

88 Energy

Half a billion barrels confirmed at South Prudhoe

Multi-reservoir play with 507mmbbl unrisks resource at South Prudhoe

88 Energy ("88E") released a resource update for its 100%-owned South Prudhoe acreage (consolidated with Project Leonis) on Alaska's North Slope, confirming a gross unrisks prospective resource (2U) of 507mmbbl of oil and natural gas liquids ("NGL") across 17 prospects and 5 independent reservoir intervals. The resource is anchored by the Ivishak and Kuparuk formations, which are the same reservoirs that delivered >15.5bnbbl from the immediately adjacent Prudhoe Bay and Kuparuk River fields, two of the most prolific conventional oil plays in North American history. 88E's 52k-acre position sits directly south of these producing fields, with reservoir quality consistent with producing analogues of sandstones with ~20% porosity and 50–100mD permeability, supported by oil shows and flow tests in multiple offset wells. The South Prudhoe leases carry a government royalty of just 16.67%, lower than Project Phoenix, resulting in a net entitlement of 422mmbbl, providing 88E ample resource room even after a potential farm-out. The acreage benefits from direct access to existing processing infrastructure and the Trans-Alaska Pipeline System, providing multiple low-capex rapid development pathways on success.

Focus on the Augusta prospect with further resource upside on top

88E's immediate drilling focus is the multi-zone Augusta Prospect in the North-West Hub, which carries a combined gross 2U resource of 64.4mmbbl across the Ivishak (40.9mmbbl) and Kuparuk (23.5mmbbl) reservoirs. The company targets spudding the Augusta-1 well in Q1 2027 to test three stacked formations. In parallel, the company is fast-tracking remaining resource estimation within the North-West Hub, where additional Brookian prospects have been identified on the newly purchased Schrader Bluff 3D seismic data and is evaluating potential reclassification of the Augusta North prospect from Prospective to Contingent Resources on the basis of the Hemi Springs State-1 discovery well flow test. Licensing, evaluation and reprocessing of the Kad River and Schrader Bluff 3D seismic datasets is expected through H1 2026, with prospect and lead inventories to be updated during Q2–Q3. The Brookian sequence alone carries 439mmbbl of gross 2U resource across six prospects in the South-East Hub, providing material secondary upside to the Ivishak and Kuparuk.

Farm-out timing aligns with majors' renewed focus on exploration

Farm-out discussions are underway to secure a funding partner for the drilling programme, and the timing is favourable. Q4 2025 results from the integrated oil majors confirmed a decisive reallocation of capital back towards upstream exploration and resource replenishment (see [our note from 16th February 2026](#)). The North Slope itself is experiencing a renaissance of activity, with ConocoPhillips investing up to US\$9bn in regional developments, while Hilcorp and ExxonMobil continue to operate the adjacent Prudhoe Bay Unit. We see the Augusta prospect and surrounding acreage as lower risk than Leonis and therefore a more attractive farm-in candidate.

Valuation: Risked NAV provides a 9.5x upside to the current share price

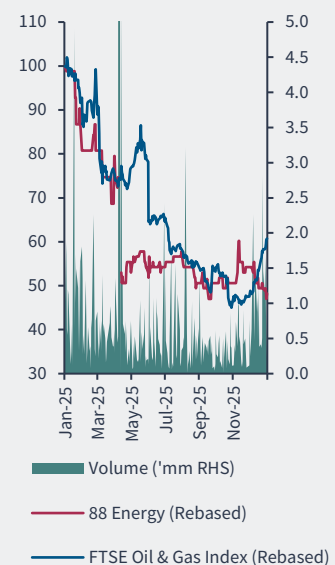
Our risked NAV has fallen by 27% to 10.4p/sh after removing all of Project Leonis' stand-alone value and adding the Augusta prospect. Project Leonis is now combined into the South Prudhoe acreage and is not the immediate focus. Augusta has 54mmbbl of net entitlement 2U resources of which 88E owns 100%. We await further details from the company on the potential development plan; in the meanwhile, we use an indicative NPV of US\$5/boe which is equal to our 2C valuation of Phoenix. This results in an unrisks value of US\$268mm (22p/sh). 88E notes a 48% geological CoS and we add a further 25% commercial CoS which results in a risked NAV of US\$32mm or 2.7p/sh, which alone is >2x the current share price. We note that there is substantial upside from 8 other prospects which we have not yet incorporated.

GICS Sector	Energy
Ticker	AIM: 88E
Market cap 18-Feb-26 (US\$m)	15.3
Share price 18-Feb-26 (GBp)	1.1

NAV summary (p/sh)

Asset	Unrisks	Risks
Cash & other	0.3	0.3
Phoenix	39	7.5
South Prudhoe	22	2.7
Total NAV	62	10.4

Source: H&P



Source: S&P CapIQ

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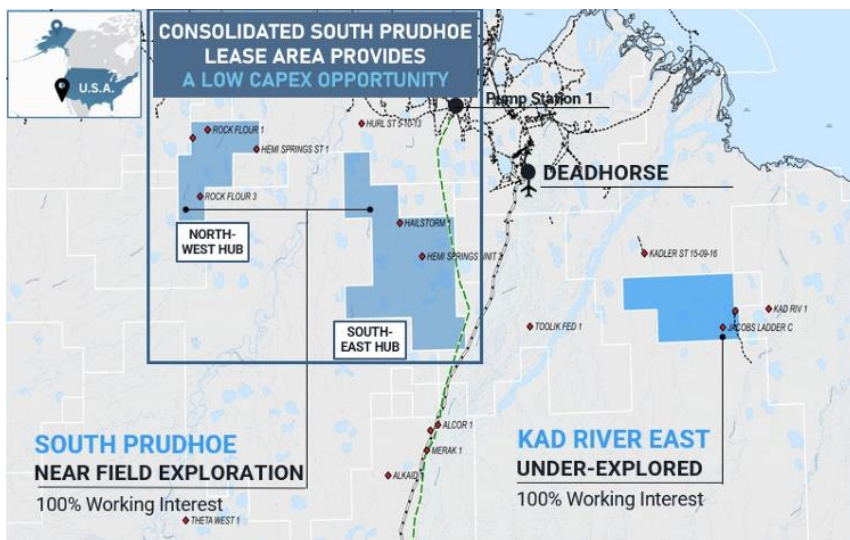
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South Prudhoe

The South Prudhoe leases place 88 Energy directly within one of the most productive petroleum corridors on the North Slope with a 2U prospective resource potential of >500mmbbl. The leases lie immediately south of the Prudhoe Bay and Kuparuk River Units – the largest and second largest oilfields in North America respectively. 88E has consolidated Project Leonis’ acreage into South Prudhoe, strengthening its overall footprint in the region and providing greater control across a corridor of proven reservoirs situated close to existing infrastructure and export routes.

Dual development hub between Project Leonis and South Prudhoe



Source: 88 Energy

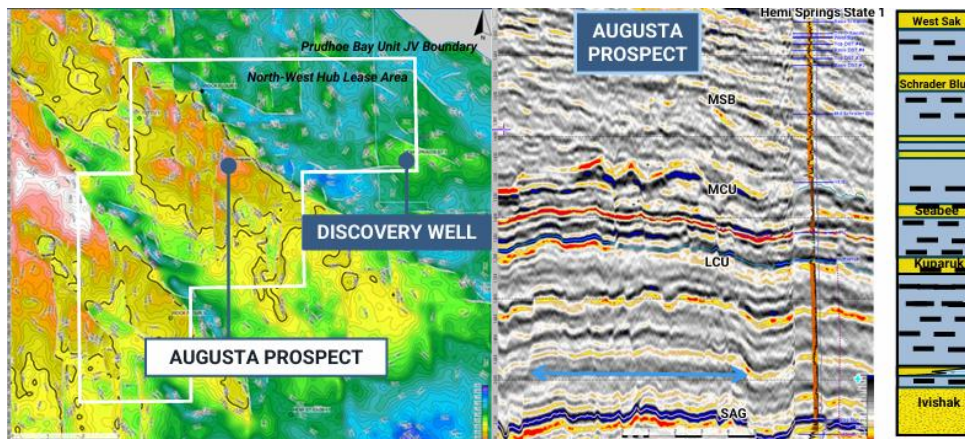
The acreage sits over high-quality conventional geology rather than frontier Brookian plays, giving 88E exposure to an underexplored extension of the same petroleum system that has supported more than four decades of production at Prudhoe Bay.

Technical support for the play is robust. The deeper Ivishak reservoir, which has accounted for more than 13bnbbl of cumulative production at Prudhoe Bay, is well imaged across the area on 3D seismic and is reinforced by multiple offset wells that encountered oil shows, productive reservoir intervals and encouraging porosity values. Key historic wells such as Hemi Springs State-1, Hailstorm-1 and Hurl St 5-10-13 demonstrate clear hydrocarbon charge, strong reservoir quality and flow capability across both Ivishak and Kuparuk-equivalent horizons. These data points, combined with clean sandstone reservoir properties (~20% porosity, 50–100mD permeability) and extensive well control from the adjacent producing fields underpin confidence in the subsurface across the acreage.

Strategically, the opportunity reflects a gap left by decades of under-investment. While major operators have prioritised redevelopment of existing fields and near-surface Brookian plays, the deeper Ivishak potential south of Prudhoe has remained largely untouched, often held by smaller private groups without the capital or technical capability to progress full work programmes. This creates an unusual window for 88E with both North Slope experience and access to modern seismic tools. For 88E, the result is a rare entry point into a proven reservoir system with material scale, strong analogue support and immediate proximity to established processing facilities and the TAPS corridor.

Augusta Prospect – North-West Hub

Multiple Ivishak prospects



Source: 88 Energy

The Augusta Prospect is the company's priority near-term drilling target and the centrepiece of the North-West Hub. It is a multi-zone prospect carrying a combined gross 2U resource of 64.4mmbbl across the Ivishak (40.9mmbbl) and Kuparuk (23.5mmbbl) reservoirs, with additional potential in the shallower Brookian formation.

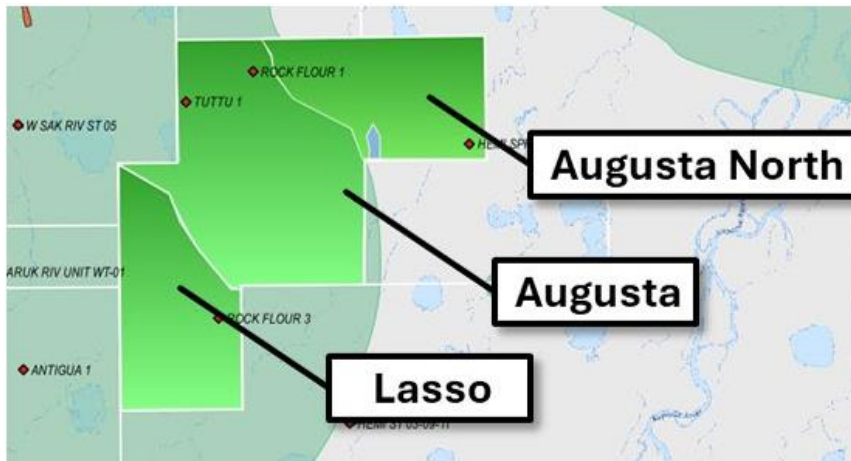
The Ivishak target at Augusta is a fault-bound closure near the Hemi Springs State-1 discovery well with ~100ft of structural relief and ~2,000 acres of areal extent. Reservoir quality is expected to mirror the high-quality Ivishak sandstones seen in the Prudhoe Bay field, with porosity around 20% and permeability near 100mD. 3D seismic data indicates a robust structure with upside along the flanks. Hemi Springs State-1, drilled by Arco Alaska in 1984 on the 88E lease, encountered 13ft of net oil pay in the Ivishak (~20% porosity) and recovered 26° API oil from a drill stem test.

The Kuparuk target is a robust, low-risk appraisal opportunity supported by strong nearby well performance, proven high-quality reservoir sands and clear evidence of reservoir continuity between offset producers. Hemi Springs State-1 also flowed oil from the Kuparuk at rates up to 515 BOPD (~34° API). The company notes that the Hemi Springs State-1 discovery has been formally recognised by the State of Alaska as capable of producing in paying quantities, providing regulatory confirmation of the commercial hydrocarbon potential within the Augusta area.

88E is targeting a spud of the Augusta-1 well in Q1 2027, designed to test all three stacked formations in a single wellbore. Given its location and reservoir characteristics, Augusta ranks as a leading near-field opportunity with strong alignment to the proposed North-West Hub development concept, offering potential for an early, low-cost tie-back to existing Prudhoe Bay and Kuparuk River infrastructure.

Augusta North Cluster and Lasso – North-West Hub

North West Hub

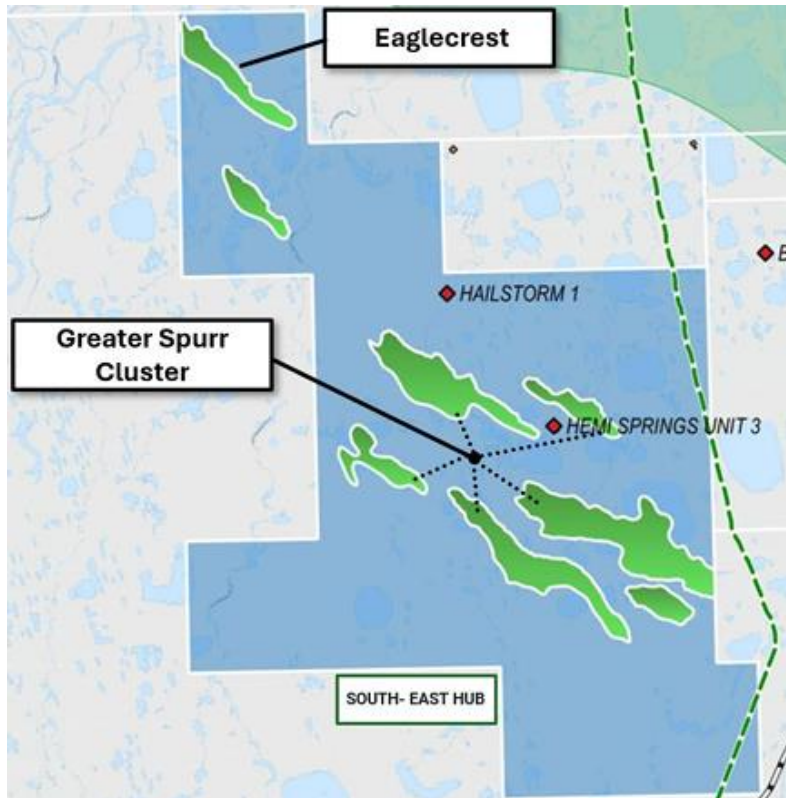


Source: 88 Energy

Two additional prospects in the North-West Hub provide running room beyond Augusta. The Augusta North Cluster carries a combined gross 2U of 23.1mmbbl across the Ivishak (5.7mmbbl) and Kuparuk (17.4mmbbl) and has a geological chance of success of 62%, the highest of any prospect in the portfolio. Notably, the Augusta North prospect was intersected by the Hemi Springs State-1 well and the company is evaluating potential reclassification from Prospective to Contingent Resources. The Lasso prospect adds a further 11mmbbl (2U gross) across both reservoirs.

Greater Spurr Cluster and Eaglecrest – South-East Hub

South East Hub



Source: 88 Energy

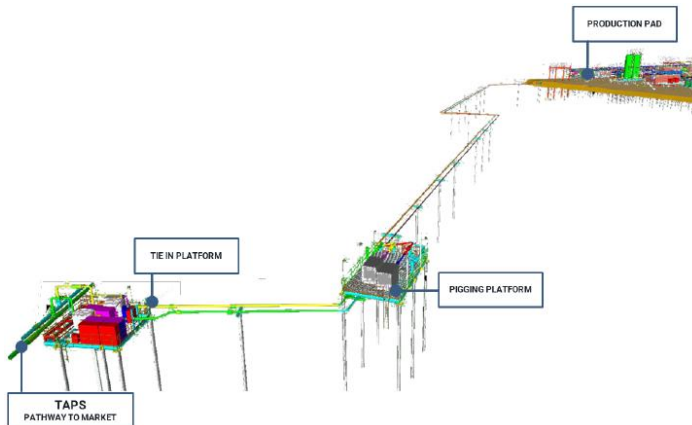
In the South-East Hub, the Greater Spurr Cluster carries 23.6mmbbl (2U gross) in the Ivishak formation with a 43% GCOS, while the Eaglecrest prospect holds 9.1mmbbl (2U gross) across both Ivishak and Schrader Bluff intervals. Eaglecrest occupies a strategic position on the southern margin of the Prudhoe Bay Unit, adjacent to the PBU P-27 horizontal producer, which has delivered more than 4.1mmbbl to date, confirming long-term productivity from the Ivishak reservoir along this trend. With direct proximity to proven production and established infrastructure, Eaglecrest presents a clear, commercially attractive appraisal target.

Brookian Formation (Schrader Bluff) – South-East Hub Upside

88E has completed a comprehensive review of the Brookian sequence, consolidating the potential into six structurally defined prospects primarily within the South-East Hub. The former Canning interval has been reclassified as Lower Schrader Bluff, alongside Upper and Mid Schrader Bluff targets. Collectively, these prospects carry a gross 2U of 439mmbbl of oil (unrisked). The largest individual prospect is Donoho (O and N sands) at 160.7mmbbl (2U), followed by Cooper Canyon at 150.8mmbbl and Tressler at 106.0mmbbl across the MSB and LSB intervals. While the Ivishak and Kuparuk remain the near-term focus, the Brookian sequence provides material secondary upside. Furthermore, the company notes that additional Brookian potential in the North-West Hub, within the West Sak and Price Creek reservoirs, is yet to be fully delineated, representing further resource growth.

Development Concept

TAPS tieback concept from South-East Hub



Source: 88 Energy

Preliminary development studies highlight the potential for a dual-hub approach:

- North-West Hub centred on Augusta and nearby prospects with tie-back routes towards Prudhoe Bay and Kuparuk River infrastructure.
- South-East Hub centred on Greater Spurr and adjacent prospects with tie-backs to Prudhoe Bay and TAPS.

This concept leverages the short distances to established infrastructure, enabling a materially smaller capex than a standalone greenfield development. Early concepts indicate that a compact development configuration comprising a small number of horizontal wells and modular surface facilities could deliver a rapid and cost-effective pathway to first oil if commercial volumes are proven.

Studies show a cost-effective, rapid four-well development using existing infrastructure. Three analogue fields, Nuna, Tarn and Meltwater, collectively establish a proven commercial pathway for satellite oil developments on the North Slope, demonstrating that near-infrastructure discoveries can transition from discovery to cash flow without requiring large standalone developments.

The South Prudhoe leases benefit from a low 16.67% state royalty and multiple routes to market including the Dalton Highway, TAPS and the planned AKLNG pipeline.

Indicative timeline

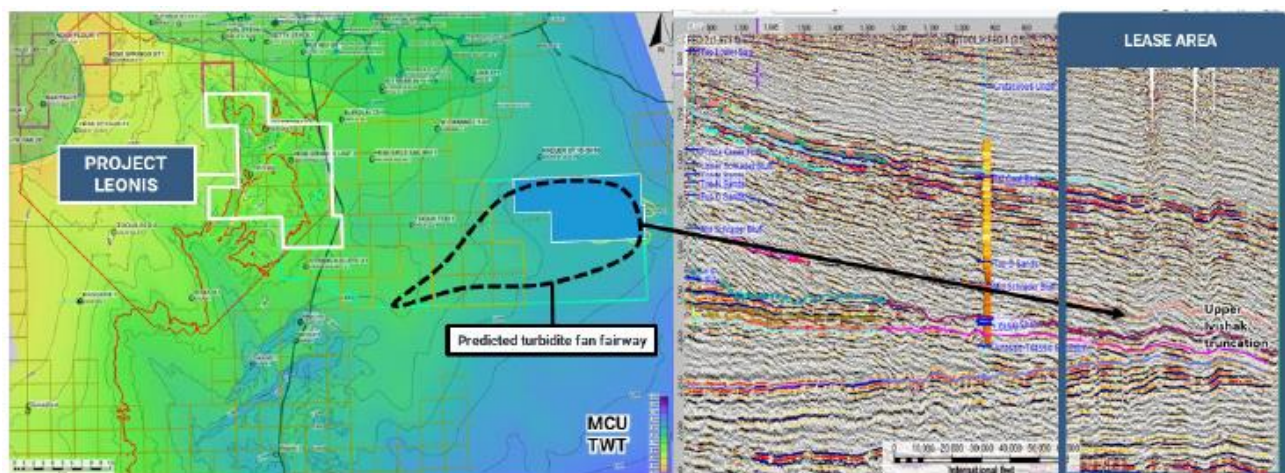
Indicative Schedule	Q1 26	Q2 26	Q3 26	Q4 26
Updated Prospective Resource estimates for Project Leonis and South Prudhoe	■			
License Kad River 3D and Schrader Bluff 3D	■			
Reprocess 3D and interpretation	■	■		
Update prospect and lead inventory		■	■	
Target securing farm-out to fund drilling			■	■
Plan for Q1'27 exploration well drilling		■	■	■

Source: 88 Energy

Kad River East

The Kad River East leases (seven blocks totalling ~18k acres) extend 88E's position into an under explored area east of TAPS where both historic wells and modern seismic coverage indicate a functioning, multi-reservoir petroleum system. The acreage provides exposure to a different structural setting from Leonis and South Prudhoe, with the potential to add scale and optionality to the wider portfolio. Early evidence from legacy drilling suggests a working hydrocarbon system and stacked-pay potential across multiple stratigraphic levels, offering a meaningful frontier addition without straying far from established infrastructure corridors.

Kad River 3D data



Source: 88 Energy

The region benefits from the Kad River 3D seismic dataset, which 88E plans to license and reprocess in Q1 2026. When integrated with existing well control, the dataset highlights several encouraging indicators of charge and reservoir potential.

Wells located within the lease area including Jacobs Ladder C and Lake Fed 79-1 show fluorescence, petroleum odour and hydrocarbon indications across Ivishak, Seabee and Canning intervals.

Offset wells such as Kadler St 15-09-11 and Toolik Fed 1 record additional oil shows in the Mikkelsen, Lower Sag, USB (formation also targeted at Leonis), Kuparuk-equivalent and Ivishak/Lisburne horizons.

Collectively, these datasets point to a genuine multi-reservoir system extending across the area and underpin the case for further technical maturation once seismic reprocessing is completed.

Valuation and NAV

Our favoured valuation methodology is a bottom-up risked NAV, modelling out the various fields and prospects and applying a geological and commercialisation risk to each. In our base-case scenario, we use a long-term flat Brent oil price of US\$70/bbl from 2027, a USD/GBP FX rate of 1.35 and a 10% discount rate.

We await further details from the company on the potential development plan, however in the meantime we use an indicative NPV of US\$5/boe which is equal to our 2C valuation of Phoenix. We have only included the value from the Augusta prospect, which is of immediate focus. This prospect has 54mmbbl of net entitlement 2U resources of which 88E owns 100%. Applying the US\$5/boe, it results in an unrisked value of US\$268mm (22p/sh). 88E notes a 48% geological CoS and we add a further 25% commercial CoS which results in a risked NAV of US\$32mm or 2.7p/sh, which alone is >2x the current share price. We note that there is substantial upside from 8 other prospects which we have not incorporated yet.

We have removed Project Leonis from our valuation as it is now combined into the South Prudhoe acreage and is not the immediate focus.

Currently, we assign no value to the Namibian assets, as they are in early exploration. With 88E's new work programme, including the announcement of an independently certified prospective resource report, we will attribute value once a verified resource is established. This development represents further upside to the existing NAV.

Our risked NAV, on a fully diluted basis, is 10.4p/sh, which implies 9.5x upside to the current share price. Overall, we estimate that 88E's unrisked value is US\$748mm or 62p/sh which is 56x the current share price.

Risked NAV

Asset	Gross mmboe	88E W.I.	Net mmboe	NPV US\$/boe	Unrisked US\$mm	Unrisked p/sh	Geo. CoS	Comm. CoS	Risked US\$mm	Risked p/sh
Cash					\$4	0.4p			\$4	0.4p
Options and Warrants					\$3	0.2p			\$3	0.2p
Capitalised G&A @2x					-\$4	-0.3p			-\$4	-0.3p
Phoenix - 2C	252	25%	63	\$4.9	\$309	26p	100%	25%	\$77	6.4p
Phoenix - 2U	241	25%	60	\$2.8	\$167	14p	78%	10%	\$13	1.1p
South Prudhoe - Augusta	54	100%	54	\$5.0	\$268	22p	48%	25%	\$32	2.7p
Total NAV	547		177		\$748	62p			\$126	10.4p

Source: H&Pe

Sensitivity of risked NAV (GBP/sh) to the oil price and discount rate

		Oil price (US\$/bbl)				
		50	60	70	80	90
Discount rate (%)	5.0%	10.4	14.3	18.1	21.7	25.2
	7.5%	7.6	10.7	13.5	16.2	18.9
	10.0%	5.8	8.2	10.4	12.5	14.6
	12.5%	4.7	6.5	8.3	10.0	11.6
	15.0%	3.9	5.4	6.8	8.2	9.5

Source: H&Pe

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