*This announcement contains inside information*

# 88 Energy Limited

# Merlin-2 Drilling Ahead

## Highlights

- Merlin-2 surface hole successfully drilled to 2,005 feet, cased and BOP system tested.
- Operations progressing as planned with the Arctic Fox rig scheduled to commence drilling ahead to the reservoir targets imminently.

88 Energy Limited (ASX:88E, AIM:88E, OTC:EEENF) (**88 Energy** or the **Company**) is pleased to report that the Merlin-2 surface hole was successfully drilled to 2,005 feet, the surface casing installed and cemented, and the Blow Out Preventer (**BOP**) system tested.

Operations are progressing as planned with the Arctic Fox rig scheduled to commence drilling ahead to the reservoir targets imminently. The Company anticipates all target zones to be intersected prior to reaching the permitted Total Depth (**TD**) of approximately 8,000 feet, with drilling to TD at Merlin-2 expected to take up to two weeks from this point.

The Merlin-2 well is designed to appraise the N18, N19 and N20 primary targets located in the Nanushuk Formation, which were encountered in Merlin-1 and returned compelling evidence of hydrocarbons across these three separate zones. Given the suboptimal placement of the Merlin-1 well, with respect to reservoir development (a necessary trade-off to maximise the number of stacked targets), the Merlin-2 well represents a move east from Merlin-1 towards the shelf edge where thicker and higher porosity/permeability formations are anticipated.

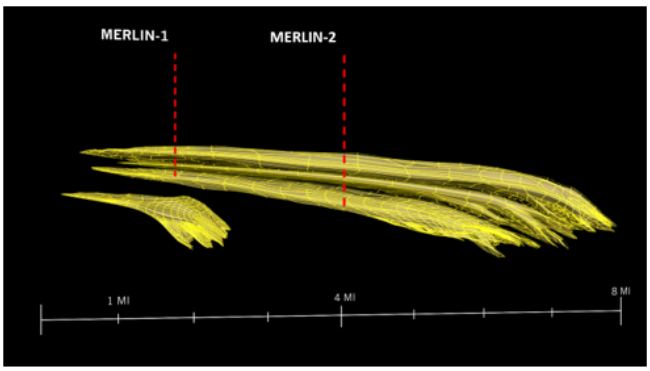


*Figure 1. Wireframe image showing respective Merlin-1 and Merlin-2 well locations, facing east and overlain with predicted reservoir sands profile.*

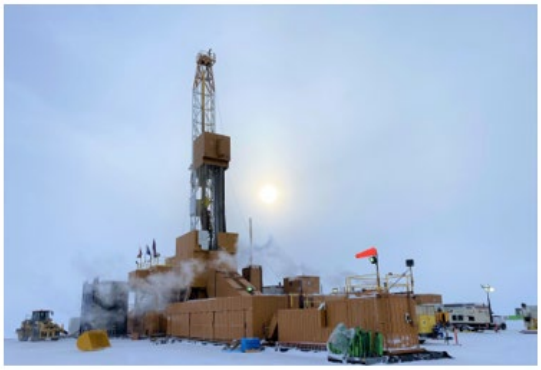

*Figure 2: Arctic Fox drill rig at the Merlin-2 drilling location*

During the current drilling phase, logging while drilling and mudlogging are set to provide initial indications as to the prospectivity of the target zones at the Merlin-2 location. After reaching TD, a sophisticated wireline logging program is planned to be run, which includes collection of down hole samples and side wall cores. The wireline logging program is expected to take approximately five to seven days to be completed.

The Company will provide further updates subsequent to Merlin-2 achieving TD.

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

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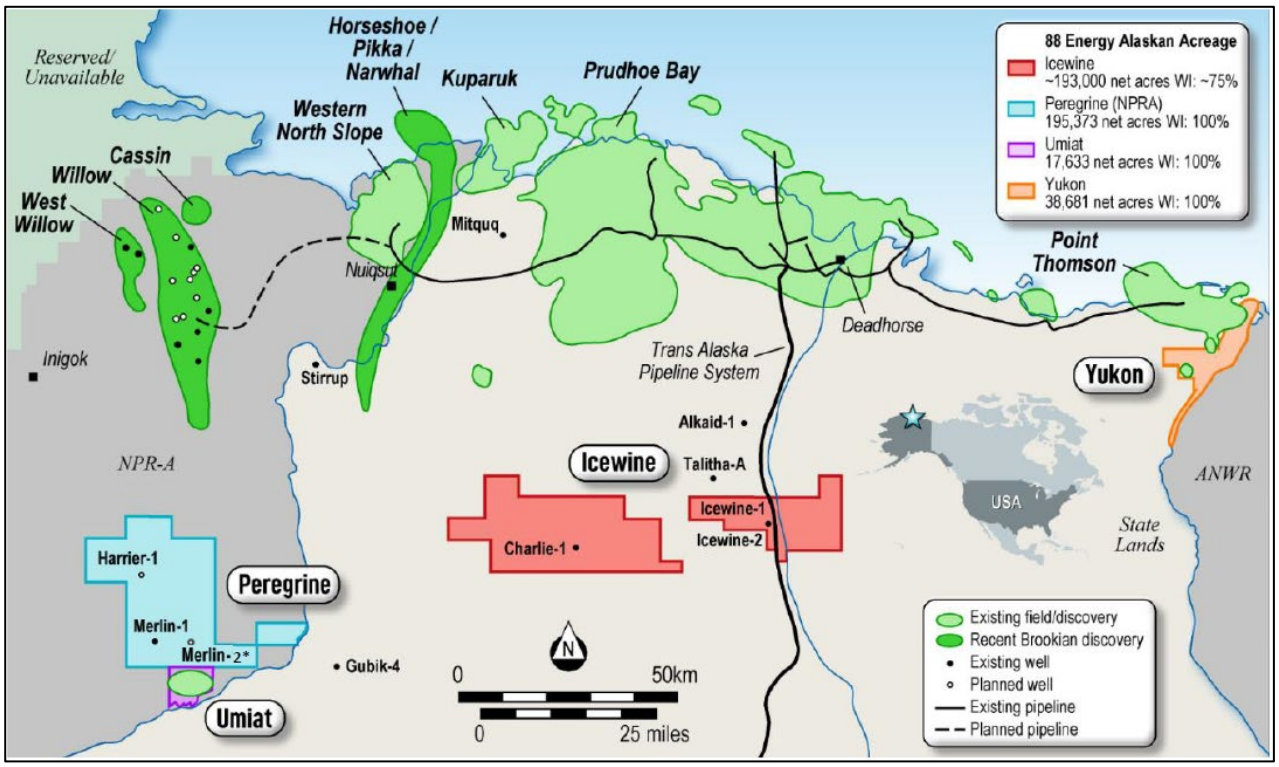
Pursuant to the requirements of the ASX Listing Rules Chapter 5 and the AIM Rules for Companies, the technical information and resource reporting contained in this announcement was prepared by, or under the supervision of, Dr Stephen Staley, who is a Non-Executive Director of the Company. Dr Staley has 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)[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) | | | | |
|---|---|---|---|---|---|
| **Prospects (Probabilistic Calculations)** | **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%*** |
| ***Prospects Total*** | | | | ***1,624[2]*** | |

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%).