

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 December 2015

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter \$A'000	Year to date (12 months) \$A'000
1.1	Receipts from rent	84	97
1.2	Payments for (a) exploration & evaluation	(15,811)	(22,068)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(842)	(2,662)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	25	36
1.5	Interest and other costs of finance paid	-	(700)
1.6	Income taxes paid	-	-
1.7	Other – payment of guarantee and bond	-	(286)
Net Operating Cash Flows		(16,544)	(25,583)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) land & acreage	(770)	(770)
	(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	-	-
Net investing cash flows		(770)	(770)
1.13	Total operating and investing cash flows (carried forward)	(17,314)	(26,353)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(17,314)	(26,353)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	7,347	26,260
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	10,840	10,840
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Repayment of Lease Liabilities	-	-
1.20	Other – capital raising costs	(325)	(1,851)
	Net financing cash flows	17,862	35,249
	Net increase (decrease) in cash held	548	8,896
1.20	Cash at beginning of quarter/year to date	9,322	799
1.21	Exchange rate adjustments to item 1.20	(303)	(128)
1.22	Cash at end of quarter	9,567	9,567

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	157
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

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$US'000	Amount used \$US'000
3.1 Loan facilities – Bank of America debt funding facility (US\$50 million)	42,098	7,902
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	(2,500)*
4.2 Development	-
4.3 Production	-
4.4 Administration	(800)
Total	(3,300)

**88 Energy equity contribution not including drawdowns on Bank of America debt funding facility*

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	9,567	9,322
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other	-	-
Total: cash at end of quarter (item 1.22)	9,567	9,322

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				
6.2 Interests in mining tenements acquired or increased	North Slope Acreage*	Joint Venture (88 Energy 78%)	-	174,240 acres

**Non-refundable 20% deposit paid. Subject to formal award by the State of Alaska*

+ See chapter 19 for defined terms.

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	Preference				
	+securities				
	<i>(description)</i>				
7.2	Changes during quarter				
	(a) Increases through issues				
	(b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities	3,082,140,823	3,082,140,823		Fully paid
7.4	Changes during quarter	742,834,800	742,834,800	\$0.01	Fully Paid
	(a) Increases through issues				
	(b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities				
	<i>(description)</i>				
7.6	Changes during quarter				
	(a) Increases through issues				
	(b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>			<i>Exercise price</i>	<i>Expiry date</i>
		300,000		70 cents	10/4/16
		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
		70,000,000		1.6 cents	31/08/18
		68,965,301		2.1 cents	01/11/18
7.8	Issued during quarter	68,965,301		2.1 cents	01/11/18
7.9	Exercised during quarter				
7.10	Expired during quarter	213,733		GBP£0.256	19/11/15
		487,230		GBP£0.242	19/11/15
		5,000,000		28 cents	26/11/15

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

	Cancelled during the quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

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 give a true and fair view of the matters disclosed.



Sign here:
(Company Secretary)

Date: 27 January 2016

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.

== == == == ==

+ See chapter 19 for defined terms.