

*This announcement contains inside information*

## 88 Energy Limited Merlin-2 Well Spudded

### Highlights

- Drilling of the Merlin-2 appraisal well has commenced.
- Initial surface hole to be drilled to approx. 2,000 feet, cased and BOP system tested.
- Drilling then set to deepen through the N18, N19 and N20 target horizons to the maximum planned Total Depth of approx. 8,000 feet.

88 Energy Limited (ASX:88E, AIM:88E, OTC:EEENF) (**88 Energy** or the **Company**) is pleased to report that the Arctic Fox rig commenced drilling the Merlin-2 appraisal well, located in Project Peregrine in the NPR-A region of the North Slope of Alaska, at 7:00pm on 7<sup>th</sup> March 2022 (Alaska time).

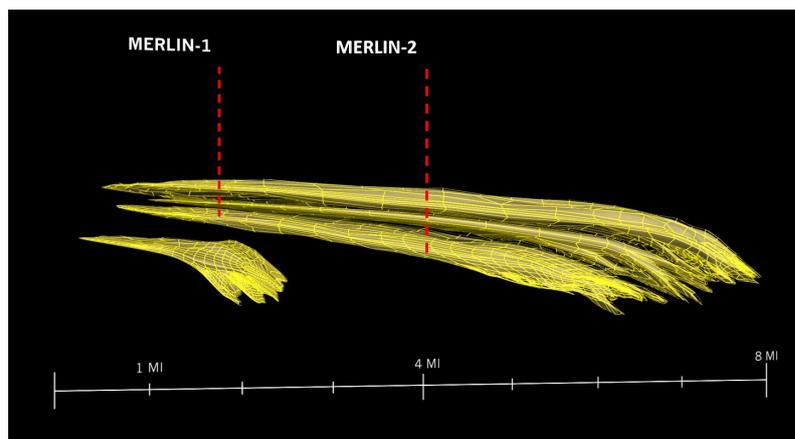
The Merlin-2 appraisal well is planned for a Total Depth (TD) of approximately 8,000 feet, and is targeting 652 million barrels of oil<sup>1,2</sup> in the highly prospective N18, N19 and N20 targets that were encountered in the successful Merlin-1 well (drilled in March 2021 to a depth of 5,267 feet).

The well is to be initially drilled to approximately 2,000 feet, with the surface casing then installed and the Blow Out Preventer (BOP) system tested. This is anticipated to take approximately one week in total. Drilling is then set to deepen the well through the N18, N19 and N20 target horizons in the Nanushuk Formation to the planned TD. This deeper drilling is anticipated to take up to approximately four weeks.

Logging while drilling and mudlogging will provide initial indications as to the prospectivity of the target horizons at the Merlin-2 location. After reaching TD, it is planned to run a more sophisticated wireline logging program, which includes collection of down hole samples and side wall cores.

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.

*Figure 1. Wireframe image showing respective Merlin-1 and Merlin-2 well locations, facing east and overlain with predicted reservoir sands profile.*



<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> *Mean unrisksed prospective resource - Net Entitlement to 88 Energy. Refer announcement released to ASX on 16 August 2021*

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

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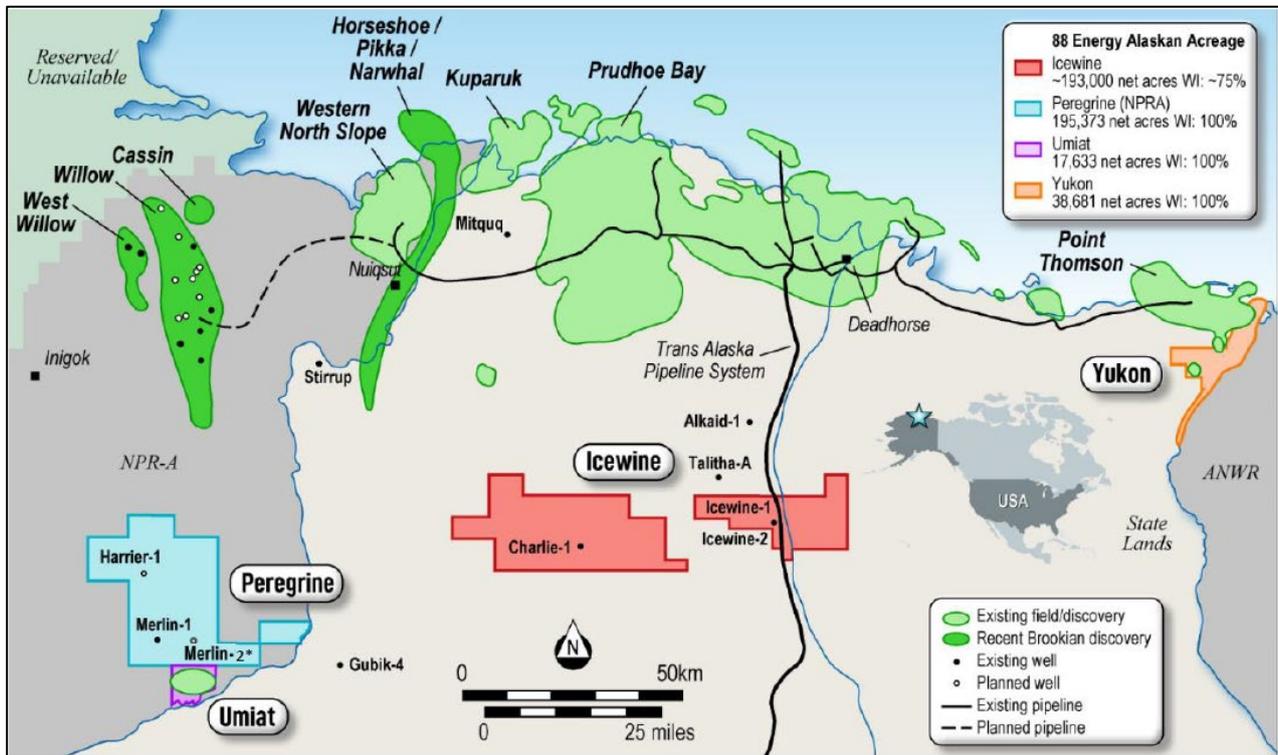
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Pursuant to the requirements of the ASX Listing Rules Chapter 5 and the AIM Rules for Companies, the technical information and resource reporting contained in this announcement was prepared by, or under the supervision of, Dr Stephen Staley, who is 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, spudded in early March 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)<sup>1,2</sup>.

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](http://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 <sup>1, 4</sup> Prospective Oil Resources (MMstb)				
	Low (1U)	Best (2U)	High (3U)	Mean	COS <sup>3</sup>
<b>Merlin-2 (Nanushuk – N20, N19 and N18)</b>	<b>64</b>	<b>329</b>	<b>1,467</b>	<b>652</b>	<b>56%</b>
<b>Merlin-1A (Nanushuk – N14S)</b>	<b>25</b>	<b>87</b>	<b>282</b>	<b>132</b>	<b>17%</b>
<b>Harrier (Nanushuk)</b>	<b>41</b>	<b>175</b>	<b>796</b>	<b>353</b>	<b>24%</b>
<b>Harrier Deep (Torok)</b>	<b>35</b>	<b>226</b>	<b>1,132</b>	<b>486</b>	<b>20%</b>
<b><i>Prospects Total</i></b>				<b>1,624<sup>2</sup></b>	

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%).