



30 April 2018

QUARTERLY REPORT

Report on Activities for the Quarter ended 31 March 2018

The Directors of 88 Energy Limited ("88 Energy" or the "Company", ASX & AIM:88E) provide the following report for the quarter ended 31 March 2018.

Highlights

- **Project Icewine – Icewine 3D**
 - The Icewine 3D seismic survey, approximately 450 km² in area and covering several large leads identified on 2D seismic, was completed on the 28th March on schedule and within budget;
- **Project Icewine – Icewine#2 Flow Test**
 - Planning is being finalised for the re-opening of the Icewine#2 well, which remains on schedule for April/May 2018;
- **Yukon Gold 3D**
 - The Company awarded a seismic contract to SAExploration to acquire ~96km² of 3D seismic, predominantly over the Yukon Gold leases. The acquisition commenced on the 24th March and was completed on the 1st April;
 - The seismic data will allow for assessment of the volumetric potential of the discovery as well as to identify any additional prospectivity over the broader lease position;
- **Debt Refinancing & Options**
 - The Company refinanced the outstanding US\$16.5m loan with Bank of America in the quarter, on substantively similar terms to the original agreement and extending the maturity date to 30 December 2022; and
 - A total of A\$8.7 million was received in the quarter from the conversion of the \$0.02 88EO listed options with > 98% takeup by holders and the remainder being placed under an Option Underwriting Agreement. This total includes proceeds of >A\$500,000 received from the exercise of Director options during the period.

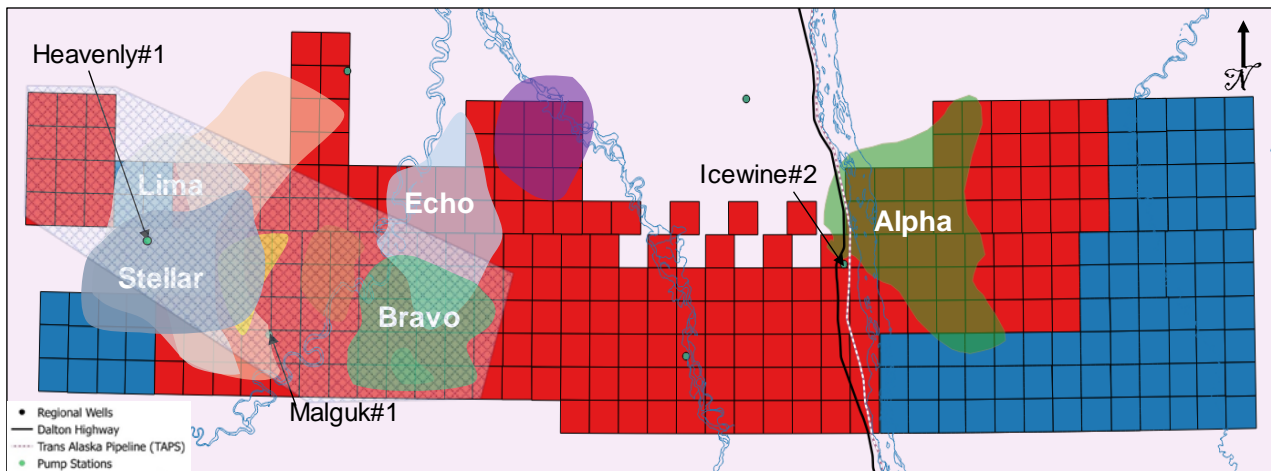
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Project Icewine – Icewine 3D

The Icewine 3D seismic survey, approximately 450 km² in area and covering several large leads identified on 2D seismic, was completed on the 28th March (AK time) – on schedule and within budget. Infield quality control, overseen by head office, has ensured that the data acquired is as clean as possible to enable fast track processing. Processing of shipments of data from the initial areas of the acquisition commenced in the quarter and early products, namely post stack migration, will be available in June 2018. This will allow confirmatory mapping of the stratigraphic / structural elements of the leads already identified in the conventional prospectivity portfolio.

Velocity analysis and regularization will occur subsequent to the above, which will provide the isotropic Kirchhoff pre stack time migration product. This product will be used to further analyse and confirm the highly encouraging amplitude vs offset (AVO) anomalies identified on the 2D seismic. These AVO responses are often associated with the presence of hydrocarbons and, significantly, have already been identified at horizons where both oil shows and good quality reservoir is observed in regional well data.

Icewine 3D Completed: Covering Primary Conventional Targets in Western Margin



Approximate 3D outline.

Project Icewine – Icewine#2 Flow Test

Planning for the re-opening of the Icewine#2 well continued during the quarter, with the optimised completion and artificial lift solution being finalised ahead of the recommencement of flow testing which remains on schedule for April / May 2018, with the exact timing dependent on warmer temperature.

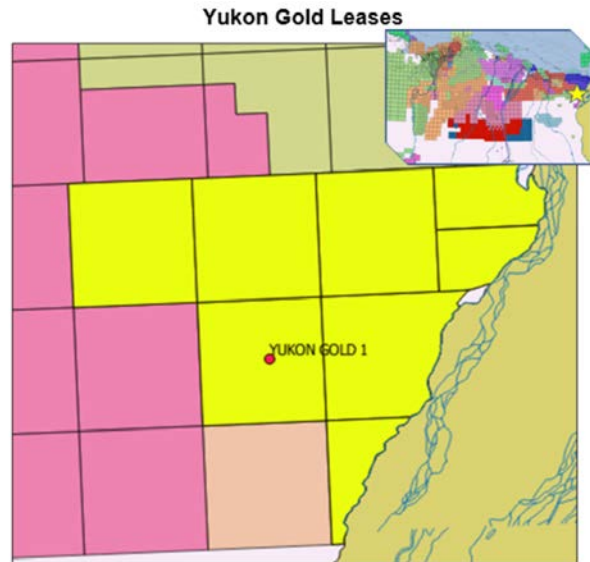
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Yukon Gold 3D

During the quarter, in house evaluation continued in relation to the recently acquired (subject to formal award) Yukon Gold leases, which contain an historic oil discovery.

In March 2018, the Company awarded a seismic contract to SAExploration to acquire ~96km² of 3D seismic, predominantly over the Yukon Gold leases. Acquisition commenced on the 24th March and was completed subsequent to quarter end on the 1st April. The seismic data will allow for assessment of the volumetric potential of the discovery as well as to identify any additional prospectivity over the broader lease position.

The 3D survey was fast tracked to opportunistically benefit from an available seismic crew in the latter part of the 2018 acquisition season. Final processed products are anticipated in Q4 2018.



Debt Refinancing

On 23 March 2018, the Company refinanced the outstanding US\$16.5 million loan with Bank of America, on substantively similar terms to the original agreement with the maturity date extended from 30 June 2018 to 30 December 2022. The exact terms of the agreement remain confidential for commercial reasons.

Concurrently, 88 Energy has agreed to assign the loan, from Bank of America to FCS Advisors, LLC (d/b/a Brevet Capital Advisors).

Option Conversions

A total of A\$8.7 million gross in proceeds from option conversions was received in the quarter, with A\$8.0 million in proceeds coming from the conversion of the \$0.02 listed options (88EO) by holders as well as the remaining options taken up under the Option Underwriting Agreement with Hartleys Limited (refer to announcement on 12 February 2018).

In addition, A\$0.7 million in proceeds was received from the conversion of listed and unlisted options by Directors.



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:

- \$8.4m net of underwriting costs was received in the quarter from option conversions;
- Exploration and evaluation expenditure totalled A\$7.2m, primarily relating to expenditure associated with the Icewine 3D seismic acquisition as well as the Yukon Gold 3D, lease rental payments to the State of Alaska and also expenditure relating to Icewine#2 operations;
- Payments in relation to the debt facility interest totalled A\$0.5m (US\$0.4m) and costs associated with the refinancing totalled A\$0.5m (US\$0.4m); and
- Administration and other operating costs A\$0.9m (Dec'17 Quarter A\$0.8m).

At the end of the quarter, the Company had cash reserves of A\$13.4m, including cash balances held in Joint Venture bank accounts.

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 35 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.



About 88 Energy: 88 Energy has a 77.5% working interest and operatorship over the majority of the company's 286,589 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 2017 State of Alaska North Slope Areawide 2017W lease sale. The North Slope is 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 – multiple 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 original seismic mapping and prospectivity review were encouraging; the conventional portfolio was updated in Q4 2017. The Company completed its maiden well at the project, Icewine#1, in late 2015 to evaluate an unconventional source rock reservoir play which yielded excellent results from analysis of core obtained from the HRZ shale. The follow-up well with a multi-stage stimulation and test of the HRZ shale, Icewine#2, was spudded in 2Q 2017. Operations are currently suspended for winter, with further flow testing scheduled for April / May 2018 with an optimised completion and artificial lift. The Company acquired 3D seismic across Project Icewine in Q1 2018 over the western area of the acreage to mature up potential drilling candidates for the Winter 2019 season, as well as 3D seismic over the Yukon Gold leases.

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 2018

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	-	-
1.2 Payments for		
(a) exploration & evaluation	(7,173)	(7,173)
(b) development	-	-
(c) production	-	-
(d) staff costs	(376)	(376)
(e) administration and corporate costs	(557)	(557)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid	(469)	(469)
1.6 Income taxes paid	-	-
1.7 Research and development refunds	-	-
1.8 Other (JV Partner Contributions – Burgundy Xploration)	-	-
1.9 Net cash from / (used in) operating activities	(8,574)	(8,574)
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 (JV Partner Contributions – Burgundy Xploration)	-	-
2.6	Net cash from / (used in) investing activities	-	-

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	8,723	8,723
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	(304)	(304)
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)	(522)	(522)
3.10	Net cash from / (used in) financing activities	7,897	7,897

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	14,014	14,014
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(8,574)	(8,574)
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)	7,897	7,897
4.5	Effect of movement in exchange rates on cash held	91	91
4.6	Cash and cash equivalents at end of period	13,428	13,428

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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	13,428	14,041
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)	13,428	14,041

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	182
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	27
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

Add notes as necessary for an understanding of the position

	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
8.1 Loan facilities	16,519	16,519
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*	(10,250)
9.2 Development	-
9.3 Production	-
9.4 Staff costs	(350)
9.5 Administration and corporate costs	(420)
9.6 Other (provide details if material)**	(1,000)
9.7 Total estimated cash outflows	(12,020)

* Includes amounts relating to lease rentals, 3D seismic acquisition, G&A, G&G, expenditure on Icewine#2 operations. Amount is net of anticipated JV partner contributions.

** Includes amounts relating to costs associated with the debt refinancing and Q2 2018 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			
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: 30 April 2018

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.