

26 August 2025

**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 2025.

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](http://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 non-operated working interest in onshore Texas Permian Basin production assets. The Group also has 20% non-operated working interest in Petroleum Exploration Licence (PEL 93), Onshore Namibia.

### Project Phoenix

Project Phoenix is an advanced conventional oil project located on the North Slope of Alaska. It is targeting future potential production from multiple reservoirs identified during the drilling and flow testing of Hickory-1 in 2023/2024, including the Shelf Margin Deltaic (SMD), Slope Fan System (SFS), and Basin Floor Fan (BFF) formations. The Hickory-1 discovery well, drilled in 2023, confirmed the presence of light oil in 2024 from the two-tested target intervals (SMD-B and Upper SFS) and served as the foundation for a potential horizontal well production test.

### HICKORY-1 DISCOVERY WELL

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

- Strategic location to Dalton Highway, Prudhoe Bay (Deadhorse) services and Trans-Alaskan Pipeline (TAPS)
- Total 2C Contingent Resources of 239MMBOE net to 88E<sup>[1]</sup>
- 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.

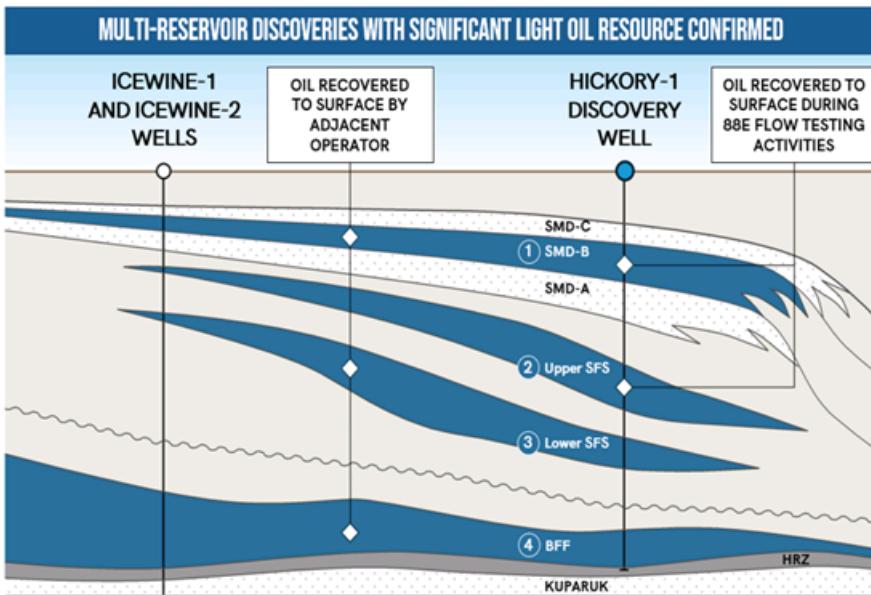


Figure 1: 2024 Hickory-1 Flow testing program flowed oil to surface from the two tested zones.

## FARM OUT AGREEMENT

In February 2025, 88 Energy entered into a Farmout Participation Agreement (PA) with Burgundy Xploration LLC (Burgundy) in relation to Project Phoenix. Under the agreement, 88 Energy's wholly owned subsidiary, Accumulate Energy Alaska, Inc. (Accumulate), will be fully carried for all costs associated with the planned horizontal well program, including an extended flow test scheduled for mid-2026.

### Transaction highlights:

- Burgundy to fully fund up to US 39 million (approx A 60 million) of Project Phoenix's total gross future work program costs in exchange for up to an additional 50% Working Interest (WI) in Project Phoenix from 88 Energy.
- Provides a clear funding avenue to advance Project Phoenix towards a final development decision via a two-phase farm-in arrangement:
  - Phase 1: Burgundy to fund US 29 million (approx A 45 million) for CY25/26 work program, including drilling of a horizontal well and production testing scheduled for mid-2026 (88E fully carried, Accumulate WI post Phase 1 farmout 35%)
  - Phase 2: Upon Phase 1 Success; Burgundy to fund up to US 10 million (approx A 15 million) for an additional well or other CAPEX program (88E carry up to US 7.5 million, based on the current 75%, with Accumulate WI post Phase 2 farmout to 25%).

88 Energy is progressing collaborative work with Burgundy to advance planning and permitting for the horizontal test well and flowback operation scheduled for mid-CY26 and Burgundy is advancing its funding strategy to finance Phase 1 of the farmout. Burgundy continued to reaffirm its project commitment by paying its outstanding 2024 cash calls in Q1 2025 and 100% of lease payments in 2025, which form part of its carried expenditure under the farm-out agreement.

## Project Leonis

Multi-reservoir opportunity further enhanced with four new lease blocks awarded in July 2025 and the Canning Formation added as a new reservoir target in January 2025.

### Canning Formation (Canning):

- Newly identified Canning Formation announced in January 2025.
- Identified following reprocessed and interpreted Storms 3D seismic data, and a quantitative interpretation study (rock physics, AVO and seismic inversion).
- Prospective Resource target of 283 MMbbls of oil (net mean); unrisked net 3U (high) 469 MMbbls, 2U (best) 259 MMbbls, and 1U (low) 136 MMbbls[2],[3]

### Upper Schrader Bluff (USB):

- Company announced the USB as its maiden internal prospective resource in June 2024, identified following review of 3D and 2D seismic data, well logs from Hemi-Springs Unit-3 and Hailstorm-1, along with extensive petrophysical analysis and mapping.
- The USB formation is the same proven producing zone as found in nearby Polaris, Orion and West Sak oil fields to the

north-west

- Prospective Resource target of 381 MMbbls of oil (net mean); unrisked net 3U (high) 671 MMbbls, 2U (best) 338 MMbbls, and 1U (low) 167 MMbbls[4],[5]

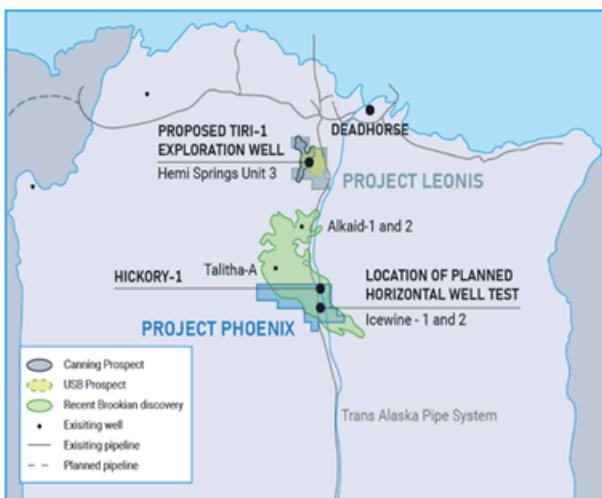


Figure 2: Project Leonis in relation to 88 Energy Alaskan Acreage

Planning and permitting for the Tiri-1 exploration well commenced in 2025, with key Alaska North Slope vendors submitting operational proposals at the end of June 2025 refining the authorisation for expenditure (AFE). The optimal Tiri-1 well location is designed to intersect the Canning and USB reservoirs and to test deeper potential upside. 88 Energy's 100% working interest provides a strong position from which to secure a large, proportionate carry upon completion of the active farm-out process, ahead of any drilling event. Third party assessment of the opportunity was ongoing at half-year. Drilling the Tiri-1 well is subject to the completion of a farm-out, with the Company not intending to conduct a capital raising to finance the well.

In Q2, 88E acquired the low-cost Great Bear 3D survey, completed in 2014, which extends the Company's regional 3D seismic database. The dataset overlaps the Storms 3D and Franklin Bluffs 3D datasets, providing an enhanced regional seismic framework from which to assess new opportunities. The new 3D dataset also overlaps the existing Leonis acreage position.

## Namibia PEL 93

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 18,500km<sup>2</sup> of underexplored acreage within the Owambo Basin in Namibia.

In July 2025, 88 Energy announced a 12-month extension to the First Renewal Exploration Period for PEL 93, granted by the Namibian Ministry of Mines and Energy. In conjunction with the license extension, 88 Energy and Monitor executed a variation to the FOA. The amendment introduced a Stage 1A Work Program, comprising:

- A high-resolution airborne gravity, magnetic, and radiometric survey;
- Preparation of a certified prospective resource report;
- Identification of potential drilling locations; and
- Creation of an Authority for Expenditure for the proposed well.

Stage 1A is to be jointly funded on a 50:50 basis by 88 Energy and Monitor, subject to a cost threshold of US 1 million, unless otherwise agreed.

## Project Longhorn

In August 2025, 88 Energy announced it had entered into a binding Securities Purchase Agreement (**SPA**) with Lonestar I, LLC (**Lonestar**) for the sale of its 75 percent non-operated working interest in Project Longhorn, a package of producing oil and gas assets located in the Permian Basin, Texas, USA, where Lonestar is the project Operator.

Execution of the SPA followed a strategic portfolio review conducted in the first quarter of 2025, during which the Board of 88 Energy determined that Project Longhorn's operating asset base no longer aligned with the Company's longer-term strategy. That strategy is centered on pursuing high-impact exploration opportunities, primarily in Alaska. The decision was shaped by the projected capital intensity (US 2M gross per well over ~12 wells), required to support Project Longhorn's future development plans, which would be necessary to maintain production and cash flow. It was also driven by the Company's broader objective to streamline its portfolio and redeploy capital into assets with greater potential for value creation.

#### **Key terms of the transaction include:**

- Total Consideration: US 3.25 million
- Effective Date: 1 July 2025
- Completion Adjustments: Subject to customary reconciliation as at 30 June 2025, including adjustment for cash, receivables, crude oil inventory, and liabilities.

A competitive process was undertaken for the sale. Initially, 88 Energy entered into non-binding terms under a Memorandum of Understanding with a third party. Subsequently, Lonestar exercised its matching rights and, upon completion, will hold all of the assets.

## **Corporate GENERAL MEETING**

The Company held its Annual General Meeting (**AGM**) on 6 May 2025 where four (4) of five (5) resolutions were carried.

### **CAPITAL CONSOLIDATION**

At the AGM, shareholders approved a consolidation of the Company's capital structure on a 25-for-1 basis. Following the approval, every twenty-five shares, options, performance rights and warrants on issue were converted into one of the same class.

The consolidation was implemented to simplify the Company's capital structure and better position it for future growth and investment.

### **SMALL HOLDING SALE FACILITY**

On 16 June 2025, the Company announced the launch of a Small Holding Sale Facility (**Facility**) for shareholders with holdings valued under A 500, aimed at reducing registry costs for the company. Approximately 8,300 shareholders were eligible, representing 5.64% of the Company's issued capital. The Facility closed on 30 July 2025, with a total of 46,141,266 ordinary shares sold by the Company's Australian broker, Euroz Hartleys.

### **Events after the period**

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

### **PROJECT LONGHORN**

On 18th August 2025, 88 Energy Limited announced that it has executed a binding Securities Purchase Agreement (SPA) with Lonestar I, LLC (Lonestar), Operator of Project Longhorn, for the sale of its 75% non-operated working interest in the producing oil and gas assets located in the Permian Basin, Texas, USA (Project Longhorn), held through subsidiary Longhorn Energy Investments LLC (88E - Longhorn). Following a strategic portfolio review conducted in Q1 2025, the Board concluded that Project Longhorn's operating asset base no longer aligned with the Company's long-term strategy, which is focused on high-impact exploration opportunities, primarily in Alaska. This decision was informed by the projected capital intensity of Project Longhorn's future development plans, which would be required to maintain projected cash flows, and by 88 Energy's objective to streamline its portfolio and redeploy capital to assets with greater upside potential. The future development plans at Project Longhorn are expected to involve a multi-well drill program, with an estimated gross cost per well of ~US 2 million, and the transaction removes the Company's obligation to future costs associated with Project Longhorn, enabling 88 Energy to deploy its resources towards higher-impact, exploration-led opportunities.

A divestment process was completed for the sale of Project Longhorn, with 88 Energy initially agreeing terms under a non-binding Memorandum of Understanding with a third party. Subsequently, Lonestar exercised its rights to match the offer and will hold 100% of the assets on completion of the transaction.

#### **Key terms of the transaction include:**

- Total Consideration: US 3.25 million
- Effective Date: 1 July 2025
- Completion Adjustments: Subject to customary reconciliation as at 30 June 2025, including adjustment for cash, receivables, crude oil inventory, and liabilities.

## **Corporate**

On 22 August 2025, the Company announced that Mr Philip Byrne retired as Non-Executive Chairman and from the Board of 88 Energy. The Board also announced the appointment of Ms Joanne Williams as Non-Executive Chair, effective immediately.

Mr Byrne has served as Non-Executive Chairman of 88 Energy since August 2021, drawing on more than 40 years of international petroleum industry experience spanning exploration, commercial and senior executive roles. During his tenure, Mr Byrne provided steady leadership and trusted counsel which have been deeply appreciated by the Board and Management alike. His contributions have played a meaningful role in guiding the Company through key phases of its growth.

The Board and Management extends its sincere gratitude to Mr Byrne for his dedication and service and wishes him all the best for his future endeavours.

Ms Williams, who joined the Board on the same date as Mr Byrne in August 2021, is a petroleum engineer with over 25 years' experience across the international oil and gas industry. Ms Williams has held senior executive and Board roles in a range of ASX-listed and international energy companies, currently as Director of Buru Energy Limited and Director and Chief Operating Officer of Jadestone Energy Plc. Her technical expertise and deep sector experience position her well to lead the Board through 88 Energy's next phase of growth.

The Board and Management looks forward to Ms Williams' continued leadership and guidance in her new role as Non-Executive Chair.

The Board now comprises Ms Joanne Williams (Non-Executive Chair), Mr Ashley Gilbert (Managing Director), and Dr Stephen Staley (Non-Executive Director). This composition reflects a stable and experienced leadership team with deep sector knowledge and strong alignment with 88 Energy's strategic objectives. The Board considers its current size and structure appropriate for the scale and complexity of the business at this time. The existing mix of skills, experience and independence provides sound governance and effective oversight.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR HALF YEAR ENDED 30 JUNE 2025

	Note	30 June 2025 \$	30 June 2024 \$
Other income	3(a)	<b>306,146</b>	295,574
Share of profit/(loss) from equity accounted investment	9	<b>(1,162,061)</b>	91,987
Administration expenses	3(b)	<b>(1,065,089)</b>	(582,212)
Occupancy expenses		<b>(18,184)</b>	(15,731)
Employee benefit expenses	3(c)	<b>(1,297,393)</b>	(1,217,151)
Share based payment expense	3(d)	<b>(222,922)</b>	86,383
Depreciation and amortisation expense		<b>(41,257)</b>	(39,204)
Finance cost		<b>(1,156)</b>	(1,024)
Realised/unrealised gain/(loss) on foreign exchange		<b>(371,172)</b>	451,399
Other income /(expenses)		<b>(30,869)</b>	(15,937)
Impairment of Exploration & Evaluation Asset	3(e)	<b>-</b>	(28,942,570)
Impairment of Investment in Associate Asset	3(f),7	<b>(16,569,979)</b>	-
<b>Loss before income tax</b>		<b>(20,473,936)</b>	(29,888,486)
Income tax benefit/(expense)			-
<b>Loss after income tax for the period</b>		<b>(20,473,936)</b>	(29,888,486)
<b>Other comprehensive income for the period</b>			
Other comprehensive income that may be recycled to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<b>(6,676,698)</b>	3,927,630
<b>Total comprehensive profit/(loss) for the period</b>		<b>(27,150,634)</b>	(25,960,856)
Basic and diluted profit/(loss) per share		<b>(0.0177)</b>	(0.0258)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

	Note	30 June 2025	31 December 2024
		\$	\$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	5	<b>8,047,212</b>	7,198,567
Other receivables	6	<b>381,689</b>	5,596,273
Asset held for Sale	7	<b>2,603,053</b>	-
<b>Total Current Assets</b>		<b>11,031,954</b>	12,794,840
<b>Non-Current Assets</b>			
Plant and equipment		<b>71,887</b>	30,761
Exploration and evaluation expenditure	8	<b>110,707,439</b>	113,929,186
Other assets		<b>492,124</b>	550,768
Equity accounted investments	9	-	21,688,470
<b>Total Non-Current Assets</b>		<b>111,271,450</b>	136,199,185
<b>TOTAL ASSETS</b>		<b>122,303,404</b>	148,994,025
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Provisions		<b>234,264</b>	249,411
Trade and other payables		<b>362,362</b>	107,374
<b>Total Current Liabilities</b>		<b>596,626</b>	356,785
<b>TOTAL LIABILITIES</b>		<b>596,626</b>	356,785
<b>NET ASSETS</b>		<b>121,706,778</b>	148,637,240
<b>EQUITY</b>			
Issued and fully paid shares	10(a)	<b>392,621,587</b>	392,621,587
Reserves	10(b)	<b>36,582,628</b>	43,039,154
Accumulated losses		<b>(307,497,437)</b>	(287,023,501)
<b>TOTAL EQUITY</b>		<b>121,706,778</b>	148,637,240

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 2025

	Issued Capital	Reserves	Accumulated Losses	Total
	\$	\$	\$	\$
<b>At 1 January 2025</b>	<b>392,621,587</b>	<b>43,039,154</b>	<b>(287,023,501)</b>	<b>148,637,240</b>
Loss for the period			<b>(20,473,936)</b>	<b>(18,115,157)</b>
Other comprehensive income		<b>(6,676,698)</b>		<b>(6,676,698)</b>
<b>Total comprehensive income/(loss) for the period after tax</b>		<b>(6,676,698)</b>	<b>(20,473,936)</b>	<b>(24,791,855)</b>
<b>Transactions with owners in their capacity as owners:</b>				
Issue of share capital	-	-	-	-
Issue of Options	-	-	-	-
Vesting of Performance Rights	-	<b>(2,750)</b>	-	<b>(2,750)</b>
Share-based payments	-	<b>222,922</b>	-	<b>222,922</b>
Share issue costs	-	-	-	-
<b>Balance at 30 June 2025</b>	<b>392,621,587</b>	<b>36,582,628</b>	<b>(307,497,437)</b>	<b>121,706,778</b>

<u>At 1 January 2024</u>	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	-	3,927,630	-	3,927,630
Total comprehensive income/(loss) for the period after tax	-	3,927,630	(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)
<b>Balance <u>at</u> 30 June 2024</b>	<b>392,539,307</b>	<b>33,747,417</b>	<b>(284,092,961)</b>	<b>142,193,763</b>

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 2025

	30 June 2025	30 June 2024
	\$	\$
<b>Cash flows from operating activities</b>		
Interest	55,213	78,720
Payments to suppliers and employees	(2,227,402)	(1,986,933)
<b>Net cash outflows used in operating activities</b>	<b>(2,172,189)</b>	<b>(1,908,213)</b>
<b>Cash flows from investing activities</b>		
Payments for exploration and evaluation activities	(2,577,955)	(22,124,416)
Contributions from JV Partners in relation to Exploration	5,744,081	2,981,179
Proceeds from return of Bonds	-	-
Distribution from Equity Accounted Investments	261,841	1,226,647
<b>Net cash outflows provided by investing activities</b>	<b>3,427,967</b>	<b>(17,916,590)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	-	9,695,925
Share issue costs	-	(669,782)
<b>Net cash inflows from financing activities</b>	<b>-</b>	<b>9,026,142</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,255,778</b>	<b>(10,798,661)</b>
Net foreign exchange differences	(407,133)	498,066
Cash and cash equivalents at beginning of period	7,198,567	18,182,727
<b>Cash and cash equivalents at end of period</b>	<b>8,047,212</b>	<b>7,882,132</b>

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

[1] For full details of the combined 2C Contingent Resource at Project Phoenix, please refer to the ASX announcement dated 18 September 2024.

[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 recoverable hydrocarbons.

[3] Refer to the ASX announcement dated 30 January 2025 for full details.

[4] *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 recoverable hydrocarbons.*

[5] Refer to the ASX announcement dated 4 June 2024 for full details.

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