 well logs, 88 Energy has identified an optimal drilling location for Hickory-1, located adjacent to the Dalton Highway.

This location intersects and will test the substantial potential oil volumes noted across all mapped play fairways, and in particular the SMD and BFF reservoirs. The well location is subject to permitting, as well as Joint Venture (88E 75.2% WI) and Government approvals.



Drilling location for Hickory-1 chosen to:

- ✓ provide optimal appraisal of 6 stacked reservoir targets
- ✓ ensure closest possible position to the Shelf Edge
- ✓ be of a relative down-dip position within Icewine East acreage
- ✓ potentially unlock up-dip optionality across the remaining Icewine East acreage
- ✓ be within the sweet spot of interpreted AVO anomalies relative to Icewine-1 which, from post-well analysis, was found to have been drilled outside of interpreted AVO anomalies
- ✓ maximise the strategic location proximate to infrastructure:
  - Deadhorse – North Slope services hub
  - Dalton Highway and Trans-Alaska pipeline
  - Immediate export route
  - Expediting future development
  - Minimising costs and environmental impact

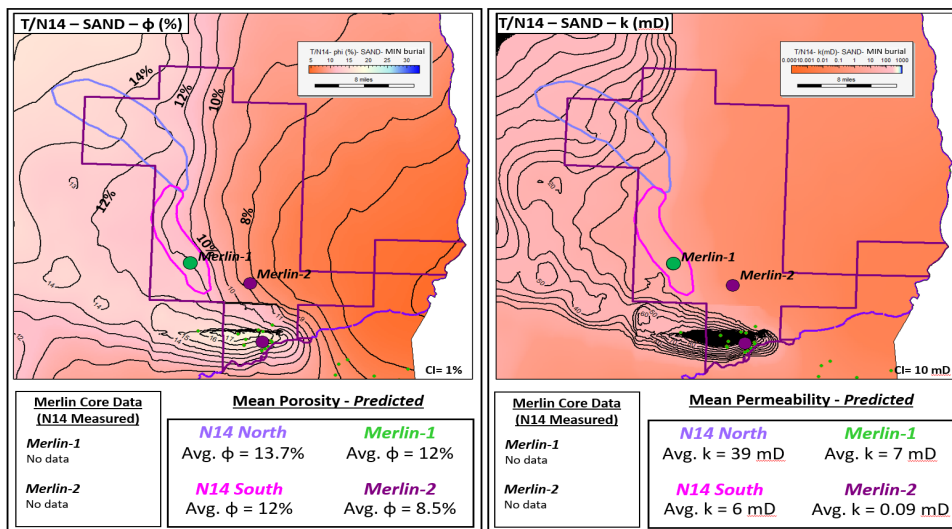
1. Timing dependent on pad design and relevant approvals required for desired location

2. Refer to Pantheon Resources AIM releases 7 February, 21 February and 24 March 2022 for details in relation to flow tests

## Project Peregrine (100% WI)

The Company has finalised detailed analysis of all data obtained from the Merlin-2 drilling program. During the quarter, the Company completed 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. The study highlighted:

- Marked predicted improvement of reservoir quality North of Merlin 1 & 2
- Depth of Burial (DMax) alone does not account for the poor reservoir quality as all Dmax models in the Post Well basin modelling study predict both porosity and permeability at this location to be higher than observed
- Thin section and scanning electron microscope (SEM) comparisons between Merlin-1 and Merlin-2 suggest proximity to the Umiat structure may play a factor in reservoir degradation along the southern margin of Project Peregrine
- The N18-N20 sequences intersected in the Merlin wells appear to have been deposited in a lower energy environment than originally anticipated, also contributing to lower reservoir quality



Results of the independent basin modelling study, coupled with abundant oil shows across Merlin-1 and Merlin-2, are encouraging for untested Harrier (comprising the N14 and N15 Nanushuk sequences) and Harrier Deep (Torok sequences) prospects to the North.

## Project Longhorn (~73% WI)

During the quarter, the operator and ~24% net working interest partner, Lonestar I, LLC (Lonestar), successfully completed the fourth of seven planned capital-efficient work-overs scheduled in 2022. In line with the previous three work-overs, the fourth was completed on time and has delivered immediate production, averaging ~85 BOE per day gross over September 2022 after first production at the end of August 2022.

Post quarter end, Lonestar successfully completed the fifth work-over, with first production achieved in October 2022. It is unlikely that the Company will proceed with the sixth workover after preliminary wellbore integrity investigations revealed that operations were likely to exceed its AFE and not be risk free. The seventh workover is progressing as planned and expected to be completed in November.

Production from the Longhorn wells was delivering ~450 BOE per day gross (~70% oil) at the end of September 2022, which represents an overall output increase of ~60% since the completion of the acquisition in mid-February 2022. The investment has resulted in net cash flow returns to 88E of A\$2.8M since the acquisition. The Company expects production to reach over 500 BOE per day by end of 2022, given the impact of the decision to not proceed with the planned sixth work-over. Further work-overs are planned in 2023 to increase production levels, with the Joint Venture planning to agree a 2023 work-program prior to year-end.



## Corporate

On 22 August 2022, the Company successfully raised A\$14.9M before costs from domestic and international institutional investors (the **Placement**). This was achieved through the issue of 1,655,555,556 fully paid ordinary shares in the Company at an issue price of A\$0.009 (equivalent to £0.0052 per New Ordinary Share).

Funds raised under the Placement are to be used to fund the planned Icewine East, Hickory-1 well long lead, pre-planning and permitting activities including planning for a flow test program, contingencies and working capital.

Euroz Hartleys Limited acted as Sole Lead Manager and Sole Bookrunner to the Placement. Cenkos Securities Plc acted as 88 Energy's Nominated Adviser and Sole Broker to the Placement in the United Kingdom. Inyati Capital Pty Ltd (Inyati) acted as Co-Manager to the Placement. Commission for the Placement was 6% (plus GST) of total funds raised across Euroz Harleys Limited, Inyati Capital Pty Ltd and Cenkos Securities Plc. In addition, the Company issued 90,000,000 Unlisted Options (exercisable at \$0.02 on or before the date which is 3 years from the date of issue) in total to the managers of the Placement. The Broker Options will be subject to shareholder approval at the November 2022 EGM.

## 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:

- Net Proceeds from oversubscribed capital raise of A\$13.9M
- Project Longhorn quarterly cash distribution of A\$0.9M
- Exploration and evaluation expenditure of A\$5.7M (June 2022 quarter: A\$23.8M), primarily associated with final Merlin-2 activities. At quarter end, there was approximately A\$0.6M of remaining costs that were paid in October to close out the program.
- Lease rental payments of A\$1.7M, offset by Project Icewine joint venture contributions of A\$0.2M.
- Fees paid to Directors and consulting fees paid to Directors of A\$0.2M
- Administration, staff, and other costs of A\$0.6M (incl A\$0.2M director related payments)

At quarter end, the Company had cash reserves of A\$17.5M and no debt.

# QUARTERLY REPORT

For the period ended 30 September 2022



## 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	184,320	~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 September 2022



**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")

30 September 2022

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 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	(501)	(1,827)
(e) administration and corporate costs	(146)	(1,901)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	7
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>(642)</b>	<b>(3,721)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	(10,694)
(b) tenements	(1,732)	(3,043)
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(5,688)	(45,933)
(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 (9 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	229	1,060
	Other - Distribution from Project Longhorn	896	2,817
	Other – Return of Bond	138	138
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(6,157)</b>	<b>(55,655)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	14,900	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	(998)	(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>13,902</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	10,469	32,317
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(642)	(3,721)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(6,157)	(55,655)

## 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 (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	13,902	43,903
4.5	Effect of movement in exchange rates on cash held	(47)	681
4.6	<b>Cash and cash equivalents at end of period</b>	<b>17,525</b>	<b>17,525</b>

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	17,525	10,469
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>17,525</b>	<b>10,469</b>

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	197
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-
<i>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.</i>		

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.	<b>Financing facilities</b> <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>	<b>Total facility amount at quarter end \$US'000</b>	<b>Amount drawn at quarter end \$US'000</b>
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	<b>Total financing facilities</b>	-	-
7.5	<b>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.		

8.	<b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1	Net cash from / (used in) operating activities (item 1.9)	(642)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(5,688)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(6,330)
8.4	Cash and cash equivalents at quarter end (item 4.6)	17,525
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	17,525
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	2.8
<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: 24 October 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.