

22nd March 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

- Merlin-1 production hole drilling to commence imminently
- At market share subscription agreement executed

Details

88 Energy is pleased to report that the Merlin-1 surface hole was successfully drilled to 1,512ft as planned. Surface casing has now been cemented and the blow out preventer system tested. A formation integrity test (FIT) was successfully undertaken and the rig is now drilling ahead in the production hole where the primary Nanushuk targets are located. Planned total depth is 6,000'.

Logging while drilling and mudlogging will provide initial indications as to the prospectivity of the well during this part of the operation, which is expected take three to five days. A sophisticated wireline logging suite will then be run, including sidewall cores and downhole sampling. Wireline logging is expected to take five to seven days.

If the results from the wireline logging are encouraging, then the well will be completed with casing and a flow test conducted.

88 Energy has entered into a share subscription agreement with ELKO International LLC ("ELKO"), one of the major contractors for the operation. Under the agreement ELKO will be issued 360m shares at \$0.018, which is a 225% premium to the placement undertaken on 12th February 2021. There are no fees associated with the placement.

Managing Director, Dave Wall, commented: "*The endorsement of the project by ELKO as we enter the critical phase of the drilling is encouraging and will serve to fund the Company's share of the recently announced cost overruns.*"

We wish all our shareholders good fortune over the coming days."

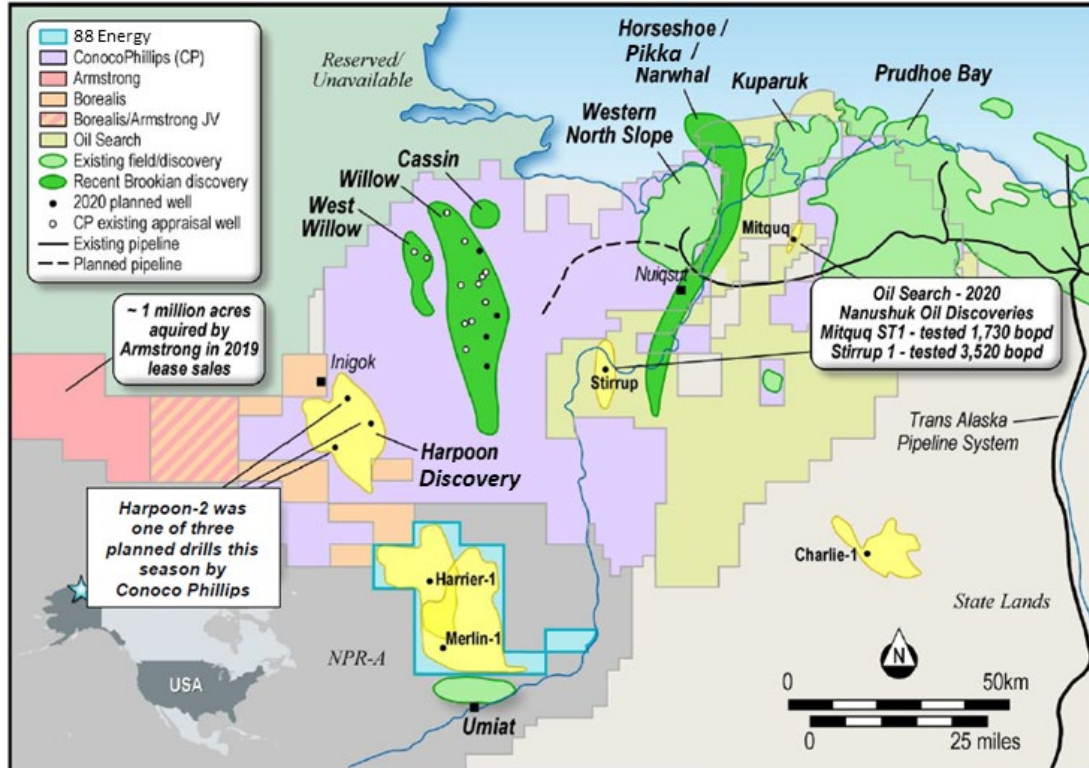
The issue of the New Ordinary Shares is not subject to shareholder approval as the issuance will fall within the Company's placement capacity pursuant to ASX Listing Rule 7.1A. A total of 360,000,000 shares will be issued pursuant to Listing Rule 7.1A. The New Ordinary Shares will rank pari passu with the existing ordinary shares in the Company, with settlement on Monday, 22 March 2021.

Following the issue of the New Ordinary Shares, the Company will have 12,521,590,431 ordinary shares on issue, all of which have voting rights. The figure of 12,521,590,431 ordinary shares may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or change their interest in, the Company.

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 originally estimated US\$12.6m total cost) for the Merlin-1 well.

Project Peregrine and Recent Nanushuk Discoveries



The Merlin-1 well was spudded on 10th 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, may 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[#].

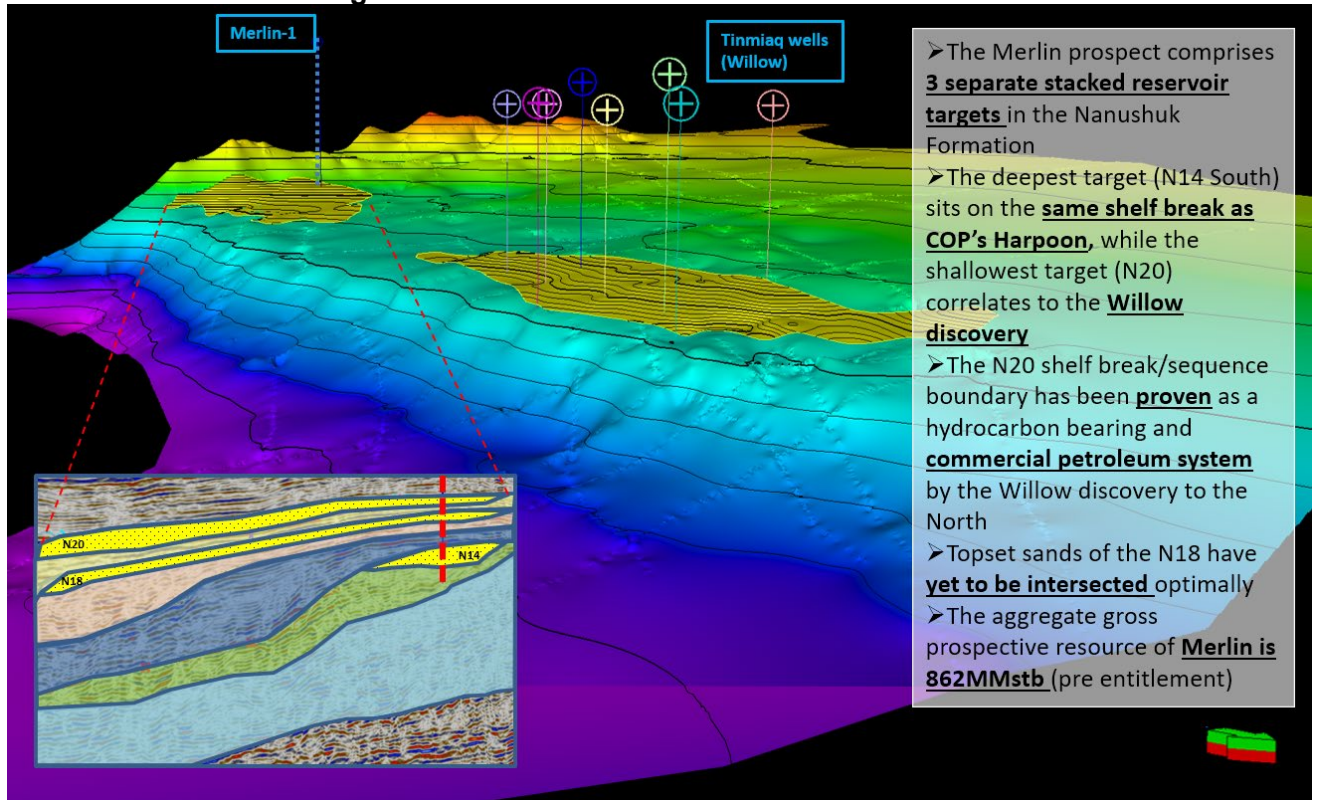
Independent Resource Assessment[#]

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 release dated 23 February 2021 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 geological chance of success.

Merlin-1 – on trend to large Willow oil field



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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