88 ENERGY LIMITED

ABN 80 072 964 179

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

CONTENTS

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Mr David Wall (Managing Director)
Dr Stephen Staley (Non-Executive Director)

COMPANY SECRETARY
Mr Ashley Gilbert

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Dear Shareholders

2020 will be remembered as a year in which a global pandemic wreaked havoc on the world economy driving down demand for crude oil. A price war between OPEC and Russia, US political upheaval and the charge toward greener energy added to this volatile mix. It is pleasing therefore to report that in this very high-risk environment confronted by adverse conditions 88E retained its focus, growing its Alaskan portfolio and exploration program.

In April 2020, the company announced the results of the Charlie-1 well. The well was drilled on time and within budget and penetrated sandstones in seven stacked targets and shale in one target. Analysis of logs and sidewall cores subsequently confirmed condensate discoveries in the Torok Formation and oil in the Seabee Formations. Importantly the cost for Charlie-1 was borne by an industry partner and the well results have provided an excellent base for follow up exploration / appraisal via industry farmout.

Success at Charlie-1 was followed by an off market bid for XCD Energy, which delivered the Project Peregrine to 88E. adding to our Alaskan exploration portfolio. The project was then farmed out to a US based group, maintaining leverage for our shareholders whilst lowering the cost risk. The takeover and subsequent farmout were both executed during an adverse environment and speaks volumes for 88E's management.

As I write, Rig-111 is on location preparing to drill the Merlin-1 well which 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, scheduling and permit approvals. Harrier-1 is targeting a gross mean prospective resource of 417 million barrels.

Each of the Merlin and Harrier prospects is located on trend to an existing discovery in the same play type. This has de-risked the prospects considerably and resulted in a relatively high independently estimated geologic chance of success. This continues our record of participating in significant wells offering substantial upside to 88E shareholders in the event of success.

As we approach the results of the Merlin-1 well, it is again worth reminding ourselves why 88E chose to explore in Alaska. At the outset, 88E cast the net far and wide in search of a project that could make a meaningful difference; one which would capture investor attention with transformational upside. The source rocks of Alaska have been described as unbelievably rich and prolific, having generated and expulsed about 1.5 trillion barrels of oil. Yet only a small fraction of that 1.5 trillion barrels has been found, leaving vast potential remaining to be discovered. Almost all the remaining fields in Alaska are stratigraphic traps rather than anticlines and require a subtler exploration approach, which 88E is pursuing as it targets reservoirs adjacent to those same source rocks.

Our early initiative to target Alaska has been validated by recent exploration successes and the arrival of new entrants on the Alaskan exploration scene. As recently as February 2021 exploration success has been reported by Pantheon Resources close to the border of our central acreage. During the year, S&P Global Platts reported that Oil companies could spend up to $24 billion on new production in Alaska over the next ten years. Access to existing infrastructure; a very supportive and stable State Government and significant exploration upside have long been recognised by 88E.

88E is now Operator on several active Exploration / Appraisal Projects across 444,517 net acres, including the recently acquired Tract 29 and Umiat Unit Leases. Unlike the lower 48 States, Alaskan leases have an attractive 7-10-year term with no mandatory work commitments and a low 16.5% base royalty. Our prospective land holding is now of a size one would normally associate with the big end of town and provides continued scope to attract partners.

The Alaskan program has been competently executed by our Managing Director, David Wall, with the assistance of a small, dedicated team. David has announced that he will be moving on once drilling and evaluation of Project Peregrine is concluded this season. David leaves on good terms and we wish him well. His role will be filled by Ashley Gilbert who has worked closely with David over several years. Our Alaskan based Operations Manager, Erik Opstad will continue in this role and enjoys our full support.

88E has prudently raised additional capital in advance of the 2021 program. We all know the process of evaluation is not without risk; however, we look to the future with considerable optimism as we unlock both the conventional and unconventional potential of our Alaskan exploration acreage.

Amidst the gloom cast by Covid-19 there is the potential for a future oil boom for several reasons. There has been a big decline in exploration; major oil companies are hedging bets by betting on renewable energy; widespread Covid-19 inoculations, unprecedented fiscal stimulation and low interest rates will drive economic growth and hence demand for oil. Some analysts predict oil will trade in the plus $80 per barrel range later this year and these factors will likely create tailwinds for our Alaskan initiatives.

Before closing I would like to thank the Department of Natural Resources, the Alaska Oil and Gas Conservation Commission; the North Slope Borough, Bureau of Land Management and other regulatory agencies that have facilitated our exploration effort in the State.

Our mission would not be possible without your support as shareholders in what has been a challenging yet exciting environment. Our dual listing on both ASX and AIM has garnered a wide investor base and we have been ably supported by our brokers and advisers EurozHartleys and Cenkos.

We look forward to a successful 2021 year.

Yours faithfully,

Michael Evans
Non-Executive Chairman

The Directors of 88 Energy Limited ("88E" or "the Company") present their report, together with the financial statements on the consolidated entity consisting of 88 Energy Limited and its controlled entities (the "Group") for the financial year ended 31 December 2020.

DIRECTORS AND KEY MANAGEMENT PERSONNEL

The names and details of the Company's directors and key management personnel in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Mr Michael Evans | Non-Executive Chairman
(Appointed 9 April 2014)

Mr Michael Evans is a highly-experienced mining and resource industry executive based in Perth who has extensive executive and board level experience with publicly listed companies in the natural resources sector. Michael was until April 2012 the founding Executive Chairman of oil explorer and producer FAR Limited, a position he held from 1995. Under Mr Evan's stewardship, FAR established and built up an extensive international oil and gas portfolio spanning Africa, North America and Australia – with industry partners including Amoco, Shell, BHP, BP, Exxon, CNOOC and Woodside. He was responsible for acquiring FAR's entire West African portfolio including the Senegal acreage where significant oil discoveries were made in 2014 by Cairn Energy. Michael has a Bachelor of Business Degree from Curtin, is a Chartered Accountant, and holds the following additional qualifications: ACA, AGIA, ACIS.

Mr Evans does not hold, and has not over the last 3 years held, a directorship in any other public listed company.

Mr David Wall | Managing Director

(Appointed 15 April 2014)

Mr Wall brings extensive experience with junior oil and gas companies, as a leading oil and gas equity analyst for over six years as well as his previous four and a half years as Managing Director of 88 Energy Ltd. His skillset spans asset evaluation across many fiscal regimes / play types as well as corporate advisory / M&A and equity capital markets, having led >$300m in capital raisings. Prior to his career as an analyst, Mr Wall managed a small team at Woodside Petroleum Ltd that reported to the Executive Committee. This team was responsible for vetting reports from all departments within the business, prior to Board submission, including exploration, development, operations, commercial and M&A. The team was also responsible for generating the annual budget and providing significant input into the Five Year Plan and the Company Strategic Plan. By virtue of these experiences, Mr Wall brings strong commercial and strategic skills as well as generalist knowledge across all levels of the oil and gas industry. This is complemented by financial markets experience focussed on junior exploration companies. Mr Wall holds a Bachelor of Commerce from the University of Western Australia, majoring in Management and Finance.

Mr Wall does not hold, and has not over the last 3 years held, a directorship in any other public listed company.

Dr Stephen Staley | Non-Executive Director
(Appointed 9 April 2014)

Dr Staley has more than 35 years of wide-ranging management, technical and commercial experience in the international oil, gas and power sectors. He co-founded and brought to the AIM market both Fastnet Oil & Gas plc (where he was the founding CEO) and Independent Resources plc (where he was the founding Managing Director). He was also both a technical consultant to, and non-executive director of, Cove Energy plc – the highly successful East Africa focused explorer that went from having a market capitalisation of £2 million in mid-2009 to being sold to PTTP for £1.2 billion in less than three years. Dr Staley is owner and founder of Derwent Resources Limited, an upstream consultancy advising on oil and gas opportunities. Prior to this he has worked for Cinergy Corp., Conoco and BP. He holds a BSc(Hons.) in Geophysics from Edinburgh University, a PhD in Petroleum Geology from Sheffield University and an MBA from Warwick University. He is a Fellow of the Geological Society and a member of the EAGE, the PESGB and The Arctic Club.

Dr Staley was until October 2019 the CEO, director and co-founder of Upland Resources Limited, a London-listed oil & gas company currently with assets onshore UK. Dr Staley is also a non-executive director of Predator Oil & Gas Holdings PLC which is a London-listed oil & gas company. Otherwise Dr Staley does not hold, and has not over the last 3 years held, a directorship in any other public listed company.

Ms Sarah Smith | Joint Company Secretary until 1 August 2020, sole Company Secretary from 4 March 2016
(Appointed 1 September 2014 – Resigned 1 August 2020)

Sarah specialises in corporate advisory, company secretarial and financial management services. Sarah's experience includes company secretarial and financial management services for ASX listed companies, capital raisings and IPOs, due diligence reviews and ASX and ASIC compliance. Sarah is a Chartered Accountant, and has acted as the Company Secretary of a number of ASX listed companies.

Mr Ashley Gilbert | Company Secretary
(Appointed 1 August 2019)

Ashley is also the Chief Financial Officer of 88 Energy Limited and has significant financial, compliance and corporate governance experience. Ashley is a Chartered Accountant, a member of the Governance Institute of Australia and the Australian Institute of Company Directors.

INTEREST IN THE SHARES AND OPTIONS OF THE COMPANY

The following table sets out each current Directors' relevant interest in shares, options and performance rights of the Company or a related body corporate as at the date of this report.

Director	Ordinary Shares	Unlisted Options	Listed Options	Performance Rights
Mr Michael Evans	30,790,478	-	-	-
Mr David Wall	120,038,015	-	-	77,640,000
Mr Stephen Staley	11,141,667	-	-	-
Total	153,636,827	-	-	77,640,000

PRINCIPAL ACTIVITIES

The principal activity during the year of the Company was oil and gas exploration and the continued review of opportunities available to the Company.

REVIEW AND RESULTS OF OPERATIONS

During the year, the Group continued its principal activities in Alaska, USA. An overview of the North Slope assets is provided below followed by a summary of significant activities.

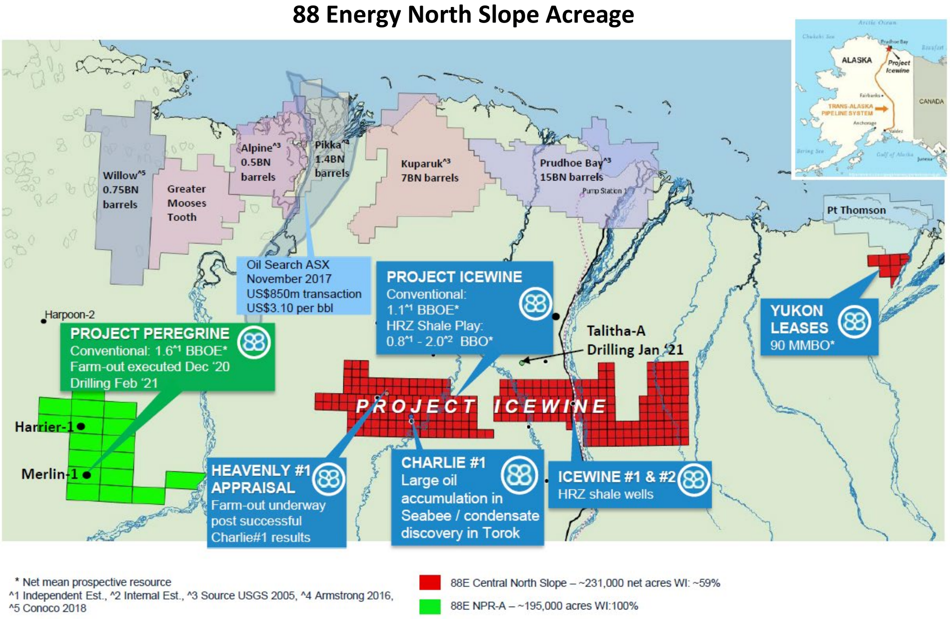
88 ENERGY: ALASKAN NORTH SLOPE ACREAGE

The Company has been operating on the Central North Slope since 2015 having originally entered into a binding agreement in 2014 with Burgundy Xploration (BEX) to acquire a working interest in a large acreage position on a multiple objective, liquids rich exploration opportunity onshore Alaska, USA, referred to as Project Icewine. The Company has since substantially expanded its Project Icewine acreage to ~231,000 net acres at the end of 2020, conducted 2D and 3D seismic acquisitions, and drilled 3 exploration wells in the acreage resulting in the Charlie-1 discovery in the Q1 2020.

In April 2020 the Company announced its intention to make an off-market takeover offer to acquire all of the fully paid ordinary shares and listed options on issue in XCD Energy Limited who holds the highly prospective Project Peregrine acreage, with acquisition of XCD Energy Limited completed on 17 August 2020. The merger created an Alaskan focused oil explorer with a diversified portfolio of 3 key project areas being Project Icewine, Yukon Leases and Project Peregrine, all at various stages of project maturity. Immediately after completion of the acquisition, 88 Energy commenced a farm-out process for Project Peregrine, which concluded with the execution of a farm-out agreement with Alaska Peregrine Development Company LLC ("APDC") in December 2020. Under the agreement, APDC will earn 50% in Project Peregrine by contributing US$11.3m towards the cost of the Merlin-1 well (estimated gross cost US$12.6m) and 88 Energy to contribute $1.3m, representing its 50% share over and above a US$10m carry. Just prior to year-end, 88 Energy executed a rig contract with All American Oilfield, LLC for the use of Rig 111 to drill the Merlin-1 and Harrier-1 wells in the first quarter of 2021 at its Project Peregrine acreage. Both wells are planned for drilling to a Total Depth of ~6,000' in order to intersect the prospective Nanushuk topset horizons that are located on trend to existing discoveries to the north of the project area.

The Company also holds the Yukon Leases acquired in 2017 and 2018 which includes an historic oil discovery, Yukon Gold-1, on the acreage (15,235 gross contiguous acres; 100% net to 88 Energy).

88 Energy North Slope Acreage



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.

2020 OPERATIONS SUMMARY

The Company had the following key operational highlights for 2020:

Project Icewine

- The Permit to Drill for the Charlie-1 exploration well was approved by the Alaska Oil and Gas Conservation Commission (AOGCC) on the 11 February 2020 with the well spudding on 2 March 2020.
- All pre-drill targets were intersected safely and efficiently with Total Depth of 11,112' was reached on 30 March 2020, having drilled through and logged all of the targets in the well, including the HRZ;
- Results from the Logging While Drilling (LWD) program were largely consistent with those seen in the nearby Malguk-1 well, with shows and elevated log response recorded over several horizons, with the wireline logging program commencing shortly after reaching Total Depth;
- The Charlie-1 exploration well confirmed a large condensate discovery in the Torok formation, in both the Middle Stellar and Lower Stellar targets as well as an oil discovery in the Seabee formation;
- The well was plugged and abandoned in April 2020, with the cost of the well within budget;
- Post well petrophysical interpretation, using sophisticated Laminated Sand Analysis, substantially upgraded net hydrocarbon pay in the Charlie-1 well with the petrophysical interpretation integrated into revised mapping of the Seabee and Torok discoveries in the 3rd quarter of 2020 to determine resource estimates;
- Large Independently Assessed Resource estimate at Project Icewine, integrating the results from Charlie-1, was finalised in the 4th quarter of 2020; and
- In-house analysis has commenced prior to year-end on various commercialisation options for the gas condensate discovered in the Torok Formation by 88E's Charlie-1 well in 2020.

Off-market Takeover Bid for XCD Energy Limited

- 88 Energy announced its intention to make an off-market takeover offer to acquire all of the fully paid ordinary shares and listed options on issue in XCD Energy Limited on 27 April 2020;
- The Board of Directors of XCD Energy on 7 May unanimously recommended that XCD Energy securityholders accept the improved Offers from 88 Energy, in the absence of a superior proposal and subject to the independent expert concluding that the offer is fair and reasonable, or not fair but reasonable. 88 Energy and XCD Energy also announced they had entered into a Bid Implementation Agreement, with compulsory acquisition completed on 17 August; and
- The merger created an Alaska focused oil explorer with a diversified portfolio of 3 key project areas; Project Icewine, Yukon Leases and Project Peregrine at various stages of project maturity.

Project Peregrine

- Project Peregrine farm-out commenced immediately post the XCD acquisition, with multiple parties partaking in technical due diligence, several of whom progressed to commercial discussions. The Company executed a farm-out on 4th December 2020 with Alaska Peregrine Development Company LLC ("APDC"). The details of the farmout are summarised below:
    - APDC to earn 50% in Project Peregrine by contributing US$11.3m towards the cost of the Merlin-1 well (estimated gross cost US$12.6m);
    - 88E to contribute $1.3m, representing its 50% share over and above a US$10m carry;
    - All additional costs associated with the project above the US$10m carry will be borne equally by APDC and 88E.
- Permitting and planning work related to drilling of up to two wells at Project Peregrine had commenced in Q4 2020, with the spud of Merlin-1 remaining on schedule for early March 2021.

Yukon Acreage

- Discussions continue with nearby resource owners to optimise the monetisation strategy of the acreage; and
- Permitting underway ahead of potential drilling in 2021 – subject to farm-out.

Western Blocks

The Western Block leases were relinquished in the half-year by the Joint Venture.

PROJECT ICEWINE 2020 OPERATIONS

Project Icewine Conventional

- **Charlie-1 Exploration Well**

The Permit to Drill which was submitted prior to the end of 2019, as planned, and was approved by the Alaska Oil and Gas Conservation Commission (AOGCC) on the 11 February 2020.

Construction of the ice road which commenced in late December 2019 was fully completed together with the ice pad at the Charlie-1 drilling location, by mid-February 2020. Mobilisation of the Nordic Rig#3 to site began shortly after completion of the ice road and the Charlie-1 well was spudded on 2 March 2020.

The Charlie-1 well reached its Total Depth of 11,112' (TVD) on 30th March 2020, having drilled through and logged all of the targets in the well, including the HRZ. Results from the Logging While Drilling program are largely consistent with those seen in the nearby Malguk-1 well, drilled by BP in 1991, with shows and elevated log response recorded over several horizons.

The wireline logging program commenced shortly after Total Depth was reached, and concluded on 6 April 2020.

The company announced on 7 April 2020 that the Charlie-1 appraisal well had 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). Upper Stellar was not tested due to the sub optimal location that it was intersected by the well.

In the Seabee Formation, Initial petrophysical interpretation also indicated hydrocarbon pay in the Seabee Formation and additional confirmatory analysis is under way. 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 good potential for higher quality reservoir at a different location. Excellent Vertical Seismic Profile ("VSP") data was obtained in the well, which is being 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.

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

Premier informed the Joint Venture during the 2nd quarter that it will withdraw from the project, as the well did not meet their pre-drill expectations.

The cost of the well was within the expected budget and the well was plugged and abandoned ("P&A") in line with standard industry practice in April 2020.

- **Petrophysical Interpretation Substantially Upgrades Charlie-1 Net Pay**

The final third party petrophysical interpretation from the recently drilled Charlie-1 well was completed in the 3rd quarter, and is detailed in the table below. These values consider data from logs obtained during drilling using a sophisticated logging suite as well as multiple laboratory analyses of sidewall cores taken from the key horizons in the Charlie-1 well. Encouragingly, the final interpretation provides a significant increase in net pay, compared to the initial interpretation, of 398' (vs 280'), with the largest contribution coming from the Lima oil discoveries in the Seabee Formation. These improvements are despite using higher cut-offs for both reservoir and net pay.

PROSPECT/DISCOVERY	FORMATION	GROSS ft	NET ft	NET to GROSS %	PAY ft	PAY to GROSS %	POROSITY (PHIT) avg %	WATER (SWT) avg %	INITIAL INTERPRETATION
UPPER LIMA	SEABEE	482	260	54	157	33	12.2	43	Net Pay: 8ft PHIT: 11.5% SWT: 77%
LOWER LIMA	SEABEE	320	116	36	76	24	11.4	40	Net Pay: 64ft PHIT: 11.4% SWT: 66%
UPPER STELLAR	TOROK	330	146	44	62	19	11.6	52	Net Pay: 20ft PHIT: 11.4% SWT: 76%
MIDDLE STELLAR	TOROK	234	101	43	56	24	11.4	43	Net Pay: 95ft PHIT: 11.4% SWT: 69%
LOWER STELLAR	TOROK	100	32	32	22	22	10.7	30	Net Pay: 49ft PHIT: 11.1% SWT: 55%
KUPARUK (lead)	KUPARUK	73	57	78	25	34	12.3	57	Net Pay: 44ft PHIT: 13.8% SWT: 70%

Cut-offs: PHIT>9%; SWT<70%, Vshale<40% (previously: PHIT>=8.5%; SWT<=80%, Vshale<=40%)

Both Upper and Lower Lima are confirmed as large oil discoveries by this interpretation and the lab results. The results are particularly significant as these targets are the most extensive of the Icewine conventional horizons as well as being relatively shallow, by comparison to the Torok Formation. The extent of the accumulations will be estimated over the coming weeks as these final petrophysical numbers are integrated into the updated seismic inversion product.

Similarly, the Stellar targets in the Torok Formation are also confirmed as hydrocarbon discoveries with good liquid hydrocarbon content. There remains some uncertainty about the gas to oil ratio as the liquid hydrocarbon saturations measured from the Charlie-1 cores in the lab imply much lower gas to oil ratio than that observed during the downhole tests, which recovered gas condensate. It is possible that these liquids may be unlocked by stimulation of the reservoir.

The Kuparuk also remains a prospective target, with anomalously good reservoir quality for its depth, however, no mapping has been done for this horizon and it is considered more gas prone than the Torok Formation.

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 (increasing to 75%). 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.

- **Independent Prospective Resources Estimate at Project Icewine**

Independent Prospective Resources estimates were prepared at Project Icewine for prospects in the vicinity of the recently drilled Charlie-1 well by ERCE Equipoise Pte Ltd (ERCE) and are tabulated below. Significantly, the majority of the resource has been estimated within the Seabee formation, which has been interpreted as part of one large stratigraphic accumulation over multiple, potentially connected, sand bodies in the Lima Fan System. Excellent oil saturations were observed in cores taken from this horizon during the drilling of Charlie-1. There was no flow test at this horizon in Charlie-1 and, consequently, reservoir deliverability remains to be established. However, given the significant size of the estimated resource, 88 Energy is confident that it will be able to attract a partner to fund drilling of additional wells to evaluate the flow potential in the Seabee. The Company is also optimistic about the potential for light oil in the Torok, which could enhance value substantially.

Prospect (Reservoir)	Expected Phase / (Chance of Phase)[4]	Unrisked Net Entitlement to 88E Prospective Resources (MMboe)[1,2,3]				Geological Chance of Success (COS)	Chance of Development (COD)[6]
		1U	2U	3U	Mean		
Lima Fan (Seabee)	Oil (100%)	134.1	612.6	1755.9	888.6	40%	30%
Stellar F1 (Torok)	Oil (60%)	4.7	17.0	50.6	25.3	70%	30%
Stellar F3-1 (Torok)	Oil (60%)	1.9	6.8	23.3	11.0	60%	30%
Stellar F4 (Torok)	Oil (60%)	6.2	22.1	76.7	36.9	60%	30%
Stellar F5/6 (Torok)	Oil (60%)	7.2	27.2	102.0	46.0	20%	30%
Stellar F2 (Torok)	Gas (60%)	13.2	35.8	83.9	44.1	80%	10%
Stellar F3-2 (Torok)	Gas (60%)	16.0	46.3	115.7	59.0	80%	10%
Total					**1,110.9[5]**		

1. 88 Energy net resources have been calculated using a 75% working interest and 16.5% royalty

2. Prospective Resources have been assessed on the basis that they are unconventional in nature

3. MMboe estimates include condensate but exclude associated gas and assume a conversion of 6,000scf equivalent to 1bbl

4. Prospects are subject to a phase risk (oil vs gas). ERCE has volumetrically assessed most likely phase only. Phase risk has not been applied to the unrisked numbers.

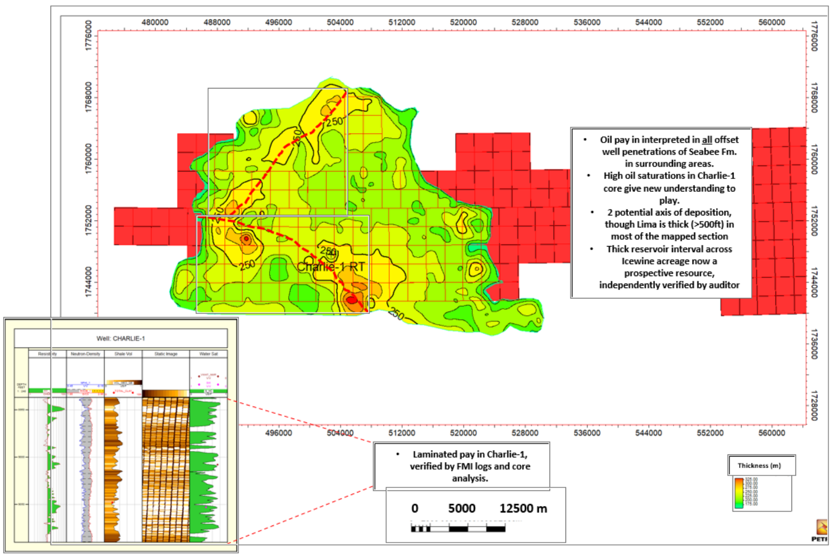
5. The unrisked means, which have been arithmetically summed, are not representative of the expected total from the prospects and implies a success case in all reservoir intervals

6. 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 outside the knowledge of ERCE they must be used with caution.

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.

Refer to the ASX release on 10th November 2020 for details in relation to the prospective resource estimates.

Figure 1. Lima Fan Complex



- **Project Icewine – Commercialisation Analysis**

In-house analysis also commenced in the quarter on various commercialisation options for the gas condensate discovered in the Torok Formation by 88E's Charlie-1 well in 2020. The discovered resource comprises over 1 TCF of independently estimated gross mean prospective gas as well as associated condensate. The commercialisation options include, but are not limited to, possible local power generation, compressed natural gas as well as potential for conversion to hydrogen using steam methane reforming (SMR) with carbon capture and storage (CCS) processes. It is expected that this work will move to a formal feasibility stage during 2021.

Project Icewine Unconventional

Detailed logs and sidewall cores were acquired in the HRZ formation during drilling of the Charlie-1 well, which were analysed over the second half of 2020.

Measurements taken from both core and cuttings have confirmed that the HRZ shale at the Charlie-1 location has a vitrinite reflectance value of 0.9 (VRo %), which is within the peak oil generation window. This was also confirmed by isotope analysis of mud gases recovered whilst drilling. The confirmation of the thermal maturity model is very encouraging and further work is ongoing regarding producibility of the shale.

The HRZ remains a viable target and options to commercialise this potentially large resource continue to be pursued. The Joint Venture plans to conduct a formal farm-out process to fund further appraisal.

Deferral of Project Icewine Lease Rental Payments

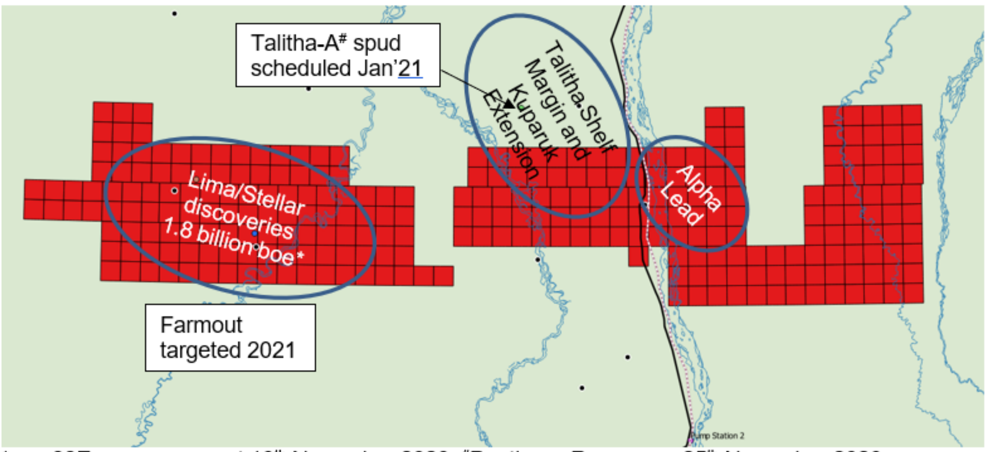
On 4 May 2020, Alaska Department of Natural Resources ("DNR") granted Accumulate Energy Alaska, Inc an extension of time within which to make payments on annual oil and gas lease rentals due to the State of Alaska in 2020. For oil and gas lease rentals due in June, July, and September of 2020, a 6-month extension was given to make rental payments due in these periods. For oil and gas lease rentals due in October and November of 2020, a 3-month extension was given.

Project Icewine Leases

88E's working interest on approximately 40% of the gross Project Icewine lease position increased in the 4TH quarter from 30% to 75% in the area surrounding the recently successful Charlie-1 well (a net increase of ~85,000 acres) following the re-assignment of leases in "Area A".

In addition, as part of the annual review of leases, the Icewine joint venture has determined that several leases at Project Icewine are no longer considered prospective and, consequently, a decision has been made to not renew these leases. These leases represent approximately 25% of the gross lease position, resulting in a 231,000 net acreage position for 88E in the Central North Slope. This will reduce the ongoing rental costs at the project as focus shifts to the farm-out effort in the vicinity of the recently drilled Charlie-1 well.

Figure 1: Icewine Lease Position and Prospectivity



*see 88E announcement 10th November 2020, #Pantheon Resources 25th November 2020

OFF-MARKET TAKEOVER BID FOR XCD ENERGY LIMITED

On 27 April 2020, 88 Energy announced its intention to make an off-market takeover offer to acquire all of the fully paid ordinary shares and listed options on issue in XCD Energy Limited, an oil exploration company with operations on the North Slope of Alaska, USA.

88 Energy entered into pre-bid acceptance deeds with major XCD Energy shareholders and listed option holders in respect of 18.5% of the XCD Energy shares and 6.8% of the XCD Energy listed options on issue. Pursuant to these deeds, the Shareholders accepted the Proposed Offer, in the absence of a superior proposal.

The transaction creates an Alaska-focused oil exploration and appraisal company with a diversified portfolio of three highly prospective project areas: Project Icewine, Yukon Leases and Project Peregrine and provides an attractive investment proposition for existing and new shareholders.

Key benefits of the transaction include:

- the creation of an established oil exploration and appraisal company with an attractive and complementary portfolio of exploration assets - at various stages of project maturity;
- enhanced strategic, commercial, technical and financial strength to optimise funding of operations, including an increased level of liquidity and exposure to a larger global investor base giving greater financing flexibility;
- the ability to optimise operational activity across the combined group's highly prospective exploration / appraisal portfolio with potential synergies associated with future project development and infrastructure requirements; and
- a strong board, management and technical team with a proven track record for advancing projects and delivering on milestones, including two 3D and one 2D seismic survey, drilling of four exploration wells safely and on budget over a 5 year period as well as execution of farm-in/farm-out transactions.

On 7 May 2020, 88 Energy and XCD Energy Limited announced they had agreed to merge and had entered into a Bid Implementation Agreement, with the Board of Directors of XCD Energy unanimously recommend to XCD Energy shareholders and listed option holders that they accept the Offers, in the absence of a superior proposal and subject to the independent expert concluding that the offer is fair and reasonable or not fair but reasonable.

The Offers were subject to only a limited number of conditions, including a 90% minimum acceptance condition. The full list of conditions to the Offers are set out in the announcement of 7 May 2020 in Schedule 2 of the BIA provided in Annexure A to the announcement. Further details regarding the Offers were contained in the Bidder's Statement, which was announced and sent to XCD Energy security holders on 25 May 2020.

On 18 June 2020, 88 Energy announced that it had declared its recommended off-market takeover offers for all of the ordinary shares and listed options in XCD Energy free from all defeating conditions, having reached a relevant interest in 59.27% of XCD Energy's shares and 28.53% of XCD Energy's listed options on 17 June 2020.

In addition, 88 Energy announced that XCD Energy shareholders and listed option holders who validly accepted the Offers made to them before they were declared unconditional will be issued their consideration by 26 June 2020. Any XCD Energy shareholders and listed option holders who are yet to validly accept the Offers made to them will be issued with their 88 Energy shares and listed options within 7 business days of their acceptance being processed.

Further, 88 Energy stated in its announcement of 18 June 2020 that if the Company acquires a relevant interest in XCD Energy of 90% or more, 88 Energy intends to proceed with compulsory acquisition of any outstanding XCD Energy shares and listed options under Part 6A of the Corporations Act. If this occurs, XCD Energy security holders who have their XCD Energy shares and listed options acquired compulsorily will not be eligible for accelerated payment terms. On 9 July 2020 88 Energy announced it would compulsorily acquire the remaining shares and listed options in XCD having reached over 90% of acceptances in the Offers, with compulsory acquisition completed on 17 August 2020.

PROJECT PEREGRINE

Farm-out Executed

88 Energy executed definitive documents with Alaska Peregrine Development Company LLC ("APDC") in the quarter in relation to the farmout of its 100% owned Project Peregrine, located in the NPR-A region of the North Slope of Alaska.

The details of the farmout are summarised below:

- APDC to earn 50% in Project Peregrine by contributing US$11.3m towards the cost of the Merlin-1 well (estimated gross cost US$12.6m)
- 88E to contribute $1.3m, representing its 50% share over and above a US$10m carry; and
- All additional costs associated with the project above the US$10m carry will be borne equally by APDC and 88E.

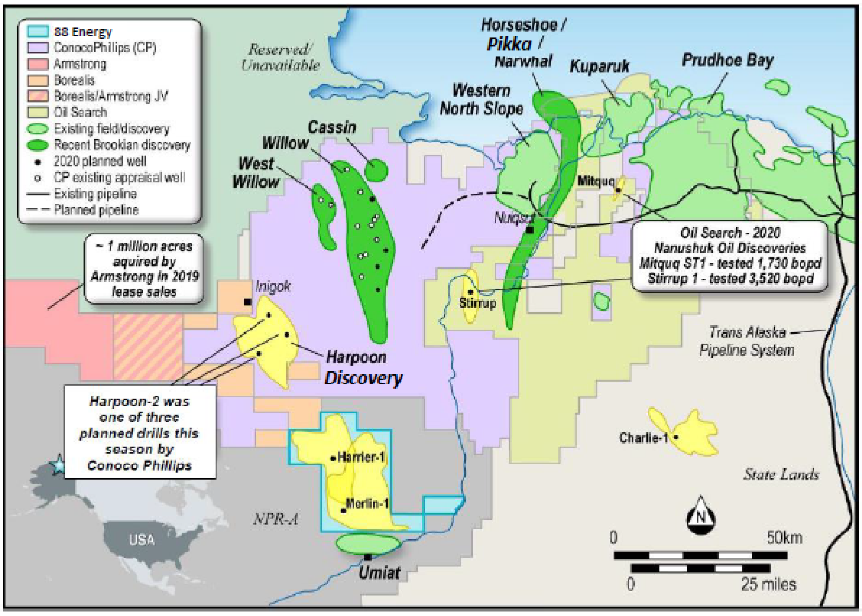
Project Peregrine – Drilling Operations

88 Energy executed a rig contract in the quarter with All American Oilfield, LLC for the use of Rig 111 to drill the Merlin-1 and Harrier-1 wells at its Project Peregrine in the NPR-A region of the North Slope of Alaska. Both wells are planned for drilling to a Total Depth of ~6,000' in order to intersect the prospective Nanushuk topset horizons that are located on trend to existing discoveries to the north of the project area.

Operations remain on track for the scheduled March spud of the Merlin-1 well at 88 Energy's Project Peregrine. Merlin-1 will target the Nanushuk topset play that has been recently successful in offset acreage as well as elsewhere on the North Slope of Alaska. Schedule permitting, the Harrier-1 well will be drilled directly after Merlin-1 has been completed and, potentially, flow tested.

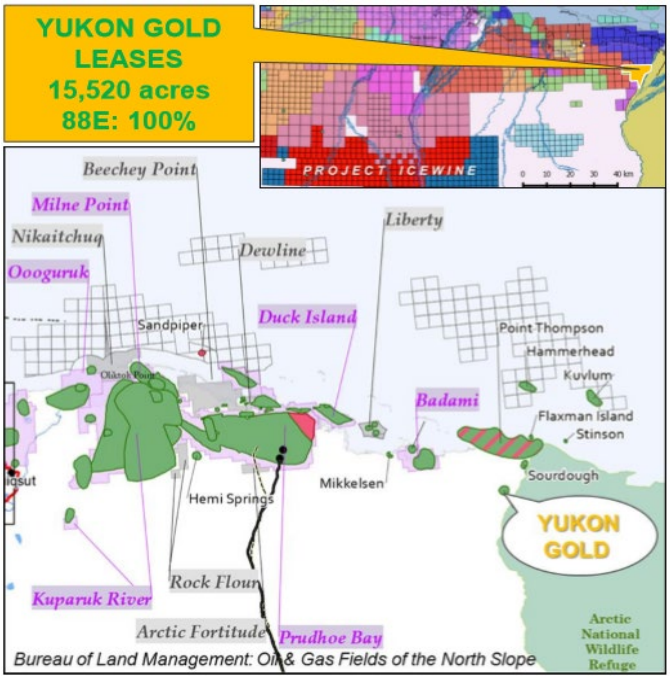
All American Oilfield's Rig 111 at year end was being re-assembled post deconstruction as part of the commissioning process prior to handover and mobilisation to site in February 2021.

Permitting and planning remains on schedule for the spud of Merlin-1 in early March 2021.



YUKON LEASES & TRACT 29

Discussions continued during the year with nearby lease owners to optimise the monetisation strategy for existing discovered resources located in the vicinity of the Yukon Leases. The Yukon Leases contain the 86 million barrel Cascade Prospect*, which was intersected peripherally by Yukon Gold-1, drilled in 1994, and classified as an historic oil discovery. 88 Energy recently acquired 3D seismic (2018) over Cascade and, on final processing and interpretation, high-graded it from a lead to a drillable prospect. The Yukon Leases are located adjacent to ANWR and in close proximity to recently commissioned infrastructure.



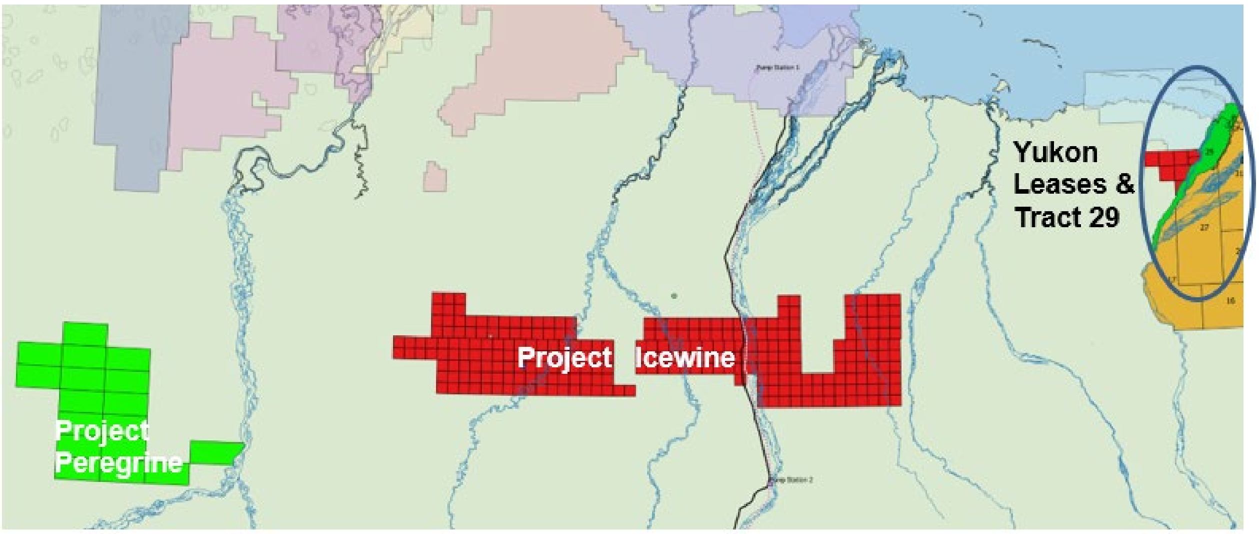
Permitting continued ahead of a future possible drilling campaign – subject to farm-out.

Subsequent to year-end 88 Energy, via its wholly owned subsidiary Regenerate Alaska Inc, was named high bidder on Tract 29 in the 2021 Coastal Plain Lease Sale. Tract 29 is comprised of 23,446 acres and is adjacent to 88 Energy's existing Yukon Leases as well as the Point Thomson gas condensate field, which is currently in production.

The acquisition of these leases represents a logical step in the Company's aggregation strategy for oil resources in this part of the North Slope, where existing infrastructure provides a potential pathway to commercialisation.

Additional details on the lease sale can be found here: [Lease Sale.pdf]

Fig. 1 88 Energy Revised Acreage Map Alaska with Tract 29 (green)



 # Refer announcement 7th November 2018

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.

WESTERN BLOCKS

During the first half of 2020 an assessment of the strategy for future of leases continued with a decision to relinquished the acreage by the Joint Venture.

NEW VENTURES

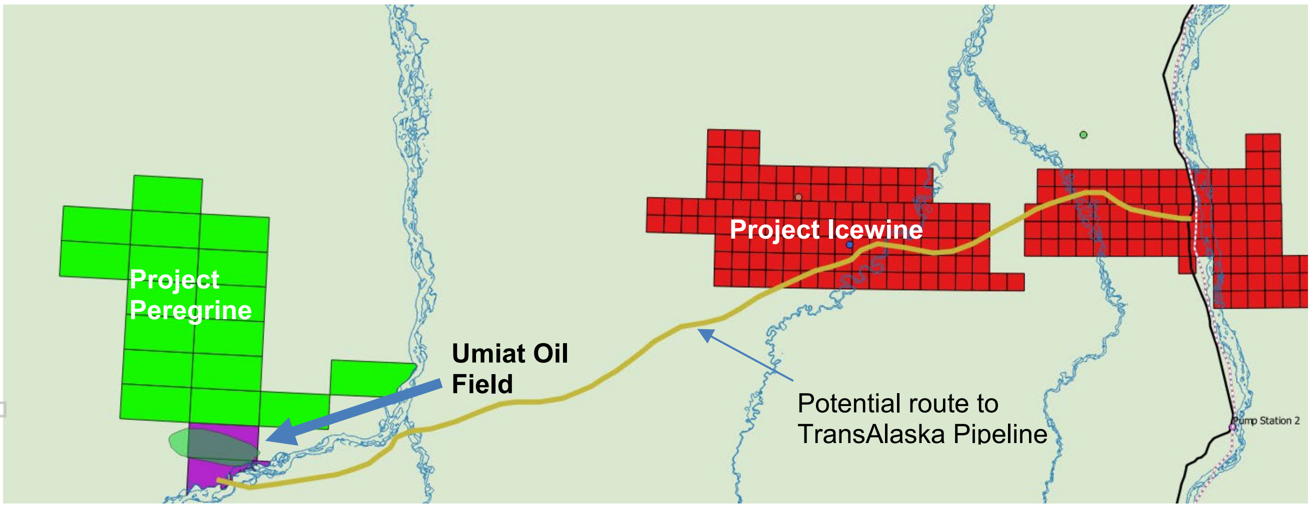
The Company continued to review and evaluate a number of new ventures opportunities during 2020.

Subsequent to year-end on 8th January 2021, 88 Energy, via its wholly owned subsidiary Emerald House LLC, entered into a Sale and Purchase Agreement with Malamute Energy, Inc and Renaissance Umiat LLC (Sellers) to acquire the Umiat Oil Field. The consideration for the purchase was a 4% ORRI and assumption of the liability for the abandonment of the Umiat-18 and Umiat-23H wells, drilled by Linc Energy in 2013/2014. The estimated cost to abandon the two wells is approximately US$1m.

The Umiat Oil Field is covered by two leases comprising 17,633 acres, which are in a unit that was formed in September 2019 with an initial 10 year term. The current conditions of the unit stipulate a well commitment (exploration or appraisal) by 31st August 2022.

Further details can be found in the Company's ASX announcement released on 11 January 2021.

Fig. 1 Umiat Oil Field Location



CORPORATE SUMMARY

The Corporate highlights for the company during the year included:

PLACEMENTS TO RAISE A$15 MILLION

On the 24 January 2020, the Company announced that it had successfully completed a capital raise of A$5 million (before costs), with the placement made to domestic and international institutional and sophisticated investors through the issue of 238 million ordinary shares at A$0.021 per New Ordinary Share.

In addition, on the 18 November 2020, the Company announced that it had successfully completed a capital raise of a further A$10 million (before costs), with the placement again made to domestic and international institutional and sophisticated investors through the issue of 1,678 million ordinary shares at A$0.006 per New Ordinary Share.

FINANCIAL PERFORMANCE

The financial results of the Group for the year ended 31 December 2020 are:

	31-Dec-20 **$**	31-Dec-19 $	Change %
Cash and cash equivalents	**14,845,347**	15,903,117	(6%)
Net Assets	**58,911,353**	64,598,510	(3%)
Revenue and other income	**246,778**	35,931	586%
Net loss after tax	**(22,033,633)**	(36,780,457)	40%

The loss for the year was $22,033,633 (2019: $36,780,457).

At the end of the financial year, the Group had cash on hand of $14,845,347 (2019: $15,903,117), net assets of $58,911,353 (2019: $64,598,510) and current liabilities of $5,665,833 (2019: $6,309,010).

During the year, the Company raised approximately $15.075 million (before costs) through the issue of new shares.

DIVIDENDS

No dividends have been paid or declared by the Group since the end of the previous financial year.

No dividend is recommended in respect of the current financial year.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Apart from as stated above, no other matters or circumstances have arisen during the financial year which significantly affected the operations of the Group, the results of those operations, or the state of affairs of the Group in the financial period.

MATTERS SUBSEQUENT TO THE REPORTING PERIOD

- The Company announced that it has successfully completed a heavily and oversubscribed bookbuild to domestic and international institutional and sophisticated investors to raise up to A$12.0 million from the issue of 1,500 million ordinary shares (refer to ASX release dated 12th February 2021).
- The Company executed the sale and purchase agreement to acquire the Umiat Oil Field. (refer to ASX release dated 11th January 2021).
- The Company announced the Permit to Drill for the Merlin – 1 well was approved on 29th January 2021 by the Alaska Bureau of Land and Minerals Management. (refer too ASX release dates 1st February 2021).
- The Company announced that it had been named the highest bidder on Tract 29 in the 2021 Coastal Plain lease Sale. (refer to ASX release dated 8th January 2021).
- The Board announced that Mr David Wall, Managing Director had tendered his resignation and will leave the Company in May 2021.

The Directors are not aware of any other matters or circumstances at the date of the report, other than those referred to in this report or the financial statements or notes thereto, that have significantly affected or may significantly affect the operations, the result of operations or the state of affairs of the Group in subsequent financial years.

LIKELY DEVELOPMENTS AND FUTURE STRATEGY

Project Icewine;

In-house analysis will continue to assess various commercialisation options for the gas condensate discovered in the Torok Formation by 88E's Charlie-1 well in 2020. The discovered resource comprises over 1 TCF of independently estimated gross mean prospective gas as well as associated condensate. The commercialisation options include, but are not limited to, possible local power generation, compressed natural gas as well as potential for conversion to hydrogen using steam methane reforming (SMR) with carbon capture and storage (CCS) processes. It is expected that this work will move to a formal feasibility stage during 2021. Farm-out of Project Icewine is ongoing, with a deal targeted in 3Q 2021.

Further evaluation will continue on the Project Icewine HRZ liquids-rich unconventional resource play.

Yukon Acreage;

The Yukon Gold leases are located on the eastern border of the Central North Slope of Alaska and were acquired in 2018 and 2019. 88 Energy via its subsidiary Regenerate Energy Alaska Inc. has a 100% working interest in these leases, totalling 15,235 acres. The leases contain an historic discovery well, Yukon Gold #1, which will continue to be evaluated internally. Discussions are ongoing with nearby lease owners to optimise the monetisation strategy for existing discovered resources located in the vicinity of the Yukon Leases.

Project Peregrine;

The Merlin-1 and Harrier-1 wells will be drilled and tested in Q1 2022, with Alaska Peregrine Development Company LLC under the terms of the SPA paying the full costs of an appraisal wells up to a total of US$10 million with both wells planned for drilling to a Total Depth of ~6,000' in order to intersect the prospective Nanushuk topset horizons that are located on trend to existing discoveries to the north of the project area.

Umiat Oil Field;

Subsequent to year-end on 8th January, 88 Energy, via its wholly owned subsidiary Emerald House LLC, entered into a Sale and Purchase Agreement with Malamute Energy, Inc and Renaissance Umiat LLC (Sellers) to acquire the Umiat Oil Field. The consideration for the purchase was a 4% ORRI and assumption of the liability for the abandonment of the Umiat-18 and Umiat-23H wells, drilled by Linc Energy in 2013/2014. The estimated cost to abandon the two wells is approximately US$1m and planned to occur in the first half of 2021.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The operations and proposed activities of the Company are subject to state and federal laws and regulations concerning the environment. As with most exploration projects, the Company's activities are expected to have an impact on the environment, particularly if advanced exploration or development proceeds. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

The Company's current activities are not subject to any particular and significant environmental regulation under the laws of any country in which it operates.

SHARE OPTIONS AND PERFORMANCE RIGHTS

Unissued shares

As at 31 December 2020, the following Company options and performance rights were on issue:

Type	Number	Exercise Price	Expiry Date
Placement options	131,500,000	$0.055	27-10-21
Placement fee options	22,000,000	$0.05	27-10-21
Performance Rights	183,453,091	$0.00	24-10-22
TOTAL	**336,953,091**		

Option and Performance Right holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

Shares issued as a result of the exercise of options

At the date of this report, no shares were issued as a result of the exercise of options for 2020 year.

DIRECTORS' MEETINGS

The number of Directors' meetings held during the financial year and the number of meetings attended by each Director during the time the Director held office are:

Director	Number Eligible to Attend	Number Attended
Michael Evans	4	4
David Wall	4	4
Stephen Staley	4	4

In addition to the scheduled Board meetings, Directors regularly communicate by telephone, email or other electronic means, and where necessary, circular resolutions are executed to effect decisions.

Due to the size and scale of the Company, there is no Remuneration and Nomination Committee or Audit Committee at present. Matters typically dealt with by these Committees are, for the time being, managed by the Board. For details of the function of the Board, please refer to the Corporate Governance Statement.

REMUNERATION REPORT (AUDITED)

This remuneration report for the year ended 31 December 2020 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 ("the Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Parent company.

Key Management Personnel Disclosed in this Report

Key Management Personnel of the Group during or since the end of the financial year were:

Mr David Wall	Managing Director
Mr Michael Evans	Non-Executive Chairman
Dr Stephen Staley	Non-Executive Director
Mr Ashley Gilbert	Chief Financial Officer Company Secretary (appointed 1 Aug 2019)

There have been no other changes after reporting date and up to the date that the financial report was authorised for issue.

The Remuneration Report is set out under the following main headings:

A Remuneration Philosophy
B Remuneration Governance, Structure and Approvals
C Remuneration and Performance
D Details of Remuneration
E Service Agreements
F Share-based Compensation
G Equity Instruments Issued on Exercise of Remuneration Options
H Voting and comments made at the Company's 2019 Annual General Meeting
I Loans with KMP
J Other Transactions with KMP

A Remuneration Philosophy

KMP have authority and responsibility for planning, directing and controlling the activities of the Group. KMP of 88E comprise of the Board of Directors and the Chief Financial Officer.

The Group's broad remuneration policy is to ensure the remuneration package properly reflects the person's duties and responsibilities and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

No remuneration consultants were employed during the financial year.

B Remuneration Governance, Structure and Approvals

Remuneration of Directors is currently set by the Board of Directors. The Board has not established a separate Remuneration Committee at this point in the Group's development, nor has the Board engaged the services of an external remuneration consultant. It is considered that the size of the Board along with the level of activity of the Group renders this impractical. The Board is primarily responsible for:

- The over-arching executive remuneration framework;
- Operation of the incentive plans which apply to executive directors and senior executives, including key performance indicators and performance hurdles;
- Remuneration levels of executives; and
- Non-Executive Director fees.

Their objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company.

❖ **Non-Executive Remuneration Structure**

The remuneration of Non-Executive Directors consists of Directors' fees, payable in arrears. The total aggregate fixed sum per annum to be paid to Non-Executive Directors in accordance with the Company's Constitution shall initially be no more than A$300,000 and may be varied by ordinary resolution of the Shareholders in a General Meeting.

Remuneration of Non-Executive Directors is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the Directors. In accordance with the Company's Constitution, the Directors may at any time, subject to the Listing Rules, adopt any scheme or plan which they consider to be in the interests of the Company and which is designed to provide superannuation benefits for both present and future Non-Executive Directors, and they may from time to time vary this scheme or plan.

The remuneration of Non-Executive is detailed in Table 1(a) and their contractual arrangements are disclosed in "Section E – Service Agreements".

Remuneration may also include an invitation to participate in share-based incentive programmes in accordance with Company policy.

The nature and amount of remuneration is collectively considered by the Board of Directors with reference to relevant employment conditions and fees commensurate to a company of similar size and level of activity, with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Directors.

❖ **Executive Remuneration Structure**

The nature and amount of remuneration of executives are assessed on an annual basis or as otherwise determined by the Board, with the overall objective of ensuring maximum stakeholder benefit from the retention of high performance Directors.

The main objectives sought when reviewing executive remuneration is that the Company has:

- Coherent remuneration policies and practices to attract and retain Executives;
- Executives who will create value for shareholders;
- Competitive remuneration offered benchmarked against the external market; and
- Fair and responsible rewards to Executives having regard to the performance of the Group, the performance of the Executives and the general pay environment.

The remuneration of Executives is detailed in Table 1(a) and their contractual arrangements are disclosed in "Section E – Service Agreements".

- **Executive Remuneration Approvals**

The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and aligned with market practice. Executive contracts are reviewed annually by the Board, in the absence of a Remuneration Committee, for their approval. The process consists of a review of company, business unit and individual performance, relevant comparative remuneration internally and externally and where appropriate, external advice independent of management.

Executive remuneration and incentive policies and practices must be aligned with the Company's vision, values and overall business objectives. Executive remuneration and incentive policies and practices must be designed to motivate management to pursue the Company's long-term growth and success and demonstrate a clear relationship between the Company's overall performance and performance of the executives.

C Remuneration and Performance

Due to the current early stage of the Company's growth it is not appropriate at this time to evaluate the Company's financial performance using generally accepted measures such as EBITDA and profitability; this assessment will be developed over the next few years.

The following information provides a summary of the Company's financial performance for the last five years:

	31-Dec-20	31-Dec-19	31-Dec-18	31-Dec-17	31-Dec-16
Loss after income tax ($)	**(22,033,633)**	(36,780,457)	(5,993,593)	(8,408,915)	(9,401,264)
EPS (cents per share)	**(0.002)**	(0.005)	(0.001)	(0.002)	(0.003)
Share price	**0.001**	$0.022	$0.019	$0.026	$0.045
Market capitalisation	**$106.0 million**	$151.2 million	$120.2 million	$120.9 million	$187.6 million

Relationship between Remuneration and Company Performance

Given the current phase of the Company's development, the Board does not consider earnings during the current and previous financial year when determining, and in relation to, the nature and amount of remuneration of KMP.

The pay and reward framework for key management personnel may consist of the following areas:

a) Fixed Remuneration – base salary;
b) Variable Short Term Incentives; and
c) Variable Long Term Incentives.

The combination of these would comprise the key management personnel's total remuneration.

a) Fixed Remuneration – Base Salary

The fixed remuneration for each senior executive is influenced by the nature and responsibilities of each role and knowledge, skills and experience required for each position. Fixed remuneration provides a base level of remuneration which is market competitive and comprises a base salary inclusive of statutory superannuation. It is structured as a total employment cost package.

Key management personnel are offered a competitive base salary that comprises the fixed component of pay and rewards. External remuneration consultants may provide analysis and advice to ensure base pay is set to reflect the market for a comparable role. No external advice was taken this year. Base salary for key management personnel is reviewed annually to ensure the executives' pay is competitive with the market. The pay of key management personnel is also reviewed on promotion. There is no guaranteed pay increase included in any key management personnel's contract.

b) Variable Remuneration – Short Term Incentives (STI)

Discretionary cash bonuses may be paid to senior executives annually, subject to the requisite Board and shareholder approvals where applicable. Bonus payments were made in the 2019 and 2020 financial years as detailed in this remuneration report. In determining the extent of cash bonuses paid in 2019 and 2020, the Board took into consideration performance of each individual in the period and the Company performance.

c) Variable Remuneration – Long Term Incentives (LTI)

The Company adopted a Performance Rights Scheme during the year ended 31 December 2018. The Performance Rights Scheme allows eligible participants to be granted Performance Rights to acquire Shares in the Company subject to certain vesting conditions. The Board may grant Performance Rights to any Director, full or part time employee, or casual employee or contractor who falls within the definition of an Eligible Participant as defined in ASIC Class Order 14/1000 and the Scheme rules. Each Performance granted under the Scheme will be granted for nil consideration and each Performance Right is exercisable into one Share in the Company with an exercise price and expiry date for the Performance Rights granted under the Scheme determined by the Board prior to the grant of the Performance Rights.

The Company adopted an Incentive Option Scheme during the year ended 31 December 2015. The Options Scheme allows eligible participants to be granted Options to acquire Shares in the Company. The Board may grant Options to any Director, full or part time employee, or casual employee or contractor who falls within the definition of an Eligible Participant as defined in ASIC Class Order 14/1000. Each Option granted under the Scheme will be granted for nil or nominal consideration. Each Option is exercisable into one Share in the Company and the exercise price and expiry date for Options granted under the Scheme will be determined by the Board prior to the grant of the Options.

The Options granted may be subject to conditions on exercise as may be fixed by the Directors prior to grant of the Options. The Options will not be quoted on ASX. No options or performance rights were granted in 2019.

D Details of Remuneration

Details of the nature and amount of each major element of the remuneration of each KMP of the Group during the financial year are:

Table 1(a) – Remuneration of KMP – Directors of the Group for the years ended 31 December 2020 and 31 December 2019 is set out below:

Directors		Short-term Employee Benefits				Post-Employment Benefits	Share Based Payments	Total
	Year	Salary & fees	Non-monetary benefits	Annual & Long Service Leave	Other	Superannuation	Performance Rights & Options [iii]	
		$	$	$	$	$	$	$
Michael Evans	2020	134,750	-	-	-	12,801	-	147,551
	2019	140,000	-	-	-	13,300	-	153,300
David Wall	2020	413,227	-	23,202[i]	120,000[iii]	29,426	43,834	629,689
	2019	429,975	-	39,978	115,000	29,925	44,251	659,129
Stephen Staley	2020	62,562	-	-	-	-	-	62,562
	2019	65,000	-	-	-	-	-	65,000
Total	**2020**	**610,539**	**-**	**23,202**	**120,000**	**42,227**	**43,834**	**839,802**
Remuneration	2019	634,975	-	39,978	115,000	43,225	44,251	877,429

(i) Includes annual leave - $5,984 and long service leave - $17,218.
(ii) Share based payments are the options and performance rights expensed over the vesting period.
(iii) Mr Wall was paid a cash bonus in 2020 of $109,590 and elected to cash out super of $10,410. Cash bonuses paid in 2020 are based on individual and the Company performance in particular the completion of the farm-out.

Table 1(b) – Remuneration of KMP – Executives of the Group for the years ended 31 December 2020 and 31 December 2019 is set out below:

Executives	Year	Short-term Employee Benefits				Post-Employment Benefits	Share Based Payments	Total
		Salary & fees	Non-monetary benefits	Annual & Long Service Leave	Other	Superannuation	Performance Rights & Options (iii)	
		$	$		$	$	$	$
Ashley Gilbert	**2020**	310,869	-	21,892(ii)	102,000(i)	18,760	24,119	477,640
	2019	302,131	-	2,300	100,000	25,000	24,339	453,770
Total	**2020**	**310,869**	-	**21,892**	**102,000**	**18,760**	**24,119**	**477,640**
Remuneration	2019	302,131	-	2,300	100,000	25,000	24,339	453,770

(i) Mr Gilbert was paid a cash bonus of $93,150 in December 2020 and elected to cash out superannuation of $8,850. Cash-bonuses are based on individual and the Company performance in particular the completion of the farm-out.

(ii) Includes annual leave - $14,315 and long service leave - $7,577.

(iii) Share based payments are the options and performance rights expensed over the vesting period.

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense in the tables above:

Table 2 – Relative proportion of fixed vs variable remuneration expense

Name	Fixed Remuneration 2020	Fixed Remuneration 2019	At Risk – STI (%) 2020	At Risk – STI (%) 2019	At Risk – LTI (%) 2020	At Risk – LTI (%) 2019
Directors						
Michael Evans	**100%**	100%	**-**		**-**	-
David Wall	**74%**	76%	**19%**	17%	**7%**	7%
Stephen Staley	**100%**	100%	**-**	-	**-**	-
Executives				-		
Ashley Gilbert	**74%**	73%	**21%**	22%	**5%**	5%

The proportion of STI and LTI of performance based remuneration forfeited in 2020 was nil.

Table 3 – Shareholdings of KMP (direct and indirect holdings)

31 December 2020	Balance at 01/01/2020	Granted as Remuneration	On Exercise of Options	Net Change – Other	Balance at 31/12/2020
Directors					
Michael Evans	21,190,478	-	-	9,600,000	30,790,478
David Wall	39,404,762	-	-	72,299,920	111,704,682
Stephen Staley	11,141,667	-	-	-	11,141,667
Total	**71,736,907**	**-**	**-**	**81,899,920**	**153,636,827**

Table 4 – Option holdings of KMP (direct and indirect holdings)

31 December 2019	Balance at 01/01/2020	Granted as Remuneration	Exercised	Expired / Other Change	Balance at 31/12/2020	Vested & Exercisable
Directors						
Michael Evans	5,000,000	-	-	(5,000,000)	-	-
David Wall	20,000,000	-	-	(20,000,000)	-	-
Stephen Staley	5,000,000	-	-	(5,000,000)	-	-
Executives						
Ashley Gilbert	20,000,000	-	-	(20,000,000)	-	-
Total	**50,000,000**	**-**	**-**	**(50,000,000)**	**-**	**-**

Table 5 – Performance Rights Issued to KMP as at 31 December 2020 (direct and indirect holdings)

31 December 2020	Balance at 01/01/2020	Granted as Remuneration	Exercised	Expired	Balance at 31/12/2020	Vested & Exercisable
Directors						
David Wall	17,520,000	64,500,000	-	(4,380,000)	77,640,000	-
Executives						
Ashley Gilbert	9,636,000	37,500,000	-	(2,409,000)	44,727,000	-
Total	**27,156,000**	**102,000,000**	**-**	**(6,789,000)**	**122,367,000**	**-**

E Service Agreements

❖ **Mr Michael Evans – Non-Executive Chairman**
- Contract: Commenced on 9 April 2014.
- Director's Fee: A$140,000 per annum plus superannuation.
- Refer to Note 1 below for details pertaining to re-appointment and termination.

❖ **Mr David Wall – Managing Director**
- Contract: Commenced on 15 April 2014.
- Salary & Director's Fee: $420,000 per annum plus superannuation.
- Performance Based Bonuses: The Company may at any time pay Mr Wall a performance based bonus over and above his salary. In determining the extent of any performance based bonus, the Company shall take into consideration the key performance indicators of Mr Wall and the Company.
- Termination by Company is with 6 months' notice or payment in lieu thereof. Termination by Mr Wall is with 3 months' notice.
- Termination Benefit: Termination benefits to the extent permitted under the ASX Listing Rules and Corporations Act are included in the contract in the event of certain termination events.

❖ **Mr Stephen Staley – Non-Executive Director**
- Contract: Commenced on 9 April 2014.
- Director's Fee: $65,000 per annum
- Refer to Note 1 below for details pertaining to re-appointment and termination.

❖ **Mr Ashley Gilbert – Chief Financial Officer & Joint Company Secretary**
- Contract: Engaged as an employee with employment commencing 28 January 2017.
- Employee Salary: $312,500 per annum plus superannuation.
- Performance Based Bonuses: The Company may at any time pay Mr Gilbert a performance-based bonus over and above his salary. In determining the extent of any performance-based bonus, the Company shall take into consideration the performance of Mr Gilbert and the Company.
- Termination by Company is with 3 months' notice or payment in lieu thereof. Termination by Mr Gilbert is with 3 months' notice.
- Termination Benefit: Termination benefits to the extent permitted under the ASX Listing Rules and Corporations Act are included in the contract in the event of certain termination events.

Note 1: The term of each Non-Executive Director is open to the extent that they hold office subject to retirement by rotation, as per the Company's Constitution, at each AGM and are eligible for re-election as a Director at that meeting. Appointment shall cease automatically in the event that the Director gives written notice to the Board, or the Director is not re-elected as a Director by the shareholders of the Company. There are no entitlements to termination or notice periods.

F Share-based Compensation

The Company rewards Directors and Key Management Personnel for their performance and aligns their remuneration with the creation of shareholder wealth by issuing share options and/or performance rights. Share-based compensation is at the discretion of the Board and no individual has a contractual right to receive any guaranteed benefits.

Unlisted Options:

Reconciliation of options held by each Key Management Personnel, all of which expired in 2020.

Directors & Executives	Options	Issue Date	Fair Value per Option ($)	Total Fair Value ($)	Exercise Price ($)	Expiry Date	Employee Benefits Expense (i)		Number of Options Vested	% Vested
							During the year	Not yet recognised		
M Evans	5,000,000	11-03-17	0.0224	112,000	0.06	14-03-20	-	-	5,000,000	100%
D Wall	20,000,000	11-03-17	0.0224	448,000	0.06	14-03-20	-	-	20,000,000	100%
S Staley	5,000,000	11-03-17	0.0224	112,000	0.06	14-03-20	-	-	5,000,000	100%
A Gilbert	20,000,000	11-03-17	0.0224	448,000	0.06	14-03-20	-	-	20,000,000	100%
Total	**50,000,000**			**1,120,000**			-	-	**50,000,000**	

** Options issued in connection with the Company's share placement as approved by shareholders meeting on 12 February 2015.*

(i) The value of expense recognised is the fair value of the options recognised over the expected vesting period.

Unlisted Performance Rights:

Performance Rights were issued to KMP in the 2018 financial year per the table below.

Directors and Executives	Tranche A (iv)	Tranche B	Tranche C	Tranche D	Tranche E	Tranche F	Tranche G	Total
	Share Price			Resources	Reserves	Production	Tenure	
Grant Date*	15/10/2018	15/10/2018	15/10/2018	15/10/2018	15/10/2018	15/10/2018	15/10/2018	
Expiry Date	24/10/2022	24/10/2022	24/10/2022	24/10/2022	24/10/2022	24/10/2022	24/10/2022	
Fair Value per Performance Right $	0.00020	0.00010	-	0.01900	0.01900	0.01900	0.01900	
Exercise Price	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
Performance Rights (ii)								
- D Wall	4,380,000	4,380,000	4,380,000	4,380,000	2,190,000	1,095,000	1,095,000	**21,900,000**
- A Gilbert	2,409,000	2,409,000	2,409,000	2,409,000	1,204,500	602,250	602,250	**12,045,000**
Number of Performance Rights Vested	-	-	-	-	-	-	-	**-**
% Vested	-	-	-	-	-	-	-	**-**
Fair Value $;								
- D Wall	876	438	-	83,220	41,610	20,805	20,805	**167,754**
- A Gilbert	482	241	-	45,771	22,886	11,443	11,443	**92,266**
Total Fair Value $	1,358	679	-	128,991	64,496	32,248	32,248	**260,020**
Employee Benefits Expense $ (i);								
- During the Year: D Wall	-	172	-	20,805	10,403	5,201	6,935	**43,516**
- During the Year: A Gilbert	-	95	-	11,443	5,721	2,861	3,815	**23,934**
Total $	-	267	-	32,248	16,124	8,062	10,750	**68,590**
Employee Benefits Expense $ (i);								
- Not Yet Recognised: D Wall	-	172	-	57,969	28,985	14,492	12,388	**114,006**
- Not Yet Recognised: A Gilbert	-	95	-	31,883	15,941	7,971	6,813	**62,703**
Total $	-	267	-	89,852	44,926	22,463	19,201	**176,709**

** Performance Rights issued in connection with the Company's share placement as approved by shareholders meeting on 15 October 2018.*

(i) The value of expense recognised is the fair value of the Performance Rights recognised over the expected vesting period.

(ii) Refer to ASX release dated 13 and 28 September 2018 for specific terms and conditions of Performance Rights issued.

(iii) Performance Rights were issued under five tranches with the following performance conditions;
- Tranche A, B and C (Share Price tranche): tranches have a performance period of 12 months for tranche A, 24 months for tranche B and 36 months for trance C, at which point the vesting conditions relating to absolute share price growth will be tested with total number of rights to vest dependant on outcome of testing;
- Tranche D (Resources tranche): tranche has non-market based vesting conditions attached that relate to the growth in the Company's Resources;
- Tranche E (Reserves tranche): tranche has non-market based vesting conditions attached that relate to the growth in the Company's Resources;
- Tranche F (Production tranche): tranche has non-market based vesting conditions attached that relate to the growth in the Company's Resources; and
- Tranche G (Tenure tranche): tranche has non-market based vesting conditions attached that require the employee to remain employed with the Company up to including 3 years from date of issue.;

(iv) Tranche A performance rights lapsed in the year.

Performance Rights were issued to KMP in the 2020 financial year per the table below.

Directors and Executives	Tranche A	Tranche B	Tranche C	Tranche G	Total
	Share Price			Tenure	
Grant Date*	24/12/2020	24/12/2020	24/12/2020	24/12/2020	
Expiry Date	06/01/2024	06/01/2024	06/01/2024	06/01/2024	
Fair Value per Performance Right $	0.0030	0.0040	0.0060	0.0070	
Exercise Price	Nil	Nil	Nil	Nil	
Performance Rights (ii)					
- D Wall	19,350,000	19,350,000	19,350,000	6,450,000	**64,500,000**
- A Gilbert	11,250,000	11,250,000	11,250,000	3,750,000	**37,500,000**
Number of Performance Rights Vested	-	-	-	-	-
% Vested	-	-	-	-	-
Fair Value $;					
- D Wall	58,050	77,400	116,100	45,150	**296,700**
- A Gilbert	33,750	45,000	67,500	26,250	**172,500**
Total Fair Value $	91,00	122,400	183,600	71,400	**469,200**
Employee Benefits Expense $ (i);					
- During the Year: D Wall	318	-	-	-	**318**
- During the Year: A Gilbert	185	-	-	-	**185**
Total $	503	-	-	-	**503**
Employee Benefits Expense $ (i);					
- Not Yet Recognised: D Wall	57,732	77,400	116,100	45,150	**296,382**
- Not Yet Recognised: A Gilbert	33,565	45,000	67,500	26,250	**172,315**
Total $	91,297	122,400	183,600	71,400	**468,697**

** Performance Rights issued in connection with the Company's share placement as approved by shareholders meeting on 24 December 2020.*

(i) The value of expense recognised is the fair value of the Performance Rights recognised over the expected vesting period.
(ii) Refer to ASX release dated 5 January 2021 for specific terms and conditions of Performance Rights issued.
(iii) Performance Rights were issued under four tranches with the following performance conditions;
- Tranche A, B and C (Share Price tranche): tranches have a performance period of 12 months for tranche A, 24 months for tranche B and 36 months for trance C, at which point the vesting conditions relating to absolute share price growth will be tested with total number of rights to vest dependant on outcome of testing; and
- Tranche E (Tenure tranche): tranche has non-market based vesting conditions attached that require the employee to remain employed with the Company up to including 3 years from date of issue.

G Equity Instruments Issued on Exercise of Remuneration Options

No new shares were issued on exercise of Options during the 2020 financial year.

No remuneration options were exercised during the 2020 financial year.

H Voting and comments made at the Company's 2019 Annual General Meeting

The adoption of the Remuneration Report for the financial year ended 31 December 2019 was put to the shareholders of the Company at the AGM held 9 April 2020. The resolution was passed without amendment, on a poll. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices however did receive its first strike in 2019 relating to the 2018 Remuneration Report with only 67% of shareholders voting in favour of the adoption of the remuneration report, and received its second strike in the 2020 relating to the 2019 Remuneration Report with only 72% of shareholders voting in favour of the adoption of the remuneration report. The Company was required to put to vote a spill resolution, which was not carried with only 27% of shareholders voting in favour of the resolution.

The Company is required to include a contingent Spill Resolution in the 2020 AGM, which will be withdrawn should votes against the 2020 Remuneration Report be less than 25%.

I Other Transactions with KMP - Loans

There were no loans made to any KMP during the year ended 31 December 2020 (2019: nil).

There were no loans from any KMP during the year ended 31 December 2020 (2019: nil).

J Other Transactions with KMP

In addition to the director service agreements, the Company's Non-Executive Directors are engaged to provide consultancy services to the Company as follows:

- Dr Stephen Staley has a consultancy agreement for an indefinite term commencing 2 November 2012. The agreement may be terminated at any time by either party giving three months clear notice. There are no termination benefits payable. In accordance with the agreement, Dr Staley is to receive a minimum fee of £2,315.20 ($A4,522) per calendar month, plus Value Added Tax or other sales tax if applicable, based on 2.5 working days per month. Any work that is carried out by the Consultant in excess of 2.5 working days per calendar month must be pre-approved by the Managing Director. Approved days will be remunerated at a rate of £1,000 ($A 2,033) per day.

The following transactions occurred with related parties:

	2020 $	2019 $
Derwent Resources Limited[(i)]	**53,506**	65,010

(i) During the year, the Company paid £28,782 ; A$53,506 (2019: £35,412 : A$65,010) to Derwent Resources Limited for consultancy services. The amount has been translated to Australian Dollars at the average rate.

Consultant fees paid to associated entities were on normal commercial terms.

End of Audited Remuneration Report.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the court under section 237 of the *Corporation Act 2001* ("the Act") for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the court under section 237 of the Act.

INDEMNIFICATION OF DIRECTORS, OFFICERS AND AUDITORS

During the year ended 31 December 2020, the Company paid premiums in respect of a contract insuring the directors and officers of the Company against liabilities incurred as directors or officers to the extent permitted by the Corporations Act 2001.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration is set out on page 32 and forms part of the Directors' Report for the financial year ended 31 December 2020.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the group are important.
Details of the amounts paid or payable to the auditors, BDO (WA) Pty Ltd, for non-audit services provided during the year are set out below.

The Board of Directors has considered the position and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditors, as set out below, did not compromise the auditor independent requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Board of Directors to ensure they do not impact the impartiality and objectivity of the auditor; and

- None of the services undermine the general principles relating to the auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

	31-Dec-20	31-Dec-19
Non-Audit Services		
Remuneration for other services		
BDO Corporate Finance (WA) Pty Ltd	-	-
Total Non-Audit Services	-	-

No Non-Audit services were provided during 2020.

This report is signed in accordance with a resolution of Board of Directors.

Mr David Wall
Managing Director
9 March 2021

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Australia

DECLARATION OF INDEPENDENCE BY JARRAD PRUE TO THE DIRECTORS OF 88 ENERGY LIMITED

As lead auditor of 88 Energy Limited for the year ended 31 December 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of 88 Energy Limited and the entities it controlled during the period.

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth, 9 March 2021

	Note	2020 $	2019 $
Revenue from continuing operations			
Other income	3(a)	**246,778**	35,931
Administrative expenses	3(b)	**(1,399,215)**	(1,215,226)
Occupancy expenses		**(60,664)**	(34,596)
Employee benefit expenses	3(c)	**(1,841,758)**	(1,983,685)
Share-based payment expense	18	**(122,870)**	(95,276)
Depreciation and amortisation expense		**(93,387)**	(58,110)
Finance cost		**(2,595,406)**	(3,095,466)
Other expenses	3(d)	**(16,218,575)**	(30,277,141)
Foreign exchange (loss) / gain		**51,463**	(56,888)
Loss before income tax		**(22,033,633)**	(36,780,457)
Income tax expense	4	**-**	-
Loss after income tax for the year		**(22,033,633)**	(36,780,457)
Other comprehensive income / (loss) for the year			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(7,120,022)**	854,461
Other comprehensive income / (loss) for the year, net of tax		**(7,120,022)**	854,461
Total comprehensive income / (loss) for the year attributable to members of 88 Energy Limited		**(29,153,655)**	(35,925,996)
Loss per share for the year attributable to the members of 88 Energy Limited:			
Basic and diluted loss per share	5	**(0.003)**	(0.005)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 $	2019 $
ASSETS			
Current Assets			
Cash and cash equivalents	6	**14,845,347**	**15,903,117**
Trade and other receivables	7	**5,079,630**	**1,120,550**
Total Current Assets		**19,924,977**	**17,023,667**
Non-Current Assets			
Plant and equipment	8	**4,641**	**12,900**
Exploration and evaluation expenditure	9	**48,213,290**	**52,928,315**
Other Assets	10	**17,216,644**	**23,615,216**
Total Non-Current Assets		**65,434,576**	**76,556,431**
TOTAL ASSETS		**85,359,552**	**93,580,098**
LIABILITIES			
Current Liabilities			
Trade and other payables	11	**5,326,634**	**6,026,811**
Provisions	12	**339,199**	**282,199**
Total Current Liabilities		**5,665,833**	**6,309,010**
Non-Current Liabilities			
Borrowings	13	**20,782,366**	**22,672,578**
Total Non-Current Liabilities		**20,782,366**	**22,672,578**
TOTAL LIABILITIES		**26,448,199**	**28,981,588**
NET ASSETS		**58,911,353**	**64,598,510**
EQUITY			
Contributed equity	14 & (a)	**208,963,513**	**185,619,885**
Reserves	15	**16,580,975**	**23,578,127**
Accumulated losses		**(166,633,135)**	**(144,599,502)**
TOTAL EQUITY		**58,911,353**	**64,598,510**

The Consolidated Statement of Financial Position should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Issued Capital $	Reserves $	Accumulated Losses $	Total $
At 1 January 2020	**185,619,885**	**23,578,127**	**(144,599,502)**	**64,598,510**
Loss for the year	**-**	**-**	**(22,033,633)**	**(22,033,633)**
Other comprehensive income		**(7,120,022)**	**-**	**(7,120,022)**
Total comprehensive income/(loss) for the year after tax	**-**	**(7,120,022)**	**(22,033,633)**	**(29,153,655)**
Transactions with owners in their capacity as owners:				
Issue of share capital	**24,130,013**	**-**	**-**	**24,130,013**
Share-based payments		**122,870**	**-**	**122,870**
Share issue costs	**(786,386)**	**-**	**-**	**(786,386)**
Balance at 31 December 2020	**208,963,513**	**16,580,975**	**(166,633,135)**	**58,911,353**
At 1 January 2019	179,304,850	22,628,390	(107,819,045)	94,114,195
Loss for the year	-	-	(36,780,457)	(36,780,457)
Other comprehensive loss	-	854,461	-	854,461
Total comprehensive income/(loss) for the year after tax	-	854,461	(36,780,457)	(35,925,996)
Transactions with owners in their capacity as owners:				
Issue of share capital	6,750,000	-	-	6,750,000
Share-based payments	-	95,276	-	95,276
Share issue costs	(434,965)	-	-	(434,965)
Balance at 31 December 2019	185,619,885	23,578,127	(144,599,502)	64,598,510

The Consolidated Statement of Changes in Equity should be read in conjunction with the notes to the financial statements.

	Note	**2020**	2019
		$	$
Cash flows from operating activities			
Payment to suppliers and employees		**(3,141,403)**	(3,465,770)
Interest received		**2,634**	22,930
Interest & finance costs		**(2,237,210)**	(2,395,536)
Other Income		**259,072**	
Net cash flows used in operating activities	6(b)	**(5,116,907)**	(5,838,376)
Cash flows from investing activities			
Payments for exploration and evaluation activities		**(41,521,267)**	(29,725,227)
Contribution from JV Partners in relation to Exploration		**32,184,152**	23,860,234
Net cash flows used in investing activities		**(9,337,115)**	(5,864,993)
Cash flows from financing activities			
Proceeds from issue of shares	14	**14,870,000**	6,530,000
Share issue costs		**(840,000)**	(461,498)
Payment of borrowing costs		**(398,880)**	-
Net cash flows from financing activities		**13,631,120**	6,068,501
Net (decrease) in cash and cash equivalents		**(822,902)**	(5,634,867)
Cash and cash equivalents at the beginning of the year		**15,903,117**	21,722,211
Effect of exchange rate fluctuations on cash held		**(234,868)**	(184,227)
Cash and cash equivalents at end of year	6(a)	**14,845,347**	15,903,117

The Consolidated Statement of Cash Flows should be read in conjunction with the notes to the financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

88 Energy Limited (referred to as "88 Energy" or the "Company") is a company domiciled in Australia. The address of the Company's registered office and principal place of business is disclosed in the Corporate Directory of the Annual Report. The consolidated financial statements of the Company as at and for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Consolidated Entity" or the "Group"). The Group is primarily involved in oil and gas exploration in Alaska.

(b) Basis of Preparation

Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB"). 88 Energy Limited is a for-profit entity for the purpose of preparing the financial statements.

The annual report was authorised for issue by the Board of Directors on 9 March 2021.

Basis of measurement

The consolidated financial statements have been prepared on a going concern basis in accordance with the historical cost convention, unless otherwise stated.

Significant Judgements and Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2.

(c) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of 88 Energy Limited ('Company' or 'parent entity') as at 31 December 2020 and the results of all subsidiaries for the year then ended. 88 Energy and its subsidiaries together are referred to in this financial report as the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the consolidated entity controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition method of accounting is used to account for business combinations by the consolidated entity. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of financial position respectively.

(d) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board. Management has determined that based on the report reviewed by the Board and used to make strategic decisions, that the consolidated entity has two reportable segments.

(e) Foreign Currency Translation

i) Functional and presentation currency

Items included in the financial statements of each of the consolidated entity's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars. 88 Energy Limited's functional currency is AUD and subsidiaries with operations in the US have a functional currency of USD.

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

iii) Consolidated entity companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position account presented are translated at the closing rate at the date of that statement of financial position
- income and expenses for each statement of profit or loss and other comprehensive income account are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

(f) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost. Any difference between the proceeds (net of transactions costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extend there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates. In all other cases the fee is expensed.

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the considerations paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

(g) Exploration & Evaluation Expenditure

The accounting policy adopted by the Group is as follows:

(i) Pre-licence costs

Pre-licence costs are expensed in the period in which they are incurred.

(ii) Licence and property acquisition costs

Exploration licence and leasehold property acquisition costs are capitalised in exploration and evaluation expenditure.

Licence and property acquisition costs are reviewed at each reporting date to confirm that there is no indication that the carrying amount exceeds the recoverable amount. This review includes confirming that exploration drilling is still under way or firmly planned, or that it has been determined, or work is underway to determine that the discovery is economically viable based on a range of technical and commercial considerations and sufficient progress is being made on establishing plans and timing.

If no future activity is planned or the licence has been relinquished or has expired, the carrying value of the licence and property acquisition costs is written off through profit or loss. Upon recognition of proved reserves and internal approval for development, the relevant expenditure is transferred to oil and gas properties.

(iii) Exploration and evaluation costs

The Company accounts for exploration and evaluation activities as follows:
Acquisition costs - Exploration and evaluation costs arising from acquisitions are carried forward where exploration and evaluation activities have not, at reporting date, reached a stage to allow a reasonable assessment of economically recoverable reserves.

Exploration and evaluation expenditure - Costs arising from on-going exploration and evaluation activities are assessed on a project basis.

Joint Venture contributions received and any back costs received on farm-in are offset against exploration and evaluation costs.

Project Icewine, Yukon leases and Peregrine leases: Exploration and evaluation expenditure associated with these projects are capitalised to the Statement of Financial Position in accordance with AASB 6 Exploration for and Evaluation of Mineral Resources. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

All geological and geophysical costs, dry hole costs and unproved leasehold costs are also expensed as incurred in accordance with the successful effort's method of accounting for oil and gas exploration and evaluation expenditure.

There are currently no other active projects other than noted above.

(h) Income Tax

(i) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income.
Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss.

(ii) Deferred tax

Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.
Deferred tax liabilities are recognised for all taxable temporary differences except:

a. when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

b. when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised except:

a. when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

c. when the deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred taxes relating to items recognised directly in other comprehensive income or equity are recognised in other comprehensive income or equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(i) Goods and Services Tax

Revenue, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables area stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the Consolidated Statement of Financial Position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

(j) Revenue recognition

Revenue is recognised when or as the Group transfers control of goods or services to a customer at the amount to which the Group expects to be entitled. If the consideration promised includes a variable component, the Group estimates the expected consideration for the estimated impact of the variable component at the point of recognition and re-estimated at every reporting period.

(i) Interest income

Interest revenue is recognised as it accrues, using the effective interest method.

(ii) Dividends

Revenue is recognised from dividends when the Group's right to receive the dividend payment is established, which is generally when shareholders approve the dividend.

(k) Cash and Cash Equivalents

Cash and short-term deposits in the statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(l) Trade and Other Receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts, under the expected credit loss model.

For trade and other receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience.

(m) Plant and Equipment

Each class of plant and equipment is carried at cost or recoverable amount less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment is recognised at fair value on initial recognition and subsequently on the cost basis.

Subsequent directly attributable costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss and other comprehensive income during the financial period in which they are incurred.

Depreciation

Depreciation of plant and equipment is calculated on a straight-line basis so as to write off the net costs of each asset over the expected useful life. The following estimated useful lives are used in the calculation of depreciation:

Plant and Equipment	2 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amounts. These are included in the statement of profit or loss and other comprehensive income.

(n) Impairment of Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(o) Trade and Other Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

(p) Provisions

Provisions are recognised when the consolidated entity has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(q) Employee Benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(r) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(s) Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to the members of the parent, excluding any costs of servicing equity other than ordinary shares.
- By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(t) Share-based Payments

Equity-settled and cash-settled share-based compensation benefits are provided to Key Management Personnel and employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.
The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore, any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(u) Financial Instruments

(i) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(ii) Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations, without any deduction for transaction costs.

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions.
- Reference to the current fair value of another instrument that is substantially the same.
- A discounted cash flow analysis or other valuation models.

(v) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTE 2 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

(i) Impairment of capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Group decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale or whether activities have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

Factors which could impact the future recoverability include the level of reserves and resources, future technological changes which could impact the cost of production, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made. Refer to Note 9.

(ii) Share-based payments

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 18.

Non-market based performance conditions are assessed by the Company for the best estimate of likelihood of conditions being met and vesting, and timing of recognition of expense. The Company has applied a 120.469% volatility assumption and an expected vesting period of 4 years for the non-market based tranches, which will be reassessed each reporting period.

(iii) Income taxes

The consolidated entity is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are certain transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity estimates its tax liabilities based on the consolidated entity's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(iv) Alaska's Clear and Equitable Share ("ACES") tax rebate program

The Alaskan Legislator in 2007 enacted Alaska's Clear and Equitable Share ("ACES"), in 2013 ACES was amended under Alaskan Statute 43/55. The ACES program was designed to encourage investment in Alaska's untapped resources by providing tax credits to companies that have qualifying capital expenditure.

The ACES program provides up to 85% tax credit for eligible capital expenditure. All expenditure is audited and must be approved by the Alaskan Department of Revenue. Once approved, the benefit can be exercised in one of the following forms:

- Apply the credit against the production tax, hence reducing total production tax liability in a given year; or

- For unused tax credit, apply a transferrable certificate. This certificate does not have an expiry date and can be sold to a new third party; or
- For unused tax credit, apply to sell the tax credit to the Alaskan Department of Revenue.

The ACES rebate is presented separately and deducted from exploration and evaluation assets. As at 31 December 2020, A$19,258,717 (2019; A$23,014,525) is available under the ACES rebate scheme. As at the reporting date, management have considered whether there is any objective evidence as to whether there are any indicators of impairment in accordance with AASB 9 *Financial Instruments* and believe this amount will be recoverable from the Alaskan DOR as a tax cash rebate in full based on the current legislative arrangements in Alaska. Management anticipate the rebates to be received in a period greater than 12 months, however the timing of payment is dependent on a statutory minimum formula and government approvals which could be for amounts greater than the minimum. Thus, the tax credit has been classified as a non-current receivable in the Statement of Financial Position.

(v) Going Concern

As at 31 December 2020, the Group had working capital of $14,259,144 (current assets less current liabilities) with cash on hand of $14,845,347 and with cash out flows from operating activities for the year of $(5,116,907).

Note, subsequent to year end the Company announced that it has successfully completed a heavily and oversubscribed bookbuild to domestic and international institutional and sophisticated investors to raise up to A$12.0 million from the issue of 1,500 million ordinary shares (refer to ASX release dated 12th February 2021 and subsequent events note).

The Directors are satisfied the Group is a going concern and therefore have prepared the financial statements on the basis the Group will continue to meet its commitments and can therefore continue normal business activities and realise its assets and settle liabilities in the normal course of business.

(vi) Asset Acquisition

Where an acquisition does not meet the definition of a business combination the transaction is accounted for as an asset acquisition. The consideration transferred for the acquisition of an asset comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs with regards to the acquisition are capitalised. Identifiable assets acquired and liabilities assumed in the acquisition are measured initially at cost and if not available their fair values at the acquisition date.

NOTE 3 REVENUE AND EXPENSES

	2020 $	2019 $
(a) Income		
Interest revenue	**5,244**	20,546
Other income	**241,534**	15,385
	246,778	35,931

NOTE 3 REVENUE AND EXPENSES (Continued)

(b) Administrative expenses	**2020**	2019
	$	$
Consultancy and professional fees	**268,950**	209,052
Legal fees	**90,542**	18,704
Travel costs	**36,642**	98,010
General and administration expenses, net of recoveries *	**1,003,080**	889,460
	1,399,215	1,215,226

** General and administrative expenses are shown net of recoveries of $188,159 from the Icewine Joint Venture, Charlie JV and Peregrine JV. The recoveries represent costs, including time spent by the Consolidated Group's employees on exploration and appraisal interest of the Joint Venture Projects, which get capitalised to the applicable exploration and appraisal area of interest.*

(c) Employee benefit expenses		
Wages and salaries	**1,583,156**	1,671,242
Superannuation	**107,558**	117,249
Annual leave accrued	**126,782**	102,800
Other employee expenses	**24,262**	92,394
	1,841,758	1,983,685

(d) Other expenses		
Exploration impairment expense*	**11,384,288**	29,473,257
Other expenses	**11,589**	93,593
Fair value adjustment of tax credit receivable	**4,822,698**	710,291
	16,218,575	30,277,141

** Refer also to Note 9.*

NOTE 4 INCOME TAX

(a) The components of tax expense comprise:

Current tax	-	-
Deferred tax	-	-
Income tax expense reported in the of profit or loss and other comprehensive income	-	-
Loss before income tax expense	**(22,033,633)**	**(36,780,457)**
Prima facie tax benefit on loss before income tax at 30% (2019: 30%)	**(6,610,090)**	(11,034,137)
Under provision in prior year	**157,769**	(401,023)
Tax effect of:		
Foreign expenditure not brought to account	**715,944**	624,504
Tax Rate differential on non-Australian income	**1,649,310**	3,000,958
Non-assessable/deductible items:	**(45,665)**	-
Non-deductible entertainment expenses	**1,503**	928
Share based payments	**36,861**	28,583
Deferred tax asset on temporary differences and tax losses not brought to account	**4,094,368**	7,780,187
Income tax expense for the year	**-**	-

(b) Deferred income tax		
Deferred tax liabilities	**(141,622)**	(136,146)
Deferred tax assets	**53,780,331**	27,187,480
Deferred tax assets not recognised on temporary differences and tax losses	**(53,638,709)**	(27,051,334)
Net deferred tax assets	**-**	**-**

NOTE 4 INCOME TAX (Continued)

The Group has unutilised tax losses for which no deferred tax asset is recognised on the reporting date of $42,444,458 (2019: $40,836,486) which are available indefinitely for offset against future tax gains subject to continuing to meet relevant statutory tests.

The deferred tax asset not brought to account will only be obtained if:

(a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;
(b) the conditions for deductibility imposed by tax legislation continue to be complied with; and
(c) the Company is able to meet the continuity of business tests and/ or continuity of ownership.

NOTE 5 LOSS PER SHARE

Basic loss per share amounts are calculated by dividing net loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted loss per share amounts are calculated by dividing the net loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

	2020	2019
	$	$
Net (loss) for the year	**(22,033,633)**	(36,780,457)
Weighted average number of ordinary shares for basic and diluted loss per share.	**8,150,649,862**	6,331,540,324

Options on issue are not considered dilutive to the earnings per share as the Company is in a loss-making position.

Continuing operations		
- Basic and diluted loss per share ($)	**(0.003)**	(0.005)

NOTE 6 CASH AND CASH EQUIVALENTS

(a) Cash details

Cash at bank and in hand[(i)]	**14,845,347**	15,903,117
	14,845,347	15,903,117

Cash at banks earns interest at floating rates based on daily deposit rates. Short-term deposits are made in varying periods between one day and three months, depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

(i) Includes $7.2m (31 December 2019: $10.7M) of cash restricted for JV Operations.

NOTE 6 CASH AND CASH EQUIVALENTS (Continued)

(b) Reconciliation of net loss after tax to net cash flows from operations

	2020	2019
	$	$
Loss for the financial year	**(22,033,633)**	(36,780,457)
Adjustments for:		
Other Expenses	**4,890,272**	710,291
Depreciation	**93,387**	58,110
(Loss)/Gain on foreign exchange	**(51,463)**	56,888
Share based payments	**122,870**	95,276
Finance Costs	**460,873**	562,560
Impairment write-off	**11,384,288**	29,473,257
Changes in assets and liabilities		
Decrease / (increase) in receivables	**659,677**	(76,499)
Increase / (decrease) in trade and other payables	**(700,177)**	35,352
Increase / (decrease) in provisions	**57,000**	26,846
Net cash used in operating activities	**(5,116,907)**	(5,838,376)

The Company acquired XCD during 2020, the only non – cash investment. Refer to Note 14a.

NOTE 7 TRADE AND OTHER RECEIVABLES	**2020**	2019
	$	$
Goods and Services Tax (GST) receivable	**-**	49,743
Other deposits and receivables	**5,079,630**	1,070,807
	5,079,630	1,120,550

Other receivables are non-interest bearing and are generally on terms of 30 days.

Other deposits and receivables predominately relate to Joint Venture cash calls due which were paid after year-end.

Due to the short-term nature of other receivables, the expected fair value approximates their carrying values as at 31 December 2020 and 2019.

(a) Allowance for impairment loss

Expected credit losses in accordance with the Group's accounting policy (refer Note 1) are nil (2019: Nil).

NOTE 8 PLANT AND EQUIPMENT

	2020	2019
Year ended 31 December 2020	**$**	$
Opening net book amount	**12,900**	11,172
Additions	**14,690**	7,746
Depreciation charge	**(22,949)**	(6,018)
Closing net book amount	**4,641**	12,900
At 31 December 2020		
Cost	**229,771**	197,135
Accumulated depreciation	**(225,130)**	(184,235)
Net book amount	**4,641**	12,900

NOTE 9 EXPLORATION AND EVALUATION EXPENDITURE

Carrying amount of exploration and evaluation expenditure	**48,213,290**	52,928,315
Movement reconciliation		
Balance at the beginning of the financial year	**52,928,315**	76,983,981
Additions	**45,560,030**	18,013,488
Tax credit receivable net of present value adjustment (i)	**-**	(3,354,817)
JV Contributions (ii)	**(34,063,751)**	(9,749,745)
Less Impairment (iii)	**(11,384,288)**	(29,473,257)
Foreign currency translation	**(4,827,016)**	508,664
Closing balance	**48,213,290**	52,928,315

(i) Tax credit certificates issued in 2019, net of present value adjustment. This amount has been offset against capitalised Exploration and Evaluation Expenditure and recognised within Other Assets. The amount when paid by the Alaskan Government will be applied directly against the Brevet loan outstanding.

(ii) JV Contributions received from Premier Oil for expenditure incurred in relation to the Charlie-1 well in 2020 and Alaska Peregrine Development Company incurred in relation to the Merlin well. Unspent cash in relation to cash calls received for Project Peregrine totals A$6.0 million at year end.

(iii) Impairment of the Winx-1 exploration wells which was plugged and abandoned in 2019 and relinquishment of leases in 2020.

NOTE 10 OTHER ASSETS

North Slope Bid Round Deposit	**-**	96,038
Investments	**389,509**	428,205
ROU Asset – Office Leases	**170,461**	76,448
Tax credit receivable (i)	**16,226,055**	23,014,525
XCD Other Assets	**41,110**	-
Emerald House Bond	**389,509**	-
	17,216,644	23,615,216

(i) The Alaskan Government has approved a tax credit of A$24.8 million as at 31 December 2020 (US$19.1 million). This amount has been fair valued as at 31 December 2020. This amount has been recognised above within Other Non-Current Assets. The amount paid will be directly applied against the outstanding loan with Brevet.

NOTE 11 TRADE AND OTHER PAYABLES

	2020	2019
Current	**$**	$
Trade payables (i)	**590,397**	1,025,662
Other payables (ii)	**4,736,237**	5,001,149
	5,326,634	6,026,811

(i) Trade payables are non-interest bearing and are normally settled on 60 day terms.

(ii) On 29 May 2015, the Company received notification that the Moroccan Minister for Energy and Minister for Finance had executed the assignment document, finalising the divestment of the interests of DVM International SARL ("DVM", 88 Energy's subsidiary in Morocco) in the Tarfaya Offshore Block. A liability of the Company remains subject to the market capitalisation of 88 Energy reaching a determined level before September 2021 which would trigger a potential liability of the Company of US$3.4m (A$ 5.0m) in cash or 88 Energy stock.

NOTE 12 PROVISIONS

Current		
Annual Leave	**267,382**	231,305
Long Service Leave	**71,817**	50,894
	339,199	282,199

NOTE 13 BORROWINGS

Non-Current		
Bank facility (i)	**20,782,366**	22,672,578
	20,782,366	22,672,578

(i) On 23 March 2018, 88 Energy Limited refinanced the Facility and entered into a credit agreement with FCS Advisors, LLC (d/b/a Brevet Capital Advisors). The Facility expires Dec 2022. The Facility contains financial covenants which have been met. As at 31 December 2020, US$16.00 million (AUD $20.78 million) has been drawn down under the Facility. Borrowings are secured by available Production Tax Credits and Accumulate and Burgundy acreage (refer Note 26).

Refer to Note 16 for further information on financial instruments.

NOTE 14 CONTRIBUTED EQUITY

(a) Issued and fully paid	**2020**		2019	
	No.	**$**	No.	$.
Ordinary shares	**10,602,304,716**	**208,963,513**	6,871,540,324	185,619,885

NOTE 14 CONTRIBUTED EQUITY (Continued)

Ordinary shares entitle the holder to participate in dividends and the proposed winding up of the company in proportion to the number and amount paid on the share hold.

(b) Movement reconciliation	Number	$
At 1 January 2019	**6,331,540,324**	**179,304,850**
Placement of 540,000,000 ordinary shares at $0.0125	**540,000,000**	**6,750,000**
Less equity raising costs	**-**	**(434,964)**
At 31 December 2019	**6,871,540,324**	**185,619,886**
At 1 January 2020	**6,871,540,324**	**185,619,886**
Issue of shares @ $0.021	**238,095,240**	**5,000,000**
Issue of shares upon 100% take up of XCD (refer to note 14a)	**1,811,002,485**	**9,055,012**
Issue of shares for services	**15,000,000**	**75,000**
Issue of shares @ $0.006	**1,666,666,667**	**10,000,000**
Less equity raising shares		**(786,385)**
At 31 December 2020	**10,602,304,716**	**208,963,513**

14(a) ACQUISITION OF XCD ENERGY LTD

The net effect of the adjustments made to the values of assets and liabilities, as included at 31 December 2020, on the acquisition of XCD Energy Ltd are as follows:

XCD assets and liabilities values	31 Dec 2020 $
Amounts settled in cash	-
Amounts settled in equity – 1,811,002,485 shares at $0.005	9,055,013
Total	**9,055,013**
Recognised amounts of Net assets	
Cash and cash equivalents	434,091
Trade and other receivables	93,881
Total Current assets	**527,972**

14(a) ACQUISITION OF XCD ENERGY LTD (continued)	2020
Plant and Equipment	12,438
Exploration and evaluation expenditure	5,666,716
Other Assets & Receivables	477,404
Total Non-Current Assets	**6,156,558**
Trade and Other Payables	(188,496)
Provisions	(24,969)
Total Current Liability	**(213,465)**
Lease Liability	(22,857)
Total Non – current liability	**(22,857)**
Total Net Assets	**6,448,208**
Exploration & Evaluation on acquisition	2,606,805
Net Assets Acquired	**9,055,013**

NOTE 15 RESERVES	**2020**	2019
	$	$
Share-based payments	**17,705,535**	17,582,665
FCTR	**(1,124,560)**	5,995,462
	16,580,975	23,578,127

Movement reconciliation

Share-based payments reserve;		
Balance at the beginning of the	**17,582,665**	17,487,389
Equity settled share-based payment transactions (Note 18)	**122,870**	95,276
Balance at the end of the year	**17,705,535**	17,582,665
Foreign currency translation reserve;		
Balance at the beginning of the	**5,995,462**	5,141,001
Effect of translation of foreign currency operations to group	**(7,120,022)**	854,461
Balance at the end of the year	**(1,124,560)**	5,995,462

NOTE 15 RESERVES (Continued)

Share-based payment reserve
The share-based payment reserve is used to record the value of share-based payments provided to outside parties, and share-based remuneration provided to employees and directors. Refer to Note 18 for further details.

Foreign currency translation reserve
The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity.

NOTE 16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate and foreign exchange risk and assessments of market forecasts for interest rate and foreign exchange prices. Ageing analysis and monitoring of specific credit allowances are undertaken to manage credit risk. Liquidity risk is monitored through the development of future cash flow forecasts.

Risk management is carried out by Management and overseen by the Board of Directors with assistance from suitably qualified external advisors.

The main risks arising for the Group are foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

The carrying values of the Group's financial instruments are as follows:

	2020	2019
	$	$
Financial Assets		
Cash and cash equivalents	**14,845,347**	15,903,117
Other receivables	**5,079,630**	1,120,550
	19,924,977	17,023,667
Financial Liabilities		
Borrowings	**20,782,366**	22,672,578
Trade and other payables	**5,326,634**	6,026,810
	26,109,000	28,699,388

NOTE 16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Market risk

(i) Foreign exchange risk

The Group operates internationally and is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the US Dollar and Great British Pounds.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars was as follows:

	2020		2019	
	USD	**GBP**	USD	GBP
	$	**£**	$	£
Cash and cash equivalents	**13,761,742**	**440,744**	12,110,713	43,677
Other receivables	**5,079,630**	**-**	19,133,550	-
Trade and other payables	**526,253**	**-**	1,024,993	-
Borrowings	**20,782,366**	**-**	15,884,408	-

Interest rate risk

The Group is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. The Group's exposure to this risk relates primarily to the Group's cash and any cash on deposit. The Group does not use derivatives to mitigate these exposures. The Group manages its exposure to interest rate risk by holding certain amounts of cash in fixed and floating interest rate facilities. The Group has a debt facility with a variable interest rate.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was:

	2020		2019	
	Weighted average interest rate	**Balance $**	Weighted average interest rate	Balance $
Cash and cash equivalents	**0.98%**	**14,845,347**	0.92%	15,903,117
Borrowings	**8.23%**	**20,782,366**	10.45%	22,672,578

Sensitivity

Within the analysis, consideration is given to potential renewals of existing positions and the mix of fixed and variable interest rates. The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date. The 1% increase and 1% decrease in rates is based on reasonably expected possible changes over a financial year, using the observed range of historical rates for the preceding five-year period.

NOTE 16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

At 31 December 2020, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax losses and equity would have been affected as follows:

Judgements of reasonably possible movements:	**Post-tax profit higher/(lower)** **2020** **$**	2019 $	**Other comprehensive higher/(lower)** **2020** **$**	2019 $
Cash and cash equivalents:				
+ 1.0% (100 basis points)	**103,917**	111,322	**-**	-
- 1.0% (100 basis points)	**(103,907)**	(111,322)	**-**	-
Borrowings:				
+ 1.0% (100 basis points)	**(145,477)**	(230,086)	**-**	-
- 1.0% (100 basis points)	**145,477**	230,086	**-**	-

(b) Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and other financial assets. The Group's exposure to credit risk arises from potential default of the counterparty, with maximum exposure equal to the carrying amount of the financial assets.

The Group's policy is to trade only with recognised, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms will be subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group except for cash and cash equivalents held in reputable major banks in Australia and Alaska (AA ratings), and other financial assets relating to the Group's tax credit receivable which is recoverable from the State of Alaska under the ACES rebate scheme. The State of Alaska has a credit rating of AA.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

The Group manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows. The Group does not have any external borrowings.

The following are the contractual maturities of financial liabilities:

	6 months	**6-12 months**	**1-5 years**	**> 5 years**	**Total**
2020					
Trade and other payables	**5,326,634**	**-**	**-**	**-**	**5,326,634**
Borrowings	**-**	**-**	**20,782,366**	**-**	**20,782,366**
2019					
Trade and other payables	6,026,811	-	-	-	6,026,811
Borrowings	-	-	22,672,578	-	22,672,578

NOTE 16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Capital risk management

The Group's objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Given the stage of the Company's development there are no formal targets set for return on capital. There were no changes to the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements. The net equity of the Company is equivalent to capital. Net capital is obtained through capital raisings on the Australian Securities Exchange ("ASX").

- In determining the funding mix of debt and equity (total borrowings/total equity), consideration is given to the relative impact of gearing ratio on the ability of the consolidated entity to service loan interest and repayment schedules, credit facility covenants and to generate adequate free cash available for corporate and oil and gas exploration. The debt to equity ratio is 35% at 31 December 2020 (35% at 31 December 2019).

(d) Fair values

The management assessed that the carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values largely due to the short-term maturities of these instruments. The carrying amounts are determined in accordance with accounting policies disclosed in Note 1. The fair value of the groups borrowings approximates it's carrying value at 31 December 2020.

AASB 13 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(i) Level 1 – the instrument has quoted prices (unadjusted) in active markets for identical assets and liabilities;
(ii) Level 2 – a valuation technique using inputs other than quoted prices within Level 1 that are observable for the financial instrument, either directly (i.e. prices), or indirectly (i.e. derived from prices); or
(iii) Level 3 – a valuation technique using inputs that are not based on observable market data (unobservable inputs).

As at 31 December 2020 and 31 December 2019, the Group did not have financial liabilities measured and recognised at fair value. Due to their short-term nature, the carrying amount of the current receivables and payables is assumed to approximate their fair value.

The Alaskan Government has approved a tax credit of A$24.8 million as at 31 December 2020 (US$19.1 million). This amount has been fair valued as a level 1 instrument as at 31 December 2020 (refer note 10).

The Group does not have any level 2 or 3 assets or liabilities.

NOTE 17 RELATED PARTY DISCLOSURE

(a) Transactions with related parties

Dr Stephen Staley was engaged to provide consultancy services to the Company. Derwent Resources Limited is a company in which Stephen Staley is a Director. Transactions with related parties were arm's length and on normal commercial terms.

NOTE 17 RELATED PARTY DISCLOSURE (continued)

The following transactions occurred with related parties:

	2020 $	2019 $
Derwent Resources Limited	**53,506**(i)	65,010

(ii) During the year, the Company paid £28,782 ; A$53,506 (2019: £35,412 : A$65,010) to Derwent Resources Limited for consultancy services. The amount has been translated to Australian Dollars at the average rate.

Consultant fees paid to associated entities were on normal commercial terms.

(b) Key Management Personnel Compensation

Details relating to key management personnel, including remuneration paid, are below.

	2020 $	2019 $
Short-term benefits	**1,188,502**	1,194,384
Post-employment benefits	**60,987**	68,225
Share-based payments	**67,953**	68,590
	1,317,442	1,331,199

Information regarding individual Directors compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the Directors' Report.

(c) Loans to Key Management Personnel

None.

NOTE 18 SHARE-BASED PAYMENTS

	2020 $	2019 $
(a) Recognised share-based payment transactions		
Performance Rights issued to Directors (i) and (ii)	**43,834**	44,251
Performance Rights issued to employees (i) and (ii)	**70,433**	51,024
Performance Rights issued to contractors(i)	**8,603**	-
	122,870	95,276

NOTE 18 SHARE-BASED PAYMENTS (Continued)

(i) Performance Rights issued to Director and employees – 2018 issue and February 2020 issue.

During the 2018 year the Company granted 53.1 million Performance Rights to Directors and employees (as agreed by shareholders in the Annual General Meeting on 15 October 2018). The total value of Performance Rights issued was $407,122.

During the 2020 year the Company granted 151.5 million Performance Rights to employees and contractors. The total value of Performance Rights expensed in 2020 was issued was $122,870.

The Performance Rights are subject to certain vesting conditions noted below. The fair value of these Performance Rights was treated as a share-based payment expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The fair value per Performance Right and the following inputs were used in the Black Scholes valuation model;

Performance Rights Issued 2018	Tranche A[iii]	Tranche B	Tranche C	Tranche D	Tranche E	Tranche F	Tranche G
	Share Price			Resources	Reserves	Production	Tenure
Grant Date	15/10/2018	16/10/2018	17/10/2018	18/10/2018	19/10/2018	20/10/2018	21/10/2018
Expiry Date	24/10/2022	24/10/2022	24/10/2022	24/10/2022	24/10/2022	24/10/2022	24/10/2022
Fair Value per Performance Right ($)	0.0002	0.0001	-	0.0190	0.0190	0.0190	0.0190
Exercise Price	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Expected volatility	25%	25%	25%	N/A	N/A	N/A	N/A
Risk-free rate	2.03%	2.03%	2.08%	2.30%	2.30%	2.30%	2.08%
Life of rights	4 years	4 years	4 years	4 years	4 years	4 years	4 years
Underlying security price at issue ($)	0.019	0.019	0.019	0.019	0.019	0.019	0.019
Vesting period[i]	1	2	3	4	4	4	3

(i) Refer note 2(ii) for significant estimates and judgements with regards to expected vesting periods. (iii) Nil vested with lapsing during the year.

Performance Rights were issued under five tranches with the following vesting conditions;

- Tranche A, B and C (Share Price tranche): tranches have a performance period of 12 months for tranche A, 24 months for tranche B and 36 months for tranche C, at which point the vesting conditions relating to absolute share price growth will be tested with total number of rights to vest dependent on outcome of testing;
- Tranche D (Resources tranche): tranche has non-market based vesting conditions attached that relate to the growth in the Company's Resources;
- Tranche E (Reserves tranche): tranche has non-market based vesting conditions attached that relate to the growth in the Company's Reserves;
- Tranche F (Production tranche): tranche has non-market based vesting conditions attached that relate to the growth in the Company's Production; and
- Tranche G (Tenure tranche): tranche has non-market based vesting conditions attached that require the employee to remain employed with the Company up to including 3 years from date of issue.

Management have applied a 100% probability of achievement of all non-market based tranches.

(ii) Performance Rights issued to Director and employees – Dec 2020 issue.

During the 2020 year the Company granted 143.8 million Performance Rights to Directors and employees (as agreed by shareholders in the General Meeting on 24 December 2020). The total value of Performance Rights issued was $661,793. The Performance Rights are subject to certain vesting conditions noted below. The fair value of these Performance Rights was treated as a share-based payment expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The fair value per Performance Right and the following inputs were used in the Black Scholes valuation model;

NOTE 18 SHARE-BASED PAYMENTS (Continued)

Performance Rights Issued 2020	Tranche A(iii)	Tranche B	Tranche C	Tranche G
	Share Price			Tenure
Grant Date	24/12/2020	24/12/2020	24/12/2020	24/12/2020
Expiry Date	06/01/2024	06/01/2024	06/01/2024	06/01/2024
Fair Value per Performance Right ($)	0.003	0.004	0.006	0.007
Exercise Price	Nil	Nil	Nil	Nil
Expected volatility	120.469%	120.469%	120.469%	120.469%
Risk-free rate	0.18%	0.18%	0.18%	0.18%
Life of rights	4 years	4 years	4 years	4 years
Underlying security price at issue ($)	0.007	0.007	0.007	0.007
Vesting period(i)	1	2	3	3

(i) Refer note 2(ii) for significant estimates and judgements with regards to expected vesting periods. (iii) Nil vested with lapsing during the year.

Performance Rights were issued under four tranches with the following vesting conditions;

- Tranche A, B and C (Share Price tranche): tranches have a performance period of 12 months for tranche A, 24 months for tranche B and 36 months for tranche C, at which point the vesting conditions relating to absolute share price growth will be tested with total number of rights to vest dependent on outcome of testing;
  and
- Tranche G (Tenure tranche): tranche has non-market based vesting conditions attached that require the employee to remain employed with the Company up to including 3 years from date of issue.

Management have applied a 100% probability of achievement of all non-market based tranches.

(b) Summary of Options and Performance Rights granted during the year

	Date of Expiry	Exercise Price	Balance at the start of the year	Granted during the year	Exercised during the year	Expired and Other	Balance at the end of the year
Placement options (i)	27-10-21	$0.06	131,500,000	-	-	-	131,500,000
Placement fee options	27-10-21	$0.05	22,000,000	-	-	-	22,000,000
Unlisted	14-3-2020	$0.06	73,000,000	-	-	73,000,000	-
Performance Rights(ii)	24-10-2022	-	32,883,288	151,563,625	-	8,220,822	176,226,091
			259,383,288	**151,563,625**	**-**	**81,220,822**	**329,726,091**

(i) Placement options; On 27 October 2016, the Company issued 137.5 million unlisted options at an exercise price of A$0.055 expiring on the five-year anniversary of completion to investors.
(ii) Performance Rights do not include expired Performance Rights relating to employees no longer under contract with the Company.

	2020 Value recognised during the year $	2020 Value to be recognised in future years $
Unlisted Performance Rights issued to employees & Directors(i)	122,870	171,072
	122,870	171,072

(i) Refer to Note 18(a).

NOTE 19 SEGMENT INFORMATION

Identification of reportable segments

For management purposes the Group is organised into the following strategic unit:

- Oil and Gas exploration in the United States of America.

Such structural organisation is determined by the nature of risks and returns associated with each business segment and define the management structure as well as the internal reporting system. It represents the basis on which the group reports its primary segment information to the Board.

The operating segment analysis presented in these financial statements reflects operations analysis by business. It best describes the way the group is managed and provides a meaningful insight into the business activities of the group.

The following table presents details of revenue and operating profit by business segment as well as reconciliation between the information disclosed for reportable segments and the aggregated information in the financial statements. The information disclosed in the table below is derived directly from the internal financial reporting system used by the Board of Directors to monitor and evaluate the performance of our operating segments separately.

Year ended 31 December 2020	**USA $**	**Unallocated $**	**Total $**
Other revenue	**2,152**	**3,091**	**5,244**
Inter-segment revenue	**-**	**241,534**	**241,534**
Total segment revenue	**2,152**	**244,625**	**246,778**
Inter-segment eliminations			**-**
Total revenue			**246,778**
Loss before income tax expense	**(18,325,672)**	**(3,707,961)**	**(22,033,633)**
Total Segment assets	**71,940,570**	**13,418,983**	**85,359,552**
Total Segment liabilities	**21,308,619**	**5,139,580**	**26,448,199**

Year ended 31 December 2019	**USA $**	**Unallocated $**	**Total $**
Other revenue	7,192	28,739	35,931
Inter-segment revenue	-	680,139	680,139
Total segment revenue	7,192	708,878	716,070
Inter-segment eliminations			(680,139)
Total revenue			35,931
Loss before income tax expense	(33,343,977)	(3,436,480)	(36,780,457)
Total Segment assets	88,770,965	4,809,133	93,580,098
Total Segment liabilities	1,024,774	27,956,813	28,981,588

NOTE 20 COMMITMENTS AND CONTINGENCIES

Exploration commitments

Exploration Commitments as at year end 2020 are as follows:

Leases:
Holding costs for the acreage currently held by 88 Energy's subsidiaries is US$10 per acre for the first six years and increase up to a maximum holding costs per acre of US$250 in the final year of the leases, however the company can apply to the state for a rental reduction. The anticipated lease payment for 2020 totals US$2.5 million net to the Company, however the payment is discretionary, and the Company may choose to relinquish the acreage or a portion of acreage at any time, and therefore the Company has commitments for the remaining portion of the tenement life only.

All additional payments for exploration will be at the discretion of the Company, other than what is noted below, as the Company. The Company can exit the leases at any time with no penalty.

Project Peregrine Merlin - 1 well:
88 Energy has a 50% working interest in Peregrine, and will be funding its share of the costs of the Merlin-1 exploration well above the US$10.0 million that Alaska Peregrine Development Company is paying to earn their 50% interest in Peregrine, with anticipated expenditure in 2021 of USD1.3 million net to 88 Energy.

Exploration Commitments as at year end 2019 are as follows:

Leases:
Holding costs for the acreage currently held by 88 Energy's subsidiaries is US$10 per acre for the first six years and increase up to a maximum holding costs per acre of US$250 in the final year of the leases. The anticipated lease payment for 2020 totals US$2.5 million net to the Company, however the payment is discretionary, and the Company may choose to relinquish the acreage or a portion of acreage at any time, and therefore the Company has commitments for the remaining portion of the tenement life only.

All additional payments for exploration will be at the discretion of the Company, other than what is noted below, as the Company. The Company can exit the leases at any time with no penalty.

Project Icewine Area A Charlie-1 well:
88 Energy has a 30% working interest in Area A, and will funding its share of the costs of the Charlie-1 exploration well above the US$23 million Premier Oil is paying to earn their 60% interest in Area A, with anticipated expenditure in 2020 of USD$0.9 million net to 88 Energy.

Corporate commitments

Commitments at 31 December 2020 are as follows:

	2020 $	2019 $
Within one year	67,107	75,720
After one year but not more than five years	129,161	6,322
	196,268	82,042

Exploration contingencies

Exploration Contingencies as at year end 2020 are as follows:
None.

Exploration Contingencies as at year end 2019 are as follows:
None.

NOTE 21 CONTINGENT ASSETS

The Group has no contingent assets as at 31 December 2020.

NOTE 22 EVENTS AFTER THE REPORTING DATE

The following events were noted subsequent to the reporting date;

- The Company announced that it has successfully completed a heavily and oversubscribed bookbuild to domestic and international institutional and sophisticated investors to raise up to A$12.0 million from the issue of 1,500 million ordinary shares (refer to ASX release dated 12th February 2021).
- The Company executed the sale and purchase agreement to acquire the Umiat Oil Field. (refer to ASX release dated 11th January 2021).
- The Company announced the Permit to Drill for the Merlin – 1 well was approved on 29th January 2021 by the Alaska Bureau of Land and Minerals Management. (refer too ASX release dates 1st February 2021).
- The Company announced that it had been named the highest bidder on Tract 29 in the 2021 Coastal Plain lease Sale. (refer to ASX release dated 8th January 2021).
- The Board announced that Mr David Wall, Managing Director has tendered his resignation and will leave the Company in May 2021.

There were no other events after the reporting date requiring disclosure.

NOTE 23 AUDITOR'S REMUNERATION

	2020	2019
	$	$
Amounts received or due and receivable to BDO Audit (WA) Pty Ltd for:		
Audit and review of the annual and half-year financial report	**47,515**	43,629
Total audit services	**47,515**	43,629
Non-audit services:		
Due diligence & other services	**-**	-
Total non-audit services	**-**	-
Total auditor remuneration	**-**	-

There were no Non-Audit services received in 2020.

NOTE 24 INVESTMENT IN CONTROLLED ENTITIES

	Principal Activities	**Country of Incorporation**	**Ownership interest**	
			2020	2019
			%	%
Fotis Nominees Pty Ltd (i)	Investment	Australia	**100**	100
Accumulate Energy USA, Inc	Oil exploration	USA	**100**	100
Accumulate Energy Alaska, Inc	Oil exploration	USA	**100**	100
Regenerate Energy USA, Inc	Oil Exploration	USA	**100**	100
Regenerate Alaska, Inc	Oil exploration	USA	**100**	100
Captivate Energy Alaska, Inc	Oil Exploration	USA	**100**	100
Emerald House, Inc	Oil Exploration	USA	**100**	-
Entek USA, Inc	Oil Exploration	USD	**100**	-
XCD Alaska, LLC	Oil Exploration	USD	**100**	-

(i) This subsidiary is dormant.

NOTE 25 PARENT ENTITY

	2020 $	2019 $
Assets		
Current assets	**7,936,640**	68,854,004
Non-current assets	**175,102**	1,516,696
Total assets	**8,111,742**	70,370,700
Liabilities		
Current liabilities	**5,052,965**	5,772,190
Total liabilities	**5,052,965**	5,772,190
Equity		
Contributed equity	**208,963,514**	185,619,886
Reserves	**13,445,837**	23,926,536
Accumulated losses	**(219,350,574)**	(144,947,911)
Total equity	**3,058,777**	64,598,510
Loss for the year	**(61,970,130)**	(46,847,210)
Total comprehensive loss	**(61,970,130)**	(46,847,210)

Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Other Commitments and Contingencies

The Parent has no commitments to acquire property, plant and equipment, and has no contingent liabilities apart from the amounts disclosed in Note 20.

NOTE 26 ASSETS PLEDGED AS SECURITY

The carrying amount of assets pledged as a security interest in and a lien over for non-current borrowings are;

	2020	2019
	$	$
Non-current assets		
Exploration and evaluation expenditure	**48,213,290**	52,928,315
Investments in subsidiaries	**389,509**	128,461
Other assets	**16,226,055**	23,615,216
Total non-current assets pledged as security	**64,828,854**	76,671,992
Total assets pledged as security	**64,828,854**	76,671,992

Refer to Note 13 for Borrowings

In the Directors' opinion:

a) The financial statements and accompanying notes are in accordance with the Corporations Act 2001, including:

   i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements

   ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the year ended on that date

b) The financial statements and notes comply with International Financial Reporting Standards as disclosed in Note 1.

c) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Mr Michael Evans
Non-Executive Chairman

9 March 2021

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INDEPENDENT AUDITOR'S REPORT

To the members of 88 Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of 88 Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of exploration and evaluation expenditure

Key audit matter	***How the matter was addressed in our audit***
As disclosed in Note 9 to the Financial Report, the carrying value of capitalised exploration and evaluation expenditure represents a significant asset of the Group. Refer to Notes 1(g) and 2 (i) of the Financial Report for a description of the accounting policy and significant judgements applied to capitalised exploration and evaluation expenditure. In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources* (AASB 6), the recoverability of exploration and evaluation expenditure requires significant judgment by management in determining whether there are any facts or circumstances that exist to suggest that the carrying amount of this asset may exceed its recoverable amount. During the year, the Group undertook an impairment assessment and recognised an impairment charge as disclosed in Note 9. As a result, this is considered a key audit matter.	Our procedures included, but were not limited to: • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and director's minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Evaluating and assessing the accuracy of the Group's calculation of the impairment recognised for the year ended 31 December 2020; and • Assessing the adequacy of the related disclosures in Notes 1 (g), 2 (i) and 9 to the Financial Report.

Accounting for the Acquisition of XCD Energy

Key audit matter	***How the matter was addressed in our audit***
As disclosed in note 2(vi) and 14(a) of the Financial Report, the Group acquired XCD Energy Ltd during the year. The Group treated the transaction as an asset acquisition, rather than a business acquisition.	Our procedures included, but were not limited to the following: • Reviewing the key executed transaction documents to understand the key terms and conditions of the acquisition;

Key audit matter	*How the matter was addressed in our audit*
Accounting for this transaction is complex and requires management to exercise judgement to determine the appropriate accounting treatment. These judgements include whether the acquisition is accounted for as an asset or business acquisition, estimating the fair value of net assets acquired and estimating the fair value of the purchase consideration. This has been identified as a key audit matter because this was a significant transaction during the period which involved judgement to be exercised by management.	• Evaluating management's determination of the accounting acquirer and whether the transaction constituted a business or an asset acquisition; • Assessing the allocation of the purchase price to the net assets which have been acquired; • Challenging the methodology and assumptions utilised to identify and determine the fair value of assets and liabilities acquired; and • Assessing the adequacy of the group's disclosures in Notes 2(vi) and 14(a) to the Financial Report.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2020, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 20 to 29 of the directors' report for the year ended 31 December 2020.

In our opinion, the Remuneration Report of 88 Energy Limited, for the year ended 31 December 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

JPrue

Jarrad Prue
Director

Perth, 9 March 2021

The Company's Corporate Governance Statement can be found at the following URL http://88energy.com/about-us/corporate-governance/.

Additional information required by the Australian Securities Exchange and not shown elsewhere in this Annual Report is as follows. The information is current as of 23 February 2021.

TWENTY LARGEST SHAREHOLDERS

1.	HARGREAVES LANSDOWN (NOMINEES) LIMITED <15942>	815,322,892	6.70
2.	"HARGREAVES LANSDOWN (NOMINEES) LIMITED	461,354,167	3.79
3.	INTERACTIVE INVESTOR SERVICES NOMINEES LIMITED <SMKTISAS>	418,541,265	3.44
4.	INTERACTIVE INVESTOR SERVICES NOMINEES LIMITED	404,213,656	3.32
5.	HARGREAVES LANSDOWN (NOMINEES) LIMITED <VRA>	359,957,513	2.96
6.	BARCLAYS DIRECT INVESTING NOMINEES LIMITED <CLIENT1>	294,014,896	2.42
7.	"HSDL NOMINEES LIMITED <MAXI>"	259,392,526	2.13
8.	"HSBC CLIENT HOLDINGS NOMINEE (UK) LIMITED	231,372,615	1.90
9.	HSDL NOMINEES LIMITED	175,981,049	1.45
10.	"JIM NOMINEES LIMITED	136,961,634	1.13
11.	MR DAVID JAMES WALL	120,038,015	0.99
12.	"VIDACOS NOMINEES LIMITED <IGUKCLT>"	112,415,683	0.92
13.	CITICORP NOMINEES PTY LIMITED	106,085,021	0.87
14.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	91,881,625	0.76
15.	LAWSHARE NOMINEES LIMITED <SIPP>	87,728,078	0.72
16.	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	85,000,000	0.70
17.	WEALTH NOMINEES LIMITED <WRAP>	82,432,570	0.68
18.	LAWSHARE NOMINEES LIMITED <ISA>	70,873,939	0.58
19.	1215 CAPITAL PTY LTD	69,024,562	0.57
20.	ELKO INTERNATIONAL LLC	61,369,048	0.51
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES		**4,443,960,754**	**36.54**

DISTRIBUTION OF EQUITY SECURITIES

(i) Ordinary share capital

- 12,161,590,431 fully paid shares held by 12,703 individual shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

The number of shareholders, by size of holding, is:

Range	Total holders	Units	% of Issued Capital
1 - 1,000	447	53,365	0.00
1,001 - 5,000	275	883,304	0.01
5,001 - 10,000	333	2,777,358	0.02
10,001 - 100,000	4,792	285,176,027	2.34
100,001 - 9,999,999,999	6,856	11,872,700,377	97.63
Total	**12,703**	**12,161,590,431**	100.00

(ii) Unlisted Options

- 22,000,000 Unlisted Options with an exercise price of $0.05 and an expiry of 27 October 2021
- 131,500,000 Unlisted Options with an exercise price of $0.055 and an expiry of 27 October 2021
- 10,000,000 Unlisted Options with an exercise price of $0.03 and an expiry of 31 July 2020

(iii) Performance Rights

There are 183,453,091 Performance Rights on issue. The Performance Rights are subject to vesting conditions.

UNMARKETABLE PARCELS

(i) Ordinary share capital

	Minimum Parcel Size	Holders	Units
Minimum $ 500.00 parcel at $ 0.0080 per unit	62,500	3,731	103,324,204

RESTRICTED SECURITES
The Company has no Restricted Securities on issue.

SUBSTANTIAL SHAREHOLDERS

The names of substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

	Number of Shares
N/A	

ON-MARKET BUY-BACK

There is no current on-market buy-back.

ACQUISITION OF VOTING SHARES

No issues of securities have been approved for the purposes of Item 7 of Section 611 of the Corporations Act 2001.

TAX STATUS

The Company is treated as a public company for taxation purposes.

FRANKING CREDITS

The Company has no franking credits.

TENEMENT SCHEDULE

Reference	Project Name	Location	Company Interest
Onshore Alaska, North Slope[1]	Project Icewine	Alaska	~59%
Onshore Alaska, North Slope[2]	Yukon Gold	Alaska	100%
Onshore Alaska, North Slope[3]	Western Blocks	Alaska	100%

[1] ~231,000 acres net to the Company

[2] 15,235 acres

[3] 195,373 gross acres. Note, APDC to earn 50% in Project Peregrine by contributing US$11.3m towards the cost of the Merlin-1 well (estimated gross cost US$12.6m). It is anticipated that the earn-in will complete in Q1 2021 and therefore will reduce the working interest in the project to 50%

COMPETENT PERSONS STATEMENT

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 prospective resource 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.