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88 Energy Limited
02 September 2024

2 September 2024

88 Energy Limited

Half-Year Financial Report

88 Energy Limited (ASX:88E, AIM:88E, OTC:EEENF) (**88 Energy** or the **Company**) is pleased to advise of the release of its financial results for the half-year ending 30 June 2024.

A copy of the Company's Half-Year Financial Report, extracts from which are set out below, has been lodged on the ASX and is also available on the Company's website at www.88energy.com .

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OPERATING AND FINANCIAL REVIEW

During the period, the Group continued its principal exploration and appraisal activities in Alaska, complemented by a 75% owned, non-operated working interest in onshore Texas Permian Basin production assets. The Group also farmed-in and subsequently received transfer approval for a 20% working interest in Petroleum Exploration Licence (PEL 93), Onshore Namibia.

Project Phoenix

Project Phoenix is an oil-bearing conventional reservoir play identified during the drilling and logging of Icewine-1 and Hickory-1 and adjacent offset drilling and testing. Project Phoenix is strategically located on the Dalton Highway with the Trans-Alaskan Pipeline System (TAPS) bisecting the acreage.

Hickory-1 Discovery Well

The Hickory-1 discovery well was drilled in February 2023 and flow tested the following Alaskan winter season in Q1/Q2 2024. The testing operations focussed on the two shallower primary targets, the Slope Fan System (SFS) and Shelf Margin Deltaic (SMD) reservoirs. Of the SFS series of reservoirs, the Upper SFS (USFS) reservoir was targeted to be flow tested as it had not been previously tested, whereas the Lower SFS has previously been flow tested and therefore, the producibility of that reservoir confirmed on adjacent acreage. The USFS was followed by a targeted testing of the SMD-B reservoir. Each that reservoir, confirmed on adjacent acreage. The USFS was followed by a targeted testing of the SMD-B reservoir. Each zone was independently isolated, stimulated and flowed to surface using nitrogen lift to assist in an efficient clean-up of the well.

Successful outcomes from the Hickory-1 flow test delivered a platform for monetisation of Project Phoenix, justifying further advancement, with key benefits including:

- Potential capital-light modular Early Production System;
- Production from horizontal wells typically produce 6-12 times higher flow rates than vertical wells; and
- An ability to produce concurrently from multiple reservoirs in a single development scenario.

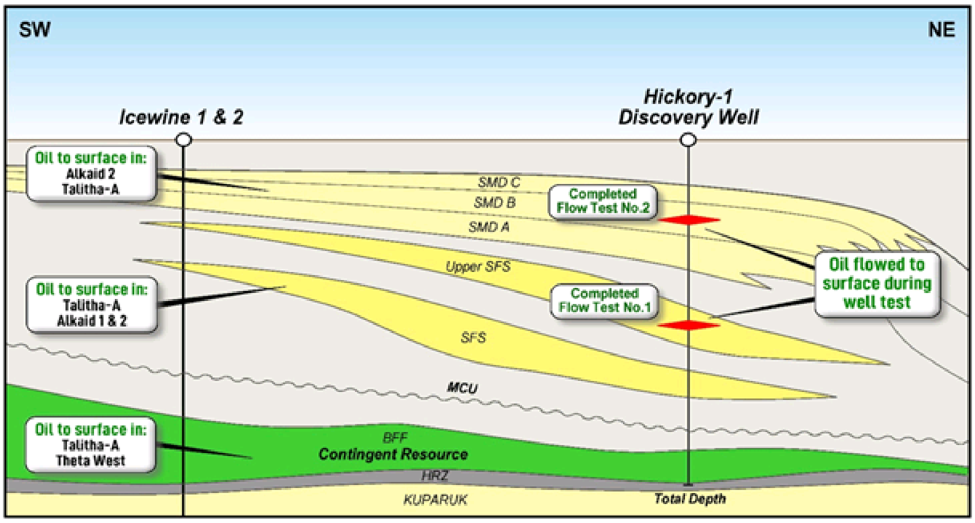


Figure 1: Hickory-1 Flow testing program flowed oil to surface from the two tested zones.

UPPER SFS Flow Test Results

The USFS produced at a peak flow rate of ~70 bopd. Oil cuts increased throughout the flow back period as the well cleaned up, reaching a maximum of 15% oil cut. The Company expects that oil rates and cut would have likely increased further should the test period have been extended. The well produced at an average oil flow rate of ~42 bopd during the natural flow back period, with instantaneous rates ranging from ~10-77 bopd with average rates increasing through the test period. Importantly, the USFS zone flowed oil to surface under natural flow, with flow back from other reservoirs in adjacent offset wells only producing under nitrogen assisted lift.

Multiple oil samples were recovered with measured oil gravities of between 39.9 to 41.4 API (representing a light crude oil).

For full details in relation to the USFS test results please refer to the ASX announcement dated 2 April 2024.

SMD-B Flow Test Results

The SMD-B produced at a peak flow rate of ~50 bopd. Oil cuts varied throughout the flow back period, reaching a maximum of 10% oil cut. The well produced at an average oil cut of 4% following initial oil to surface, with instantaneous rates observed during the 16-hour period as the well continued to clean up. Unlike flow tests on adjacent acreage where multiple gas lift mandrels and valves were used in completions designs, and nitrogen was unloaded in the tubing in stages up the well bore, Hickory-1 utilised a single gas lift mandrel where nitrogen was introduced via one valve at the deepest section. This is viewed as positive indication for future potential rates and performance.

Multiple oil samples were recovered, with measured oil gravities of between 38.5 to 39.5 API, representing a light crude oil.

Importantly, the SMD-B zone flowed oil to surface with little to no measurable gas, representing a low GoR production rate.

For full details in relation to the SMD-B test results please refer to the ASX announcement dated 15 April 2024.

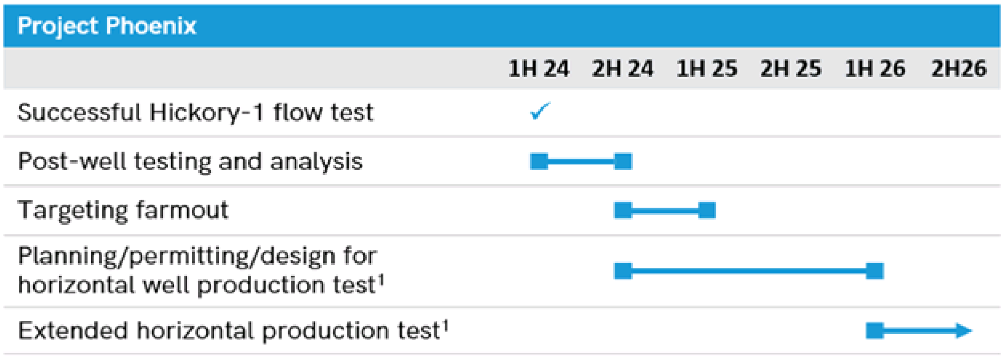
Post-Flow Testing and Next Steps

Pressurised oil samples collected during both the USFS and SMD tests were transported to laboratories for further analysis. The analyses are expected to verify the reservoir fluid characteristics.

Following completion of the lab analyses, 88 Energy will commission an Independent Contingent Resource assessment for the Upper SFS, Lower SFS and SMD-B. This assessment is expected to be completed in Q4 2024.

Results from the post-flow test analyses will assist 88 Energy in the optimisation and design of the next phase of advancement at Project Phoenix. The Company, together with its Project Phoenix Joint Venture partner, are currently assessing locations for the drilling of a horizontal well, including the Franklin Bluffs gravel pad location (previously utilised for the Icewine 1 and 2 unconventional test wells), where a long-term flow test of either the SFS or SMD reservoirs may be undertaken.

Table below is an indicative timeline for Project Phoenix development



[1] Subject to farm-out / funding as well as government and other approvals

Project Leonis [100% WI]

In June 2024, the Company reported a maiden internal Prospective Resource net mean estimate of 381 million barrels (MMbbls) of recoverable oil in the newly named Tiri Prospect (Upper Schrader Bluff (USB) Formation) for Project Leonis. (Unrisked net 3U (high) of 671 MMbbls, 2U (best) of 338 MMbbls and 1U (low) of 167 MMbbls.1,2

The initial Prospective Resource estimate followed a review period of an extensive data suite that included 3D and 2D seismic data, well logs from Hemi Springs Unit-3 and Hailstorm-1, as well as nearby wells adjacent to the Project Leonis acreage, along with extensive petrophysical analysis and mapping.

Importantly, the USB formation is the same proven producing zone as nearby Polaris, Orion and West Sak oil fields to the north-west as shown on Figure 2.

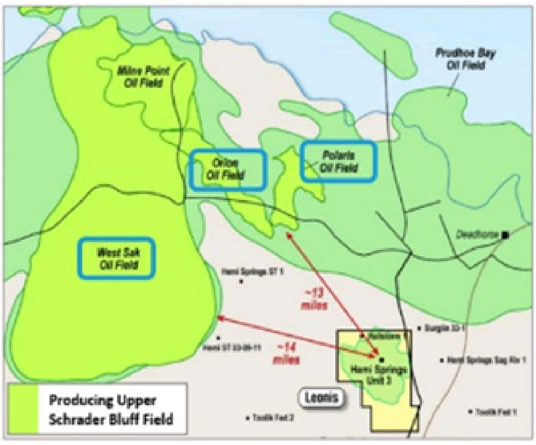


Figure 2: Project Leonis acreage position adjacent to TAPS and multiple producing USB reservoirs.

These proven USB producers served as important calibration points for the Leonis petrophysical model. The Leonis USB prospect has been fully delineated and mapped following a review of reprocessed 3D seismic data and a 3rd party dedicated fault mapping study to assist in prospect definition.

Forward Program

88 Energy has engaged Hickory-1 project Management Company, Fairweather LLC, to assist in planning and permitting for the newly named Tiri-1 exploration well. The well will be designed to drill, log and test the Tiri Prospect in the USB formation. The company intends to utilise the existing gravel pad at the Hemi Springs Unit-3 well shown in Figure 3, to reduce costs.

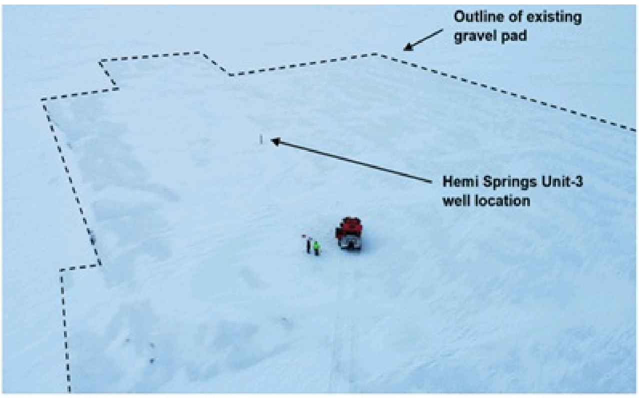


Figure 3: Hemi Springs Unit-3 well gravel pad and wellhead (March-24)

Timing for the drilling of the Tiri-1 exploration well is dependent on securing a successful farm-out partner and the Company has secured Stellar Energy Advisors Limited (Stellar) in London to manage the farm-out process, who have been engaged with multiple parties in advancing the assessment of the farm-out opportunity. The process is ongoing.

Namibia PEL 93 (20% WI)

In November 2023 88 Energy, via its wholly-owned Namibian subsidiary, executed a three-stage farm-in agreement (FOA) for up to a 45% non-operated working interest in the onshore Petroleum Exploration Licence (PEL 93) covering 18,500km2 of underexplored acreage within the Owambo Basin in Namibia.

In February 2024, the Company announced the successful 20% working interest (WI) transfer by operator Monitor Exploration Limited (Monitor) to 88 Energy as part of Stage 1 of the FOA; this transfer has been approved by the Namibian Ministry of Mines and Energy. Monitor now holds a 55% WI with the remaining 25% shared across local entities, Legend Oil Namibia Pty Ltd and NAMCOR. The current and potential future PEL 93 Joint Venture partners and working interests are as follows:

Entity	Pre Farm-in	Stage 1 - Current (Past costs & 2D)	Stage 2 (1st Well)	Stage 3 (2nd Well)
Monitor	75.0%	**55.0%**	37.5%	30.0%
Legend	15.0%	**15.0%**	15.0%	15.0%
NAMCOR	10.0%	**10.0%**	10.0%	10.0%
88 Energy	-	**20.0%**	37.5%	45.0%

Stage 1 schedule to earn a 20% working interest in the Licence is complete and comprises:

- 1st instalment: US 0.28 million paid in cash on signing for partial payment of back costs;
- 2nd instalment: US 1.25 million paid in 88 Energy shares on signing for part payment of 2D seismic carry;
- 3rd instalment: US 1.25 million paid in 88 Energy shares upon approval of PEL 93 WI transfer by the Namibian government, as final payment in relation to the 2D seismic carry; and
- 4th Instalment: US 0.9 million paid in 88 Energy shares for final back costs payment and 2024 work-program carry.

Namibia has been identified as one of the last remaining under-explored onshore frontier basins and one of the World's most prospective new exploration zones. PEL 93 is more than 10 times larger than 88 Energy's Alaskan portfolio and more than 70 times larger than Project Phoenix.

Recent drilling results on nearby acreage has highlighted the potential of a new and underexplored conventional oil and gas play in the Damara Fold belt, referred to as the Damara Play. It is currently the subject of exploration drilling by ReconAfrica in their nearby PEL 73 block. Historical assessment utilised a combination of techniques and interpretation of legacy data to identify the Owambo Basin, as having significant exploration potential. Monitor utilised a range of geophysical and geochemical techniques to assess and validate the significant potential of the acreage since award of PEL 93 in 2018, identifying ten (10) independent structural closures from airborne geophysical methods and partly verified these using existing 2D seismic coverage.

In May 2024, the Company announced that Polaris Natural Resources Development Ltd (Polaris) was awarded, the 2D seismic acquisition program contract. Polaris mobilised vibroseis units and recording equipment to location in late June 2024 and the program was completed in July 2024. The fully funded 2D Seismic acquisition program acquired ~200-line km of 2D data with data processing now underway and anticipated to be finalised in Q4 2024.

Results of the new 2D seismic acquisition will be integrated with existing historical exploration data to refine current prospect interpretation. Anticipated outcomes include:

- Validate up to 10 independent structural closures

- Maiden certified prospective resource estimate
- Identification of future potential drilling locations targeting the Damara play

Project Longhorn (~65% WI)

The joint venture (Bighorn JV), which comprises Longhorn Energy Investments LLC a 100% wholly owned subsidiary of 88 Energy with 75% ownership and Lonestar I, LLC (Lonestar or Operator) with the remaining 25% ownership, agreed to a development program that included five workovers in 1H 2024.

During the quarter, the Bighorn JV successfully executed four of the planned five workovers within Budget with results below:

- First workover production commenced in mid-April;
- Second and third workovers commenced production in mid-May;
- Fourth workover production began in the final week of June 2024; and
- The final workover encountered a tubing fish not recorded in the well file. The operator tried several tools but could only clean out 75 feet of the anticipated 1,500 feet of the tubing fish recovered. The Bighorn JV decided to suspend operations and P&A the workover with sunk CAPEX capped at A 0.5M compared to a budget of A 1.2M.

Completion of the workovers increased gross production from 328 BOE per day (average Q1 2024) to 395 BOE per day (average Q2 2024) with production for June averaging 456 BOE per day (~63% oil). The production volume declines of the four successfully completed workovers are currently lower than initially forecast.

Project Longhorn continued to provide strong cash flows towards lease and corporate costs with the Company receiving cash flow distributions of A 1.2M during H1 2024, post-workover expenditure.

Prior to commencement of the 2024 capital development program, the Bighorn JV executed a a ~10% sell-down (gross, ~7% net to 88 Energy) of the 2023 acquired acreage, in order to re-disk and accelerate development opportunities. The transaction realised net to 88E, acquisition payments of ~A 0.3M and the non-operated partners contributed their share of the five workover capital development costs coupled with a 25% carry of their ownership share of the five workovers. For full details refer to page 6-7 the Q1 2024 Quarterly ASX announcement on 18 April 2024 including reserves update and cautionary statement.

Focused Alaskan Strategy

In Alaska, 88 Energy has a strategic focus on infrastructure-led opportunities which benefit from proximity to services at Prudhoe Bay, the Trans-Alaskan Pipeline System (TAPS) and other key infrastructure. 88 Energy is focused on advancing Project Phoenix and Project Leonis. Following Hickory-1 successfully flowing light oil to surface, the Company is aiming to drill horizontal production wells and generate cash flow within the next 24 months from Project Phoenix as well as unlocking Project Leonis' potential through an appraisal well program.

Following proposed new regulations governing the management of surface resources in the National Petroleum Reserve-A, 88 Energy successfully requested from the Bureau of Land Management Alaska initial 12-month suspensions for Project Peregrine to December 2024 and the Umiat Unit to 30 June 2025. The suspensions allow 88 Energy to benefit from a reduction in lease costs and to focus its efforts on unlocking value from its key strategic acreage positions - these are adjacent to infrastructure that should accelerate commercialisation of the projects.

Acreage that was deemed non-core to 88 Energy was relinquished during 1H 2024, including all of Icewine East (~23k acres/16 blocks) due to geographical challenges near/over the SAG river, lack of prospectivity and an 8-year primary term that expired on 31 May 2024 without being unitised. Additionally, 36 blocks at Icewine West covering ~51k acres with it's 8-year primary term also expiring in May 2024 were relinquished. The Company has reviewed the remaining Icewine West acreage and although it noted prospectivity across a group of leases including Charlie-1, a combination of the Company's focus being on assets that are adjacent to infrastructure, and the annual 'holding' rental costs of acreage means there are no immediate plans for further drilling at Icewine West. 88 Energy has requested relinquishment of the remaining Icewine West acreage from the Department of Natural Resources and approvals are expected in Q3 2024.

Corporate

Placement

On 24 April 2024, the Company successfully completed an oversubscribed share placement to domestic and international institutional and sophisticated investors to raise gross A 9.7 million (approx. £5.17 million) before costs (the Placement).

3,231,974,839 new fully paid ordinary shares in the Company (the New Ordinary Shares) were issued at an issue price of A 0.003 (£0.0016) per New Ordinary Share (the Issue Price). The net proceeds augmented the Company's existing cash balance to fund:

- Hickory-1 discovery well flow test operations at Project Phoenix, post-well studies, securing a contingent resource estimate for the SFS and SMD reservoirs and other costs associated with commercialising Project Phoenix;
- Exploration activities including lease rentals across Alaskan and Namibian acreage;
- Permit and planning costs for Tiri-1 exploration well at Project Leonis; and
- Securing farmout partners to advance projects at Project Phoenix and Project Leonis.

Euroz Hartleys Limited (Euroz Hartleys) acted as Sole Lead Manager and Bookrunner to the Placement. Cavendish Capital Markets Ltd (Cavendish) acted as 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 Hartleys, Inyati and Cavendish. In addition, and subject to shareholder approval, the Company will issue a total of 75,000,000 Unlisted Options (exercisable at A 0.0055 on or before the date which is 3 years from the date of issue) to Euroz Hartleys, Cavendish and Inyati.

The New Ordinary Shares were issued under the Company's available placement capacity pursuant to Listing Rule 7.1 and are not subject to shareholder approval. The Ordinary Shares ranked pari passu with the existing ordinary shares in the Company and the Ordinary Shares were admitted to trading on AIM.

PEL 93 - Farm-In

Following approval by the Namibian Ministry of Mines and Energy of the 20% working interest transfer by Monitor to 88 Energy in relation to PEL 93, under the farm-in agreement, the Stage 1, third instalment payment of US 1.25 million was paid by issuing 397,947,229 new ordinary shares in the Company to Monitor at an issue price of A 0.0048 per share on 22 February 2024.

Monitor also agreed to receive 88 Energy shares as settlement for the fourth and final Stage 1 instalment of the farm-in agreement, as announced to the ASX on 13 November 2023. This instalment covers the final back costs and the 2024 work program carry of US 0.92 million through the issuance of 476,634,546 new ordinary 88 Energy Shares at an issue price of A 0.003 per share on 24 April 2024.

General Meetings

The Company held a General Meeting on 15 January 2024 and all eleven (11) resolutions were passed.

The Company held its Annual General Meeting on 13 May 2024 and all six (6) resolutions were carried.

Events after the period

Other than as disclosed below, there were no significant events occurring after balance date requiring disclosure.

Project Phoenix

Burgundy Xploration, LLC (Burgundy) met its 2023 financial obligations and signed the Hickory-1 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.

As announced on 19 August 2024 on the ASX, 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 December 2023 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.

Umiat Unit

88 Energy was successful in receiving a suspension for Project Peregrine on 1 December 2023 for an initial period of 12 months due to the proposed new regulations governing the management of surface resources in the National Petroleum Reserve-A (NPR-A). On 25 June 2024, the Company applied for suspension to Umiat Unit and leases on the same basis as Project Peregrine suspension, requesting an initial 1-year suspension that will be reviewed as required. On 31 July 2024 The Bureau of Land Management Alaska approved a 12-month suspension of the Umiat Unit and leases from 1 July 2024 to 30 June 2025.

During the suspension period, 88 Energy will continue the refinement of internal geological and geophysical models/interpretations. The suspension will relieve 88 Energy of the obligation to pay lease rentals during the suspension period of ~A 0.1 million due in Q4.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR HALF YEAR ENDED 30 JUNE 2024

	Note	30 June 2024 $	30 June 2023 $
Other income	3(a)	**295,574**	38,285
Share of profit/(loss) from equity accounted investment	8	**91,987**	772,336
Administration expenses	3(b)	**(582,212)**	(1,435,182)
Occupancy expenses		**(15,731)**	(17,410)
Employee benefit expenses	3(c)	**(1,217,151)**	(1,644,139)
Share based payment expense	3(d)	**86,383**	(447,499)
Depreciation and amortisation expense		**(39,204)**	(31,629)
Finance cost		**(1,024)**	(4,274)
Realised/unrealised gain/(loss) on foreign exchange		**451,399**	386,445
Other income /(expenses)		**(15,937)**	(468,009)
Exploration & Evaluation Impairment	3(e)	**(28,942,570)**	(8,877,646)
Loss before income tax		**(29,888,486)**	(11,728,722)
Income tax benefit/(expense)		**-**	-
Loss after income tax for the period		**(29,888,486)**	(11,728,722)
Other comprehensive income for the period			
Other comprehensive income that may be recycled to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		**3,927,630**	2,849,634
Total comprehensive profit/(loss) for the period		**(25,960,856)**	(8,879,088)
Basic and diluted profit/(loss) per share		**(0.0010)**	(0.0006)

The consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2024

	Note	30 June 2024 $	31 December 2023 $
ASSETS			
Current Assets			
Cash and cash equivalents	5	**7,882,132**	18,182,727
Other receivables	6	**7,377,778**	3,973,934
Total Current Assets		**15,259,910**	22,156,661

Non-Current Assets			
Plant and equipment		**17,255**	22,348
Exploration and evaluation expenditure	7	**105,339,878**	110,588,395
Other assets		**487,008**	506,817
Equity accounted investments	8	**22,881,956**	23,251,219
Total Non-Current Assets		**128,726,097**	134,368,779
TOTAL ASSETS		**143,986,007**	156,525,440
LIABILITIES			
Current Liabilities			
Provisions		**221,380**	283,497
Trade and other payables	9	**1,570,864**	556,544
Total Current Liabilities		**1,792,244**	840,041
TOTAL LIABILITIES		**1,792,244**	840,041
NET ASSETS		**142,193,763**	155,685,399
EQUITY			
Issued and fully paid shares	10(a)	**392,539,307**	379,917,222
Reserves	10(b)	**33,747,417**	29,972,652
Accumulated losses		**(284,092,961)**	(254,204,475)
TOTAL EQUITY		**142,193,763**	155,685,399

The consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

AS AT 30 JUNE 2024

	Issued Capital $	Reserves $	Accumulated Losses $	Total $
At 1 January 2024	**379,917,222**	**29,972,652**	**(254,204,475)**	**155,685,399**
Loss for the period	-	-	**(29,888,486)**	**(29,888,486)**
Other comprehensive income	-	**3,927,631**	-	**3,927,631**
Total comprehensive income/(loss) for the period after tax	-	**3,927,631**	**(29,888,486)**	**(25,960,856)**
Transactions with owners in their capacity as owners:				
Issue of share capital	**13,557,921**	-	-	**13,557,921**
Issue of Options	-	**275,462**	-	**275,462**
Vesting of Performance Rights		**(341,945)**		**(341,945)**
Share-based payments	-	**(86,383)**	-	**(86,383)**
Share issue costs	**(935,836)**	-	-	**(935,836)**
Balance at 30 June 2024	**392,539,307**	**33,747,417**	**(284,092,961)**	**142,193,763**
At 1 January 2023	340,972,669	30,468,589	(239,765,242)	131,676,016
Loss for the period	-	-	(11,728,722)	(11,728,722)
Other comprehensive income	-	2,849,634	-	2,849,634
Total comprehensive income/(loss) for the period after tax	-	2,849,634	(11,728,722)	(8,879,088)
Transactions with owners in their capacity as owners:				
Issue of share capital	17,500,000	-	-	17,500,000
Share-based payments	-	699,200	-	699,200
Share issue costs	(1,350,755)	-	-	(1,350,755)
Balance at 30 June 2023	357,121,914	34,017,423	(251,493,964)	139,645,373

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 30 JUNE 2024

	30 June 2024 $	30 June 2023 $
Cash flows from operating activities		
Interest	78,720	38,258
Payments to suppliers and employees	(1,986,933)	(2,978,645)
Net cash outflows used in operating activities	(1,908,213)	(2,940,387)
Cash flows from investing activities		
Payments for exploration and evaluation activities	(22,124,416)	(24,183,588)
Contributions from JV Partners in relation to Exploration	2,981,179	1,462,100
Proceeds from return of Bonds	-	584,840
Distribution from Equity Accounted Investments	1,226,647	1,405,142
Net cash outflows used in investing activities	(17,916,590)	(20,731,506)
Cash flows from financing activities		
Proceeds from issue of shares	9,695,925	17,500,000
Share issue costs	(669,782)	(1,179,937)
Net cash inflows from financing activities	9,026,142	16,320,063
Net increase/(decrease) in cash and cash equivalents	(10,798,661)	(7,351,830)
Net foreign exchange differences	498,066	550,467
Cash and cash equivalents at beginning of period	18,182,727	14,123,731
Cash and cash equivalents at end of period	7,882,132	7,322,368

The consolidated statement of cash flows should be read in conjunction with the accompanying notes.

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