



11 May 2020

Attn: Manager of ASX Announcements
Australian Securities Exchange
Level 40 Central Park
152-158 St George's Terrace
Perth WA 6000

Dear Sir/Madam

Off-market takeover bid by 88 Energy Ltd for XCD Energy Limited

Bidder's Statement

We refer to the off-market takeover bid by 88 Energy Ltd (ACN 072 964 179) (**88 Energy**) for all of the ordinary shares and options in XCD Energy Limited (ACN 108 403 425) (**XCD Energy**).

We attach, by way of service pursuant to item 5 of section 633(1) of the Corporations Act 2001 (Cth) a copy of 88 Energy's bidder's statement in relation to 88 Energy's off-market takeover bid for all of the fully paid ordinary shares and listed options on issue in XCD Energy.

The bidder's statement was lodged with the Australian Securities & Investment Commission and XCD Energy earlier today.

This announcement has been authorised by the Board.

Yours Faithfully

A handwritten signature in blue ink, appearing to read 'David Wall', with a horizontal line extending to the right.

David Wall
Managing Director
88 Energy Ltd

THIS IS AN IMPORTANT DOCUMENT WHICH YOU SHOULD READ CAREFULLY.

IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONSULT YOUR FINANCIAL OR OTHER PROFESSIONAL ADVISER.



RECOMMENDED OFFERS

88 ENERGY LIMITED

ACN 072 964 179
(88 Energy)

Bidder's Statement

in relation to offers by 88 Energy to acquire
ALL of your ordinary shares and ALL of your listed options in

XCD ENERGY LIMITED

ACN 108 403 425
(XCD Energy)

 **ACCEPT**

For every 1 XCD Energy Share you own, you will receive 2.4 new 88 Energy Shares.

For every 1 XCD Energy Listed Option you own, you will receive 0.7 new 88 Energy Shares.

XCD ENERGY'S DIRECTORS HAVE UNANIMOUSLY RECOMMENDED THAT YOU ACCEPT THESE OFFERS IN THE ABSENCE OF A SUPERIOR PROPOSAL AND SUBJECT TO THE INDEPENDENT EXPERT CONCLUDING AND CONTINUING TO CONCLUDE THAT THE OFFERS ARE REASONABLE

Legal Adviser to 88 Energy

STEINPREIS PAGANIN
Lawyers & Consultants 

Corporate Adviser to 88 Energy

 **LONGREACH**
CAPITAL

KEY DATES

Date of this Bidder's Statement	11 May 2020
Date this Bidder's Statement is lodged with ASIC	11 May 2020
Date of Offers	<i>[leave blank in lodged version]</i>
Offers close (unless otherwise extended)	<i>[leave blank in lodged version]</i>

OFFER INFORMATION LINE

If you have any questions about this Bidder's Statement or the Offers, you should contact the 88 Energy Offer Information Line on 1300 095 745 (within Australia) or +61 3 9415 4300 (for international callers).

IMPORTANT INFORMATION

Bidder's Statement

This document (**Bidder's Statement**), dated 11 May 2020, is issued by 88 Energy Limited (ACN 072 964 179) under Part 6.5 of the Corporations Act in relation to an off-market offer by 88 Energy to acquire XCD Energy Shares and XCD Energy Listed Options and sets out certain disclosures required by the Corporations Act.

A copy of this Bidder's Statement was lodged with ASIC on 11 May 2020. Neither ASIC, ASX nor any of their respective officers takes any responsibility for the contents of this Bidder's Statement or the merits of the Offers.

Investment Risks

There are a number of risks that may have a material impact on the value of the Offers, the future performance of the Combined Group and the value of 88 Energy Shares.

These are described in Section 8 of this Bidder's Statement.

Foreign Jurisdictions

The distribution of this Bidder's Statement and the making of the Offers may be restricted by the laws or regulations of foreign jurisdictions. Persons who come into possession of this Bidder's Statement must observe these restrictions.

In particular, this Bidder's Statement may not be released to US wire services or distributed in the United States except to US Listed Securityholders. See "Notice to US Listed Securityholders" below.

The Offers are not being made, directly or indirectly, in or into and will not be capable of acceptance from within any jurisdiction, if to do so would not be in compliance with the laws of that jurisdiction.

No action has been taken to register or qualify 88 Energy or to otherwise permit the offering of 88 Energy Shares outside Australia, its external territories and New Zealand.

The entitlements of XCD Energy Listed Securityholders who are located in jurisdictions outside Australia (and its external territories) and New Zealand are set out in Sections 10.7 and 11.7.

This Bidder's Statement has been prepared having regard to Australian legal disclosure requirements. These disclosure requirements may differ from those of other countries.

New Zealand

This Bidder's Statement is not a New Zealand product disclosure document or other similar offering or disclosure document and has not been registered, filed with or approved by any New Zealand regulatory authority under

or in accordance with the Financial Markets Conduct Act 2013 or any other relevant New Zealand law. In making the Offers available to XCD Energy Listed Securityholders with registered addresses in New Zealand, 88 Energy is relying on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand) and, accordingly, this Bidder's Statement may not contain all the information that a product disclosure document or other similar offering or disclosure document under the New Zealand law is required to contain.

Notice to US Listed Securityholders

This Bidder's Statement is neither an offer to sell nor a solicitation of an offer to buy securities as such terms are defined under the US Securities Act of 1933 (**US Securities Act**). The 88 Energy Shares to be issued under the Offers have not been and will not be registered under the US Securities Act. None of the US Securities and Exchange Commission (**SEC**), any US state securities commission or any other US regulatory authority has passed comment upon or endorsed the merits of the Offers or the accuracy, adequacy or completeness of this Bidder's Statement. Any representation to the contrary may be a criminal offence.

This Bidder's Statement is issued in connection with offers of securities of 88 Energy, an Australian corporation. The Offers are subject to disclosure requirements of Australia and which disclosure requirements are different from those of the United States. Financial statements included in this Bidder's Statement have been prepared in accordance with accounting standards applicable to Australia that may not be comparable to the financial statements of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the US federal securities laws, since 88 Energy is located in Australia, and many of its officers and directors are residents of Australia and not the United States. You may not be able to sue a foreign company or its officers or directors in a foreign court for

violations of the US securities laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a US court's judgment.

You should be aware that 88 Energy may purchase securities otherwise than under the Offers, such as in open market or privately negotiated purchases.

88 Energy reserves the right not to issue 88 Energy Shares to XCD Energy Listed Securityholders in states or jurisdictions of the United States that require registration or qualification. Instead, 88 Energy Shares which would otherwise have been issued to such XCD Energy Listed Securityholders would be issued to a Sale Nominee, who will sell those shares and pay the net proceeds of such sale to such XCD Energy Listed Securityholders. See Section 9.15 for further details.

The pro forma historical financial information included in this Bidder's Statement does not purport to be in compliance with Article 11 of the SEC's Regulation S-X. The pro forma adjustments made in arriving at the pro forma historical financial information included in this Bidder's Statement may not be permissible under the SEC's rules and regulations on pro forma financial presentations.

Disclaimer Regarding Forward Looking Statements

This Bidder's Statement includes forward-looking statements that have been based on 88 Energy's current expectations and predictions about future events including 88 Energy's intentions (which include those set out in Section 5). These forward-looking statements are, however, subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements of 88 Energy, XCD Energy and the Combined Group to differ materially from the expectations and predictions, expressed or implied, in such forward-looking statements. These factors include, among other things, those risks identified in Section 8.

None of 88 Energy, its officers, nor persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of any forward looking statements. You are cautioned not to place reliance on these statements in the event that the outcome is not achieved. The forward-looking statements in this Bidder's Statement reflect views held only at the date of this Bidder's Statement.

Value of 88 Energy Shares

Any reference to the implied value of the Consideration should not be taken as an indication that XCD Energy Listed Securityholders will receive cash.

As you are being offered 88 Energy Shares as consideration for your XCD Energy Shares and/or XCD Energy Listed Options, the implied value of the Offers will vary with the market price of 88 Energy's Shares.

Further information on the implied value of the Offers is contained in this Bidder's Statement. Before accepting the Offers, XCD Energy Listed Securityholders should obtain current quotes for 88 Energy Shares as well as XCD Energy Shares and XCD Energy Listed Options (as applicable) from their stockbroker, financial adviser, or otherwise.

This also applies to Ineligible Foreign Securityholders and Unmarketable Parcel Securityholders, whose Consideration will be remitted to the Sale Nominee to sell. The proceeds received by Ineligible Foreign Securityholders and Unmarketable Parcel Securityholders will depend on the market price of 88 Energy Shares at the time of sale by the Sale Nominee.

All references to the implied value of the Offers set out within this Bidder's Statement are subject to the effects of rounding.

Investment Advice

This Bidder's Statement does not take into account the individual investment

objectives, financial situation or particular needs of each XCD Energy Listed Securityholder (or any other person). You may wish to seek independent financial and taxation advice before making a decision as to whether or not to accept the Offers.

Privacy

88 Energy has collected your information from the registers of XCD Energy for the purposes of making the Offers and administering your acceptance of the Offers. 88 Energy and its share registry may use your personal information in the course of making and implementing the Offers. 88 Energy and its share registry may also disclose your personal information to their related bodies corporate and external service providers and may be required to disclose such information to regulators, such as ASIC. If you would like details of information about 88 Energy Shares and your holding if you accept the Offers, please contact 88 Energy at the address set out in the Corporate Directory.

Responsibility for Information

The information on XCD Energy, XCD Energy's securities and the XCD Energy Group contained in this Bidder's Statement should not be considered to be comprehensive and has been prepared using publicly available information and information made available to 88 Energy by XCD Energy. The information on XCD Energy and the assets and liabilities, financial position and performance, profits and losses, XCD Energy's securities and the XCD Energy Group has not been independently verified by 88 Energy. Accordingly, 88 Energy does not, subject to the Corporations Act, make any representation or warranty, express or implied, as to the accuracy or completeness of such information. The information on the Combined Group contained in this Bidder's Statement, to the extent that it incorporates or reflects information on XCD Energy and the XCD Energy Group, has also been prepared using publicly available information and information made available by XCD

Energy. Accordingly, information in relation to the Combined Group is subject to the foregoing disclaimer to that extent.

Further information relating to XCD Energy's business may be included in XCD Energy's Target's Statement.

Deloitte Tax Services Pty Ltd has prepared, and is responsible for, the information regarding the general Australian taxation implications of the Offers contained in Section 7. 88 Energy and its respective advisers (except for Deloitte Tax Services Pty Ltd) do not assume any responsibility for the accuracy or completeness of the information set out in Section 7.

Defined Terms

A number of defined terms are used in this Bidder's Statement. Unless expressly specified otherwise, defined terms have the meaning given in Section 12.

Internet Sites

88 Energy and XCD Energy each maintain internet sites. The URL location for 88 Energy is www.88energy.com and for XCD Energy is www.xcdenergy.com.

Information contained in or otherwise accessible through these internet sites is not part of this Bidder's Statement. All references to these sites in this Bidder's Statement are for information purposes only.

Estimates and Assumptions

Unless otherwise indicated, all references to estimates, assumptions and derivations of the same in this Bidder's Statement are references to estimates, assumptions and derivations of the same by 88 Energy's management. Management estimates reflect, and are based on, views as at the

date of this Bidder's Statement, and actual facts or outcomes may materially differ from those estimates, assumptions or views.

Effect of Rounding

Figures, amounts, percentages, prices, estimates, calculations of value and fractions in this Bidder's Statement may be subject to the effect of rounding. Accordingly, the actual figures may vary from those included in this Bidder's Statement.

Currencies

In this Bidder's Statement, references to "Australian dollars", "\$", "A\$" or "cents" are to the lawful currency of Australia and references to "US\$" are to the lawful currency of the United States of America.

This Bidder's Statement may contain conversions of relevant currencies to other currencies for convenience. These conversions should not be construed as representations that the relevant currency could be converted into the other currency at the rate used or at any other rate. Conversions that have been calculated at the date of this Bidder's Statement (or any other relevant date) may not correspond to the amounts shown in the historic or future financial statements of 88 Energy or XCD Energy in respect of which different exchange rates may have been, or may be, used.

Queries

If you have any enquires about the Offers or are unsure about how to deal with this Bidder's Statement, please contact the 88 Energy Offer Information Line on 1300 095 745 (within Australia) or +61 3 9415 4300 (for international callers) or your legal, financial or professional advisor.



11 May 2020

Dear XCD Energy Listed Securityholder

As you may be aware, 88 Energy Limited (**88 Energy**) and XCD Energy Limited (**XCD Energy**) have recently announced the terms of a unanimously recommended off-market takeover bid for all of your shares and listed options in XCD Energy.

On behalf of the Directors of 88 Energy, I am pleased to enclose our offers for all of your shares and listed options in XCD Energy (together, the **Offers**).

By accepting these Offers you will, subject to the terms and conditions set out in this Bidder's Statement, receive:

- (a) 2.4 new 88 Energy Shares for every 1 of your XCD Energy Shares (**Share Offer**); and
- (b) 0.7 new 88 Energy Shares for every 1 of your XCD Energy Listed Options (**Listed Option Offer**).

The Share Offer delivers an attractive premium and values the XCD Energy Shares at 1.2 cents each¹, representing:

- (a) 71% premium to the closing price of XCD Energy Shares on ASX on 6 May 2020 of 0.7 cents, the last trading day prior to the announcement of the recommended takeover Offers;
- (b) 140% premium to the closing price of XCD Energy Shares on ASX on 24 April 2020 of 0.5 cents, the last trading day prior to the Announcement Date;
- (c) 143% premium to XCD Energy's 30-day VWAP;² and
- (d) 55% premium to XCD Energy's 60-day VWAP.²

The Listed Option Offer values the XCD Energy Listed Options at 0.35 cents each,¹ representing a 116% premium to the VWAP of all trades completed on ASX since the options were listed (XCDOA) on 25 February 2020, up to the last trading day prior to the Announcement Date of 24 April 2020.

The Listed Option Offer provides an opportunity to realise immediate value for the XCD Energy Listed Options in circumstances where they are out of the money and have no regular liquidity.

¹ Based on the closing price of 88 Energy shares on ASX of 0.5 cents on 6 May 2020, the last trading day prior to the announcement of the recommended Offers. The implied value of the Offers will change with fluctuations in the 88 Energy share price.

² VWAP of XCD Energy shares is calculated for the period up to and including 24 April 2020, the last trading day prior to the Announcement Date.

Should 88 Energy acquire 100% of the XCD Energy Shares and XCD Energy Listed Options, and assuming no convertible securities of 88 Energy or XCD Energy are converted or exercised, XCD Energy Listed Securityholders will together hold approximately 20% of the Combined Group, enabling you to continue to have exposure to the future upside associated with the emerging Brookian oil plays whilst mitigating and diversifying the current exploration and funding risks to which you are exposed, by becoming part of a larger, and more diversified, Alaska focused oil exploration company.

We have summarised below why 88 Energy believes that a combination with XCD Energy makes sense and will generate value for securityholders of both companies. The key benefits of the transactions contemplated by this Bidder's Statement include (subject to the Offers becoming unconditional):

- (a) the creation of an established oil exploration and appraisal company with an attractive portfolio of three key project areas (Project Icewine, Yukon Leases and Project Peregrine) at various stages of project maturity;
- (b) retaining exposure to the potential of emerging Brookian oil plays at each of the project areas whilst diversifying their overall investment risk;
- (c) enhanced strategic, commercial, technical and financial strength to optimise funding of operations, including an increased scale, market presence, share trading liquidity across ASX and AIM and exposure to a larger global investor base giving greater financing flexibility;
- (d) gaining exposure to 88 Energy's Board and management team with a proven operational capability and a track record for delivering on project objectives, together with access to an extensive network of global and Alaskan relationships – both business and technical; and
- (e) potentially accessing CGT scrip for scrip rollover relief (in respect of the Share Offer only).

The XCD Energy Directors have unanimously recommended that XCD Energy Shareholders and XCD Energy Listed Option holders accept the Offers made to them, and have agreed to accept the Offers in respect of their own holdings, in the absence of a Superior Proposal and subject to the Independent Expert concluding and continuing to conclude that the Offers are reasonable.

The XCD Energy Directors own or control 33,925,658 XCD Energy Shares and 4,250,000 XCD Energy Listed Options representing 4.78% of XCD Energy Shares and 3.6% of XCD Energy Listed Options on issue at the date of this Bidder's Statement.³

As at the date of this Bidder's Statement, 88 Energy is not aware of any Superior Proposal having been received by XCD Energy and XCD Energy has not made 88 Energy aware of any party having an intention to make such a proposal.

Additionally, XCD Energy Listed Securityholders have provided their support for the Offers by entering into pre-bid acceptance deeds with 88 Energy in respect of 18.5% of the XCD Energy Shares on issue and 6.8% of the XCD Energy Listed Options on issue.

The 88 Energy Board has established an independent board committee to consider, amongst other things, the terms of the potential Offers and the application of ASX Listing Rule 10.1 and Chapter 2E of the Corporations Act to the Offers (**Independent Board**

³ These figures include 10,000,000 XCD Energy Shares which will be issued on conversion of XCD Energy Performance Rights. Further details are set out in Section 9.8.

Committee). The Independent Board Committee is comprised of each of the 88 Energy Directors, other than David Wall, the Managing Director, who currently holds 29,395,800 XCD Energy Shares and 2,500,000 XCD Energy Listed Options.

The Independent Board Committee has independently assessed Mr Wall's personal interest in XCD Energy and has determined that ASX Listing Rule 10.1 and Chapter 2E of the Corporations Act do not apply to the transaction. Further details in respect of the matters considered by the Independent Board Committee are set out in Section 2.6.

Mr Michael Evans (through Tevlo and Tour Holdings, entities controlled by Michael Evans and his spouse) holds 4,000,000 XCD Energy Shares. The Independent Board Committee formed the view (and Michael Evans confirmed) that this holding was not significant enough to constitute a material personal interest under the Corporations Act and therefore did not preclude Mr Evans from being a member of the Independent Board Committee.

I encourage you to read this important document carefully. The Offers are open for your acceptance until 5:00 pm (Perth Time) on **[leave blank in lodged version]**, unless extended.

To accept the Offers, please follow the instructions on the accompanying Share Acceptance Form or Option Acceptance Form enclosed.

If you have any questions about the Offers, please contact the 88 Energy Offer Information Line on 1300 095 745 (within Australia) or +61 3 9415 4300 (for international callers), or your professional financial adviser.

88 Energy's Directors look forward to having XCD Energy Listed Securityholders join 88 Energy following the successful completion of this transaction.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Michael Evans', with a long horizontal line extending to the right.

Michael Evans
Non-Executive Chairman
88 Energy Limited

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WHY YOU SHOULD ACCEPT THE OFFERS

88 Energy Limited believes you should ACCEPT the Offers for the following reasons:

1. **Unanimous recommendation from the XCD Energy Board, to accept the Offers, in the absence of a Superior Proposal and subject to the Independent Expert concluding and continuing to conclude that the Offers are reasonable**
2. **The Offers represent a very attractive and significant premium to pre-announcement prices**
3. **You will become a shareholder in 88 Energy, and have the opportunity to benefit from strategic benefits, diversity and operational synergies in the Combined Group if the Offers are successful**
4. **You will have the opportunity to benefit from increased market presence, greater liquidity and enhanced funding capability of the Combined Group**
5. **The Offers reduce risks associated with remaining an XCD Energy Listed Securityholder**
6. **The price of XCD Energy Shares and XCD Energy Listed Options may fall and continue to trade below the implied value of the Offers if the Offers are unsuccessful and no alternative proposal emerges**
7. **There is a risk that you will be part of the minority if you do not accept the Offers**
8. **Potential access to CGT scrip for scrip rollover relief (in respect of the Share Offer only)**

The above is only a headline summary of some of the reasons why you should accept the Offers. Each of the reasons is explained in further detail below.

If you wish to accept the Offers, you must return the signed accompanying Share Acceptance Form or Option Acceptance Form (as applicable) by **5:00pm (Perth Time)** on ***[leave blank in lodged version]***.

Detailed Reasons Why You Should ACCEPT the Offers

1. **The Offers have received unanimous recommendation from the XCD Energy Board, in the absence of a Superior Proposal and subject to the Independent Expert concluding and continuing to conclude that the Offers are reasonable**

The XCD Energy Directors have unanimously recommended that XCD Energy Listed Securityholders accept the Offers, in the absence of a Superior Proposal and subject to the Independent Expert concluding and continuing to conclude that the Offers are reasonable.

The XCD Energy Directors have appointed an independent expert to provide a report as to whether or not the Offers are fair and reasonable to XCD Energy Listed Securityholders and will provide a copy of this report to XCD Energy Listed Securityholders together with the Target's Statement.

All of the XCD Energy Directors intend to accept, or procure the acceptance of, the Offers in respect of any XCD Energy Shares and XCD Energy Listed Options that they own or control, in the absence of a Superior Proposal and subject to the Independent Expert concluding and continuing to conclude that the Offers are reasonable.

The XCD Energy Directors own or control 33,925,658 XCD Energy Shares and 4,250,000 XCD Energy Listed Options representing 4.78% of XCD Energy Shares and 3.6% of XCD Energy Listed Options on issue at the date of this Bidder's Statement.⁴

If you accept the Offers made to you and those Offers become or are declared unconditional, you will receive:

Security	Consideration
XCD Energy Shares	2.4 new 88 Energy Shares for every 1 of your XCD Energy Shares (Share Offer).
XCD Energy Listed Options	0.7 new 88 Energy Shares for every 1 of your XCD Energy Listed Options (Listed Option Offer).

As at the date of this Bidder's Statement, 88 Energy is not aware of any Superior Proposal having been received by XCD Energy and XCD Energy has not made 88 Energy aware of any party having an intention to make such a proposal.

2. **The Offers represent a very an attractive and significant premium to pre-announcement prices**

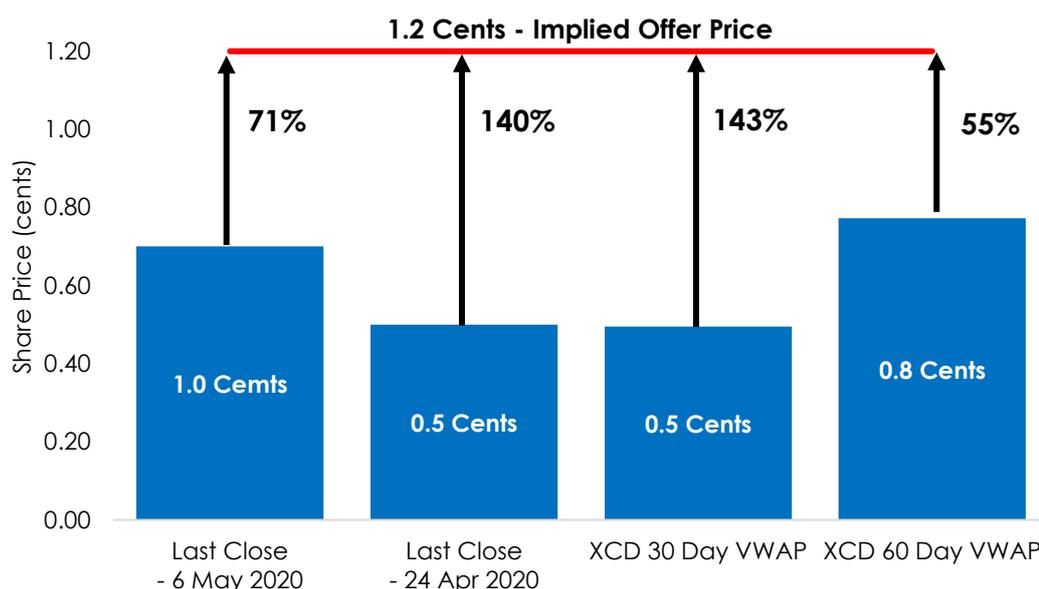
Under the Share Offer, XCD Energy Shareholders will receive 2.4 new 88 Energy Shares for every one of their XCD Energy Shares.

Based on the closing price of 88 Energy Shares on ASX of 0.5 cents on 6 May 2020, the last trading day prior to the announcement of the recommended Offers, the Share Offer values XCD Energy at approximately \$8.4 million, or 1.2 cents per XCD Energy Share, representing a:

⁴ These figures include 10,000,000 XCD Energy Shares which will be issued on conversion of XCD Energy Performance Rights. Further details are set out in Section 9.8.

- (a) 71% premium to the closing price of XCD Energy Shares of 0.7 cents on ASX on 6 May 2020, the last trading day prior to the announcement of the recommended Offers;
- (b) 140% premium to the closing price of XCD Energy Shares on ASX on 24 April 2020 of 0.5 cents, the last trading day prior to the Announcement Date;
- (c) 143% premium to XCD Energy's 30-day VWAP;⁵ and
- (d) 55% premium to XCD Energy's 60-day VWAP.⁵

PREMIUM – SHARE OFFER



Source: IRESS

In recent months, there has been considerable volatility in the oil and gas sector with significant fluctuations in the crude oil price. As at 11 May 2020, the Last Practicable Trading Day, the Share Offer valued each XCD Energy Share at 1.44 cents (based on the closing price of 88 Energy Shares on the Last Practicable Trading Day of 0.6 cents). The implied value of the Offers will continue to fluctuate with movements in the 88 Energy Share price.

Under the Listed Option Offer, XCD Energy Listed Optionholders will receive 0.7 new 88 Energy Shares for every one of their XCD Energy Listed Options.

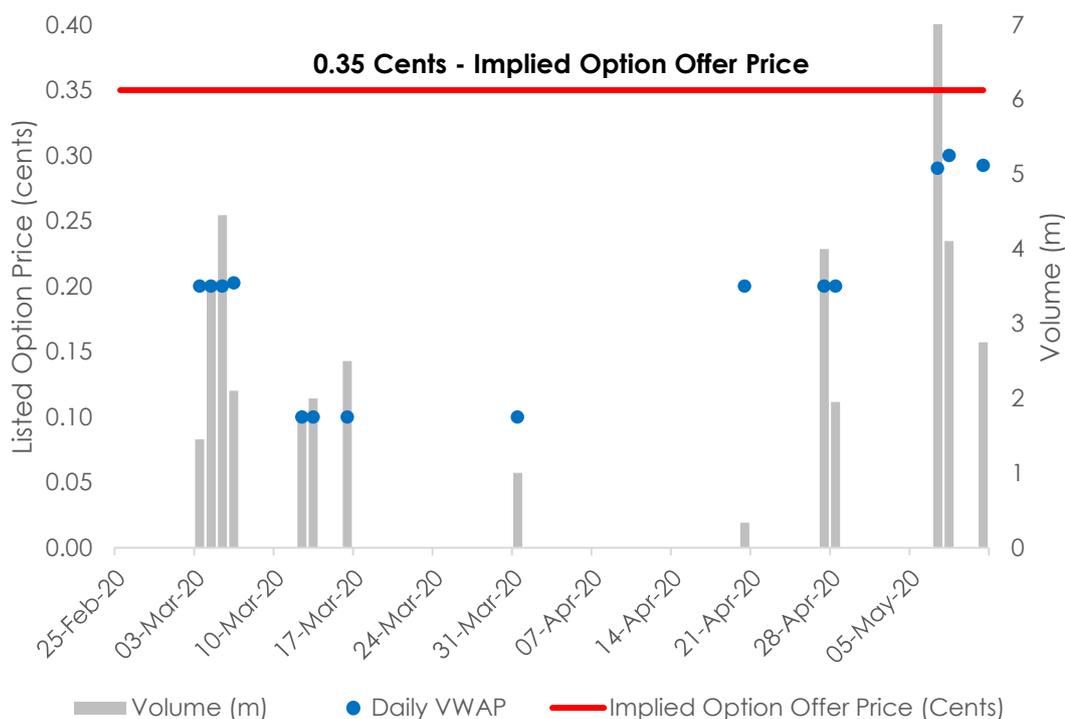
Based on the closing price of 88 Energy shares on ASX of 0.5 cents on 6 May 2020, the last trading day prior to the announcement of the recommended Offers, the Listed Option Offer values XCD Energy Listed Options at approximately \$0.4 million, or 0.35 cents per XCD Energy Listed Option.⁵

The Listed Option Offer provides an opportunity to realise value for the XCD Energy Listed Options in circumstances where there is otherwise an illiquid market for the XCD Energy Listed Options. The chart below displays the trading volume and daily

⁵ VWAP of XCD Energy Shares is calculated for the period up to and including the 24 April 2020, the last trading day prior to the Announcement Date.

VWAP since listing on 25 February 2020 against the implied Listed Option Offer price.

PREMIUM – LISTED OPTION OFFER

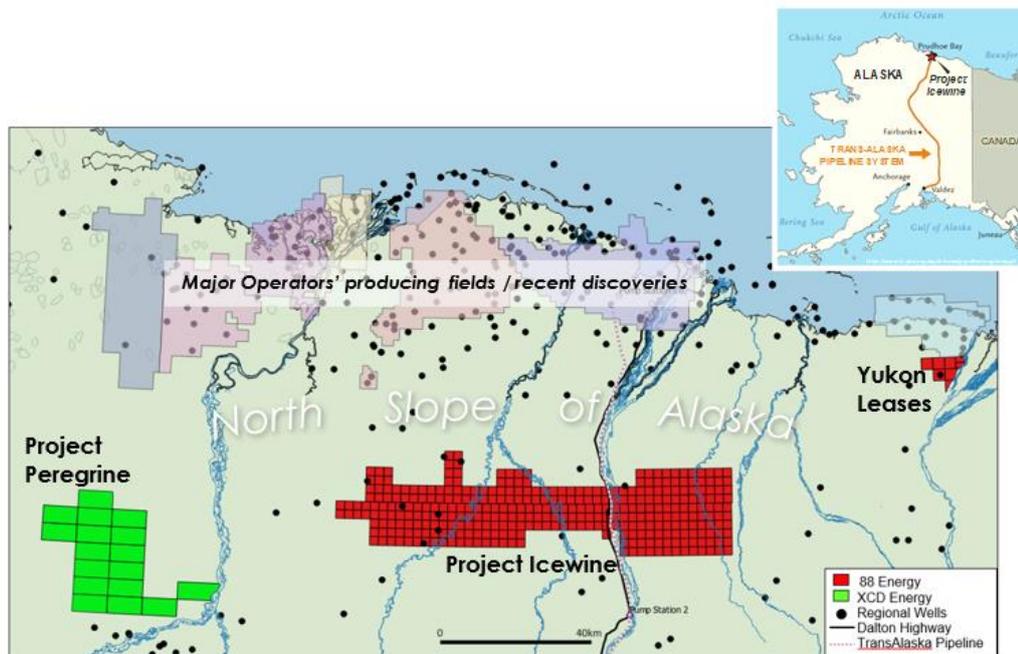


If XCD Energy Listed Optionholders do not accept the Listed Option Offer, they will need to exercise their XCD Energy Listed Options in order to sell their securities.

As at 11 May 2020, the Last Practicable Trading Day, the Listed Option Offer valued each XCD Energy Listed Option at 0.42 cents (based on the closing price of 88 Energy Shares on the Last Practicable Trading Day of 0.6 cents). The implied value of the Listed Option Offer will continue to fluctuate with movements in the trading price of 88 Energy Shares.

3. You will become a shareholder in 88 Energy, and have the opportunity to benefit from strategic benefits, diversity and operational synergies in the Combined Group if the Offers are successful

If the Offers are successful, XCD Energy Listed Securityholders who accept the Offers will become part of a larger Alaskan focused oil explorer, with a diversified portfolio of three key project areas (Project Icewine, Yukon Leases and Project Peregrine) at various stages of project maturity.



XCD Energy Listed Securityholders benefit from having exposure to 88 Energy's projects that have a significantly larger acreage footprint as well as multiple play types, both conventional and unconventional. Significantly, these assets have all been de-risked by wells and modern seismic, both 2D and 3D. The closer proximity to infrastructure of the 88 Energy projects will also mean any development on those acres will have improved economics and timeline to production. Additionally, XCD Energy Listed Securityholders will have increased exposure to the future upside associated with the emerging Brookian oil plays at each of the project areas whilst mitigating and diversifying the current exploration and funding risks to which they are exposed by becoming part of a larger, and more diversified company.

88 Energy's Board, management and technical teams bring a proven track record for advancing acreage and delivering on projects milestones in Alaska. This includes the acquisition of two 3D and one 2D seismic survey and drilling of four exploration wells safely and on budget over the past 5 years as well as execution of farm-in/farm-out transactions.

Through this diversification, the Combined Group will have the ability to optimise exploration activity across its projects as a result of potential synergies associated with future project development and infrastructure requirements.

4. You will have the opportunity to benefit from the increased market presence, greater liquidity and enhanced funding capability of the Combined Group

By accepting the Offers, XCD Energy Listed Securityholders eligible to receive the Consideration will have exposure to a company with a larger market capitalisation and considerably more share trading liquidity across ASX and AIM than XCD Energy on a standalone basis (assuming the Offers become unconditional). In this respect, as at the Last Practicable Trading Day, 88 Energy had a market capitalisation of \$42.6 million compared to XCD Energy's market capitalisation of \$7.0 million.

Further, the average daily trading value of 88 Energy Shares over the 6 months prior to the last trading day prior to the announcement of the recommended Offers, was in excess of \$1.0 million compared to the average daily trading value of XCD Energy Shares over the same period, which was approximately \$57,000.

Should 88 Energy acquire 100% of the XCD Energy Shares and the XCD Energy Listed Options, assuming no convertible securities of 88 Energy or XCD Energy are converted or exercised (other than 10 million XCD Energy Performance Rights), XCD Energy Listed Securityholders will together hold up to 20% of the Combined Group.

The Combined Group will have a significantly larger balance sheet than XCD Energy on a standalone basis which will enhance its ability to attract partners and funding for its current and future growth opportunities.

5. The Offers reduce risks associated with remaining an XCD Energy Listed Securityholder

88 Energy believes the Offers provide compelling value for XCD Energy Listed Securityholders as well as providing a significantly larger acreage footprint as well as multiple play types, both conventional and unconventional which reduces risks associated with continuing to be an investor in XCD Energy alone.

If you accept the Offers and the Offers successfully complete, you will have exposure to the projects of the Combined Group and be invested in a company better resourced to realise the potential of the Combined Group's portfolio of projects and investments than either could be on a standalone basis.

However, if you do not accept the Offers, you will remain exposed to the risks and uncertainties associated with being an investor in XCD Energy, such as potentially dilutive capital raisings to meet XCD Energy's committed expenditure obligations in respect of its current projects and corporate admin and working capital needs.

6. The price of XCD Energy Shares and XCD Energy Listed Options may fall and continue to trade below the implied value of the Offers if the Offers are unsuccessful and no alternative proposal emerges

If the Offers are not successful and an alternative third-party proposal does not emerge, the XCD Energy Share price may decline and continue to trade below the implied value of the Share Offer. The price of XCD Energy Listed Options is also likely to continue to trade below the implied value of the Listed Option Offer in this scenario.

In this event, XCD Energy Listed Securityholders will lose the opportunity to realise a premium for their XCD Energy Listed Securities of a kind that they would receive under the Offers, with there being no certainty as to whether such an opportunity will arise again.

In such circumstances, the current market conditions and volatility in the oil and gas sector may make it challenging for XCD Energy to successfully finance the equity component of the exploration costs associated with its projects on its own, with any such equity raising likely to have a dilutionary effect on existing XCD Energy Shareholders who do not participate in that raising.

88 Energy's Offers mitigate this funding risk whilst enabling XCD Energy Listed Securityholders to continue to participate in the future upside of XCD Energy's activities by virtue of being a securityholder of the Combined Group.

7. There is a risk that you will be part of the minority if you do not accept the Offers

As set out in Sections 10.8 and 11.8, the completion of the Offers is subject to a limited number of conditions.

Given the limited conditionality of the Offers and the attractive premium offered, there is a strong possibility that 88 Energy will succeed in reaching the minimum acceptance condition, by acquiring a Relevant Interest in at least 90% of the issued share capital of XCD Energy, entitling 88 Energy to compulsorily acquire the remaining XCD Energy Shares.

If 88 Energy does not acquire a Relevant Interest in at least 90% of the XCD Energy Shares, it may choose to waive the 90% condition of its Share Offer. If 88 Energy acquires more than 50.1% but less than 90% of the XCD Energy Shares, 88 Energy will hold a controlling interest in XCD Energy. The remaining XCD Energy Shareholders will be in a minority position in a company with a large controlling shareholder whose objectives for the company may differ from their own.

XCD Energy will likely require additional funding in the immediate term to fund future exploration activities as well as ongoing corporate costs. If some or all of this funding requirement is sought in the form of an equity raising and XCD Energy Shareholders do not accept the Share Offer, XCD Energy Shareholders would likely need to contribute to this equity raise (commensurate with their existing shareholding) to avoid dilution of their respective shareholdings.

Accordingly, XCD Energy Shareholders could encounter a lower level of liquidity in XCD Energy Shares than exists today, which may impact the ability of XCD Energy Shareholders to sell their XCD Energy Shares without having an adverse impact on the share price received in the sale of those XCD Energy Shares in future. Similarly, XCD Energy Listed Optionholders may encounter a similar problem.

8. Potential access to CGT scrip for scrip rollover relief

XCD Energy Shareholders may benefit from CGT scrip for scrip rollover relief if they accept the Offer. However, this benefit will not be available if 88 Energy does not acquire 80% or more of XCD Energy's shares outstanding.

Please refer to Section 7 for more information.

1. SUMMARY OF THE OFFERS

The information in this Section 1 is a summary of the Offers only and is qualified by the information set out elsewhere in this Bidder's Statement.

You should read this Bidder's Statement in its entirety and the separate target's statement which will be sent to you directly by XCD Energy before deciding how to deal with your XCD Energy Shares and/or XCD Energy Listed Options.

The detailed terms of the Share Offer are set out in Section 10, and the detailed terms of the Listed Option Offer are set out in Section 11.

If you have any questions about the Offers, please contact the 88 Energy Offer Information Line on 1300 095 745 (within Australia) or +61 3 9415 4300 (for international callers) or your professional financial adviser. Calls to these numbers may be recorded.

What is 88 Energy offering to buy?	<p>88 Energy is offering to buy all the XCD Energy Shares and XCD Energy Listed Options, including XCD Energy Shares that are issued during the Offer Period due to the conversion of XCD Energy Listed Options, XCD Energy Unlisted Options and XCD Energy Performance Rights, on the terms set out in this Bidder's Statement.</p> <p>88 Energy does not currently own any XCD Energy Shares or XCD Energy Listed Options, however 88 Energy has entered into pre-bid acceptance deeds with XCD Energy Shareholders and XCD Energy Listed Optionholders in respect of 18.5% of the XCD Energy Shares on issue and 6.8% of XCD Energy Listed Options on issue. Refer to Section 9.1 for further details.</p> <p>You may only accept the Offers in respect of all the XCD Energy Shares and/or XCD Energy Listed Options held by you (as applicable).</p>
Who is 88 Energy?	<p>88 Energy is an Australian public company focused on oil and gas exploration which is dual listed on the ASX (ASX:88E) and the AIM market operated by the London Stock Exchange (AIM: 88E).</p> <p>Since 2015, 88 Energy has been operating on the Central North Slope of Alaska, where it has a working interest in several acreage positions including:</p> <ul style="list-style-type: none">(a) operator with a 64% working interest in approximately 486,000 gross contiguous acres on the North Slope of Alaska, known as Project Icewine; and(b) a 100% working interest over 15,235 acres at the Yukon leases, a low cost acquisition of existing oil discovery, close to infrastructure. <p>Please refer to Sections 2 and 3 for further information on 88 Energy.</p>

<p>What will you receive if you accept the Offers?</p>	<p>Subject to satisfaction of the conditions of the Offers (Conditions), if you accept:</p> <ul style="list-style-type: none"> (a) the Share Offer, you will receive 2.4 new 88 Energy Shares for every 1 XCD Energy Share that you hold; and (b) the Listed Option Offer, you will receive 0.7 new 88 Energy Shares for every 1 XCD Energy Listed Option that you hold. <p>If you accept the Offers and you are an Ineligible Foreign Securityholder or an Unmarketable Parcel Securityholder, you will not be entitled to receive 88 Energy Shares as consideration for your XCD Energy Shares or XCD Energy Listed Options. In these circumstances, the 88 Energy Shares which would otherwise have been issued to you will instead be issued to the Sale Nominee who will sell those 88 Energy Shares and remit the net proceeds of such sale to you by cheque in Australian dollars. Please refer to Sections 10.7 and 11.7 for further details.</p>
<p>What is the value of the Offers?</p>	<p>The Share Offer delivers an attractive premium and values the XCD Energy Shares at 1.2 cents each,⁶ representing:</p> <ul style="list-style-type: none"> (a) 71% premium to the closing price of XCD Energy Shares on ASX on 6 May 2020 of 0.7 cents, the last trading day prior to the announcement of the recommended takeover Offers; (b) 140% premium to the closing price of XCD Energy Shares on ASX on 24 April 2020 of 0.5 cents, the last trading day prior to the Announcement Date; (c) 143% premium to XCD Energy's 30-day VWAP;⁷ (d) 55% premium to XCD Energy's 60-day VWAP;⁷ and (e) 20% premium to the closing price of XCD Energy Shares on 11 May 2020, being the Last Practicable Trading Day. <p>The Listed Option Offer values the XCD Energy Listed Options at 0.35 cents each,⁸ representing an 116% premium to the VWAP of all trades completed on ASX since the options were listed (XCDOA) on 25 February 2020, up to the last trading day prior to the Announcement Date of 24 April 2020. The implied value of the Offers will continue to fluctuate with movements in</p>

⁶ Based on the closing price of 88 Energy shares on ASX of 0.5 cents on 6 May 2020, the last trading day prior to the announcement of the recommended Offers. The implied value of the Offers will change with fluctuations in the 88 Energy share price.

⁷ VWAP of XCD Energy shares is calculated for the period up to and including 24 April 2020, the last trading day prior to the Announcement Date.

⁸ Based on the closing price of 88 Energy shares on ASX of 0.5 cents on 6 May 2020, the last trading day prior to the announcement of the recommended Offers. The implied value of the Offers will change with fluctuations in the 88 Energy share price.

	<p>the 88 Energy Share price. Please refer to “Detailed Reasons Why You Should Accept the Offers” for further details.</p>
<p>Do the XCD Energy Directors support the Offers?</p>	<p>The XCD Energy Directors have unanimously recommended that XCD Energy Listed Securityholders accept the Offers, in the absence of a Superior Proposal and subject to the Independent Expert concluding and continuing to conclude that the Offers are reasonable.</p> <p>All of the XCD Energy Directors intend to accept, or procure the acceptance of, the Offers in respect of any XCD Energy Shares and XCD Energy Listed Options that they own or control, in the absence of a Superior Proposal and subject to the Independent Expert concluding and continuing to conclude that the Offers are reasonable.</p> <p>The XCD Energy Directors own or control 33,925,658 XCD Energy Shares and 4,250,000 XCD Energy Listed Options representing 4.78% of XCD Energy Shares and 3.6% of XCD Energy Listed Options on issue at the date of this Bidder's Statement.⁹</p>
<p>When will you receive your consideration?</p>	<p>Generally, if you accept the Share Offer and/or the Listed Option Offer, 88 Energy will issue your 88 Energy Shares as consideration for your XCD Energy Shares and/or XCD Energy Listed Options (as applicable) on or before the earlier of:</p> <p>(a) one month after you have validly accepted the Offers or the contract resulting from its acceptance becomes unconditional (whichever is later); and</p> <p>(b) 21 days after the end of the Offer Period, provided that the Offers have become unconditional.</p> <p>Full details of when consideration will be provided are set out in Sections 10.6 and 11.6.</p> <p>Ineligible Foreign Securityholders and Unmarketable Parcel Securityholders will be provided with the net proceeds of sale to which they are entitled under the Offers at a different time. See 10.7 and 11.7 for further details.</p>
<p>How long will the Offers remain open?</p>	<p>The Offers open on [leave blank in lodged version]. Unless withdrawn or extended in accordance with the Corporations Act, the Offers are scheduled to close at 5:00pm (Perth Time) on [leave blank in lodged version].</p>
<p>Can the Offer Period be extended?</p>	<p>The Offer Period can be extended at 88 Energy's election, up to a maximum Offer Period of 12 months. XCD Energy Listed Securityholders will be sent written notice of any extension, and the extension will be announced to ASX.</p>

⁹ These figures include 10,000,000 XCD Energy Shares which will be issued on conversion of XCD Energy Performance Rights. Further details are set out in Section 9.8.

What risks are associated with the Offers?	You should carefully consider the risk factors that could affect the performance of 88 Energy and the Combined Group before deciding whether to accept the Offers. A summary of the key risk factors is set out in Section 8.
Are there conditions to the Offers?	<p>The Offers are subject to a number of conditions including:</p> <ul style="list-style-type: none"> (a) a 90% minimum acceptance condition in relation to XCD Energy Shares; (b) a 90% minimum acceptance condition in relation to XCD Energy Listed Options; (c) compliance with certain restrictions on XCD Energy's conduct of business; (d) no material adverse change occurring in relation to XCD Energy; and (e) no 'prescribed occurrences' occurring. <p>Refer to Sections 10.8 and 11.8 for the full list of the Conditions and Section 9.17 for a summary of the status of the Conditions.</p>
Can 88 Energy waive the Conditions to the Offers?	<p>Yes, 88 Energy is generally free to decide to waive any of the Conditions.</p> <p>88 Energy has agreed to waive certain Conditions. Further details in respect of the extent to which these Conditions are waived is set out in Section 9.17.</p> <p>If the Offers close and the Conditions are not satisfied or waived, the Offers will lapse, and your acceptance will be void.</p>
Is there an offer in respect of my XCD Energy Unlisted Options?	<p>88 Energy is not making a separate offer to holders of XCD Energy Unlisted Options.</p> <p>The holders of any XCD Energy Unlisted Options which are converted into XCD Energy Shares which are issued during the Offer Period are able to accept the Share Offer in respect of such XCD Energy Shares, provided their acceptance is received during the Offer Period.</p>
Is there an offer in respect of the XCD Energy Performance Rights?	<p>The XCD Energy Board has determined that upon 88 Energy receiving acceptances for (or otherwise acquiring a relevant interest in) more than 50% of the XCD Energy Shares on issue and the Offers becoming or being declared unconditional:</p> <ul style="list-style-type: none"> (a) 10,000,000 of the XCD Energy Performance Rights held by XCD Energy Managing Director Dougal Ferguson will vest and be exercised, in accordance with their terms and conditions, and all XCD Energy Shares resulting from the exercise will be issued and registered before the end of the Offer Period; and (b) 50% of the maximum short-term incentive payment for the period ending 30 June 2020 will be paid to Mr Ferguson (being an amount of \$63,500) in early July 2020.

	<p>As set out above, the XCD Energy Directors have agreed to accept the Offers in respect of their own holdings (including any XCD Energy Shares issued on conversion of the XCD Energy Performance Rights), in the absence of a Superior Proposal and subject to the Independent Expert concluding and continuing to conclude that the Offers are reasonable.</p> <p>The balance of the XCD Energy Performance Rights will lapse upon:</p> <ul style="list-style-type: none"> (a) 88 Energy announcing that it has achieved acceptances in respect of 50.1% or more of the XCD Energy Shares; and (b) the takeover bid has become unconditional. <p>Accordingly, 88 Energy will not make an offer in respect of the XCD Energy Performance Rights.</p>
<p>How do I accept the Offers?</p>	<p>Below is a summary of the ways in which you can accept the Offers. Full details of how to accept the Share Offer and the Listed Option Offer are set out in Sections 10.3 and 11.3 respectively.</p> <p>You may only accept the Offers in respect of all of the XCD Energy Shares and/or XCD Energy Listed Options held by you (as applicable).</p> <p>Issuer Sponsored Holding</p> <p>If your XCD Energy Listed Securities are held on XCD Energy's issuer sponsored subregister (such holding will be evidenced by an "I" appearing next to your SRN on the attached Acceptance Form), to accept the Offers made to you, you must complete the attached Acceptance Forms accompanying this Bidder's Statement in relation to the Offers made to you and return it, together with any other documents required, to the address indicated on the form so that it is received before the date the Offers close (unless it is extended).</p> <p>CHES Holding</p> <p>If your XCD Energy Listed Securities are held in a CHES Holding (such holdings will be evidenced by an "X" appearing next to your HIN on the attached Acceptance Form), you may accept the Offers by either:</p> <ul style="list-style-type: none"> (a) completing and signing attached Acceptance Form accompanying this Bidder's Statement and returning it, together with any other documents required, to the address indicated on the form; or (b) instructing your Controlling Participant (normally your broker) to accept the Offers made to you on your behalf,

	<p>so that your acceptance is received before the Offers close (unless extended).</p> <p>Participants</p> <p>If you are a Participant, acceptance of the Offers must be in accordance with the ASX Settlement Operating Rules before the Offers close.</p>
Can I accept the Offers for part of my holdings?	No. You can only accept the Offers for ALL of your XCD Energy Shares or XCD Energy Listed Options (as applicable).
Can I withdraw my acceptance of the Offers?	<p>No. You will not be able to withdraw your acceptance of the Offers unless a right to withdraw arises under the Corporations Act.</p> <p>A withdrawal right will arise if, after you accept the Offers, the Offers remain subject to Conditions and 88 Energy varies the Offers in a way that postpones the time that 88 Energy has to meet its obligations under the Offers for more than one month (for example, if 88 Energy extends the Offers for more than one month while the Offers made to you remain subject to Conditions).</p>
Will I need to pay any transaction costs if I accept the Offer?	<p>If your XCD Energy Listed Securities are registered in a CHESS Holding, or if you are the beneficial owner whose XCD Energy Listed Securities are registered in the name of a bank, custodian, broker or other nominee, you will not be obliged to pay stamp duty by accepting the Offers but should ask your Controlling Participant (usually your broker) or nominee whether it will charge any transaction fees or service charges in connection with your acceptance of the Offers.</p> <p>If your XCD Energy Listed Securities are registered in an Issuer Sponsored Holding in your name and you deliver them directly to 88 Energy, you will not incur any brokerage fees or be obliged to pay stamp duty in connection with your acceptance of the Offers.</p> <p>If you are an Ineligible Foreign Securityholder or Unmarketable Parcel Securityholder, the proceeds you will receive from the sale of the 88 Energy Shares which would otherwise have been issued to you will be net of any costs including brokerage charges.</p>
Why is there an Independent Board Committee?	<p>The 88 Energy Board has established the Independent Board Committee to consider, amongst other things, the terms of the potential Offers and the application of ASX Listing Rule 10.1 and Chapter 2E of the Corporations Act to the Offers. The Independent Board Committee is comprised of each of the 88 Energy Directors, other than David Wall, the Managing Director, who currently holds 29,395,800 XCD Energy Shares and 2,500,000 XCD Energy Listed Options.</p> <p>The Independent Board Committee has independently assessed Mr Wall's personal interest in XCD Energy and has determined that ASX Listing Rule 10.1 and Chapter</p>

	<p>2E of the Corporations Act do not apply to the transaction.</p> <p>Mr Michael Evans (through Tevlo and Tour Holdings, entities controlled by Michael Evans and his spouse) holds 4,000,000 XCD Energy Shares. The Independent Board Committee formed the view (and Michael Evans confirmed) that this holding was not significant enough to constitute a material personal interest under the Corporations Act and therefore did not preclude Mr Evans from being a member of the Independent Board Committee.</p> <p>Further details in respect of the matters considered by the Independent Board Committee are set out in Section 2.6.</p>
<p>What happens if 88 Energy improves the Consideration?</p>	<p>If 88 Energy improves the Consideration, all the XCD Energy Listed Securityholders who accept the Offers (whether or not they have accepted the Offers before or after the improved terms were made) will be entitled to the benefit of the improved Consideration, should the Offers become or be declared unconditional.</p>
<p>What are the tax implications of accepting the Offers?</p>	<p>A general summary of the Australian tax consequences for XCD Energy Listed Securityholders who accept the Offers is set out in Section 7. This summary is expressed in general terms only and is not intended to provide taxation advice for your specific circumstances. XCD Energy Listed Securityholders should seek their own taxation advice in relation to the Offers.</p>
<p>What happens if I do not accept the Offers?</p>	<p>If you do not accept the Offers, you will remain an XCD Energy Listed Securityholder and will not receive the Consideration.</p> <p>If 88 Energy becomes entitled to compulsorily acquire your XCD Energy Listed Securities, it intends to do so. If your XCD Energy Listed Securities are compulsorily acquired by 88 Energy, it will be on the same terms as the Offers. However, you will receive your 88 Energy Shares at a later time than the XCD Energy Listed Securityholders who choose to accept the Offers.</p> <p>If 88 Energy does not acquire a Relevant Interest in at least 90% of the XCD Energy Shares, it may choose to waive the 90% condition of its Share Offer. If 88 Energy acquires more than 50.1% but less than 90% of the XCD Energy Shares, 88 Energy will hold a controlling interest in XCD Energy. The remaining XCD Energy Shareholders will be in a minority position in a company with a large controlling shareholder whose objectives for the company may differ from their own. They could also encounter a lower level of liquidity in XCD Energy Shares than exists today, which could result in a lower price for those XCD Energy Shares should they wish to sell them in future. Similarly, XCD Energy Listed Optionholders may encounter a similar problem.</p>

Where can I find further information?

If you have any questions about this Bidder's Statement or the Offers, you should contact the 88 Energy Offer Information Line on 1300 095 745 (within Australia) or +61 3 9415 4300 (for international callers) or your legal, financial or professional advisor.

2. PROFILE OF 88 ENERGY LIMITED

2.1 Overview of 88 Energy

88 Energy is an Australian public company focused on oil and gas exploration which is dual listed on the ASX (ASX:88E) and AIM (AIM: 88E).

88 Energy has been operating on the Central North Slope of Alaska since 2015, following entry into a binding agreement with Burgundy Xploration LLC to acquire a working interest in a large acreage position on a multiple objective, liquids-rich exploration opportunity onshore Alaska, North America, referred to as Project Icewine. 88 Energy has since substantially expanded its Project Icewine acreage to approximately 486,000 gross contiguous acres.

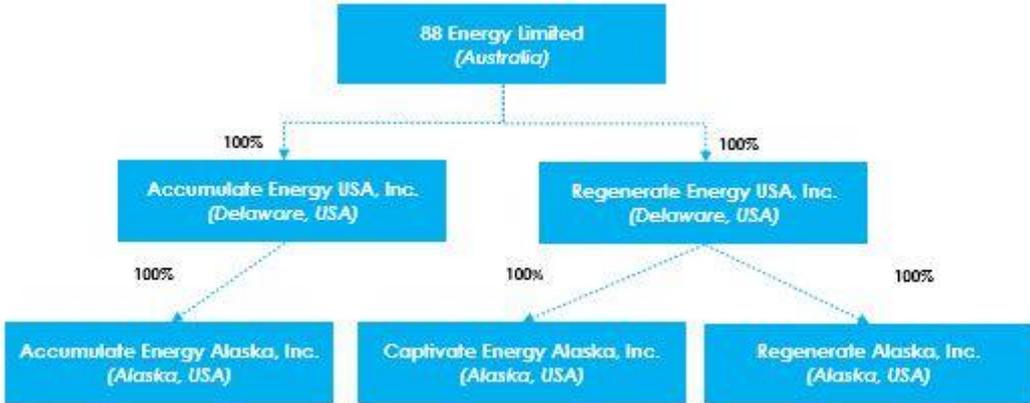
In August 2019, 88 Energy signed a Sale and Purchase Agreement (**SPA**) with Premier Oil Plc (**Premier**) whereby Premier farmed-in for a 60 per cent interest in Area A (also referred to as the Western Play Fairway) of the conventional Project Icewine acreage in the proven Alaska North Slope basin, with 88 Energy retaining a 30 per cent working interest in Area A. Under the terms of the SPA, Premier agreed to pay the full costs of the Charlie-1 well, up to a total of US\$23 million.

As announced to ASX on 7 April 2020, Premier has informed 88 Energy that it intends to withdraw from the joint venture formed in accordance with the SPA. As a result, Premier’s interest in Area A will revert back to 88 Energy. 88 Energy’s interest in Area A has been accounted for in this Bidder’s Statement on the basis that this has occurred. Further information on the SPA is set out in Section 2.3.

The portfolio of 88 Energy also includes leases on the north west part of the North Slope, adjacent to the producing Point Thomson gas condensate project, which are known as the Yukon Leases (comprising approximately 15,235 gross contiguous acres).

2.2 Corporate Information

The corporate structure of 88 Energy is shown in the diagram below:



The above structure does not include Fotis Nominees Pty Ltd, a wholly owned dormant subsidiary of 88 Energy.

2.3 Project Icewine

As set out in Section 2.1 above, 88 Energy has been operating at Project Icewine since 2015. Project Icewine has both conventional and unconventional oil potential. 88 Energy currently has a 64 per cent working interest in Project Icewine.

Both the Dalton Highway, providing year-round operational access, and the TransAlaskan pipeline run through the acreage. The primary term for the State leases is 10 years with no mandatory relinquishment and a low base royalty.

Significant conventional prospectivity has been identified on modern 2D and 3D seismic data. The Icewine 3D seismic was acquired in Q1 2018 by 88 Energy and fast-track processed during 2018 ahead of the commencement of a successful farm-out program in 2019.

Charlie-1 Well

As set out in Section 2.1 above, 88 Energy and Premier entered into the SPA in August 2019. The Charlie-1 well was drilled in early 2020, with 88 Energy announcing in 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). Further analysis to confirm the compositions and gas to liquid ratios will now be undertaken in 2020. Hydrocarbon pay, interpreted to be oil, was also identified in the Seabee Formation and is the subject of further evaluation work.

As announced to ASX by 88 Energy on 7 April 2020, the Charlie-1 well was plugged and abandoned. The decision to plug and abandon the Charlie-1 well instead of moving to suspension or testing was made for the following reasons:

- (a) further analysis was required to determine whether a discovery of this nature can be commercialised on the North Slope, given the likely high gas content;
- (b) an optimum stimulation and test at this juncture was not possible in the timeframe required due to the different phase of the hydrocarbons encountered and the length of season remaining;
- (c) uncertain access to various personnel that may be required in the event of unforeseen circumstances/emergency situations, in light of the COVID-19 pandemic;
- (d) the lateness of the season and exposure to potential early break-up, which could result in the rig being stranded on the wrong side of the Kuparuk River at significant cost; and
- (e) reluctance to create a potential future liability if analysis determines that the well should be plugged and abandoned in a subsequent season, at substantially higher cost.

Icewine HRZ Exploration Wells

The unconventional HRZ liquids-rich resource play was successfully evaluated based on core obtained in the Icewine-1 exploration well (December 2015), and the subsequent drilling in mid-2017 of the follow-up appraisal well, Icewine-2, which was subsequently fracture stimulated and flow tested. Production testing at

Icewine-2 concluded on 30 June 2018 after retrieving 24.8% of the injected stimulation fluid vs a targeted return of at least 30%. Gas rates of up to 100mcf/d were achieved during flowback; however, these are not considered representative due to limited reservoir connectivity. Further evaluation is being completed prior to launching a formal farm-out process to fund the future work program. Data from the Charlie-1 well is currently being analysed in relation to the HRZ liquids-rich resource play and will assist with finalisation of the data required for any future farm-out.

2.4 Overview of 88 Energy's Other Activities and Assets

In addition to Project Icewine, 88 Energy also has a working interest in the Yukon Leases.

The Yukon 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 Alaska Inc., has a 100% working interest in these leases, totalling 15,235 acres. The leases contain an historic discovery well, Yukon Gold-1.

Discussions have been initiated by 88 Energy 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 Cascade Prospect, which was intersected peripherally by Yukon Gold-1 drilled in 1994. In 2018, 88 Energy acquired 3D seismic 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 the Arctic National Wildlife Reserve and in close proximity to recently commissioned infrastructure at the Point Thomson gas condensate project.

2.5 Directors of 88 Energy

As at the date of this Bidder's Statement, the Directors of 88 Energy are:

Michael Evans — Non-Executive Chair (Appointed 9 April 2014)

Mr 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 the founding Executive Chairman of oil explorer and producer FAR Limited (**FAR**) from 1995 until April 2020. Under Mr Evans' 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 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.

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. His skillset spans asset evaluation across many fiscal regimes / play types as well as corporate advisory / M&A and equity capital markets. 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.

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 PTP 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 Bachelor of Science (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 and offshore UK and onshore Tunisia. Dr Staley is also a non-executive director of Predator Oil & Gas Holdings PLC and is non-executive chairman of Nostra Terra Oil & Gas Company PLC, which are both London-listed oil & gas companies. Otherwise, Dr Staley does not hold, and has not over the last 3 years held, a directorship in any other public listed company.

2.6 Independent Board Committee

The 88 Energy Board has established the Independent Board Committee to consider, amongst other things, the terms of the potential Offers and the application of ASX Listing Rule 10.1 and Chapter 2E of the Corporations Act to the Offers. The Independent Board Committee is comprised of each of the 88 Energy Directors, other than David Wall, the Managing Director, who currently holds 29,395,800 XCD Energy Shares and 2,500,000 XCD Energy Listed Options.

The Independent Board Committee has independently assessed Mr Wall's personal interest in XCD Energy and has determined that ASX Listing Rule 10.1 does not apply to the transaction because Mr Wall's XCD Energy Shares and XCD Energy Listed Options do not have sufficient value for them to be classified as a "substantial asset" for the purposes of ASX Listing Rule 10.1.

Additionally, the Independent Board Committee has also determined that Chapter 2E of the Corporations Act does not apply because Mr Wall will receive the same consideration as all other XCD Energy Listed Securityholders.

The Independent Board Committee approved the bid consideration payable under the Offers based on its own determination on the relative values of 88

Energy shares, and XCD Energy Shares and XCD Energy Listed Options, having taken advice from 88 Energy's corporate adviser.

Mr Michael Evans (through Tevlo and Tour Holdings, entities controlled by Michael Evans and his spouse) holds 4,000,000 XCD Energy Shares. The Independent Board Committee formed the view (and Michael Evans confirmed) that this holding was not significant enough to constitute a material personal interest under the Corporations Act and therefore did not preclude Mr Evans from being a member of the Independent Board Committee.

2.7 Historical Financial Information

(a) Basis of Presentation of Historical Financial Information

The historical financial information below relates to 88 Energy on a stand-alone basis and accordingly does not reflect any impact of the Offers. It is a summary only and the full financial accounts of 88 Energy for the financial period described below, which includes the notes to the accounts, can be found in 88 Energy's Annual Report for that period.

(b) Historical Financial Information of 88 Energy

(i) Consolidated Statement of Financial Position

The consolidated statements of financial position of 88 Energy are set out below and have been extracted from the audited consolidated statement of financial position for the financial years ending 31 December 2018 and 31 December 2019, being the last two audited financial statements prior to the date of this Bidder's Statement.

88 ENERGY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	AUDITED 31 DECEMBER 2019 \$	AUDITED 31 DECEMBER 2018 \$
Current Assets		
Cash and cash equivalents	15,903,117	21,722,211
Trade and other receivables	1,120,550	2,101,501
Total Current Assets	17,023,667	23,823,712
Non-Current Assets		
Plant and equipment	12,900	11,172
Exploration and evaluation expenditure	52,928,315	76,983,981
Other Assets	23,615,216	22,977,103
Total Non-Current Assets	76,556,431	99,972,256
TOTAL ASSETS	93,580,098	123,795,968
LIABILITIES		
Current Liabilities		

	AUDITED 31 DECEMBER 2019 \$	AUDITED 31 DECEMBER 2018 \$
Trade and other payables	6,026,811	6,001,949
Provisions	282,199	255,353
Total Current Liabilities	6,309,010	6,257,302
Non-Current Liabilities		
Borrowings	22,672,578	23,424,471
Total Non-Current Liabilities	22,672,578	23,424,471
TOTAL LIABILITIES	28,981,588	29,681,773
NET ASSETS	64,598,510	94,114,195
EQUITY		
Contributed equity	185,619,885	179,304,850
Reserves	23,578,127	22,628,390
Accumulated losses	(144,599,502)	(107,819,045)
TOTAL EQUITY	64,598,510	94,114,195

Cash at bank for 31 December 2019 includes \$10.7m of cash restricted for joint venture operations. Please refer to the notes to the accounts in 88 Energy's Annual Report for further details.

(ii) **Consolidated Income Statement and Statement of Other Comprehensive Income**

The consolidated statements of income and other comprehensive income of 88 Energy are set out below and have been extracted from the audited consolidated statements of income and other comprehensive income for the financial years ending 31 December 2018 and 31 December 2019, being the last two audited financial statements prior to the date of this Bidder's Statement.

88 ENERGY CONSOLIDATED INCOME STATEMENT AND STATEMENT OF OTHER COMPREHENSIVE INCOME

	AUDITED 31 DECEMBER 2019 \$	AUDITED 31 DECEMBER 2018 \$
Other income	35,931	1,362,745
Administrative expenses	(1,215,226)	(1,524,870)
Occupancy expenses	(34,596)	(44,958)
Employee benefit expenses	(1,983,685)	(1,879,007)
Share-based payment expense	(95,276)	(21,750)

	AUDITED 31 DECEMBER 2019 \$	AUDITED 31 DECEMBER 2018 \$
Depreciation and amortisation expense	(58,110)	(50,609)
Finance cost	(3,095,466)	(4,224,698)
Other expenses	(30,277,141)	(149,010)
Foreign exchange (loss) / gain	(56,888)	538,564
Loss before income tax	(36,780,457)	(5,993,593)
Income tax expense	-	-
Loss after income tax for the year	(36,780,457)	(5,993,593)
Other comprehensive income / (loss) for the year		
<i>Items that may be reclassified to profit or loss</i>		
Exchange differences on translation of foreign operations	854,461	6,961,354
Other comprehensive income / (loss) for the year, net of tax	854,461	6,961,354
Total comprehensive income / (loss) for the year attributable to members of 88 Energy Limited	(35,925,996)	967,761
Loss per share for the year attributable to the members of 88 Energy		
Limited:		
Basic and diluted loss per share	(0.005)	(0.001)

(c) **Management Commentary on Historical Results**

The loss for the year was \$36,780,457 (2018: \$5,993,593). The loss was largely attributable to administrative expenditure and finance costs associated with the debt facility as well as impairment of the Icewine-2 and Winx-1 exploration wells.

At the end of the financial year ending 31 December 2019, the 88 Energy Group had cash on hand of \$15,903,117 (2018: \$21,722,211), net assets of \$64,598,510 (2018: \$94,114,195) and current liabilities of \$6,309,010 (2018: \$6,257,302). The significant reduction in net assets at the 31 December 2019 year end was largely due to the impairment of the Winx-1 and Icewine-2 exploration wells which were plugged and abandoned in the year.

Full discussion and commentary relating to historical financial results is contained in the 88 Energy Annual Report lodged with the ASX on 26 February 2020.

(d) **Material changes in 88 Energy's financial net asset position since last published accounts**

Since the 88 Energy Annual Report dated 31 December 2019, the cash position (net of joint venture funds) of 88 Energy has increased by \$3.5 million, this is due to 88 Energy successfully completing a placement to raise \$4.6 million (net of costs) less general expenditure of \$1.1 million that has been incurred on administration and interest expenditure.

2.8 Forecast Information

88 Energy's future financial performance is dependent on a range of factors, many of which are beyond 88 Energy's control. Accordingly, 88 Energy's Directors have concluded that forecast financial information would be misleading to provide as a reasonable basis, and does not exist, for providing forecasts that would be sufficiently meaningful and reliable as required by applicable Australian law, policy and market practice.

Further information is available on 88 Energy's financial performance from its financial reports. Copies of these reports are available from 88 Energy's website www.88Energy.com.

3. INFORMATION ABOUT 88 ENERGY SECURITIES

3.1 Information about 88 Energy Securities

88 Energy's issued securities consist of the securities set out in the following table:

Total 88 Energy Securities	Number
88 Energy Shares	7,109,635,564
88 Energy Unlisted Options ²	163,500,000
88 Energy Performance Rights ²	50,214,913

Notes:

1. Refer to tables below for further details of 88 Energy Unlisted Options and 88 Energy Performance Rights.

88 Energy Unlisted Options	Number
88 Energy Unlisted Options exercisable at \$0.055 on or before 27 October 2021	131,500,000
88 Energy Unlisted Options exercisable at \$0.05 on or before 27 October 2021	22,000,000
88 Energy Unlisted Options exercisable at \$0.03 on or before 31 July 2020	10,000,000
TOTAL	163,500,000

88 Energy Performance Rights Milestones	Number
Share Price ²	25,877,019
Reserve Price ²	12,168,947
Resources ⁴	6,084,474
Production ⁵	3,042,237
Tenure ⁶	3,042,237
TOTAL	50,214,913

Notes:

1. The 88 Energy Performance Rights were issued under the Performance Rights Plan approved at the shareholder meeting held on 15 October 2018.
2. The vesting of these 88 Energy Performance Rights is assessed by reference to 88 Energy's percentage absolute share growth, with one third of the 88 Energy Performance Rights available for testing on each anniversary from the date of issue (**Share Price Performance Rights**). 31,889,466 Share Price Performance Rights were issued on 24 October 2018 (of which 10,629,822 have lapsed) and 4,617,375 Share Price Performance Rights were issued on 15 January 2020.
3. The vesting of these 88 Energy Performance Rights is assessed by reference to the positive growth of the proven plus probable recoverable reserves (**Reserves Performance Rights**). 10,629,822 Reserves Performance Rights were issued on 24 October 2018 and 1,539,125 Reserves Performance Rights were issued on 15 January 2020. The Reserves Performance Rights expire on the date that is four years from the date of issue unless otherwise specified by the 88 Energy Board.
4. The vesting of these 88 Energy Performance Rights is assessed by reference to the growth of the best estimates of contingent resources (**Resource Performance Rights**). 5,314,911 Resource Performance Rights were issued on 24 October 2018 and 769,563 Resource Performance Rights were issued on 15 January 2020. The Resource Performance Rights expire on the date that is four years from the date of issue unless otherwise specified by the 88 Energy Board.

5. The vesting of these 88 Energy Performance Rights is assessed by reference to the growth in production (**Production Performance Rights**). 2,657,456 Production Performance Rights were issued on 24 October 2018 and 384,781 Production Performance Rights were issued on 15 January 2020. The Production Performance Rights expire on the date that is four years from the date of issue unless otherwise specified by the 88 Energy Board.
6. These 88 Energy Performance Rights will vest upon the participant remaining employed by 88 Energy up to and including the date that is three years after the date of issue (**Tenure Performance Rights**). 2,657,456 Tenure Performance Rights were issued on 24 October 2018 and 384,781 Tenure Performance Rights were issued on 15 January 2020. The Tenure Performance Rights expire on the date that is four years from the date of issue unless otherwise specified by the 88 Energy Board.
7. Further details in respect of the vesting conditions attaching to the 88 Energy Performance Rights are set out in the notice of general meeting released on 13 September 2018 and the addendum to the notice of general meeting released on 18 September 2018.

3.2 Substantial Shareholders of 88 Energy

So far as is known to 88 Energy, based on publicly available information lodged with ASX, there are no persons who have a substantial holding of 5%, or more, of 88 Energy Shares.

3.3 Directors' Interests in 88 Energy Securities

As at the date of this Bidder's Statement, the 88 Energy Directors hold (both directly and indirectly) hold 71,736,907 88 Energy Shares, being approximately 1% of the total number of 88 Energy Shares on issue. In addition, David Wall, an 88 Energy Director holds 17,520,000 88 Energy Performance Rights.

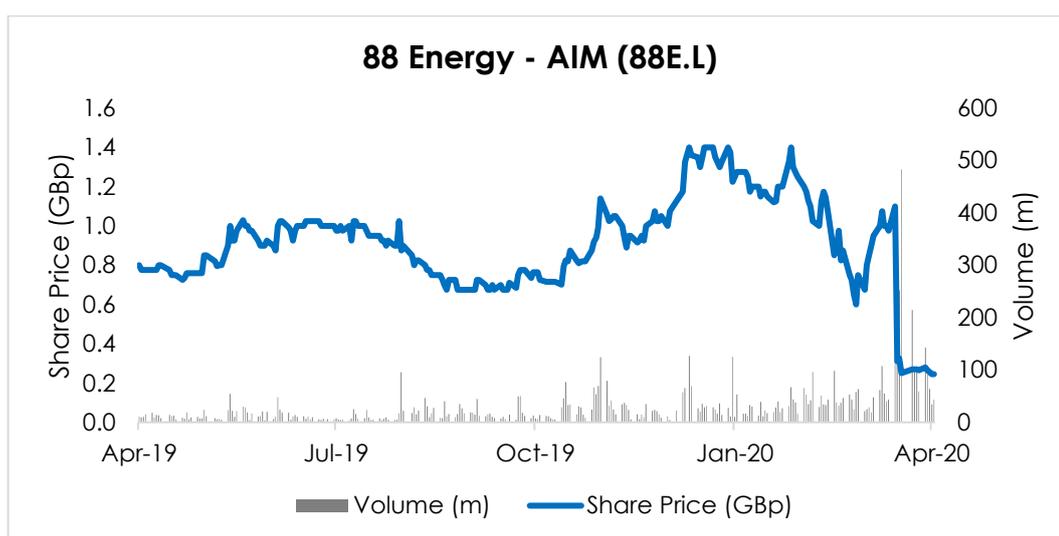
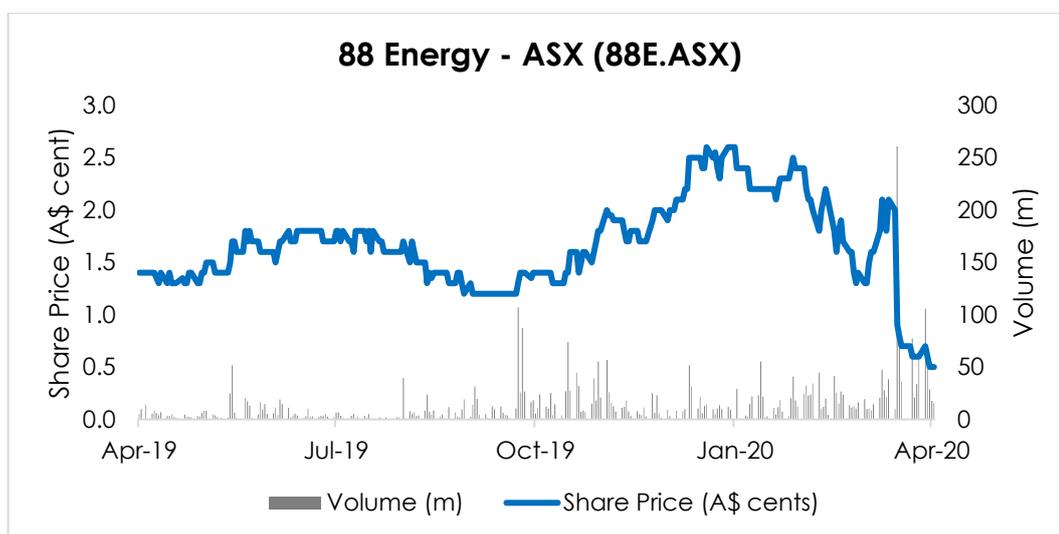
Refer to Section 9.11 for further details of all 88 Energy Securities held by each Director, and Section 9.10.3 for details of the fees and benefits received by each Director in the past two financial years.

3.4 Recent Performance of 88 Energy Shares

Set out below is a table showing relevant trading prices of 88 Energy Shares on ASX:

Comparative trading period ¹	Price of 88 Energy Shares
Highest trading price on ASX in the 4 months prior to the date this Bidder's Statement was lodged with ASIC (last recorded on 21 January 2020)	2.65 cents
Lowest trading price on ASX in the 4 months prior to the date this Bidder's Statement was lodged with ASIC (last recorded on 8 May 2020)	0.5 cents
Closing sale price on ASX on the last trading day prior to the Announcement Date	0.5 cents
Closing sale price of 88 Energy Shares on ASX on 11 May 2020, the Last Practicable Trading Day	0.6 cents

Set out below are diagrams showing trading prices and trading volumes of 88 Energy Shares on ASX and AIM for the period between 24 April 2019 and 24 April 2020.



Notes:

1. For the period 24 April 2019 to 24 April 2020, being the 12 months prior to the Announcement Date.
2. 88 Energy daily closing price as published on IRESS and Yahoo Finance (UK).

3.5 Rights and Liabilities of 88 Energy Shares

The 88 Energy Shares offered to XCD Energy Listed Securityholders under the Offers are fully paid ordinary shares in the capital of 88 Energy, and from the date of their issue will rank equally with existing 88 Energy Shares and will have the same rights and liabilities attaching to them.

The following is a summary of the more significant rights and liabilities attaching to 88 Energy Shares being offered pursuant to the Offers. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of 88 Energy Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to 88 Energy Shares are set out in 88 Energy's constitution, a copy of which is available for inspection at 88 Energy's registered office during normal business hours.

The rights, privileges and restrictions attaching to 88 Energy Shares can be summarised as follows:

(a) **General meetings**

88 Energy Shareholders are entitled to attend and vote at general meetings of 88 Energy, in person, or by proxy, attorney or representative.

For so long as 88 Energy remains a listed entity, 88 Energy Shareholders will be entitled to receive at least 28 days' prior written notice of any proposed general meeting.

88 Energy Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the constitution of 88 Energy.

(b) **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at a general meeting of 88 Energy Shareholders or a class of 88 Energy Shareholders:

(i) on a show of hands, every person present who is an 88 Energy Shareholder or a proxy, attorney or representative of an 88 Energy Shareholder has one vote; and

(ii) on a poll, every person present who is an 88 Energy Shareholder or a proxy, attorney or representative of an 88 Energy Shareholder shall, in respect of each fully paid 88 Energy Share held by him or her, or in respect of which he or she is appointed a proxy, attorney or representative, have one vote for the 88 Energy Share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the 88 Energy Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) **Dividend rights**

Subject to the rights of any preference 88 Energy Shareholders and to the rights of the holders of any 88 Energy Shares created or raised under any special arrangement as to dividend, the 88 Energy Board may from time to time declare a dividend to be paid to the 88 Energy Shareholders entitled to the dividend which shall be payable on all 88 Energy Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such 88 Energy Shares. The 88 Energy Board may also from time to time pay to the 88 Energy Shareholders such interim dividends as the 88 Energy Board may determine.

No dividend shall carry interest as against 88 Energy. The 88 Energy Board may set aside out of the profits of 88 Energy any amounts that they may determine as reserves, to be applied at the discretion of the 88 Energy Board, for any purpose for which the profits of 88 Energy may be properly applied.

(d) **Winding-up**

If 88 Energy is wound up, the liquidator may, with the authority of a special resolution of 88 Energy, divide among the 88 Energy Shareholders in kind the whole or any part of the property of 88 Energy, and may for that purpose set such value as he or she considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the 88 Energy Shareholders or different classes of 88 Energy Shareholders.

The liquidator may, with the authority of a special resolution of 88 Energy, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no 88 Energy Shareholder is compelled to accept any 88 Energy Shares or other securities in respect of which there is any liability.

(e) **88 Energy Shareholder liability**

As the 88 Energy Shares offered by the Bidder's Statement are fully paid ordinary shares, they are not subject to any calls for money by 88 Energy and will therefore not become liable for forfeiture.

(f) **Transfer of 88 Energy Shares**

Generally, 88 Energy Shares are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act, the ASX Listing Rules or the AIM Rules for Companies.

All 88 Energy Shares can be traded on either the ASX or AIM. To trade 88 Energy Shares on AIM, 88 Energy Shares must first be converted into the form of a Depositary Interest (each of which represents an 88 Energy Share) held in a CREST account on 88 Energy's Depositary Interests register in the UK. The conversion process is relatively simple, once an account has been established in CREST, and is typically completed in a few days and is undertaken by contacting 88 Energy's share registry, Computershare.

CREST is the UK equivalent of the CHES system in Australia for the electronic settlement and registration of security trades. To hold Depositary Interests in a CREST account, a shareholder should first contact an authorised UK stockbroker and establish an account with them. Alternatively, several Australian stockbrokers have existing accounts with UK stockbrokers that they can utilise for the purpose of trading in shares on AIM by their clients.

(g) **Variation of rights**

The rights attaching to 88 Energy Shares may only be varied or cancelled by the sanction of a special resolution passed at a meeting of 88 Energy Shareholders or with the written consent of holders of three quarters of all 88 Energy Shares on issue. A special resolution is passed only where approved by at least 75% of all votes cast (and entitled to be cast) on the resolution at the meeting.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms

of issue of the shares of that class), whether or not 88 Energy is being wound up, may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

3.6 Dividend History

88 Energy has not previously and does not currently pay dividends.

3.7 Corporate Governance

The 88 Energy Board seeks, where appropriate, to provide accountability levels that meet or exceed the fourth edition of the ASX Corporate Governance Council's Principles and Recommendations.

Details on 88 Energy's corporate governance procedures, policies and practices can be obtained from page 67 of 88 Energy's Annual Report for year ended 31 December 2019 and at www.88energy.com/about-us/corporate-governance/.

3.8 Further Information

88 Energy is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. 88 Energy is subject to the ASX Listing Rules which require continuous disclosure of any information 88 Energy has concerning itself that a reasonable person would expect to have a material effect on the price or value or its securities.

ASX maintains files containing publicly disclosed information about all listed companies. 88 Energy's file is available for inspection at ASX during normal business hours.

88 Energy is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by 88 Energy may be obtained from, or inspected at, an ASIC office.

On request to 88 Energy and free of charge, XCD Energy Listed Securityholders may obtain a copy of:

- (a) the Annual Report of 88 Energy for the year ended 31 December 2019 (being the annual financial report most recently lodged with ASIC before lodgement of this Bidder's Statement with ASIC); and
- (b) any continuous disclosure notice given to ASX by 88 Energy since the lodgement with ASIC of the Annual Report referred to above and before lodgement of this Bidder's Statement with ASIC.

A list of the announcements 88 Energy has lodged with ASX since the lodgement of its annual report on 26 February 2020 is set out in Annexure A to this Bidder's Statement.

A substantial amount of information about 88 Energy is available in electronic form www.88Energy.com and on the ASX website.

4. PROFILE OF XCD ENERGY

4.1 Disclaimer

This overview of XCD Energy and all financial information concerning XCD Energy contained in this Bidder's Statement has been prepared by 88 Energy using publicly available information.

The information in this Bidder's Statement concerning XCD Energy has not been independently verified by 88 Energy. Accordingly, 88 Energy does not, subject to any applicable laws, make any representation or warranty, express or implied, as to the accuracy or completeness of this information. The information on XCD Energy set out in this Bidder's Statement is not considered to be comprehensive.

4.2 Overview of XCD Energy

XCD Energy is an oil exploration company focussed on early stage exploration assets. XCD Energy holds 17 National Petroleum Reserve of Alaska (**NPR-A**) leases covering 195,373 acres over the highly prospective Nanushuk trend (**Project Peregrine**).

Project Peregrine is located on the North Slope of Alaska and is located approximately 35km to the south of the Willow discoveries currently being owned and operated by ConocoPhillips.

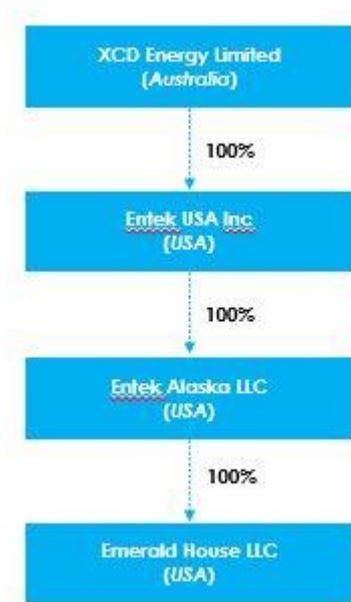
During the half year ending 31 December 2019, XCD Energy completed the reprocessing of approximately 600km (365 miles) of 2D seismic data originally acquired by the United States Geological Survey in the 1970's and 1980's. The reprocessed data, along with other regional seismic and well data, was integrated into a more detailed proprietary study, named the Integrated Nanushuk Technical Regional Overview or INTRO Project, which involved detailed basin modelling over the area of interest, building a sequence stratigraphy framework for the region and full petrophysical interpretation of all the regionally significant wells. This study used expertise from around the world and formed the basis for the prospective resource estimations completed by ERC Equipoise Pte Ltd.

Upon completion of the study, XCD Energy embarked on a farm-out campaign aimed at introducing partners to the 100% owned lease position to either drill two low cost exploration wells or alternatively, conduct a 3D seismic program over the key prospects identified in the winter of 2021.

The NPR-A leases have no expenditure commitments other than annual lease rentals of US\$3 per acre per annum and the majority of the leases are valid through to 2029.

4.3 Corporate Structure

According to documents provided by XCD Energy to the ASX, at the date of this Bidder's Statement, the subsidiaries of XCD Energy are set out below.



4.4 XCD Energy Board of Directors

According to documents provided by XCD Energy to the ASX, at the date of this Bidder's Statement, the directors of XCD Energy are:

- (a) Peter Stickland – Non-Executive Chairman;
- (b) Dougal Ferguson – Managing Director; and
- (c) Anthony Walsh – Non-Executive Director.

4.5 Information about XCD Energy Securities

According to documents provided by XCD Energy to the ASX, at the date of this Bidder's Statement, XCD Energy's issued securities consist of the securities set out in the following table:

Total XCD Energy Securities	Number
XCD Energy Shares	699,728,934
XCD Energy Listed Options (XCDOA) ¹	117,450,000
XCD Energy Unlisted Options ²	16,000,000
XCD Energy Performance Rights ²	20,000,000

Notes:

1. XCD Energy Listed Options exercisable at 0.02 each on or before 30 November 2022.
2. Refer to tables below for further details of XCD Energy Unlisted Options and XCD Energy Performance Rights.
3. The XCD Energy Board has determined that upon 88 Energy receiving acceptances for (or otherwise acquiring a relevant interest in) more than 50% of the XCD Energy Shares on issue and the Offers becoming or being declared unconditional 10,000,000 of the XCD Energy Performance Rights held by XCD Energy Managing Director Dougal Ferguson will vest. Refer to Section 9.8 for further details.

XCD Energy Unlisted Options	Number
XCD Energy Unlisted Options exercisable at \$0.048 on or before 28 November 2020	3,000,000
XCD Energy Unlisted Options exercisable at \$0.072 on or before 28 November 2020	3,000,000

XCD Energy Unlisted Options	Number
XCD Energy Unlisted Options exercisable at \$0.096 on or before 28 November 2020	3,000,000
XCD Energy Unlisted Options exercisable at \$0.048 on or before 4 December 2021	1,000,000
XCD Energy Unlisted Options exercisable at \$0.072 on or before 4 December 2021	1,000,000
XCD Energy Unlisted Options exercisable at \$0.096 on or before 4 December 2021	1,000,000
XCD Energy Unlisted Options exercisable at \$0.048 on or before 4 December 2021	4,000,000
TOTAL	16,000,000

XCD Energy Performance Rights¹	Number
XCD Energy Performance Rights Class A	5,000,000
XCD Energy Performance Rights Class B	5,000,000
XCD Energy Performance Rights Class C	5,000,000
XCD Energy Performance Rights Class D	5,000,000
TOTAL	20,000,000

Notes:

1. The vesting conditions attaching to the XCD Energy Performance Rights are set out in the Notice of Meeting released on 2 July 2019.

4.6 Substantial Shareholders of XCD Energy

Based on material lodged with ASX as at the date of this Bidder's Statement, each of the following persons had disclosed the following substantial shareholdings in the issued ordinary share capital of XCD Energy:

XCD Energy Listed Shareholder	Number of XCD Energy Shares	% of XCD Energy Shares
88 Energy Limited (ASX:88E)	129,416,142	18.50% ²

Notes:

1. Based on the number of XCD Energy Shares held as stated in the relevant notices lodged with ASX. Actual voting power may differ from that shown above as there is no obligation to publicly disclose changes in voting power of less than 1%.
2. Calculated using the number of XCD Energy Shares on issue as at the date of this Bidder's Statement, being 699,728,934 XCD Energy Shares.
3. This interest arises due to entry into the Pre-Bid Acceptance Deeds, further details of which are set out in Section 9.1.

4.7 Historical Financial Information

The historical financial information below relates to XCD Energy. It is a summary only and the full financial accounts of XCD Energy for the financial period described below, which includes the notes to the accounts, can be found in XCD Energy's Annual Report or Half Yearly Report for that period.

The historical statements of financial position of XCD Energy set out below have been derived from the audited consolidated statements of financial position of

XCD Energy as at 30 June 2018 and 30 June 2019 and the unaudited statement of financial position for the half year ended 31 December 2019.

STATEMENT OF FINANCIAL POSITION

XCD ENERGY LIMITED

	UNAUDITED 31 DECEMBER 2019 \$	AUDITED 30 JUNE 2019 \$	AUDITED 30 JUNE 2018 \$
CURRENT ASSETS			
Cash and cash equivalents	2,743,128	1,624,016	4,353,622
Trade and other receivables	148,199	75,090	136,827
Total Current Assets	2,891,327	1,699,106	4,490,449
NON CURRENT ASSETS			
Plant and equipment	14,715	16,993	17,199
Right of use asset	51,361	-	-
Capitalised exploration expenditure	4,211,737	3,809,479	-
Other receivables	427,792	426,821	-
Total Non-Current Assets	4,705,605	4,253,293	17,199
Total Assets	7,596,932	5,952,399	4,507,648
CURRENT LIABILITIES			
Trade and other payables	205,159	134,409	331,013
Lease liability	20,731		
Provisions	24,969	7,344	-
Total Current Liabilities	250,859	141,753	331,013
NON-CURRENT LIABILITIES			
Lease liability	33,829	-	-
Total Non-Current Liabilities	33,829	-	-
Total Liabilities	284,688	141,753	331,013
Net Assets	7,312,244	5,810,646	4,176,635
EQUITY			
Issued capital	67,190,869	65,259,579	63,039,578
Reserves	18,879,352	18,806,019	10,392,148
Accumulated losses	(78,757,977)	(78,254,952)	(69,255,091)
Total Equity	7,312,244	5,810,646	4,176,635

4.8 Further Information

XCD Energy is a listed disclosing entity for the purposes of the Corporations Act and as such is subject to regular reporting and disclosure obligations. XCD Energy is subject to the ASX Listing Rules which require continuous disclosure of any information XCD Energy has concerning itself that a reasonable person would expect to have a material effect on the price or value or its securities.

ASX maintains files containing publicly disclosed information about all listed companies. XCD Energy's file is available for inspection at ASX during normal business hours.

XCD Energy is also required to lodge various documents with ASIC. Copies of documents lodged with ASIC by XCD Energy may be obtained from, or inspected at, an ASIC office.

A substantial amount of information about XCD Energy is available in electronic form at www.xcdenergy.com and on the ASX website.

5. RATIONALE FOR THE OFFERS AND INTENTIONS OF 88 ENERGY

5.1 Disclaimer Regarding Forward-Looking Statements

This Bidder's Statement includes forward-looking statements that have been based on 88 Energy's current expectations and predictions about future events including 88 Energy's intentions (which include those set out in this Section 5). These forward-looking statements are, however, subject to inherent risks, uncertainties and assumptions that could cause actual results, performance or achievements of 88 Energy, XCD Energy and the Combined Group to differ materially from the expectations and predictions, expressed or implied, in such forward-looking statements. These factors include, among other things, those risks identified in Section 8 of this Bidder's Statement.

None of 88 Energy, its officers, nor persons named in this Bidder's Statement with their consent or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of any forward looking statements. You are cautioned not to place reliance on these statements in the event that the outcome is not achieved. These statements reflect views and opinions as at the date of this Bidder's Statement.

5.2 Rationale for the Offers

88 Energy believes that there are a number of key strategic and financial benefits that will arise from the successful acquisition of XCD Energy by 88 Energy. These include:

- (a) rationalisation of future decision-making processes in relation to the Combined Group and its prospective assets, situated in Alaska;
- (b) the potential improvement of the efficiency and timeliness in the development of the assets of the Combined Group to maximise shareholder value by accelerating exploration and development;
- (c) XCD Energy's technical resources will supplement and enhance 88 Energy's technical and operational capabilities;
- (d) the alignment of the interests of the two shareholder groups into a like-minded, single group of shareholders; and
- (e) the reduction of corporate overheads and duplicated roles.

5.3 88 Energy's Intentions Regarding XCD Energy as a Wholly Controlled Entity

This Section 5.3 describes 88 Energy's intentions if 88 Energy acquires a Relevant Interest in 90% or more of the XCD Energy Shares and a sufficient number of the XCD Energy Listed Options so as to become entitled to proceed to compulsory acquisition of the outstanding XCD Energy Shares and XCD Energy Listed Options in accordance with Part 6A.1 of the Corporations Act. 88 Energy intends (based on the information currently available to it) to implement its strategy for the Combined Group as set out below.

(a) **Strategic review**

Subject to what is disclosed elsewhere in this Section 5, 88 Energy intends to undertake a detailed review of XCD Energy's activities, assets and liabilities to evaluate their prospects, strategic relevance, funding requirements and financial performance. This may lead to modification

of some of XCD Energy's existing projects and activities. This strategic review will provide the main platform for 88 Energy to identify and assess the specific areas that may provide benefits to 88 Energy and the expected costs and time frames.

(b) **Corporate matters**

88 Energy intends to:

- (i) if entitled to do so, proceed with the compulsory acquisition of any XCD Energy Listed Securities not acquired under the Offers and any other XCD Energy Securities on issue which it is entitled to compulsorily acquire in accordance with Part 6A.1 of the Corporations Act;
- (ii) arrange for XCD Energy to be removed from the Official List of the ASX;
- (iii) consider proceeding with the compulsory acquisition of any XCD Energy Unlisted Options which have not been exercised and that have not expired or lapsed. Alternatively, 88 Energy may pursue other arrangements to acquire those XCD Energy Unlisted Options; and
- (iv) amend XCD Energy's constitution to reflect XCD Energy's status as a wholly owned subsidiary of 88 Energy and seek to convert XCD Energy's from a public company to a proprietary company.

(c) **Composition of the XCD Energy Board**

88 Energy intends to replace some or all of the members of the board of directors of XCD Energy with a board structure and directors appropriate for a wholly owned subsidiary. In accordance with the BIA, as soon as practicable after 88 Energy has a Relevant Interest in more than 50% of the XCD Energy Shares and the Offers become or are declared unconditional, XCD Energy must take all actions necessary to ensure the resignation and appointment of directors of XCD Energy such that a majority of the directors of XCD Energy are directors nominated by 88 Energy in writing, but provided that a minimum of two of the existing XCD Energy Board remain, a proper board is constituted at all times and that 88 Energy procures that its appointees to the XCD Energy Board do not participate in decisions of XCD Energy in relation to the takeover bid until after the End Date and a quorum remains for that purpose. The 88 Energy nominees have not yet been identified and their identity will depend on the circumstances at the relevant time.

In addition, it is 88 Energy's current intention, in the event that the Offers are successful, to seek to reflect in the organisation structure of the Combined Group, XCD Energy personnel whose skills are highly regarded and who have extensive knowledge of XCD Energy's assets.

(d) **Corporate office and employees**

Subject to the strategic review, 88 Energy intends to continue to conduct the XCD Energy business. 88 Energy will, however, consider centralising the corporate head office of XCD Energy by incorporating those functions performed by it into the administrative structure of 88 Energy. It is proposed that functions such as company secretarial, financial

management and accounting will be centralised. It is intended that the centralised corporate office will be in Perth, Western Australia.

As a result of the implementation of 88 Energy's intentions, some of XCD Energy's employees may undertake functions that will be centralised in the Combined Group. Some job losses may occur as a result, however, the incident, extent and timing of such job losses cannot be predicted in advance. 88 Energy intends to discuss employment arrangements with the existing personnel of XCD Energy.

(e) **General business integration**

As part of the strategic review, 88 Energy intends to undertake a specific review of:

- (i) XCD Energy's assets and liabilities; and
- (ii) the possible synergies and benefits between 88 Energy and XCD Energy.

88 Energy intends to prepare a business integration plan and implement that plan.

(f) **Accounting policy**

88 Energy intends to conduct a review of XCD Energy's accounting policies. It is expected that this review will result in the adoption of 88 Energy's accounting policies.

5.4 88 Energy's Intentions Regarding XCD Energy as a Part Owned Entity

88 Energy reserves the right to declare the Offers free from the 90% minimum acceptance condition (or any other condition). However, 88 Energy has not decided whether it will free one or both of the Offers from the 90% minimum acceptance condition (or any other condition).

This Section 5.4 describes 88 Energy's intentions if, on completion of the Offers, 88 Energy holds a sufficient number of XCD Energy Shares to exercise control over the management and operations of XCD Energy, but is not entitled to compulsorily acquire all outstanding XCD Energy Shares and XCD Energy Listed Options.

88 Energy may continue acquiring XCD Energy Shares in reliance on the '3% creep' exception in item 9 of section 611 of the Corporations Act following completion of the Offers.

XCD Energy Listed Securityholders should be aware that, in this circumstance, the liquidity of XCD Energy Listed Securities may be materially decreased.

It is possible that, even if 88 Energy is not entitled to proceed to compulsory acquisition of outstanding XCD Energy Shares under Part 6A.1 of the Corporations Act, it may subsequently become entitled to exercise rights of general compulsory acquisition under Part 6A.2 of the Corporations Act. If so, it intends to exercise those rights.

(a) **General**

88 Energy will implement the intentions described in Section 5.3 above to the extent that it is economically feasible and subject to the requirements of the Corporations Act and any other applicable laws or regulations. These intentions specifically include those in respect of strategic review, corporate matters, corporate office and employees and general business integration.

(b) **Composition of the XCD Energy Board**

88 Energy intends, subject to the Corporations Act and the constitution of XCD Energy, to seek to replace some or all of the members of the board of directors of XCD Energy in accordance with the BIA. In accordance with the BIA, as soon as practicable after 88 Energy has a Relevant Interest in more than 50% of the XCD Energy Shares and the Offers become or are declared unconditional, XCD Energy must take all actions necessary to ensure the resignation and appointment of directors of XCD Energy such that a majority of the directors of XCD Energy are directors nominated by 88 Energy in writing, but provided that a minimum of two of the existing XCD Energy Board remain, a proper board is constituted at all times and that 88 Energy procures that its appointees to the XCD Energy Board do not participate in decisions of XCD Energy in relation to the takeover bid until after the End Date and a quorum remains for that purpose. At this time, 88 Energy has not determined which XCD Energy Board members will be replaced.

(c) **Listing on the Official List of the ASX**

88 Energy intends to maintain XCD Energy's listing on the Official List of the ASX, while it continues to meet its ASX listing requirements. Shareholders of XCD Energy are alerted that in this circumstance, the liquidity of XCD Energy Shares may be materially decreased.

However, 88 Energy may reconsider this position and seek to delist XCD Energy from ASX in the future should it be desirable to do so.

(d) **Elimination of duplication**

To the extent that activities and functions, including management, presently carried out by 88 Energy and XCD Energy will be duplicated, such duplication will be eliminated where it is economically efficient to do so.

(e) **Remaining XCD Energy Shareholders**

If 88 Energy acquires less than 90% but more than 50% of the XCD Energy Shares on issue, then XCD Energy Shareholders should be aware that if they do not accept the Share Offer they may become a "locked-in" minority after the end of the Offer Period (i.e. if 88 Energy holds a majority of XCD Energy Shares but is not entitled to compulsorily acquire the remaining XCD Energy Shares).

(f) **Dividends and Funding**

XCD Energy does not currently pay dividends. The payment of dividends by XCD Energy is at the discretion of the XCD Energy Board, the majority of which will comprise 88 Energy's nominees. 88 Energy has not formed

an intention about retaining or varying the current dividend policy of XCD Energy (through its nominee's on the board of XCD Energy), and will do so when the strategic review in Section 5.3(a) is completed.

(g) **Limitations in Giving Effect to Intentions**

There may be limitations to 88 Energy's intentions as outlined in this Section 5.4 due to the legal obligations of the directors of XCD Energy to have regard to the best interests of XCD Energy and its shareholders, including the rights of minority shareholders, and the requirements of the Corporations Act, other applicable laws, and ASX Listing Rules relating to transactions between related parties. 88 Energy may require legal and/or financial advice before deciding what action to take in connection with the intentions outlined in this Section 5.4.

5.5 Exercise of XCD Energy Listed Options by 88 Energy

As set out in Section 9.19(a), 88 Energy has sought relief from ASIC to enable it to exercise XCD Energy Listed Options acquired under the Listed Option Offer and thereby increase its Relevant Interest in XCD Energy Shares. If 88 Energy is granted the relief by ASIC and was to exercise XCD Energy Listed Options, the consequent increase in its holding of XCD Energy Shares may enable 88 Energy to reach the thresholds required in order to compulsorily acquire outstanding XCD Energy Shares.

88 Energy has no present intention to exercise XCD Energy Listed Options acquired under the Listed Option Offer. Any decision to do so would be dependent on considerations including:

- (a) the voting power in XCD Energy which 88 Energy had acquired at the relevant time and whether increasing its Relevant Interest in XCD Energy Shares by exercising XCD Energy Listed Options would materially affect or have the potential to materially affect its ownership or control of XCD Energy; and
- (b) the circumstances of XCD Energy and 88 Energy at the relevant time.

5.6 Other Intentions

Subject to the matters described above in this Section 5, it is the present intention of 88 Energy (based on the information presently available to it) to:

- (a) seek to find a farm out partner for XCD Energy's Project Peregrine as soon as possible with a view to drilling this project in the 2021 calendar year;
- (b) otherwise, continue to hold the key assets of XCD Energy and not to redeploy its fixed assets;
- (c) substantially continue to conduct XCD Energy's business in its current manner;
- (d) subject to the strategic review, not make any major changes to the business or assets of XCD Energy and not redeploy any of the fixed assets of XCD Energy; and
- (e) continue the employment of retained employees of XCD Energy.

6. EFFECT OF THE OFFERS ON 88 ENERGY AND PROFILE OF THE COMBINED GROUP

6.1 Approach

This Section 6 provides an overview of 88 Energy and its subsidiaries following the acquisition by 88 Energy of all, or a portion of the XCD Energy Shares and XCD Energy Listed Options on issue, in various scenarios following the Offers, and the effect of the Offers on 88 Energy and XCD Energy if the Offers are successful.

If 88 Energy does not acquire at least 90% of the XCD Energy Shares during the Offer Period and therefore does not become entitled to compulsorily acquire the remainder of the XCD Energy Shares, some of the benefits that would otherwise accrue to 88 Energy if XCD Energy were to become a wholly-owned subsidiary of 88 Energy may not be fully realised.

6.2 Disclaimer Regarding XCD Energy and the Combined Group Information

In preparing the information relating to XCD Energy and the Combined Group contained in this Bidder's Statement, 88 Energy has relied on publicly available information relating to XCD Energy which has not been independently verified by 88 Energy or its Directors. Risks may exist in relation to XCD Energy (which may affect the Combined Group) of which 88 Energy is unaware.

Accordingly, subject to any applicable laws, 88 Energy makes no representations or warranties (express or implied) as to the accuracy and completeness of such information.

6.3 Profile of the Combined Group

If the Offers are successful, XCD Energy Listed Securityholders will receive 88 Energy Shares in exchange for their XCD Energy Shares and XCD Energy Listed Options. If 88 Energy is successful in obtaining effective control of XCD Energy, all of the 88 Energy Shareholders (including XCD Energy Listed Securityholders who have received 88 Energy Shares pursuant to the Offers) will be shareholders in the Combined Group.

88 Energy believes that there are a number of key strategic and financial benefits that will arise from the successful acquisition of XCD Energy by 88 Energy. These include:

- (a) rationalisation of future decision-making processes in relation to the Combined Group and its prospective assets, situated in Alaska;
- (b) the potential improvement of the efficiency and timeliness in the development of the assets of the Combined Group to maximise shareholder value by accelerating exploration and development;
- (c) XCD Energy's technical resources will supplement and enhance 88 Energy's technical and operational capabilities;
- (d) the alignment of the interests of the two shareholder groups into a like-minded, single group of shareholders; and
- (e) the reduction of corporate overheads and duplicated roles.

6.4 Effect of Completion of the Offers on 88 Energy's Capital Structure

There are a range of factors that may impact the number of 88 Energy Shares that will be on issue following completion of the Offers, including the number of acceptances of the Offers, the number of unlisted securities exercised during the Offer Period (if any), and the number of 88 Energy Shares otherwise issued by 88 Energy during the Offer Period (if any).

Assuming that:

- (a) the Offers are accepted in respect of all XCD Energy Shares and XCD Energy Listed Options on issue as at the date of this Bidder's Statement and 10,000,000 XCD Energy Shares which will be issued on conversion of 10,000,000 XCD Energy Performance Rights (as set out in Section 9.8); and
- (b) no 88 Energy Shares are issued prior to the Consideration being provided to all XCD Energy Listed Securityholders who have accepted the Offers (other than approximately 25.4 million 88 Energy Shares which may be issued to Longreach Capital in accordance with the Longreach Mandate, as summarised in Section 9.10.3),

approximately 1.8 billion new 88 Energy Shares will be issued to XCD Energy Listed Securityholders, resulting in the number of 88 Energy Shares on issue increasing to approximately 8.9 billion. These new 88 Energy Shares would represent approximately 20% of the total number of 88 Energy Shares on issue at that time.

A summary of the capital structure of the Combined Group based on these assumptions is set out below.

Total 88 Energy Securities	Number
88 Energy Shares	8,920,637,769
88 Energy Unlisted Options ¹	163,500,000
88 Energy Performance Rights	50,214,913

Notes:

1. Refer to table below for further details of 88 Energy Options.

88 Energy Unlisted Options	Number
88 Energy Unlisted Options exercisable at \$0.05 on or before 27 October 2021	22,000,000
88 Energy Unlisted Options exercisable at \$0.055 on or before 27 October 2021	131,500,000
88 Energy Unlisted Options exercisable at \$0.03 on or before 27 October 2021	10,000,000
TOTAL	163,500,000

The above scenario is an example only and is not the only scenario that may eventuate.

The Share Offer extends to any person who becomes registered as a holder of XCD Energy Shares during the period from the Record Date until the end of the Offer Period, due to the conversion of, or exercise of rights conferred by XCD Energy Listed Options, XCD Energy Unlisted Options or XCD Energy Performance Rights that are on issue at the Record Date.

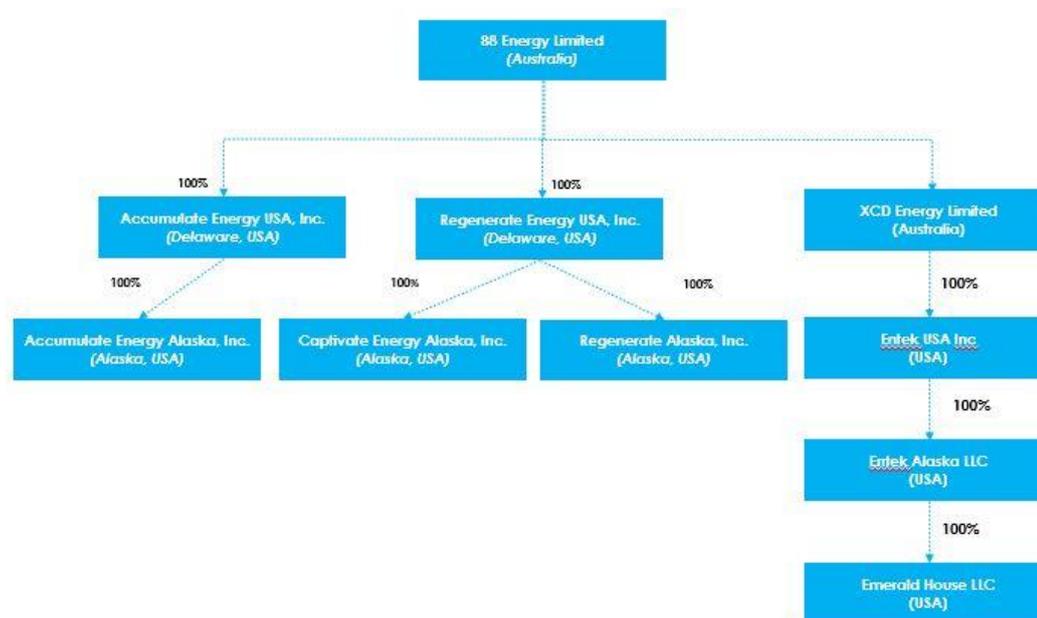
If all XCD Energy Unlisted Options were exercised into XCD Energy Shares during the Offer Period and the holders of those securities accepted the Share Offer, an additional 38.4 million 88 Energy Shares would be issued resulting in a total of 8.96 billion 88 Energy Shares being on issue on completion of the Offers. As the XCD Energy Unlisted Options are out of the money as at the date of this Bidder's Statement, 88 Energy does not currently anticipate that these additional 88 Energy Shares will be issued.

As set out in Section 9.8 below, the XCD Energy Board has determined that upon 88 Energy receiving acceptances for (or otherwise acquiring a relevant interest in) more than 50% of the XCD Energy Shares on issue and the Offers becoming or being declared unconditional 10,000,000 XCD Energy Performance Rights held by XCD Energy Managing Director Dougal Ferguson will vest. The vesting and conversion of these XCD Energy Performance Rights is contemplated in the tables set out above. The remaining 10,000,000 XCD Energy Performance Rights, which are on issue, will lapse (**Unvested XCD Energy Performance Rights**).

If the Unvested XCD Energy Performance Rights were converted into XCD Energy Shares during the Offer Period and Mr Ferguson accepted the Share Offer in respect of the Unvested XCD Energy Performance Rights, an additional 24 million 88 Energy Shares will be issued resulting in a total of 8.98 billion 88 Energy Shares being on issue on completion of the Offers (assuming that all XCD Energy Unlisted Options are also exercised and the holders of those securities accept the Share Offer as set out above). However, as the Unvested XCD Energy Performance Rights have not vested, 88 Energy does not currently anticipate that these additional 88 Energy Shares will be issued.

6.5 Corporate Structure of the Combined Group

If the Offers are successful and 88 Energy acquires all XCD Energy Shares and XCD Energy Listed Options on issue, the corporate structure of the Combined Group will be as shown in the diagram.



The above structure does not include Fotis Nominees Pty Ltd, a wholly owned dormant subsidiary of 88 Energy.

6.6 Basis for Preparation of the Pro Forma Financial Information

The pro forma balance sheet as at 31 December 2019 set out below (**Pro Forma Balance Sheet**) has been prepared for illustrative purposes only and on the assumption that the acquisition of the ownership interest in XCD Energy occurred on one day, that is, there are no staged acquisitions.

The Pro Forma Balance Sheet has been prepared assuming two scenarios, being that 88 Energy acquires 100% of XCD Energy and that 88 Energy acquires 50.1% of XCD Energy.

The Pro Forma Balance Sheet has been prepared in accordance with the measurement and recognition principles of International Financial Reporting Standards.

The Pro Forma Balance Sheet has not been audited and may be subject to changes arising from an audit process if an audit was performed on them. The audit reviewed balance sheet of XCD Energy as at 31 December 2019 and audited consolidated balance sheet of 88 Energy as at 31 December 2019 are also presented below.

The Pro Forma Balance Sheet is indicative only. 88 Energy has drawn its own conclusions based on the known facts and other publicly available information.

This Section should be read in conjunction with the underlying financial information from which it was extracted, and the accounting policies of 88 Energy and XCD Energy as disclosed in their most recent financial reports.

6.6.1 Scenario 1 – 88 Energy acquires 100% of the issued capital of XCD Energy

	88 ENERGY 31/12/2019 (Audited) ¹ \$	XCD ENERGY 31/12/2019 (Reviewed) ² \$	Merger and Key Subsequent Event Adjustments ³⁻⁷ \$	Pro Forma Combined Group \$
Assets				
Current Assets				
Cash and Cash Equivalents	15,903,117	2,743,128	(8,280,620)	10,365,625
Trade and Other Receivables	1,120,550	148,199	-	1,268,749
Total Current Assets	17,023,667	2,891,327	(8,280,620)	11,634,374
Non Current Assets				
Plant and Equipment	12,900	14,715	-	27,615
Exploration and evaluation expenditure	52,928,315	4,211,737	14,684,298	71,824,350
Other Assets & Receivables	23,615,216	479,153	-	24,094,369
Total Non Current Assets	76,556,431	4,705,605	14,684,298	95,946,334
Total Assets	93,580,098	7,596,932	6,403,678	107,580,708

	88 ENERGY 31/12/2019 (Audited)¹ \$	XCD ENERGY 31/12/2019 (Reviewed)² \$	Merger and Key Subsequent Event Adjustments³⁻⁷ \$	Pro Forma Combined Group \$
Liabilities				
Current Liabilities				
Trade and Other Payables	6,026,811	205,159	-	6,231,970
Provisions	282,199	24,969	-	307,168
Lease Liability	-	20,731	-	20,731
Total Current Liabilities	6,309,010	250,859	-	6,559,869
Non-Current Liabilities				
Borrowings	22,672,578	-	-	22,672,578
Lease Liability	-	33,829	-	33,829
Total Non-Current Liabilities	22,672,578	33,829	-	22,706,407
Total Liabilities	28,981,588	284,688	-	29,266,276
Net Assets	64,598,510	7,312,244	6,403,678	78,314,432
Equity				
Contributed Equity	185,619,885	67,190,869	(53,474,947)	199,335,807
Reserves	23,578,127	18,879,352	(18,879,352)	23,578,127
Accumulated Losses	(144,599,502)	(78,757,977)	78,757,977	(144,599,502)
Total Equity	64,598,510	7,312,244	6,403,678	78,314,432

Notes:

1. The audited financial statements of 88 Energy Ltd as at 31 December 2019.
2. The consolidated half year financial report of XCD Energy Limited as at 31 December 2019.
3. 88 Energy issued 238 million 88 Energy Shares at \$0.021 per 88 Energy Share raising \$4.6m net of costs on 24 January 2020.
4. An estimate of transaction costs for 88 Energy and XCD Energy which are expected to be incurred as a result of the Offers. The costs of the Offers have been estimated to be approximately \$960,000 (net of tax), of which \$810,000 is in cash and \$150,000 is paid through the issuance of equity which have been capitalised as part of Exploration and Evaluation assets per AASB3.2(b).
5. Adjustment relating to the payment of 50% of the maximum short-term incentive payment for the period ending 30 June 2020 will be paid to Mr Ferguson (being an amount of \$63,500).
6. Adjustment relating to JV cash of \$10.7 million at 31 December 2019, that has been utilised on the Charlie-1 well.
7. XCD Energy payments of \$1.4 million for tenements and lease rentals in Q1 2020.

8. Transaction is treated as an "Asset acquisition" under Australian Accounting Standards and accordingly assets acquired have been measured at their purchase price or cost of acquisition allocated to the individual assets and liabilities on the basis of their relative fair values at the date of purchase.
9. Impact of foreign exchange rates not taken into account in readjusting 31 December balances.
10. Scenario 1 contemplates 88 Energy acquiring 100% interest.

6.6.2 Scenario 2 – 88 Energy acquires 50.1% of the issued capital of XCD Energy

	88 ENERGY 31/12/2019 (Audited) ¹ \$	XCD ENERGY 31/12/2019 (Reviewed) ² \$	Merger and Key Subsequent Event Adjustments³⁻⁷ \$	Pro Forma Combined Group \$
Assets				
Current Assets				
Cash and Cash Equivalents	15,903,117	2,743,128	(8,280,620)	10,365,625
Trade and Other Receivables	1,120,550	148,199	-	1,268,749
Total Current Assets	17,023,667	2,891,327	(8,280,620)	11,634,374
Non Current Assets				
Plant and Equipment	12,900	14,715	-	27,615
Exploration and evaluation expenditure	52,928,315	4,211,737	13,878,125	71,018,177
Other Assets & Receivables	23,615,216	479,153	-	24,094,369
Total Non Current Assets	76,556,431	4,705,605	13,878,125	95,140,161
Total Assets	93,580,098	7,596,932	5,597,505	106,774,535
Liabilities				
Current Liabilities				
Trade and Other Payables	6,026,811	205,159	-	6,231,970
Provisions	282,199	24,969	-	307,168
Lease Liability	-	20,731	-	20,731
Total Current Liabilities	6,309,010	250,859	-	6,559,869
Non-Current Liabilities				
Borrowings	22,672,578	-	-	22,672,578

	88 ENERGY 31/12/2019 (Audited)¹ \$	XCD ENERGY 31/12/2019 (Reviewed)² \$	Merger and Key Subsequent Event Adjustments³⁻⁷ \$	Pro Forma Combined Group \$
Lease Liability	-	33,829	-	33,829
Total Non-Current Liabilities	22,672,578	33,829	-	22,706,407
Total Liabilities	28,981,588	284,688	-	29,266,276
Net Assets	64,598,510	7,312,244	5,597,505	77,508,259
Equity				
Contributed Equity	185,619,885	67,190,869	(57,929,930)	194,880,824
Reserves	23,578,127	18,879,352	(18,879,352)	23,578,127
Accumulated Losses	(144,599,502)	(78,757,977)	78,757,977	(144,599,502)
Minority Interest			3,648,810	3,648,810
Total Equity	64,598,510	7,312,244	5,597,505	77,508,259

Notes:

1. The audited financial statements of 88 Energy as at 31 December 2019.
2. The consolidated half year financial report of XCD Energy as at 31 December 2019.
3. 88 Energy issued 238 million 88 Energy Shares at \$0.021 per 88 Energy Share raising \$4.6m net of costs on 24 January 2020.
4. An estimate of transaction costs for 88 Energy and XCD Energy which are expected to be incurred as a result of the Offers. The costs of the Offers have been estimated to be approximately \$960,000 (net of tax), of which \$810,000 is in cash and \$150,000 is paid through the issuance of equity which have been capitalised as part of Exploration and Evaluation assets per AASB3.2(b).
5. Adjustment relating to JV cash of \$10.7million at 31 December 2019, that has been utilised on the Charlie-1 well.
6. XCD Energy payments of \$1.4 million for tenements and lease rentals in Q1 2020.
7. Adjustment relating to the payment of 50% of the maximum short-term incentive payment for the period ending 30 June 2020 will be paid to Mr Ferguson (being an amount of \$63,500).
8. Transaction is treated as an "Asset acquisition" under Australian Accounting Standards and accordingly assets acquired have been measured at their purchase price or cost of acquisition allocated to the individual assets and liabilities on the basis of their relative fair values at the date of purchase.
9. Impact of foreign exchange rates not taken into account in readjusting 31 December balances.
10. Scenario 2 contemplates 88 Energy acquiring 50.1% interest with a minority interest.

6.7 Outlook for the Combined Group

This Bidder's Statement does not include any financial forecasts or projections for revenue or profit in relation to 88 Energy, XCD Energy or the Combined Group.

88 Energy considers that the inclusion of financial forecasts would be speculative and potentially misleading given that:

- (a) the projects and prospects of 88 Energy and XCD Energy have not reached a stage in their development where a reasonable assessment of future earnings can be made;
- (b) the rate of project development is subject to inherent risks associated with the quality and quantity of oil and gas, exploration and production equipment availability, port and rail access, the granting of production licences, extraction and logistics costs; and
- (c) the future market prices for oil and gas in projects held by 88 Energy and XCD Energy are inherently uncertain.

7. AUSTRALIAN TAX CONSIDERATIONS

7.1 Disclaimer and general use restriction

This is a general summary of the Australian taxation consequences of the Offers for XCD Energy Shareholders and XCD Energy Listed Optionholders that hold their XCD Energy Shares and/or XCD Energy Listed Options on capital account and are Australian tax residents for Australian income tax purposes.

The category of XCD Energy Shareholders and XCD Energy Listed Optionholders considered in this summary are limited to individuals, complying superannuation entities and certain companies, trusts or partnerships. This summary does not consider the consequences for XCD Energy Shareholders and XCD Energy Listed Optionholders who:

- (a) hold their existing XCD Energy Shares and/or XCD Energy Listed Options in a business of share trading, dealing in securities or otherwise hold their existing XCD Energy Shares and/or XCD Energy Listed Options on revenue account or as trading stock;
- (b) acquired their existing XCD Energy Shares and/or XCD Energy Listed Options under an employee share or option scheme;
- (c) are subject to the 'Taxation of Financial Arrangements' provisions in Division 230 of the Income Tax Assessment Act 1997 (Cth) in relation to their holding of XCD Energy Shares and/or XCD Energy Listed Options; or
- (d) are tax residents of any jurisdiction other than Australia (whether or not they are also residents, or are temporary residents, of Australia for tax purposes).

The information contained in this summary is of a general nature and is not intended to address the circumstances of any particular individual or entity.

This summary is based upon the legislation and established interpretation of legislation as at the date of this Bidder's Statement, but is not intended to be an authoritative or complete statement of the law as relevant to the circumstances of each XCD Energy Shareholder and XCD Energy Listed Optionholder.

As the taxation implications associated with accepting the Offers will depend upon each XCD Energy Shareholder's and XCD Energy Listed Optionholder's particular circumstances, each XCD Energy Shareholder and XCD Energy Listed Optionholder should seek and rely upon their own professional taxation advice before concluding on the particular taxation treatment that will apply to them.

XCD Energy Shareholders and XCD Energy Listed Optionholders that are subject to tax in a jurisdiction outside Australia may be subject to tax consequences in that jurisdiction that are not covered by this summary. Such individuals or entities should seek and rely upon their own professional taxation advice in relation to the taxation implications associated with accepting the Offers in any jurisdictions that are relevant to them.

In addition, the summary below does not consider the potential Australian taxation implications which may arise from the exercise of XCD Energy Unlisted Options, XCD Energy Listed Options or XCD Energy Performance Rights, or the disposal of XCD Energy Unlisted Options or XCD Energy Performance Rights.

Neither 88 Energy nor any of its officers or employees, nor its taxation or other advisers accepts any liability or responsibility in respect of any statement concerning taxation consequences associated with accepting the Offers.

7.2 Taxation Consequences for XCD Energy Listed Securityholders

(a) XCD Energy Shareholders holding XCD Energy Shares on Capital Account – Australian residents

With reference to the disclaimer above, this part applies to XCD Energy Shareholders that are residents of Australia for Australian income tax purposes (this part has been prepared on the basis that all Ineligible Foreign Securityholders are not residents of Australia for Australian income tax purposes).

(i) Disposal of XCD Energy Shares - CGT event

The disposal of XCD Energy Shares by XCD Energy Shareholders pursuant to the Share Offer will constitute a 'CGT event'. The CGT event will happen at the earlier time of acceptance of the Share Offer, or when the XCD Energy Shares are disposed of under the Share Offer. However, as discussed further below, CGT 'scrip-for-scrip roll-over' relief may be available for an XCD Energy Shareholder to disregard a capital gain which arises from this CGT event.

In the absence of CGT scrip-for-scrip roll-over relief, a capital gain or capital loss may arise as a consequence of this CGT event. An XCD Energy Shareholder will make a capital gain if the capital proceeds exceed the XCD Energy Shareholder's CGT cost base for the XCD Energy Shares. A capital loss will arise if the capital proceeds are less than the XCD Energy Shareholder's reduced cost base for the XCD Energy Shares.

An XCD Energy Shareholder's capital proceeds should generally be equal to the Australian Dollar market value of the 88 Energy Shares received by the XCD Energy Shareholder in exchange for their XCD Energy Shares.

An XCD Energy Shareholder's cost base (and reduced cost base) in the XCD Energy Shares should generally include the historical amount paid by the XCD Energy Shareholder to acquire the XCD Energy Shares plus any incidental costs of acquisition and disposal (e.g. brokerage fees and stamp duty) that are not deductible to the shareholder.

(ii) CGT scrip-for-scrip roll-over relief

An XCD Energy Shareholder who makes a capital gain from the disposal of their XCD Energy Shares may be able to obtain CGT scrip-for-scrip roll-over relief.

Broadly, roll-over relief may be available to XCD Energy Shareholders who exchange their shares in one company for shares in another company (or an 'interest' in one company for a 'like' interest in another company), provided that certain conditions are satisfied.

The key conditions for roll-over relief are that 88 Energy must make an offer (i.e. the Share Offer), as part of a takeover bid, that allows all XCD Energy Shareholders to participate in the arrangement on substantially the same terms, and that 88 Energy must become the owner of at least 80% of the voting shares in XCD Energy as a consequence of the Share Offer.

If the qualifying conditions are satisfied (including those not specifically mentioned above) and an XCD Energy Shareholder chooses for roll-over relief to apply, roll-over relief should be available.

Roll-over relief enables an XCD Energy Shareholder to choose to disregard the capital gain they make from disposing of their XCD Energy Shares in exchange for 88 Energy Shares. If a capital loss arises, no CGT scrip-for-scrip roll-over relief is available.

The CGT roll-over choice must be made before you lodge your income tax return for the income year in which the CGT event happens. An XCD Energy Shareholder does not need to notify the ATO or document their choice to claim CGT scrip-for-scrip roll-over relief other than to complete their income tax return in a manner consistent with their choice.

The general consequences to an XCD Energy Shareholder of choosing to obtain CGT scrip-for-scrip roll-over relief, as well as the consequences if CGT scrip-for-scrip roll-over relief is not chosen (or is not available) are outlined below.

Further, 88 Energy will not make a choice pursuant to section 124-795(4) of the *Income Tax Assessment Act 1997* such that XCD Energy Shareholders are unable to obtain CGT scrip-for-scrip roll-over relief.

(iii) **Consequences if CGT scrip-for-scrip roll-over relief is available and is chosen**

If an XCD Energy Shareholder chooses CGT scrip-for-scrip roll-over relief, the following general treatment should apply.

(A) **Capital gain is disregarded**

If an XCD Energy Shareholder chooses CGT scrip-for-scrip roll-over relief, the capital gain arising on the disposal of their XCD Energy Shares in exchange for 88 Energy Shares should be disregarded.

(B) **Cost base and reduced cost base of 88 Energy Shares**

If an XCD Energy Shareholder chooses to obtain CGT scrip-for-scrip roll-over relief, the first element of the cost base of the 88 Energy Shares is worked out by attributing, on a reasonable basis, the existing cost base of the XCD Energy Shares that were exchanged for the 88 Energy Shares, to the 88 Energy Shares. The first element of the reduced cost base is worked out similarly.

(C) **Acquisition date of 88 Energy Shares**

If an XCD Energy Shareholder chooses to obtain CGT scrip-for-scrip roll-over relief, the acquisition date of the 88 Energy Shares for CGT purposes is taken to be the date when the XCD Energy Shareholder originally acquired the corresponding XCD Energy Shares that were exchanged for the 88 Energy Shares.

This acquisition date will be relevant for the purposes of determining whether any entitlement to the CGT discount is available in respect of any future disposal of the 88 Energy Shares (as discussed below).

(iv) **Consequences if CGT scrip-for-scrip roll-over relief is not chosen or is not available**

If an XCD Energy Shareholder does not qualify for CGT scrip-for-scrip roll-over relief, or an XCD Energy Shareholder chooses not to apply the roll-over relief, the following general treatment should apply.

(A) **Discount CGT treatment**

If an XCD Energy Shareholder has held, or is taken to have held, its XCD Energy Shares for at least 12 months at the time of the disposal of its XCD Energy Shares, the discount CGT provisions may apply. The discount is 50 per cent for individuals and trusts, and 33 1/3 per cent for complying superannuation entities. Companies are not entitled to a CGT discount.

If an XCD Energy Shareholder makes a discount capital gain, any available capital losses must be applied to reduce the undiscounted capital gain before the discount is applied. The resulting amount is then included in the XCD Energy Shareholder's net capital gain for the income year.

In relation to trusts or partnerships including limited partnerships, the rules surrounding capital gains and the CGT discount are complex, but the benefit of the CGT discount may flow through to relevant beneficiaries or partners, subject to certain requirements being satisfied. Such XCD Energy Shareholders should seek separate independent professional advice.

(B) **Capital loss**

If an XCD Energy Shareholder makes a capital loss from the disposal of their XCD Energy Shares, this may be used to offset capital gains they derive in the same or subsequent years of income (subject to satisfying certain conditions), but cannot be offset against ordinary income nor carried back to offset net capital gains arising in earlier income years.

(C) **Cost base and reduced cost base of 88 Energy Shares**

The first element of the cost base (and reduced cost base) of the 88 Energy Shares received by an XCD Energy Shareholder should be equal to the Australian Dollar market value of the XCD Energy Shares it exchanges for the 88 Energy Shares.

In the absence of any contrary indication of the market value of the XCD Energy Shares, their market value could be taken to be equal to the market value of the 88 Energy Shares on the date the 88 Energy Shares are issued.

(D) **Acquisition date of 88 Energy Shares**

The acquisition date of the 88 Energy Shares for XCD Energy Shareholders for CGT discount purposes should be the earlier of when the Share Offer is accepted or the date of implementation of the Share Offer.

This means an XCD Energy Shareholder who is an individual, complying superannuation entity or trust will need to hold the 88 Energy Shares for at least 12 months after that date before the CGT discount (described above) may apply on a subsequent disposal of the 88 Energy Shares.

(v) **Ongoing ownership of 88 Energy Shares**

The 88 Energy Shares should constitute CGT assets for CGT purposes.

Dividends or other distributions paid to 88 Energy Shareholders in relation to their 88 Energy Shares should generally be subject to the same income tax treatment as dividends and other distributions paid in respect of their former XCD Energy Shares when held in the same circumstances.

Any future sale of the 88 Energy Shares will generally result in Australian CGT implications as described above. These will differ depending upon whether or not, and the extent to which, scrip-for-scrip roll-over relief was chosen on disposal of the XCD Energy Shares pursuant to the Offer.

Australian tax residents who hold their 88 Energy Shares on revenue account, as trading stock or are subject to the rules in Division 230 concerning the taxation of financial arrangements should seek separate independent professional advice.

(vi) **Provision of Tax File Number (TFN) or Australian Business Number (ABN)**

Australian tax legislation imposes withholding tax at the highest marginal rate (currently 45% plus Medicare levy of 2%) on the payment of distributions on certain types of investments, such as the unfranked part of any dividend, where no TFN or ABN (if applicable) has been provided and no exemption applies.

Australian tax residents may be able to claim a tax credit/refund (as applicable) in respect of any tax withheld in their income tax returns.

XCD Energy Shareholders that wish to accept the Share Offer should also ensure that they provide their TFN or ABN (if applicable) to 88 Energy in due course to ensure that withholding tax is not deducted from any future distribution payable to them.

An 88 Energy Shareholder is not obliged to provide their TFN, or where relevant, ABN to 88 Energy.

(b) **XCD Energy Shareholders holding XCD Energy Shares on Capital Account – Australian residents (unmarketable parcels)**

(i) **Disposal of XCD Energy Shares**

As noted in Section 9.16, if the total number of 88 Energy Shares which an XCD Energy Listed Securityholder is entitled to receive as consideration under the Offers is an Unmarketable Parcel, that XCD Energy Listed Securityholder will be an Unmarketable Parcel Securityholder and will not be entitled to receive 88 Energy Shares as consideration for its XCD Energy Shares or XCD Energy Listed Options pursuant to the Offers.

The 88 Energy Shares which would otherwise have been issued to Unmarketable Parcel Securityholders will instead be issued to the Sale Nominee who will sell those shares. The net proceeds of the sale of such shares will then be remitted to the relevant Unmarketable Parcel Securityholders. The following general treatment should apply to Unmarketable Parcel Securityholders who are Australian tax residents for Australian income tax purposes and who held their XCD Energy Shares or XCD Energy Listed Options on capital account.

(A) **Disposal of XCD Energy Shares - CGT event**

The disposal of XCD Energy Shares or XCD Energy Listed Options by XCD Energy Securityholders pursuant to the Offers will constitute a 'CGT event'. The CGT event will happen at the earlier time of acceptance of the Offers, or when the XCD Energy Shares or XCD Energy Listed Options are disposed of under the Offers.

A capital gain or capital loss may arise as a consequence of this CGT event. An XCD Energy Securityholder will make a capital gain if the capital proceeds exceed the XCD Energy Securityholder's CGT cost base for the XCD Energy Shares or XCD Energy Listed Options. A capital loss will arise if the capital proceeds are less than the XCD Energy Securityholder's reduced cost base for the XCD Energy Shares or XCD Energy Listed Options.

An XCD Energy Securityholder's capital proceeds should generally be equal to the Australian Dollar amount received by the XCD Energy Securityholder in exchange

for their XCD Energy Shares or XCD Energy Listed Options.

(B) Discount CGT treatment

If an XCD Energy Securityholder has held, or is taken to have held, its XCD Energy Shares or XCD Energy Listed Options for at least 12 months at the time of the disposal of its XCD Energy Shares or XCD Energy Listed Options, the discount CGT provisions may apply. The discount is 50 per cent for individuals and trusts, and 33 1/3 per cent for complying superannuation entities. Companies are not entitled to a CGT discount.

If an XCD Energy Securityholder makes a discount capital gain, any available capital losses will be applied to reduce the undiscounted capital gain before the discount is applied. The resulting amount is then included in the XCD Energy Securityholder's net capital gain for the income year.

In relation to trusts or partnerships including limited partnerships, the rules surrounding capital gains and the CGT discount are complex, but the benefit of the CGT discount may flow through to relevant beneficiaries or partners, subject to certain requirements being satisfied. Such XCD Energy Securityholders should seek separate independent professional advice.

(C) Capital loss

If an XCD Energy Securityholder makes a capital loss from the disposal of their XCD Energy Shares or XCD Energy Listed Options, this may be used to offset capital gains they derive in the same or subsequent years of income (subject to satisfying certain conditions), but cannot be offset against ordinary income nor carried back to offset net capital gains arising in earlier income years.

(c) XCD Energy Listed Optionholders holding XCD Energy Listed Options on Capital Account – Australian residents

Roll-over relief will not be available for XCD Energy Listed Optionholders who hold their XCD Energy Listed Options on capital account who accept the Listed Option Offer. As noted above, the CGT roll-over relief provisions require that a securityholder receives 'like for like' securities under the relevant transaction. On the basis that XCD Energy Listed Optionholders will receive 88 Energy Shares in exchange for their XCD Energy Listed Options under the Listed Option Offer, the requirements for roll-over relief are not satisfied.

Broadly, XCD Energy Listed Optionholders who accept the Listed Option Offer and dispose of their XCD Energy Listed Options to 88 Energy will:

- (i) be treated as having disposed of their XCD Energy Listed Options for Australian income tax purposes;

- (ii) realise a capital gain in connection with the disposal to the extent that the capital proceeds received for the disposal is more than the CGT cost base of the XCD Energy Listed Options; and
- (iii) realise a capital loss in connection with the disposal to the extent that the capital proceeds received for the disposal is less than the CGT cost base of the XCD Energy Listed Options.

Refer to the comments above for further details regarding the calculation of any capital gain or capital loss.

(d) **XCD Energy Shareholders holding XCD Energy Shares or XCD Energy Listed Options on Capital Account – Foreign residents**

With reference to the disclaimer above, this part applies to Ineligible Foreign Securityholders.

(i) **Disposal of XCD Energy Shares or XCD Energy Listed Options**

As noted in Section 9.15, Ineligible Foreign Securityholders will not be entitled to receive 88 Energy Shares as consideration for their XCD Energy Shares or XCD Energy Listed Options pursuant to the Offers. The 88 Energy Shares which would otherwise have been issued to Ineligible Foreign Securityholders will instead be issued to the Sale Nominee who will sell these shares. The net proceeds of the sale of such 88 Energy Shares will then be remitted to the relevant Ineligible Foreign Securityholders.

Ineligible Foreign Securityholders that hold their XCD Energy Shares or XCD Energy Listed Options on capital account and do not hold their XCD Energy Shares or XCD Energy Listed Options at any time in carrying on a business at or through a permanent establishment in Australia should generally not be subject to CGT on the disposal of their XCD Energy Shares or XCD Energy Listed Options, unless the XCD Energy Shares or XCD Energy Listed Options are an "indirect Australian real property interest" or an option to acquire a share that is an "indirect Australian real property interest".

Broadly, shares will be considered an indirect Australian real property interest if both of the following criteria are satisfied:

- (A) the Ineligible Foreign Securityholder and its associates (as defined for tax purposes) together, have held an interest of at least 10% in the company at the time of the disposal, where the shares have been held for at least 12 months during the 24 month period prior to the disposal; and
- (B) more than 50% of the market value of the company's assets comprise direct and certain indirect interests in real property in Australia (referred to as "taxable Australian property").

On the basis XCD Energy does not own, directly or indirectly, real property in Australia that represents more than 50% of its total assets by market value, it is not expected that the XCD Energy

Shares should represent an indirect Australian real property interest.

(ii) **Non-resident CGT withholding**

Specific rules can also apply to the disposal of certain taxable Australian property under contracts entered into on or after 1 July 2016, whereby, a 12.5% non-final withholding tax may be applied. However, the new rules should not apply to the disposal of XCD Energy Shares or XCD Energy Listed Options by Ineligible Foreign Securityholders on the basis the shares or options held by such Ineligible Foreign Securityholders should not be considered an indirect Australian real property interest (as noted above).

7.3 Other Australian taxes

Goods and services tax (GST) and stamp duty should generally not be payable in relation to the disposal of XCD Energy Shares or XCD Energy Listed Options under the Offers, the issue of 88 Energy Shares under the Offers, or any subsequent disposal of 88 Energy Shares.

XCD Energy Shareholders and XCD Energy Listed Optionholders who are registered for GST purposes may not be entitled to full input tax credits for any GST incurred on costs associated with acquiring or disposing of securities in 88 Energy or XCD Energy. This will depend on each XCD Energy Shareholder's and XCD Energy Listed Optionholder's particular circumstances and as such, each XCD Energy Shareholder and XCD Energy Listed Optionholder should seek their own professional tax advice prior to making any claim.

8. RISK FACTORS

8.1 Overview

If the Offers become unconditional, XCD Energy Listed Securityholders who accept the Offers will become 88 Energy Shareholders. In those circumstances, XCD Energy Listed Securityholders will:

- (a) continue to be exposed to the risks associated to the investment in XCD Energy as a result of their indirect interest in XCD Energy through 88 Energy;
- (b) be exposed to the risks which are specific to an investment in 88 Energy; and
- (c) be exposed to additional risks relating to the Offers and the Combined Group.

The risks outlined in this Section 8 are not necessarily exhaustive. XCD Energy Listed Securityholders should read the Bidder's Statement carefully and consult their professional advisers before deciding whether to accept the Offers. By accepting the Offers, XCD Energy Listed Securityholders will be investing in 88 Energy.

The business activities of 88 Energy are subject to various risks that may impact on the future performance of 88 Energy. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of 88 Energy and cannot be mitigated.

Accordingly, an investment in 88 Energy carries no guarantee with respect to the payment of dividends, return of capital or price at which shares will trade and should be considered speculative. The principal risk factors include, but are not limited to, the following.

8.2 Risks Relating to the Offers

(a) Issue of 88 Energy Shares as consideration

XCD Energy Listed Securityholders are being offered specific quantities of 88 Energy Shares as consideration under the Offers. As a result, the value of the Consideration will fluctuate depending upon the market value of 88 Energy Shares. Accordingly, the market value of the 88 Energy Shares at the time you receive them may vary significantly from their market value on the date of your acceptance of the Offers.

In addition, the Sale Nominee (and/or a nominee of the Sale Nominee) will be issued 88 Energy Shares attributable to certain Ineligible Foreign Securityholders and Unmarketable Parcel Securityholders and will sell them on market. It is possible that such sales may exert downward pressure on the Combined Group's share price during the applicable period. In any event, there is no guarantee regarding the prices that will be realised by the Sale Nominee or the future market price of the 88 Energy Shares. Future market prices may be either above or below current or historical market prices.

(b) Transaction and other costs

Transaction and other cash costs incurred (or which are expected to be incurred by 88 Energy) in relation to the successful implementation of the

Offers are currently estimated at approximately \$350,000 (exclusive of GST), comprising adviser, legal, accounting, expert fees, planned redundancy costs and various other costs.

(c) **Rollover Relief**

A condition of the Offers is that the level of acceptance must result in 88 Energy obtaining a Relevant Interest in at least 90% of all XCD Energy Shares and at least 90% of XCD Energy Listed Options.

As noted in Section 7, if 88 Energy does not acquire a Relevant Interest of at least 90% of the XCD Energy Shares, it may choose to waive the 90% condition of its Share Offer. If 88 Energy acquires more than 50.1% but less than 90% of the XCD Energy Shares, 88 Energy will hold a controlling interest in XCD Energy.

On this basis, 88 Energy may not acquire the number of XCD Energy Shares sufficient to bring its total interest in XCD Energy to at least 80% of XCD Energy Shares (on a fully diluted basis). In this case, scrip-for-scrip CGT rollover relief will not be available to holders of XCD Energy Shares.

(d) **Sale of 88 Energy Shares**

In accordance with the Offers, 88 Energy may issue a significant number of new 88 Energy Shares. Some holders of 88 Energy Shares may not intend to continue to hold their 88 Energy Shares and may wish to sell them. There is a risk that this may adversely impact on the price of and demand for 88 Energy Shares.

(e) **Change in Control Risk**

If the Offers result in a change in control of XCD Energy, there may be adverse consequences for the Combined Group. For example, the terms of the contracts to which XCD Energy is a party may entitle the other party to the contract to terminate the contract or revise its terms in the event of a change of control of XCD Energy.

(f) **Acquisition of Less than 50.1% of XCD Energy Shares**

There are some risks associated with the Offers for XCD Energy Listed Securityholders who do not accept the Offers and remain XCD Energy Listed Securityholders. If, in connection with or following the Offers, 88 Energy acquires between 90% and 100% of the XCD Energy Shares, 88 Energy may be entitled to compulsorily acquire the remaining XCD Energy Shares.

If 88 Energy does not acquire a Relevant Interest of at least 90% of the XCD Energy Shares, it may choose to waive the 90% condition of its Share Offer. If 88 Energy acquires more than 50.1% but less than 90% of the XCD Energy Shares, 88 Energy will hold a controlling interest in XCD Energy. The remaining XCD Energy Shareholders will be in a minority position in a company with a large controlling shareholder whose objectives for the company may differ from their own. They could also encounter a lower level of liquidity in XCD Energy Shares than exists today, which could result in a lower price for those XCD Energy Shares should they wish to sell them in future.

Further, if 88 Energy elects to free the Share Offer from the 90% minimum acceptance condition, it is possible that 88 Energy could acquire less than 50.1% of XCD Energy Shares on issue under the Share Offer. The existence of a minority interest in XCD Energy may have an impact on the operations of the Combined Group, although this impact will depend upon the ultimate level of XCD Energy ownership acquired by 88 Energy.

(g) **Merger Integration**

The integration of 88 Energy and XCD Energy may produce some risks, including the integration of management, information systems and work practices. There is no guarantee that any synergy benefits or costs savings will be achieved on time or at all.

(h) **Stamp Duty and Government Charges**

Stamp duty and other government charges may be payable by 88 Energy in relation to the Offers. The amount of these duties and charges may be material.

(i) **Forward Looking Information**

Certain information in this Bidder's Statement constitutes forward looking information that is subject to risks and uncertainties and a number of assumptions, which may cause the actual expenditure of the Combined Group to be different from the expectations expressed or implied in this Bidder's Statement.

(j) **Due Diligence**

In preparing the information relating to XCD Energy contained in this Bidder's Statement, 88 Energy has relied on publicly available information relating to XCD Energy and information provided by XCD Energy. Risks may exist in relation to XCD Energy (which will affect the Combined Group) of which 88 Energy is unaware.

8.3 Risks Relating to the Combined Group

(a) **Additional Requirements for Capital**

The Combined Group may be required to raise additional funds in the future in the event exploration costs exceed its estimates, to effectively implement its business and operations plans in the future, to take advantage of opportunities for acquisitions, joint ventures or other business opportunities, and to meet any unanticipated liabilities or expenses which the Combined Group may incur.

The Combined Group may seek to raise further funds through equity or debt financing, joint ventures, production sharing arrangements or other means. Failure to obtain sufficient financing for the Combined Group's activities and future projects may result in delay and indefinite postponement of exploration, development or production on the Combined Group's properties or even loss of a property interest. There can be no assurance that additional finance will be available when needed or, if available, the terms of the financing might not be favourable to the Combined Group and might involve substantial dilution to 88 Energy Shareholders.

Further, the Combined Group, in the ordinary course of its operations and developments, will be required to issue financial assurances, particularly insurances and bond/bank guarantee instruments to secure statutory and environmental performance undertakings and commercial arrangements. The Combined Group's ability to provide such assurances is subject to external financial and credit market assessment, and its own financial position.

Loan agreements and other financing rearrangements such as debt facilities, convertible note issues and finance leases (and any related guarantee and security) that may be entered into by the Combined Group may contain covenants, undertakings and other provisions which, if breached, may entitle lenders to accelerate repayment of loans and there is no assurance that the Combined Group would be able to repay such loans in the event of an acceleration. Enforcement of any security granted by the Combined Group or default under a finance lease could also result in the loss of assets.

(b) **The unaudited pro forma consolidated financial statements of the Combined Group are presented for illustrative purposes only and may not be an indication of the Combined Group's financial conditions or results of operations following the Offers**

The Combined Group's unaudited pro forma consolidated financial statements contained in this Bidder's Statement are presented for illustrative purposes only as of their respective dates and may not be an indication of the financial condition or results of operations of the Combined Group following the Offers for several reasons. For example, the unaudited pro forma condensed consolidated financial statements have been derived from the respective historical financial statements of 88 Energy and XCD Energy, and certain adjustments and assumptions made as of the dates indicated therein have been made to give effect to the Offers and the other relevant transactions. The information upon which these adjustments and assumptions have been made is preliminary and these kinds of adjustments and assumptions are difficult to make with complete accuracy. Moreover, the unaudited pro forma consolidated financial statements do not reflect all costs expected to be incurred by the Combined Group in connection with the Offers. For example, the impact of any incremental costs incurred in integrating 88 Energy and XCD Energy is not reflected in unaudited pro forma consolidated financial statements.

(c) **Liquidity risk**

Liquidity risk is the risk that 88 Energy will not be able to meet its financial obligations as they fall due. 88 Energy'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.

88 Energy manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows.

On 23 March 2018, 88 Energy's 100% controlled subsidiary Accumulate Energy Alaska Inc entered into a US\$16.5 million debt refinancing agreement with Brevet Capital Advisors (**Brevet**) to replace an existing Bank of America debt facility. The key terms of the debt refinancing

agreement are noted in 88 Energy's announcement to ASX dated 26 March 2018. The Brevet debt facility matures on 30 December 2022. As at 31 December 2019, US\$15.88 million (A\$22.67 million) was drawn down under the facility. 88 Energy expects to fund repayment of the Brevet debt facility through cashable credits owed to it by the State of Alaska. As at 31 December 2019, the total expected cashable credits owed by the State to 88 Energy at year end was US\$19.1 million (A\$27.3 million), which is far in excess of the amount outstanding under the facility of US\$15.88 million (A\$22.67 million). 88 Energy expects that the State will pay sufficient cashable credits in order for the Brevet debt facility to be repaid on or before maturity noting that the State of Alaska has approximately US\$60bn in assets in the Alaska Permanent Fund and that the State of Alaska has a long history of significant Tax Credit repayments with a legislated statutory minimum repayment requirement (AS 43.55.028). Further, 88 Energy notes the legislating of HB331 establishing the Alaska Tax Credit Certificate Bond Corporation to finance purchasing of tax credit certificates by the issuance of bond, and also notes that the decisions pending the legal challenge post the verbal arguments heard in the Supreme Court is anticipated in 2020. Current State of Alaska forecasts also indicate a significant purchase of tax credits in 2021. 88 Energy also notes that there is an often active secondary market for the purchase of tax credit certificates, which is a viable alternative to accelerating the repayment of the tax credits and reduction of debt. 88 Energy considers the risk of the State not paying the cashable credits prior to the expiry of the debt low, however should this occur 88 Energy anticipates being able to refinance the debt prior to maturity a likely outcome given the high yield and strong financial rating of the State of Alaska. 88 Energy considers refinancing risk as relatively low given its good relationship with Brevet and its success in refinancing the debt previously.

The credits provide a natural hedge against the risk of 88 Energy holding US dollar denominated debt. If the credits are not paid prior to the maturity date of the debt, or cannot be refinanced, then 88 Energy may need to raise capital via equity issuance to pay the debt. There is a risk to 88 Energy that if there is an adverse exchange rate at the time, this may be more dilutive than if additional currency hedges were in place.

Refer to the notes to the accounts in 88 Energy's most recent Annual Report (released to ASX on 26 February 2020) for further information on Alaska's Clear and Equitable Share tax rebate program and how it is treated in 88 Energy's accounts.

(d) **Interest rate risk**

88 Energy 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. 88 Energy's exposure to this risk relates primarily to its cash and any cash on deposit. 88 Energy does not use derivatives to mitigate these exposures. 88 Energy manages its exposure to interest rate risk by holding certain amounts of cash in fixed and floating interest rate facilities. The debt facility referred to above has a variable interest rate. Refer to the notes to the accounts in 88 Energy's most recent Annual Report (released to ASX on 26 February 2020) for the interest rate profile of 88 Energy's interest-bearing financial instruments, and a sensitivity analysis for how

88 Energy's reported post-tax losses and equity for the relevant period would have been impacted if interest rates had moved.

(e) **Impairment risk**

During the 2019 financial year, the 88 Energy Group recorded a significant impairment expense (\$29,473,257) for an impairment of the Icewine-2 and Winx-1 exploration wells which were plugged and abandoned in 2019.

The 88 Energy 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 88 Energy 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.

88 Energy has a policy of capitalising exploration and evaluation expenditure. The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the 88 Energy 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.

Whilst the Charlie-1 well was plugged and abandoned in April 2020, the results from the well indicated a significant condensate discovery in the Torok Formation as well as oil pay in the Seabee formation, both of which are the subject of further testing and review by 88 Energy. As at the date of this Bidder's Statement, 88 Energy anticipates the cost of the drilling of the Charlie-1 well to be funded by the Premier Oil carry of US\$ 23 million and therefore does not expect an impairment associated with this well.

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.

(f) **The Combined Group may not be able to effectively manage its growth and operations, which could materially and adversely affect its business**

The Combined Group may in the future experience rapid growth and development in a relatively short period of time. The management of this growth will require, among other things, proper integration and continued development of the Combined Group's financial and management controls and management information systems, stringent control of costs, the ability to attract and retain qualified management personnel and the training of new personnel. Failure to successfully manage its possible growth and development could have a material adverse effect on the Combined Group's business and the value of the shares of the Combined Group.

(g) **Hydrocarbon resource estimates**

Hydrocarbon resource estimates are expressions of judgment based on knowledge, experience, interpretation and industry practice. Estimates that were valid when made may change significantly when new information becomes available.

In addition, resource estimates are necessarily imprecise and depend to some extent on interpretations, which may prove inaccurate. Should the Combined Group encounter oil and/or gas deposits or formations different from those predicted by past drilling, sampling and similar examinations, then resource and/or reserve estimates may have to be adjusted and production plans may have to be altered in a way which could adversely affect the Combined Group's operations. Where possible, the Combined Group will seek to have any such estimates verified or produced by an independent party with sufficient expertise in their chosen field.

(h) **Regulation – Exploration and Production**

Oil and natural gas exploration, production and related operations are subject to extensive rules and regulations promulgated by federal, state

and local agencies. Failure to comply with such rules and regulations can result in substantial penalties. The regulatory burden on the oil and gas industry increases the cost of doing business and affects profitability. Because such rules and regulations are frequently amended or reinterpreted, 88 Energy is unable to predict the future cost or impact of complying with such laws.

Permits are required in some of the areas in which the Combined Group will operate following completion of the Offers for drilling operations, drilling bonds and the filing of reports concerning operations and other requirements are imposed relating to the exploration and production of oil and gas. The Combined Group will be required to comply with various federal and state regulations regarding plugging and abandonment of oil and natural gas wells, which will impose a substantial rehabilitation obligation on the Combined Group, which may have a material adverse effect on the Combined Group's financial performance.

(i) **Hydraulic fracturing**

Public debate exists regarding the potential subsurface and surface impact of hydraulic fracturing, including concern about the impacts of hydraulic fracturing on drinking water. In addition, there are many regulatory requirements to be adhered to. Additionally, hydraulic fracturing requires large volumes of water (the availability and regulation of which may change over time) and there are costs associated with water disposal that may be required should 88 Energy produce water in its wells. As more impacts of hydraulic fracturing are fully understood, it may be subject to additional regulations or restrictions from governmental authorities, resulting in increased compliance costs. Any modification to the current requirements may adversely impact the value of 88 Energy and the Combined Group's assets and future financial performance. This is a risk to which investors in XCD Energy are already exposed, and 88 Energy does not consider that this represents a materially greater risk for investors in the Combined Group compared to investors in XCD Energy.

(j) **Commercialising discoveries**

It may not always be possible for 88 Energy to participate in the exploitation of successful discoveries made in any areas in which 88 Energy or the Combined Group has an interest. Such exploitation will involve the need to obtain the necessary licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. Further, the decision to proceed to further exploitation may require the participation of other companies whose interests and objectives may not be the same as those of 88 Energy and the Combined Group. Such further work may require 88 Energy and the Combined Group to meet or commit to financing obligations for which it may not have planned. This is a risk to which investors in XCD Energy are already exposed, and 88 Energy does not consider that this represents a materially greater risk for investors in the Combined Group compared to investors in XCD Energy.

(k) **Drilling Risks**

Oil and gas drilling activities are subject to numerous risks, many of which will be beyond the Combined Group's control. The Combined Group's

drilling operations may be curtailed, delayed or cancelled due to a number of factors including weather conditions, mechanical difficulties, shortage or delays in the availability or delivery of rigs and/or other equipment and compliance with governmental requirements. Hazards incidental to the exploration and development of oil and gas properties such as unusual or unexpected formations, pressures or other factors are inherent in drilling and operating wells and may be encountered by the Combined Group.

Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. While drilling may yield some hydrocarbons there can be no guarantee that the discovery will be sufficiently productive to justify commercial development or cover operating costs.

(l) **Insurance**

Exploration, development and production operations on oil and gas properties involve a number of risks and hazards which are beyond the control of the Combined Group including unexpected or unusual geological conditions, environmental hazards, technical and equipment failures, extended interruptions due to inclement or hazardous weather or other physical conditions, unavailability of drilling equipment, unexpected shortages of key personnel, labour, consumables or parts and equipment, fire, explosions and other incidents. It is not always possible to insure against all such risks or the Combined Group may decide not to insure against certain risks because of high premiums or other reasons. Although the Combined Group will have insurance in place at levels considered appropriate for its operations and in accordance with industry practice, in certain circumstances, the Combined Group's insurance may not cover, or be adequate to cover, the consequence of such events which could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of 88 Energy's Shares.

(m) **Substitution of oil and gas products as energy sources**

There are a number of alternative energy sources from oil and gas products. These include renewable energy (i.e. wind, solar or hydroelectric), nuclear energy, geothermal and biomass. If the costs and commercial prices of such alternative energy sources fall or there is a significant shift in consumer sentiment towards such sources, this may have a significant effect upon the Combined Group's overall performance and ability to operate in the oil and gas industry.

(n) **Commodity price volatility and exchange rate risks**

It is anticipated that any future revenues of the Combined Group, other than sales of assets, will be derived from the sale of oil and/or natural gas. The demand for, and price of, oil and natural gas is dependent on a variety of factors beyond the control of the Combined Group, including supply levels of the product, the level of consumer product demand, weather conditions, the price and availability of alternative fuels, actions taken by governments and international cartels, and global economic and political developments.

In recent months, there has been considerable volatility in the oil and gas sector with significant fluctuations in the crude oil price. Over the past 10

years, WTI oil has traded at over US\$110/bbl and under US\$20/bbl. There are several reasons for this (including government regulations relating to royalties, allowable production and importing and exporting of oil and gas and petroleum products) but fundamental market forces beyond 88 Energy's control or the control of other market participants have impacted and will continue to impact oil and natural gas prices in the future.

A prolonged period of low oil and natural gas prices will adversely affect the Combined Group's business, the results of operations, financial condition, liquidity and its ability to finance planned capital expenditure, including possible reductions in capital expenditures which could offset replacement reserves. Rapid material and/or sustained reductions in oil, gas or product prices can have an impact on the validity of the assumptions on which strategic decisions are based and can have an impact on the economic viability of projects that are planned or in development.

Furthermore, international prices of various commodities are denominated in United States dollars, whereas the income and expenditure of the Combined Group will be taken into account in Australian currency, exposing the Combined Group to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

(o) **Trading Price of 88 Energy Shares**

The Combined Group's credit quality, operating results, economic and financial prospects and other factors may affect the trading price of the 88 Energy Shares. In addition, the price of 88 Energy Shares is subject to varied and often unpredictable influences on the market for equities, including, but not limited to general economic conditions including the Australian dollar and United States dollar performance on world markets, commodity price fluctuations, fluctuations in the global market for oil and gas, inflation rates, foreign exchange rates and interest rates, variations in the general market for listed stocks in general or United States and Australian oil and gas stocks in particular, changes to government policy, legislation or regulation, industrial disputes, general operational and business risks and hedging or arbitrage trading activity that may develop involving the 88 Energy Shares. No assurances can be made that 88 Energy's market performance will not be adversely affected by any such market fluctuations or factors.

(p) **JV partners and contractors**

Oil and gas ventures are typically operated under joint venture arrangements. These arrangements include provisions that often require certain decisions relating to the projects to be passed with unanimous or majority approval of all participants. Where a venture partner does not act in the best commercial interest of the project, it could have a material adverse effect on the interests of the Combined Group.

88 Energy is unable to predict the risk of:

- (i) financial failure, non-compliance with obligations or default by a participant in any venture to which the Combined Group is, or may become, a party;

- (ii) insolvency or other managerial failure by any of the contractors used by the Combined Group in any of its activities; or
- (iii) insolvency or other managerial failure by any of the other service providers used by the Combined Group for any activity,

all of which could have a material adverse effect on the operations and financial performance of the Combined Group.

(a) **Potential acquisitions**

As part of its business strategy, 88 Energy may make acquisitions of, or significant investments in, companies or assets. Any such transactions will be accompanied by risks commonly encountered in making such acquisitions. There are a number of uncertainties with the acquisition of interests in oil and gas assets including, the amount of recoverable reserves, development and operating costs and potential environmental and other liabilities. Even with careful due diligence, it may be impossible to ascertain certain environmental or structural problems such as pipeline corrosion or hazardous spills. This risk could have a negative effect on 88 Energy and the Combined Group's future operations and financial position.

(r) **Environmental and Safety Risks**

The operations and proposed activities of the Combined Group are subject to State and Federal laws and regulations concerning the environment. As with most exploration projects, the Combined Group's activities are expected to have an impact on the environment, particularly if advanced exploration or well development proceeds. While 88 Energy does not expect, from the information available, that these factors will impact on its ability to carry out its operations, there is always the possibility that there could be an adverse impact. It is 88 Energy's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

Oil and gas exploration operations have inherent risks and liabilities associated with safety and damage to the environment and the disposal of waste products occurring as a result of exploration and production. The occurrence of any such safety or environmental incident could delay production or increase production costs. Events, such as unpredictable rainfall or bushfires may impact on the Combined Group's ongoing compliance with environmental legislation, regulations and licences. Significant liabilities could be imposed on the Combined Group for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damage caused by previous operations or non-compliance with environmental laws or regulations.

The disposal of by-products of materials used in the process of exploring or producing are under constant legislative scrutiny and regulation. There is a risk that environmental laws and regulations become more onerous making the Combined Group's operations more expensive.

Approvals are required for land clearing and for ground disturbing activities. Delays in obtaining such approvals can result in the delay to anticipated exploration programmes or oil and gas activities.

(s) **Climate Change**

There are a number of climate-related factors that may affect the operations and proposed activities of the Combined Group. For instance:

- (i) climate change or prolonged periods of adverse weather and climatic conditions (including rising sea levels, floods, hail, drought, water, scarcity, temperature extremes, frosts, earthquakes and pestilences) may have an adverse effect on the Combined Group's drilling operations; and
- (ii) changes in policy, technological innovation and consumer or investor preferences could adversely impact the Combined Group's operations and proposed activities, or may result in less favourable pricing for oil and gas, particularly in the event of a transition (which may occur in unpredictable ways) to a lower-carbon economy.

(t) **Taxation Risk**

Future changes in taxation law in Australia, including changes in interpretation or application of the law by courts or taxation authorities in Australia, may affect taxation treatment of an investment in 88 Energy, or the holding or disposal of 88 Energy Shares. Further changes in taxation law, or the way in which the Combined Group operates, may impact the Combined Group's future tax liabilities and may affect the Combined Group's ability to provide returns to shareholders and/or alter the post-tax returns to shareholders.

(u) **Reliance on Key Management**

The responsibility of overseeing the day-to-day operations and the strategic management of the Combined Group depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Combined Group if one or more of these employees cease their employment.

(v) **Competition Risk**

The industry in which the Combined Group is involved is subject to domestic and global competition. Although 88 Energy considers that it undertakes all reasonable due diligence in its business decisions and operations, 88 Energy has no influence or control over the activities or actions of its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Combined Group's projects and business.

(w) **Economic Risk**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Combined Group's exploration, development and production activities, as well as on its ability to fund those activities.

Further, share market conditions may affect the value of 88 Energy's quoted securities regardless of the Combined Group's operating

performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

(x) **Share Market**

There are general risks associated with any investment and the share market. The price of 88 Energy Shares on ASX or AIM (as the case may be) may rise and fall depending on a range of factors beyond 88 Energy's control and which are unrelated to the Combined Group's financial performance. These factors may include movements on international stock markets, interest rates and exchange rates, together with domestic and international economic conditions, inflation rates, investor perceptions, changes in government policy, commodity supply and demand, government taxation and royalties, war, global hostilities and acts of terrorism.

(y) **Regulatory Risk**

88 Energy is based in Australia and is subject to Australian laws and regulations. For example, 88 Energy is required to comply with the Corporations Act. Changes in relevant taxes, legal and administration regimes, accounting practice and government policies in the countries in which the Combined Group operates (such as Alaska), and may operate, may adversely affect the financial performance of the Combined Group.

Additionally, the Combined Group's exploration and development activities are based in Alaska and are subject to extensive laws and regulations. 88 Energy requires permits from regulatory authorities to authorise the Combined Group's operations. These permits relate to exploration, development, production and rehabilitation activities.

Obtaining necessary permits can be a time-consuming process and there is a risk that the Combined Group will not obtain these permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining necessary permits and complying with these permits and applicable laws and regulations could materially delay or restrict 88 Energy from proceeding with the development of a project or the operation or development of a well. Any failure to comply with applicable laws and regulations or permits, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of 88 Energy's Shares.

(z) **Force Majeure**

The Combined Group's projects now or in the future may be adversely affected by risks outside the control of 88 Energy including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics, pandemics or quarantine restrictions.

(aa) **Coronavirus (COVID-19) Risk**

The outbreak of the coronavirus pandemic (**COVID-19**) is impacting global economic markets. The nature and extent of the effect of the outbreak on the performance of the Combined Group remains unknown. 88 Energy's share price may be adversely affected in the short to medium term by the economic uncertainty caused by COVID-19. Further, any governmental or industry measures taken in response to COVID-19 may adversely impact the Combined Group's operations and are likely to be beyond the control of 88 Energy.

The Directors of 88 Energy are monitoring the situation closely and have considered the impact of COVID-19 on 88 Energy's business and financial performance, including the potential impact of COVID-19 on the Combined Group. However, the situation is continually evolving, and the consequences are therefore inevitably uncertain. In compliance with its continuous disclosure obligations, 88 Energy will continue to update the market in regard to the impact of COVID-19 on its revenue channels and adverse impact on the Combined Group. If any of these impacts appear material prior to close of the Offers, 88 Energy will notify investors under a supplementary bidder's statement.

(bb) **Litigation Risks**

The Combined Group will be exposed to possible litigation risks including environmental claims, occupational health and safety claims and employee claims. Further, the Combined Group may be involved in disputes with other parties in the future which may result in litigation. Any such claim or dispute if proven, may impact adversely on the Combined Group's operations, financial performance and financial position. 88 Energy is not currently engaged in any litigation.

9. ADDITIONAL INFORMATION

9.1 Bid Implementation Agreement

On 6 May 2020, 88 Energy and XCD Energy entered into a bid implementation agreement pursuant by which 88 Energy will offer to acquire all of the XCD Energy Shares and XCD Energy Listed Options via an off-market takeover offer (**BIA**).

A summary of the material terms of the BIA is set out below.

(a) Appointment of Directors

As soon as practicable after 88 Energy has a Relevant Interest in more than 50% of the XCD Energy Shares and the Offers become or are declared unconditional, XCD Energy must take all actions necessary to ensure the resignation and appointment of directors of XCD Energy such that a majority of the directors of XCD Energy are directors nominated by 88 Energy in writing, but provided that a minimum of two of the existing XCD Energy Board remain, a proper board is constituted at all times and that 88 Energy procures that its appointees to the XCD Energy Board do not participate in decisions of XCD Energy in relation to the Offers until after the End Date and a quorum remains for that purpose.

(b) Recommendation of XCD Energy Directors

XCD Energy represents and warrants that:

- (i) the XCD Energy Board will recommend that all XCD Energy Securityholders accept the Offers, subject to there being no Superior Proposal and the Independent Expert concluding and continuing to conclude in its Independent Expert's Report that the Offers are either fair and reasonable, or not fair but reasonable;
- (ii) it has been informed by each of the directors of XCD Energy that they intend to accept the Offers within the later of 21 days of the Offers becoming open for acceptance and the date that is 5 Business Days after the date on which the Independent Expert's Report is finalised in respect of all XCD Energy Shares or XCD Energy Listed Options owned or controlled by that director (including any XCD Energy Shares which may be issued on conversion of XCD Energy Performance Rights), subject to there being no Superior Proposal and the Independent Expert concluding and continuing to conclude in its Independent Expert's Report that the Offers are either fair and reasonable, or not fair but reasonable; and
- (iii) it has been informed by each of the directors of XCD Energy that they will not withdraw, revise, revoke or qualify, or make any public statement inconsistent with, the recommendation referred to above unless a Superior Proposal emerges or the Independent Expert does not conclude in its Independent Expert's Report that the Offers are either fair and reasonable, or not fair but reasonable.

(c) **Exclusivity**

The BIA contains certain exclusivity arrangements in favour of 88 Energy, which are in line with market practice. During the Exclusivity Period, XCD Energy must not, amongst other things:

- (i) solicit, invite, encourage or initiate any inquiry, expression of interest, offer, proposal or discussion by any person which would reasonably be expected to encourage or lead to the making of, a Competing Proposal;
- (ii) participate in or continue any negotiations or discussions which would reasonably be expected to encourage or lead to the making of, a Competing Proposal; or
- (iii) disclose or otherwise provide any non-public information about the business or affairs of the XCD Energy Group to a third party (other than a government agency) with a view to obtaining, or which would reasonably be expected to encourage or lead to receipt of, an actual, proposed or potential Competing Proposal.

However, the obligations under clauses (ii) and (iii) above do not prohibit any action by XCD Energy in relation to any actual, proposed or potential Competing Proposal, which the XCD Energy Board acting in good faith determines, having regard to written advice from its external advisers, is a Superior Proposal (or which may reasonably be expected to result in the Competing Proposal becoming a Superior Proposal) and the failure to take or not take such action would constitute, or would be likely to constitute, a breach of the fiduciary or statutory duties, provided that the Competing Proposal was not directly or indirectly brought about by, or facilitated by, a breach of the 'no shop' obligation described at Section 9.1(c)(i) above.

(d) **Competing Proposal**

During the Exclusivity Period, XCD Energy must as soon as possible (and in any event within 24 hours) notify 88 Energy in writing if it becomes aware of any:

- (i) approach or attempt to initiate any negotiations or discussions in relation to an actual, proposed or potential Competing Proposal;
- (ii) proposal made to XCD Energy in connection with, or in respect of any exploration or completion of, an actual, proposed, or potential Competing Proposal; or
- (iii) provision by XCD Energy of any non-public information concerning the business or operations of XCD Energy or the XCD Energy Group to any a third party (other than a government agency) in connection with an actual, proposed or potential Competing Proposal,

unless (and only to the extent that) the XCD Energy Board, acting in good faith and having regard to external legal advice, determines that it would be a breach of their fiduciary or statutory duties to notify 88 Energy.

The notice must provide details of the identity of the relevant person making or proposing the Competing Proposal and the material terms of any such Competing Proposal. XCD Energy must keep 88 Energy updated in relation to any material developments in relation to any actual, proposed or potential Competing Proposal.

(e) **Matching Right**

During the Exclusivity Period, XCD Energy:

- (i) must not enter into any legally binding agreement, arrangement or understanding (whether or not in writing) pursuant to which a third party, XCD Energy or both proposes or propose to undertake or give effect to an actual, proposed or potential Competing Proposal; and
- (ii) must procure that none of its directors change their recommendation of the Offers or publicly recommend an actual, proposed or potential Competing Proposal or recommend against the Offers,

unless:

- (iii) the XCD Energy Board acting in good faith and in order to satisfy what the members of the XCD Energy Board consider to be their statutory or fiduciary duties (having received written advice from its external financial and legal advisers) determines that the Competing Proposal would be or would be likely to be an actual, proposed or potential Superior Proposal;
- (iv) XCD Energy has provided 88 Energy with all terms and conditions of the actual, proposed or potential Competing Proposal, including price and the identity of the third party making the actual, proposed or potential Competing Proposal;
- (v) XCD Energy has given 88 Energy at least 5 Business Days after the date of the provision of the information referred to in clause to provide a matching or superior proposal to the terms of the actual, proposed or potential Competing Proposal; and
- (vi) 88 Energy has not announced or otherwise formally proposed to XCD Energy a matching or superior proposal to the terms of the actual, proposed or potential Competing Proposal by the expiry of the 5 Business Day period above.

(f) **Termination**

The BIA may be terminated by a party by notice to the other party:

- (i) if the other party is in material breach of the BIA and that breach is not remedied by that other party within 5 Business Days of it receiving notice from the first party of the details of the breach and the first party's intention to terminate;
- (ii) if 88 Energy withdraws the Offers as permitted by the Corporations Act for any reason including non-satisfaction of a Condition or if the Offers lapse;

- (iii) if there is a material breach of a representation or warranty by the other party and that breach is not remedied by that other party within 5 Business Days of it receiving notice from the first party of the details of the breach and the first party's intention to terminate;
- (iv) if a Court or other regulatory authority has issued a final and non-appealable order, decree or ruling or taken other action which permanently restrains or prohibits the Offers; or
- (v) if the other party or any of their subsidiaries becomes Insolvent.

The BIA may be terminated by 88 Energy by notice in writing to XCD Energy if:

- (i) a Superior Proposal is made or publicly announced for XCD Energy by a third party;
- (ii) a director of XCD Energy does not recommend the Offers be accepted by XCD Energy Securityholders or having recommended the Offers, withdraws or adversely modifies his recommendation of the Offers;
- (iii) a person (other than 88 Energy or its associates) has a Relevant Interest in more than 20% of the XCD Energy Shares on issue (other than existing XCD Energy Shareholders who at the date of the BIA hold a Relevant Interest in more than 20% of the XCD Energy Shares on issue); or
- (iv) an XCD Energy Material Adverse Change or a Prescribed Occurrence occurs.

The BIA may be terminated by XCD Energy by notice in writing to 88 Energy if:

- (i) an 88 Energy Material Adverse Change has occurred;
- (ii) the Independent Expert concludes in its Independent Expert's Report that the Offers are not fair and not reasonable; or
- (iii) a majority of the XCD Energy Directors recommend a Superior Proposal, provided always that the exclusivity provisions have been complied with and 88 Energy has decided not to match that Superior Proposal.

(g) **Reimbursement Fee**

In accordance with Australian market practice, XCD Energy has agreed to pay 88 Energy a cash reimbursement fee of \$150,000 (exclusive of GST) (**XCD Energy Reimbursement Fee**) in certain circumstances. Those circumstances are:

- (i) during the Exclusivity Period, any one or more members of the XCD Energy Board withdraws, adversely revises or adversely qualifies his or her support of the Offers or his or her recommendation that XCD Energy Securityholders accept the Offers or fails to recommend that XCD Energy Securityholders accept the Offers, or, having made such a recommendation,

withdraws, adversely revises or adversely qualifies that recommendation for any reason;

- (ii) during the Exclusivity Period, any one or more members of the XCD Energy Board recommends that XCD Energy Securityholders accept or vote in favour of, or otherwise supports or endorses (including support by way of accepting or voting, or by way of stating an intention to accept or vote, in respect of any XCD Energy Securities held or controlled by them or held on their behalf), a Competing Proposal of any kind that is announced (whether or not such proposal is stated to be subject to any pre-conditions) during the Exclusivity Period;
- (iii) a Competing Proposal of any kind is announced during the Exclusivity Period (whether or not such proposal is stated to be subject to any pre-conditions) and, within 12 months of the date of such announcement, a third party completes a Competing Proposal; or
- (iv) 88 Energy has terminated the BIA as set out in Sections 9.1 (f)(i) to 9.1 (f)(iii) above.

For the avoidance of doubt, the XCD Energy Reimbursement Fee will not be payable to 88 Energy if the Independent Expert concludes in its Independent Expert's Report that the Offers are not fair and not reasonable and XCD Energy terminates the BIA.

88 Energy has agreed to pay XCD Energy a cash reimbursement fee of \$150,000 (exclusive of GST) (**88 Energy Reimbursement Fee**) to XCD Energy without set-off or withholding, if XCD Energy has terminated the BIA as set out in Sections 9.1 (f)(i) or 9.1 (f)(iii) above.

A full copy of the BIA was included as an annexure to an announcement released to ASX on 7 May 2020 and can be obtained from 88 Energy's website or the ASX website.

9.2 Pre-Bid Acceptance Deeds

On 27 April 2020, 88 Energy announced that it had entered into pre-bid acceptance deeds with major XCD Energy Shareholders and XCD Energy Listed Optionholders (together, the **Pre-Bid Shareholders**) in respect of an aggregate of 129,416,142 XCD Energy Shares (**Pre-Bid Shares**) and 8,000,000 XCD Energy Listed Options (**Pre-Bid Options, Pre-Bid Acceptance Deeds**).

Accordingly, 88 Energy had a Relevant Interest in the Pre-Bid Shares equivalent to 18.5% of XCD Energy on the Announcement Date. Under the Pre-Bid Acceptance Deeds, the Pre-Bid Shareholders have agreed to accept the Offers for the Pre-Bid Shares and Pre-Bid Options on or before 5:00pm on the date which is five Business Days after the commencement of the Offer Period. Under the terms of the Pre-Bid Acceptance Deeds, the Pre-Bid Shareholders are not permitted to sell or dispose of their Pre-Bid Shares or Pre-Bid Options other than pursuant to an acceptance of the Offers or acquire further securities in XCD Energy.

9.3 Disclosure of Interests of 88 Energy Directors in XCD Energy

The Directors of 88 Energy have the following interests in XCD Energy Securities (either held directly, held by entities controlled by them or held by entities of which they are directors) as at the date of this Bidder's Statement.

Director	XCD Energy Shares	XCD Energy Listed Options	XCD Energy Unlisted Options	XCD Energy Performance Rights
Michael Evans	4,000,000	-	-	-
David Wall	29,395,800	2,500,000	-	-
Stephen Staley	-	-	-	-
TOTAL	33,395,800	2,500,000	-	-

Notes:

1. Comprising 3,000,000 XCD Energy Shares held by Tour Holdings and 1,000,000 XCD Energy Shares held by Tevlo. Each of Tour Holdings and Tevlo are controlled by Michael Evans and his spouse.
2. Comprising of 29,395,800 XCD Energy Shares and 2,500,000 XCD Energy Listed Options held by David Wall <The Reserve A/C>.

Each of Michael Evans (on behalf of Tour Holdings and Tevlo) and David Wall have entered into a Pre-Bid Acceptance Deed with 88 Energy. Further details in respect of the Pre-Bid Acceptance Deeds are set out in Section 9.1 above.

As set out in Section 2.6, the 88 Energy Board has established the Independent Board Committee to consider, amongst other things, the terms of the potential Offers and the application of ASX Listing Rule 10.1 and Chapter 2E of the Corporations Act to the Offers. The Independent Board Committee is comprised of each of the 88 Energy Directors, other than David Wall.

As set out in the table above, Michael Evans (through Tour Holdings and Tevlo) holds 4,000,000 XCD Energy Shares. The Independent Board Committee formed the view (and Michael Evans confirmed) that this holding was not significant enough to constitute a material personal interest under the Corporations Act and therefore did not preclude Mr Evans from being a member of the Independent Board Committee.

The Independent Board Committee has independently assessed Mr Wall's personal interest in XCD Energy and has determined that ASX Listing Rule 10.1 and Chapter 2E of the Corporations Act does not apply to the transaction. Further details in respect of the matters considered by the Independent Board Committee are set out in Section 2.6.

9.4 Acquisitions of XCD Energy Shares and XCD Energy Listed Options by 88 Energy and its Associates

Other than as expressly disclosed in this Bidder's Statement, neither 88 Energy nor any Associate of 88 Energy has provided, or agreed to provide, consideration for XCD Energy Shares or XCD Energy Listed Options under any purchase or agreement during the four months before the date of this Bidder's Statement and the period from the date of this Bidder's Statement to the date before the date of the Offers.

As set out in Section 9.3:

- (a) 88 Energy Director Michael Evans (through entities controlled by Mr Evans and his spouse), currently owns 4,000,000 XCD Energy Shares; and
- (b) 88 Energy Director David Wall currently holds 29,395,800 XCD Energy Shares and 2,500,000 XCD Energy Listed Options.

88 Energy advises that, in the four months before the date of this Bidder's Statement, the maximum price paid to acquire XCD Energy Shares:

- (c) by Mr Evans (or the entities through which he holds his XCD Energy Shares) was \$0.01 per XCD Energy Share (for XCD Energy Shares acquired on 21 February 2020); and
- (d) by Mr Wall was \$0.006 per XCD Energy Shares (for XCD Energy Shares acquired on 11 March 2020).

Mr Wall did not acquire any XCD Energy Listed Options in the four months before the date of this Bidder's Statement.

The above information regarding consideration paid for XCD Energy Shares by Messrs Evans and Wall is provided for completeness only. Pursuant to section 12 of the Corporations Act (as modified by ASIC Class Order 13/520), neither Mr Evans (or the entities through which he holds his XCD Energy Shares) nor Mr Wall are Associates of 88 Energy in relation to XCD Energy for the purposes of Chapter 6 of the Corporations Act (including the 'minimum bid price rule' under section 621 (3) of the Corporations Act).

In any event, 88 Energy may rely on the provisions of ASIC Corporations (Minimum Bid Price) Instrument 2015/1068 (**Corporations Instrument 2015/1068**). The Corporations Instrument 2015/1068 provides relief from the requirement in section 621(4) of the Corporations Act and allows a bidder up to five business days before the date of the takeover bid to value the quoted securities being offered as consideration under the takeover bid, for the purposes of determining whether the value of its bid consideration at least equals the maximum value of consideration paid by the bidder for bid class securities in the four months prior to the date of the offer.

Relying on that relief, 88 Energy may value the 88 Energy Shares to be provided under the Offers at any date nominated by 88 Energy (**Valuation Date**) up to five Business Days before the date of the Offers. The valuation is determined by calculating the VWAP of the 88 Energy Shares in the ordinary course of trading on ASX and during two full days before the Valuation Date.

Under section 621(4A) of the Corporations Act (as inserted into the Corporations Act by Corporations Instrument 2015/1068) the following information is provided:

- (a) the value of 88 Energy Shares under section 621(4A): **[/leave blank in lodged version]** per 88 Energy Share;
- (b) the Valuation Date: **[/leave blank in lodged version]**; and
- (c) the trading days on which the valuation is based: **[/leave blank in lodged version]**.

The value of the Share Offer per XCD Energy Share for the purpose of section 621 of the Corporations Act using this valuation is therefore **[/leave blank in lodged version]**.

This value exceeds the maximum value of consideration paid by Mr Evans (through the entities which hold his XCD Energy Shares) for XCD Energy Shares in the four months prior to the date of the Offer.

9.5 No Escalation Agreements

Neither 88 Energy nor any Associate of 88 Energy has entered into any escalation agreement that is prohibited by section 622 of the Corporations Act.

9.6 Collateral Benefits

During the period of 4 months before the date of this Bidder's Statement, neither 88 Energy nor any Associate of 88 Energy gave, or offered to give or agreed to give, a benefit to another person that was likely to induce the other person, or an Associate of that person, to:

- (a) accept the Offers; or
- (b) dispose of their XCD Energy Listed Securities,

and which is not offered to all holders of XCD Energy Listed Securities under the Offers.

9.7 Effect of Share Offer on XCD Energy Unlisted Options

The Share Offer does not extend to the XCD Energy Unlisted Options. However, the Share Offer extends to all XCD Energy Shares that are issued during the period from the Record Date to the end of the Offer Period due to the exercise of the XCD Energy Unlisted Options.

88 Energy may elect to make private treaty offers to holders of XCD Energy Unlisted Options to acquire or cancel their options subject to the Share Offer becoming or being declared unconditional.

If not all XCD Energy Unlisted Options are exercised (or otherwise cancelled or acquired by 88 Energy pursuant to private treaty agreements or other arrangements), and 88 Energy is entitled to compulsorily acquire any outstanding XCD Energy Shares, 88 Energy presently intends to seek to compulsorily acquire or cancel any outstanding XCD Energy Unlisted Options pursuant to Part 6A.1 of the Corporations Act.

9.8 Effect of Share Offer on XCD Energy Performance Rights

The XCD Energy Board has determined that upon 88 Energy receiving acceptances for (or otherwise acquiring a relevant interest in) more than 50% of the XCD Energy Shares on issue and the Offers becoming or being declared unconditional:

- (a) 10,000,000 of the XCD Energy Performance Rights held by XCD Energy Managing Director Dougal Ferguson will vest and be exercised, in accordance with their terms and conditions, and all XCD Energy Shares resulting from the exercise will be issued and registered before the end of the Offer Period; and
- (b) 50% of the maximum short-term incentive payment for the period ending 30 June 2020 will be paid to Mr Ferguson (being an amount of \$63,500) in early July 2020.

The XCD Energy Directors have agreed to accept the Offers in respect of their own holdings (including any XCD Energy Shares issued on conversion of the XCD Energy Performance Rights), in the absence of a Superior Proposal and subject to

the Independent Expert concluding and continuing to conclude that the Offers are reasonable.

The balance of the XCD Energy Performance Rights will lapse upon:

- (a) 88 Energy announcing that it has achieved acceptances in respect of 50.1% or more of the XCD Energy Shares; and
- (b) the takeover bid has become unconditional.

Accordingly, 88 Energy will not make an offer in respect of the XCD Energy Performance Rights.

9.9 Disclosure of Information

Due to the fact that 88 Energy is offering 88 Energy Shares as consideration for the acquisition of XCD Energy Shares and XCD Energy Listed Options under the Offers, the Corporations Act requires that this Bidder's Statement must include all information that would be required for a prospectus for an offer of 88 Energy Shares under sections 710 to 713 of the Corporations Act.

As a publicly listed company whose shares are quoted on ASX, 88 Energy is subject to disclosure requirements of the ASX Listing Rules. In particular, 88 Energy is required to disclose information concerning its finances, activities and performance. This disclosure is available on 88 Energy's website as well as on the ASX website.

9.10 Interests and Benefits Relating to the Offers

9.10.1 Interests

Other than as set out below or elsewhere in this Bidder's Statement, no:

- (a) director or proposed director of 88 Energy;
- (b) person named in this Bidder's Statement as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Bidder's Statement;
- (c) promoter of 88 Energy; or
- (d) broker or underwriter in relation to the issue of 88 Energy Shares pursuant to the Offers or financial services licensee named in this Bidder's Statement as being involved in the issue of 88 Energy Shares,

(together, the **Interested Persons**) has, or had within 2 years before the date of this Bidder's Statement, any interest in:

- (e) the formation or promotion of 88 Energy;
- (f) any property acquired or proposed to be acquired by 88 Energy in connection with its formation or promotion or in connection with the offer of 88 Energy Shares under the Offers; or
- (g) the offer of 88 Energy Shares under the Offers.

9.10.2 Implied Value of the Offers

Based on the closing price of 88 Energy Shares on ASX of 0.5 cents on 6 May 2020, the last trading day prior to the announcement of the recommended Offers, the implied value of an XCD Energy Share is 1.2 cents per XCD Energy Share.

Based on the closing sale price for 88 Energy Shares on ASX on 11 May 2020 (the Last Practicable Trading Day) of 0.6 cents, the implied value of the Share Offer is 1.44 cents per XCD Energy Share.

Based on the closing price of 88 Energy Shares on ASX of 0.5 cents on 6 May 2020, the last trading day prior to the announcement of the recommended Offers, the Listed Option Offer values XCD Energy Listed Options at approximately \$0.4 million, or 0.35 cents per XCD Energy Listed Option.

Based on the closing sale price for 88 Energy Shares on ASX on 11 May 2020 (the Last Practicable Trading Day), of 0.6 cents, the implied value of the Listed Option Offer is 0.42 cents per XCD Energy Listed Option.

The implied value of the Offers will change as a consequence of changes in the market price of 88 Energy Shares. The following table may assist XCD Energy Listed Securityholders to determine the implied value of the Share Offer and Listed Option Offer at different 88 Energy Share price levels. The table is not an indication of prices at which 88 Energy Shares may trade – 88 Energy Shares may trade within this range or at higher or lower levels.

Price of an 88 Energy Share* (cents)	Implied offer price for an XCD Energy Share (cents)	Implied offer price for an XCD Energy Listed Option (cents)
0.40	0.96	0.28
0.50	1.20	0.35
0.60	1.44	0.42
0.70	1.68	0.49
0.80	1.92	0.56
0.90	2.16	0.63
1.00	2.40	0.70
1.10	2.64	0.77
1.20	2.88	0.84
1.30	3.12	0.91
1.40	3.36	0.98
1.50	3.60	1.05

9.10.3 Disclosure of Fees and Benefits Received by Certain Persons

Other than as set out below or elsewhere in this Bidder's Statement, no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given:

- (a) to a director or proposed director of 88 Energy to induce them to become, or to qualify as, a director of 88 Energy; or

- (b) for services provided by an Interested Person in connection with the formation or promotion of 88 Energy or the offer of 88 Energy Shares under the Offers.

Longreach Capital

On 23 April 2020, 88 Energy executed an agreement under which Longreach Capital Pty Ltd (**Longreach Capital**) agreed to act as corporate advisor to 88 Energy in relation to the Offers (**Longreach Mandate**). Under the terms of the Longreach Mandate, 88 Energy has agreed to pay the following to Longreach Capital:

- (a) a retainer of \$10,000 per month, payable monthly in arrears for an initial period of 3 months; and
- (b) a transaction fee, based on 88 Energy's final percentage shareholding in XCD Energy, calculated on a fully diluted basis on completion of the transaction (**Diluted Interest**) which will be payable if 88 Energy's Diluted Interest is equal to or greater than 50% and calculated on the following basis:
 - (i) a base transaction fee of \$200,000 will be payable; and
 - (ii) an incentive transaction fee will be payable, being \$100,000 multiplied by the Diluted Interest (i.e. if 88 Energy has a Diluted Interest of 100%, the incentive fee payable will be \$100,000),

(together, the **Transaction Fee**).

The Transaction Fee will be payable 50% in cash and 50% through the issue of new 88 Energy Shares, with the number of 88 Energy Shares to be determined by reference to the VWAP of 88 Energy's Shares over the 5 trading days on the ASX prior to the date of the lodgement of the Bidder's Statement with ASIC. Based on the VWAP over the 5 trading days prior to the date of the lodgement of the Bidder's Statement with ASIC and assuming that 88 Energy has a Diluted Interest of 100%, approximately 25.4 million 88 Energy Shares will be issued to Longreach Capital.

In addition, 88 Energy has agreed to reimburse any reasonable expenses incurred in relation to the Longreach Mandate.

Steinepreis Paganin

Steinepreis Paganin has agreed to act as Australian legal advisor to 88 Energy in relation to the Offers and will be entitled to receive professional fees in accordance with its normal time-based charges. At the date of this Bidder's Statement, up to the date of lodgement of this Bidder's Statement, 88 Energy has paid or agreed to pay Steinepreis Paganin approximately \$130,000 for services in respect of the Offers and will pay further amounts in accordance with standard agreements.

9.11 Disclosure of Interests of 88 Energy Directors in 88 Energy

The Directors of 88 Energy have the following interests in 88 Energy Securities (either held directly, held by entities controlled by them or held by entities of which they are directors) as at the date of this Bidder's Statement.

Director	88 Energy Shares	88 Energy Unlisted Options	88 Energy Performance Rights
Michael Evans	21,190,478 ¹	-	-
David Wall	39,404,762 ²	-	17,520,000 ³
Stephen Staley	11,141,667 ⁴	-	-
TOTAL	71,736,907	-	17,520,000

Notes:

1. Comprising 9,142,858 88 Energy Shares held directly by Mr Michael Evans and 12,047,620 88 Energy Shares held indirectly by Tevlo <MJ Evans Super A/C>.
2. Comprising 34,119,047 88 Energy Shares held directly by Mr David Wall and 5,285,715 88 Energy Shares indirectly by Mr David Wall <D J Super Fund A/C>.
3. Comprising of 4,380,000 Share Price Performance Rights, 4,380,000 Reserves Performance Rights, 2,190,000 Resources Performance Rights, 1,095,000 Production Performance Rights and 1,095,000 Tenure Performance Rights. Further details in respect of the vesting conditions attaching to these 88 Energy Performance Rights are set out in the notice of general meeting released on 13 September 2018 and the addendum to the notice of general meeting released on 18 September 2018.
4. Comprising 10,316,667 88 Energy Shares held directly by Dr Stephen Staley and 825,000 88 Energy Shares indirectly by Derwent Resources Limited.

9.12 Fees and Benefits of Directors

The constitution of 88 Energy provides that the Directors may be paid for their services as Directors a sum not exceeding such fixed sum per annum as may be determined by 88 Energy in general meeting, to be divided among the Directors and in default of agreement then in equal shares. s

The annual emoluments (inclusive of superannuation and otherwise as set out in the notes below) of the Directors for the last two financial years and the proposed remuneration for the current financial year is as follows:

Director	Proposed Remuneration for the Financial Year ending 31 December 2020 ¹	Remuneration for the Financial Year ended 31 December 2019	Remuneration for the Financial Year ended 31 December 2018
Michael Evans	\$147,551	\$153,300	\$153,300
David Wall	\$442,654	\$659,129 ²	\$549,724
Brett Villemarette ³	-	-	\$59,313
Stephen Staley ⁴	\$62,562	\$65,000	\$65,000

Notes:

1. Inclusive of superannuation.
2. Inclusive of a cash bonus of a cash bonus of \$105,023 in September 2019, Mr Wall cashing out \$9,977 of superannuation, share-based payments, annual leave and long service leave accruals; further details of which are set out in the remuneration report at page 19 of 88 Energy's 2019 annual report.
3. Mr Villemarette ceased to be a Director of 88 Energy on 29 October 2018.
4. In addition to his duties as a non-executive director, Dr Stephen Staley is engaged to provide consultancy services to 88 Energy through Derwent Resources Limited (**Derwent**), a company of which Dr Stephen Staley is a director. 88 Energy has agreed to pay Derwent 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. Further information in respect of this agreement is set out in the Annual Report released by 88 Energy on 26 February 2020.

Directors, companies associated with the Directors or their Associates are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of 88 Energy and other miscellaneous expenses.

The remuneration of Directors is reviewed annually by 88 Energy. The figures for the 2020 Financial Year are current as at the date of this Bidder's Statement.

9.13 Expenses of the Offers

The total amount of cash that 88 Energy may become obliged to pay to satisfy all expenses incurred by 88 Energy and relating to the Offers will be provided from 88 Energy's existing cash balances.

88 Energy estimates it will incur fees for services provided in connection with the Offers, including for legal, taxation, financial advisers, share register and ASX and other professional fees, in the amount of approximately \$350,000 (excluding GST).

9.14 Material Litigation

88 Energy is not aware of any litigation or threatened, or other legal proceedings in relation to 88 Energy.

9.15 Foreign Securityholders

XCD Energy Listed Securityholders who are Ineligible Foreign Securityholders will not be entitled to receive 88 Energy Shares as consideration for their XCD Energy Shares or XCD Energy Listed Options pursuant to the Offers.

An XCD Energy Listed Securityholder is an Ineligible Foreign Securityholder for the purposes of the Offers if their address as shown in the register of members of XCD Energy is in a jurisdiction other than Australia or its external territories, or New Zealand. However, such a person will not be an Ineligible Foreign Securityholder if 88 Energy is satisfied that it is not legally or practically constrained from making the Offers to an XCD Energy Listed Securityholder in the relevant jurisdiction and to issue 88 Energy Shares to such an XCD Energy Listed Securityholder on acceptance of the Offers, and that it is lawful for the shareholder to accept the Offers in such circumstances in the relevant jurisdiction. Notwithstanding anything else in this Bidder's Statement, 88 Energy is not under any obligation to spend any money, or undertake any action, in order to satisfy itself concerning any of these matters.

The 88 Energy Shares which would otherwise have been issued to Ineligible Foreign Securityholders will instead be issued to the Sale Nominee, who will sell these shares. The net proceeds of the sale of such 88 Energy Shares will then be remitted to the relevant Ineligible Foreign Securityholders. Refer to Sections 10.7 and 11.7 for further details.

US Listed Securityholders should carefully read the Important Information Section of this Bidder's Statement. 88 Energy reserves the right to treat US Listed Securityholders who reside in states or jurisdictions of the United States that require registration or qualification under the state's or other jurisdiction's securities ("blue sky") laws as Ineligible Foreign Securityholders.

9.16 Unmarketable Parcels

If the total number of 88 Energy Shares which an XCD Energy Listed Securityholder is entitled to receive as consideration under the Offers is an Unmarketable Parcel,

that XCD Energy Listed Securityholder will be an Unmarketable Parcel Securityholder and will not be entitled to receive 88 Energy Shares as consideration for its XCD Energy Shares or XCD Energy Listed Options pursuant to the Offers.

The 88 Energy Shares which would otherwise have been issued to Unmarketable Parcel Securityholders will instead be issued to the Sale Nominee who will sell those shares. The net proceeds of the sale of such shares will then be remitted to the relevant Unmarketable Parcel Securityholders. Refer to Sections 10.7 and 11.7 for further details.

9.17 Status of Conditions

The Conditions of the Offers are set out in Sections 10.8 and 11.8. 88 Energy will use all reasonable endeavours to ensure the Conditions are satisfied as soon as possible after the date of this Bidder's Statement.

In accordance with the BIA, 88 Energy has agreed that it will not rely on a breach of the following Conditions and 88 Energy agrees to waive each of these Conditions to the extent set out below:

- (a) the Condition set out in Section 10.8(e):
 - (i) to the extent that any person purports to exercise, states an intention to exercise (whether or not that intention is stated to be a final decision), or asserts the ability to exercise (as contemplated in Section 10.8(e)(ii)), any right stated in that Condition, where such person is not entitled to exercise that right; or
 - (ii) to the extent that obligations or liabilities under any such agreement total less than \$200,000 (as contemplated in Section 10.8(e)(iv)); or
 - (iii) in relation to any mandates in connection with the Offers which have been disclosed in writing to 88 Energy prior to signing the BIA;
- (b) the Condition set out in Section 10.8(f)(v) to the extent that a variation of a contract, commitment or arrangement is not material;
- (c) the Condition set out in Section 10.8(f)(vii) to the extent that the contract, commitment or other arrangement is not material;
- (d) the Condition set out in Section 10.8(f)(ix) in relation to any fees from mandates in connection with the Offers which have been disclosed in writing to 88 Energy prior to signing the BIA; and
- (e) the Conditions set out in Section 10.8(f)(x) and 10.8(f)(xi) in relation to the matters contemplated in Section 9.8.

In accordance with the BIA, 88 Energy has also agreed that an XCD Energy Material Adverse Change will not involve:

- (a) anything which has arisen solely as a result of any actions taken by any member of the 88 Energy Group in the ordinary course of its business including, for the avoidance of doubt, any rationalisation or

relinquishment of leases or permits which are less than 15% of the net acreage and are no longer considered prospective;

- (b) those events or circumstances required to be done or procured by XCD Energy pursuant to the BIA;
- (c) those events or circumstances relating to changes in business conditions affecting the global oil industry or security markets generally or a change in the market price of oil which impacts on 88 Energy and its competitors in a similar manner; and
- (d) an event, circumstance, matter or information that is known to 88 Energy or its representatives on or prior to the date of the BIA or otherwise disclosed in public filings by XCD Energy with ASIC or provided to ASX on or prior to the date of the BIA.

As at the date of this Bidder's Statement, 88 Energy is not aware of any events which would result in a breach or inability to satisfy the Conditions.

88 Energy will give a notice of the status of the Conditions in accordance with the Corporations Act on **[leave blank in lodged version]** (subject to extension if the Offer Period is extended).

9.18 Consents

Each of the parties referred to in this Section:

- (a) to the maximum extent permitted by law, expressly disclaim and takes no responsibility for any part of this Bidder's Statement other than a reference to its name and a statement included in this Bidder's Statement with the consent of that party as specified in this Section; and
- (b) has not caused or authorised the issue of this Bidder's Statement.

Steinepreis Paganin has given its consent to be named in the Bidder's Statement as Australian legal advisors to 88 Energy in relation to the Offers. Steinepreis Paganin has not made any statement that is included in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based.

Longreach Capital has given its consent to be named in the Bidder's Statement as corporate advisor to 88 Energy in relation to the Offers. Longreach Capital has not made any statement that is included in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based.

Computershare Investor Services Pty Limited has given its consent to be named in the Bidder's Statement as Australian share registry of 88 Energy. Computershare Investor Services Pty Limited has not made any statement that is included in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based.

Deloitte Tax Services Pty Ltd has given its consent to be named as tax advisors to 88 Energy in relation to the Offers and to the inclusion of information on the general Australian taxation implications in Section 7.

Each person named in this Section 9.18 has given, and before the time of lodgement of this Bidder's Statement with ASIC, has not withdrawn, their consent to being named in this Bidder's Statement in the capacity indicated next to their name.

This Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or on 88 Energy announcement platform of ASX. Under ASIC Class Order 13/521, the parties making those statements are not required to consent to, and have not consented to, inclusion of those statements in this Bidder's Statement. If you would like to receive a copy of any of these reports or statements free of charge, please contact the 88 Energy Offer Information Line on 1300 095 745 (within Australia) or +61 3 9415 4300 (for international callers).

As permitted by ASIC Corporations (Consent to Statements) Instrument 2016/72, this Bidder's Statement may include or be accompanied by certain statements fairly representing a statement by an official person or from a public official document or a published book, journal or comparable publication.

In addition, as permitted by ASIC Corporations (Consent to Statements) Instrument 2016/72, this Bidder's Statement contains ASX share price trading information sourced from ASX, Yahoo Finance (UK) and IRESS without its consent.

9.19 ASIC Relief

(a) Relief to facilitate exercise of XCD Energy Listed Options

88 Energy has sought relief from ASIC under section 655A of the Corporations Act to enable it to exercise XCD Energy Listed Options acquired under the Listed Option Offer and thereby increase its Relevant Interest in XCD Energy Shares on the condition that:

- (i) 88 Energy makes the Offers;
- (ii) the Listed Option Offer is subject to a non-waivable defeating condition that the Share Offer is unconditional or is subject only to none of the prescribed occurrences listed in sections 652C(1) or (2) of the Corporations Act occurring;
- (iii) the Listed Option Offer is equitable compared to the Share Offer;
- (iv) the relief and 88 Energy's intention in relation to the exercise of the XCD Energy Listed Options acquired under the Listed Option Offer are disclosed in the Bidder's Statement; and
- (v) the Offers under the Share Offer and the Listed Option Offer are first sent on the same day.

Please refer to the disclosure in Section 5.5 of this Bidder's Statement in relation to 88 Energy's intentions regarding the exercise of XCD Energy Listed Options acquired under the Listed Option Offer.

(b) Other ASIC relief

88 Energy has not obtained from ASIC any other modifications to, or exemptions from, the Corporations Act in relation to the Offers. However, ASIC has published various instruments providing for modifications and exemptions that apply generally to all persons including 88 Energy (including those referred to in Sections 9.4 and 9.18 of this Bidder's Statement).

9.20 Other Material Information

There is no other information material to the making of a decision by a holder of XCD Energy Shares or XCD Energy Listed Options whether or not to accept the Offers being information that is known to 88 Energy and which has not previously been disclosed to XCD Energy Listed Securityholders other than as is contained elsewhere in this Bidder's Statement.

9.21 Expiry Date

No securities will be issued on the basis of this Bidder's Statement after the date which is 13 months after the date of this Bidder's Statement.

9.22 Date for Determining Holders

For the purposes of section 633 of the Corporations Act, the date for determining the people to whom this Bidder's Statement is sent is the Record Date.

9.23 Broker Handling Fees

88 Energy may offer to pay a commission to brokers who solicit acceptances of the Offers from their clients, however, has made no final decision in relation to the matter at this stage. If 88 Energy makes a decision to offer such a commission to brokers, it will make an announcement to ASX confirming this.

If such arrangements are put in place, commission payments will not exceed 0.75% of the value of the consideration payable for parcels of XCD Energy Shares held by retail XCD Energy Shareholders who accept the Share Offer, and will generally be subject to minimum payments (not exceeding \$50) and maximum payments (not exceeding \$750) for each XCD Energy Shareholder.

If a commission is offered, it will be payable to brokers only and subject to the condition that no part of the fee will be able to be passed on or paid to XCD Energy Shareholders.

It 88 Energy's intention that, once an offer of commission has been made to any broker by 88 Energy, the commission arrangement will remain in place for the balance of the Offer Period and the amount of the commission offered will not be increased during the Offer Period.

10. TERMS OF THE SHARE OFFER

10.1 Share Offer

- (a) 88 Energy offers to acquire all of your XCD Energy Shares, together with all Rights attached to them, on and subject to the terms and conditions set out in this Section 10.
- (b) The consideration being offered by 88 Energy for the acquisition of all of your XCD Energy Shares is 2.4 new 88 Energy Shares for every one of your XCD Energy Shares. If this calculation results in an entitlement to a fraction of an 88 Energy Share, that fraction will be rounded up to the nearest whole number of 88 Energy Shares.
- (c) If, at the time the Share Offer is made to you, you are an Ineligible Foreign Securityholder or an Unmarketable Parcel Securityholder, you will not receive 88 Energy Shares. Instead, you are offered and will receive the net proceeds determined in accordance with Section 10.7.
- (d) The 88 Energy Shares to be issued pursuant to the Share Offer will be fully paid and, from their date of issue, rank equally in all respects with existing 88 Energy Shares currently on issue and have the rights summarised in Section 3.5.
- (e) By accepting this Share Offer, you undertake to transfer to 88 Energy not only the XCD Energy Shares to which the Share Offer relates, but also all Rights attached to those XCD Energy Shares.
- (f) The Share Offer is being made to each person registered as a holder of XCD Energy Shares on XCD Energy's register of members as at the Record Date. It also extends to:
 - (i) any person who becomes registered as a holder of XCD Energy Shares during the period from the Record Date until the end of the Offer Period, due to the conversion of, or exercise of rights conferred by XCD Energy Listed Options, XCD Energy Unlisted Options or XCD Energy Performance Rights that are on issue at the Record Date; and
 - (ii) any person who becomes registered or is entitled to be registered as the holder of your XCD Energy Shares during the Offer Period.
- (g) If, at the time the Share Offer is made to you, or at any time during the Offer Period, another person is registered or is entitled to be registered as the holder of some or all of your XCD Energy Shares, then:
 - (i) a corresponding offer on the same terms and conditions as this Share Offer will be deemed to have been made to that other person in respect of those XCD Energy Shares; and
 - (ii) a corresponding offer on the same terms and conditions as this Share Offer will be deemed to have been made to you in respect of any other XCD Energy Shares you hold to which the Share Offer relates; and
 - (iii) this Share Offer will be deemed to have been withdrawn immediately at that time.

- (h) If at any time during the Offer Period you are registered or entitled to be registered as the holder of one or more parcels of XCD Energy Shares as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct offer on the same terms and conditions as this Share Offer had been made in relation to each of those distinct parcels and any distinct parcel you hold in your own right. To validly accept the Share Offer for each parcel, you must comply with the procedure in section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Acceptance Form, please call the 88 Energy Offer Information Line on 1300 095 745 (within Australia) or +61 3 9415 4300 (for international callers) to request those additional copies.
- (i) If your XCD Energy Shares are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting the Share Offer.
- (j) The Share Offer is dated **[leave blank in lodged version]**.

10.2 Share Offer Period

- (a) Unless extended or withdrawn, the Share Offer will remain open for acceptance during the period commencing on the date of the Share Offer (being **[leave blank in lodged version]**) and ending at 5:00 pm (Perth Time) on the later of:
 - (i) **[leave blank in lodged version]**; or
 - (ii) any date to which the Offer Period is extended.
- (b) 88 Energy reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last seven (7) days of the Offer Period, either of the following events occurs:
 - (i) the Share Offer is varied to improve the consideration offered; or
 - (ii) the voting power of 88 Energy in XCD Energy increases to more than 50%,

then the Offer Period will automatically be extended so that it ends 14 days after the relevant events in accordance with section 624(2) of the Corporations Act.

10.3 How to Accept the Share Offer

- (a) **General**
 - (i) You may only accept the Share Offer in respect of all (and not a lesser number) of your XCD Energy Shares.
 - (ii) You may accept the Share Offer at any time during the Offer Period.

(b) **XCD Energy Shares held in your name on XCD Energy's issuer sponsored subregister**

To accept this Share Offer for XCD Energy Shares held in your name on XCD Energy's issuer sponsored subregister (in which case your SRN will commence with 'I'), you must:

- (i) complete and sign the Share Acceptance Form in accordance with the terms of the Share Offer and the instructions on the Share Acceptance Form; and
- (ii) ensure that the Share Acceptance Form (including any documents required by the terms of the Share Offer and the instructions on the Share Acceptance Form) is received before the end of the Offer Period, at the address shown on the Share Acceptance Form.

(c) **XCD Energy Shares held in your name in a CHESS Holding**

To accept this Share Offer for XCD Energy Shares held in your name in a CHESS Holding (in which case your HIN will commence with 'X'):

- (i) If you are not a Participant, you should instruct your Controlling Participant (this is normally the stockbroker either through whom you bought your XCD Energy Shares or through whom you ordinarily acquire shares on ASX) to initiate acceptance of this Share Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
- (ii) If you are a Participant, you should initiate acceptance of this Share Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
- (iii) Alternatively, you may sign and complete the Share Acceptance Form in accordance with the terms of this Share Offer and the instructions on the Share Acceptance Form and ensure that it (including any documents required by the terms of this Share Offer and the instructions on the Share Acceptance Form) is received before the end of the Offer Period, at one of the addresses shown on the Share Acceptance Form.

You must comply with any other applicable ASX Settlement Operating Rules.

(d) **XCD Energy Shares of which you are entitled to be registered as holder**

To accept this Share Offer for XCD Energy Shares which are not held in your name, but of which you are entitled to be registered as holder, you must:

- (i) complete and sign the Share Acceptance Form in accordance with the terms of this Share Offer and the instructions on the Share Acceptance Form; and
- (ii) ensure that the Share Acceptance Form (including any documents required by the terms of this Share Offer and the instructions on the Share Acceptance Form) is received before

the end of the Offer Period at the address shown in the Share Acceptance Form.

10.3.2 Share Acceptance Form and Other Documents

- (a) The Share Acceptance Form forms part of this Share Offer. The requirements on the Share Acceptance Form must be observed in accepting the Share Offer.
- (b) For your acceptance to be valid you must ensure that your Share Acceptance Form (including any documents required by the terms of this Share Offer and the instructions on the Share Acceptance Form) are posted or delivered in sufficient time for it to be received by 88 Energy at the address shown on the Share Acceptance Form before the end of the Offer Period. You may only return your Share Acceptance Form by facsimile with the prior approval of 88 Energy.
- (c) When using the Share Acceptance Form to accept this Share Offer in respect of XCD Energy Shares in a CHESS Holding, you must ensure that the Share Acceptance Form (and any documents required by the terms of this Share Offer and the instruction on the Share Acceptance Form) are received by 88 Energy in time for 88 Energy to instruct your Controlling Participant to initiate acceptance of this Share Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
- (d) The postage and transmission of the Share Acceptance Form and other documents is at your own risk.

10.4 Validity of Acceptances

- (a) Subject to this Section 10.4, your acceptance of this Share Offer will not be valid unless it is made in accordance with the procedures set out in Section 10.3.
- (b) 88 Energy will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept this Share Offer and time of receipt of an acceptance of this Share Offer. 88 Energy is not required to communicate with you prior to making this determination. The determination of 88 Energy will be final and binding on all parties.
- (c) Notwithstanding Section 10.3, 88 Energy may, in its sole discretion, at any time and without further communication to you, deem any Share Acceptance Form it receives to be a valid acceptance in respect of your 88 Energy Shares, even if a requirement for acceptance has not been complied with but the payment of the consideration in accordance with this Share Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by 88 Energy.
- (d) Where you have satisfied the requirements for acceptance in respect of only some of your XCD Energy Shares, 88 Energy may, in its sole discretion, regard this Share Offer to be accepted in respect of those XCD Energy Shares but not the remainder.
- (e) 88 Energy will provide the consideration to you in accordance with Section 10.6, in respect of any part of an acceptance determined by 88 Energy to be valid.

10.5 The Effect of Acceptance

- (a) Once you have accepted this Share Offer, you will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw that acceptance or otherwise dispose of your XCD Energy Shares to which this Share Offer relates, except as follows:
- (i) if the Conditions in Section 10.8 have not been fulfilled or freed by:
 - (A) in the case of the Conditions in Section 10.8(d), at the end of the third Business Day after the end of the Offer Period; or
 - (B) in relation to all other Conditions, the end of the Offer Period,

this Share Offer will automatically terminate and your XCD Energy Shares the subject of your acceptance will be returned to you;
or
 - (ii) if the Offer Period is varied in a way that postpones the obligations of 88 Energy to deliver the consideration for more than one month and, at the time, this Share Offer remains subject to one or more of the Conditions contained in Section 10.8, you may be able to withdraw your acceptance in relation to your XCD Energy Shares in accordance with section 650E of the Corporations Act. Should such rights arise, a notice will be sent to you at the relevant time explaining your rights in this regard.
- (b) By following the procedure described in Section 10.3 to accept this Share Offer, you will be deemed to have:
- (i) accepted this Share Offer (and any variation to it, subject to section 650E of the Corporations Act) in respect of the XCD Energy Shares registered in your name to which this Share Offer relates, regardless of the number of XCD Energy Shares specified in the Share Acceptance Form, subject to Sections 10.1(f) and 10.1(g);
 - (ii) unless you are an Ineligible Foreign Securityholder or an Unmarketable Parcel Securityholder, agreed to accept the 88 Energy Shares to which you become entitled by accepting this Share Offer, subject to 88 Energy's constitution and the terms of issue of the 88 Energy Shares and to have authorised 88 Energy to place your name on its register of shareholders as the holder of the 88 Energy Shares issued to you under the Share Offer;
 - (iii) irrevocably authorised 88 Energy (and any director, secretary, nominee or agent of 88 Energy) to alter the Share Acceptance Form on your behalf by inserting correct details of your XCD Energy Shares, filling in any blanks and correcting any errors in or omissions from the Share Acceptance Form as may be considered necessary by 88 Energy to make the Share Acceptance Form an effective acceptance of this Share Offer or to enable registration of the transfer to 88 Energy of your XCD Energy Shares;

- (iv) irrevocably authorised and directed XCD Energy to pay to 88 Energy or to account to 88 Energy for all Rights which are declared, paid or which arise or accrue after the Announcement Date in respect of your XCD Energy Shares (subject to 88 Energy accounting to you for any Rights received by it if your acceptance of this Share Offer is validly withdrawn pursuant to section 650E of the Corporations Act or the contract resulting from that acceptance becomes void);
- (v) if you signed the Share Acceptance Form in respect of XCD Energy Shares which are held in a CHESS Holding, irrevocably authorised 88 Energy (or any director, secretary, nominee or agent of 88 Energy) to instruct your Controlling Participant to initiate acceptance of this Share Offer in respect of your XCD Energy Shares in accordance with Rule 14.14 of the ASX Settlement Operating Rules;
- (vi) if you signed the Share Acceptance Form in respect of XCD Energy Shares which are held in a CHESS Holding, irrevocably authorised 88 Energy (or any director, secretary or agent of 88 Energy) to give any other instructions in relation to your XCD Energy Shares to your Controlling Participant, as determined by 88 Energy acting in its own interests as a beneficial owner and intended registered holder of those XCD Energy Shares;
- (vii) irrevocably authorised 88 Energy to notify XCD Energy on your behalf that your place of address for the purpose of serving notices upon you in respect of your XCD Energy Shares is the address specified by 88 Energy in the notification;
- (viii) agreed to indemnify 88 Energy in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your HIN or SRN or in consequence of the transfer of your XCD Energy Shares to 88 Energy being registered by XCD Energy without production of your HIN or your SRN for your XCD Energy Shares;
- (ix) represented and warranted to 88 Energy that, unless you have notified 88 Energy in accordance with Section 10.1(g), your XCD Energy Shares do not consist of separate parcels of XCD Energy Shares;
- (x) irrevocably authorised 88 Energy (and any nominee) to transmit a message in accordance with Rule 14.17 of the ASX Settlement Operating Rules to transfer your XCD Energy Shares to 88 Energy's Takeover Transferee Holding, regardless of whether it has paid the consideration due to you under this Share Offer;
- (xi) represented and warranted to 88 Energy as a fundamental condition going to the root of the contract resulting from your acceptance that, at the time of acceptance, and the time the transfer of your XCD Energy Shares (including any Rights) to 88 Energy is registered, all of your XCD Energy Shares are and will be free from all mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or equitable) and free from restrictions on transfer of any nature (whether legal or otherwise), that you have full power and capacity to accept this Share Offer and to sell and transfer the legal and beneficial

ownership of your XCD Energy Shares (together with all Rights attached to them) to 88 Energy and that you have paid XCD Energy all amounts which are due in respect of your XCD Energy Shares;

- (xii) if you reside outside of Australia and are not an Ineligible Foreign Securityholder for the purposes of this Share Offer, represented and warranted to 88 Energy that the making by 88 Energy to you, and your acceptance, of this Share Offer is lawful under any law of a country other than Australia which apply to you to the making of this Share Offer and to your acceptance of this Share Offer;
 - (xiii) with effect from the time and date on which all the Conditions to this Share Offer in Section 10.8 have been fulfilled or freed, to have irrevocably appointed 88 Energy (and each of 88 Energy's Directors, secretaries and other officers) severally from time to time as your agent and true and lawful attorney, with power to do all things which you could lawfully do concerning your XCD Energy Shares or in exercise of any right or power derived from the holding of your XCD Energy Shares including, (without limitation) powers and rights to requisition, convene, attend and vote in person, by proxy or by body corporate representative, at all general meetings and all court-convened meetings of XCD Energy and to request XCD Energy to register, in the name of 88 Energy or its nominee, your XCD Energy Shares, as appropriate, with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable);
 - (xiv) agreed that in exercising the powers conferred by the power of attorney under Section 10.5(b)(xiii), the attorney shall be entitled to act in the interests of 88 Energy as the beneficial owner and intended registered holder of your XCD Energy Shares;
 - (xv) with effect from the time and date on which all the Conditions to this Share Offer in Section 10.8 have been fulfilled or freed, agreed not to vote in person, by proxy or otherwise at any general meeting of XCD Energy or to exercise (or purport to exercise) in person, by proxy or otherwise, any of the powers conferred on 88 Energy and the 88 Energy Directors, secretaries and other officers of 88 Energy by Section 10.5(b)(xiii);
 - (xvi) agreed to do all such acts, matters and things that 88 Energy may require to give effect to the matters the subject of this Section 10.5(b) (including the execution of a written form of proxy to the same effect as this Section 10.5(b) which complies in all respects with the requirements of the constitution of XCD Energy) if requested by 88 Energy; and
 - (xvii) agreed, subject to the Conditions of this Share Offer in Section 10.8 being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that 88 Energy may consider necessary or desirable to convey your XCD Energy Shares registered in your name and Rights to 88 Energy.
- (c) The representations, warranties, undertakings and authorities referred to in this Section 10.5 will (unless otherwise stated) remain in force after you

receive the consideration for your XCD Energy Shares and after 88 Energy becomes registered as the holder of your XCD Energy Shares.

10.6 Consideration

- (a) Subject to the terms of this Share Offer and the Corporations Act, 88 Energy will provide the consideration for your XCD Energy Shares on or before the earlier of:
 - (i) one month after the date your acceptance, or if this Share Offer is subject to a defeating condition when you accept this Share Offer, within one month after this Share Offer becomes unconditional; and
 - (ii) 21 days after the end of the Offer Period.
- (b) Where the Share Acceptance Form requires an additional document to be delivered with your Share Acceptance Form (such as a power of attorney):
 - (i) if that document is given with your Share Acceptance Form, 88 Energy will provide the consideration in accordance with Section 10.6(a);
 - (ii) if that document is given after your Share Acceptance Form and before the end of the Offer Period while this Share Offer is subject to a defeating condition, 88 Energy will provide the consideration on or before the earlier of one month after this Share Offer becomes unconditional and 21 days after the end of the Offer Period;
 - (iii) if that document is given after your Share Acceptance Form and before the end of the Offer Period while this Share Offer is not subject to a defeating condition, 88 Energy will provide the consideration on or before the earlier of one month after that document is given and 21 days after the end of the Offer Period; and
 - (iv) if that document is given after the end of the Offer Period and the Share Offer is not subject to a defeating condition, 88 Energy will provide the consideration within 21 days after that document is given. However, if at the time the document is given, the Share Offer is still subject to a defeating condition that relates only to the happening of an event or circumstance referred to in section 652C(1) or (2) of the Corporations Act, 88 Energy will provide the consideration due to you within 21 days after the Share Offer becomes unconditional.
- (c) If you accept this Share Offer, 88 Energy is entitled to all Rights in respect of your XCD Energy Shares. 88 Energy may require you to provide all documents necessary to vest title to those Rights in 88 Energy, or otherwise to give it the benefit or value of those Rights. If you do not give those documents to 88 Energy, or if you have received the benefit of those Rights, 88 Energy will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by 88 Energy) of those Rights.

- (d) If you have accepted the Share Offer and you are an Ineligible Foreign Securityholder or a Unmarketable Parcel Securityholder, you will receive your share from the proceeds of the sale of the 88 Energy Shares in accordance with Section 10.7.
- (e) The obligations of 88 Energy to allot and issue any 88 Energy Shares to which you are entitled under the Share Offer will be satisfied:
 - (i) by entering your name on the register of members of 88 Energy;
 - (ii) dispatching or procuring the dispatch to you by prepaid post to your address specified in your Share Acceptance Form, an uncertificated holding statement in your name. If your XCD Energy Shares to which the Share Offer relates are held in a joint name, an uncertificated holding statement will be forwarded to the holder whose name appears first in your Share Acceptance Form.
- (f) Under no circumstances will interest be paid on the consideration to which you are entitled to under the Share Offer, regardless of any delay in providing the consideration or any extension of the Share Offer.
- (g) If, at the time you accept this Share Offer, any of the following:
 - (i) Banking (Foreign Exchange) Regulations 1959 (Cth);
 - (ii) Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth);
 - (iii) Autonomous Sanctions Act 2011 (Cth); or
 - (iv) any other law of Australia,

require that an authority, clearance or approval of the Reserve Bank of Australia, the Department of Foreign Affairs and Trade, the ATO or any other Government Authority be obtained before you received any considered for your XCD Energy Shares, or would make it unlawful for 88 Energy to provide any consideration to you for your XCD Energy Shares, then you will not be entitled to receive any consideration for your XCD Energy Shares until all requisite authorities, clearances or approvals have been received by 88 Energy.

10.7 Ineligible Foreign Securityholders and Unmarketable Parcel Securityholders

- (a) If you are an Ineligible Foreign Securityholder or an Unmarketable Parcel Securityholders (each, an **Ineligible Securityholder**), you will not be entitled to receive 88 Energy Shares as the consideration for your XCD Energy Shares. Instead 88 Energy will:
 - (i) arrange for the issue to a nominee approved by ASIC (the **Sale Nominee**) of the number of 88 Energy Shares to which you and all other Ineligible Securityholders would have been entitled but for Section 10.1(c) and the equivalent provision of each other offer under the Share Offer;
 - (ii) cause the 88 Energy Shares so issued to be offered for sale by the Sale Nominee on ASX as soon as practicable and otherwise in the manner, at the price and on such other terms and conditions as are determined by the Sale Nominee acting in good faith; and

- (iii) procure that the Sale Nominee to pay, to you the amount ascertained in accordance with the following formula:

$$\frac{\text{NPS} \times \text{YS}}{\text{TS}}$$

Where:

NPS is the amount received by the Sale Nominee upon the sale of 88 Energy Shares, less the expenses of the sale (brokerage, stamp duty and other selling costs, taxes and charges);

YS is the number of 88 Energy Shares which would have, but for Section 10.1(c) been allotted and issued to you; and

TS is the total number of 88 Energy Shares allotted and issued to the Sale Nominee under this Section 10.7.

- (b) You will receive your share of the proceeds of the sale of 88 Energy Shares in Australian currency, calculated in accordance with Section 10.7.
- (c) Payment will be made by cheque posted to you at your risk by ordinary mail (or in the case of overseas shareholders by airmail) as soon as practicable and in any event within the period required by the Corporations Act to the address provided on your Share Acceptance Form.
- (d) Under no circumstances will interest be paid on your share of the proceeds of the sale of 88 Energy Shares by the Sale Nominee, regardless of any delay in remitting these proceeds to you or your receipt of those proceeds.
- (e) The Sale Nominee may sell the 88 Energy Shares in such manner, at such price or prices and on such terms as the Sale Nominee determines, and at the risk of the Ineligible Securityholders. The Sale Nominee will sell the 88 Energy Shares on ASX following the issue of those shares to it.
- (f) As the market price of 88 Energy Shares will be subject to change from time to time, the sale price of the 88 Energy Shares sold by the Sale Nominee and the proceeds of those sales cannot be guaranteed. Neither 88 Energy nor the Sale Nominee gives any assurance as to the price that will be achieved for the sale of the 88 Energy Shares by the Sale Nominee.
- (g) The Sale Nominee will be appointed by and will provide services to, 88 Energy. In acting as nominee, the Sale Nominee will not be acting as agent or sub-agent of any Ineligible Securityholder, does not have duties or obligations (fiduciary or otherwise) to any Ineligible Securityholder and does not underwrite the sale of the 88 Energy Shares.

10.8 Conditions of the Share Offer

Subject to Section 10.10, the Share Offer and any contract that results from an acceptance of the Share Offer are subject to the fulfilment of the following Conditions:

(a) **Minimum Acceptance Share Offer**

At or before the end of the Offer Period, 88 Energy has a Relevant Interest in the number of XCD Energy Shares that represents at least 90% of the aggregate of all the XCD Energy Shares on issue (on a fully diluted basis).

(b) **Minimum Acceptance Listed Option Offer**

At or before the end of the Offer Period, 88 Energy has a Relevant Interest in the number of XCD Energy Listed Options that represents at least 90% of the aggregate of all the XCD Energy Listed Options on issue.

(c) **No regulatory action**

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (i) there is not in effect any preliminary or final decision, order or ruling issued by any Government Authority;
- (ii) no application is made to any Government Authority (other than by 88 Energy or any associate of the 88 Energy); and
- (iii) no action or investigation is announced, commenced, or threatened by any Government Authority,

in consequence of or in connection with the Offers (other than an application to, or a decision or order of, or action or investigation by, ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the Corporations Act) which restrains, prohibit or impedes, or threatens to restrain, prohibit or impede, or materially impact on, the making of the Offers and the completion of any transaction completed by the Bidder's Statement (including, without limitation, full, lawful, timely and effectual implementation of 88 Energy's intentions expressed in the Bidder's Statement) or which requires the divestiture by 88 Energy of any XCD Energy Shares or XCD Energy Listed Options or any material assets of the XCD Energy Group.

(d) **No prescribed occurrences**

Between the Announcement Date and the date 3 business days after the end of the Offer Period (each inclusive), none of the following prescribed occurrences (being the occurrences listed in section 652C of the Corporations Act) happen:

- (i) XCD Energy converts all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- (ii) XCD Energy or a subsidiary of XCD Energy resolves to reduce its share capital in any way;

- (iii) XCD Energy or a subsidiary of XCD Energy enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under subsection 257C(1) or 257D(1) of the Corporations Act;
- (iv) XCD Energy or a subsidiary of XCD Energy issues shares, or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (v) XCD Energy or a subsidiary of XCD Energy issues, or agrees to issue, convertible notes;
- (vi) XCD Energy or a subsidiary of XCD Energy disposes, or agrees to dispose, of the whole or a substantial part of its business or property;
- (vii) XCD Energy or a subsidiary of XCD Energy grants, or agrees to grant, a Security Interest in the whole, or a substantial part, of its business or property;
- (viii) XCD Energy or a subsidiary of XCD Energy resolves to be wound up;
- (ix) a liquidator or provisional liquidator of XCD Energy or a subsidiary of XCD Energy is appointed;
- (x) a court makes an order for the winding up of XCD Energy or a subsidiary of XCD Energy;
- (xi) an administrator of XCD Energy or a subsidiary of XCD Energy is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) XCD Energy or a subsidiary of XCD Energy executes a deed of company arrangement; or
- (xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of XCD Energy or a subsidiary of XCD Energy.

(e) **No exercise of rights under certain agreements or arrangements**

If between the Announcement Date and the end of the Offer Period (each inclusive) any person:

- (i) is entitled to exercise, or will as a result of the Offers, the acquisition of XCD Energy Shares or XCD Energy Listed Options by 88 Energy or the removal of XCD Energy from the official list of ASX if the Offers are successful, becomes entitled to exercise; or
- (ii) purports to exercise, states an intention to exercise (whether or not that intention is stated to be final decision), or asserts the ability to exercise,

any right under any provision of any agreement or other arrangement to which any member of the XCD Energy Group is a party or to which any

member of the XCD Energy Group or any of its assets or businesses may be subject, which results in, or could result in:

- (iii) any moneys borrowed by any member of the XCD Energy Group being or becoming repayable or being declared repayable immediately or earlier than the repayment date provided for in such agreement or arrangement;
- (iv) any such agreement or arrangement that imposes or may impose obligations or liabilities on any party of more than \$100,000 per annum or more than \$200,000 in total or that is otherwise material to the business of the XCD Energy Group being terminated or modified or not renewed or the performance of any obligations under any such agreement or arrangement being accelerated; or
- (v) any assets of any member of the XCD Energy Group, including any interest of any member of the XCD Energy Group in any body corporate, trust, joint venture or other entity, being sold, transferred or offered for sale or transfer, including under any pre-emptive rights or similar provisions, or any contractual arrangements relating to any such asset or interest, being terminated or modified,

that person gives the relevant member of the XCD Energy Group and 88 Energy in writing a binding, irrevocable and unconditional release or waiver of that right.

(f) **Conduct of business**

Between the Announcement Date and the end of the Offer Period (each inclusive), no member of the XCD Energy Group:

- (i) announces, declares, determines to pay, makes or pays any dividend or other distribution (whether in cash or in specie);
- (ii) incurs capital expenditure exceeding \$50,000 or, except in the ordinary course of trading, transfers or otherwise disposes of or creates any encumbrance in respect of, assets having a value exceeding \$50,000;
- (iii) acquires or disposes of any shares or other securities in any body corporate or any units in any trust, or substantially all of the assets of any business except where the aggregate consideration paid or received by all members of the XCD Energy Group for all such acquisitions or disposals does not exceed \$50,000 or enters into, or terminates any participation in, any partnership, joint venture or similar commitment;
- (iv) borrows an amount which when combined with all other amounts borrowed since the Announcement Date exceeds \$50,000 or enters into any swap, option, futures contract, forward commitment or other derivative transaction;
- (v) enters into, waives any material rights under, varies or terminates any contract, commitment or arrangement which may require annual expenditure by the relevant member of XCD Energy

Group in excess of \$50,000 or is otherwise of material importance to the business of the XCD Energy Group;

- (vi) enters into any unusual or abnormal contract or commitment which is outside the ordinary course of business and which could reasonably be expected to:
 - (A) change the nature of the business conducted by the XCD Energy Group; or
 - (B) have a material adverse impact on the business conducted by the XCD Energy Group;
- (vii) enters into, amends, or agrees to enter into or amend any contract, commitment or other arrangement with a related party (as defined in section 228 of the Corporations Act), or an associate of that related party, of XCD Energy;
- (viii) other than in the ordinary course of business and consistent with past practice, XCD Energy or any of its subsidiaries disposes of, acquires or agrees to dispose of or acquire, or creates or agrees to create an equity interest in respect of any assets (including, without limitation, under any off-take, joint venture or similar deed), properties or businesses, or incurs, agrees to incur or enters into a commitment or a series of commitments involving capital expenditure by the XCD Energy Group, whether in one or more transactions, where the amounts or value involved in such transaction or transactions, commitments or series of commitments exceeds \$50,000 in aggregate;
- (ix) pays or agrees to pay the costs and expenses of all advisers to XCD Energy Group in connection with the takeover bid where such costs and expenses exceed \$250,000;
- (x) accelerates the rights of any of its directors or employees to compensation or benefits of any kind (including, without limitation, the vesting of any performance rights);
- (xi) increases the remuneration of, makes any bonus payment, retention payment or termination payment to, or otherwise changes the terms and conditions of employment of:
 - (A) any directors of XCD Energy; or
 - (B) any employee of any member of the XCD Energy Group whose total employment cost exceeds \$25,000;
- (xii) issues any securities convertible into XCD Energy Shares;
- (xiii) changes its constitution (including adopting a new constitution or modifying or repealing its constitution or a provision of it) or passes any resolution of shareholders or any class of shareholders;
- (xiv) commences, compromises or settles any litigation or similar proceedings for an amount exceeding \$50,000;
- (xv) becomes Insolvent; or

- (xvi) agrees, conditionally or otherwise, to do any of the things referred to in paragraphs (i) to (xv) above, or announces or represents to any person that any of those things will be done,

unless the doing of that thing was specifically disclosed in any ASX announcement made by XCD Energy before the Announcement Date.

(g) **No inaccurate public information**

88 Energy does not become aware, during the period between the Announcement Date and the end of the Offer Period (each inclusive) that:

- (i) any announcement made by XCD Energy to ASX;
- (ii) any document lodged by or on behalf of XCD Energy with ASIC; or
- (iii) any other public statement made by or on behalf of XCD Energy,

is inaccurate or misleading in any material way, including by omission.

(h) **No XCD Energy Material Adverse Change**

Between the Announcement Date and the end of the Offer Period (each inclusive), no act, omission, event, change, matter or circumstance occurs, or is discovered or becomes public (either individually or aggregated with other acts, omissions, events, changes, matters or circumstances) which:

- (i) has, will or is reasonably likely to have a material adverse effect on the assets, liabilities, financial position, performance, profitability or prospects of the XCD Energy Group taken as a whole (whether individually or when aggregated with one or more other events, matters or things); or
- (ii) any event, matter or thing, as described in sub-paragraph (a), which occurred before the date of the Bid Implementation Agreement but was not apparent from public filings of XCD Energy before then, becomes public,

where the financial impact of such event, change, condition, matter or thing on the XCD Energy Group exceeds \$1,000,000, but does not include:

- (iii) anything which has arisen solely as a result of actions taken by any member of the XCD Energy Group in the ordinary course of its business, including, for the avoidance of doubt, any rationalisation or relinquishment of leases or permits which are less than 15% of the net acreage and are no longer considered prospective;
- (iv) those events or circumstances required to be done or procured by XCD Energy pursuant to the Bid Implementation Agreement;
- (v) those events or circumstances relating to changes in the global oil industry or security markets generally or a change in the market price of oil which impacts on XCD Energy and its competitors in a similar manner; or

- (vi) an event, circumstance, matter or information that is known to 88 Energy or its representatives on or prior to the date of the Bid Implementation Agreement or otherwise disclosed in public filings by XCD Energy with ASIC or provided to ASX on or prior to the date of the Bid Implementation Agreement,

(an **XCD Energy Material Adverse Change**).

10.9 Nature and benefit of Conditions

- (a) The Conditions in Section 10.8 are conditions subsequent. The nonfulfillment of any condition subsequent does not, until the end of the Offer Period, prevent a contract to sell your 88 Energy Shares from arising, but non-fulfilment of any of those Conditions will have the consequences set out in Section 10.10(b).
- (b) Subject to the Corporations Act, 88 Energy alone is entitled to the benefit of the conditions in Section 10.8, or to rely on any nonfulfilment of any of them.
- (c) Each Condition in Section 10.8 is a separate, several and distinct condition. No Condition will be taken to limit the meaning or effect of any other Condition.

10.10 Freeing the Share Offer of Conditions

- (a) 88 Energy may free the Share Offer, and any contract resulting from its acceptance, from all or any of the Conditions in Section 10.8, either generally or by reference to a particular fact, matter, event, occurrence or circumstance (or class thereof), by giving a notice to XCD Energy and to the ASX declaring this Share Offer to be free from the relevant Condition or Conditions specified, in accordance with section 650F of the Corporations Act. This notice may be given:
 - (i) in the case of the Condition in Section 10.8(d), not later than three (3) Business Days after the end of the Offer Period; and
 - (ii) in relation to all other Conditions in Section 10.8 not less than seven (7) days before the end of the Offer Period.
- (b) If, at the end of the Offer Period (or in the case of the Conditions in Section 10.8(d), at the end of the third Business Day after the end of the Offer Period), the Conditions in Section 10.8 have not been fulfilled and 88 Energy has not declared the Share Offer (or it has not become) free from those Conditions, all contracts resulting from the acceptance of the Share Offer will be automatically void.

10.11 Notice of Status of Conditions

The date for giving the notice required by section 630(1) of the Corporations Act is **[leave blank in lodged version]**, subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended.

10.12 Official Quotation

- (a) 88 Energy has already been admitted to the Official List of ASX and the 88 Energy Shares issued under the Share Offer are of the same class as 88 Energy Shares already quoted on the ASX.

- (b) An application will be made within 7 days after the start of the bid period to ASX for the granting of official quotation of the 88 Energy Shares to be issued in accordance with the Share Offer. However, 88 Energy cannot guarantee, and does not represent or imply that 88 Energy Shares will be listed on ASX following their issue.
- (c) Pursuant to the Corporations Act, the Share Offer and any contract that results from your acceptance of it is subject to a condition that permission for quotation by ASX of the 88 Energy Shares to be issued pursuant to the Share Offer being granted no later than 7 days after the end of the Bid Period. If this condition is not fulfilled, all contracts resulting from the acceptance of the Share Offer will be automatically void.

10.13 Withdrawal of Share Offer

- (a) 88 Energy may withdraw this Share Offer with the consent in writing of ASIC, which may be given subject to such conditions. If ASIC gives such consent, 88 Energy will give notice of the withdrawal to ASX and to XCD Energy and will comply with any other conditions imposed by ASIC.
- (b) If, at the time this Share Offer is withdrawn, the Share Offer has been freed of all the Conditions contained in Section 10.8, all contracts arising from acceptance of the Share Offer before it was withdrawn will remain enforceable.
- (c) If at the time this Share Offer is withdrawn, the Share Offer remains subject to one or more of the Conditions in Section 10.8, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant Conditions have occurred).
- (d) A withdrawal under Section 10.13(a) will be deemed to take effect:
 - (i) if the withdrawal is not subject to conditions imposed by ASIC, on the date after the date on which that consent in writing is given by ASIC; or
 - (ii) if the withdrawal is subject to conditions imposed by ASIC, on the date after the date on which those conditions are satisfied.

10.14 Variation

88 Energy may vary this Share Offer in accordance the Corporations Act.

10.15 Costs

- (a) 88 Energy will pay any stamp duty payable on the Share Offer.
- (b) If your XCD Energy Shares are registered in your name in an issuer sponsored holding and you deliver them directly to 88 Energy, you will not incur any brokerage charges in connection with your acceptance of this Share Offer.
- (c) If your XCD Energy Shares are in a CHESS Holding or you hold XCD Energy Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker) or the bank, custodian or other nominee whether it will charge any transaction fees or service charges connected with your accepting the Share Offer.

10.16 Governing Law

This Share Offer and any contract that results from your acceptance of it is governed by the laws in force in Western Australia.

11. TERMS OF LISTED OPTION OFFER

11.1 Listed Option Offer

- (a) 88 Energy offers to acquire all of your XCD Energy Listed Options, together with all Rights attached to them, on and subject to the terms and conditions set out in Section 11.
- (b) The consideration being offered by 88 Energy for the acquisition of all of your XCD Energy Listed Options is 0.7 new 88 Energy Shares for every one of your XCD Energy Listed Options. If this calculation results in an entitlement to a fraction of an 88 Energy Share, that fraction will be rounded up to the nearest whole number of 88 Energy Shares.
- (c) If, at the time the Listed Option Offer is made to you, you are an Ineligible Foreign Securityholder or an Unmarketable Parcel Securityholder, you will not receive 88 Energy Shares. Instead, you are offered and will receive the net proceeds determined in accordance with Section 11.7.
- (d) The 88 Energy Shares to be issued pursuant to the Listed Option Offer will be fully paid and, from their date of issue, rank equally in all respects with existing 88 Energy Shares currently on issue and have the rights summarised in Section 3.5.
- (e) By accepting this Listed Option Offer, you undertake to transfer to 88 Energy not only the XCD Energy Listed Options to which the Listed Option Offer relates, but also all Rights attached to those XCD Energy Listed Options.
- (f) The Listed Option Offer is being made to each person registered as a holder of XCD Energy Listed Options on XCD Energy's register of members as at the Record Date. It also extends to:
 - (i) any person who becomes registered as a holder of XCD Energy Listed Options during the period from the Record Date until the end of the Offer Period, due to the conversion of, or exercise of rights conferred by XCD Energy Listed Options, XCD Energy Unlisted Options or XCD Energy Performance Rights that are on issue at the Record Date; and
 - (ii) any person who becomes registered or is entitled to be registered as the holder of your XCD Energy Listed Options during the Offer Period.
- (g) If, at the time the Listed Option Offer is made to you, or at any time during the Offer Period, another person is registered or is entitled to be registered as the holder of some or all of your XCD Energy Listed Options, then:
 - (i) a corresponding offer on the same terms and conditions as this Listed Option Offer will be deemed to have been made to that other person in respect of those XCD Energy Listed Options; and
 - (ii) a corresponding offer on the same terms and conditions as this Listed Option Offer will be deemed to have been made to you in respect of any other XCD Energy Listed Options you hold to which the Listed Option Offer relates; and

- (iii) this Listed Option Offer will be deemed to have been withdrawn immediately at that time.
- (h) If at any time during the Offer Period you are registered or entitled to be registered as the holder of one or more parcels of XCD Energy Listed Options as trustee or nominee for, or otherwise on account of, another person, you may accept as if a separate and distinct offer on the same terms and conditions as this Listed Option Offer had been made in relation to each of those distinct parcels and any distinct parcel you hold in your own right. To validly accept the Listed Option Offer for each parcel, you must comply with the procedure in section 653B(3) of the Corporations Act. If, for the purposes of complying with that procedure, you require additional copies of this Bidder's Statement and/or the Option Acceptance Form, please call the 88 Energy Offer Information Line on 1300 095 745 (within Australia) or +61 3 9415 4300 (for international callers) to request those additional copies.
- (i) If your XCD Energy Listed Options are registered in the name of a broker, investment dealer, bank, trust company or other nominee you should contact that nominee for assistance in accepting the Listed Option Offer.
- (j) The Listed Option Offer is dated **[leave blank in lodged version]**.

11.2 Listed Option Offer Period

- (a) Unless extended or withdrawn, the Listed Option Offer will remain open for acceptance during the period commencing on the date of the Listed Option Offer (being **[leave blank in lodged version]**) and ending at 5:00 pm (Perth Time) on the later of:
 - (i) **[leave blank in lodged version]**; or
 - (ii) any date to which the Offer Period is extended.
- (b) 88 Energy reserves the right, exercisable in its sole discretion, to extend the Offer Period in accordance with the Corporations Act.
- (c) If, within the last seven (7) days of the Offer Period, either of the following events occurs:
 - (i) the Listed Option Offer is varied to improve the consideration offered; or
 - (iii) the voting power of 88 Energy in XCD Energy increases to more than 50%,

then the Offer Period will automatically be extended so that it ends 14 days after the relevant events in accordance with section 624(2) of the Corporations Act.

11.3 How to Accept the Listed Option Offer

- (a) **General**
 - (i) You may only accept the Listed Option Offer in respect of all (and not a lesser number) of your XCD Energy Listed Options.

- (ii) You may accept the Listed Option Offer at any time during the Offer Period.

(b) **XCD Energy Listed Options held in your name on XCD Energy's issuer sponsored subregister**

To accept this Listed Option Offer for XCD Energy Listed Options held in your name on XCD Energy's issuer sponsored subregister (in which case your SRN will commence with 'I'), you must:

- (i) complete and sign the Option Acceptance Form in accordance with the terms of the Listed Option Offer and the instructions on the Option Acceptance Form; and
- (ii) ensure that the Option Acceptance Form (including any documents required by the terms of the Listed Option Offer and the instructions on the Option Acceptance Form) is received before the end of the Offer Period, at the address shown on the Option Acceptance Form.

(c) **XCD Energy Listed Options held in your name in a CHESS Holding**

To accept this Listed Option Offer for XCD Energy Listed Options are held in your name in a CHESS Holding (in which case your HIN will commence with 'X'):

- (i) If you are not a Participant, you should instruct your Controlling Participant (this is normally the stockbroker either through whom you bought your XCD Energy Listed Options or through whom you ordinarily acquire shares on ASX) to initiate acceptance of this Listed Option Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
- (ii) If you are a Participant, you should initiate acceptance of this Listed Option Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
- (iii) Alternatively, you may sign and complete the Option Acceptance Form in accordance with the terms of this Listed Option Offer and the instructions on the Option Acceptance Form and ensure that it (including any documents required by the terms of this Listed Option Offer and the instructions on the Option Acceptance Form) is received before the end of the Offer Period, at one of the addresses shown on the Option Acceptance Form.

You must comply with any other applicable ASX Settlement Operating Rules.

(d) **XCD Energy Listed Options of which you are entitled to be registered as holder**

To accept this Listed Option Offer for XCD Energy Listed Options which are not held in your name, but of which you are entitled to be registered as holder, you must:

- (i) complete and sign the Option Acceptance Form in accordance with the terms of this Listed Option Offer and the instructions on the Option Acceptance Form; and
- (ii) ensure that the Option Acceptance Form (including any documents required by the terms of this Listed Option Offer and the instructions on the Option Acceptance Form) is received before the end of the Offer Period at the address shown in the Option Acceptance Form.

(e) **Option Acceptance Form and Other Documents**

- (i) The Option Acceptance Form forms part of this Listed Option Offer. The requirements on the Option Acceptance Form must be observed in accepting the Listed Option Offer.
- (ii) For your acceptance to be valid you must ensure that your Option Acceptance Form (including any documents required by the terms of this Listed Option Offer and the instructions on the Option Acceptance Form) are posted or delivered in sufficient time for it to be received by 88 Energy at the address shown on the Option Acceptance Form before the end of the Offer Period. You may only return your Option Acceptance Form by facsimile with the prior approval of 88 Energy.
- (iii) When using the Option Acceptance Form to accept this Listed Option Offer in respect of XCD Energy Listed Options in a CHES Holding, you must ensure that the Option Acceptance Form (and any documents required by the terms of this Listed Option Offer and the instruction on the Option Acceptance Form) are received by 88 Energy in time for 88 Energy to instruct your Controlling Participant to initiate acceptance of this Listed Option Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.
- (iv) The postage and transmission of the Option Acceptance Form and other documents is at your own risk.

11.4 Validity of Acceptances

- (a) Subject to this Section 11.4, your acceptance of this Listed Option Offer will not be valid unless it is made in accordance with the procedures set out in Section 11.3.
- (b) 88 Energy will determine, in its sole discretion, all questions as to the form of documents, eligibility to accept this Listed Option Offer and time of receipt of an acceptance of this Listed Option Offer. 88 Energy is not required to communicate with you prior to making this determination. The determination of 88 Energy will be final and binding on all parties.

- (c) Notwithstanding Section 11.3, 88 Energy may, in its sole discretion, at any time and without further communication to you, deem any Option Acceptance Form it receives to be a valid acceptance in respect of your 88 Energy Shares, even if a requirement for acceptance has not been complied with but the payment of the consideration in accordance with this Listed Option Offer may be delayed until any irregularity has been resolved or waived and any other documents required to procure registration have been received by 88 Energy.
- (d) Where you have satisfied the requirements for acceptance in respect of only some of your XCD Energy Listed Options, 88 Energy may, in its sole discretion, regard this Listed Option Offer to be accepted in respect of those of those XCD Energy Listed Options but not the remainder.
- (e) 88 Energy will provide the consideration to you in accordance with Section 11.6, in respect of any part of an acceptance determined by 88 Energy to be valid.

11.5 The Effect of Acceptance

- (a) Once you have accepted this Listed Option Offer, you will be unable to revoke your acceptance, the contract resulting from your acceptance will be binding on you and you will be unable to withdraw that acceptance, exercise your XCD Energy Listed Options or otherwise dispose of your XCD Energy Listed Options to which this Listed Option Offer relates, except as follows:
 - (i) if the condition in Section 11.8 has not been fulfilled or freed by the end of the Offer Period, this Listed Option Offer will automatically terminate and your XCD Energy Listed Options the subject of your acceptance will be returned to you; or
 - (ii) if the Offer Period is varied in a way that postpones the obligations of 88 Energy to deliver the consideration for more than one month and, at the time, this Listed Option Offer remains subject to the condition contained in Section 11.8, you may be able to withdraw your acceptance in relation to your XCD Energy Listed Options in accordance with section 650E of the Corporations Act. Should such rights arise, a notice will be sent to you at the relevant time explaining your rights in this regard.
- (b) By following the procedure described in Section 11.3 to accept this Listed Option Offer, you will be deemed to have:
 - (i) accepted this Listed Option Offer (and any variation to it, subject to section 650E of the Corporations Act) in respect of the XCD Energy Listed Options registered in your name to which this Listed Option Offer relates, regardless of the number of XCD Energy Listed Options specified in the Option Acceptance Form, subject to Sections 11.1(f) and 11.1(g);
 - (ii) unless you are an Ineligible Foreign Securityholder or an Unmarketable Parcel Securityholder, agreed to accept the 88 Energy Shares to which you become entitled by accepting this Listed Option Offer, subject to 88 Energy's constitution and the terms of issue of the 88 Energy Shares and to have authorised 88 Energy to place your name on its register of shareholders as the

holder of the 88 Energy Shares issued to you under the Listed Option Offer;

- (iii) irrevocably authorised 88 Energy (and any director, secretary, nominee or agent of 88 Energy) to alter the Option Acceptance Form on your behalf by inserting correct details of your XCD Energy Listed Options, filling in any blanks and correcting any errors in or omissions from the Option Acceptance Form as may be considered necessary by 88 Energy to make the Option Acceptance Form an effective acceptance of this Listed Option Offer or to enable registration of the transfer to 88 Energy of your XCD Energy Listed Options;
- (iv) irrevocably authorised and directed XCD Energy to pay to 88 Energy or to account to 88 Energy for all Rights which are declared, paid or which arise or accrue after the Announcement Date in respect of your XCD Energy Listed Options (subject to 88 Energy accounting to you for any Rights received by it if your acceptance of this Listed Option Offer is validly withdrawn pursuant to section 650E of the Corporations Act or the contract resulting from that acceptance becomes void);
- (v) if you signed the Option Acceptance Form in respect of XCD Energy Listed Options which are held in a CHES Holding, irrevocably authorised 88 Energy (or any director, secretary, nominee or agent of 88 Energy) to instruct your Controlling Participant to initiate acceptance of this Listed Option Offer in respect of your XCD Energy Listed Options in accordance with Rule 14.14 of the ASX Settlement Operating Rules;
- (vi) if you signed the Option Acceptance Form in respect of XCD Energy Listed Options which are held in a CHES Holding, irrevocably authorised 88 Energy (or any director, secretary or agent of 88 Energy) to give any other instructions in relation to your XCD Energy Listed Options to your Controlling Participant, as determined by 88 Energy acting in its own interests as a beneficial owner and intended registered holder of those XCD Energy Listed Options;
- (vii) irrevocably authorised 88 Energy to notify XCD Energy on your behalf that your place of address for the purpose of serving notices upon you in respect of your XCD Energy Listed Options is the address specified by 88 Energy in the notification;
- (viii) agreed to indemnify 88 Energy in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your HIN or SRN or in consequence of the transfer of your XCD Energy Listed Options to 88 Energy being registered by XCD Energy without production of your HIN or your SRN for your XCD Energy Listed Options;
- (ix) represented and warranted to 88 Energy that, unless you have notified 88 Energy in accordance with Section 11.1(g) your XCD Energy Listed Options do not consist of separate parcels of XCD Energy Listed Options;
- (x) irrevocably authorised 88 Energy (and any nominee) to transmit a message in accordance with Rule 14.17 of the ASX Settlement

Operating Rules to transfer your XCD Energy Listed Options to 88 Energy's Takeover Transferee Holding, regardless of whether it has paid the consideration due to you under this Listed Option Offer;

- (xi) represented and warranted to 88 Energy as a fundamental condition going to the root of the contract resulting from your acceptance that, at the time of acceptance, and the time the transfer of your XCD Energy Listed Options (including any Rights) to 88 Energy is registered, all of your XCD Energy Listed Options are and will be free from all mortgages, charges, liens, encumbrances and adverse interests of any nature (whether legal or equitable) and free from restrictions on transfer of any nature (whether legal or otherwise), that you have full power and capacity to accept this Listed Option Offer and to sell and transfer the legal and beneficial ownership of your XCD Energy Listed Options (together with all Rights attached to them) to 88 Energy and that you have paid XCD Energy all amounts which are due in respect of your XCD Energy Listed Options;
- (xii) if you reside outside of Australia and are not an Ineligible Foreign Securityholder for the purposes of this Listed Option Offer, represented and warranted to 88 Energy that the making by 88 Energy to you, and your acceptance, of this Listed Option Offer is lawful under any law of a country other than Australia which apply to you to the making of this Listed Option Offer and to your acceptance of this Listed Option Offer;
- (xiii) with effect from the time and date on which the condition to this Listed Option Offer in Section 11.8 has been fulfilled or freed, to have irrevocably appointed 88 Energy (and each of 88 Energy's Directors, secretaries and other officers) severally from time to time as your agent and true and lawful attorney, with power to do all things which you could lawfully do concerning your XCD Energy Listed Options or in exercise of any right or power derived from the holding of your XCD Energy Listed Options including, (without limitation) powers and rights to requisition, convene, attend and vote in person, by proxy or by body corporate representative, at all general meetings and all court-convened meetings of XCD Energy and to request XCD Energy to register, in the name of 88 Energy or its nominee, your XCD Energy Listed Options, as appropriate, with full power of substitution (such power of attorney, being coupled with an interest, being irrevocable);
- (xiv) agreed that in exercising the powers conferred by the power of attorney under Section 11.5(b)(xiii), the attorney shall be entitled to act in the interests of 88 Energy as the beneficial owner and intended registered holder of your XCD Energy Listed Options;
- (xv) with effect from the time and date on which the condition to this Listed Option Offer in Section 11.8 has been fulfilled or freed, agreed not to vote in person, by proxy or otherwise at any general meeting of XCD Energy or to exercise (or purport to exercise) in person, by proxy or otherwise, any of the powers conferred on 88 Energy and the 88 Energy Directors, secretaries and other officers of 88 Energy by Section 11.5(b)(xiii);

- (xvi) agreed to do all such acts, matters and things that 88 Energy may require to give effect to the matters the subject of this Section 11.5(b) (including the execution of a written form of proxy to the same effect as this Section 11.5(b) which complies in all respects with the requirements of the constitution of XCD Energy) if requested by 88 Energy; and
 - (xvii) agreed, subject to the condition of this Listed Option Offer in Section 11.8 being fulfilled or freed, to execute all such documents, transfers and assurances, and do all such acts, matters and things that 88 Energy may consider necessary or desirable to convey your XCD Energy Listed Options registered in your name and Rights to 88 Energy.
- (c) The representations, warranties, undertakings and authorities referred to in this Section 11.5 will (unless otherwise stated) remain in force after you receive the consideration for your XCD Energy Listed Options and after 88 Energy becomes registered as the holder of your XCD Energy Listed Options.

11.6 Consideration

- (a) Subject to the terms of this Listed Option Offer and the Corporations Act, 88 Energy will provide the consideration for your XCD Energy Listed Options on or before the earlier of:
- (i) one month after the date your acceptance, or if this Listed Option Offer is subject to a defeating condition when you accept this Listed Option Offer, within one month after this Listed Option Offer becomes unconditional; and
 - (ii) 21 days after the end of the Offer Period.
- (b) Where the Option Acceptance Form requires an additional document to be delivered with your Option Acceptance Form (such as a power of attorney):
- (i) if that document is given with your Option Acceptance Form, 88 Energy will provide the consideration in accordance with Section 11.6(a);
 - (ii) if that document is given after your Option Acceptance Form and before the end of the Offer Period while this Listed Option Offer is subject to a defeating condition, 88 Energy will provide the consideration on or before the earlier of one month after this Listed Option Offer becomes unconditional and 21 days after the end of the Offer Period;
 - (iii) if that document is given after your Option Acceptance Form and before the end of the Offer Period while this Listed Option Offer is not subject to a defeating condition, 88 Energy will provide the consideration on or before the earlier of one month after that document is given and 21 days after the end of the Offer Period; and
 - (iv) if that document is given after the end of the Offer Period and the Listed Option Offer is not subject to a defeating condition, 88 Energy will provide the consideration within 21 days after that

document is given. However, if at the time the document is given, the Listed Option Offer is still subject to a defeating condition that relates only to the happening of an event or circumstance referred to in section 652C(1) or (2) of the Corporations Act, 88 Energy will provide the consideration due to you within 21 days after the Listed Option Offer becomes unconditional.

- (c) If you accept this Listed Option Offer, 88 Energy is entitled to all Rights in respect of your XCD Energy Listed Options. 88 Energy may require you to provide all documents necessary to vest title to those Rights in 88 Energy, or otherwise to give it the benefit or value of those Rights. If you do not give those documents to 88 Energy, or if you have received the benefit of those Rights, 88 Energy will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by 88 Energy) of those Rights.
- (d) If you have accepted the Listed Option Offer and you are an Ineligible Foreign Securityholder or a Unmarketable Parcel Securityholder, you will receive your share from the proceeds of the sale of the 88 Energy Shares in accordance with Section 11.7.
- (e) The obligations of 88 Energy to allot and issue any 88 Energy Shares to which you are entitled under the Listed Option Offer will be satisfied:
 - (i) by entering your name on the register of members of 88 Energy;
 - (ii) dispatching or procuring the dispatch to you by prepaid post to your address specified in your Option Acceptance Form, an uncertificated holding statement in your name. If your XCD Energy Listed Options to which the Listed Option Offer relates are held in a joint name, an uncertificated holding statement will be forwarded to the holder whose name appears first in your Option Acceptance Form.
- (f) Under no circumstances will interest be paid on the consideration to which you are entitled to under the Listed Option Offer, regardless of any delay in providing the consideration or any extension of the Listed Option Offer.
- (g) If, at the time you accept this Listed Option Offer, any of the following:
 - (i) Banking (Foreign Exchange) Regulations 1959 (Cth);
 - (ii) Charter of the United Nations (Dealing with Assets) Regulations 2008 (Cth);
 - (iii) Autonomous Sanctions Act 2011 (Cth); or
 - (iv) any other law of Australia,

require that an authority, clearance or approval of the Reserve Bank of Australia, the Department of Foreign Affairs and Trade, the ATO or any other Government Authority be obtained before you received any considered for your XCD Energy Listed Options, or would make it unlawful for 88 Energy to provide any consideration to you for your XCD Energy Listed Options, then you will not be entitled to receive any consideration

for your XCD Energy Listed Options until all requisite authorities, clearances or approvals have been received by 88 Energy.

11.7 Ineligible Foreign Securityholders and Unmarketable Parcel Securityholders

- (a) If you are an Ineligible Foreign Securityholder or an Unmarketable Parcel Securityholders (each, an **Ineligible Securityholder**), you will not be entitled to receive 88 Energy Shares as the consideration for your XCD Energy Listed Options. Instead 88 Energy will:
- (i) arrange for the issue to a nominee approved by ASIC (the **Sale Nominee**) of the number of 88 Energy Shares to which you and all other Ineligible Securityholders would have been entitled but for Section 11.1(c) and the equivalent provision of each other offer under the Listed Option Offer;
 - (ii) cause the 88 Energy Shares so issued to be offered for sale by the Sale Nominee on ASX as soon as practicable and otherwise in the manner, at the price and on such other terms and conditions as are determined by the Sale Nominee acting in good faith; and
 - (iii) procure that the Sale Nominee to pay, to you the amount ascertained in accordance with the following formula:

$$\frac{\text{NPS} \times \text{YS}}{\text{TS}}$$

Where:

NPS is the amount received by the Sale Nominee upon the sale of 88 Energy Shares, less the expenses of the sale (brokerage, stamp duty and other selling costs, taxes and charges);

YS is the number of 88 Energy Shares which would have, but for Section 11.1(c) been allotted and issued to you; and

TS is the total number of 88 Energy Shares allotted and issued to the Sale Nominee under this Section 11.7.

- (b) You will receive your share of the proceeds of the sale of 88 Energy Shares in Australian currency, calculated in accordance with Section 11.7.
- (c) Payment will be made by cheque posted to you at your risk by ordinary mail (or in the case of overseas shareholders by airmail) as soon as practicable and in any event within the period required by the Corporations Act to the address provided on your Option Acceptance Form.
- (d) Under no circumstances will interest be paid on your share of the proceeds of the sale of 88 Energy Shares by the Sale Nominee, regardless of any delay in remitting these proceeds to you or your receipt of those proceeds.
- (e) The Sale Nominee may sell the 88 Energy Shares in such manner, at such price or prices and on such terms as the Sale Nominee determines, and at the risk of the Ineligible Securityholders. The Sale Nominee will sell the 88 Energy Shares on ASX following the issue of those shares to it.

- (f) As the market price of 88 Energy Shares will be subject to change from time to time, the sale price of the 88 Energy Shares sold by the Sale Nominee and the proceeds of those sales cannot be guaranteed. Neither 88 Energy nor the Sale Nominee gives any assurance as to the price that will be achieved for the sale of the 88 Energy Shares by the Sale Nominee.
- (g) The Sale Nominee will be appointed by and will provide services to, 88 Energy. In acting as nominee, the Sale Nominee will not be acting as agent or sub-agent of any Ineligible Securityholder, does not have duties or obligations (fiduciary or otherwise) to any Ineligible Securityholder and does not underwrite the sale of the 88 Energy Shares.

11.8 Condition of the Listed Option Offer

Subject to Section 11.9, the Listed Option Offer and any contract that results from an acceptance of the Listed Option Offer are subject to the Share Offer having become or declared free of all Conditions or subject only to none of the prescribed occurrences listed in section 652C(1) or (2) of the Corporations Act occurring (being the condition in Section 10.8(d)).

11.9 Nature and benefit of condition

- (a) The condition in Section 11.8 is a condition subsequent. The nonfulfilment of the condition subsequent does not, until the end of the Offer Period, prevent a contract to sell your 88 Energy Shares from arising, but nonfulfilment of the condition will have the consequences set out in Section 11.10(c).
- (b) Subject to the Corporations Act, 88 Energy alone is entitled to the benefit of the condition in Section 11.8, or to rely on the nonfulfilment of it.

11.10 Freeing the Listed Option Offer of Conditions

- (a) Should ASIC relief be obtained in accordance with Section 9.19(a), the condition in Section 11.8 will be a non-waivable condition.
- (b) In the event the ASIC relief in accordance with Section 9.19(a) is not obtained, 88 Energy may free the Listed Option Offer, and any contract resulting from its acceptance, from the condition in Section 11.8, by giving a notice to XCD Energy and to the ASX declaring this Listed Option Offer to be free from the condition, in accordance with section 650F of the Corporations Act. This notice may be given not less than seven (7) days before the end of the Offer Period.
- (c) If, at the end of the Offer Period, the condition in Section 11.8 has not been fulfilled and 88 Energy has not declared the Listed Option Offer (or it has not become) free from those Conditions, all contracts resulting from the acceptance of the Listed Option Offer will be automatically void.

11.11 Notice of Status of Conditions

The date for giving the notice required by section 630(1) of the Corporations Act is **[leave blank in lodged version]**, subject to extension in accordance with section 630(2) of the Corporations Act if the Offer Period is extended.

11.12 Official Quotation

- (a) 88 Energy has already been admitted to the Official List of ASX and the 88 Energy Shares issued under the Listed Option Offer are of the same class as 88 Energy Shares already quoted on the ASX.
- (b) An application will be made within 7 days after the start of the bid period to ASX for the granting of official quotation of the 88 Energy Shares to be issued in accordance with the Listed Option Offer. However, 88 Energy cannot guarantee, and does not represent or imply that 88 Energy Shares will be listed on ASX following their issue.
- (c) Pursuant to the Corporations Act, the Listed Option Offer and any contract that results from your acceptance of it is subject to a condition that permission for quotation by ASX of the 88 Energy Shares to be issued pursuant to the Listed Option Offer being granted no later than 7 days after the end of the Bid Period. If this condition is not fulfilled, all contracts resulting from the acceptance of the Listed Option Offer will be automatically void.

11.13 Withdrawal of Listed Option Offer

- (a) 88 Energy may withdraw this Listed Option Offer with the consent in writing of ASIC, which may be given subject to conditions. If ASIC gives such consent, 88 Energy will give notice of the withdrawal to ASX and to XCD Energy and will comply with any other conditions imposed by ASIC.
- (b) If, at the time this Listed Option Offer is withdrawn, the Listed Option Offer has been freed of the condition contained in Section 11.8, all contracts arising from acceptance of the Listed Option Offer before it was withdrawn will remain enforceable.
- (c) If, at the time this Listed Option Offer is withdrawn, the Listed Option Offer remains subject to the Condition in Section 11.8, all contracts arising from its acceptance will become void (whether or not the events referred to in the relevant Condition have occurred).
- (d) A withdrawal under Section 11.13(a) will be deemed to take effect:
 - (i) if the withdrawal is not subject to conditions imposed by ASIC, on the date after the date on which that consent in writing is given by ASIC; or
 - (ii) if the withdrawal is subject to conditions imposed by ASIC, on the date after the date on which those conditions are satisfied.

11.14 Variation

88 Energy may vary this Listed Option Offer in accordance the Corporations Act.

11.15 Costs

- (a) 88 Energy will pay any stamp duty payable on the Listed Option Offer.
- (b) If your XCD Energy Listed Options are registered in your name in an issuer sponsored holding and you deliver them directly to 88 Energy, you will not incur any brokerage charges in connection with your acceptance of this Listed Option Offer.

- (c) If your XCD Energy Listed Options are in a CHESS Holding or you hold XCD Energy Listed Options through a bank, custodian or other nominee, you should ask your Controlling Participant (usually your broker) or the bank, custodian or other nominee whether it will charge any transaction fees or service charges connected with your accepting the Listed Option Offer.

11.16 Governing Law

This Listed Option Offer and any contract that results from your acceptance of it is governed by the laws in force in Western Australia.

12. DEFINITIONS AND INTERPRETATION

12.1 Definitions

In this Bidder's Statement (including its annexures), unless the context otherwise requires:

\$ or **\$A** means Australian dollars.

88 Energy means 88 Energy Limited (ACN 072 964 179).

88 Energy Board means the board of directors of 88 Energy.

88 Energy Group means 88 Energy and its Subsidiaries.

88 Energy Material Adverse Change means any act, omission, event, change, matter or circumstance occurring, or being discovered or becoming public (either individually or aggregated with other acts, omissions, events, changes, matters or circumstances) which:

- (a) has, will or is reasonably likely to have a material adverse effect on the assets, liabilities, financial position, performance, profitability or prospects of the 88 Energy Group taken as a whole (whether individually or when aggregated with one or more other events, matters or things); or
- (b) any event, matter or thing, as described in sub-paragraph(a), which occurred before the date of this agreement but was not apparent from public filings by 88 Energy before then, becomes public,

where the financial impact of such event, change, condition, matter or thing on the 88 Energy Group exceeds \$5,000,000, but does not include:

- (c) anything which has arisen solely as a result of any actions taken by any member of the 88 Energy Group in the ordinary course of its business including, for the avoidance of doubt, any rationalisation or relinquishment of leases or permits which are less than 15% of the net acreage and are no longer considered prospective;
- (d) those events or circumstances required to be done or procured by 88 Energy pursuant to this agreement;
- (e) those events or circumstances relating to changes in business conditions affecting the global oil industry or security markets generally or a change in the market price of oil which impacts on 88 Energy and its competitors in a similar manner; or
- (f) an event, circumstance, matter or information that is known to XCD Energy or its representatives on or prior to the date of this agreement or otherwise disclosed in public filings by 88 Energy with ASIC or provided to ASX on or prior to the date of this agreement.

88 Energy Performance Right means a right to acquire an 88 Energy Share, subject to satisfaction of any vesting conditions.

88 Energy Share means a fully paid ordinary share in 88 Energy.

88 Energy Shareholder means a holder of an 88 Energy Share.

88 Energy Unlisted Option means an option to acquire an 88 Energy Share.

Acceptance means a valid acceptance received from a retail XCD Energy Listed Securityholder in connection with the Offers.

Acceptance Form means a Share Acceptance Form and/or an Option Acceptance Form.

AIM means the AIM market operated by the London Stock Exchange plc.

Announcement Date means 27 April 2020 (Perth Time), being the date the Offers were announced on ASX.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given in chapter 6 of the Corporations Act.

ASX means the licensed securities exchange operated by ASX Limited (ACN 008 624 691) or the Australian Securities Exchange (as the context requires).

ASX Listing Rules means the official listing rules of ASX, as amended from time to time.

ASX Settlement Corporation means ASX Settlement Pty Ltd (ABN 49 008 504 532).

ASX Settlement Operating Rules means the operating rules of the ASX Settlement Facility (as defined in Rule 1.1.1 and Rule 1.1.2 of the ASX Settlement Operating Rules) in accordance with Rule 1.2 which govern, inter alia, the administration of the CHESS subregisters.

Bid Period has the meaning given to that term in the Corporations Act.

Bidder's Statement means this document including the Annexures.

Business Day means a day that is not a Saturday, Sunday or any other day which is a public holiday or a bank holiday in Western Australia.

CGT means capital gains tax as defined in the *Income Tax Assessment Act 1997*.

CHESS means Clearing House Electronic Subregister System (as defined in Rule 2.3.1 of the ASX Settlement Operating Rules).

CHESS Holding means a number of XCD Energy Shares or XCD Energy Listed Options which are registered on XCD Energy's share register being a registered administered by the ASX Settlement Corporation and which records uncertified holdings of shares.

Combined Group means 88 Energy and its subsidiaries following the acquisition by 88 Energy of all, or a portion of XCD Energy Shares and XCD Energy Listed Options on issue.

Competing Proposal means any expression of interest, proposal, offer or transaction notified to the XCD Energy Board which, if completed substantially in

accordance with its terms, would mean a person (other than 88 Energy or its Related Bodies Corporate) would:

- (a) directly or indirectly, acquire an interest or Relevant Interest in or become the holder of:
 - (i) 20% or more of all XCD Energy Shares; or
 - (ii) all or a substantial part of the business conducted by the XCD Energy Group.
- (b) acquire control of XCD Energy, within the meaning of section 50AA of the Corporations Act; or
- (c) otherwise directly or indirectly acquire or merge with XCD Energy or acquire an economic interest in the whole or a substantial part of XCD Energy or their businesses (including by takeover offer, scheme of arrangement, capital reduction, sale of assets, strategic alliance, joint venture, partnership or reverse takeover bid).

Conditions means the conditions set out in Sections 10.8 and 11.8.

Consideration means the proposed consideration to be provided to XCD Energy Listed Securityholders who accept the Offers, comprising:

- (a) 2.4 new 88 Energy Shares for every 1 XCD Energy Share pursuant to the Share Offer; and
- (b) 0.7 new 88 Energy Shares for every 1 XCD Energy Listed Option pursuant to the Listed Option Offer.

Controlling Participant has the same meaning as in the ASX Settlement Operating Rules.

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of 88 Energy as at the date of this Bidder's Statement.

End Date means the earliest of the date of termination of the BIA in accordance with its terms and the end of the Offer Period, (or such later date as 88 Energy and XCD Energy agree).

Exclusivity Period means the period from and including 6 May 2020 until the earlier of:

- (a) the date of termination of the BIA;
- (b) the end of the Offer Period; and
- (c) 6 November 2020.

Government Authority means any government or any governmental, semi-governmental, statutory or judicial entity, agency or authority, whether in Australia or elsewhere, including (without limitation) any self-regulatory organisation established under statute or otherwise discharging substantially public or regulatory functions, and ASX or any other stock exchange.

Handling Fee means the fee payable by 88 Energy to brokers in respect of Acceptances received from retail XCD Energy Listed Securityholders in connection with the Offers in accordance with Section 9.23.

HIN means Holder Identification Number.

Independent Board Committee has the meaning set out in the Chairman's Letter.

Ineligible Foreign Securityholder means any XCD Energy Listed Securityholder whose address, as entered in the register of members of XCD Energy, is in a jurisdiction other than Australia (and its external territories), and New Zealand, unless 88 Energy otherwise determines after being satisfied that it is not unlawful, not unduly onerous and not unduly impracticable to make the Offers to an XCD Energy Listed Securityholder in the relevant jurisdiction and to issue 88 Energy Shares to such an XCD Energy Listed Securityholder on acceptance of the Offers, and that it is not unlawful for such an XCD Energy Listed Securityholder to accept the Offers in such circumstances in the relevant jurisdiction.

A person is **Insolvent** if:

- (a) it is (or states that it is) an insolvent under administration or insolvent (each as defined in the Corporations Act);
- (b) it or its subsidiaries is in liquidation, in provisional liquidation, under administration or wound up or has had a controller, receiver or receiver and manager appointed to any part of its property;
- (c) it or its subsidiaries enters into a deed of company arrangement;
- (d) it is subject to any arrangement, assignment, moratorium or composition, protected from creditors under any statute or dissolved;
- (e) an application or order has been made (and in the case of an application, it is not stayed, withdrawn or dismissed within 30 days), resolution passed, proposal put forward, or any other action taken, in each case in connection with that person, which is preparatory to or could result in any of (a), (b) or (c) above;
- (f) it is taken (under section 459F(1) of the Corporations Act) to have failed to comply with a statutory demand;
- (g) it is the subject of an event described in section 459C(2)(b) or section 585 of the Corporations Act;
- (h) it is otherwise unable to pay its debts when they fall due; or
- (i) something having a substantially similar effect to (a) to (g) happens in connection with that person under the law of any jurisdiction.

Issuer Sponsored Holding means a holding of XCD Energy Shares or XCD Energy Listed Options on XCD Energy's issuer sponsored subregister.

Last Practicable Trading Day means 11 May 2020, being the last full trading day prior to the date on which this Bidder's Statement was lodged with ASIC.

Listed Option Offer means the offer, pursuant to the terms and conditions set out at Section 11 and otherwise as set out in this Bidder's Statement, to acquire all of

the XCD Energy Listed Options from all holders of XCD Energy Listed Options in exchange for the applicable Consideration.

Longreach Capital has the meaning given in Section 9.10.3.

Longreach Mandate has the meaning given in Section 9.10.3.

Offer Period means the period during which the Offers are open for acceptance.

Offers means the off market takeover offers by 88 Energy comprising the Share Offer and the Listed Option Offer, for which the Consideration will be provided to XCD Energy Listed Securityholders who accept the Offers on the terms and conditions set out in this Bidder's Statement.

Official List of the ASX means the official list of entities that ASX has admitted and not removed.

Option Acceptance Form means the form of acceptance for the Listed Option Offer enclosed with this Bidder's Statement or alternatively any acceptance form sent to an XCD Energy Listed Optionholder by 88 Energy's share registry in relation to the Listed Option Offer, as the context requires.

Participant means an entity admitted to participate in the Clearing House Sub-register System under Rule 4.3.1 and 4.4.1 of the ASX Settlement Operating Rules.

Perth Time means Perth (Western Australian) Standard Time.

Record Date means the date set by 88 Energy under section 633(2) of the Corporations Act, being 7pm (Perth time) on **[leave blank in lodged version]**.

Related Bodies Corporate has the meaning given to that term in the Corporations Act.

Relevant Interest has the meaning given to that term in the Corporations Act.

Rights means all accreditations, benefits and rights attaching to or arising from XCD Energy Shares or XCD Energy Listed Options directly or indirectly at or after the Announcement Date (including, but not limited to, all dividends and all rights to receive dividends and to receive or subscribe for shares, stock units, notes or options declared, paid, or issued by XCD Energy).

Sale Nominee has the meaning given in Sections 10.7 and 11.7 of this Bidder's Statement.

Section means a section of this Bidder's Statement.

Security Interest has the same meaning as in section 51A of the Corporations Act.

Share Acceptance Form means the form of acceptance for the Share Offer enclosed with this Bidder's Statement or alternatively any acceptance form sent to an XCD Energy Shareholder by 88 Energy's share registry in relation to the Share Offer, as the context requires.

Share Offer means the offer, pursuant to the terms and conditions set out in Section 10 and otherwise as set out in this Bidder's Statement, to acquire all of the XCD Energy Shares from XCD Energy Shareholders in exchange for the applicable Consideration.

SRN means Securityholder Reference Number.

Subsidiary means a subsidiary within the meaning given to that term in section 9 of the Corporations Act.

Superior Proposal means a Competing Proposal which is, in the determination of the XCD Energy Board acting in good faith and in order to satisfy what the XCD Energy Board consider to be their fiduciary and statutory duties:

- (a) reasonably capable of being completed taking into account all aspects of the Competing Proposal; and
- (b) more favourable to XCD Energy Shareholders than the Offers, taking into account all terms and conditions of the Competing Proposal.

Tevlo means Tevlo Pty Ltd (ACN 008 949 040).

Tour Holdings means Tour Holdings Pty Ltd (ACN 009 271 550).

Treasurer means the Treasurer of the Commonwealth of Australia.

Unmarketable Parcel means a number of 88 Energy Shares which is less than a "marketable parcel" under the market rules of the ASX (currently a parcel of less than \$500), calculated based on the highest closing price for 88 Energy Shares published during the Bid Period (or, in relation to 88 Energy Shares issued in respect of accepting XCD Energy Listed Securityholders during the Bid Period, based on the highest closing price for 88 Energy Shares published between the start of the Bid Period until the last trading day before 88 Energy issues those 88 Energy Shares).

Unmarketable Parcel Securityholder means an XCD Energy Listed Securityholder in respect of whom the total number of 88 Energy Shares to which that XCD Energy Listed Securityholder would be entitled to receive as consideration under the Offers is an Unmarketable Parcel.

US Listed Securityholders means an XCD Energy Shareholder or XCD Energy Listed Optionholder who is a resident of the United States of America, or whose registered address is in the United States of America.

US\$ means United States dollars.

VWAP means volume weighted average price of 'on market' trades on ASX (i.e. normal trades, cross trades, stabilisation trades and short sell trades).

XCD Energy means XCD Energy Limited (ACN 108 403 425).

XCD Energy Board means the board of directors of XCD Energy.

XCD Energy Director means a director of XCD Energy.

XCD Energy Group means XCD Energy and its Subsidiaries.

XCD Energy Listed Option means a listed option to acquire an XCD Energy Share, which is listed on the ASX (ASX: XCDOA).

XCD Energy Listed Optionholder means the holder of an XCD Energy Listed Option.

XCD Energy Listed Security means an XCD Energy Share and/or XCD Energy Listed Option (as applicable).

XCD Energy Listed Securityholder means the registered holder of an XCD Energy Listed Security as at the Record Date.

XCD Energy Performance Rights means the 20,000,000 performance rights held by Dougal Ferguson.

XCD Energy Security means an XCD Energy Share, an XCD Energy Listed Option, an XCD Energy Unlisted Option and/or an XCD Energy Performance Right (as applicable).

XCD Energy Securityholder means all persons who hold XCD Energy Securities.

XCD Energy Share means a fully paid ordinary share in the capital of XCD Energy.

XCD Energy Shareholder means the holder of an XCD Energy Share.

XCD Energy Unlisted Option means an unlisted option to acquire an XCD Energy Share.

12.2 Interpretation

The following rules of interpretation apply unless intention appears or the context requires otherwise:

- (a) a reference to a time is a reference to Perth (Western Australian) time, unless otherwise stated;
- (b) headings are for convenience only and do not affect interpretation;
- (c) the singular includes the plural and conversely;
- (d) a reference to a Section is to a Section of this Bidder's Statement;
- (e) a gender includes all genders;
- (f) where a word or phrase is defined, the other grammatical forms have a corresponding meaning;
- (g) Australian dollars, A\$, \$, or cents is a reference to the lawful currency in Australia, unless otherwise stated;
- (h) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;
- (i) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (j) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (k) a reference to any instrument or document includes any variation or replacement of it;
- (l) a term not specifically defined in this Bidder's Statement has the meaning given to it (if any) in the Corporations Act;

- (m) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually;
- (n) a reference to you is to a person to whom the Offers are made; and
- (o) the words 'include', 'including', 'for example' or 'such as' are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

13. BOARD AUTHORISATION

This Bidder's Statement is dated 11 May 2020 and was approved pursuant to a unanimous resolution passed at a meeting of the directors of 88 Energy.

A handwritten signature in black ink, appearing to be 'M. Evans', with a long horizontal line extending to the right.

Signed for and on behalf of

88 Energy Limited
Michael Evans
Chairman

14. CORPORATE DIRECTORY**Directors**

David Wall
Managing Director

Michael Evans
Non-Executive Chairman

Stephen Staley
Non-Executive Director

Company Secretary

Sarah Smith

ASX Code

88E

AIM Code

88E

Legal Advisor

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Taxation Adviser

Deloitte Tax Services Pty Ltd
Brookfield Place, Tower 2
123 St Georges Terrace
PERTH WA 6000

Registered Office

Level 2
5 Ord Street
WEST PERTH WA 6005

Telephone: + 61 8 9485 0990
Facsimile: +61 8 9321 8990
Website: www.88energy.com

Share Registry

Computershare Investor Services Pty
Limited
Level 11
172 St Georges Terrace
PERTH WA 6000

Corporate Advisor

Longreach Capital
AFSL 497 333

Offer Information Line

Within Australia: 1300 095 745

Outside Australia: +61 9415 4300

ANNEXURE A — 88 ENERGY'S ASX ANNOUNCEMENTS

88 Energy has lodged the following announcements with ASX since the lodgement of 88 Energy's annual report financial report on 26 February 2020:

Date Lodged	Description of Document
07/05/20	88E and XCD to Merge via a Recommended Takeover Offer
28/04/20	Notice of initial substantial holder for XCD
27/04/20	XCD: Response to Unsolicited Offer
27/04/20	Off-Market Takeover Bid for XCD Energy Limited
20/04/20	Petrophysical Interpretation Confirms Pay in Torok & Seabee
09/04/20	Quarterly Activities Report & Cashflow
09/04/20	Results of Meeting
07/04/20	Charlie-1 Confirms Large Condensate Discovery Updated
07/04/20	Charlie-1 Confirms Large Condensate Discovery
07/04/20	AGM Updated Arrangements and Participation
02/04/20	AGM – COVID-19 Precautions & Voting by Proxy
31/03/20	Operations Update
19/03/20	Operations Update
11/03/20	Operations Update
06/03/20	Notice of Annual General Meeting/Proxy Form
03/03/20	Operations Update
26/02/20	Appendix 4G
26/02/20	Corporate Governance Statement