



ENERGY

# PROJECT LONGHORN ACQUISITION

TEXAS OIL AND GAS PRODUCTION ASSETS

FEBRUARY 2022



# TRANSACTION HIGHLIGHTS

1

## DIVERSIFYING PORTFOLIO WITH PRODUCTION

Acquisition of ~73% average net non-operated working interest in leases and wells in established conventional onshore production assets within the Permian Basin of Texas

2

## LOW-COST ENTRY WITH NET 2P RESERVES OF 2.1 MMBOE

Competitive low-cost entry of ~US\$4.70 per BOE across net 2P reserves of 2.1 MMBOE<sup>1,2</sup> represents excellent value

3

## ATTRACTIVE LOCATION IN TEXAS, USA

Producing wells in Permian Basin, Texas, with 1,300 net acres

4

## SOLID PDP PRODUCTION WITH LOW-RISK UPSIDE

Current average production of ~300 BOE per day gross (~70% oil ) across 32 wells, with near-term capital-efficient doubling of output targeted

\*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.

Note:

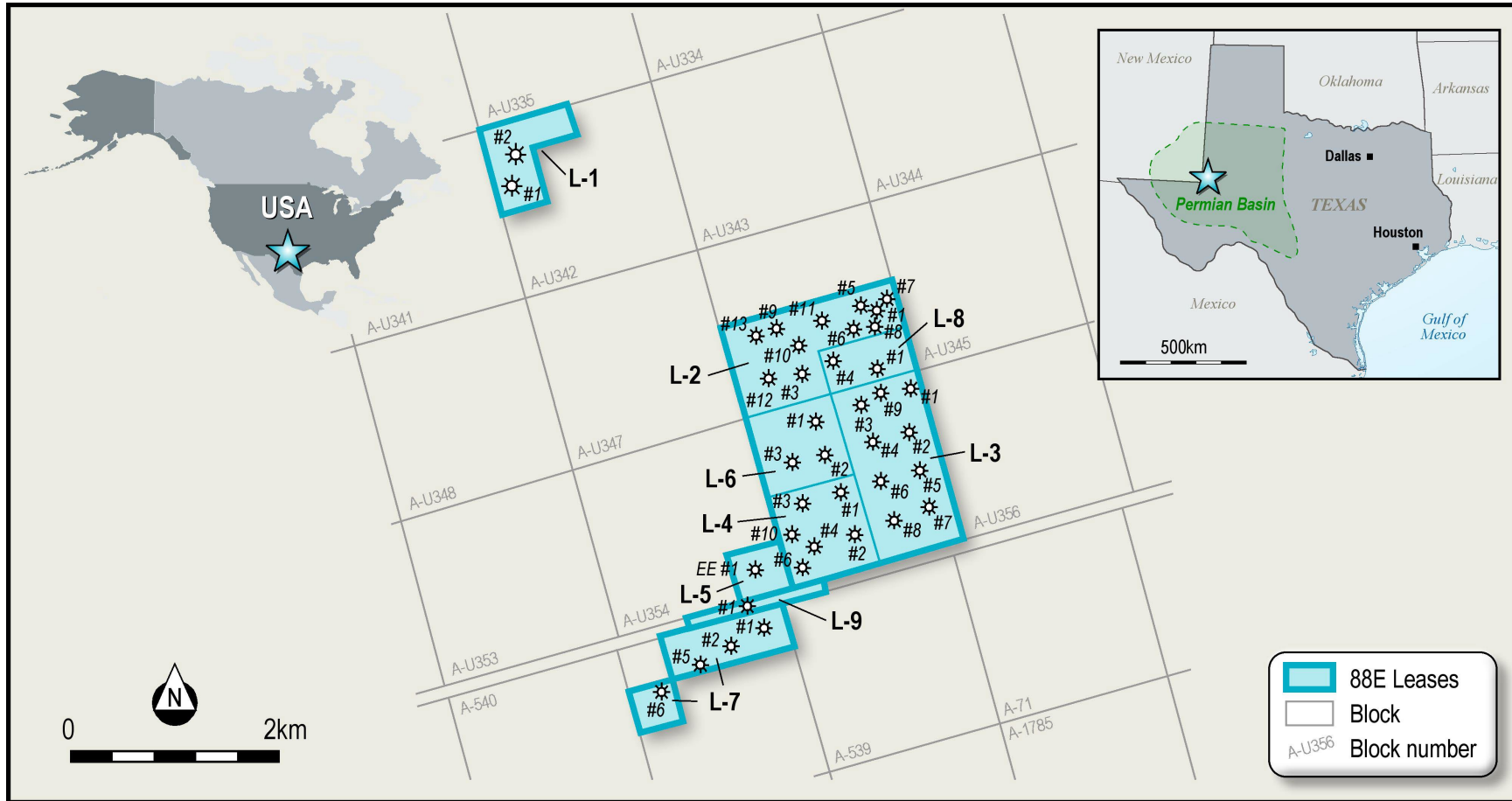
1. Net Reserves to 88 Energy entitlement
2. Refer to 88E release dated 18 February 2022 for further detail in relation to pricing assumptions and ASX Reserves & Resources Reporting Notes

ENERGY



# PROJECT LONGHORN, TEXAS

## Acquisition of attractive acreage in Permian Basin, Texas



### KEY STATISTICS

**~300 BOE PER DAY<sup>4</sup>**

Current gross production; ~70% oil

**32 PRODUCING WELLS**

Solid production from existing PDP wells

**2.1 MMBOE 2P RESERVES<sup>1,2</sup>**

Net 2P Independent certified reserves, 31 December 2021

**7 PLANNED CAPEX ACTIVITIES**

Low-cost work-overs planned for 2022 to increase production

**~73% MAJORITY WORKING INTEREST<sup>3</sup>**

Lonestar operator and owner of ~24% average interest

Note:

1. Refer to ASX announcement 18 February 2022 announcing the acquisition of Project Longhorn assets and initial reserves estimates and assumptions.
2. Refer to Cautionary Statement on Page 2
3. Refer to ASX announcement on 18 February 2022 for transaction details.
4. Gross production as reported by Operator as at January 2022

# TRANSACTION RATIONALE

## Delivering immediate output and near-term production drilling upside

|                             |  |
|-----------------------------|--|
| <b>IMMEDIATE CASH FLOW</b>  | <ul style="list-style-type: none"><li>• Current average production of approx. 300 BOE per day gross (approx. 70% oil) across 32 wells, doubling of output targeted by end 2022</li><li>• 5 year 2P forecast net operating cash flows to 88 Energy of circa US\$34m<sup>1</sup></li></ul>   |
| <b>ESTABLISHED OPERATOR</b> | <ul style="list-style-type: none"><li>• Successful new drilling and work-overs of several wells on the acreage</li><li>• Operator is retaining a ~24% average working interest in the leases and wells and will continue to operate the assets going forward</li></ul>   |
| <b>SINGLE BASIN FOCUS</b>   | <ul style="list-style-type: none"><li>• Existing PDP formations within the Permian Basin acreage the focus of PUD upside</li><li>• Well understood reservoir geology, low technical development risk</li></ul>   |
| <b>VALUE CREATION</b>       | <ul style="list-style-type: none"><li>• Low-cost entry of US\$9.7m<sup>2</sup> into a proven producing basin with upside expected via low capital intensity of further development</li><li>• Direct and immediate production exposure to oil price appreciation</li></ul>  |
| <b>LOW-COST UPSIDE</b>      | <ul style="list-style-type: none"><li>• Gross capital development activities costing: From \$0.7M to \$1.4M depending on the type of drilling or work-over completion</li><li>• Target development IRRs: 75% to 400% depending on the type of drilling or work-over</li><li>• Target capital expenditure payback: 7-18 months</li><li>• Target break-even oil price: US\$21/bbl - US\$28/bbl</li></ul> |



### Immediate cash flows, low-cost development upside with strong economics

Note:

1. Futures Pricing as at 4 February 2022
2. Includes working capital adjustment of US\$0.4m to be paid by 88 Energy as at 1 January 2022 for net cash, receivables, oil inventory and current liabilities associated with the acquisition of a 75% ownership interest in Bighorn Energy LLC

# TRANSACTION RATIONALE

Platform for immediate cash flow with planned program to unlock production upside

## CURRENT

- Current wells producing ~300 BOE per day gross average in January 2022
- Provides exposure to potential rising oil price through 2022
- Generates cash flow for distribution or reinvestment in capital development programs

## NEAR TERM

- Complete 7 work-over activities (low risk upside production) through 2022
- Targeted doubling of output by end CY2022

## MEDIUM TERM

- Target increase in production above 1,300 BOE per day gross (2P) via an additional 11 identified (but as yet undeveloped) opportunities
- Net proven undeveloped reserves estimated at 1.43 MMboe<sup>1</sup>

## LONGER TERM

- Assess additional opportunities in the basin to leverage technical and operational insights gained from the existing assets
- A number of low-cost entry opportunities identified consistent with current operating strategy

Note:

1. Please refer to the ASX release dated 18 February 2022 for full details with respect to the Independent Reserves Estimates, associated risking and applicable Cautionary Statement on page 2.

# TRANSACTION RATIONALE

Strong project economics and acquisition metrics

## IMMEDIATE CASH FLOWS

Direct and immediate production provides cash flow and exposure to oil price appreciation

## TARGET DEVELOPMENT IRR'S

75% to 400% depending on the type of drilling or work-over

## TARGET CAPEX PAYBACK

Between 7 - 18 months depending on the type of drilling or work-over

## STRONG LONG-TERM CASH FLOWS

5-year 2P forecast net operating cash flows to 88 Energy of circa US\$34M

## LOW BREAK-EVEN OIL PRICE ON DEVELOPMENT

~US\$21/bbl to ~US\$28/bbl depending on the type of drilling or work-over

## LOW-COST ACQUISITION

Competitive low-cost entry of ~US\$4.70 per BOE across net 2P reserves of 2.1 MMBOE<sup>1,2</sup> represents excellent value

Note:

1. Net Reserves to 88 Energy entitlement
2. Refer to announcement dated 18 February 2022 for further detail in relation to pricing assumptions and ASX Reserves & Resources Reporting Notes, and cautionary statement on page 2



# PROJECT LONGHORN

## TEXAS U.S.A.



# PROJECT LONGHORN

Non-operator with ~73% average ownership interest<sup>1</sup>

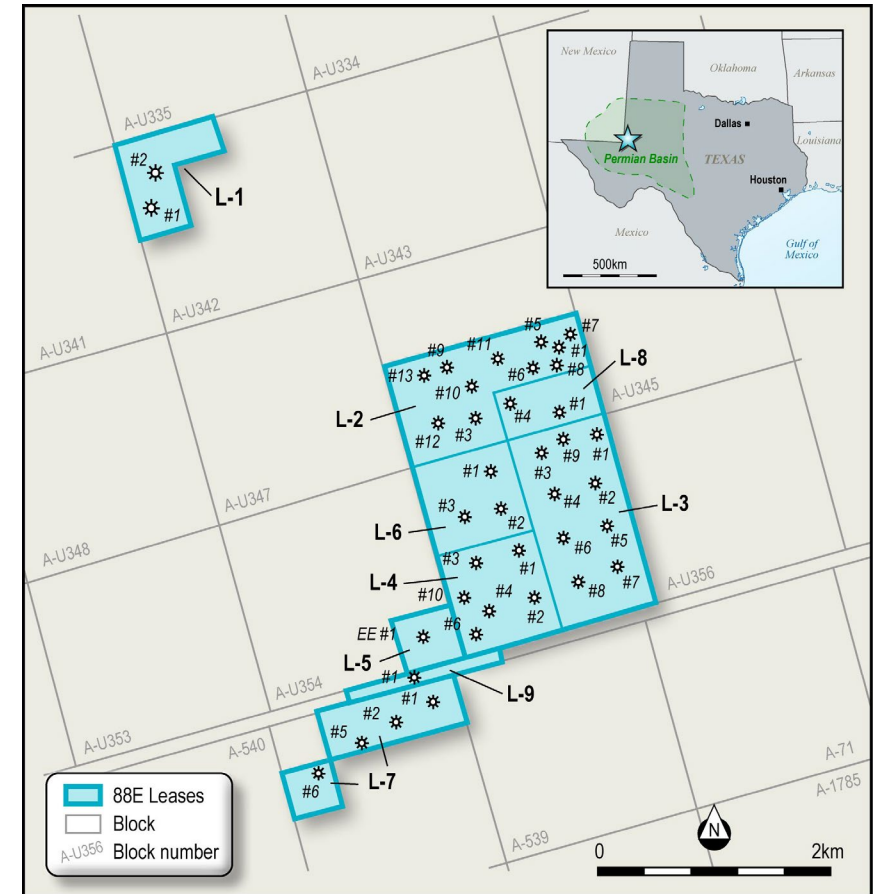
- Approx. 1,300 net acres
- Current production of ~300 BOE per day gross from 32 producing wells
- 7 low-cost work-overs planned in 2022, target (2P) doubling of current output by end of CY2022
- Target further 11 work-overs or new drills anticipated to increase production to circa 1,300 BOE per day (2P) at program completion
- Strong results from recent wells

| LONGHORN RESERVES     |              | GROSS <sup>1</sup> |             |             | NET ENTITLEMENT <sup>1</sup> |             |             |
|-----------------------|--------------|--------------------|-------------|-------------|------------------------------|-------------|-------------|
|                       |              | 1P                 | 2P          | 3P          | 1P                           | 2P          | 3P          |
| OIL                   | MMBO         | 1.44               | 1.71        | 2.05        | 0.85                         | 1.01        | 1.20        |
| GAS                   | BCF          | 4.97               | 6.16        | 6.96        | 2.93                         | 3.64        | 4.06        |
| NGL                   | MMBO         | 0.51               | 0.72        | 0.79        | 0.30                         | 0.43        | 0.46        |
| <b>TOTAL RESERVES</b> | <b>MMBOE</b> | <b>2.78</b>        | <b>3.46</b> | <b>4.00</b> | <b>1.64</b>                  | <b>2.05</b> | <b>2.33</b> |

Note:

1. Please refer to the ASX release dated 18 February 2022 for full details with respect to the Independent Reserves Estimates, associated risking and applicable Cautionary Statement on page 2.

Project Longhorn: Permian Basin Texas



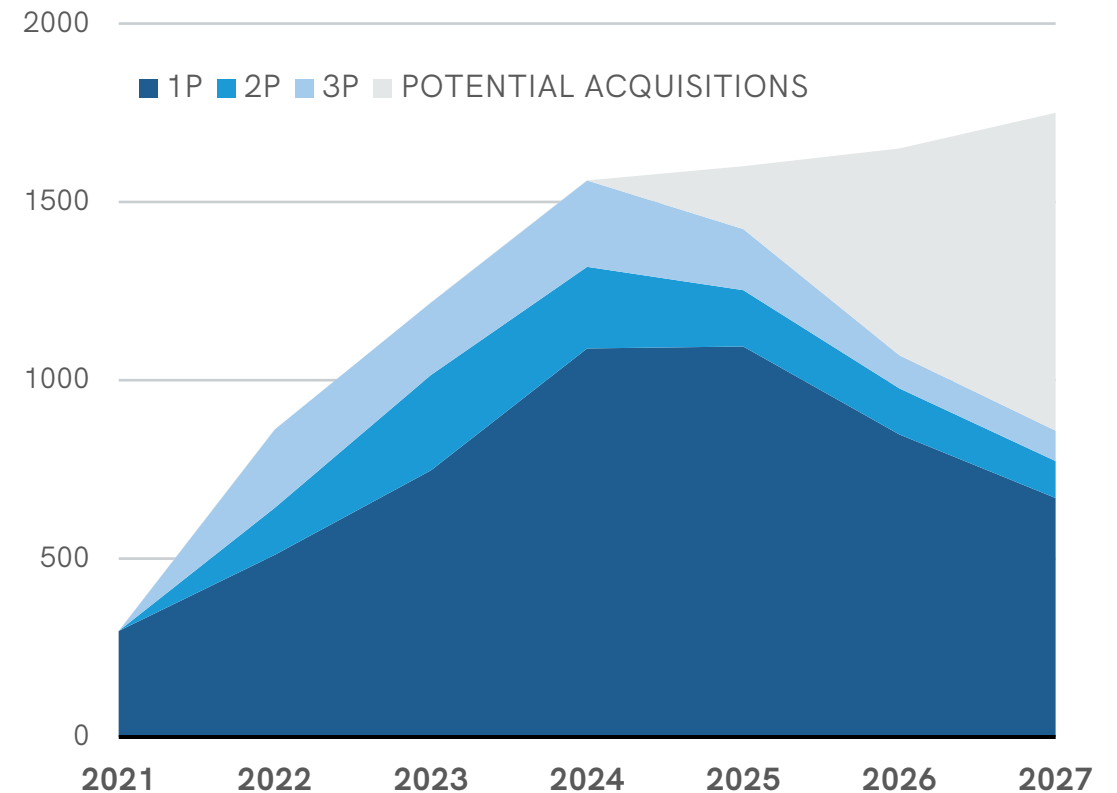


# PROJECT LONGHORN

## Attractive production growth forecast

- Planned capital development activities have been certified Proven Reserves given their low risk nature
- Differences between 1P, 2P and 3P are solely due to assumed decline rates
- Forecast gross peak production rate (2P) of 1,300 BOE per day in 2024 based on planned work-program
- Low-cost, synergistic acquisitions to leverage technical insights will be evaluated

Gross forecasted annual average production BOE per day

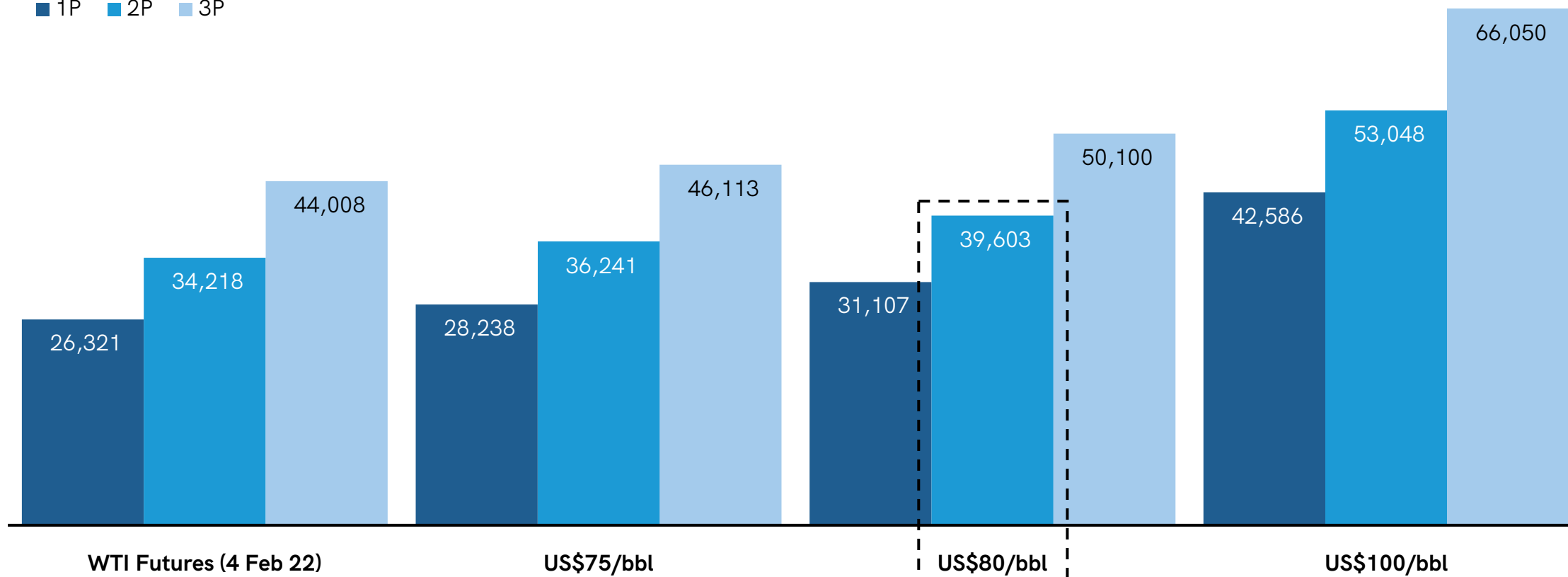


# PROJECT LONGHORN

## Projected operating cash flow leveraged to oil price

5 Year Cash Flow, NRI to 88E (WI ~73%), US\$'000 <sup>(1,2)</sup>

■ 1P ■ 2P ■ 3P



**5 year operating cashflow forecast at US\$40m based on \$80/bbl and net 2P<sup>1</sup> reserves**

Note:

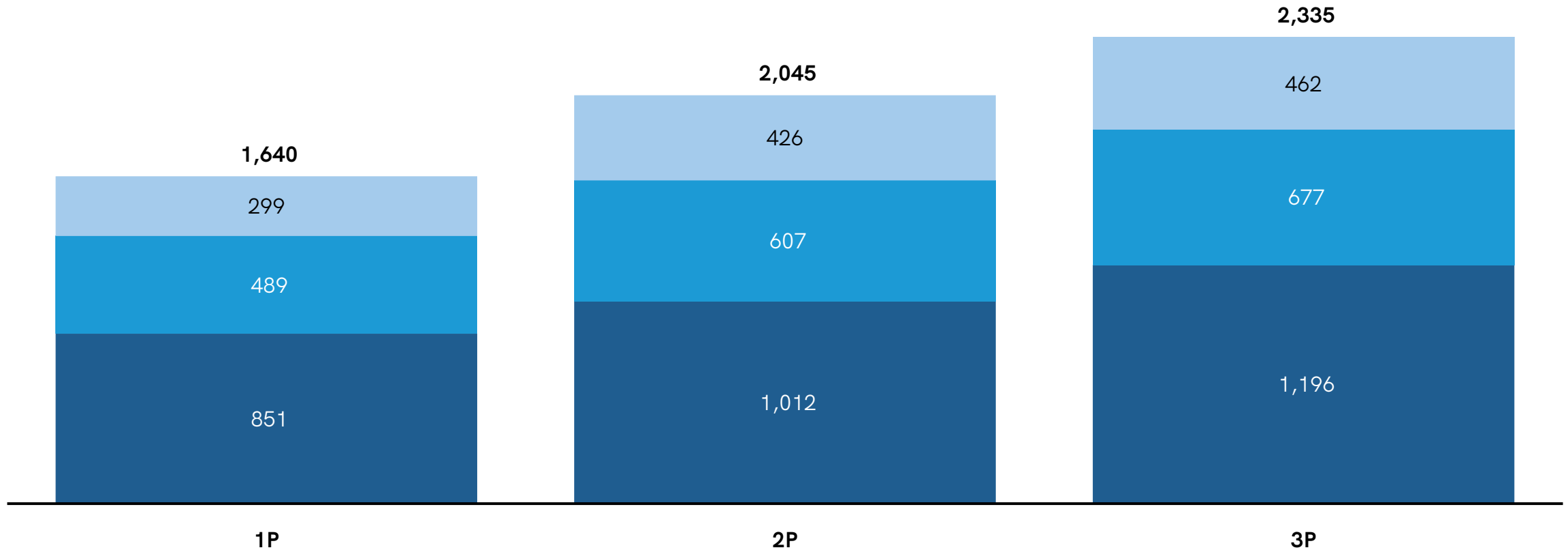
1. ODIN Reservoir Consultants Reserve Report (February 2022), updated for WTI oil price sensitivities
2. Asset cash flow before overheads & corporate tax
3. Please refer to the ASX release dated 18 February 2022 for full details with respect to the Independent Reserves Estimates, associated risking and applicable Cautionary Statement on page 2.

# PROJECT LONGHORN

Certified net 2P reserves of 2.05 MMBOE<sup>3</sup>

Reserves, NRI to 88E (WI ~73%), Mboe<sup>(1,2 & 3)</sup>

■ Oil ■ Gas ■ NGL



Note:

1. ODIN Reservoir Consultants Reserve Report (February 2022)

2. Basis for BOE conversion: MMcf net gas divided by 6

3. Please refer to the ASX release dated 18 February 2022 for full details with respect to the Independent Reserves Estimates, associated risking and applicable Cautionary Statement on page 2.



# STRONG POSITION WITH PRODUCTION CASH FLOWS

Healthy 88E financial position with future production cashflows

- A\$32.3M cash<sup>1</sup> plus A\$30.0M (net proceeds) from recent capital raise, zero debt
- Production cash flows secured to support future Alaskan activities
- Direct exposure to strengthening energy prices
- Delivers optionality for incremental, low-capital, rapid payback reinvestment and potential complementary bolt-on acquisitions in the region

## WTI crude oil price



**88E well placed to take advantage of strong oil price environment**

Note:

1. At 31 December 2021



# 88E'S FOCUS REMAINS ON ALASKAN UPSIDE

Strong focus on unlocking significant value from Alaskan assets

- Drilling of Merlin-2 appraisal well in Q1 2022 targeting 652 million barrels<sup>1,2</sup> in the N20, N19 and N18 horizons
- Unlocking the value of Yukon area via joint regional development, negotiations with nearby resource owners nearing finalisation
- Significant potential upside for Icewine acreage with Pantheon Resources (LSE: PANR) drill and flow testing program underway at neighbouring acreage
- Addition of production cash flows to support future activities
- Active consideration of new venture opportunities for portfolio expansion to generate optionality for shareholders

*“88 ENERGY IS AT AN INCREDIBLY EXCITING JUNCTURE WITH MANY FUTURE ACTIVITIES PROVIDING REAL OPPORTUNITY FOR SHAREHOLDER VALUE CREATION ”*

Ashley Gilbert, Managing Director



Note:  
1. Mean unrisked prospective resource - Net Entitlement to 88 Energy  
2. Note Cautionary Statement on page 2.  
3. Please refer to the ASX release dated 16 August 2021 for full details with respect to the Prospective Resource estimate, associated risking and applicable Cautionary Statement on page 4



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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 Presentation 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 35 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 Presentation and considers the prospective resource 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 "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.

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