

1st February 2021

This announcement contains inside information

88 Energy Limited

Operations Update

88 Energy Limited ("**88 Energy**" or the "**Company**", ASX:88E, AIM 88E) provides the following update related to its operations in the NPR-A region of the North Slope of Alaska.

Highlights

- Permit to Drill for the Merlin-1 well approved
- Field operations fully underway
- Rig commissioning almost complete, mobilisation expected within days
- Well spud expected in late February / early March 2021

Details

88 Energy is pleased to confirm that its Permit to Drill has been approved for the Merlin-1 well, located in the NPR-A region of the North Slope of Alaska. The permit was deemed complete by the Alaska Bureau of Land Management ("BLM") on the 28th January and was submitted to the Deputy Assistant Secretary for Land and Minerals Management for approval. That approval was granted on the 29th January (AK time) – ahead of the expected 12th February approval date.

In anticipation of the approval, field operations recommenced last week with commissioning of Rig 111 nearing completion. Rig mobilisation is scheduled to commence later this week. A single lane snow road into the Merlin-1 location is expected to be finished in ~2 weeks. Spud of Merlin-1 is now expected in late February / early March 2021.

We would like to once again thank the Alaska Congressional Office and the BLM for their support of our project as well as the Deputy Assistant Secretary for Land and Minerals Management.

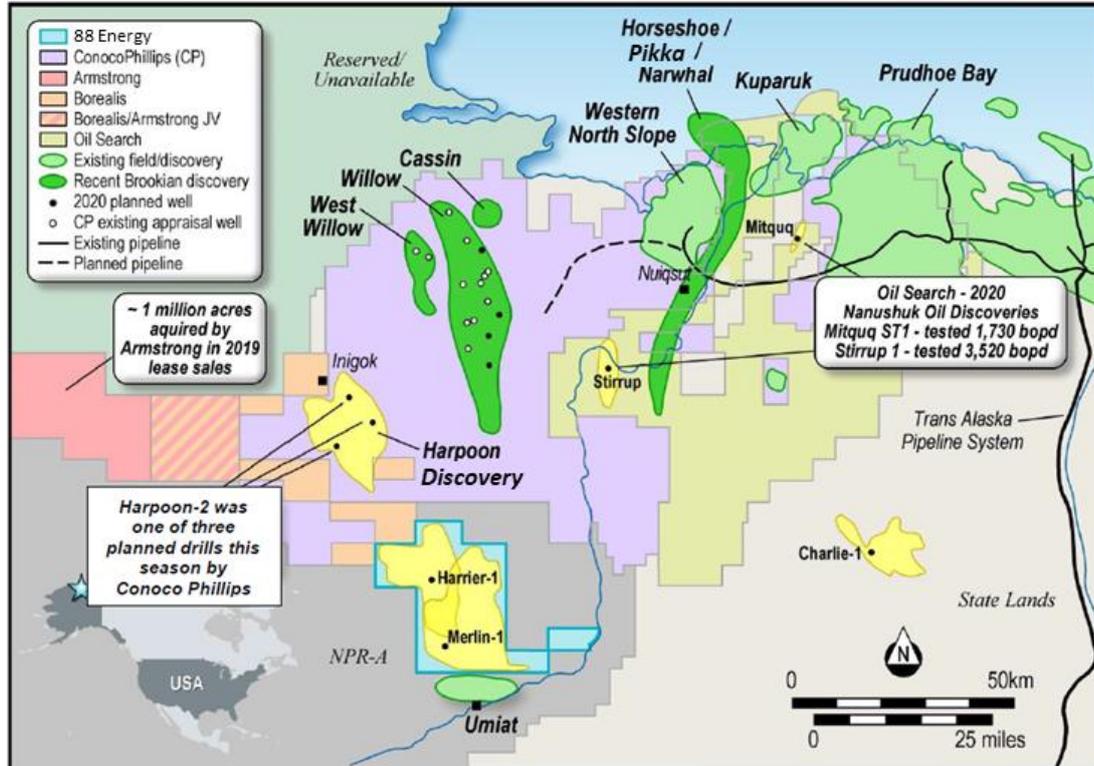
Managing Director, Dave Wall, commented: "*After a brief hiatus in activity, it is now back to full operations with ramp up towards the spud of Merlin-1, which is expected in around four weeks.*"

The support received for our project at the local and Federal level has been extremely satisfying and we are very grateful to all involved in getting things back on track."

About Project Peregrine – Imminent Drilling

Project Peregrine is located in the NPR-A region of the North Slope of Alaska and encompasses ~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 that will reduce to 50% post the completion of funding as part of a recent farm-in, whereby 88E is carried on the first US\$10m (of an estimated US\$12.6m total cost) for the Merlin-1 well.

Project Peregrine and Recent Nanushuk Discoveries



The Merlin-1 well is scheduled for spud in late February / early March 2021 and is targeting 645 million barrels of gross mean prospective resource[#]. Flow testing of Merlin-1 is planned, if wireline logging confirms a discovery. A second well, Harrier-1, is planned to commence immediately following completion of operations at Merlin-1, subject to results from Merlin-1, schedule and permit approvals. Harrier-1 is targeting gross mean prospective resource of 417 million barrels[#]. Harrier-1 is expected to cost ~US\$7m.

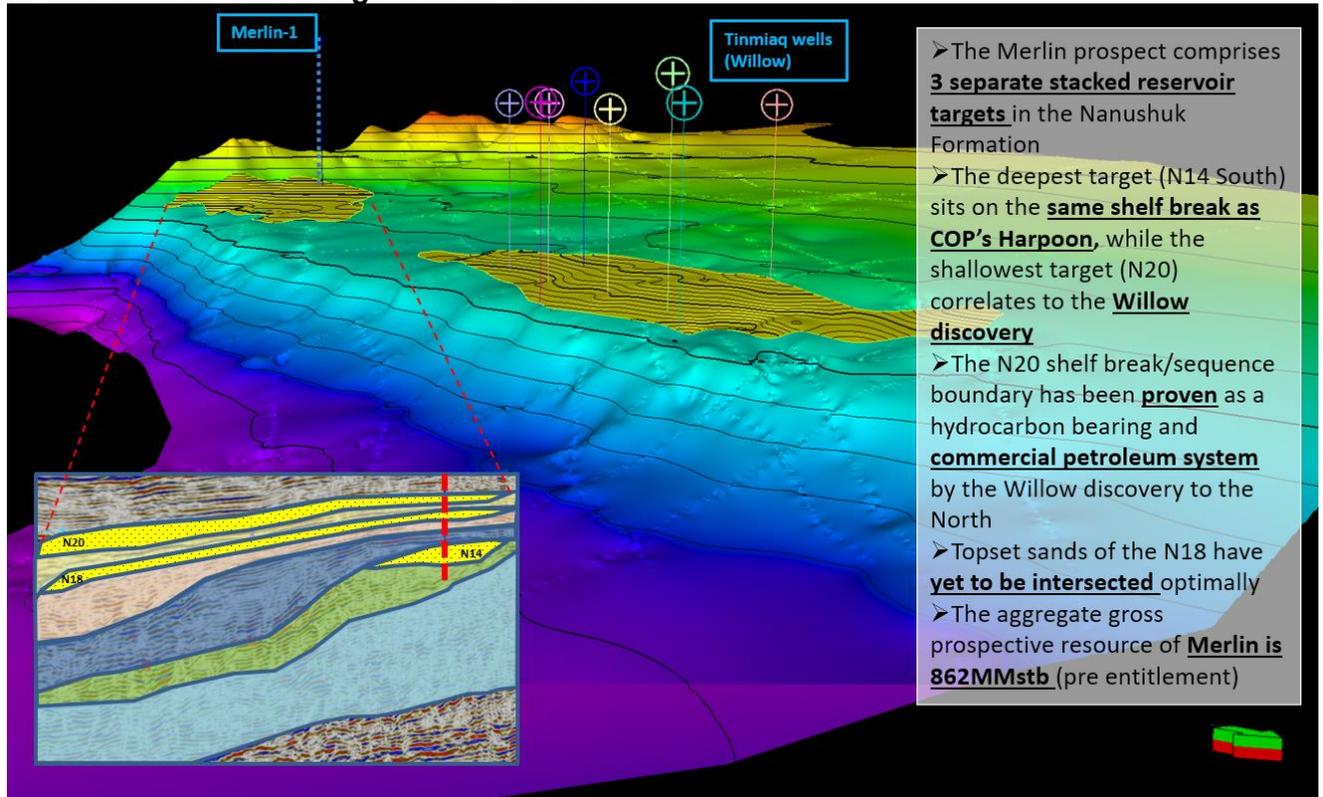
Independent Resource Assessment[#]

Project Peregrine: Alaska North Slope	Unrisked Net Entitlement to 88E Prospective Oil Resources (MMstb)				
	Low (1U)	Best (2U)	High (3U)	Mean	COS
Prospects (Probabilistic Calculations)					
Merlin (Nanushuk)	41	270	1,463	645	37%
Harrier (Nanushuk)	48	207	940	417	24%
Harrier Deep (Torok)	42	267	1,336	574	20%
Prospects Total				1,636	

[#]Please refer to the XCD Energy ASX release dated 20 May 2020 for full details with respect to the Prospective Resource estimate, associated risking and applicable Cautionary Statement.

Each of the Merlin and Harrier prospects is located on trend to an existing discovery, in the same play type (Nanushuk topsets). This has de-risked the prospects considerably and resulted in a relatively high independently estimated geologic chance of success.

Merlin-1 – on trend to large Willow oil field



- The Merlin prospect comprises **3 separate stacked reservoir targets** in the Nanushuk Formation
- The deepest target (N14 South) sits on the **same shelf break as COP's Harpoon**, while the shallowest target (N20) correlates to the **Willow discovery**
- The N20 shelf break/sequence boundary has been **proven** as a hydrocarbon bearing and **commercial petroleum system** by the Willow discovery to the North
- Topset sands of the N18 have **yet to be intersected** optimally
- The aggregate gross prospective resource of **Merlin is 862MMstb** (pre entitlement)

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.

This announcement has been authorised by the Board.

Yours faithfully



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