

## QUARTERLY ACTIVITIES REPORT

### For the quarter ended 31 March 2023

88 Energy Limited (ASX:88E, AIM:88E, OTC:EEENF) (**88 Energy** or the **Company**) provides the following report for the quarter ended 31 March 2023.

## Highlights

### Project Phoenix (~75% WI)

- Hickory-1 exploration well spudded on 9 March 2023 and was drilled to Total Depth (TD) of 10,650 feet with completion of a successful wireline and coring program. Initial summary of results include:
  - Initial petrophysical interpretation confirmed presence of multiple hydrocarbon-bearing pay zones across *all* pre-drill targets
  - New Upper SFS reservoir identified, not previously intersected by nearby wells and with abundant oil shows in cuttings
  - Estimated net pay calculated from wireline data of approximately 450 feet over all pay zones
  - Total porosity across all pay zones averaged 9-12%, including key zones identified for potential testing in the Upper and Lower SFS with 11-16% total porosity
  - Pre-drill expectations met or exceeded:
    - ✓ Reservoir quality (higher porosity in SFS and BFF)
    - ✓ Thickness (higher total gross and net reservoir, higher total net pay)
- Formation of the Toolik River Unit over the western and central zones of Project Phoenix lease area was approved by the the Alaskan Department of Natural Resources
- Subsequent to quarter end, activities in relation to Hickory-1:
  - Hickory-1 was cased and suspended with planning for 2023/2024 winter season flow testing commencing as well as post-well analysis of cores and wireline data
  - All samples have been transported to labs for further investigation and analysis.
  - Nordic Calista Rig-2 has been demobilised with operations completed on budget.

### Project Leonis (100% WI)

- Subsequent to quarter end, the adjudication process was completed and formal award notices issued to 88 Energy by the Alaskan Department of Natural Resources (**DNR**) covering the entire Project Leonis lease area
- Integrated petrophysical and seismic study underway including reprocessing of Storms 3D data

### Project Longhorn (~73% WI)

- Production over the quarter averaged 425 BOE per day gross (~72% oil)
- Quarterly cash flow distribution of A\$0.3M received in March 2023 which was net of final CAPEX payments for the two workovers completed in Q4 2022

### Corporate

- Share placement completed on 6 February 2023, raising gross proceeds of A\$17.5M
- Cash balance of A\$26.3M and zero debt (as at 31 March 2023)

## Project Phoenix (~75% WI)

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. Project Phoenix is strategically located on the Dalton Highway as seen on the image adjacent, with the Trans-Alaskan Pipeline System running through the acreage.



Figure 1: Project Phoenix' Hickory-1 well adjacent to Dalton Highway

### Hickory-1 Exploration Well

The Hickory-1 well was designed to appraise up to six conventional reservoirs within the SMD, SFS, BFF and KUP plays, targeting pre-well estimated 647 million barrels of oil<sup>1</sup>.

Hickory-1 spud on 9 March 2023, was drilled to a Total Depth (TD) of 10,650 feet and, after quarter end, successfully completed the wireline and coring program to achieve *all* primary and secondary target pre-drill objectives:

- ✓ Validated the presence of multiple hydrocarbon-bearing zones accross *all* pre-drill targets;
- ✓ Obtained data to optimally design and plan a targeted flow test of Hickory-1 next season; and
- ✓ In addition, new Upper SFS Reservoir was identified with oil shows in cuttings and core.

Wireline program results:

- Pre-drill expectations were met or exceeded:
  - Reservoir quality (higher porosity in SFS and BFF); and
  - Thickness (higher total gross and net reservoir and higher total net pay);
- Estimated gross pay of over 2,000 feet;
- Calculated net pay of approximately 450 feet over *all* zones; and
- Average total porosity across *all* pay zones of 9-12%, including key zones identified for potential testing in the SFS and Upper SFS with porosity of 11-16%.

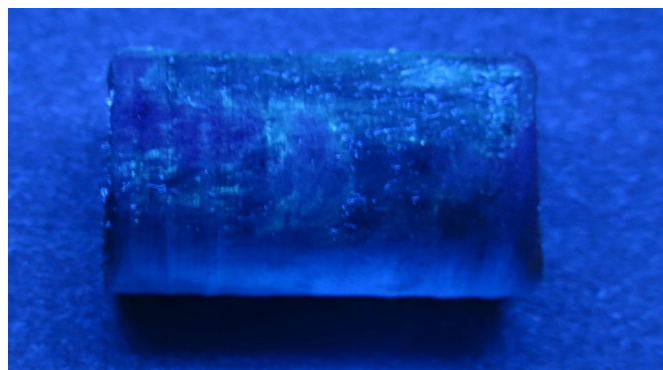


Figure 2: SWC sample retrieved from Hickory-1 showing fluorescence

Subsequent to quarter end, Hickory-1 exploration well operations concluded for the current winter season. Hickory-1 was cased and suspended in mid-April 2023 in preparation for undertaking the planned flow test program in the 2023/2024 winter season and Nordic Calista Rig-2 was demobilised after a successful drilling campaign. The first phase of Hickory-1, the drilling and wireline program has met or exceeded the Company's targeted pre-drill outcomes and was completed on budget.

The Company will undertake a detailed evaluation of all data obtained from the Hickory-1 drilling and wireline program to optimally plan and design Phase 2, the flow test of up to 4 reservoirs. Initial planning suggests a 'work-over' rig will be required to complete these operations with discussions underway to secure a rig for the 2023/24 season. The Company will provide further analysis and updates, as well as details of the flow testing program, when this information is available over the coming months.

**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.

## Toolik River Unit Approval

On 7 December 2022, 88 Energy announced that the Project Phoenix Joint Venture ("JV") had put forward a Unit application covering leases within the Project Phoenix acreage area. Following consideration of the Unit application, the DNR confirmed its decision to approve the formation of the Toolik River Unit covering leases in the western and central areas of Project Phoenix (refer to 88E ASX announcement dated 28 February 2023). The Unit approval has extended those leases beyond their primary term, with the Unit Plan of Exploration through to February 2028. Unitisation provides an efficient, integrated approach to exploration, delineation, and development of the numerous identified and potential reservoirs.

## Project Leonis (100% WI)

On 9 November 2022, 88 Energy's wholly-owned subsidiary, Captivate Energy Alaska, Inc. (**Captivate**), was declared the highest bidder for select acreage offered as part of the North Slope Areawide 2022 Oil and Gas lease sale. The Company's new acreage will be known as Project Leonis (the **Project**) comprising ten leases covering approximately 25,430 contiguous acres.

After quarter end, the DNR, Oil and Gas Division, completed its adjudication process and formally issued award notices to Captivate covering the entire Project Leonis lease area. The Project is superbly located adjacent to TAPS, the Dalton Highway, and close to services at Deadhorse and Prudhoe Bay, enhancing future potential development and commercialisation.

The Project Leonis lease area is fully covered by the Storms 3D seismic data suite and contains the exploration well, Hemi Springs Unit #3 (drilled by ARCO in 1985). Historical drilling targeted the deep Kuparuk and Ivishak reservoirs, the main producing intervals in the giant northern fields at that time. Review of the Hemi Springs Unit #3 well indicated over 200 feet (net) of low resistivity bypassed log pay within the USB reservoir, with good porosity and oil shows observed across the zone. Nearby oil fields – Orion, Polaris, West Sak and Milne Point – readily demonstrate successful development of the USB reservoir.

Integrated petrophysical and seismic study has commenced including reprocessing of Storms 3D data.

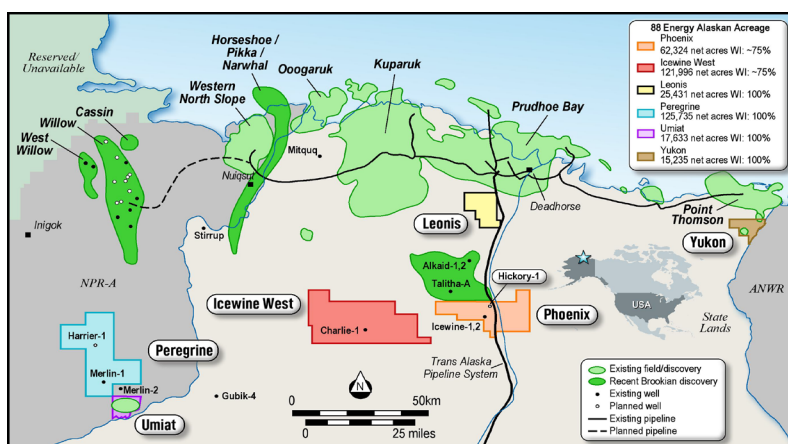
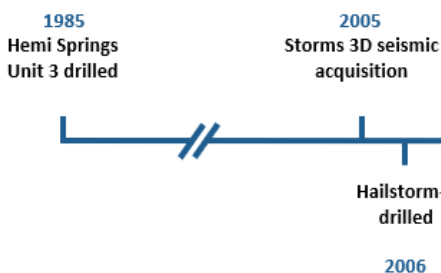
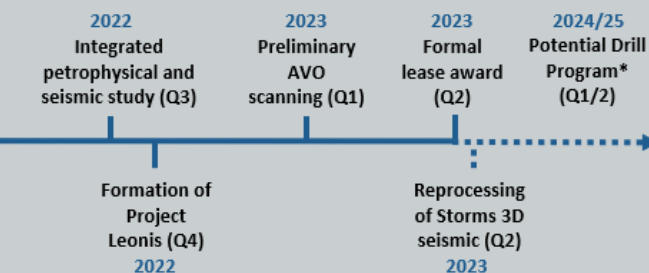


Figure 3: New Acreage awarded, named Project Leonis in relation to exiting 88E

### Previous lease activity



### 88E activity



\*Subject to technical assessment, funding and potential farmout

## Project Peregrine (100% WI)

In March 2023, 88 Energy completed a strategic review of the Project Peregrine acreage and made the decision to relinquish six blocks that were considered to have limited prospectivity, providing an annual saving of approximately A\$320,000.

The Project Peregrine resources are split across 3 prospects: Merlin (Nanushuk Topset), Harrier (Nanushuk Topsets) and Harrier Deep (Torok Bottomsets). The focus at Project Peregrine moving forward will be on the untested Harrier prospect (N14 and N15 targets) and the N14 south reservoir target. The N14 corresponds with ConocoPhillips' Harpoon prospect 15 miles to the north of the Project Peregrine leases. The N14 south target is the remaining target in the Merlin prospect and may be accessible from the Merlin-1 location. The northern leases are modelled to have better porosity and permeability and are closer to infrastructure.

An update to the Peregrine prospective resources is ongoing and expected to be completed around mid-2023.

The Company is also currently assessing possible forward work-programs, subject to potential farm-out.

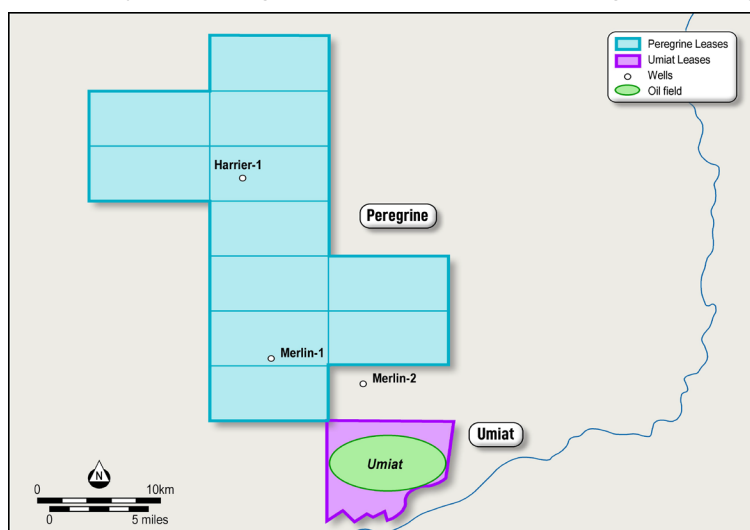


Figure 4: Project Peregrine Acreage and proximity to Umiat leases

## Yukon (100% WI)

88 Energy is currently conducting a strategic review of the prospectivity and commerciality of the Yukon acreage that sits on the boundary of Federal and State lands, below Point Thomson. The Yukon acreage is considered non-core within 88 Energy's Alaskan portfolio, given the lower potential size of the resources, relatively high cost to explore, and anticipated cost to develop. The review will include an assessment of near-acreage opportunities that are currently being considered by adjacent leaseholders.

## Project Longhorn (~73% WI)

Production from the Longhorn wells averaged ~425 BOE per day gross (~72% oil) during the quarter, peaking at 620 BOE per day gross.

Received a quarterly cash distribution from Project Longhorn in March of A\$0.3M, which was net of CAPEX payments for the two workovers completed in Q4 2022.

Four workovers and at least five new drilling targets remain on the acreage, with the forward work programme and timing for future capital investments to be determined by the Joint Venture in Q2 2023.

## Corporate

On 6 February 2023, 88 Energy successfully raised A\$17.5M (c.£10.1M) before costs from domestic and international institutional and sophisticated investors (the **Placement**). This was achieved through the issue of 1,842,105,263 fully paid ordinary shares in the Company at an issue price of A\$0.0095 (£0.0055) per new ordinary share.

Funds raised under the Placement, coupled with existing cash reserves, are for use towards Project Phoenix Hickory-1 exploration well costs, Project Leonis acreage payment, portfolio expansion opportunities and ongoing working capital and general and administration overheads.

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 Hartleys Limited, Inyati Capital Pty Ltd and Cenkos Securities Plc. In addition, the Company issued 75,000,000 Unlisted Options in total to the Placement managers (exercisable at A\$0.02 on or before the date which is 3 years from the date of issue)

## 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:

- Exploration and evaluation expenditure of A\$4.8M (December 2022 quarter: A\$3.3M), primarily associated with the Hickory-1 exploration well.
  - JV partners provided contributions of A\$1.5M towards Hickory-1.
- Lease rental payments of A\$0.6M, primarily related to renewal of Project Peregrine leases.
- Administration, staff, and other costs of A\$1.5M.
  - Including fees paid to Directors and consulting fees paid to Directors of A\$0.3M.
- Project Longhorn quarterly cash distribution receipt of A\$0.3M, which included final CAPEX payments for the two workovers completed in Q4 2022.
- Refund of the Alaska State bond related to Merlin-2 of A\$0.6M.

At quarter end, the Company had cash reserves of A\$26.3M and zero debt (excluding typical trade creditors).



# QUARTERLY REPORT

For the period ended 31 March 2023



## 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)	125,735	100%	100%
Project Longhorn	Onshore, Permian Basin Texas	964	~73%	~73%
Project Leonis	Onshore, North Slope Alaska	25,431	100%	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.

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

### *Media and Investor Relations:*

#### **88 Energy Ltd**

Ashley Gilbert, Managing Director

Tel: +61 8 9485 0990

Email: investor-relations@88energy.com

#### **Fivemark Partners**, Investor and Media Relations

Michael Vaughan

Tel: +61 422 602 720

#### **Finlay Thomson**, Investor Relations

Tel: +44 797 624 8471

#### **EurozHartleys Ltd**

Dale Bryan

Tel: + 61 8 9268 2829

#### **Cenkos Securities**

Neil McDonald / Derrick Lee

Tel: + 44 131 220 6939

## 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 March 2023

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 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	(884)	(884)
(e) administration and corporate costs	(573)	(573)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	17	17
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>(1,440)</b>	<b>(1,440)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	(602)	(602)
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(4,775)	(4,775)
(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 (3 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	1,462	1,462
	Other - Distribution from Project Longhorn	329	329
	Other – Return of Bond	585	585
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(3,001)</b>	<b>(3,001)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	17,500	17,500
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	(1,160)	(1,160)
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>16,340</b>	<b>16,340</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	14,123	14,123
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,440)	(1,440)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(3,001)	(3,001)



## 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 (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	16,340	16,340
4.5	Effect of movement in exchange rates on cash held	288	288
4.6	<b>Cash and cash equivalents at end of period</b>	<b>26,310</b>	<b>26,310</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	26,310	26,310
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>26,310</b>	<b>26,310</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	310
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)	(1,440)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(4,775)
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(6,215)
8.4	Cash and cash equivalents at quarter end (item 4.6)	26,310
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	26,310
8.7	<b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>	4.2
	<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: 26 April 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.