

This announcement contains inside information

88 Energy Limited

Merlin-2 Pre-Spud Operations On Track

Highlights

- Mobilisation of the Arctic Fox rig completed.
- Spud of Merlin-2 well scheduled for the week commencing 7 March 2022.

88 Energy Limited (ASX:88E, AIM:88E, OTC:EEENF) (**88 Energy** or the **Company**) is pleased to report that the mobilisation of the Arctic Fox rig to the Merlin-2 appraisal well drilling location is now complete.

Pre-spud operations are continuing and now entering the final phase. The Merlin-2 spud date is scheduled for the week commencing 7 March 2022, with the well permitted to a Total Depth (**TD**) of 8,000 feet.

The well is planned to be initially drilled to 2,000 feet, with the surface casing then installed and the Blow Out Preventer system tested. This is anticipated to collectively take approximately one week. Drilling to TD is then expected to take a further four weeks, including wireline logging.

A production test program for the Merlin-2 well has been designed and equipment placed on standby during initial well site operations. Flow testing of Merlin-2 will be contingent upon the wireline results, in particular the MDT outcomes, as well as government approvals and weather window considerations.

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

“We are now entering the final phase of pre-spud preparations and look forward with excitement to the next few weeks of drilling operations. Success at Merlin-2 has the clear potential to be transformational for our shareholders and we look forward to providing updates as the drilling of this appraisal well progresses.”



Figure 1: Mobilisation of Arctic Fox rig modules to Merlin-2 drilling location

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

Finlay Thomson, Investor Relations

Tel: +44 7976 248471

Fivemark Partners, Investor and Media Relations

Tel: +61 410 276 744

Andrew Edge / Michael Vaughan

Tel: +61 422 602 720

EurozHartleys Ltd

Dale Bryan

Tel: + 61 8 9268 2829

Cenkos Securities

Neil McDonald / Derrick Lee

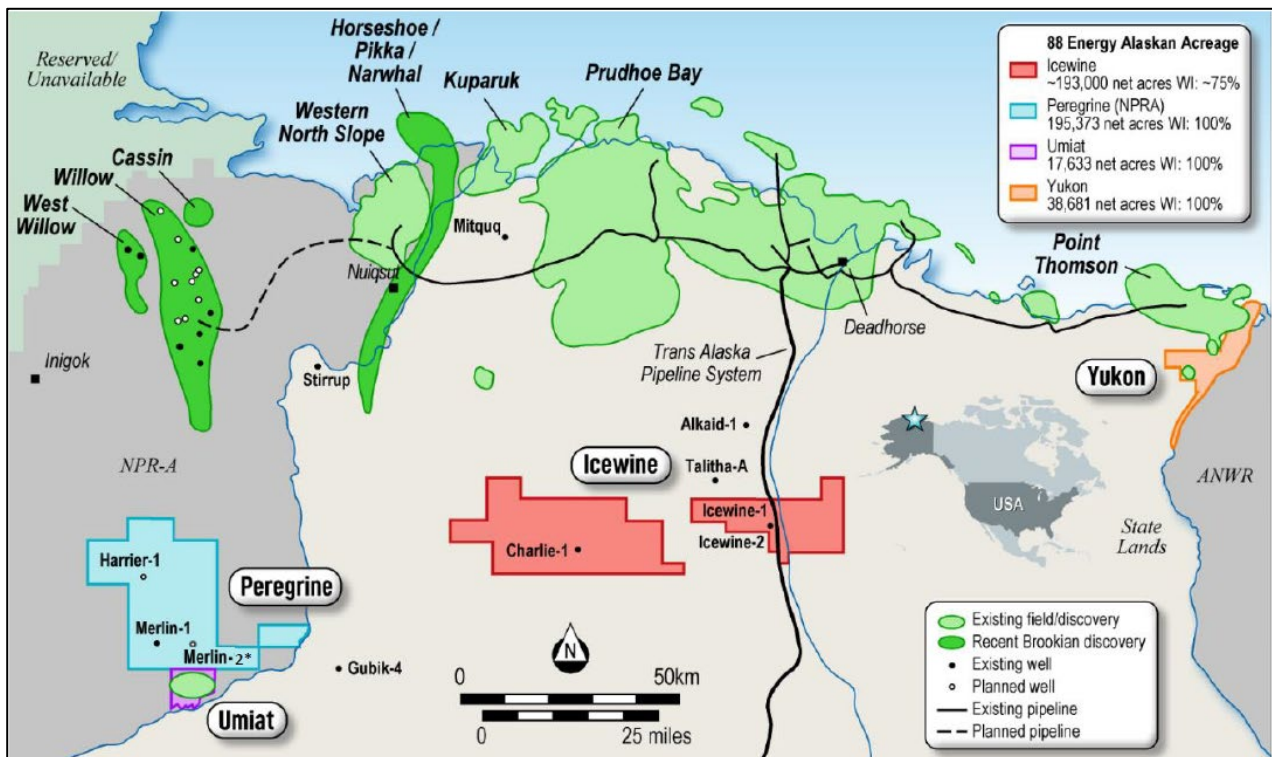
Tel: + 44 131 220 6939

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 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 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.

About Project Peregrine

Project Peregrine is located in the NPR-A region of the North Slope of Alaska and encompasses approximately 195,000 contiguous acres. It is situated on trend to recent discoveries in a newly successful play type in topset sands in the Nanushuk formation. 88 Energy has a 100% working interest in the project.

Project Peregrine and Recent Nanushuk Discoveries



* Approximate Merlin-2 appraisal well location

The Merlin-1 well was spudded in March 2021, with drilling operations completed in April 2021. Interpretation of results was completed in August 2021 with post-well evaluation successfully demonstrating the presence of oil in N20, N19 and N18 targets, with 41 feet of net log pay across the three reservoir intervals noted and geochemical analysis determining the oil to have an estimated API gravity between mid-30 to low-40 API (light oil).

A second well, the Merlin-2 appraisal well, is to be drilled in Q1 2022 as a follow-up well to the Merlin-1 exploration well. Merlin-2 is targeting a net entitlement mean Prospective Resource of 652 million barrels (unrisked)^{1,2}.

To view the Company's video and animated presentations of Project Peregrine, as well as the Merlin-1 well results and details of the Merlin-2 well, please click on the link to the 88 Energy website www.88energy.com.

Independent oil and gas reservoir evaluation consultancy, ERCE Australia Pty Ltd (ERCE), conducted an updated assessment of the Project Peregrine prospective resources post the Merlin-1 well results. The updated prospective resource estimates and risking assessments for Project Peregrine are noted below.

Revised Project Peregrine Prospective Resources

Project Peregrine: Alaska North Slope	Unrisked Net Entitlement to 88E ^{1, 4} Prospective Oil Resources (MMstb)				
	Low (1U)	Best (2U)	High (3U)	Mean	COS ³
Merlin-2 (Nanushuk – N20, N19 and N18)	64	329	1,467	652	56%
Merlin-1A (Nanushuk – N14S)	25	87	282	132	17%
Harrier (Nanushuk)	41	175	796	353	24%
Harrier Deep (Torok)	35	226	1,132	486	20%
<i>Prospects Total</i>				1,624²	

1. The Prospective Resources presented here are the result of a risked probabilistic aggregation of the individual stacked prospective layers in each prospect; the success case estimates present the distribution of possible outcomes in the event that at least one prospective layer is successful.

2. Unrisked mean total is not representative of the expected total from the four prospects and assumes a success case in all four wells.

3. COS represents the geological chance of success of at least one of the stacked layers which comprise each prospect. This excludes phase risk which ERCE has estimated to be 70% oil (30% gas). The Prospective Resources have also not been adjusted for the chance of development, which is estimated by 88 Energy to be 60% (including phase risk), ERCE sees this as reasonable based on the data available. Quantifying the chance of development (COD) requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social license, internal and external approvals and commitment to project finance and development timing. As many of these factors are out-with the knowledge of ERCE they must be used with caution.

4. Gross Prospective Resources include off-block volumes over which 88 Energy has no mineral rights. Net working interest Prospective Resources are based on the on-block volumes and 88 Energy's 100% working interest. Net entitlement Prospective Resources are the net working interest Prospective Resources less royalties payable to others. The net entitlement interest to 88 Energy is calculated as 84.7% of net working interest after deduction of state royalty (12.5%) and overriding royalty interests (1.3% and 1.5%).