This announcement contains inside information

88 Energy Limited
Acquisition of Additional Texas Oil and Gas Production Assets

Highlights

- Acquisition of further non-operated working interest (**WI**) in leases and wells with conventional onshore production and in development assets within the Permian Basin of Texas, U.S.

- Average net working interest acquired by 88 Energy of approximately 45% based on 88E WI in 435 net acres.

- New acreage is located approximate 4 miles south of existing Project Longhorn production assets.

- Operator of the Project Longhorn assets, Lonestar I, LLC, will also acquire a working interest in the new assets and will operate the new field through an affiliate, with the remaining interests retained by existing joint venture partners.

- The purchase price of US$1.5M (net to 88E US$1.1M) to be paid in cash by 88 Energy and the JV partner Lonestar I, LLC (the **Operator**).

- Attractive low-cost entry of ~US$1.00 per BOE across net 2P reserves of 1.1MMBOE[1,2].

- Additional upside potential identified in multiple zones and classified as Possible Reserves (0.3 MMBOE[1,2]), along with Contingent and Prospective Resources which are yet to be quantified.

- Operator targeting 2 new production wells in 2H 2023 expected to increase production to 160-200 BOE gross per day (~75% oil). Limited existing production of approx. 12 BOE per day gross (~75% oil) across 8 historical and depleted wells).

- Complements the further 2 work-overs planned in 2H 2023 on the existing Longhorn acreage.

- Upon successful completion of the new wells and work-overs across all its Texan acreage, together with the existing producing wells, 88 Energy expects Project Longhorn total gross production to reach approximately 500 BOE per day (~75% oil) by year end 2023.

88 Energy Limited (ASX:88E, AIM:88E, OTC:EEENF) (**88 Energy** or the **Company**) is pleased to announce the execution of binding agreements for the acquisition of a new non-operated working interest (averaging ~45% net to 88 Energy) in leases and wells with conventional onshore production and in development assets within the Permian Basin of Texas, U.S.

---

[1] *Refer to page 3 for initial reserves estimates and assumptions.*

[2] *Net Revenue Entitlement to 88 Energy.*

For personal use only

The new oil and gas production and development assets will form an expansion of the existing Project Longhorn (**Longhorn**) acreage and are located approximately 4 miles to the south. The newly acquired acreage is estimated to contain independently certified net 2P reserves of 1.1 MMBOE[1,2].

Importantly, all proposed well locations have been classified as low risk, accessing Proven reserves totalling 0.97 MMBOE[1,2], given the production histories from existing wells on the newly acquired leases as well as adjacent leases. Additionally, these wells should intersect multiple potentially oil-bearing intervals which have been successfully developed in the vicinity of Project Longhorn. Consequently, upside has been identified and classified as Contingent or Prospective Resources and will be quantified in due course.

The purchase price for the acquisition is US$1.5 million (net to 88E US$1.1 million) to be to be paid in cash by 88 Energy and Lonestar I, LLC.

The acquisition provides 88 Energy with immediate production upside through 2 new wells planned in 2H 2023 (on leases which Longhorn will have ~75% working interest), each anticipated to deliver IP30 of approximately 80-100 BOE per day gross (~75% oil), with each well anticipated to cost ~US$1.5 million net to 88E (to be funded primarily through forecasted cash flow from existing Longhorn production assets).

The existing Project Longhorn assets are currently producing ~400 BOE per day gross (~ 75% oil), which together with the two new wells planned on the newly acquired acreage, as well as 2 work-overs on the existing Longhorn acreage, are anticipated to deliver a gross production rate of approximately 500 BOE per day by the end of 2023.

The acquisition represents a further expansion of 88 Energy's move into producing oil and gas assets and is in line with the Company's strategy to build a successful exploration and production company. This further step has again been undertaken in a measured fashion via the purchase of a non-operated working interest

Figure 1: Project Longhorn existing and new acreage

whilst retaining a single basin focus. Project Longhorn contains well understood geology with low technical risk and provides near-term upside via low-cost field development opportunities.
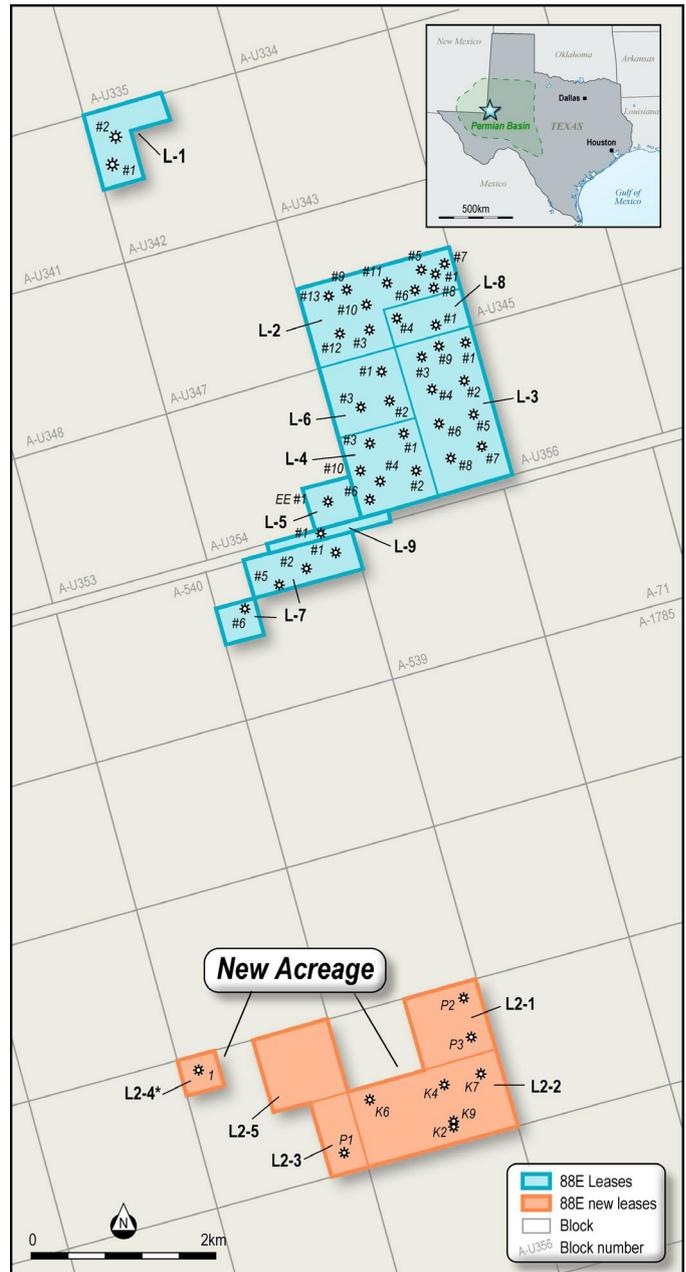
Project Longhorn: Existing and New Acreage – conventional onshore oil & gas in Texas

The existing and newly acquired Project Longhorn assets are in the attractive Permian Basin; they cover approximately 1,399 net acres (of which 435 acres relates to the newly acquired leases). The combined portfolio of assets consists of 14 leases 5 newly acquired leases) with 40 producing wells (8 within the newly acquired leases) and associated infrastructure. Lonestar I, LLC will have a working interest in the assets, and through an affiliate will continue as Operator for the existing and new leases and wells, with the remaining working interests retained by existing Joint Venture partners.

The existing production wells in the newly acquired acreage have been in operation for several years. Production from the new Project Longhorn leases in FY2022 totalled approximately 5,000 BOE, which had an immaterial estimated attributable net profit/loss before tax for the project (unaudited). Current average production is approximately 12 BOE per day (88 Energy's net working interest: ~10 BOE per day), of which approximately 75% is oil.

As part of the acquisition, 88 Energy has agreed to a low-cost 2 well work program for 2H CY2023 (on leases in which Longhorn has a ~75% working interest). These initiatives are expected to deliver initial production rates of approximately 160-200 BOE per day gross (~75% oil).

Gross (100%) and Net Entitlement Reserves to 88 Energy (~45% net working or net revenue interest ~38%) have been independently assessed by PJG Petroleum Engineers LLC as at 1 June 2023 as follows:

Table 1: Project Longhorn – Bighorn Phase 2 - Reserves (MMBOE)

GROSS RESERVES			NET 88 ENERGY REVENUE ENTITLEMENT		
1P	2P	3P	1P	2P	3P
2.25	**2.74**	**3.37**	**0.97**	**1.14**	**1.35**

Further ASX Listing Rule 5.31 Information (Notes to Reserves) related to these Reserves is provided in Appendix 1.

Reserves Cautionary Statement

Oil and gas reserves and resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. Additionally, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans which may, in turn, adversely impact the Company's operations. Reserves estimates and estimates of future net revenues are, by nature, forward looking statements and subject to the same risks as other forward-looking statements.

Acquisition details

On 1 July 2023 the Company, via its 75% ownership interest in subsidiary Bighorn Energy, LLC (Bighorn), acquired an interest in the new leases (Bighorn Phase 2 leases) from Oxy USA WTP LP for consideration of US$1.5 million gross to be paid in cash by 88 Energy and Lonestar I, LLC. Bighorn will acquire interests in the Bighorn Phase 2 leases of between 8% - 100% gross working interest of the leases and wells**.**

Lonestar I, LLC is a privately held oil and gas production company located in Texas U.S., with significant experience in operating profitable oil and gas assets. Lonestar I, LLC and its affiliates have built a team of experienced oil and gas professionals with broad technical and commercial skills that will continue to Operate the assets on behalf of the Joint Venture. Together with 88 Energy they will work to improve production and profitability of the assets and have the capacity to both financially and technically deliver on future development work programs. 88 Energy has completed customary due diligence on both the assets and Lonestar I, LLC.

This announcement has been authorised by the Board.

Media and Investor Relations:

88 Energy Ltd
Ashley Gilbert, Managing Director

Tel: +61 8 9485 0990
Email:investor-relations@88energy.com

Fivemark Partners, Investor and Media Relations	Tel: +61 410 276 744
Michael Vaughan	Tel: +61 422 602 720
EurozHartleys Ltd	
Dale Bryan	Tel: + 61 8 9268 2829
Cenkos Securities	Tel: + 44 131 220 6939
Neil McDonald / Derrick Lee	

Glossary
Bbl = barrels
Bcf = billion cubic feet
Bcfg = billion cubic feet of gas
Boe = barrels of oil equivalent
Bopd = barrels of oil per day
Btu = British Thermal Units
mcfg = thousand cubic of gas
mmcfg = million cubic feet of gas
mcfgpd = thousand cubic feet of gas per day
mmcf = million cubic feet

Mbo/Mbbl = thousand barrels of oil
MMbo/MMbbl = million barrels of oil
Mboe = thousand barrels of oil equivalent
MMboe = million barrels of oil equivalent
Mcf = thousand cubic feet
MMcf = million cubic feet
mmbtu = million British Thermal Units
psi = pounds per square inch
UoM = unit of measure
IP30 = Average production rate over the first 30 days of production

Appendix 1 – ASX Listing Rule 5.31 Information (Notes to Reserves)

Reserve Evaluation; Project Longhorn –Bighorn Phase 2 Leases

Highlights:

- PJG Petroleum Engineers LLC (**PJG**) has prepared the reserve estimates and a forecast of prices and costs evaluation of the oil and gas properties of Project Longhorn – Bighorn Phase 2 leases (**New Leases**). The effective date of the reserve estimates and cash flow forecasts presented in this release is June 1, 2023.

- The PJG evaluation has been prepared for 88 Energy in accordance with reserves definitions, standards and procedures contained the Society of Petroleum Engineers' Petroleum Resources Management System (**SPE-PRMS**) and reported in the most specific resource class in which the prospective resource can be classified under 2018 SPE-PRMS. The reserves presented in the PJG report are based on forecast prices and costs. Economic Limit Tests (ELTs) used to estimate Reserves shown above were carried out assuming a constant WTI crude oil price of US$75/bbl and a constant US$2.50/mmbtu for the NYMEX gas price. All oil prices used in the evaluation have been adjusted from the reference price for quality and transportation, which is -$6.80/bbl based on historical averages. Gas prices account for NGL's in the gas and have been adjusted for heating value by a factor of 1.60 mbtu/cf based on historical averages. As a result, the net oil and gas prices used in this report are US$68.20/bbl and US$4.00/mcf respectively.

- The Proved reserves (1P) net of royalties are 0.69 million bbl of oil and 1.4 bcf of gas, or 0.97 million boe, net to 88 Energy.

- The Proved plus Probable reserves (2P) net of royalties are 0.82 million bbl of oil and 1.6 bcf of gas, or 1.1 million boe, net to 88 Energy.

- The Proved plus Probable plus Possible reserves (3P) net of royalties are 0.97 million bbl of oil and 1.9 bcf of gas, or 1.4 million boe.

Background

88 Energy, via its 75% ownership interest in Bighorn (and Lonestar who have a 25% ownership interest in Bighorn), acquired the New Leases from Oxy USA WTP LP on 1 July 2023. The leases comprise approximately 581 Bighorn net acres across 5 leases with 8 producing wells and associated infrastructure.

Table 2: Developed Reserves

RESERVES		GROSS			NET ENTITLEMENT		
	UoM	1P	2P	3P	1P	2P	3P
OIL	MMBO	0.05	0.09	0.11	0.01	0.02	0.03
GAS	BCF	0.21	0.30	0.46	0.06	0.08	0.12
TOTAL RESERVES	**MMBOE**	**0.09**	**0.14**	**0.20**	**0.03**	**0.04**	**0.05**

Table 3: Undeveloped Reserves

RESERVES		GROSS			NET ENTITLEMENT		
	UoM	1P	2P	3P	1P	2P	3P
OIL	MMBO	1.54	1.88	2.29	0.67	0.80	0.94
GAS	BCF	3.07	3.57	4.38	1.33	1.50	1.78
TOTAL RESERVES	**MMBOE**	**2.16**	**2.60**	**3.17**	**0.94**	**1.10**	**1.30**

Table 4: Total Reserves

RESERVES		GROSS			NET ENTITLEMENT		
	UoM	1P	2P	3P	1P	2P	3P
OIL	MMBO	1.59	1.97	2.40	0.69	0.82	0.97
GAS	BCF	3.28	3.86	4.83	1.39	1.57	1.89
TOTAL RESERVES	**MMBOE**	**2.25**	**2.74**	**3.37**	**0.97**	**1.14**	**1.35**

The subsequent sections detail the field and reserves/ resources information for compliance with ASX listing rules pertaining to the first announcement of material oil and gas projects.

Assumptions and Notes

a) The reserves information in this document is effective as of 1 June 2023 (Listing Rule (**LR**) 5.25.1).

b) The reserves information in this document has been estimated and is classified in accordance with SPE-PRMS (Society of Petroleum Engineers - Petroleum Resources Management System) (LR 5.25.2).

c) The reserves information in this document is reported according to the Company's economic interest in each of the reserves net of royalties (LR 5.25.5).

d) The reserves information in this document has been estimated and prepared using the deterministic method (LR 5.25.6).

e) The reserves information in this document has been estimated using a 5:1 BOE conversion ratio for gas to oil; 5:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency (LR 5.25.7).

f) The reserves information in this document has been estimated on the basis that products are sold on the spot market with delivery at the sales point on the production facilities (LR 5.26.5).

g) The method of aggregation used in calculating estimated reserves was the arithmetic summation by category of reserves. As a result of the arithmetic aggregation of the field totals, the aggregate 1P may be a conservative estimate and the aggregate 3P may be an optimistic estimate due to the portfolio effects of arithmetic summation (LR 5.26.7 & 5.26.8)

h) Project Longhorn – Bighorn Phase 2 leases reserves are located in the Permian Basin, Texas, USA.

ASX LR 5.31 Reserves – Project Longhorn – Bighorn Phase 2 Leases

Project Longhorn – Bighorn Phase 2 Leases, 88 Energy	
LR 5.31.1 – Material economic assumptions used to calculate the estimates of petroleum reserves	**Oil and gas prices** – Oil prices used in this report were kept constant at US$75/bbl to end of field life for WTI crude oil. This was then adjusted to account for transportation and quality differences based on historical actual prices achieved, which averaged a $6.80/bbl deduction.
	Natural gas prices used in this report were kept constant at US$2.50/mmbtu for the NYMEX benchmark to the end of field life. Gas prices account for NGL's in the gas and have been adjusted for heating value by a factor of 1.60 mbtu/cf based on historical averages. Consequently, the net gas price used in this report is US$4.00/mcf.
	Capex – gross capital costs were estimated by the Operator covering drilling and completion, recompletion and abandonment costs considered necessary to recover the reserves. Capital costs were considered reasonable by PJG, which cost between US$0.55 million and US$2.0 million depending on the type of activity performed.
	Opex - gross operating costs were based on historical lease operating statements. These forecasts were considered to be reasonable by PJG.
	Discount rate - pre-tax discount rate of 10%
LR 5.31.2 Operator or non-operator interests	Longhorn Energy Investments LLC, a wholly owned subsidiary of 88 Energy Limited, is a non- operator of Project Longhorn and has an average 62% working interest across the leases, based on area. Table 5 shows lease working interests for the new acreage – Bighorn Phase 2 leases.
LR 5.31.3 Permits or Licenses	Project Longhorn consists of 14 leases located in the Permian Basin, Texas, USA. All leases are Held by Production, have no expiry date and no drilling obligations.
LR 5.31.4 Description of: • Basis for confirming commercial producibility and booking reserves.	Economic Limit Tests were performed and project NPVs calculated to satisfy the commerciality requirements of the PRMS. PJG carried out these analyses for all wells – current and proposed, based on pricing noted above under LR 5.31.1, Operator provided third party gas plant and oil purchaser statements, Operator provided current royalty rates and all applicable State of Texas oil and gas taxation roles applicable to the specific areas of operations. Future capital requirements and actual historical operating costs were obtained from the Operator's projections and were accepted as reasonable. The commercial producibility of undeveloped reserves is based on stabilised production rates from existing wells and production analogues from the same formations.

• Analytical procedures used to estimate the petroleum reserves	PJG has relied on Decline Curve Analysis techniques for this evaluation. Production decline analysis was performed using all available production/well test data to estimate a range (Low, Best and High Cases) of production forecasts, which were used as the basis for estimating reserves. An uncertainty range in both the decline rate and the exponent factor of the hyperbolic decline fit was applied to forecast different decline trends attributable to uncertainty in reservoir performance, and to estimate the oil production volumes for the 1P, 2P and 3P reserves categories. These reserves were sense checked against volumetric reserve calculations based on log derived parameters.

Production records were obtained from the Texas Railroad Commission (TRRC) on a lease basis, or when applicable, by combining Operator identified API Number well data historical records, to serve as the basis of the production volumes in our decline curve analysis. This data matched Operator provided data. |
• Proposed extraction method and any specialised processing required following extraction required	All current and proposed wells will utilize sucker rod pumping systems to artificially lift the oil to surface. The reservoirs are largely depletion / solution gas drive with some reservoirs having water aquifer support.
LR 5.31.5 – Estimated quantities to be recovered	See Tables 2-4 inclusive at the start of Appendix 1.
LR 5.31.6 – Undeveloped petroleum reserves; a brief statement regarding:- • Status of the project • When development is anticipated • Marketing arrangements • Access to transportation infrastructure • Environmental approvals required	All undeveloped reserves are all located within 1320 ft (40 acres spacing) of existing production; hence development of these reserves simply requires a completed well and tie back to existing production. Two new wells are budgeted to be drilled and completed in 2023. The fifteen remaining development activities are planned for the 2024-2026 period. All existing marketing arrangements, transportation infrastructure and approvals are planned and budgeted to be utilized.
LR 5.31.7 – Unconventional petroleum resources	Not applicable.
LR 5.32 – Project estimates that have materially changed from when the estimates were previously reported	Not applicable; this report constitutes first time reporting for Project Longhorn – Bighorn Phase 2 leases.

Definitions

- Reserves are those quantities of petroleum that are anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria, based on the development project(s) applied: discovered, recoverable, commercial and remaining (as of the evaluation date).

- 1P is defined as Proven reserves. 2P is defined as Proven plus Probable reserves. 3P is defined as Proven plus Probable plus Possible reserves.

- 1P or Proven Reserves are those quantities of petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from a given date forward from known reservoirs and under defined economic conditions, operating methods, and government regulations. This is typically considered to have more than a 90% likelihood of occurring.

- Probable Reserves are those additional reserves that analysis of geoscience and engineering data indicates are less likely to be recovered than proved reserves but more certain to be recovered than possible reserves. This is typically considered to have approximately a 50% likelihood of occurring.

- Possible Reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves. This is typically considered to have approximately a 10% likelihood of occurring.

- Developed reserves are expected to be recoverable from existing wells and facilities. Undeveloped reserves will be recovered through future investments (e.g. through installation of compression, new wells into different but known reservoirs, or infill wells that will increase recovery). Total reserves are the sum of developed and undeveloped reserves at a given level of certainty.

- Contingent Resources (2C) are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies.

- Prospective Resources are those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.

Qualified petroleum reserves and resources evaluator statement

The petroleum reserves and resources information in this announcement are based on, and fairly represents, information and supporting documentation prepared by Paul J Griffith. Mr. Griffith has over 35 years of experience in senior technical positions in reservoir, production, and field engineering. He is a registered Professional Engineer in the State of Texas (Credential ID 68149), United States of America, his Firm PJG Petroleum Engineers, LLC is registered to provide Petroleum Engineering services by the State of Texas Board of Professional Engineers under Firm #F-23307. Mr Griffith is a Lifetime Member of the Society of Petroleum Engineers. Mr Griffith is not an employee of 88 Energy or any of its subsidiaries and has consented in writing to the inclusion of the petroleum reserves and resources information in this announcement in the form and context in which it appears.

Table 5: Working Interest

LEASE	BIGHORN ENERGY WI	88 ENERGY WI	LEASE NRI	88 ENERGY REVENUE INTEREST
L2-1	100%	75%	85%	64%
L2-2	50%	38%	85%	32%
L2-3	50%	38%	75%	28%
L2-4 *	60%	45%	75%	34%
L2-5	8%	6%	75%	4%
Area Weighted Average	**61%**	**45%**	**83%**	**38%**

*Working interest in well.