

29 November 2023

*This announcement contains inside information*

## 88 Energy Limited

### SUCCESSFUL PLACEMENT TO RAISE A\$9.9M

#### Highlights

- Successful oversubscribed share placement to raise A\$9.9 million (before costs) to domestic and international institutional and sophisticated investors
- Issue price of A\$0.0045 per share (£0.0023 per share), including 1 option/warrant for every 3 placement shares issued
- Company is now fully funded for the upcoming Hickory-1 flow test program, including contingencies to cover financial exposure relating to the financial position of the Project Phoenix Joint Venture partner
- Funds from the placement will also be directed towards initial exploration activities in Namibia
- 88 Energy is now focused on delivering the successful flow testing of multiple reservoirs at the Hickory-1 well in Q1 2024

88 Energy Limited (ASX:88E, AIM:88E, OTC:EEENF) (**88 Energy** or the **Company**) is pleased to advise that it has successfully completed a bookbuild to domestic and international institutional and sophisticated investors to raise A\$9.9 million (approx. £5.16 million) before costs (the **Placement**). The Placement will involve the issue of 2,200,000,005 new fully paid ordinary shares in the Company (the **New Ordinary Shares**) at an issue price of A\$0.0045 (£0.0023) per New Ordinary Share (the **Issue Price**).

In addition, the Company will issue options on a 1 for 3 basis for shares subscribed for in the Placement to ASX investors (**Options**) with the Company intending on listing the Options on the ASX, subject to certain conditions. The Options are exercisable at A\$0.0075 per share and can be exercised at any time before 15 December 2026. Investors participating in the Placement in the UK will receive 1 warrant for every 3 shares subscribed for (**Warrants**), with an exercise price of £0.0039. The Warrants are unlisted and can be exercised at any time before 15 December 2026.

The net proceeds of the Placement, together with the Company's existing cash reserves (A\$9.4 million as at 31 October 2023, unaudited), will be used to fund:

- upcoming flow testing operations at the Project Phoenix Hickory-1 well (North Slope, Alaska; 88E existing ~75% net working interest);
- initial farm-in exploration activities at the Company's recently acquired Owambo Basin acreage in Namibia; and
- contingencies and additional working capital.

The Hickory-1 flow test planning and permitting remains on track for program operations during Q1 2024. Following declaration of a maiden 2C Contingent Resource estimate for the BFF reservoir of 157 MMBOE<sup>1,3</sup>, the program is set to focus on flow testing the shallower SMD-B and SFS reservoirs. The SMD-B and SFS reservoirs have been successfully flow tested by Pantheon Resources in the northern adjacent acreage and are targeting a multi-million barrel net mean prospective resource<sup>1,2</sup>.

The Placement enables 88 Energy to undertake the Hickory-1 flow test despite the potential failure of its Project Phoenix JV partner, Burgundy Xploration, LLC (**Burgundy**), to meet ongoing obligations and cure its payment defaults by the requisite deadline of 30 November 2023 (refer 88 Energy ASX release dated 31 October 2023). Burgundy has informed the Company that it is continuing to finalise its fund raising program and will work with 88 Energy to cure the default, however at this time 88 Energy has made the decision to complete the Placement to secure funding arrangements for the flow test in the absence of certainty of Burgundy's ability to finance its share of the Hickory-1 activities. 88 Energy maintains its rights under the Joint Operating Agreement, including exercising the option to require Burgundy to relinquish its working interests in the Project and Joint Venture.

<sup>1</sup> **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.*

<sup>2</sup> *Prospective Resources – Refer announcement released to ASX on 23 August 2022.*

<sup>3</sup> *Contingent Resources – Refer announcement released 6 November 2023.*

#### **88 Energy Managing Director and CEO, Ashley Gilbert, commented:**

*“We are now fully funded to undertake Hickory-1 flow test operations during the upcoming winter operational season in Alaska. Burgundy’s failure to rectify its payment default to date is disappointing and has necessitated the raising of additional funds. However, if not cured their default will enable us to exercise remedies under the JOA which may include the potential for 88 Energy to move to a 100% working interest in some or all of the leases within Projects Phoenix and Icewine West covered under the default.*

*We are also excited about commencing initial exploration activity on our Namibian farm-in acreage. The Owambo Basin delivers large-scale hydrocarbon exploration potential across a highly prospective and underexplored acreage position.”*

#### **Placement details**

The issue of the 2,200,000,005 New Ordinary Shares and a total of 733,333,332 associated Options/Warrants fall within the Company's placement capacity pursuant to ASX Listing Rules 7.1 and 7.1A and is not subject to shareholder approval:

- 916,622,618 New Ordinary Shares and a total of 733,333,332 Options/Warrants will be issued under the Company's available placement capacity pursuant to Listing Rule 7.1; and
- 1,283,377,387 New Ordinary Shares will be issued under the Company's available placement capacity pursuant to Listing Rule 7.1A.

The New Ordinary Shares will rank *pari passu* with the existing ordinary shares in the Company, with settlement on ASX scheduled for 7 December 2023. Application has been made for the New Ordinary Shares to be admitted to trading on AIM (**Admission**), with Admission expected to occur at 8.00am on 8 December 2023.

Following the issue of the New Ordinary Shares, the Company will have 24,318,655,048 ordinary shares on issue, all of which have voting rights. The figure of 24,318,655,048 ordinary shares may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or change their interest in, the Company.

The Issue Price represents a 18.2% discount to the closing price of A\$0.0055 on 27 November 2023 and a 23.6% discount to the ASX VWAP for the ten trading days prior to 28 November 2023.

The attaching Options are exercisable at A\$0.0075 per share and can be exercised at any time before 15 December 2026.

The Company intends to apply for quotation of the Options on the ASX (but not on AIM), subject to meeting ASX minimum listing requirements.

Instead of attaching Options, investors in the UK Placement will be granted Warrants on materially the same terms as the Options. The warrants will be unlisted and have a Sterling exercise price of GBP £0.0039 and can be exercised at any time before 15 December 2026.

Euroz Hartleys Limited acted as Sole Lead Manager and Bookrunner to the Placement. Cavendish Capital Markets Ltd acted as Nominated Adviser and Sole Broker to the Placement in the United Kingdom. Inyati Capital Pty Ltd acted as Co-Manager to the Placement. Commission for the Placement was 6% (plus GST) of total funds raised across Euroz Hartleys Limited, Inyati Capital Pty Ltd and Cavendish Capital Market Ltd. In addition and subject to shareholder approval, the Company will issue a total of 75,000,000 Options or Warrants (collectively) to the managers of the Placement (on the same terms as the ASX Options and UK Warrants).

## JV partner update

As previously reported, the Company's 100%-owned subsidiary Accumulate Energy Alaska, Inc (**88E-Accumulate**) entered into a standstill and option agreement with its Project Phoenix JV partner, Burgundy. The agreement provided Burgundy additional time to raise funds to pay its outstanding cash calls by 31 October 2023.

On 31 October 2023, 88E-Accumulate issued Burgundy with a default notice under the JOA in respect of its outstanding cash calls for the 2023 work program and budget including acreage lease payments and share of costs associated with the Hickory-1 well that was completed in Q1 CY2023 (**Cash Calls**). Burgundy could cure its payment defaults under the JOA if 88E-Accumulate received payment in full of the cash call amount totalling US\$3.4 million within 30 days.

Whilst Burgundy continues to support the progression of the upcoming Hickory-1 flow test program, it has failed to make this payment by the requisite default notice deadline of 30 November 2023.

As a result, 88E-Accumulate now intends to exercise some or all of the remedies available under the JOA. Remedies include 88E-Accumulate having the right to require that Burgundy completely withdraw from the JOA and assign all of its participating interest in the relevant leases to 88E-Accumulate. This may result in 88 Energy holding a 100% working interest in some or all of the leases covered under the default within Project Phoenix and Project Icewine West. Any additional working interest secured under the default process could create greater flexibility around any possible future farm-out arrangement.

88 Energy remains committed to the upcoming Hickory-1 flow test program and has undertaken the Placement to ensure it is sufficiently funded to proceed with the program.

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.

**This announcement has been authorised by the Board.**

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