



24 April 2015

**QUARTERLY REPORT**  
**Report on Activities for the Quarter ended 31 March 2015**

The Directors of 88 Energy Limited ("88 Energy" or the "Company") provide the following report for the quarter ended 31 March 2015.

**Highlights**

- The Company completed an oversubscribed placement raising \$6.9m through the issue of 691m shares at \$0.01 with a 1 for 2 listed attaching option (ASX Code: 88EO, expiry 2 March 2018, strike \$0.02)
- The name of the Company was officially changed to 88 Energy Ltd (ASX Code: 88E), punctuating the beginning of a fresh chapter for new and existing shareholders
- Permitting commenced for the drilling of an exploration well at Project Icewine, located on the North Slope of Alaska. The Icewine #1 exploration well is scheduled for spud before end CY2015

**Overview**

Key operational activities during the quarter included:

- A General Meeting was held on 12 February 2015 to approve both the acquisition of Project Icewine and the placement required to complete the acquisition

The key corporate activities for the quarter were:

- Finalisation of a placement for \$6.9 million at \$0.01 per share (with 1 for 2 free attaching listed options exercisable at \$0.02 on or before 2 March 2018)
- Release of the Annual Report for 2014 on March 30 2015

**Key Events Subsequent to the Quarter**

- A notice of the Annual General Meeting was announced on 26 March 2015 by the Company to be held on 24 April 2015. Full details of the Agenda and Business of the Meeting can be accessed on the Company website <http://88energy.com/investor-centre/announcements/>
- A services agreement was executed with Fairweather Science to fast track permitting of the drilling of the Icewine #1 exploration well prior to year end. This will provide access to the 85% cash rebate offered by the State of Alaska for expenditure related to the drilling of the well.
- An existing gravel pad was identified on Icewine acreage, from which the Icewine #1 exploration well is proposed to be drilled. This should provide significant benefits in relation to permitting, cost and timing of drilling for the Joint Venture (see Figure 1 below).
- Further cost reductions achieved through restructuring of certain contracts as well as downsizing of the West Perth office

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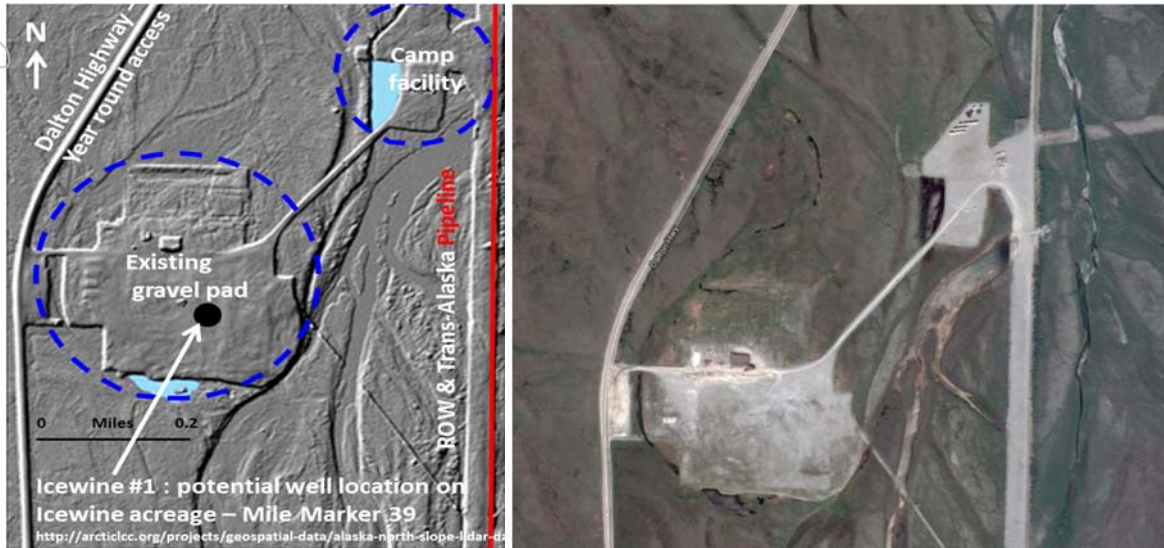


Figure 1: Existing Gravel Pad

Source: Google Earth

## Financial

The capital raising announced on 16 February 2015 was approved by shareholders on 12 February 2015. This included the issue of 691 million fully paid ordinary shares at \$0.01 per share with 1 for 2 free attaching listed options exercisable at \$0.02 on or before 2 March 2018. Funds were raised to finalise acquisition of Project Icewine and to progress permitting and planning of the Icewine #1 exploration well as well as for working capital purposes.

The Prospectus associated with the capital raise was released to the market on 16 February 2015. There are now 1,139,306,023 fully paid ordinary shares quoted on ASX and admitted to trading on AIM. Finalisation of the placement resulted in a capital raise of \$6.9 million (before costs).

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\$0.576m (December 2014 A\$0.138m);
- administration and other operating costs A\$0.493m (December 2014 of A\$0.753m);
- capital inflow from equity issue of A\$6.223m (after costs); and
- a net cash inflow of A\$5.158m recorded by the Company.

At the end of the quarter, the Company had net cash reserves of A\$6.235 million.

## Project Icewine Highlights

[www.88energy.com](http://www.88energy.com)

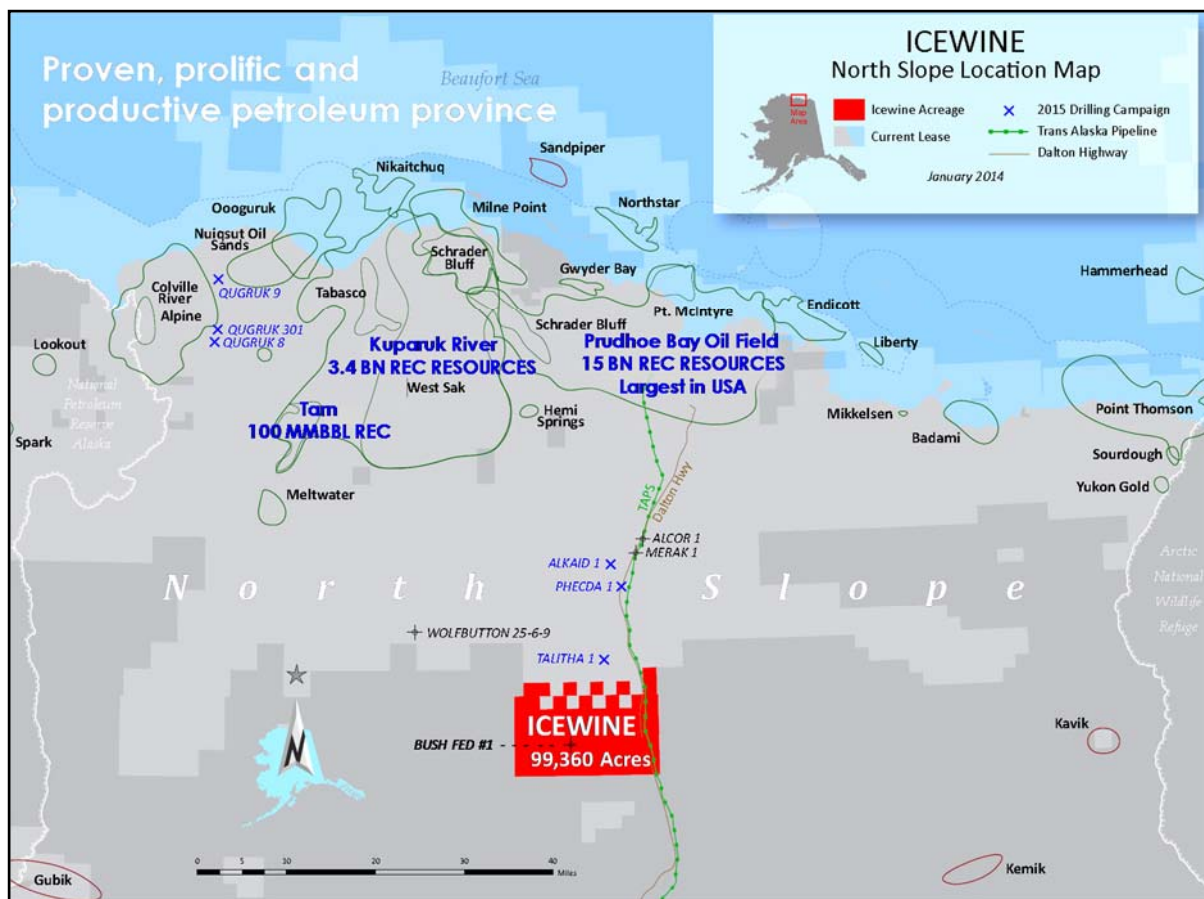
ABN 80 072 964 179



# ENERGY

In November 2014, the Company entered into a binding agreement with Burgundy Xploration (**BEX**) to acquire a significant working interest (87.5%) in a large acreage position on a multiple objective, liquids rich exploration opportunity onshore Alaska, North America, referred to as Project Icewine.

88 Energy, (through BEX their co-venture partner), was announced highest bidder on 90,720 acres in the November State lease sale for the North Slope of Alaska on 20 November 2014. Post award of the acreage in Q2 2015 88 Energy will secure a 99,360 gross contiguous acre position with 86,940 acres net to the Company. The primary term for the State leases is 10 years with no mandatory relinquishment and a low 16.5% royalty.



**Figure 2: Project Icewine Location**

Generous exploration incentives are provided by the State of Alaska with up to 85% of exploration expenditure in 2015 cash refundable, dropping to 75% mid 2016 and thereafter 40%.

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.

Conventional play potential can be found at Project Icewine within the same Brookian petroleum system and shallow to the HRZ shale and includes high porosity channel and deep water turbiditic

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sands. The Brookian conventional play is proven on the North Slope; the USGS (2013) estimate the remaining oil potential to be 2.1 billion barrels just within the Brookian sequence. Additional conventional potential exists in the deeper Kuparuk sands and the Ivashuk Formation.

Drilling, (2012), in the adjacent acreage to the north confirmed that the HRZ shales, along with the underlying Kingak & Shublik shales, were all within the oil window which is extremely encouraging for the unconventional potential at Project Icewine. In addition a conventional oil discovery was reported in the Kuparuk sandstones.

A Prospective Resources Report by DeGolyer and MacNaughton, was commissioned by 88 Energy to evaluate the unconventional resource potential of Project Icewine in early December 2014 and was released to the market on 19 January 2015.

**Capital Management**

During the quarter the Company completed a placement for A\$6.9 million at \$0.01 per share (with 1 for 2 free attaching listed options with a strike of \$0.02) to sophisticated investors in order to finalise the completion of the acquisition of Project Icewine. The placement was managed by Hartleys Ltd with Co-Management by BBY Ltd and DJ Carmichaels. It was approved by shareholders on the 12<sup>th</sup> February 2015.

**Additional Information required under ASX LR 5.4.3**

List of petroleum tenements held by 88 Energy at quarter ending 31 March 2015:

Reference	Project Name	Location	Company Interest	Acquired during the Quarter	Disposed of during the Quarter
Tarfaya	Tarfaya Offshore Block	Morocco	25%	-	-
Onshore Alaska, North Slope	Project Icewine	Alaska	87.5%*	Subject to final award by the State of Alaska *	-

\* 88 Energy, through their co-venture partner BEX, were announced high bidder in the November 2014 State of Alaska Bid Round which entitles the co-venture to secure the leases on award by State of Alaska (anticipated in Q2 2015)

Unless stated elsewhere in this report, there were no beneficial interests held in farm-in or farm-out agreements at the end of the quarter and no beneficial interest in farm-in or farm-out agreements acquired or disposed of during the quarter, and there have been no activities relating to oil and gas production or development during the quarter.

Yours faithfully

Dave Wall  
Managing Director  
88 Energy Ltd

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**About 88 Energy:** 88 Energy recently acquired an initial 87.5% working interest and operatorship in 99,360 acres onshore the prolific North Slope of Alaska (“Project Icewine”). The North Slope is the host for the 15 billion barrel Prudhoe Bay oilfield complex, the largest in North America. The Company, with its Joint Venture partner Burgundy Xploration, has identified two highly prospective play types that are likely to exist on the Project Icewine acreage – one conventional and one unconventional. The large resource potential of the Icewine Project was recently 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 TransAlaska Pipeline System. The Company plans to progress drilling and seismic in the near term to take advantage of the globally unique fiscal system in Alaska, which allows for up to 85% of CY2015 exploration expenditure to be rebated in cash.

#### Media and Investor Relations:

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## Appendix 5B

### Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

88 ENERGY LIMITED

ABN

80 072 964 179

Quarter ended ("current quarter")

31 March 2015

#### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (3 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(576)	(576)
(b) development	-	-
(c) production	-	-
(d) administration	(493)	(493)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – payment of guarantee and bond	-	-
<b>Net Operating Cash Flows</b>	<b>(1,065)</b>	<b>(1,065)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,065)</b>	<b>(1,065)</b>

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**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(1,065)	(1,065)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	6,913	6,913
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – capital raising costs	(690)	(690)
<b>Net financing cash flows</b>		6,223	6,223
<b>Net increase (decrease) in cash held</b>		5,158	5,158
1.20	Cash at beginning of quarter/year to date	799	799
1.21	Exchange rate adjustments to item 1.20	278	278
1.22	<b>Cash at end of quarter</b>	6,235	6,235

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	161
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

1.25 Explanation necessary for an understanding of the transactions

All transactions involving Directors and associates were on normal commercial terms.

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

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**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	500
4.2 Development	-
4.3 Production	-
4.4 Administration	500
<b>Total</b>	<b>1,000</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	6,235	799
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>6,235</b>	<b>799</b>

**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	Tarfaya Offshore	Re-assigning to Galp	25%	25%
6.2 Interests in mining tenements acquired or increased	Project Icewine	Subject to formal award by state of Alaska	87.5%*	87.5%*

\*subject to formal award

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**Appendix 5B**  
**Mining exploration entity quarterly report**

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference + securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	1,139,306,023	1,139,306,023		Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	691,319,300 2,000,000 5,940,000	691,319,300 2,000,000 5,940,000	\$0.01 Nil	
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
	300,000		50 cents	10/4/16
	213,733		GBP£0.256	19/11/15
	487,230		GBP£0.242	19/11/15
	5,000,000		28 cents	26/11/15
	2,500,000		45 cents	31/03/16
	2,500,000		45 cents	31/10/16
	1,000,000		42 cents	12/06/17
	2,000,000		28 cents	12/06/17
	1,000,000		30 cents	22/04/16
	250,000		16 cents	12/06/17
	12,000,000		1 cent	22/10/17
	403,659,650	403,659,650	2 cents	02/03/18
	48,000,000		1.5 cents	18/02/18
	20,000,000		1.4 cents	02/03/18
7.8 Issued during quarter	403,659,650 48,000,000 20,000,000	403,659,650	2 cents 1.5 cents 1.4 cents	02/03/18 18/02/18 02/03/18

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**Appendix 5B**  
**Mining exploration entity quarterly report**

7.9	Exercised during quarter				
7.10	Expired during quarter				
		500,000		\$0.50	02/04/15
		3,274,124		\$0.60	02/04/15
		3,500,000		\$0.70	02/04/15
	Cancelled during the quarter				
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does /does not\* (delete one) give a true and fair view of the matters disclosed.



Sign here: .....  
(Company Secretary)

Date: 24 April 2015

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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