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This announcement contains inside information

88 Energy Limited

Charlie-1 Confirms Large Condensate Discovery in Torok Formation

88 Energy Limited ("**88 Energy**" or the "**Company**", ASX:88E, AIM 88E) provides the following update related to operations for the Charlie-1 appraisal well, on the North Slope of Alaska.

Highlights

- Condensate discovery confirmed in Torok Formation
- Economic review underway to assess commerciality

Detail

88 Energy confirms that the Charlie-1 appraisal well has proved the presence of mobile hydrocarbons, in the form of condensate gas, in the Torok Formation in both the Middle Stellar and Lower Stellar targets. Hydrocarbons were successfully recovered to surface from both targets using a state-of-the-art downhole sampling tool (Ora). Further analysis to confirm the composition and gas to liquid ratio will now be undertaken. Upper Stellar was not tested due to the sub optimal location that it was intersected by the well.

Sampling was also successfully completed in the Schrader Bluffs Formation from the Indigo target, which was found to be water bearing. The Charlie target was found to be poorly developed and was not sampled. Oil shows in this interval are deemed to be related to residual oil that is not trapped in the system.

In the Seabee Formation, an attempt was made to take a sample from the Lower Lima target, being the better of the two Lima targets. This attempt was unsuccessful due to insufficient reservoir quality; however, given that these targets were not intersected optimally, there still may be potential for higher quality reservoir at a different location. Excellent Vertical Seismic Profile ("VSP") data was obtained in the well, which will now be used in conjunction with other log data and the existing 3D seismic, to remap these targets. Sidewall core analysis will also assist with determining where improved reservoir is likely to exist. Mud gas, observed while drilling, in the Seabee indicated that the hydrocarbons at this horizon are heavier than those in the Torok and this is the horizon where "live oil" was observed across the shakers in the nearby Malguk-1 well.

Detailed logs and sidewall cores were also acquired in the HRZ formation, which will now be analysed over the coming months. The HRZ remains a viable target and options to commercialise this potentially large resource continue to be pursued.

Premier has informed the Joint Venture that it intends to withdraw from the project, as the well did not meet its pre-drill expectations.

The cost of the well remains within the expected budget and 88E does not expect to incur any costs in relation to the drilling.

The well will now be plugged and abandoned ("P&A") in line with standard industry practice. The decision to P&A the well instead of moving to suspension or testing was made for a number of reasons:

- Further analysis is required to determine whether a discovery of this nature can be commercialised on the North Slope, given the likely high gas content
- An optimum stimulation and test at this juncture is not possible in the timeframe required due to the different phase of the hydrocarbons encountered and the length of season remaining

- Uncertain access to various personnel that may be required in the event of unforeseen circumstances/emergency situations, in light of the COVID-19 pandemic
- The lateness of the season and exposure to potential early break-up, which could result in the rig being stranded on the wrong side of the Kuparuk River at significant cost
- Reluctance to create a potential future liability if analysis determines that the well should be P&A'd in a subsequent season, at substantially higher cost

Managing Director of 88 Energy, Dave Wall, stated: *"Charlie-1 has delivered a mixed result. On the one hand, we have confirmed the presence of mobile hydrocarbons in the primary targets of the well but, at the same time, there are challenges that need to be more fully understood related to whether these can be commercialised on the North Slope. Samples of the hydrocarbons have been recovered to surface and will now be the subject of further analysis in the coming months.*

The risks related to the shallower targets have unfortunately been borne out, with one found to be water bearing and the other to have no sand development.

The Lima targets both remain valid and, using the VSP, logs and cores from Charlie-1, we hope to be able to enhance the prospectivity of the Seabee Formation on our acreage.

We also hope to glean valuable information in regard to the HRZ potential in this area of Project Icewine and analysis will take place over the next few months.

Further details will be released as the required analyses from Charlie-1 are completed."

Reporting requirements under LR 5.30

The Charlie-1 well is located on the North Slope of Alaska, ADL 393380, where 88 Energy has a 30% working interest. The well penetrated sandstones in seven stacked targets and shale in one target. No flow tests were undertaken; however, gas condensate samples were retrieved to surface from the Torok formation at 10,506' and 10,656' using a downhole sampling tool (Ora) run during the wireline operation.

This announcement has been authorised by the Board.

Yours faithfully



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