

This announcement contains inside information

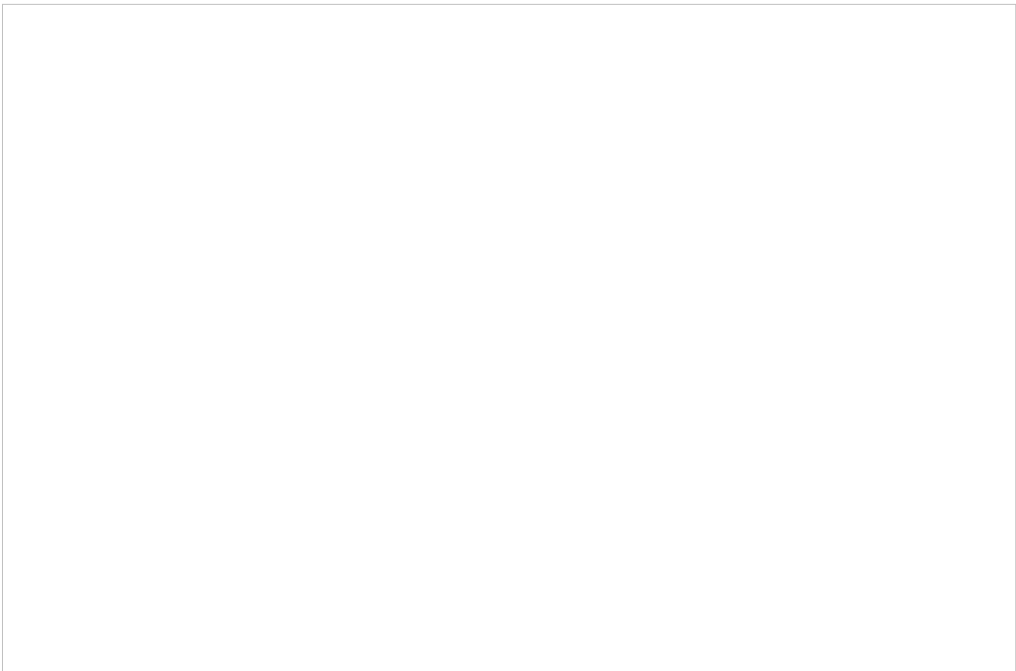
19 August 2024

88 ENERGY LIMITED
PROJECT PHOENIX UPDATE

88 Energy Limited (ASX:88E, AIM:88E, OTC:EEENF) (**88 Energy** or the **Company**) is pleased to provide an update on the Project Phoenix post flow test program, as well as progress made by its Joint Venture Partner Burgundy Xploration, LLC (**Burgundy**) regarding their funding and listing plans.

Background; Hickory-1 Discovery Well - Project Phoenix (~75% WI)

The Hickory-1 discovery well was drilled in February 2023 and flow tested during the Alaskan winter season in Q1/Q2 CY24. The testing operations focused on the two shallower primary targets, the SFS and SMD reservoirs. The Upper SFS (**USFS**) reservoir, previously untested, and the SMD-B reservoir were the primary focus. Each zone was independently isolated, stimulated, and flowed to the surface using nitrogen lift to facilitate efficient well clean-up.



image

Upper SFS (USFS) flow test results

- Peak flow rate: ~70 bopd
- Maximum oil cut: 15%
- Flow type: Natural flow (no nitrogen lift required)
- Oil samples: Multiple samples with gravities of 39.9 to 41.4 API (light crude oil)

The USFS zone's natural flow to the surface is noteworthy, as adjacent wells required nitrogen lift.

For full details, refer to the ASX announcement dated 2 April 2024.

SMD-B flow test results

- Peak flow rate: ~50 bopd
- Maximum oil cut: 10%
- Gas to oil ratio: Low, with little to no measurable gas
- Oil samples: Multiple samples with gravities of 38.5 to 39.5 API (light crude oil)

On sample: sample sample that gravels on core to core / high grade oil,
For full details, refer to the ASX announcement dated 15 April 2024.

Post-flow testing and next steps

Pressurised oil samples from both USFS and SMD tests are being analysed in Houston, with results expected in Q3 CY24. These results will confirm reservoir fluid characteristics. An Independent Contingent Resource assessment for the Upper SFS, Lower SFS, and SMD-B is anticipated in Q4 CY24. This assessment, in combination with the post-flow test analysis, will guide the next phase of Project Phoenix, including planning for a potential horizontal well production test at the existing Franklin Bluffs gravel pad location.

ResFrac has been engaged to review the Hickory-1 stimulation and flow design, and to model the production potential and optimise the completion strategy for a horizontal well. Additionally, 88E plans to initiate a formal farmout process to attract a strategic partner for future drilling and development.

Table 1: Indicative Project Phoenix development timeline.

	H1-24	H2-24	H1-25	H2-25	H1-26	H2-26
Successful Hickory-1 flow test	✓					
Post-well testing and analysis	■	■				
Targeted farmout		■	■			
Planning/permitting/design for horizontal production test ^[1]		■	■	■	■	
Extended horizontal production test ¹					■	■

Joint Venture Partner Update

Burgundy Xploration, LLC has met its 2023 financial obligations and signed the flow test Authority For Expenditure (AFE) on 15 February 2024. Under a standstill agreement executed in December 2023 with 88E's subsidiary, Accumulate Energy Alaska, Inc (88E-Accumulate), Burgundy was due to pay its share of the AFE cost (approximately US\$3 million) by no later than 15 August 2024, through either a public listing or a private capital raise. If the obligation remained unpaid, Burgundy was to transfer 50% of its working interest in the Toolik River Unit leases to 88E-Accumulate.

Burgundy Xploration, LLC is a private Texas company historically funded by sophisticated oil and gas investors that has invested more than US\$25 million into Project Phoenix over the life of the project. 88E understands that Burgundy's plans for a public listing are progressing well including the recent recruitment of a board and senior oil and gas executive with significant public company (AIM, TSX, and US markets) experience and success to facilitate the company's potential public listing.

After an extensive internal and third-party review of the latest Project Phoenix data by Burgundy, advanced discussions are underway in relation to a potential transaction whereby Burgundy would provide a carry to 88E across an anticipated 2025/26 work program to include (but not be limited to) the drilling, completion and extended flow testing of a horizontal well on the Dalton Highway in return for additional working interest in the Project. Any carry would be subject to Burgundy raising the capital required. Accordingly, at this stage there is no guarantee that a transaction with Burgundy will be completed.

Given the deadline on the previous standstill agreement, Burgundy has committed to a payment of US\$0.35 million in the near term in return for the Company extending the December 2023 standstill agreement for outstanding Flow Test AFE costs until December 31, 2024. Given this commitment, Burgundy's intentions to proceed with a listing public listing, as well as the ongoing negotiations with the Company for a horizontal well carry, 88E has agreed to a further extension of the standstill arrangement.

Should Burgundy fail to meet its obligations by the revised deadline, the Company retains its rights under the joint operating agreement to enforce its terms if necessary.

This announcement has been authorised by the Board.

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^[1] Subject to farmout/funding as well as government and other approvals

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