

## QUARTERLY ACTIVITIES REPORT

### For the quarter ended 31 March 2022

88 Energy Limited (ASX:88E, AIM:88E, OTC:EEENF) (**88 Energy** or the **Company**) provides the following report for the quarter ended 31 March 2022.

## Highlights

### Project Peregrine (100% WI)

- Spud of the Merlin-2 well occurred on 7 March 2022 and successfully reached Total Depth of 7,334 feet on 22 March 2022. All three Nanushuk reservoir targets (N20, N19 and N18) were penetrated with elevated mud gas readings and oil shows noted in cuttings.
- Wireline logging program completed with provisional analysis indicating reservoir quality at Merlin-2 was insufficient to warrant a production test and the MDT tool was unable to obtain fluid samples from target zones, despite encouraging oil shows and Logging While Drilling (**LWD**) data.
- A decision to plug the well and commence demobilisation from the Merlin-2 well site was made just prior to the end of the quarter.

### Project Longhorn (~73% WI)

- Production rate exceeding 400 BOE gross per day (~70% oil) at the end of March 2022.
- Successful completion of the first planned capital-efficient work-over in March 2022.
- First net cash flow distribution received in March 2022 of ~A\$0.6M.

### Project Icewine (~75% WI)

- Preliminary 3<sup>rd</sup> party mapping of the Shelf Margin Delta (**SMD**) play indicates extension of the play fairway from neighbouring Pantheon Resources acreage onto Project Icewine's acreage.
- Mapping of Seabee Lower Basin Floor Fan (**BFF**) and Slope Fan System (**SFS**) nears completion.
- Discussions and negotiations with potential farm-in parties into Project Icewine.
- Completion of independent resource update scheduled for Q2 2022.

### Umiat Oil Field (100% WI)

- Ongoing optimisation studies, including evaluation of lower cost and innovative development options.

### Corporate

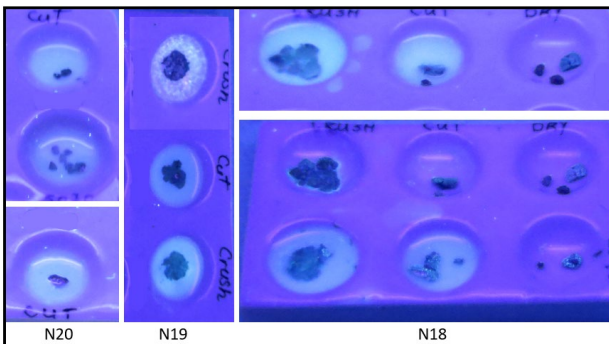
- Commenced trading on the US OTCQB market on 19 January 2022 under code EEENF.
- Oversubscribed share placement on 14 February 2022, raising A\$32.1M gross proceeds (A\$30M net).
- Acquired ~73% non-operating working interest in Texas oil and gas production assets for US\$9.7M, consisting of US\$7.2M cash and US\$2.5M in 88 Energy shares.
- Cash of A\$32.6M and no debt (as at 31 March 2022).

## Project Peregrine (100% WI)

### Merlin-2 Appraisal Well

The Merlin-2 well was designed to appraise the N20, N19 and N18 horizons (targeting a net mean aggregate prospective resource of 652<sup>1,2</sup> million barrels) which were encountered in Merlin-1 and returned compelling evidence of hydrocarbons across these three separate zones. The Merlin-2 well represented a move east from Merlin-1 towards the shelf edge where thicker and higher porosity / permeability formation was anticipated with the primary target being to collect hydrocarbon samples from the target zones.

The Arctic Fox rig commenced drilling the Merlin-2 appraisal well, located on Project Peregrine in the NPR-A region of the North Slope of Alaska, on 7 March 2022. The surface hole was successfully drilled to 2,005 feet, the surface casing installed and cemented, and the Blow Out Preventer (BOP) system tested on 17 March 2022. The Arctic Fox reached Total Depth (TD) of 7,334 feet on 22 March 2022 and ceased drilling. The Arctic Fox exceeded expectations in terms of drilling performance, with the well reaching TD safely and efficiently.



All three Nanushuk targets (N20, N19 and N18) were penetrated during drilling, with Logging While Drilling (LWD) data and physical cuttings collected throughout the Merlin-2 program. Observations of LWD logs and drill cuttings collected during drilling revealed target intervals were thicker than those encountered in Merlin-1 and preliminary analysis of the LWD data indicated sufficient permeability / porosity to obtain a hydrocarbon sample which prompted running a sophisticated Wireline logging

program to confirm reservoir quality and to establish if mobile hydrocarbons were present.

The Wireline logging program consisted of multiple runs that included the use of Schlumberger's MDT (Modular-Formulation Dynamics Testing) tool to conduct fluid sampling and acquire flow potential measurements, side wall cores and image logs. Unfortunately, the MDT tool was unable to obtain fluid samples from target zones due to the tightness of the formation in this location. Plugging, abandonment and demobilisation of the Merlin-2 well is underway and will be completed in April 2022.

The results of Merlin-2 are largely consistent with the Merlin-1 exploration well drilled in 2021, with strong fluorescence, oil sheen, petroliferous odour and cut noted in the drilling cuttings, elevated C2-C5 mud gas readings over the target zones with total gas significantly above background gas readings and also evidence from the reservoir sampling tool of moveable hydrocarbons. Both Merlin wells were drilled on sparse, vintage 2D seismic data, which provides a narrow field of view of the reservoir and limited optionality on drilling locations. 88 Energy will now assess the merits of a future 3D seismic acquisition program allowing modern processing of data at future drilling locations in order to optimally test and determine the potential commerciality of the Project Peregrine acreage.

88 Energy will also undertake detailed analysis of all data obtained from the Merlin-2 drilling program and evaluate potential future appraisal activities within the Project Peregrine acreage, which includes additional independent drilling locations such as the Harrier-1 prospect to test the N-14 and N-15 horizons.

1. Mean unrisks prospective resource - Net Entitlement to 88 Energy

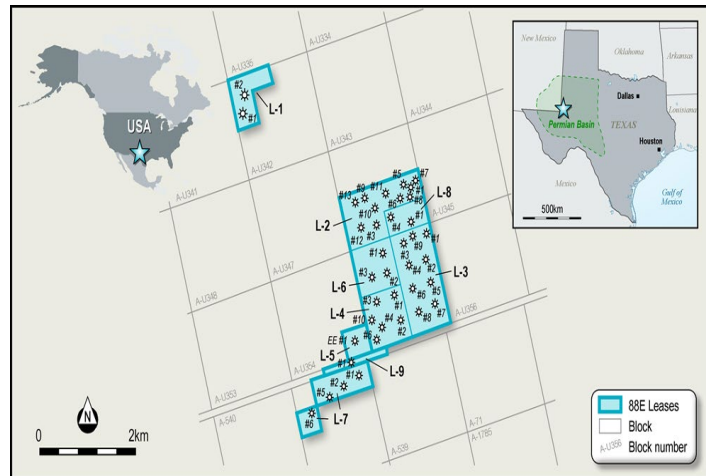
2. Cautionary Statement: The estimated quantities of petroleum that may be potentially recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal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

## Project Longhorn (~73% WI)

On 21 February 2022, 88 Energy executed a binding Securities Purchase Agreement (SPA) for the acquisition of a ~73% average net working interest in established conventional oil and gas production assets in the proven Permian Basin, onshore Texas, U.S. The oil and gas assets, collectively known as Project Longhorn contain certified net 2P reserves of 2.05MMBOE<sup>1</sup>. The purchase price for the acquisition was US\$9.7M, consisting of US\$7.2M cash and US\$2.5M in 88 Energy shares (~98.1 million shares at an issue price of A\$0.035 per share).

The acquisition represents 88 Energy's first move into producing oil and gas assets and is in line with Company's strategy to build a successful oil and gas exploration and production Company.

The Project Longhorn assets are located in the attractive Permian Basin, with ~1,300 net acres and well understood geology with low technical risk. The assets consist of 9 leases with 32 producing wells and associated infrastructure. Most of the existing production wells have been in operation for several years. Lonestar I, LLC will retain a ~24% net working interest in the assets and, through an affiliate, will remain Operator, with the remaining working interests retained by existing Joint Venture partners.



As part of the acquisition, 88 Energy agreed to a low-cost work program for 2022 that includes seven work-overs, which are expected to double current production rates by the end of 2022.

In March 2022, the operator of the Longhorn production assets, Lonestar I, LLC, successfully completed the first planned capital-efficient work-over since the acquisition, on time and on budget, which has delivered an immediate increase to the total oil and gas production rates of the project.

Production from the Longhorn wells exceeded 400 BOE per day gross (approx. 70% oil) at the end of March 2022. This represents an increase of over 30% since the completion of the acquisition in mid-February 2022. The production increase provides additional direct exposure to the higher WTI oil prices and an accelerated pay-back on both the acquisition of the assets and the capital investment in the work-overs.

Project Longhorn has exceptionally low operating costs (lifting costs), which provides high margins from production. First cash receipts from Project Longhorn were received by 88 Energy in March 2022, which comprised a payment of approximately A\$0.6 million (net to 88 Energy and net of OPEX/CAPEX).

Project Longhorn remains on track to complete the targeted seven capital development activities this year, which is expected to approximately double current production rates by the end of CY2022.

**Table 1: Project Longhorn Reserves (barrels of oil equivalent; millions)**

| GROSS RESERVES |      |      | NET 88 ENERGY REVENUE ENTITLEMENT |      |      |
|----------------|------|------|-----------------------------------|------|------|
| 1P             | 2P   | 3P   | 1P                                | 2P   | 3P   |
| 2.78           | 3.46 | 4.00 | 1.64                              | 2.05 | 2.33 |

1. Further ASX Listing Rule 5.31 Information (Notes to Reserves) related to these Reserves is provided in Appendix 1 of the announcement dated 21 February 2022 as released on ASX, AIM and OTCQB markets.

Reserves Cautionary Statement: Oil and gas reserves and resource estimates are expressions of judgment based on knowledge, experience, and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. Additionally, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans which may, in turn, adversely impact the Company's operations. Reserves estimates and estimates of future net revenues are, by nature, forward looking statements and subject to the same risks as other forward-looking statements.

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## Project Icewine (~75% WI)

88 Energy is progressing activities well at Project Icewine, following the drilling results of the Talitha-A well in Q1 2021, where Pantheon Resources (**Pantheon**) reported oil shows in multiple formations in the Talitha-A well [refer AIM: PANR release dated 19 April 2021]. The Talitha-A well is located 2.8 miles north of the Project Icewine permit boundary. The Talitha-A well was suspended following a production test of the Kuparuk, with Pantheon announcing its intention to return to test additional targets, namely the Seabee Lower Basin Floor Fan (**BFF**), the Slope Fan System (**SFS**) and the Shelf Margin Delta (**SMD**), during the 2022 drilling season. Earlier this year, Pantheon re-entered the Talitha-A well and individually flow-tested the BFF target and the SFS target, which resulted in the sustained recovery of light oil over a three-day period from each test. All targets are interpreted by the Company, and independently, to extend into the Project Icewine acreage.

88 Energy's ongoing assessment of the SMD, SFS and BFF play fairways onto its Project Icewine acreage is progressing as planned. Preliminary independent third-party mapping using available well information from presentations publicly released by neighbouring acreage holder, Pantheon, plus internal 88 Energy data, including Icewine-1 and Icewine-2 well logs and existing 2D seismic, indicates that all play fairways extend into the Project Icewine lease holding. The source rocks (GRZ/HRZ) for the Brookian plays within the Project Icewine area are modelled to be within the oil mature window, with historical wells reporting abundant oil shows and interpreted oil saturations from electric log data.

Recent Pantheon wells – Alkaid-1, Talitha-A and Theta West-1 – have flowed 35 to 40° API oil from multiple Brookian reservoirs. Pantheon testing has confirmed reservoir deliverability of light, sweet oil (refer AIM: PANR releases dated 7 and 21 February 2022), which 88 Energy believes is positive for the prospectivity of the adjacent Project Icewine acreage.

Following these recent results, 88 Energy has a positive view of the potential of the SMD, SFS and BFF play fairways that extend onto the Icewine acreage. In particular, the Company notes the relative consistency of results over a large area to the north are suggestive of reasonably homogeneous reservoirs that potentially extend into 88 Energy's acreage. The Company also notes Pantheon's planned development wells are expected to produce at rates of over 1,000 BOPD per well via long horizontal wells with multi-stage hydraulic fracturing technology (refer AIM: PANR release dated 24 January 2022).

88 Energy is in the process of finalising mapping of the SFS and BFF play fairways onto the Icewine acreage and expects this work to be completed in April 2022. Once complete, the combined mapping of the three prospects (SMD, SFS and BFF) is set to form the basis of an updated resource estimate at Project Icewine, scheduled for completion in Q2 2022.

During Q1 2022, 88 Energy commenced discussions in relation to a potential farm-out of the Project Icewine acreage. Due diligence activities and negotiations are advancing with a third party, including the related work program terms and structure. Execution and completion of the potential transaction is not guaranteed and remains subject to all documentation being agreed and due diligence completed. There is no guarantee that negotiations will lead to a binding agreement or a completed transaction.

## Umiat Oil Field (100% WI)

In 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).

Internal reinterpretation of modern 3D seismic is suggestive of untested reservoirs at Umiat. Prospects have been mapped in the footwall of the Umiat structure as well as downdip from the proven oil zone in the hanging wall. Initial internal volumetric calculations suggest there may be multi-million barrels of recoverable oil combined in the hanging wall and footwall. Both prospects are deeper than the current reserves at Umiat which should have a positive impact on productivity.

Development studies continued in the quarter, focusing on the potential integration of Ultra Low Sulphur Diesel (ULSD) production with previous studies. Initial screening economics suggest that this development option adds further value to a future Umiat development, considering the high cost of diesel (currently ~US\$6-7/gal) on the North Slope of Alaska.

A separate Umiat-23H well performance review was also finalised during the quarter. This well was drilled in 2014 by a previous owner and flowed at a sustained rate of 200 BOPD with no water, and a maximum rate of 800 BOPD. The review concluded that this well significantly underperformed due to poor drilling and completion techniques. A more conventional trajectory and completion design for a 5000 ft horizontal section was modelled to produce at stabilised rates of between 800 and 1600 BOPD. Consequently, an opportunity exists for the optimisation of historic subsurface development plans.

## Yukon Leases (100% WI)

The Yukon Leases contain the 82 million barrel<sup>1</sup> Cascade Prospect, which was intersected peripherally by Yukon Gold-1 and classified as a historic oil discovery.

The Company continues to complete due diligence and commercial assessment of a joint development with near-by resource owners.

## Corporate

On 19 January 2022, the Company advised that its application to join the OTCQB Market in the United States had been accepted and the Company's shares were listed for trading under the code EEENF. The OTCQB Venture Market is for entrepreneurial and development stage US and international companies and 88 Energy sought OTCQB quotation to provide North American investors with enhanced accessibility and liquidity in trading the Company's shares. The quotation delivered 88 Energy access to one of the largest investment markets in the world at relatively nominal cost (compared to traditional major exchanges) and with practically no additional compliance requirements. The OTCQB Market has robust financial reporting and corporate governance regulations which are effectively satisfied by the Company, through its ongoing compliance with ASX Listing rules and AIM rules.

On 14 February 2022, the Company advised that it had successfully completed an oversubscribed bookbuild to domestic and international institutional investors to raise A\$32.1M before costs (the **Placement**). This was achieved through the issue of 918,650,793 fully paid ordinary shares in the Company at an issue price of A\$0.035 (equivalent to £0.018) per New Ordinary Share).

# QUARTERLY REPORT

For the period ended 31 March 2022



The funds raised under the Placement, together with the Company's existing cash reserves are to be used to fund the Merlin-2 well drilling and appraisal activities including cost overruns / contingencies, as well as new ventures portfolio expansion opportunities, and working capital. Merlin-2, like many other global projects has experienced cost pressures including COVID-19 supply chain issues and global commodity price increases (diesel, steel etc.) that have placed pressure on original budgeted costs.

Euroz Hartleys Limited acted as Sole Lead Manager and Sole Bookrunner to the Placement. Cenkos Securities Plc is acting 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 will issue 36,000,000 Unlisted Options (exercisable at \$0.06 on or before the date which is 3 years from the date of issue) to the managers of the Placement. The Broker Options will be subject to shareholder approval.

## 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 of (A\$16.4M) [December 2021 quarter: A\$3.1M], primarily associated with Merlin-2 drilling operational activities at Project Peregrine
- Investment in Project Longhorn of (A\$10.7M) with first cash distribution of A\$0.6M
- Net Proceeds from oversubscribed capital raise of A\$30M
- Lease rental payments totalled (A\$0.8M)
- Administration, staff and other costs of (A\$1.7M)

At quarter end, the Company had cash reserves of A\$32.6M and no debt.

# QUARTERLY REPORT

For the period ended 31 March 2022



Table 3: 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         | 192,830          | ~75%                             | ~75%                       |
| Project Peregrine | Onshore, North Slope Alaska (NPR-A) | 195,373          | 100%                             | 100%                       |
| Project Longhorn  | Onshore, Permian Basin Texas        | 964              | 0%                               | ~73%                       |
| Umiat Unit        | Onshore, North Slope Alaska (NPR-A) | 17,633           | 100%                             | 100%                       |
| Yukon Leases      | Onshore, North Slope Alaska         | 38,681           | 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")

31 March 2022

| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date (12<br>months)<br>\$A'000 |
|--------------------------------------|---|----------------------------|--|
| <b>1.</b>                            | <b>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                                       | (822)                      | (822)                                  |
|                                      | (e) administration and corporate costs                | (907)                      | (907)                                  |
| 1.3                                  | Dividends received (see note 3)                       | -                          | -                                      |
| 1.4                                  | Interest received                                     | 2                          | 2                                      |
| 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</b>                           | <b>Net cash from / (used in) operating activities</b> | <b>(1,727)</b>             | <b>(1,727)</b>                         |
| <b>2.</b>                            | <b>Cash flows from investing activities</b>           |                            |  |
| 2.1                                  | Payments to acquire or for:                           |                            |  |
|                                      | (a) entities  | (10,694)                   | (10,694)                               |
|                                      | (b) tenements   | (849)                      | (849)                                  |
|                                      | (c) property, plant and equipment                     | -                          | -                                      |
|                                      | (d) exploration & evaluation                          | (16,439)                   | (16,439)                               |
|                                      | (e) investments                                       | -                          | -                                      |
|                                      | (f) other non-current assets                          | -                          | -                                      |



| Consolidated statement of cash flows |   | Current quarter<br>\$A'000 | Year to date (12<br>months)<br>\$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                   | 10                         | 10                                     |
|                                      | - Distribution from Project Longhorn                  | 597                        | 597                                    |
| <b>2.6</b>                           | <b>Net cash from / (used in) investing activities</b> | <b>(27,375)</b>            | <b>(27,375)</b>                        |

|             |   |               |               |
|-------------|---|---------------|---------------|
| <b>3.</b>   | <b>Cash flows from financing activities</b>   |               |               |
| 3.1         | Proceeds from issues of equity securities (excluding convertible debt securities)       | 32,153        | 32,153        |
| 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 | (2,152)       | (2,152)       |
| 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>30,001</b> | <b>30,001</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                             | 32,317   | 32,317   |
| 4.2       | Net cash from / (used in) operating activities (item 1.9 above)              | (1,727)  | (1,727)  |
| 4.3       | Net cash from / (used in) investing activities (item 2.6 above)              | (27,374) | (27,374) |

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## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| Consolidated statement of cash flows |  | Current quarter<br>\$A'000 | Year to date (12<br>months)<br>\$A'000 |
|--------------------------------------|--|----------------------------|--|
| 4.4                                  | Net cash from / (used in) financing activities (item 3.10 above) | 30,001                     | 30,001                                 |
| 4.5                                  | Effect of movement in exchange rates on cash held                | (586)                      | (586)                                  |
| <b>4.6</b>                           | <b>Cash and cash equivalents at end of period</b>                | <b>32,631</b>              | <b>32,631</b>                          |

| 5. Reconciliation of cash and cash equivalents<br>at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts |  | Current quarter<br>\$A'000 | Previous quarter<br>\$A'000 |
|---|--|----------------------------|-----------------------------|
| 5.1   | Bank balances  | 32,631                     | 32,631                      |
| 5.2   | Call deposits  | -                          | -                           |
| 5.3   | Bank overdrafts  | -                          | -                           |
| 5.4   | Other (provide details)  | -                          | -                           |
| <b>5.5</b>  | <b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b> | <b>32,631</b>              | <b>32,631</b>               |

| 6. Payments to related parties of the entity and their associates |   | Current quarter<br>\$A'000 |
|---|---|----------------------------|
| 6.1   | Aggregate amount of payments to related parties and their associates included in item 1 | 198                        |
| 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.

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## Mining exploration entity or oil and gas exploration entity quarterly cash flow report

| 7. <b>Financing facilities</b>  | <b>Total facility amount at quarter end \$US'000</b> | <b>Amount drawn at quarter end \$US'000</b> |
|---|--|---|
| <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i>  |  |   |
| <i>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 <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)  | (1,727)        |
| 8.2 (Payments for exploration & evaluation classified as investing activities) (item 2.1(d))   | (16,439)       |
| 8.3 Total relevant outgoings (item 8.1 + item 8.2)   | (18,166)       |
| 8.4 Cash and cash equivalents at quarter end (item 4.6)  | 32,631         |
| 8.5 Unused finance facilities available at quarter end (item 7.5)  | -              |
| 8.6 Total available funding (item 8.4 + item 8.5)  | 32,631         |
| 8.7 <b>Estimated quarters of funding available (item 8.6 divided by item 8.3)</b>  | 1.8            |
| <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: 8.2 relates to costs with the Merlin 2 well which are fully covered by existing cash reserves. The Merlin 2 well expenditure will reduce in the second quarter with drilling operations, plugging of the well and demobilisation of equipment and people concluding in April 2022. |                |
| 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: There is no requirement to raise further cash based on anticipated expenditure and cash distributions from Project Longhorn in 2022.   |                |

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: Yes, the business expects to continue to meet its business objectives including finalise drilling and demobilisation at Merlin 2 well, continue to assess opportunities across its Alaska portfolio including rental obligations and operating objectives for Project Longhorn.

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.

## 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: 14 April 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.

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