

25th May 2021

This announcement contains inside information

88 Energy Limited

Operations Update

88 Energy Limited ("**88 Energy**" or the "**Company**", ASX:88E, AIM:88E, OTC:EEENF) is pleased to provide the following update related to its operations on the North Slope of Alaska.

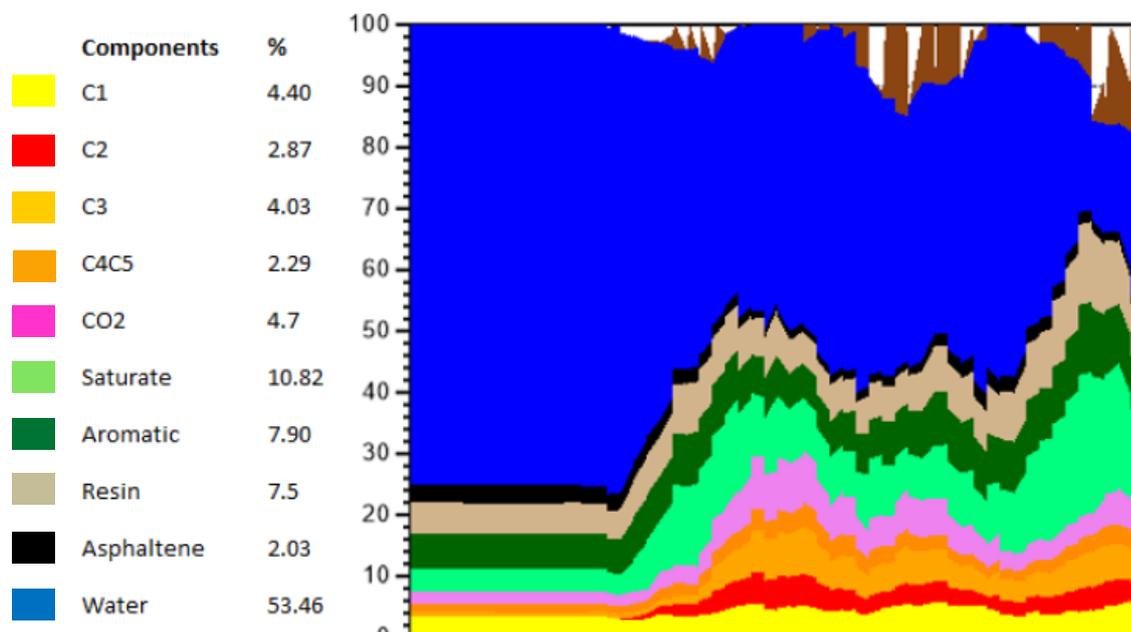
Highlights

- Encouraging evidence of oil in down hole samples being investigated in laboratory
- Additional fluorescence recorded at previously unidentified depths
- Final payment of vendors in stock to be made

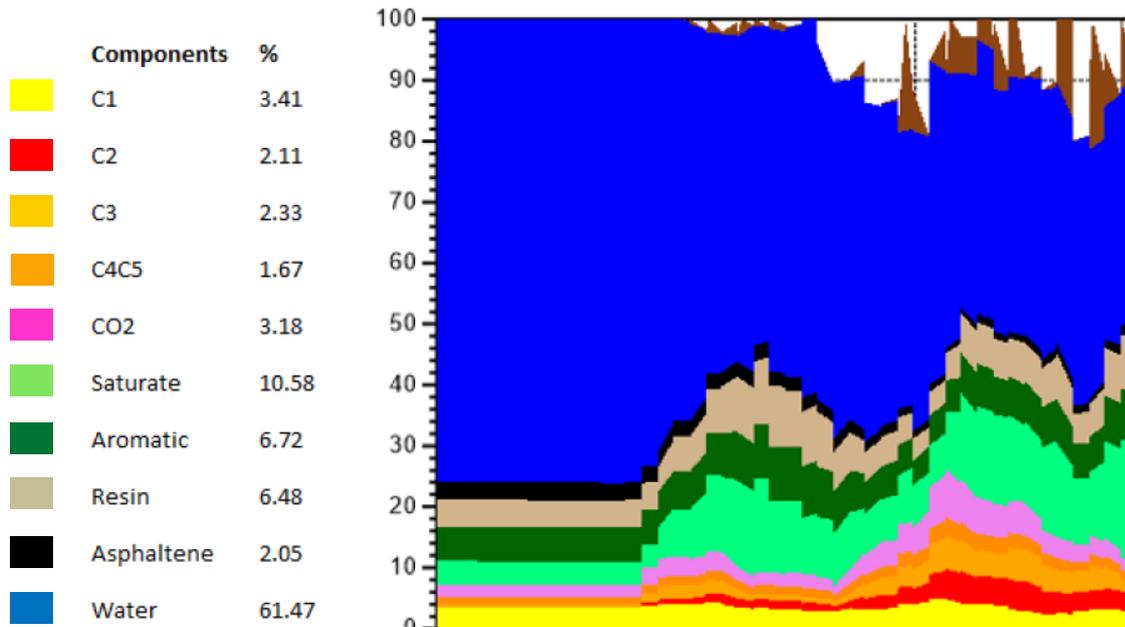
Details

88 Energy has recently received and finalised its review of the report related to the downhole sampling program, that was undertaken during the logging of the Merlin-1 well using Halliburton's Reservoir Description Tool ("RDT"). As previously reported, observations from an optical fluid analysis sensor had indicated the likely presence of oil in the formation fluid across several of the depths that were sampled. As part of standard procedure, the pressure in the sample chambers was decreased to see changes to the quantum and composition of the fluids at closer to normal surface conditions (known as a "flash test"). Observations from a more accurate optical sensor were then made; however, this data was in raw format and only verbal comments had been received by 88E, which indicated an increased fraction of resins and asphaltenes, which can only be associated with the presence of oil. The raw data has since been processed and presented in a final report from the RDT logging run. These results are shown below for two of the samples where the pressure was taken to below 100psi (atmospheric pressure is ~15psi), the pressure in the third sample was only decreased to 403psi.

Fluid Composition During In-situ Flash Test*



Fluid Composition During In-situ Flash Test*



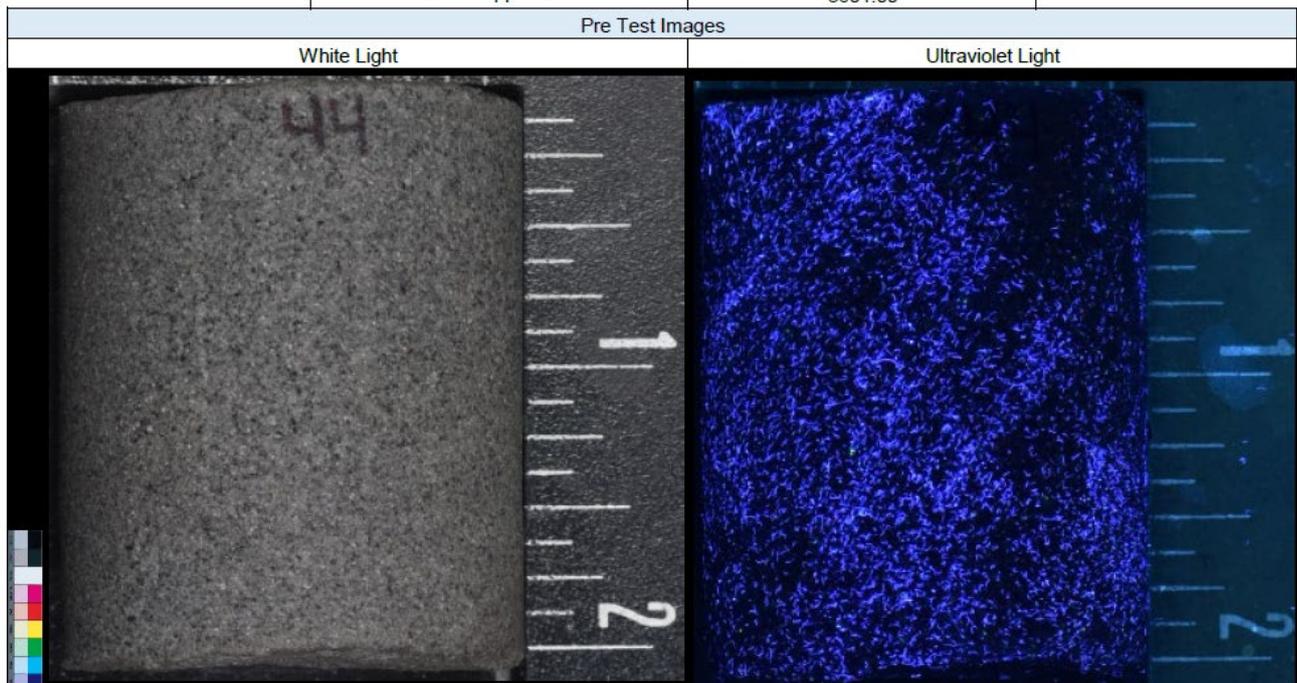
It is important to note that whilst the percentages of hydrocarbon in the images above reach up to ~70% of the sample, which would be indicative of a discovery, the results are deemed qualitative, and the margin of error is uncertain. Therefore, further investigation is required to validate the actual percentage of hydrocarbon in the samples. The ratios of hydrocarbon indicate that the liquid present is highly likely to be oil rather than condensate, which also bodes well from a thermal maturity perspective regionally. These horizons had previously been deemed to contain mostly water and this remains a possibility. Regardless of the final percentages of hydrocarbon vs water in these samples, which will be known in the coming weeks, the presence of oil is highly encouraging particularly given that the two most prospective horizons were not able to be sampled due to operational issues.

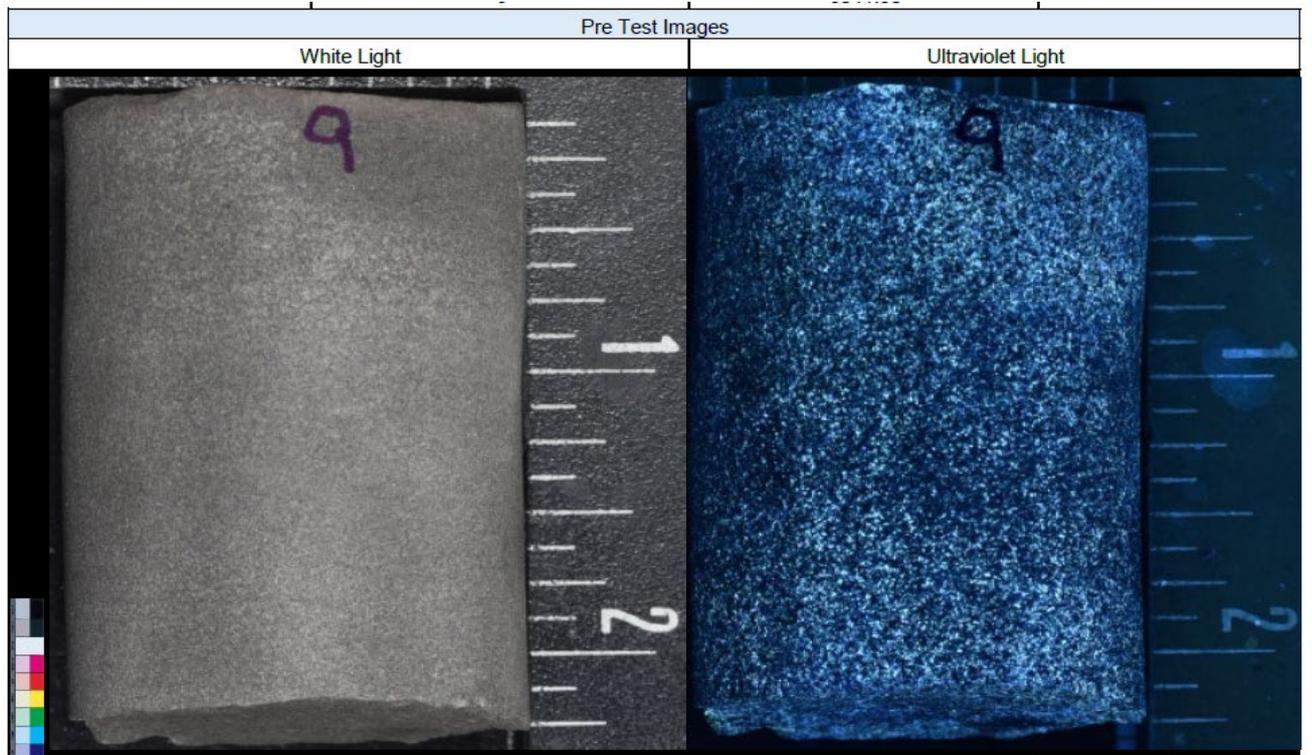
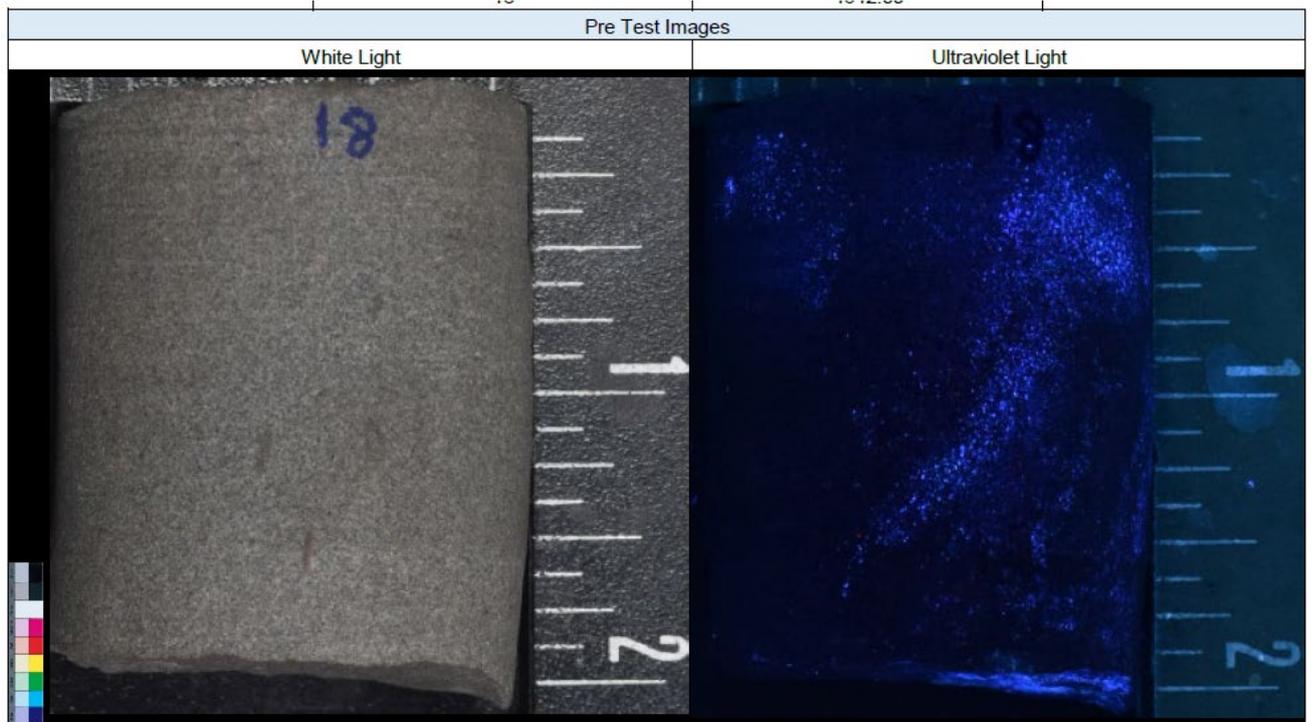
Whilst preparing the side wall cores for further testing, white and UV light photography is undertaken. If oil is present, then fluorescence will be evident under UV light. Multiple horizons were identified as having oil present during drilling via observation of fluorescence under UV light and also using solvent (or cut) to determine whether oil would leach out from the samples. The observations in the lab of the side wall cores are largely confirmatory of these previous analyses; however, several horizons have shown evidence of oil, which were not previously identified. These horizons, in addition to those already known to contain oil, will be the focus of further work. Some of this work includes nuclear magnetic resonance imagery to determine the ratios of free oil and water present as well as porosity; and Dean Stark, which extracts the oil and water from the sample to determine saturations. The results from these analyses will be known within the next few weeks. Some of the fluorescence observed in the lab is shown below – however, notably 18 of the most prospective samples were not included in those sent for these analyses, as they have been set aside for special analysis related to any oil extracted.

Example of Sample with no Fluorescence



Multiple Samples with Good Fluorescence





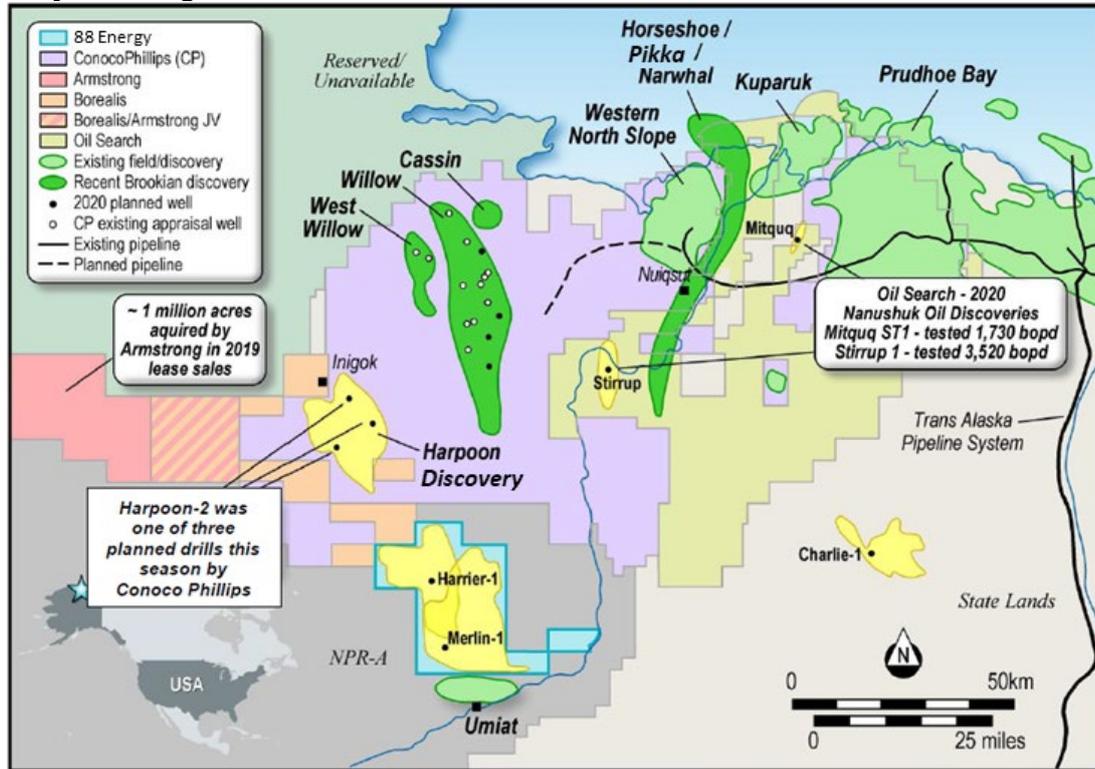
Costs associated with the Merlin-1 well have now been largely finalised, with all major invoices now in hand and 88 Energy's net share of well costs is estimated to be US\$9 million, inclusive of wireline costs and additional costs associated with operational issues during the wireline program. Discussions with vendors of services provided to 88E during Merlin-1 operations have resulted in further willingness to accept partial payment for these invoices in 88E stock in lieu of cash and the Company will now issue 345,000,000 new ordinary shares in 88E at a price of \$0.025 per share to the vendors in order to finalise these payments, with the balance of amounts due settled in cash. This will ensure the Company is left in a strong financial position ahead of next winter's exploration program.

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 ~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 50% working interest in the project.

Project Peregrine and Recent Nanushuk Discoveries



The Merlin-1 well was spudded in March 2021 and targeted 645 million barrels of gross mean prospective resource#. Drilling is now complete, and interpretation of results is underway. A second well, Harrier-1, is planned to be drilled in 2022 and is targeting gross mean prospective resource of 417 million barrels#.

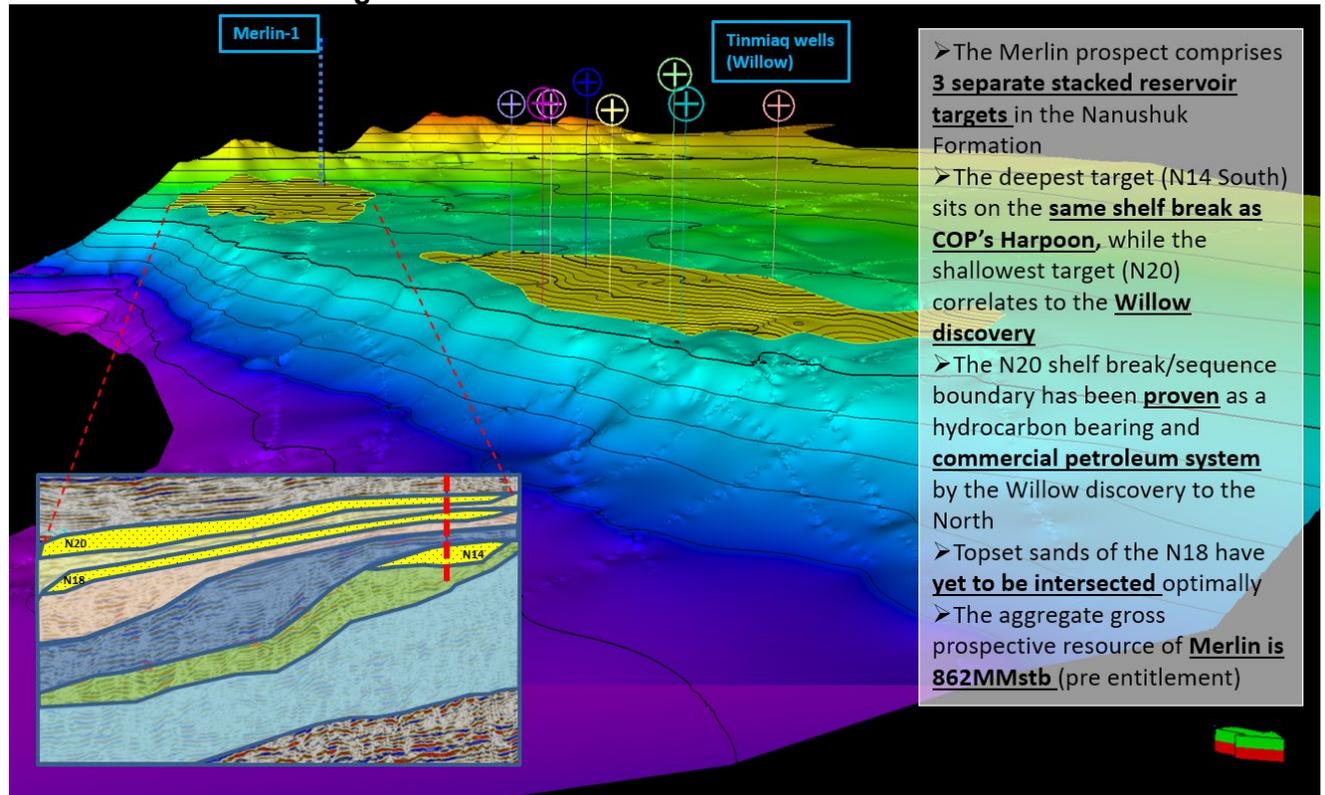
Independent Resource Assessment#

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 geologic 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.

88E confirms that it is not aware of any new information or data that materially affects the information included in the previous market announcement and, in the case of estimates of prospective resources or reserves, that all material assumptions and technical parameters underpinning the estimates in the previous market announcement continue to apply and have not materially changed.

This announcement has been authorised by the Board.

Yours faithfully

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