

21 June 2021

This announcement contains inside information

88 Energy Limited

Sale of Tax Credits and Full Repayment of Debt

Highlights

- Agreement to sell 88 Energy's Alaskan Oil and Gas Tax Credits for US\$18.7 million
- Proceeds to be applied towards full repayment of 88 Energy's outstanding debt of US\$16.1 million
- 88 Energy to be debt free with its cash holdings increased by the residual US\$2.6 million

88 Energy Limited ("**88 Energy**" or the "**Company**", ASX:88E, AIM:88E, OTC:EEENF) is pleased to advise shareholders that it has entered into an agreement that will facilitate the sale of all the Alaskan Oil and Gas Tax Credits ("**Tax Credits**") currently held by Accumulate Energy Alaska, Inc. ("**Accumulate**"), a 100% owned subsidiary of 88 Energy.

The sale price of the Tax Credits is US\$18.7 million cash, payable upon completion of the sale and transfer of the outstanding tax certificates. Transfer of the certificates and payment of the proceeds is anticipated to occur within the next few weeks, subject to Alaskan Department of Revenue approvals and processes. The purchaser is a large oil and gas company in the United States with multiple exploration and production assets and has capacity to fund transactions of this nature.

The transaction accelerates the timeframe of 88 Energy's value realisation from the Tax Credits, which under current estimates would not have been fully paid out by the State of Alaska until 2026.

The majority of the proceeds from the sale are to be applied towards full repayment of 88 Energy's current outstanding debt of US\$16.1 million with FCS Advisors, LLC (d/b/a Brevet Capital Advisors) ("**FCS**"), which was due to mature on 30 December 2022. Early repayment penalties have been waived by FCS.

The residual sale consideration of US\$2.6 million is to be receipted by 88 Energy, which will be applied towards the Company's working capital requirements. The early repayment of debt also saves on future cash payments that would have been made towards interest on outstanding debt.

The overall impact of this transaction is not considered material to 88 Energy as the Tax Credits applied to be cashed out and approved by the Alaskan Government totalled US\$19.1 million (compared to the proceeds received from sale of tax credits of US\$18.7 million).

Managing Director, Ashley Gilbert, commented: "*This is a transaction which accelerates the realisation of value of the Alaskan Oil and Gas Tax Credits and the early repayment of outstanding debt due to be repaid by the end of 2022. As a result of the transaction, the Company is now set to be debt free with reduced annual overheads of over US\$1 million in associated finance costs.*"



This announcement has been authorised by the Board.

Yours faithfully

Ashley Gilbert
Managing Director
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