

88 Energy Limited

Farm-out Agreed for Project Phoenix Horizontal Test Well

88 Energy Limited (ASX:88E, AIM:88E, OTC:EEENF) (**88 Energy** or the **Company**) is pleased to announce that it has entered into binding terms for a Farmout Participation Agreement (**PA**) with Burgundy Xploration LLC (**Burgundy**) in relation to Project Phoenix, located on the North Slope of Alaska. Under the agreement, 88 Energy's wholly owned subsidiary, Accumulate Energy Alaska, Inc. (**Accumulate**), will be provided with a full carry for all costs associated with the upcoming horizontal well programme, including an extended flow test currently scheduled for H1 CY26.¹

Transaction Highlights

- **Burgundy to fully fund up to US\$39 million (approx. A\$60 million) of Project Phoenix's total gross future work programme 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 programme, including drilling of a horizontal well and production testing scheduled for H1 CY26** (88E fully carried, 88E 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 programme** (88E carry up to US\$7.5 million, based on the current 75%, with 88E WI post Phase 2 farmout to 25%).
- Upon completion of the PA, Burgundy will assume the role of operator, allowing 88 Energy to focus on the advancement and de-risking of Project Leonis.
- The PA remains subject to conditions precedent customary for transactions of this nature, including Burgundy securing necessary capital during CY25.

Managing Director, Ashley Gilbert, commented:

"We are delighted to announce that we have reached a mutually beneficial agreement with our long-term joint venture partner, Burgundy, to advance Project Phoenix towards future production. Burgundy's commitment to the project recognises 88 Energy's accomplishments since 2022 and value added to the acreage during this time, as well as validation of the broader region and the opportunity presented on the Alaskan North Slope.

Today's announcement crystallises a funding pathway for the asset, enabling critical production testing at the Hickory-1 multi reservoir discovery - a key step in proving the project's economics and potential future commerciality. To have achieved a work-programme carry in just two years of exploration and advancement since the drilling of Hickory-1, underscores the implied value of the asset and serves as a blueprint for our strategy moving forward. We look forward to our continued work with Burgundy as they progress towards assuming operatorship of the project ahead of the scheduled CY26 drilling programme."

¹ Burgundy's ability to provide a full carry to 88 Energy is contingent on Burgundy successfully completing their fund-raising program during CY25.

Detailed Transaction Terms:

The Farmout Participation Agreement (**PA**) is structured in two phases, under which Burgundy will provide a full financial carry for 88 Energy's share of costs for the CY25-27 work programme at Project Phoenix, funding up to US\$29.5 million (approx. A\$45 million) of 88 Energy's future share costs to earn up to an additional 50% working interest (**WI**).

Phase 1:

- Burgundy to provide a carry of ~US\$22 million (approx. A\$33 million) of 88 Energy's share (based on current WI of ~75%) of the budgeted CY25/26 work programme (gross cost of US\$29 million).
- The Phase 1 programme includes lease costs, drilling a horizontal well, and completing an extended flow test from the existing Franklin Bluffs gravel pad.
- In return, Burgundy will initially earn an approximately 39.3% WI in Project Phoenix.
- Upon completion of Phase 1, Burgundy's WI will increase to 65% (from 25%), while 88 Energy's WI will decrease to 35% (from 75%).

Phase 2 (Contingent of Phase 1 Results):

- Burgundy will provide an additional financial carry to 88 Energy of up to US\$7.5 million (approx. A\$11.6 million, based on 88E's 75% WI) to fund the costs associated with drilling an additional well or an alternative capital programme.
- In return, Burgundy may earn an additional 10% WI, increasing its total ownership to 75%, while 88 Energy's WI could decrease to 25%.
- 88 Energy retains the option to reduce the carry by US\$3.75 million, limiting the WI earn-in to 5%, allowing 88 Energy to retain a 30% WI in Project Phoenix.

Conditions and Approvals:

- The PA is subject to relevant government and other approvals, as well as customary conditions present for farm-out transactions.
- The PA including a long-stop date of 31 December 2025 for Burgundy to secure Phase 1 funding, unless extended by mutual consent.
- 88 Energy and Burgundy have agreed on a payment arrangement for the remaining balance of outstanding cash calls, with Burgundy initiating a US\$1 million payment prior to signing the PA and the residual balance, which includes interest and fees, to be settled in conjunction with Burgundy's funding activities.

Strategic Impact:

The PA marks a key milestone for 88 Energy, aligning with its strategic objectives by financially de-risking Project Phoenix while delivering significant value for shareholders. This achievement has been realised in just two years since the Company focused on the SMD, SFS and BFF multi-reservoir opportunity in mid-CY22.

The agreed terms result in a transaction value that represent an ~50% uplift of invested capital on 88 Energy's share of Project Phoenix since mid-CY22.

Upon completion of the PA, Burgundy will assume the role of operator, allowing 88 Energy to fully focus on the advancement and de-risking of Project Leonis.

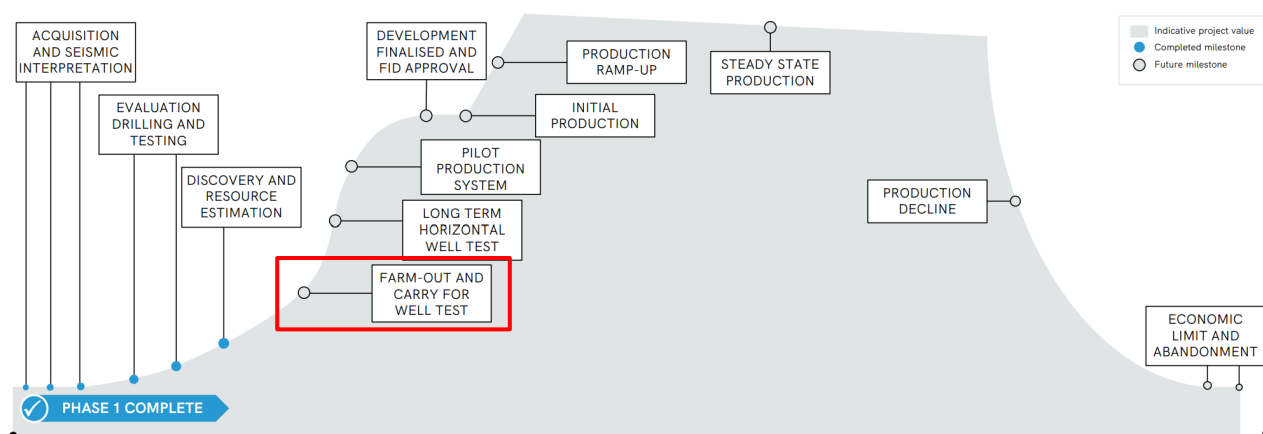


Figure 1: Project Phoenix continues to advance, with the PA representing a further key milestone achieved.

About Burgundy:

Burgundy Xploration LLC is a Texas-based private oil and gas company backed by sophisticated energy investors. The company has already invested over US\$26 million in Project Phoenix. Burgundy is currently securing funding to cover residual balance of outstanding cash calls due to 88 Energy and to commence procurement of long lead items for the planned CY26 horizontal drilling and production test programme. The company has also expanded its Board and Management team, bringing in highly experienced international oil and gas professionals.

Project Phoenix: Forward Work-Program:

88 Energy will commence working with Burgundy on planning and permitting for the horizontal test well and flow back operation scheduled for mid-CY26. In parallel, the 88 Energy will work to ensure a smooth transition of operatorship and securing the necessary approvals associated with the PA.

Experienced Alaskan service provider, Fairweather LLC has been retained to manage project planning, permitting and operational support to ensure that well objectives are met. Additionally, recent work completed by ResFrac will be incorporated into the planning for the stimulation and flowback programme of the planned horizontal well.

Key Details of the Planned Horizontal Well and Flowback Operation:

- **Location:** Franklin Bluffs gravel pad
- **Planned Zone for Flow Test:** SMD-B.
- **Lateral Length:** ~ 3,500 ft
- **Operational Test Duration:** ~ 90 days
- **Planned Spud Date:** Mid-2026

Table 1: Indicative Project Phoenix Timeline

PROJECT PHOENIX						
Indicative Project Phoenix timeline ¹	H1-24	H2-24	H1-25	H2-25	H1-26	H2-26
Successful Hickory-1 flow test flows light crude oil to surface	✓					
Post-well analysis and updated Contingent Resource Estimate		✓				
Targeted farmout to de-risk and provide pathway to production test		✓				
Planning/permitting/design for horizontal production test ²		■	■	■	■	
Extended horizontal production test ¹					■	■



Figure 2: Project Phoenix oil flowed to surface during Hickory-1 flow testing operations Q1 2024.

¹This timeline is indicative and subject to change. The Company reserves the right to alter this timetable at any time.

²Horizontal production test subject to farm-out/funding as well as government and other approvals.

About Project Phoenix (~74.3% WI) and the Hickory-1 Discovery Well

The Hickory-1 discovery well was drilled in February 2023 and flow tested during the Alaskan winter season in Q1/Q2 CY24. Testing focused on the two shallower primary targets, the Upper SFS (**USFS**) reservoir, previously untested, and the SMD-B (**SMD**) reservoir. Each zone was independently isolated, stimulated, and flowed oil to the surface either naturally or using nitrogen lift to facilitate efficient well clean-up. On the 18th of September, a contingent resource for the SMD-B, Upper SFS and Lower SFS reservoirs was issued by ERCE. This contingent resource is now added to the pre-existing contingent resource in the BFF reservoir, issued by NSAI in 2023. The total net 2C contingent resource at Project Phoenix is 239 MMBOE.

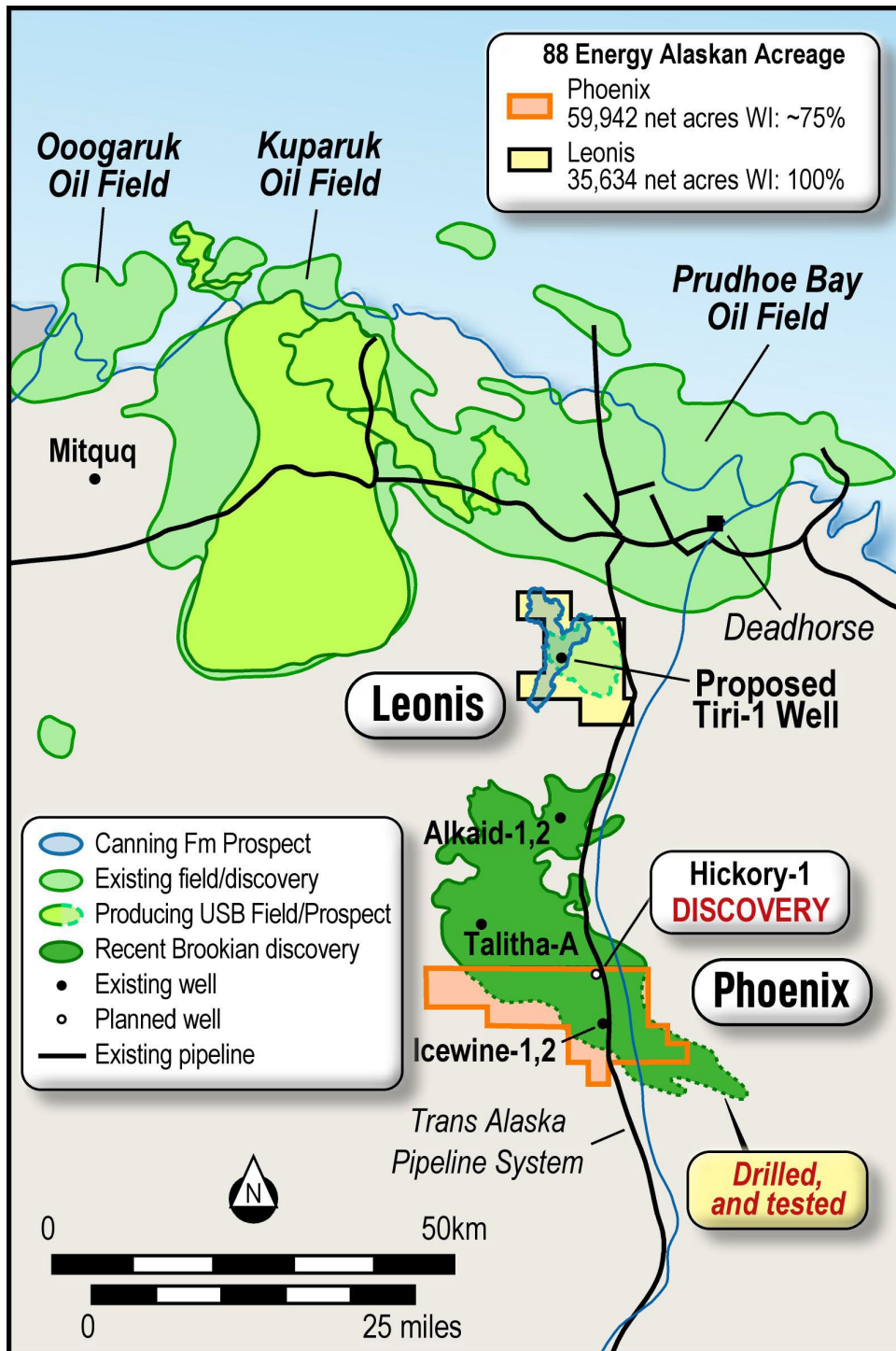


Figure 3: Alaska, North Slope, highlighting Project Phoenix and the location of the Hickory-1 discovery well.

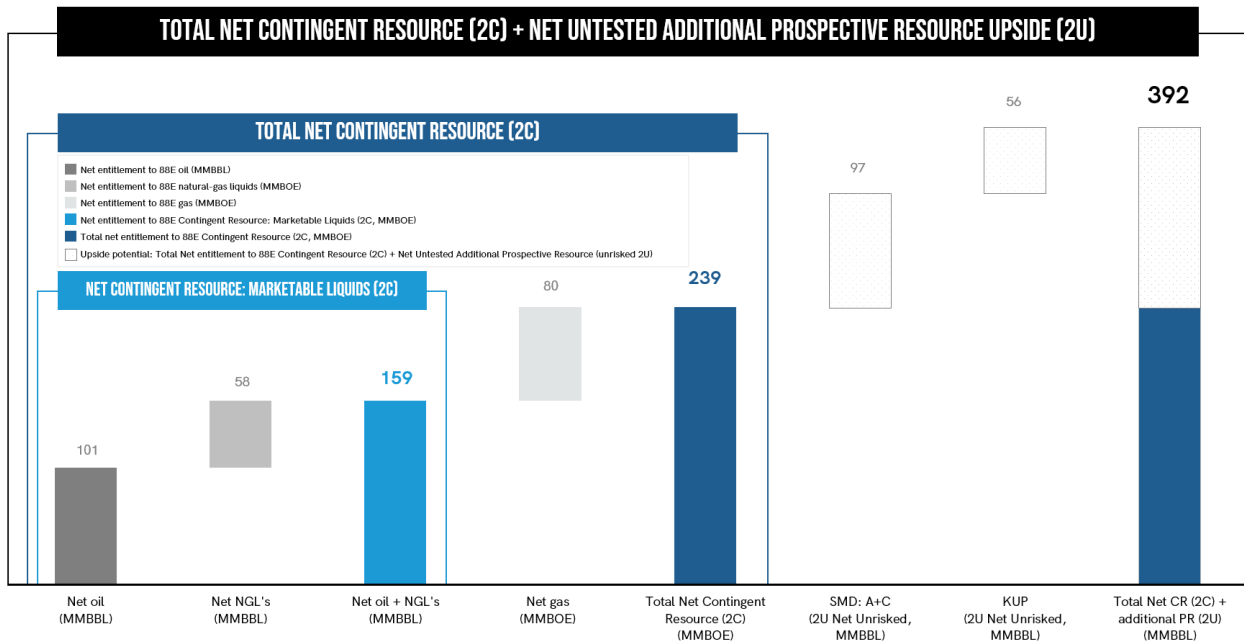


Figure 4: Project Phoenix 88 Energy Net Entitlement 2U Contingent Resources with untested 2U Prospective Resource upside.

Table 2: Project Phoenix net entitlement to 88 Energy (63.3%) Contingent Resources estimates by NSAI and ERCE

PROJECT PHOENIX			NET (~63.3%) CONTINGENT RESOURCES ^{4,6}		
Reservoir	Auditor	UoM	Low (1C)	Best (2C)	High (3C)
SMD-B	ERCE ^{1,3}	MMBOE	7	24	79
Upper SFS	ERCE ^{1,3}	MMBOE	6	21	72
Lower SFS	ERCE ^{1,3}	MMBOE	8	35	123
BFF	NSAI ^{2,5}	MMBOE	62	158	367
Total⁷			83	239	640

NOTES TO TABLE 2:

- ERCE: ERCE Australia Pty Ltd
- NSAI: Netherland, Sewell & Associates Inc.
- Refer to page 6, Appendix 2 and disclaimers for further details.
- Million Barrels of Oil Equivalent (MMBOE) of estimate contingent resource. NGLs are converted to oil equivalent volumes on a constant ratio basis of 1:1. Gas is converted to oil equivalent volumes on a constant ratio basis of 5.5 BCF per 1 MMBOE.
- Please refer to page 7 and ASX announcement dated 6 November 2023 for further details in relation to the BFF Contingent Resource estimate. Note the Basin Floor Fan (BFF) reservoir was drilled and tested on adjacent acreage by Pantheon Resources
- 88 Energy net resource entitlement of ~63.3% has been calculated using an average 74.3% working interest net of a 12.5% government royalty and a 4% Overriding Royalty on 18 leases.
- Totals by reservoir rounded and project total may not sum due to rounding.

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.

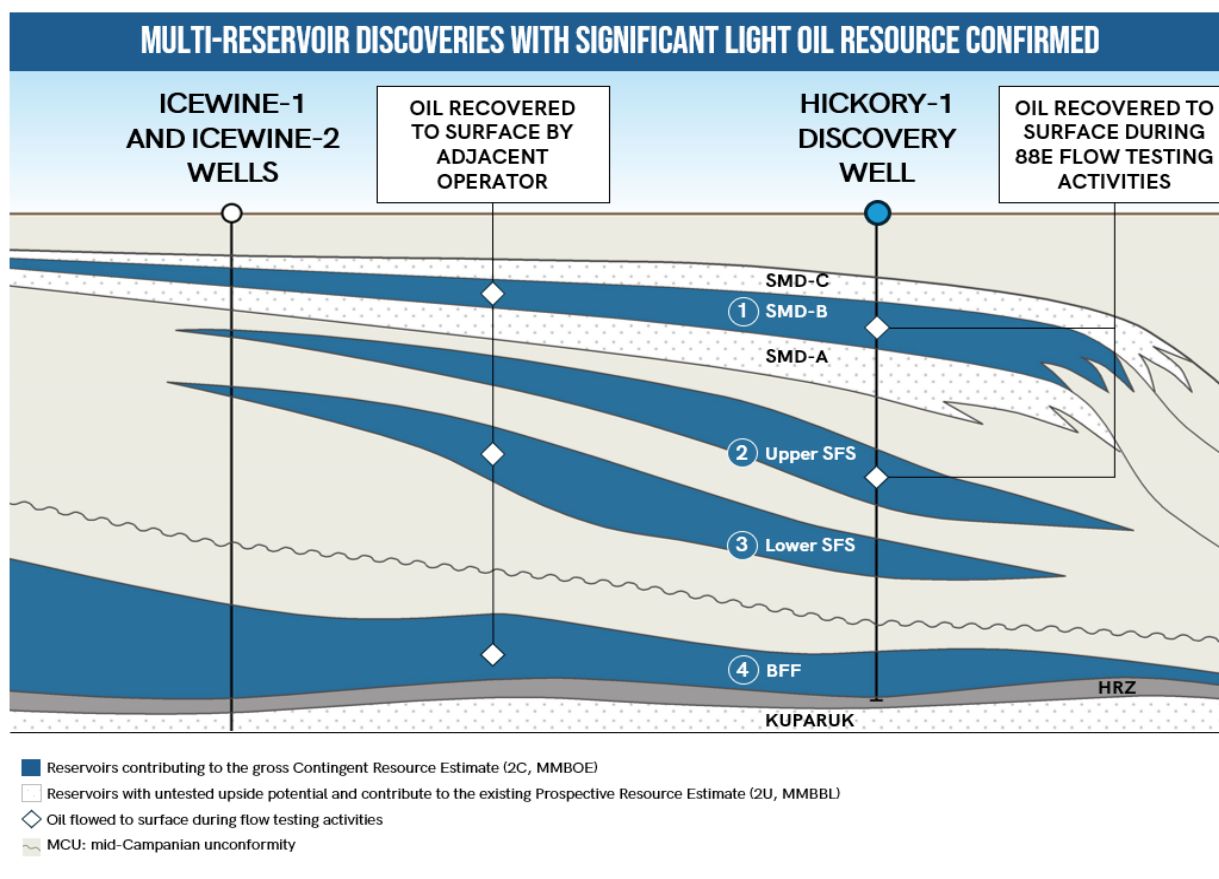


Figure 5: Project Phoenix multi-reservoir discoveries with significant light oil resource confirmed.

This announcement has been authorised by the Board.

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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 40 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 resource and reserve 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.