

QUARTERLY ACTIVITIES REPORT

For the quarter ended 30 September 2021

88 Energy Limited (ASX:88E, AIM:88E, OTC:EEENF) (**88 Energy** or the **Company**) provides the following report for the quarter ended 30 September 2021.

Highlights

Project Peregrine (100% WI)

- Presence of oil exhibited in multiple stacked sequences of the Merlin-1 well.
- Geochemical analysis demonstrates definitive evidence of light oil, with an estimated API gravity between mid-30s to low-40s.
- Project Peregrine prospective resource estimates updated by independent consultant, ERCE.
- Merlin-2 appraisal well planned for Q1 2022 with permitting and rig selection underway.
- Three potential Merlin-2 locations selected to the east of Merlin-1, where enhanced reservoir thickness and quality are expected.
- Merlin-2 targeting net mean aggregate prospective resource of 652 million barrels¹.

Umiat Oil Field (100% WI)

- Further studies, including Merlin-1 well analysis, have identified additional upside at Umiat.
- Approval from BLM to defer Umiat Year 2 Unit well commitment by 24 months to 31 August 2023.
- Deferral facilitates optimisation of full field development plan, including evaluation of potential synergies with Project Peregrine.

Project Icewine (75% WI)

- Internal analysis of Pantheon Resources' nearby Talitha-A well results continues; initial studies indicate potential for extension onto Project Icewine acreage.
- Reassessment of prospective resource potential across Project Icewine acreage is underway.

Yukon Leases (100% WI)

- Discussions advanced with nearby lease owners seeking to aggregate resources into a joint development of the area.
- Planning for future potential exploration drilling is ongoing – subject to farm-out and joint development negotiations.

Corporate

- Board and management team strengthened.
- Strong financial position - cash of A\$36.1M and zero debt (as at 30 September 2021).

1. Mean unrisksed resource - Net Entitlement to 88 Energy. Please refer to cautionary statement on page 2.

Project Peregrine (100% WI)

Merlin-1 Exploration Well

The Merlin-1 well was spudded in March 2021, targeting 645 million barrels of net mean aggregate prospective resource. 88 Energy announced on 16 August 2021 that post well evaluation had successfully demonstrated the presence of oil in multiple stacked sequences in the Cretaceous Nanushuk Formation (N20 and N18 targets). An additional new, unmapped target, the N19 sand, also returned a strong hydrocarbon signature following geochemical analysis.

Wireline analysis and core data correlate to 41 feet of net log pay across the three reservoir intervals. In addition, results of the post well formation evaluation, including core and Reservoir Description Tool (RDT™) data, determined the presence of moveable hydrocarbons. Geochemical analysis of the cores has determined the presence of a light oil with an estimated API gravity between mid-30s to low-40s.

Given the up-dip location of the Merlin-1 well with respect to the N20, N19 and N18 reservoirs, hydrocarbon shows and sand quality at this location was consistent with pre-drill expectations. 88 Energy has identified appraisal drilling locations to the east of the Merlin-1 well, closer to the shelf break, where enhanced reservoir thickness and quality are expected.

Post well analysis also determined that a targeted Merlin-1 well horizon, the N14, was not intersected and is believed to lie below the total depth of the well. The N14 prospect remains a target of interest and the Merlin-1 well may be re-entered to test this prospective target as part of the Company's future drilling activities at Project Peregrine.

Independent oil and gas reservoir evaluation consultancy, ERCE Australia Pty Ltd (ERCE), conducted an updated assessment of the Project Peregrine prospective resources. The updated prospective resource estimates and risking assessments for Project Peregrine are contained in the table below.

Table 1: Project Peregrine Prospective Resource Estimate (August 2021)

PROSPECTIVE RESOURCE (MMBO, UNRISKED) ¹					
Prospects	Formation	Low	Best	High	Mean
Merlin-2 (N20, N19 & N18)	Nanushuk	64	329	1,467	652
Merlin-1A (N14S)	Nanushuk	25	87	282	132
Harrier	Nanushuk	41	175	796	353
Harrier Deep	Torok / Basin Floor Fan	35	226	1,132	486
TOTAL MEAN PROSPECTIVE OIL RESOURCE					1,624¹

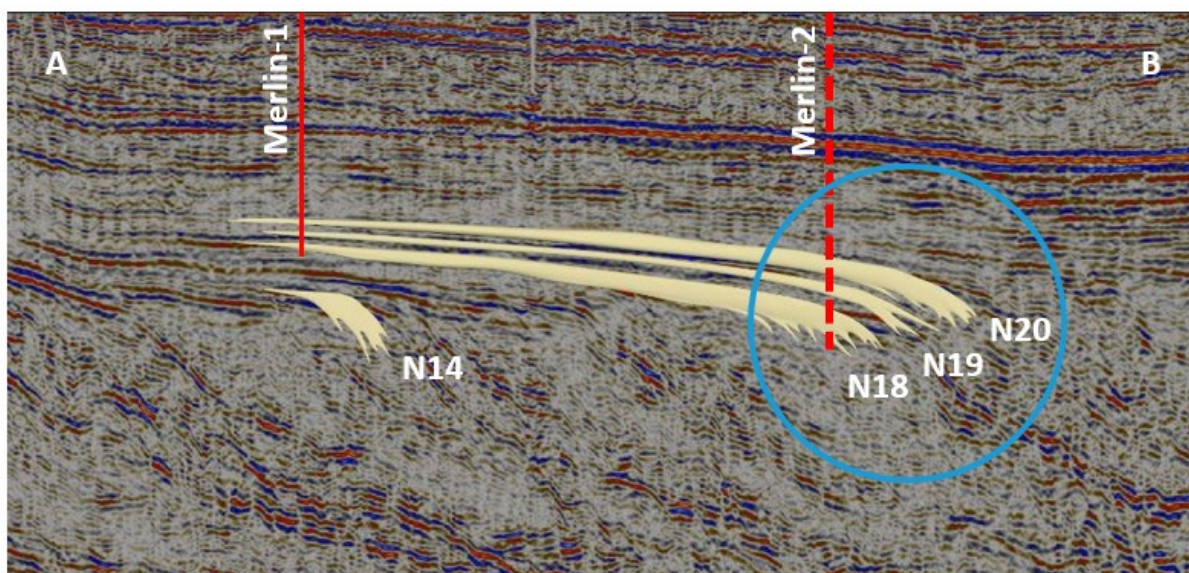
Cautionary Statement: The estimated quantities of petroleum that may be potentially recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation are required to determine the existence of a significant quantity of potentially movable hydrocarbons.

1. Please refer to the ASX release dated 16 August 2021 for full details with respect to the Prospective Resource estimate, associated risking and applicable Cautionary Statement.

Merlin-2 Appraisal Well

The Merlin-2 appraisal well is planned for Q1 2022, targeting a net mean aggregate prospective resource of 652¹ million barrels in the N20, N19 and N18 horizons. Permitting and rig selection for Merlin-2 is currently underway. The Company recently completed a capital raise for the Merlin-2 well, however, may also consider a farm-out to a strategic partner if terms are suitably attractive.

Figure 1: Project Peregrine long section showing expected enhanced reservoir thickness to the east



In July 2021, 88 Energy completed the acquisition of the residual 50% working interest in Project Peregrine from APDC, moving to its current 100% working interest.

1. Mean unrisksed resource - Net Entitlement to 88 Energy. Please refer to cautionary statement on page 2.

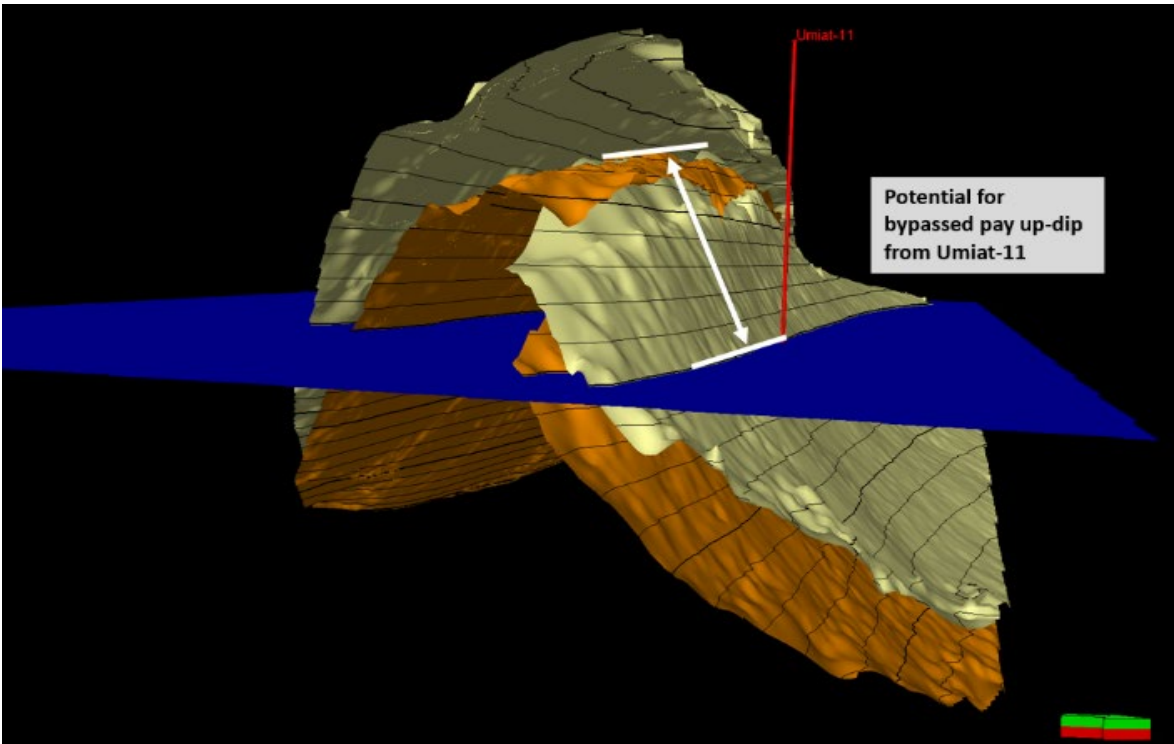
Umiat Oil Field (100% WI)

During Q1 2021, 88 Energy acquired the Umiat Oil Field. As part of the acquisition, the Company received the Umiat data pack which includes Umiat 3D seismic data. The Umiat 3D survey abuts the southern edge of the Project Peregrine lease blocks. Integrating the Linc/Malamute seismic interpretation has provided a better understanding of the Peregrine reservoir geometries to the north as well as enriching our petrophysical database with additional well control (Umiat-8 and Umiat-23H).

The Merlin-1 well at Project Peregrine penetrated a thick section of Grandstand sands (Umiat reservoir unit). Wireline data collected over this interval is being analysed and integrated with the Umiat dataset. Preliminary pressure analysis suggests there is potential for bypassed pay in the footwall of the Umiat structure.

The Umiat footwall has only been penetrated by one well (Umiat-11), which was drilled in 1952 with a crude logging and testing program. Seismic attribute analysis suggests there is potential for additional reservoir sands in the footwall of the Umiat structure.

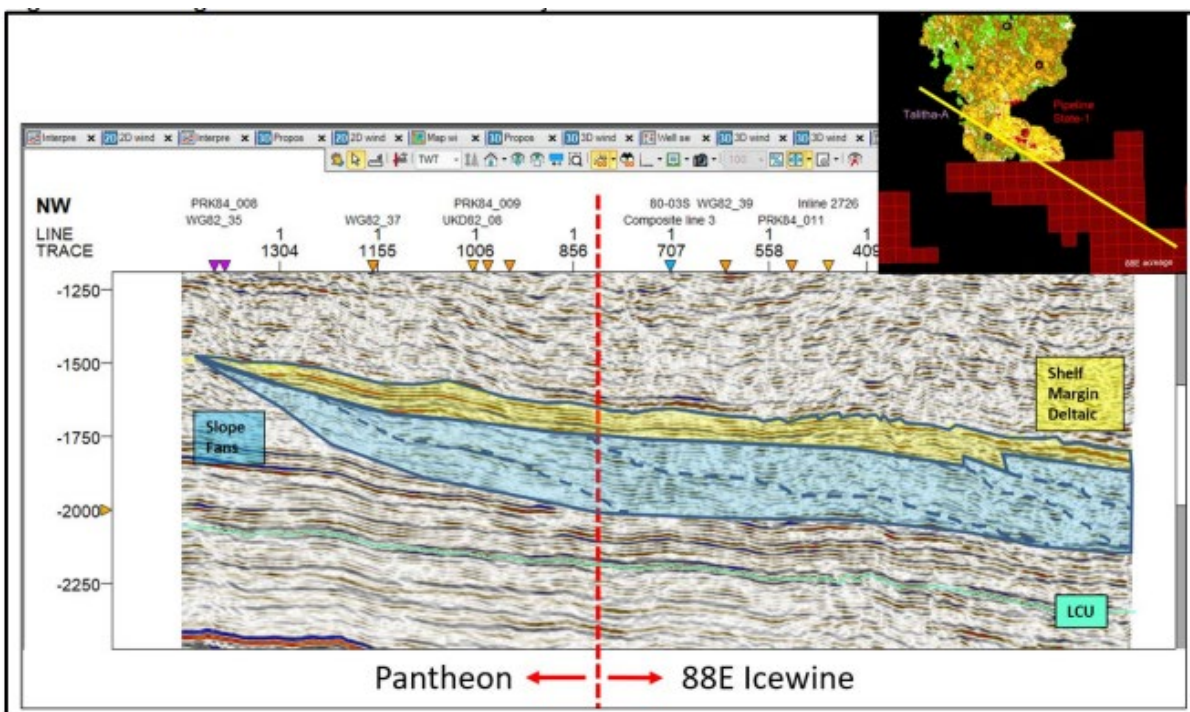
Figure 2: Umiat 3D modelling



Project Icewine (75% WI)

88 Energy has been closely monitoring activity proximate to the northern border of its Project Icewine acreage, where the Kuparuk has been reported from the Talitha-A well drilled earlier this year by Pantheon Resources (see AIM:PANR release dated 19 April 2021).

Figure 3: Shelf Margin Deltaic Extension into Project Icewine



Additional insight into the wettability of the Kuparuk formation have also been highlighted from the results of the Talitha-A program, which may have positive implications for the same formation in 88 Energy's Icewine acreage.

All three wells drilled by 88 Energy at Project Icewine have encountered good quality reservoir in the Kuparuk formation, with indications of hydrocarbons. These had previously been interpreted as likely gas condensate or residual oil, and no mapped targets had been identified as this was not a play that 88 Energy had been pursuing.

The results at Talitha-A are highly encouraging regionally for the Kuparuk, including across Project Icewine. Given the results from the Talitha-A well, 88 Energy's internal geoscience team is reassessing the potential across the acreage.

Yukon Leases (100% WI)

The Yukon Leases contain the 86 million barrel¹ Cascade Prospect, which was intersected peripherally by Yukon Gold-1 and classified as an historic oil discovery.

In 2018, 88 Energy acquired 3D seismic over Cascade and, post analysis, high-graded it from a lead to a drillable prospect. The Yukon Leases are located adjacent to ANWR and in proximity to recently commissioned infrastructure at Point Thompson.

Discussions advanced with nearby lease owners during the quarter with respect to a joint development area. Future exploration drilling planning is ongoing and remains subject to farm-out and other discussions.

¹ Refer to 88 Energy release dated 7th November 2018. Note cautionary statement on page 2.

Corporate

On 2 August 2021, Mr Michael Evans retired from the 88 Energy Board and Mr Philip Byrne was appointed as Non-Executive Chairman. Ms Joanne Kendrick was also appointed as a Non-Executive Director.

Mr Robert Benkovic joined 88 Energy in the role of Chief Operating Officer (COO) during the quarter.

On 2 September 2021, 88 Energy announced that it has successfully completed a bookbuild to domestic and international institutional and sophisticated investors to raise A\$23.96 million (before costs) through the issuance of 855,856,369 shares at a price of A\$0.028 per share, all of which were issued under the Company's 15% Placement Capacity under ASX Listing Rule 7.1.

Funds raised under the placement, together with the Company's existing cash reserves, are to be used to fund the planned Merlin-2 appraisal well, broader acreage lease payments and working capital, and to enable identification and execution of potential new project opportunities.

Finance

The ASX Appendix 5B attached to this quarterly 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\$4.9M gross (June 2021 quarter: A\$11.7M), primarily associated with expenditure on Project Peregrine Merlin-1 well drilling and post well testing;
- Lease rental payments totalled A\$2.4M;
- Cash call proceeds received from Joint Venture partners totalled A\$6.7M (June 2021 quarter A\$5.9M); and
- Administration and other operating costs, net of government payments, totalled A\$0.48M and staff costs totalled A\$0.26M. Note, this included fees paid to Directors in the quarter of \$164,456 and Director consulting fees of \$12,955.

At quarter end, the Company had cash reserves of A\$36.1M and no debt.

ESG

On 30 June 2021, 88 Energy announced the adoption of the Environmental, Social and Governance (**ESG**) framework developed by the World Economic Forum (WEF). 88 Energy is committed to building its ESG credentials and making ESG disclosures against the WEF stakeholder capitalism framework. These disclosures can be found in the ESG section of 88 Energy's website <https://www.88energy.com/88-energy-esg-reporting/>.

Since implementing the ESG framework, 88 Energy has made the following progress:

- Renewal of 88 Energy's Board with Mr Philip Byrne joining 88 Energy as non-executive Chairman and Ms Joanne Kendrick joining 88 Energy as non-executive director. The addition of both Mr Byrne and Ms Kendrick brings significant international oil and gas experience, with a broad range of skillsets, to the Board.
- Gender diversity in the workforce; the 88 Energy gender mix has improved from 91% Male / 9% Female in 2020 to 64% Male / 36% Female as at the end of Q3 2021.
- Integration of a detailed sustainability framework and reporting into exploration and corporate activities.

Table 2: Information required by ASX Listing Rule 5.4.3

Project Name	Location	Area (acres)	Interest beginning Quarter	at of	Interest at end of Quarter
Project Icewine	Onshore, North Slope Alaska	~193,000	~75%		~75%
Yukon Leases	Onshore, North Slope Alaska	15,235	100%		100%
Umiat Unit	Onshore, North Slope Alaska (NPR-A)	17,633	100%		100%
Project Peregrine	Onshore, North Slope Alaska (NPR-A)	195,373	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.

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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 2021

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	-	-
(c) production	-	-
(d) staff costs	(266)	(1,276)
(e) administration and corporate costs	(487)	(1,841)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	-	-
1.5 Interest and other costs of finance paid	-	(1,053)
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (XCD - redundancy payments)	-	-
1.9 Net cash from / (used in) operating activities	(753)	(4,170)

2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities	-	-
(b) tenements	(2,499)	(6,702)
(c) property, plant and equipment	-	-
(d) exploration & evaluation	(4,911)	(31,927)
(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	6,728	20,404
	- Proceeds from sale tax credits	-	3,324
	- Bonds	-	(387)
2.6	Net cash from / (used in) investing activities	(682)	(15,288)
3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	23,964	42,521
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	(1,639)	(2,523)
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)	-	-
3.10	Net cash from / (used in) financing activities	22,325	39,998
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	14,762	14,847
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(753)	(4,170)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(682)	(15,288)

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)	22,325	39,998
4.5	Effect of movement in exchange rates on cash held	431	695
4.6	Cash and cash equivalents at end of period	36,083	36,083

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	36,083	14,762
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)	36,083	14,762

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	177
6.2	Aggregate amount of payments to related parties and their associates included in item 2	-

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.

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. Financing facilities	Total facility amount at quarter end \$US'000	Amount drawn at quarter end \$US'000
<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>		
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
7.4 Total financing facilities	-	-
7.5 Unused financing facilities available at quarter end		-
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. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	(753)
8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	(4,911)
8.3 Total relevant outgoings (item 8.1 + item 8.2)	(5,664)
8.4 Cash and cash equivalents at quarter end (item 4.6)	36,083
8.5 Unused finance facilities available at quarter end (item 7.5)	-
8.6 Total available funding (item 8.4 + item 8.5)	36,083
8.7 Estimated quarters of funding available (item 8.6 divided by item 8.3)	6.4
<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: n/a	
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: n/a	
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: n/a	
<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: 15 October 2021

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.