88 ENERGY

ANNUAL REPORT 2022

HIGH IMPACT ALASKAN EXPLORATION SUPPORTED BY PRODUCTION

CONTENTS

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Board of Directors
Mr Philip Byrne (Non-Executive Chairman)
Mr Ashley Gilbert (Managing Director)
Dr Stephen Staley (Non-Executive Director)
Ms Joanne Kendrick (Non-Executive Director)

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CHAIRMAN'S LETTER

Dear Shareholders,

It is with pleasure that I present 88 Energy's Annual Report, which contains details of our exploration activities, operations, and financial position as of 31 December 2022.

The global oil and gas market has undergone several significant changes since I first joined the 88 Energy Board. Throughout the year, the world has transitioned from the initial uncertainty caused by the COVID-19 pandemic to a period of geopolitical instability with the war in Ukraine causing disruptions to energy trade in Europe and beyond. At the same time, global attitudes and changing market sentiment in relation to the clean energy transition and decarbonisation initiatives have led to volatility in the oil and gas market.

This uncertainty has resulted in ongoing tightness in investment in the oil and gas industry. However, I firmly believe that the prevailing macroeconomic, political, and social factors that have contributed to the current global energy challenges demonstrate that hydrocarbons will have a significant role in global energy demand for the foreseeable future.

Within this context, 88 Energy is strategically placed to capitalise on investment opportunities that the oil and gas industry will continue to offer. Our combination of large acreage position, infrastructure-led exploration and ongoing capital discipline is, and will continue to be, attractive.

During the year, we acquired a ~73% working interest in Project Longhorn, a suite of quality oil and gas assets in the proven Texan Permian Basin. To date, the production of oil from these wells has resulted in net cash flow returns of more than A$4 million. Further opportunities exist to grow output and returns from these assets over the coming years.

In August 2022, we announced the decision to separate Project Icewine into two independent prospective resource estimates, Icewine West and Icewine East. Going forward, we are set to focus on Icewine East, renamed Project Phoenix, to reflect our refreshed exploration strategy for the acreage. As a measure of our conviction in the prospectivity of Project Phoenix, in the same month as the announcement of the maiden independent Prospective Resource Estimate for Phoenix, we raised gross proceeds of A$14.9 million to further advance planned exploration well activities on this acreage.

Through third quarter of 2022, we completed an interpretation of the previously licensed Franklin Bluffs 3D seismic survey data on Project Phoenix. Results from the analysis were used to define 'sweet spots' for the Shelf Margin Delta (SMD), Slope Fan System (SFS), Basin Floor Fan (BFF) and Kuparuk (KUP) play fairways. This critical analysis has informed our planned 2023 exploration activities and proposed drilling location, Hickory-1, which is designed to intersect and test up to six stacked conventional reservoirs. In December, we executed a contract with Nordic Calista for their Rig-2 to drill the Hickory-1 exploration well, with targeted spud in early March 2023.

In November 2022, the Company was announced as the winning bidder for select acreage offered as part of the North Slope Areawide 2022W Oil and Gas lease sale. The new acreage, known as Project Leonis, is another fantastic addition to our highly prospective Alaskan asset base. Comprising 10 leases covering approximately 25,600 contiguous acres, Leonis is an attractive exploration proposition, which the Company is eager to progress. Further studies will be conducted to properly understand the regional setting and faulting of the area before making any definitive commitment to a future program of work.

CHAIRMAN'S LETTER

I wish to thank all 88 Energy personnel and contractors for their efforts over the past year. We have a first-class team of truly committed professionals, dedicated to maximising the potential of our projects. We will continue to progress and refine the 88 Energy business model through furthering exploration activities in our core project areas, targeting large-scale hydrocarbon deposition and seeking out new venture opportunities.

As always, I would also like to thank you, our shareholders, for your support and dedication to our Company. On behalf of the 88 Energy team, I wish to reaffirm our commitment to unlocking the huge potential value residing in our world-class Alaskan acreage. I wish you all a wonderful and prosperous year ahead. Stay safe and well.

Yours faithfully,

Philip Byrne
Non-Executive Chairman

ABOUT 88 ENERGY

A multi-listed (ASX:88E, AIM:88E, OTC:EEENF) oil and gas exploration and production company with a North American focus. As of 31 December 2022, the Company had established Operator exploration interests in onshore Alaska and non-operator production interests in onshore Texas. The Company has been operating on the North Slope of Alaska since 2015, successfully drilling multiple exploration wells and acquiring extensive seismic data across a large acreage position.

1 EXTENSIVE ALASKAN ACREAGE

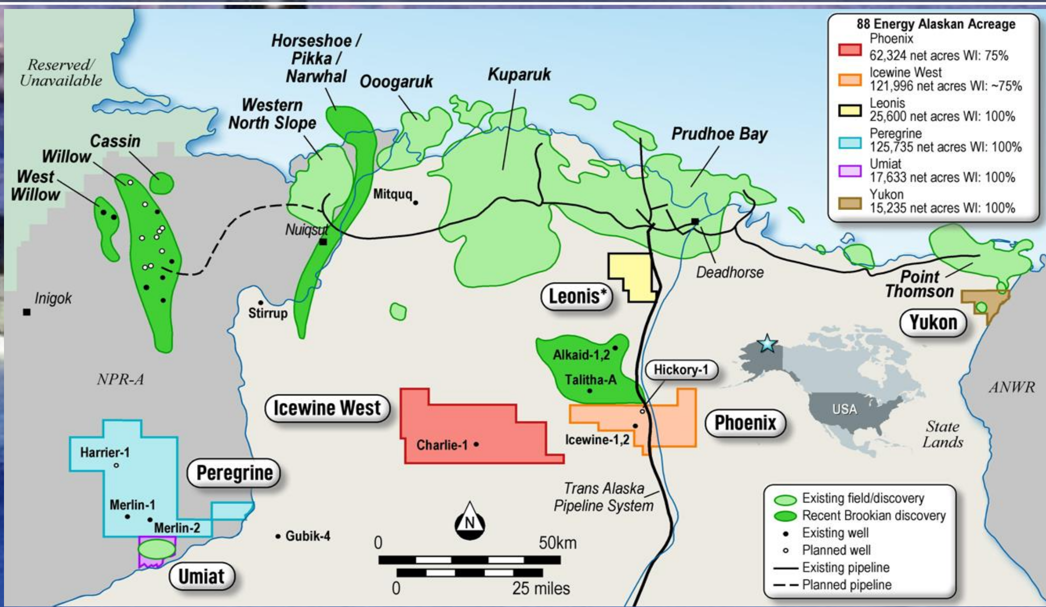
Phoenix and Icewine West acreage positions hold a significant conventional prospective resource, independently assessed

2 PRODUCTION EXPOSURE SUPPORTS WELLS

Texas production supports Alaskan acreage lease costs and technical studies towards exploration activities

3 HICKORY-1 EXPLORATION WELL

High-impact well to spud in March 2023 targeting 647 MMBO[1,2]



1. **Cautionary Statement: The estimated quantities of petroleum that may be potentially recovered by the application of a future development project relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration, appraisal and evaluation are required to determine the existence of a significant quantity of potentially movable hydrocarbons**
2. Refer ASX release dated 23 August 2022 for full details regarding Prospective Resource estimate and associated risking

*New Acreage: Subject to adjudication process, regulatory approvals and formal award. Refer to ASX announcement 10 November 2022.

88 ENERGY 2022 FOCUS:
HIGH IMPACT EXPLORATION

This year, the Company's major exploration activities focused on the Project Peregrine and Project Phoenix acreages.

At Project Peregrine, spud of the Merlin-2 exploration well occurred during March 2022, successfully reaching a Total Depth of 7,334 feet. Wireline logging and provisional analysis was undertaken prior to demobilization.

Through the second half of 2022, our focus turned to analysis and advancement of the Project Phoenix acreage. Key de-risking and development activities included:

- Completion of a maiden independent Prospective Resource Estimate of 1.03 billion barrels of oil (gross, mean unrisked)[1].
- Analysis and interpretation of the Franklin Bluffs 3D seismic survey data
- Amplitude Variation with Offset (AVO) analysis
- Hickory-1 exploration well within Project Phoenix:
  - Scheduled to spud in March 2023, targeting 647 MMBO (net to 88E, mean unrisked) [1].
  - Selection of the Hickory-1 drilling location
  - Advanced permitting and planning
  - Rig contract executed for use of Nordic Calista Rig-2

In conjunction with its Alaskan exploration and drilling activities, the Company enhanced its portfolio through the acquisitions of Project Longhorn and Project Leonis.

In February 2022, the Company acquired a ~73% average net non-operated working interest in Project Longhorn, consisting of the leases and wells in established conventional onshore production assets within the Texan Permian Basin. The acquisition delivered immediate cash flows, with capital-efficient production upside achieved through the second half of the year.

In November 2022, 88 Energy (via its wholly owned subsidiary, Captivate Energy Alaska, Inc) was announced as the highest bidder on ten leases covering approximately 25,600 contiguous acres immediately south of Prudhoe Bay on the North Slope of Alaska[2]. The acreage, referred to as Project Leonis, is covered by the Storms 3D seismic data suite and is superbly located adjacent to TAPS and the Dalton Highway, enhancing future potential commercialisation opportunities.

88E now possesses an enhanced and diversified portfolio of high-quality exploration acreage and production assets.

1. Refer ASX release dated 23 August 2022 for full details regarding Prospective Resource estimate and associated risking and cautionary statement on page 5.
2. Formal award expected by end H2 2023, subject to an adjudication process and regulatory approval.

2022 OPERATIONAL HIGHLIGHTS

Project Phoenix Operator | ~75% WI (formally Icewine East)	647 MMBO[1] Unrisked net mean prospective oil resources

PROJECT PHOENIX

A. INFRASTRUCTURE LED EXPLORATION
B. BENEFITING FROM HISTORIC ON-BLOCK DRILLING AND LOGGING DATA
C. OFFSET DRILLING RESULTS ASSIST IN LOWERING RISK ASSESSMENT
D. INFORMED BY AN EXTENSIVE SUITE OF DATA ANALYSIS, INCLUDING 3D SEISMIC
E. PHASED, SCALABLE DEVELOPMENT APPROACH POSSIBLE
F. OPTIMAL DRILLING LOCATION FOR PLANNED Q1 2023 HICKORY-1 WELL

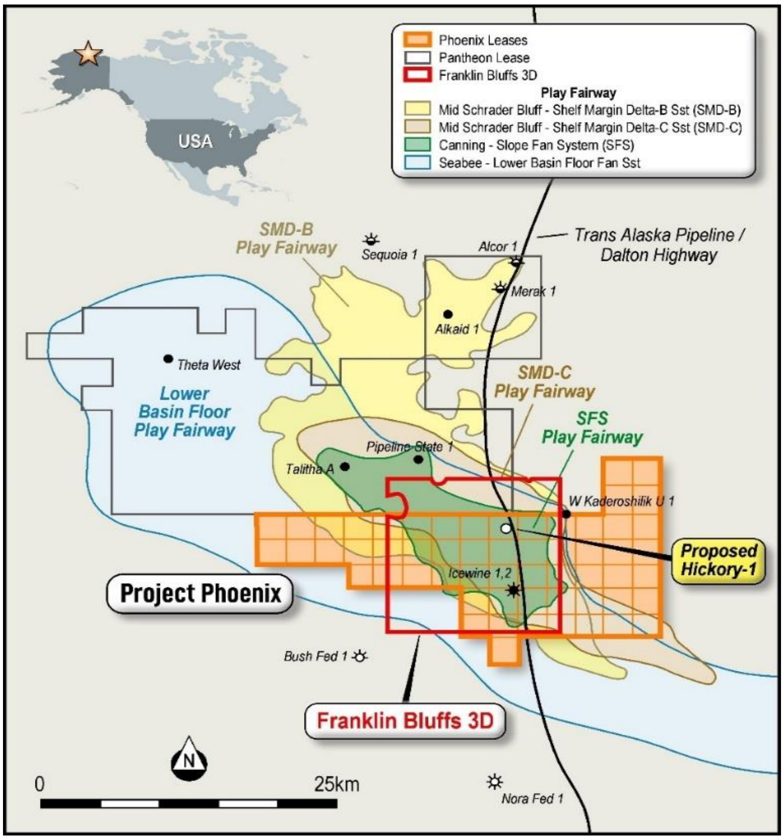
Project Phoenix, formerly known as Icewine East, is located on the central North Slope of Alaska and encompasses approximately 82,846 gross acres. The acreage was renamed to reflect the refreshed exploration strategy to focus on oil-bearing conventional reservoirs that were identified during previous wells drilled by the Company, Icewine 1 and 2, and recent offset drilling.

The acreage is situated on-trend to recent discoveries by Pantheon Resources Plc (LSE: PANR) in multiple, newly successful play types across top, slope and bottom-set sands of the Mid Schrader Bluff, Canning and Seabee formations. Independent mapping has demonstrated that these plays extend into the Phoenix acreage.

In August, the Company announced a maiden independent Prospective Resource Estimate of 1.03 billion barrels of oil (gross, mean unrisked)[1].

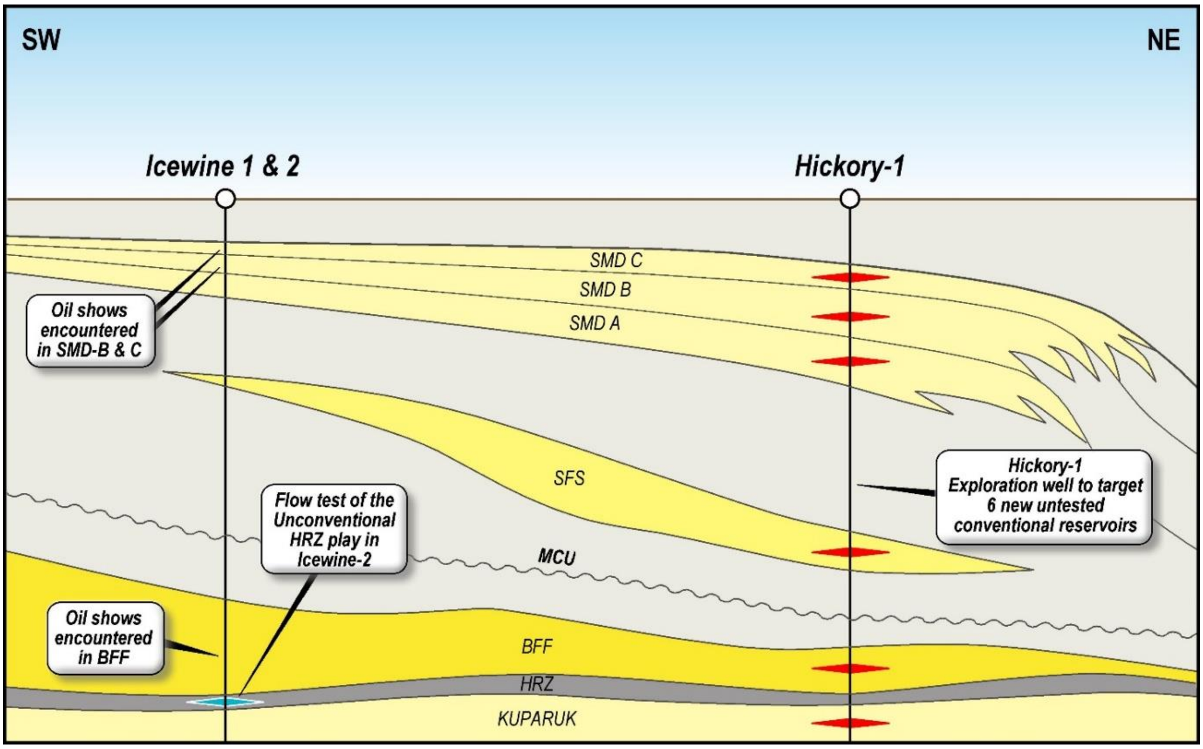
1. Refer ASX release dated 23 August 2022 for full details regarding Prospective Resource estimate and associated risking and cautionary statement on page 5.

The maiden independent Prospective Resource report was prepared for the Company by Lee Keeling and Associates, Inc. (LKA), following a period of extensive review of a comprehensive data suite, including Franklin Bluffs 3D seismic survey data (FB3D) obtained through an agreement with SAExploration. The FB3D covers ~86 square miles extending across an area where the Shelf Margin Delta (SMD), Slope Fan Set (SFS) and Basin Floor Fan (BFF) play fairways were independently mapped. The FB3D data was utilised to assist the Company through subsequent analysis and review, including AVO analysis and simultaneous seismic inversion.



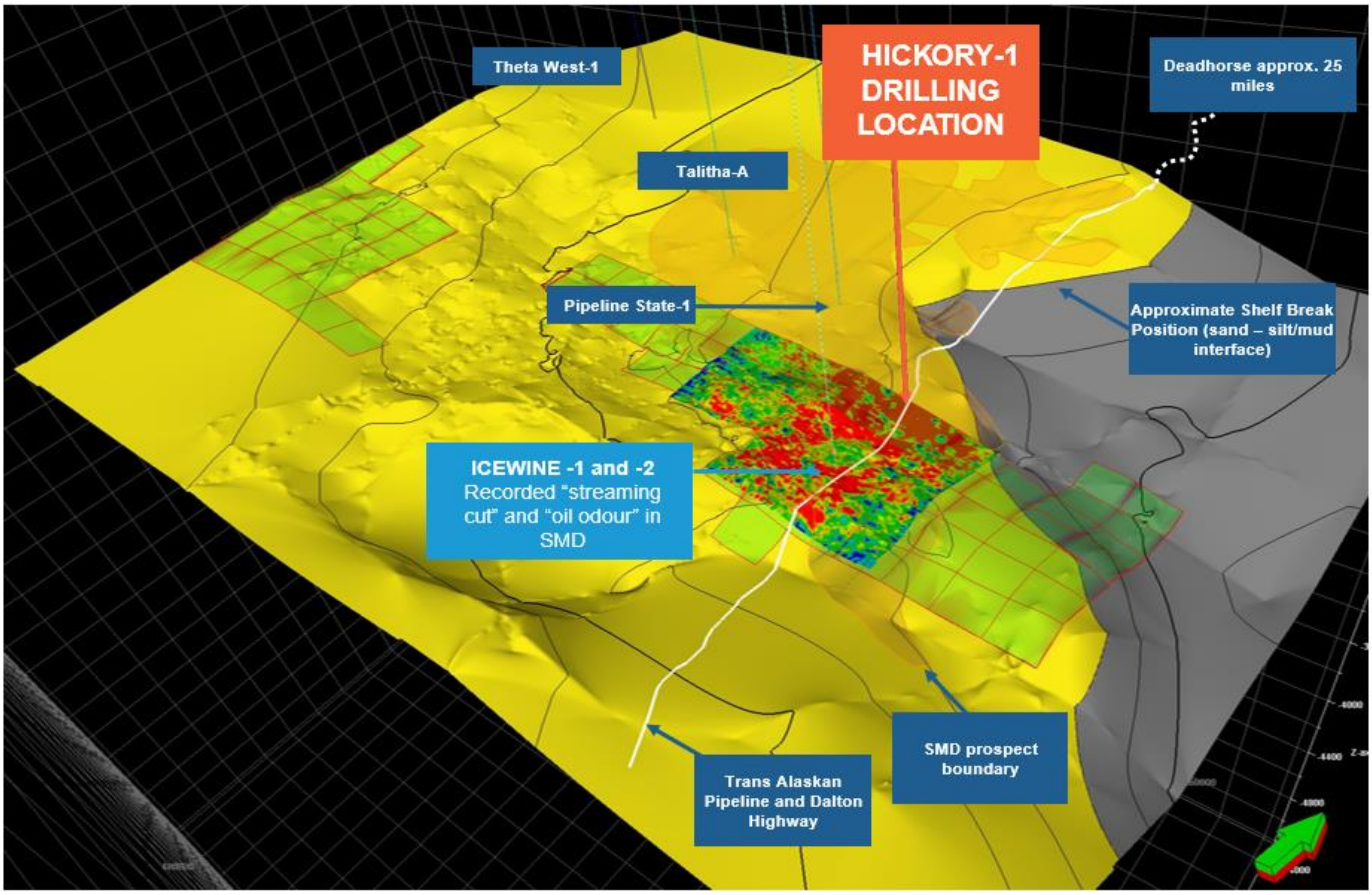
The acreage has been de-risked by offset drilling results (drilling and flow tests) on adjacent acreage to the North, coupled with data from Icewine-1 well logs (encountered 380 ft of net oil pay within SMD sands) and the FB3D dataset. The project is strategically located on the Dalton Highway with the Trans-Alaska Pipeline System running through the acreage.

HICKORY-1 EXPLORATION WELL



The Hickory-1 well is designed to appraise up to six stacked conventional reservoir targets within the SMD, SFS, BFF and KUP reservoirs. Spud is scheduled for early March 2023 with drilling planned to a permitted total depth of up to 12,500 feet.

An optimal drilling location was selected to test significant fluid factor anomalies in the primary SMD targets. The drilling location is located in the 'sweet spot' of interpreted AVO anomalies, relative to Icewine-1; is closest to the Shelf Edge (SMD); relative down-dip within the acreage and adjacent to the Dalton Highway. This location intersects and will test the substantial potential oil volumes noted across all mapped play fairways (primary SMD, secondary SFS and BFF and tertiary KUP reservoirs).



In December, the Company executed a rig contract with Nordic-Calista for the use of their Rig-2 to drill the Hickory-1 well and subsequent to year end, the Company finalised permitting and planning with the permit to drill approved on 6th February by the AOGCC, ice-pad construction has been completed and Nordic Rig-2 will commence drilling of the Hickory-1 well.

TOOLIK RIVER UNIT

The Company also submitted a unit application covering the Project Phoenix acreage, to the Alaska Department of Natural Resources (DNR). The Toolik River unit was approved on the 28th February, covering the central and western acreage and will extend those leases for Project Phoenix beyond their primary term and provides an agreed program to assess commercialisation of the acreage, as well as a pathway towards development and production.

Project Peregrine
Operator | ~100% WI

971 MMBO
Unrisked net mean prospective oil resources[1]

The Merlin-2 well was spudded on 7 March 2022 and reached a Total Depth of 7,334 feet on 22 March 2022. All three of the Nanushuk target reservoirs (N20, N19 and N18) were penetrated during drilling. Logging While Drilling (LWD) data and physical cuttings were also collected. The Company completed a wireline logging program designed to evaluate and quantify the reservoir potential associated with the oil shows and elevated mud gas readings noted across the target zones.

Observations of LWD logs and drill cuttings collected throughout the Merlin-2 drilling operations revealed target intervals were thicker than those encountered in Merlin-1, and preliminary analysis of the LWD data indicated sufficient permeability and porosity to obtain a hydrocarbon sample. However, the results from the wireline program demonstrated target zones to have lower than anticipated permeability and porosity resulting in difficulty obtaining fluid samples. The pre-drill expectation from depositional modelling and nearby analogues was that superior thickness and reservoir quality would be encountered to the east of Merlin-1. Whilst thicker target intervals were noted at Merlin-2, the porosity and permeability appear to be largely consistent with those observed at Merlin-1. Both Merlin wells were drilled on sparse, vintage 2D seismic data, which provides a narrow field of view of the reservoir and limited optionality on drilling locations.

Detailed evaluation of the data obtained from the Merlin-2 drilling program and evaluation of potential future appraisal activities remains in progress. These include additional independent and untested drilling locations such as the Harrier-1 prospect (comprising the N14 and N15 Nanushuk sequences) and Harrier Deep (Torok sequences) prospects to the North.

An independent NPRA basin modelling study was completed in the third quarter to further improve the Company's understanding of the acreage's geological history and how it pertains to the Nanushuk reservoir quality across Project Peregrine. The study highlighted:

- Marked predicted improvement of reservoir quality north of Merlin 1 and 2.
- Depth of Burial (DMax) alone does not account for poor reservoir quality as all DMax models in the study predict both porosity and permeability at this location to be higher than observed.
- Thin section and scanning electron microscope (SEM) comparisons between Merlin-1 and Merlin-2 suggest proximity to the Umiat structure may play a factor in reservoir degradation along the southern margin of Project Peregrine.
- The N18-N20 sequences intersected in the Merlin wells appear to have been deposited in a lower energy environment than originally anticipated, also contributing to lower reservoir quality.

1. Refer ASX release dated 16 August 2021 for full details regarding Prospective Resource estimate, associated risking and cautionary statement on page 5.

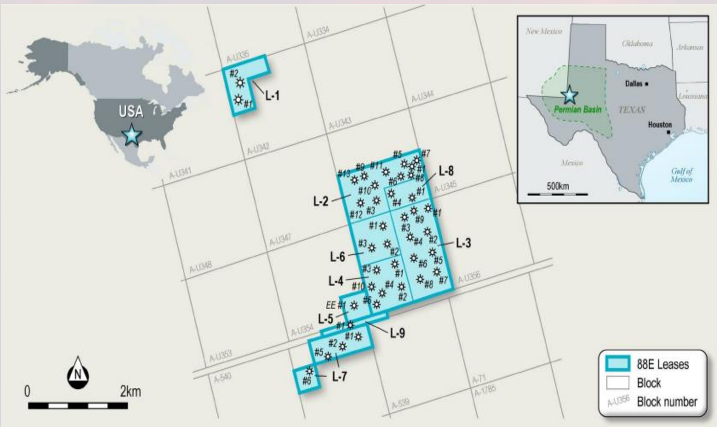
Project Longhorn

Non-Operator | ~73% WI

~1,300 net acres

2 MMBO

2P Net Reserves to 88E Revenue Entitlement[1]



On 21 February 2022, 88E executed a binding Securities Purchase Agreement (SPA) for the acquisition of a ~73% average net working interest in the established Project Longhorn conventional oil and gas production assets. Lonestar I, LLC retained a ~24% net working interest in the assets and, through an affiliate, retained the role of Operator. The remaining working interests were retained by existing Joint Venture partners. The purchase price for the acquisition was US$9.7M, consisting of US$7.2M cash and US$2.5M in 88E shares (~98.1 million shares at an issue price of A$0.035 per share)[1].

The acquisition represents the Company's first move into producing oil and gas assets and is in line with the Company's strategy to support exploration through production cash flow. Project Longhorn is strategically located within a sizeable area of ~1,300 net acres in the Permian Basin on onshore Texas, U.S.A. and consists of nine leases with 32 producing wells and associated infrastructure. The area also boasts well-understood geology with low technical risk. Most of the existing production wells have been in operation for several years. Collectively, the oil and gas assets contain certified net 2P reserves of 2MMBOE[1].

As part of the acquisition, 88E agreed to a development work program for 2022 and by the end of 2022, Lonestar successfully completed six workovers. Each workover was completed on time, safely and delivered an increase to the total production rates. Production from the Longhorn wells averaged ~420 BOE per day gross (~70% oil) during the final quarter, peaking at 580 BOE per day gross[2], with plans underway to optimise oil and gas rates from each well.

Since acquisition, the Longhorn investment has resulted in net cash flow returns to 88E of A$4.3M in 2022. Net cash flows from operations before capital investment, generated A$6.5M in 2022. The Company's share of capital invested in the six completed work overs for 2022 was A$9.1M of which A$2.2M was paid in cash and the remaining A$6.9M (US$4.6M) in 88E shares.

Four workovers and at least six new drill targets remain on the acreage, with the forward work program and timing for future capital investments to be determined by the Joint Venture in 2023[3].

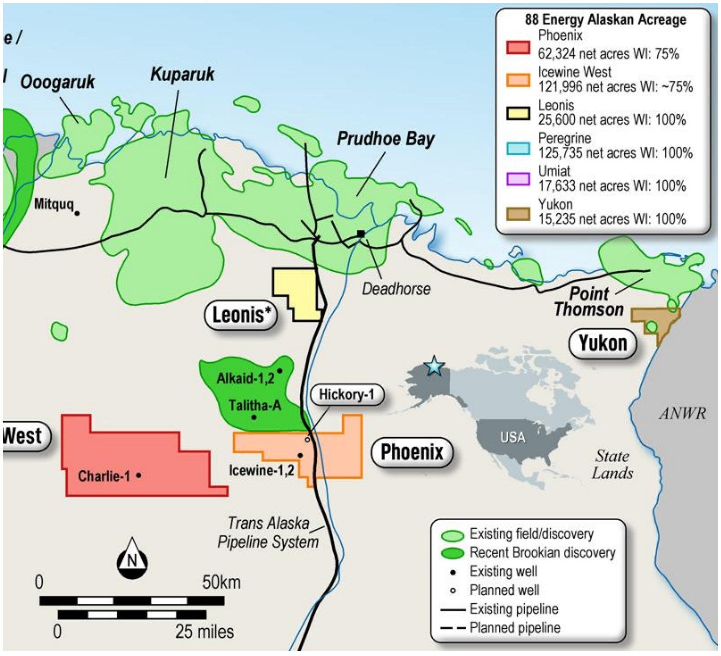
1 Refer to ASX announcement 21 February 2022 for initial reserves estimates and assumptions and cautionary statement on page 5.
2 Based on Operator and internal reports and forecasts.
3 Subject to AFE and JV approvals.

Project Leonis

Operator | 100% WI

~26k acres (10 leases)

Highest Bidder North Slope Area Wide 2022W Oil and Gas lease sale[1]



On the 9 November 2022, the Company's wholly-owned subsidiary Captivate Energy Alaska, Inc. was declared the highest bidder for select acreage offered as part of the North Slope Areawide 2022W Oil and Gas lease sale. The Company's new acreage will be known as Project Leonis comprising ten leases covering approximately 25,600 contiguous acres. The Project is superbly located adjacent to TAPS and the Dalton Highway, enhancing future potential development commercialization.

ACQUISITION RATIONALE

- ✓ **IMMEDIATELY SOUTH OF PRUDOE BAY** (Proven petroleum province)
  - Including UPPER SCHRADER BLUFF (USB) Reservoir
- ✓ **STRONG EXISTING DATA SUITE**
  - Hemi Springs Unit 3 well drilled in 1985
  - Hailstorm-1 well drilled in 2006
  - In 2022, acquired modern Storms 3D Seismic shot in 2015
- ✓ **INITIAL STORMS 3D SEISMIC INTERPRETATION IDENTIFIED USB PENETRATED BY HEMI SPRINGS 3**
  - USB reservoir is a producing unit to the North (West Sak and Polaris Fields)
- ✓ **HEMI SPRINGS 3 REPORTED "OIL OVER SHAKERS" AT MULTIPLE DEPTHS**
  - Deeper targets were the focus in 1985 and did not report oil shows
- ✓ **88E Preliminary data review calculated > 200ft of logged net pay in the USB reservoir**
  - Importantly this was using Modern log analysis techniques not available in 1985

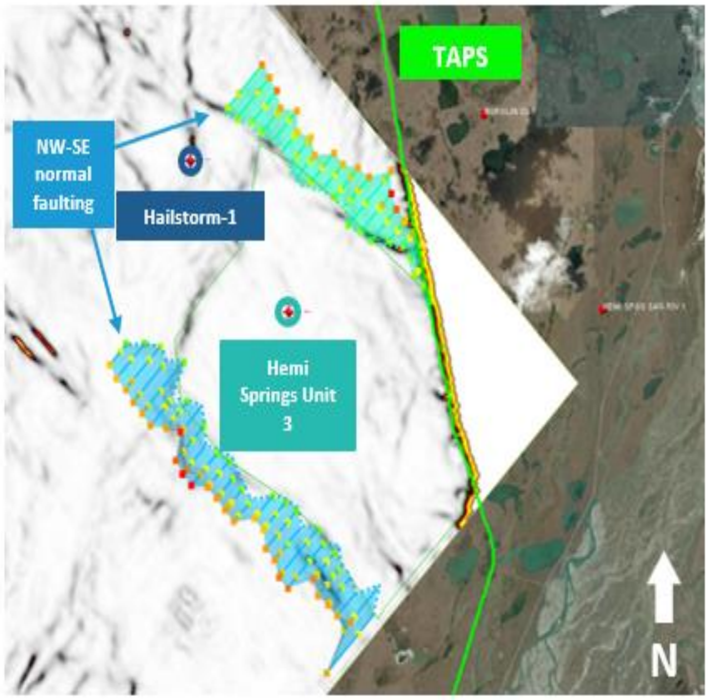


Figure: Time slice of Edge Detection attribute run on the Storms 3D seismic. Edge detection attribute clearly shows NW-SE normal faulting as well as a NE-SW feature which separates the reservoir at Hemi Springs Unit 3 from that of nearby Hailstorm-1

The Company will undertake further analysis in 2023 to advance potential of the acreage and define a possible exploration program and timeline for the project, including integrated petrophysical and seismic study, preliminary AVO scanning followed up reprocessing of Storms 3D seismic.

1. Formal award expected by H2 2023, subject to an adjudication process and regulatory approvals.

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG)

88 Energy is committed to the principles of ESG as the most effective means of creating long-term enterprise value and addressing the societal priorities enshrined in the United Nations' Sustainable Development Goals. Since June 2021, we made a commitment to adopt and commence reporting on the Environmental, Social and Governance (ESG) disclosures of the World Economic Forum (WEF).

"We bridge the gap between disturbances and emissions caused through our drilling operations and the use of today's resources and tomorrow's zero-emissions future, by being carbon neutral on direct emissions and indirect emissions from fuel consumed"

OUR PEOPLE

We recognise the benefits arising from employee and Board diversity, including a broader pool of high-quality employees, improving retention, accessing different perspectives and ideas. While we don't have firm gender diversity goals, we seek to ensure a balanced workforce and workplace diversity in our Corporate office and our operations on the North Slope of Alaska and in Texas, while appreciating the gender pool of resources available in those areas.

We employ a corporate workforce of 10 employees, including three non-executive directors with 30% female inclusion. On our recent drilling program, Merlin-2, from our major contractors we had an average of 7% female inclusion.

OUR PLANET

In 2021, the Board set a net-zero target for Scope 1 and 2 GHG emissions across its operations and corporate office and we are pleased to report that in both 2021 and 2022 we achieved those targets with the majority of emissions coming from our Alaska onshore drilling operations. We partnered with Climeco to review and donate towards carbon offset projects which in 2022 included investment in windfarm and hyrdropower.

88 Energy's business partners as part of their responsibilities conduct conservation and Environmental Impact assessments to put procedures and protocols in place to minimise and monitor the impact we may have in the regions in which we operate.

We closely monitor water availability and use during our drilling operations and both Merlin operations had significantly lower consumption than the permitted lake withdrawals.

OUR GOVERNANCE

88 Energy recognises the need to establish, maintain and continually assess corporate governance policies and practices to ensure best practice standards. As part of strong corporate governance practices, the Company recognises the significance attributable to the quality of governing body The functions and responsibilities of the Board of Directors are set out in our Board Charter and key functions include strategic direction, risk management, investment and financial control, retention and remuneration of staff, gender diversity and shareholder communications.

OUR PROSPERITY

88 Energy has held leases in Alaska since 2015 and has made significant project investment exploring for oil & gas on the North Slope. Exploration and evaluation expenditure is included in our financial reports, along with capital contributions through acquisition. Global tax contribution supports government functions and societal benefits. 88 Energy's tax payments are reported in the audited Half Year and Annual Reports.

RESERVES STATEMENT

RESERVES STATEMENT FOR THE YEAR ENDING 31 DECEMBER 2022

HIGHLIGHTS

Following 88 Energy's acquisition of Project Longhorn in Texas, U.S., announced on 21st February 2022, this year represents the Company's inaugural proved reserves and production assessment.

Proved (1P) reserves for **Project Longhorn** decreased marginally (7%) to 1.52 mmboe largely due to production during the year. The developed component of Proved reserves increased by 62% to 0.35 mmboe despite production, primarily due to the six development activities conducted since acquisition.

Proved plus probable (2P) reserves decreased 10% to 1.84 mmboe due to production and lower gas-oil ratios (GOR's) being encountered in the 2022 development program compared to previous activities. Proved plus probable plus possible (3P) reserves increased 1% to 2.36 mmboe.

The reserves position of the **Umiat oil field** in Alaska remains unchanged for 2022. Refer to the Company's ASX announcement on 11 January 2021 for further detail in relation to assumptions. The Company aims to review development plans in light of ongoing studies in the adjacent Project Peregrine as well as monitoring Conoco Phillips' development plans for the nearby Willow Project.

88 ENERGY LIMITED – OIL AND GAS RESERVES HOLDINGS (AS AT 31 DECEMBER 2022)

Net Entitlement		Developed			Undeveloped			Total		
		Oil (MMBO)	Gas (BCF)	Total MMBOE	Oil (MMBO)	Gas (BCF)	Total MMBOE	Oil (MMBO)	Gas (BCF)	Total MMBOE
Proved	**1P**	0.23	0.58	0.35	0.86	1.59	1.18	1.09	2.17	1.52
Proved + Probable	**2P**	0.32	0.89	0.50	94.95	1.96	95.34	95.27	2.85	95.85
Proved + Probable + Possible	**3P**	0.40	1.11	0.62	138.64	2.73	139.19	139.04	3.84	139.80

RESERVES BY GEOGRAPHICAL AREA AND PRODUCT TYPE (AS AT 31 DECEMBER 2022)

Umiat Oil Field, Alaska, USA

Undeveloped		Gross			Net Entitlement		
		Oil (MMBO)	Gas (BCF)	Total MMBOE	Oil (MMBO)	Gas (BCF)	Total MMBOE
Proved Total	**1P**	-	-	-	-	-	-
Proved + Probable	**2P**	123.7	0.0	123.7	94.0	0.0	94.0
Proved + Probable + Possible	**3P**	180.8	0.0	180.8	137.4	0.0	137.4

**No changes have been made to this reserves position since ASX announcement on 11 January 2021 (2021 Reserves)

RESERVES STATEMENT

Project Longhorn, Texas, USA

Developed Reserves		Gross			Net Entitlement		
		Oil (MMBO)	Gas (BCF)	Total MMBOE	Oil (MMBO)	Gas (BCF)	Total MMBOE
Proved	**1P**	0.39	0.98	0.59	0.23	0.58	0.35
Proved + Probable	**2P**	0.55	1.51	0.85	0.32	0.89	0.50
Proved + Probable + Possible	**3P**	0.67	1.89	1.05	0.40	1.11	0.62

Undeveloped Reserves		Gross			Net Entitlement		
		Oil (MMBO)	Gas (BCF)	Total MMBOE	Oil (MMBO)	Gas (BCF)	Total MMBOE
Proved	**1P**	1.43	2.65	1.95	0.86	1.59	1.18
Proved + Probable	**2P**	1.57	3.28	2.23	0.95	1.96	1.34
Proved + Probable + Possible	**3P**	1.99	4.53	2.89	1.19	2.73	1.74

Total Reserves		Gross			Net Entitlement		
		Oil (MMBO)	Gas (BCF)	Total MMBOE	Oil (MMBO)	Gas (BCF)	Total MMBOE
Proved	**1P**	1.81	3.63	2.54	1.09	2.17	1.52
Proved + Probable	**2P**	2.12	4.79	3.08	1.27	2.85	1.84
Proved + Probable + Possible	**3P**	2.66	6.43	3.95	1.59	3.84	2.36

RESERVES RECONCILIATION, 88 ENERGY NET ENTITLEMENT

Project Longhorn

Reserves Reconciliation		Net Oil (MMBO)				Net Gas (BCF)				Net Oil Equivalent (MMBOE)			
		YE 2021	2022 Prod	Tech Rev	YE 2022	YE 2021	2022 Prod	Tech Rev	YE 2022	YE 2021	2022 Prod	Tech Rev	YE 2022
Proved Total	**1P**	0.85	(0.056)	0.29	1.09	4.73	(0.148)	(2.42)	2.17	1.64	(0.086)	(0.03)	1.52
Proved + Probable	**2P**	1.01	(0.056)	0.31	1.27	6.20	(0.148)	(3.19)	2.85	2.05	(0.086)	(0.12)	1.84
Proved + Probable + Possible	**3P**	1.20	(0.056)	0.45	1.59	6.83	(0.148)	(2.85)	3.84	2.33	(0.086)	0.11	2.36

RESERVES STATEMENT

Notes on changes in reserves from prior year (see ASX Announcement on 21 February 2022)

Project Longhorn

- Four workover and three drilling activities were completed in 2022, with one of these workovers occurring prior to the acquisition announced on 21 February 2022. These activities have resulted in those reserves moving from undeveloped status to developed status.
- Production during the year amounted to 0.056 mmbo and 0.148 BCF net to 88 Energy, or 0.086 mmboe. These figures are taken into account in the reserves reconciliation.
- Net oil reserve estimates have increased 28%, 25% and 33% in the 1P, 2P and 3P categories respectively as a result of newly proposed infill and workover activities being added to project inventory. These activities were identified as a result of the new data obtained from the 2022 program.
- Net gas reserve estimates have decreased 54%, 54% and 44% in the 1P, 2P and 3P categories respectively as a result of the lower gas-oil ratios (GOR's) encountered in the 2022 program when compared to the initial type curve expectation. The initial type curve was constructed using offset well information available from nearby leases where individual well records, or single well reporting results could be used to construct type curves. The 2022 production data and knowledge has been incorporated into the assessment, including the use of these lower GOR estimates for future activities, where applicable.
- In addition to produced volumes, higher oil reserve estimates and lower gas reserve estimates combine to deliver small decreases in 1P and 2P barrels of oil equivalent (BOE) estimates of 7% and 10% respectively, or 0.12 mmboe and 0.21 mmboe. A 1% increase in 3P BOE reserves is achieved.
- Although the acquisition of Project Longhorn occurred in February 2022, the Reserve Evaluation carried out at that time was effective as of 31 December 2021.

Umiat Oil Field

- The Company confirms that it is not aware of any new information or data that materially affects the information included in the ASX announcement dated 11 January 2021 and that all the material assumptions and technical parameters underpinning the estimates in the same announcement continue to apply and have not materially changed.
- No 1P reserves are estimated currently as there is no plan of development in place that includes all of the necessary approvals required to enter into production.
- This information was prepared and first disclosed under the SPE-PRMS 2007. It has not been updated since to comply with the SPE-PRMS 2018 on the basis that the information has not materially changed since it was last reported. It is the Company's intention to reassess the reserve position under SPE-PRMS 2018 during 2023.

Notes and assumptions related to reserves statement and ASX listing rules

Qualified Petroleum Reserves Evaluator Statement

The information in this evaluation that relates to Project Longhorn is based on, and fairly represents, information and supporting documentation prepared by Paul Griffith of consultants PJG Petroleum Engineers LLC and reviewed by Robert Benkovic, Chief Operating Officer of 88 Energy Limited. Mr Griffith holds a BSc. and a Master's in Petroleum Engineering, is a member of the Society of Petroleum Engineers (SPE) and has over 35 years of reservoir and petroleum engineering experience. Mr Griffith is not an employee of the Company. Mr Benkovic holds a BEng. (Hons), is an SPE member and has 25 years of reservoir and petroleum engineering experience. He is an employee of the Company. Mr Griffith and Mr Benkovic have reviewed this document as to its form and context in which the reserves and the supporting information are presented and consent to its release.

RESERVES STATEMENT

The information in this evaluation that relates to the Umiat oil field has not changed since first reporting to the ASX on 11 January 2021, and fairly represents, information and supporting documentation prepared by technical employees of consultants Ryder Scott Company LP, under the supervision of Dr Stephen Staley, as stated in that announcement. Dr Staley is a Non-Executive Director of the Company. Dr Staley has more than 35 years' experience in the petroleum industry, is a Fellow of the Geological Society of London, and a qualified Geologist/Geophysicist who has sufficient experience that is relevant to the style and nature of the oil prospects under consideration and to the activities discussed in this document. Dr Staley has reviewed the information and supporting documentation referred to in this announcement and considers the resource and reserve estimates to be fairly represented and consents to its release in the form and context in which it appears. His academic qualifications and industry memberships appear on the Company's website and both comply with the criteria for "Competence" under clause 3.1 of the Valmin Code 2015.

This evaluation has been prepared in accordance with reserves definitions, standards and procedures contained the Society of Petroleum Engineers' Petroleum Resources Management System (SPE-PRMS) and reported in the most specific resource class in which the prospective resource can be classified under SPE-PRMS 2018 for Project Longhorn and SPE-PRMS 2007 for the Umiat Oil Field. The reserves presented in this evaluation are based on forecast prices and costs. Economic Limit Tests (ELTs) were used to estimate the reserves tabulated in this section.

Reserves Cautionary Statement

Oil and gas reserves and resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when originally calculated may alter significantly when new information or techniques become available. Additionally, by their very nature, reserve and resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional drilling and analysis, the estimates are likely to change. This may result in alterations to development and production plans which may, in turn, adversely impact the Company's operations. Reserves estimates and estimates of future net revenues are, by nature, forward looking statements and subject to the same risks as other forward-looking statements.

Reserves Governance

88 Energy's reserves estimates are compiled annually by qualified external petroleum or reservoir engineering consultants as defined by the ASX Listing Rules. The fees paid to any qualified consultant are not contingent on the reserves outcome of any reserve evaluation.

ASX Listing Rules

a) The reserves information in this document is effective as of 31 December 2022 (Listing Rule (LR) 5.25.1).
b) The reserves information in this document has been estimated and is classified in accordance with SPE-PRMS (Society of Petroleum Engineers - Petroleum Resources Management System) (LR 5.25.2).
c) The reserves information in this document is reported according to the Company's economic interest in each of the reserves net of royalties (LR 5.25.5).
d) The reserves information in this document has been estimated and prepared using the deterministic method (LR 5.25.6).
e) The reserves information in this document has been estimated using a 5:1 BOE conversion ratio for gas to oil; 5:1 conversion ratio is based on an average energy equivalency conversion method and does not represent value equivalency (LR 5.25.7).
f) The reserves information in this document has been estimated on the basis that products are sold on the spot market with delivery at the sales point on the production facilities (LR 5.26.5). The sales point for gas is upstream of the purchaser's processing facilities, thus NGL's and condensates are included in the gas stream.

RESERVES STATEMENT

g) The method of aggregation used in calculating estimated reserves was the arithmetic summation by category of reserves. As a result of the arithmetic aggregation of the field totals, the aggregate 1P may be a very conservative estimate and the aggregate 3P may be a very optimistic estimate due to the portfolio effects of arithmetic summation (LR 5.26.7 & 5.26.8)

h) Project Longhorn reserves are located in the Permian Basin, Texas, USA.

i) The Umiat Oil Field is located in Alaska, USA.

Definitions

- Reserves are those quantities of petroleum that are anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria, based on the development project(s) applied: discovered, recoverable, commercial and remaining (as of the evaluation date).
- 1P is defined as proven (or proved) reserves. 2P is defined as proven plus probable reserves. 3P is defined as proven plus probable plus possible reserves.
- 1P or Proven Reserves are those quantities of petroleum that, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable from a given date forward from known reservoirs and under defined economic conditions, operating methods, and government regulations. This is typically considered to have more than a 90% likelihood of occurring.
- Probable Reserves are those additional reserves that analysis of geoscience and engineering data indicates are less likely to be recovered than proved reserves but more certain to be recovered than possible reserves. This is typically considered to have approximately a 50% likelihood of occurring.
- Possible Reserves are those additional reserves that are less certain to be recovered than probable reserves. It is unlikely that the actual remaining quantities recovered will exceed the sum of the estimated proved plus probable plus possible reserves. This is typically considered to have approximately a 10% likelihood of occurring.
- Developed reserves are expected to be recoverable from existing wells and facilities. Undeveloped reserves will be recovered through future investments (e.g. through installation of compression, new wells into different but known reservoirs, or infill wells that will increase recovery). Total reserves are the sum of developed and undeveloped reserves at a given level of certainty.
- Contingent Resources (1C, 2C and 3C) are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations by application of development projects, but which are not currently considered to be commercially recoverable owing to one or more contingencies.
- Prospective Resources are those quantities of petroleum that are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations.

RESERVES STATEMENT

Glossary

Bbl = barrels	*Mbo/Mbbl = thousand barrels of oil*
Bcf = billion cubic feet	*MMbo/MMbbl = million barrels of oil*
Bcfg = billion cubic feet of gas	*Mboe = thousand barrels of oil equivalent*
Boe = barrels of oil equivalent	*MMboe = million barrels of oil equivalent*
Bopd = barrels of oil per day	*Mcf = thousand cubic feet*
Btu = British Thermal Units	*MMcf = million cubic feet*
mcfg = thousand cubic of gas	*mmbtu = million British Thermal Units*
mmcfg = million cubic feet of gas	*psi = pounds per square inch*
mcfgpd = thousand cubic feet of gas per day	
mmcf = million cubic feet	

DIRECTOR'S REPORT

Directors

The Directors in office of the Company at any time during or since the end of the financial year, unless otherwise stated, are:

Mr Philip Byrne

Non-Executive Chairman

Appointed: 2 August 2021

Mr Byrne is a petroleum geologist by training with over 40 years' experience in the international oil and gas industry across technical, exploration, commercial and executive leadership roles. Previous positions he has held include Executive Vice President Marketing & Trading and Commercial, for Santos Energy, Managing Director and CEO of Nido Petroleum, President of the North-West Shelf Australia LNG organisation (the JV marketing arm of the NW Shelf LNG Project) and various roles with BHP Petroleum including General Manager (Pakistan), President Gas Marketing (Asia/Australia) and General Manager (Australia).

Directorships held in other listed entities during the three years prior to the current year

GLX Digital Limited

Interest in shares, options and rights

Ordinary Shares – nil

Performance Rights – 6,666,667

Share Options – nil

Dr Stephen Staley

Non-Executive Director

Appointed: 9 April 2014

Dr Staley has more than 35 years of wide-ranging management, technical and commercial experience in the international oil, gas and power sectors. He co-founded and brought to the AIM market both Fastnet Oil & Gas plc (where he was the founding CEO) and Independent Resources plc (where he was the founding Managing Director). He was also both a technical consultant to, and Non-Executive Director of, Cove Energy plc – the highly successful East Africa focused explorer. 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.

Directorships held in other listed entities during the three years prior to the current year

Upland Resources Limited (until October 2019)

Predator Oil & Gas Holdings PLC (until March 2022)

Nostra Terra Oil & Gas Company PLC

Interest in shares, options and rights

Ordinary Shares – 12,803,334

Performance Rights – 6,666,667

Share Options – nil

Ms Joanne Kendrick

Non-Executive Director

Appointed: 2 August 2021

Ms Kendrick is a petroleum engineer with over 25 years' experience in the global oil and gas sector.

Ms Kendrick has previously held Board and senior executive positions with various international oil and gas companies including more recently as Managing Director and CEO of Blue Star Helium Limited.

Directorships held in other listed entities during the three years prior to the current year

Buru Energy Limited

Sacgasco Limited (until April 2022)

Blue Star Helium Limited (until May 2021)

Interest in shares, options and rights

Ordinary Shares – nil

Performance Rights – 6,667,667

Share Options – nil

Mr Ashley Gilbert

Managing Director

Appointed: 10 May 2021

Mr Gilbert was appointed as Managing Director on 10 May 2021. Prior to his appointment, he was Chief Financial Officer and Company Secretary of 88 Energy. He is a Chartered Accountant with more than 20 years' experience in commerce and public practice. Prior to 88 Energy Mr Gilbert was CFO of Neptune Marine Services Ltd, a leading provider of integrated oil field services, and also CFO of Nido Petroleum Ltd for just under 10 years. He has also held various finance positions within Woodside Petroleum Limited, GlaxoSmithKline plc. in London and public practice in taxation, auditing, business development, financial management and governance roles.

Directorships held in other listed entities during the three years prior to the current year

None

Interest in shares, options and rights

Ordinary Shares – nil

Performance Rights – 52,846,667

Share Options – nil

Ms Sarah Smith

Company Secretary

Appointed: 4 March 2016 - 1 August 2020

Reappointed: 10 May 2021

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

Board and Management Changes

During the 2022 year there were no board and management changes.

Directors' Meetings

The following table sets out the number of Directors' meetings held during the financial year and the number attended by each Director. During the financial year, 5 board meetings were held and several matters were approved by circular resolution.

Director	Number Eligible to Attend	Number Attended
Mr Stephen Staley	7	7
Mr Philip Byrne	7	7
Ms Joanne Kendrick	7	7
Mr Ashley Gilbert	7	7

In addition to the scheduled Board meetings, Directors regularly communicate by telephone, email or other electronic means. Due to the size and scale of the Company, there is no Remuneration and Nomination Committee or Audit Committee. Matters typically managed by these Committees are, for the time being, managed by the Board. For details of the function of the Board, please refer to the Corporate Governance Statement on the 88 Energy website.

Remuneration Report (Audited)

This remuneration report for the year ended 31 December 2022 outlines the remuneration arrangements of the Group in accordance with the requirements of the Corporations Act 2001 ("the Act") and its regulations. This information has been audited as required by section 308(3C) of the Act. The Remuneration Report details the remuneration arrangements for Key Management Personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing, and controlling the major activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Parent Company.

Key Management Personnel

The remuneration structure for Key Management and Directors is based on several factors including length of service, experience, responsibilities and the performance of the Company.

Key Management Personnel of the Group during or since the end of the 2022 financial year were:

Mr Ashley Gilbert	Managing Director (appointed 10 May 2021)
Dr Stephen Staley	Non-Executive Director (appointed 9 April 2014)
Mr Philip Byrne	Non-Executive Chairman (appointed 2 August 2021)
Ms Joanne Kendrick	Non-Executive Director (appointed 2 August 2021)
Mr Robert Benkovic	Chief Operating Officer (appointed 2 August 2021)
Mr Oliver Mortensen	Chief Financial Officer (appointed 15 November 2021)

Remuneration Policy and Governance

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

A Remuneration Philosophy
B Remuneration Governance, Structure and Approvals
C Remuneration and Performance
D Details of Remuneration
E Service Agreements
F Share-based Compensation
G Equity Instruments Issued on Exercise of Remuneration Options
H Voting and comments made at the Company's 2021 Annual General Meeting
I Loans with KMP
J Other Transactions with KMP

A Remuneration Philosophy

The Company recognises that it operates in a competitive environment and to operate effectively, it must attract, motivate, and retain key personnel. The Board of Directors and key management personnel have authority and responsibility for planning, directing, and controlling the activities of the Group. Compensation levels for key management personnel of the Company are competitively set to attract and retain appropriately qualified and experienced Directors and Executives.

B Remuneration Governance, Structure and Approvals

The Board is responsible for setting the remuneration of Executive and Directors and its objective is to ensure that remuneration policies and structures are fair and competitive and aligned with the long-term interests of the Company. The Board has not established a separate Remuneration Committee at this point due to the level of activity of the Group. The Company has recently engaged an external remuneration consultant to review and provide an independent remuneration review of the Company's Executive team.

Board Remuneration responsibilities include:

- Executive remuneration framework
- Operation of the incentive plans, including key performance indicators and performance hurdles
- Executive Remuneration
- Non-Executive Director fees

Non-Executive Remuneration Structure

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

The remuneration of non-Executives consists of Directors' fees payable in arrears. The total aggregate fixed sum per annum to be paid to non-Executives in accordance with the Company's Constitution shall initially be no more than A$300,000 and may be varied by ordinary resolution of the Shareholders in a General Meeting. Remuneration of non-Executives is based on fees approved by the Board of Directors and is set at levels to reflect market conditions and encourage the continued services of the non-Executives. In accordance with the Company's Constitution, the non-Executives may at any time, subject to the Listing Rules, adopt any scheme or plan which they consider to be in the interests of the Company.

The remuneration of non-Executives is detailed in Table 1(a) and their contractual arrangements are disclosed in "Section E – Service Agreements". Remuneration may also include an invitation to participate in share-based incentive programmes in accordance with Company policy.

Executive Remuneration Structure

The nature and amount of remuneration of Executives are assessed on an annual basis or as otherwise determined by the Board, with the overall objective of ensuring maximum stakeholder benefit from the retention of high performing Executives. The main objectives sought when reviewing Executive remuneration is that the Company has:

- Coherent remuneration policies and practices to attract and retain Executives
- Executives who will create value for shareholders
- Competitive remuneration benchmarked against the market
- Fair and responsible rewards to Executives having regard to the performance of the Group

The Company aims to reward Executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company and aligned with the market. Executive remuneration and incentive policies and practices are designed to motivate management to pursue the Company's strategy, growth and success and demonstrate a clear relationship between the Company's overall performance and performance of the Executives.

The remuneration of Executives is detailed in Table 1(a) and their contractual arrangements are disclosed in "Section E – Service Agreements". Remuneration may also include an invitation to participate in share-based incentive programmes in accordance with Company policy.

C Remuneration and Performance

The remuneration policy has been tailored to align objectives between Shareholders, Non-Executives, and Executives. As part of each of the key management personnel's remuneration package, there is a performance-based component consisting of the issue of performance rights to align Management and Shareholders' interests. The Board determines appropriate options or performance rights' vesting conditions that include share price growth and share price growth relative to Peers as well as tenure over a 3-year performance period. This policy has been deemed by the Board to be the most appropriate performance-based compensation method for a Company of its size and nature.

Due to the Company's growth stage, it is not currently appropriate to evaluate the Company's financial performance using EBITDA and other profitability metrics, as such a summary of the operating losses, share prices, and market capitalisation at year end for the last five years are as follows:

Metric	31-Dec-22	31-Dec-21	31-Dec-20	31-Dec-19	31-Dec-18
Net Loss after income tax ($)	**(70,721,918)**	(2,410,189)	(22,033,633)	(36,780,457)	(5,993,593)
Share price	**$0.010**	$0.025	$0.010	$0.022	$0.019
Market capitalisation	**$182 million**	$370 million	$106 million	$151 million	$120 million

Relationship between Remuneration and Company Performance

Given the current phase of the Company's development and growth, the Board does not consider earnings when reviewing and setting the remuneration structure (nature and amount) of key management personnel. The Remuneration and reward framework for key management personnel may consist of the following areas:

a) Fixed Remuneration
b) Variable - Short-term Incentives
c) Variable - Long-term Incentives

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

a) Fixed Remuneration – Base Salary

Consists of base compensation (which is calculated on a total cost basis and includes any FBT charges related to employee benefits), as well as employer contributions to superannuation. Compensation levels are reviewed regularly by the Board (and independent third parties against the market) and while considering individual performance against agreed key performance indicators and Group performance. Fixed remuneration is guided by the nature and responsibilities of each role as well as knowledge, skills and experience required for each position and market competitive.

b) Variable - Short-term Incentives (STI)

Discretionary cash bonuses may be paid to Executives annually, subject to the requisite Board and shareholder approvals (where applicable). The Board sets annual short-term (12-month) key performance indicators (KPIs) for the Company and then rewards performance against achievement of the KPIs at the end of financial year using a scorecard approach where each KPI holds a particular weighting (STI scorecard). The Board also reviews and considers individual performance in relation to Company performance. During 2022, following feedback from the May 2022 AGM, the Board engaged an external consultant to assess the Company's current STI program and recommend an STI policy and program that is consistent with the Company's peers as well as shareholder objectives. The board therefore adopted a Companywide score card, with weightings to each KPI towards individual roles and responsibilities. The STI scorecard consisted of exploration results (technical and financial), new ventures growth, production growth, ESG and cash flow.

c) Variable - Long Term Incentives (LTI)

The Company adopted an Incentive Option Scheme during the year 31 December 2015 and a Performance Rights Scheme during the year 31 December 2018. LTI Rights are issued under the Employee Performance Rights and Options Plan to eligible participants. It provides for key management personnel, and staff to receive performance rights and/or options over ordinary shares. Any performance rights or options issued to Directors require the approval of shareholders.

Each Performance Right or Option granted under the Scheme will be granted for nil or nominal consideration. Each Performance Right or Option is exercisable into one Share in the Company and the exercise price and expiry date granted under the Scheme will be determined by the Board prior to the grant of the Performance Rights or Options.

The Options granted may be subject to conditions on exercise as may be fixed by the Directors prior to grant of the Options. The Options will not be quoted on ASX.

D Details of Remuneration

The following tables set out the Group remuneration for Directors and key management personnel (KMP)

Table 1(a): KMP Directors Remuneration for the years ended 31 December 2022 and 31 December 2021

		SHORT TERM EMPLOYEE BENEFITS			POST EMPLOYMENT BENEFITS:	EQUITY BASED PAYMENTS	
Director	**Year**	**Salary & Fees**	**Annual & Long Service Leave**	**Bonus & Other (i)**	**Superannuation**	**Performance Rights & Options (i)**	**Total**
Michael Evans	2022	-	-	-	-	-	-
	2021	81,667	-	-	7,817	-	89,484
David Wall	2022	-	-	-	-	-	-
	2021	182,815	-	-	13,300	-	196,115
Stephen Staley	2022	65,000	-	-	-	91,531	156,531
	2021	65,000	-	-	-	15,269	80,269
Ashley Gilbert(i)	2022	473,345	26,694		25,146	185,347	710,532
	2021	385,284	30,839	158,000	24,999	205,833	804,955
Philip Byrne	2022	140,000	-	-	14,350	91,531	245,881
	2021	58,333	-	-	5,833	15,269	79,435
Joanne Kendrick	2022	65,000	-	-	6,662	91,531	163,193
	2021	27,083	-	-	2,708	15,269	45,061
Total Remuneration	**2022**	**743,345**	**26,694**	**-**	**46,158**	**459,940**(ii)	**1,276,137**
	2021	800,183	30,839	158,000	54,657	251,640	1,295,319

(i) A bonus to Mr A. Gilbert based on the new STI scorecard and individual performance will be paid in 2023 contingent on performance hurdles.

(ii) Performance Rights and Options expensed over the vesting periods adjusted for non-markets tranches which expired.

Table 1(b) – KMP Executives Remuneration for the years ended 31 December 2022 and 31 December 2021

		SHORT TERM EMPLOYEE BENEFITS			POST EMPLOYMENT BENEFITS:	EQUITY BASED PAYMENTS	
Executives	**Year**	**Salary & Fees**	**Annual & Long Service Leave**	**Bonus & Other**	**Superannuation**	**Performance Rights & Options[iii]**	**Total $**
Robert Benkovic	2022	366,737	17,675	20,757[i]	27,500	192,240	624,909
	2021	135,208	12,582	26,667	11,458	49,320	235,235
Oliver Mortensen	2022	263,712	13,865	14,155[ii]	27,165[ii]	113,159	432,056
	2021	31,076	3,066	-	3,108	7,627	44,877
Total	**2022**	**630,449**	**31,540**	**34,912**	**54,665**	**305,399[iii]**	**1,056,965**
Remuneration	2021	166,284	15,648	26,667	14,566	56,947	280,113

(i) Mr Robert Benkovic was paid a cash bonus in 2022 of $18,870 and elected to cash out super of $1,887. A bonus to Mr R. Benkovic based on the new STI scorecard and individual performance will be paid in 2023 contingent on performance hurdles.

(ii) Mr Oliver Mortensen was paid a cash bonus in 2022 of $14,155 and super of $1,415 was paid. A bonus to Mr O. Mortensen based on the new STI scorecard and individual performance will be paid in 2023 contingent on performance hurdles.

(iii) Performance Rights and Options expensed over the vesting period.

KMP Performance Rights, Options and Shares held

The Company has the following Performance Rights and Options Issued, and Shares held by Directors, Executives and Staff in existence during the current and prior reporting periods.

Table 2 – Proportion of fixed vs variable remuneration expense

	Fixed Remuneration		**Variable – STI (%)**		**Variable – LTI (%)**	
KMP	**2022**	**2021**	**2022**	**2021**	**2022**	**2021**
<u>Directors</u>						
Michael Evans	-	100%	-	-	-	-
David Wall	-	100%	-	-	-	-
Stephen Staley	**42%**	81%	-	-	**58%**	19%
Ashley Gilbert	**74%**	55%	-	20%	**26%**	26%
Philip Byrne	**63%**	81%	-	-	**37%**	19%
Joanne Kendrick	**44%**	66%	-	-	**56%**	34%
<u>Executives</u>				-		
Robert Benkovic	**66%**	68%	**3%**	11%	**31%**	20%
Oliver Mortensen	**71%**	83%	**3%**	-	**26%**	17%

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

KMP	Opening Balance 1 January 2022	Granted	Issue on exercise of equity instruments	Net Change / Other	Closing Balance 31 December 2022
Directors					
Stephen Staley	12,808,334	-	-	-	12,808,334
Ashley Gilbert	-	-	-	-	-
Philip Byrne	-	-	-	-	-
Joanne Kendrick	-	-	-	-	-
Executives					
Robert Benkovic	-	-	-	-	-
Oliver Mortensen	-	-	-	-	-
Total	**12,808,334**	**-**	**-**	**-**	**12,808,334**

Table 4 – Performance Rights of KMP (direct and indirect holdings)

KMP	Opening 1 January 2022	Granted	Vested & Exercised	Net Change / Expired / Other	Closing 31 December 2022	Vested & Exercisable
Directors						
Ashley Gilbert	61,253,540	-	(295,729)(i)	(8,111,144)	52,846,667	-
Philip Byrne	10,000,000	-	-	(3,333,333)	6,666,667	-
Stephen Staley	10,000,000	-	-	(3,333,333)	6,666,667	-
Joanne Kendrick	10,000,000	-	-	(3,333,333)	6,666,667	-
Executives						
Robert Benkovic	21,600,000	-	-	(4,860,000)	16,740,000	-
Oliver Mortensen	12,000,000	-	-	-	12,000,000	-
Total	**124,853,540**	**-**	**(295,729)**	**(22,971,143)** (i)	**101,586,668**	**-**

(i) The change of 23,266,872 is represented by the expiration of 22,971,143 performance rights due to not meeting tranche criteria conditions and 295,729 which were paid out on the exercise of vested performance rights. During the year 295,729 of the 2018 performance rights issue vested and were exercised. With board approval Mr Gilbert elected to cash settle.

E Service Agreements

Mr Ashley Gilbert – Managing Director

Contract: Engaged as an employee, commencing 28 January 2017 and appointed as Managing Director 10 May 2021.

Employee Salary: $450,000 per annum plus superannuation. During the year, Mr Gilbert elected to cash out a component of his superannuation.

Performance Based Bonuses: The Company may at any time pay Mr Gilbert a performance-based bonus over and above his salary. In determining the extent of any performance-based bonus, the Company shall take into consideration the performance of Mr Gilbert and the Company.

Termination by Company is with 3 months' notice or payment in lieu thereof. Termination by Mr Gilbert is with 3 months' notice.

Termination Benefit: Termination benefits to the extent permitted under the ASX Listing Rules and Corporations Act are included in the contract in the event of certain termination events.

Mr Philip Byrne – Non-Executive Chairman

Contract: Commenced on 2 August 2021.

Director's Fee: A$140,000 per annum plus superannuation.

Refer to Note 1 below for details pertaining to re-appointment and termination.

Mr Stephen Staley – Non-Executive Director

Contract: Commenced on 9 April 2014.

Director's Fee: $65,000 per annum

Refer to Note 1 below for details pertaining to re-appointment and termination.

Ms Joanne Kendrick – Non-Executive Director

Contract: Commenced on 2 August 2021.

Director's Fee: A$65,000 per annum plus superannuation.

Refer to Note 1 below for details pertaining to re-appointment and termination.

Mr Robert Benkovic – Chief Operating Officer

Contract: Engaged as an employee commencing 2 August 2021

Employee Salary: $395,000 per annum plus superannuation.

Performance Based Bonuses: The Company may at any time pay Mr Benkovic a performance-based bonus over and above his salary. In determining the extent of any performance-based bonus, the Company shall take into consideration the performance of Mr Benkovic and the Company.

Termination by Company is with 3 months' notice or payment in lieu thereof. Termination by Mr Benkovic is with 1 months' notice.

Termination Benefit: Termination benefits to the extent permitted under the ASX Listing Rules and Corporations Act are included in the contract in the event of certain termination events.

Mr Oliver Mortensen – Chief Financial Officer

Contract: Engaged as an employee commencing 15 November 2021

Employee Salary: $285,000 per annum plus superannuation.

Performance Based Bonuses: The Company may at any time pay Mr Mortensen a performance-based bonus over and above his salary. In determining the extent of any performance-based bonus, the Company shall take into consideration the performance of Mr Mortensen and the Company.

Termination by Company is with 3 months' notice or payment in lieu thereof. Termination by Mr Mortensen is with 3 months' notice.

Termination Benefit: Termination benefits to the extent permitted under the ASX Listing Rules and Corporations Act are included in the contract in the event of certain termination events.

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

F Share-based Compensation

The Performance rights and options granted are to incentivise personnel to work towards and provide rewards for achieving the Company's strategic goals and improving the Company's value as determined by market price of its shares and length of tenure with the Company. The Company has the following Performance Rights and Options issued to KMP Directors and Executives in existence during the current and prior reporting periods.

Unlisted Options:

There are 176,000,000 unlisted options as at 31 December 2022.

Unlisted Performance Rights:

Performance Rights issued to KMP in the *2018* financial year which continued to vest in current year

Directors and Executives	Share Price A	Share Price B	Share Price C	Reserves	Resources	Production	Tenure	Total
Grant Date	15/10/2018	15/10/2018	15/10/2018	15/10/2018	15/10/2018	15/10/2018	15/10/2018	
Expiry Date	24/10/2022	24/10/2022	24/10/2022	24/10/2022	24/10/2022	24/10/2022	24/10/2022	
Fair Value Price $	0.00020	0.00010	-	0.01900	0.01900	0.01900	0.01900	
Exercise Price	Nil	Nil	Nil	Nil	Nil	Nil	Nil	
Performance Rights – A Gilbert	**2,409,000**	**2,409,000**	**2,409,000**	**2,409,000**	**1,204,500**	**602,250**	**602,250**	**12,045,000**
Vested Rights $	-	-	-	1,677,893	-	280,046	602,250	**2,560,189**
% Vested	-	-	-	69%	-	46%	100%	**21%**
Expired Rights $	2,409,000	2,409,000	2,409,000	731,107	1,204,500	322,204	-	**9,484,811**
Fair Value $ - A Gilbert	482	241	-	45,771	22,886	11,443	11,443	**92,266**
Total Fair Value $	**482**	**241**	**-**	**45,771**	**22,886**	**11,443**	**11,443**	**92,266**
Benefits Expense during 2022 $								
A Gilbert	-	-	-	9,719	4,499	2,249	-	**16,467**
Total Expensed $	**482**	**241**	**-**	**45,771**	**22,886**	**11,443**	**11,443**	**92,266**
Benefits not yet recognised $								
A Gilbert	-	-	-	-	-	-	-	-
Total Not Yet Recognised $	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

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

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

Performance Rights were issued under five tranches with the following performance conditions:

Tranche A, B and C (Share Price condition): tranches have a performance period of 12 months for tranche A, 24 months for tranche B and 36 months for trance C, at which point the vesting conditions relating to absolute share price growth will be tested with total number of rights to vest dependant on outcome of testing

Tranche D (Resources condition): tranche has non-market based vesting conditions attached that relate to the growth in the Company's Resources

Tranche E (Reserves condition): tranche has non-market based vesting conditions attached that relate to the growth in the Company's Resources

Tranche F (Production condition): tranche has non-market based vesting conditions attached that relate to the growth in the Company's Resources

Tranche G (Tenure condition): tranche has non-market based vesting conditions attached that require the employee to remain employed with the Company up to including 3 years from date of issue

295,729 Performance Rights vested during the year, 2,257,811 Performance Rights lapsed. At 31 December 2022 there are nil Performance Rights remaining in this 2018 issue.

Performance Rights issued to KMP in the *2020* financial year which continue to vest in current year.

Executives	Share Price A	Share Price B	Share Price C	Tenure	Total
Grant Date	24/12/2020	24/12/2020	24/12/2020	24/12/2020	
Expiry Date	06/01/2024	06/01/2024	06/01/2024	06/01/2024	
Fair Value Price $	0.0030	0.0040	0.0060	0.0070	
Exercise Price	Nil	Nil	Nil	Nil	
Performance Rights - A Gilbert	**11,250,000**	**11,250,000**	**11,250,000**	**3,750,000**	**37,500,000**
Vested Rights $	11,250,000	-	-	-	**-**
% Vested	100%	-	-	-	**-**
Fair Value $ - A Gilbert	33,750	45,000	67,500	26,250	**172,500**
Total Fair Value $	**33,750**	**45,000**	**67,500**	**26,250**	**172,500**
Benefits Expense during 2022 $					
A Gilbert	-	22,730	22,500	8,750	**53,980**
Total Expensed $	**33,750**	**45,000**	**44,795**	**17,420**	**140,965**
Benefits not yet recognised $					
A Gilbert	-	-	22,705	8,830	**31,535**
Total Not Yet Recognised A. Gilbert $	**-**	**-**	**22,705**	**8,830**	**31,535**

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

Refer to ASX release dated 5 January 2021 for specific terms and conditions of Performance Rights issued.

Performance Rights were issued under four tranches with the following performance conditions:

Tranche A, B and C (Share Price condition): tranches have a performance period of 12 months for tranche A, 24 months for tranche B and 36 months for trance C, at which point the vesting conditions relating to absolute share price growth will be tested with total number of rights to vest dependant on outcome of testing

Tranche G (Tenure condition): tranche has non-market based vesting conditions attached that require the employee to remain employed with the Company up to including 3 years from date of issue

11,250,000 Performance Rights of the 11,250,000 from Tranche A vested during the year but are not yet exercised.

Performance Rights were issued to KMP in the *2021* financial year

Executives	Share Price A	Share Price B	Share Price C	Tenure	Total
Grant Date	21/05/2021	21/05/2021	21/05/2021	21/05/2021	
Expiry Date	21/05/2024	21/05/2024	21/05/2024	21/05/2024	
Fair Value Price $	0.011	0.015	0.019	0.025	
Exercise Price	Nil	Nil	Nil	Nil	
Performance Rights - A Gilbert	**3,360,000**	**3,360,000**	**3,360,000**	**1,120,000**	**11,200,000**
Vested Rights $	840,000	-	-	-	**840,000**
% Vested	25%	-	-	-	**25%**
Expired Rights $	2,520,000 (i)				**2,520,000**
Fair Value $ - A Gilbert	36,960	50,400	63,840	28,000	**179,200**
Total Fair Value $	**36,960**	**50,400**	**63,840**	**28,000**	**179,200**
Benefits Expensed during 2022 $					
A Gilbert	14,430	25,200	21,280	9,333	**70,243**
Total Expensed $	**36,960**	**40,562**	**34,250**	**15,022**	**126,794**
Benefits not yet recognised $					
A Gilbert	-	9,838	29,590	12,978	**52,406**
Total Not Yet Recognised A. Gilbert $	**-**	**9,838**	**29,590**	**12,978**	**52,406**

2,520,000 Performance Rights of the 3,360,000 from Tranche A lapsed during the year.

Executives	Share Price A	Share Price B	Share Price C	Tenure	Total
Grant Date	30/08/2021	30/08/2021	30/08/2021	30/08/2021	
Expiry Date	30/08/2024	30/08/2024	30/08/2024	30/08/2024	
Fair Value Price $	0.012	0.022	0.019	0.039	
Exercise Price	Nil	Nil	Nil	Nil	
Performance Rights - R Benkovic	**6,480,000**	**6,480,000**	**6,480,000**	**2,160,000**	**21,600,000**
Vested Rights $	1,620,000 (ii)	-	-	-	**1,620,000**
% Vested	25%	-	-	-	**25%**
Expired Rights $	4,860,000 (i)	-	-	-	**4,860,000**
Fair Value $ - R Benkovic	77,760	142,560	123,120	84,240	**427,680**
Total Fair Value $	**77,760**	**142,560**	**123,120**	**84,240**	**427,680**
Benefits Expensed during 2022 $					
R Benkovic	51,840	71,280	41,040	28,080	**192,240**
Total Expensed $	**77,760**	**83,160**	**47,880**	**32,760**	**241,560**
Benefits not yet recognised $					
R Benkovic	-	59,400	75,240	51,480	**186,120**

4,860,000 Performance Rights of the 6,480,000 from Tranche A lapsed during the year.

1,620,000 Performance Rights of the 6,480,000 from Tranche A vested during the year but are not yet exercised.

Directors	Share Price A	Share Price B	Share Price C	Total
Grant Date	08/11/2021	08/11/2021	08/11/2021	
Expiry Date	06/01/2024	06/01/2024	06/01/2024	
Fair Value Price $	0.012	0.022	0.019	
Exercise Price	Nil	Nil	Nil	
Performance Rights	**13,333,333**	**13,333,333**	**13,333,333**	**40,000,000**
S. Staley	3,333,333	3,333,333	3,333,333	**10,000,000**
P. Byrne	3,333,333	3,333,333	3,333,333	**10,000,000**
J. Kenrick	3,333,333	3,333,333	3,333,333	**10,000,000**
A. Gilbert	3,333,333	3,333,333	3,333,333	**10,000,000**
Vested Rights	-	-	-	
% Vested	-	-	-	
Fair Value $				
S. Staley	40,000	73,333	63,333	**176,667**
P. Byrne	40,000	73,333	63,333	**176,667**
J. Kenrick	40,000	73,333	63,333	**176,667**
A. Gilbert	40,000	73,333	63,333	**176,667**
Total Fair Value S. Staley $	**40,000**	**73,333**	**63,333**	**176,667**
Total Fair Value P. Byrne $	**40,000**	**73,333**	**63,333**	**176,667**
Total Fair Value J. Kendrick $	**40,000**	**73,333**	**63,333**	**176,667**
Total Fair Value A. Gilbert $	**40,000**	**73,333**	**63,333**	**176,667**
Benefits Expensed during 2022 $				
S. Staley	33,753	36,667	21,111	**91,531**
P. Byrne	33,753	36,667	21,111	**91,531**
J. Kenrick	33,753	36,667	21,111	**91,531**
A. Gilbert	33,753	36,667	21,111	**91,531**
Total Expensed S. Staley $	**40,000**	**42,393**	**24,408**	**106,801**
Total Expensed P. Byrne $	**40,000**	**42,393**	**24,408**	**106,801**
Total Expensed J. Kendrick $	**40,000**	**42,393**	**24,408**	**106,801**
Total Expensed A. Gilbert $	**40,000**	**42,393**	**24,408**	**106,801**
Benefits not yet recognised $				
S. Staley	-	30,940	38,925	**69,865**
P. Byrne	-	30,940	38,925	**69,865**
J. Kenrick	-	30,940	38,925	**69,865**
A. Gilbert	-	30,940	38,925	**69,865**
Total Not Yet Recognised S. Staley $	-	**30,940**	**38,925**	**69,865**
Total Not Yet Recognised P. Byrne $	-	**30,940**	**38,925**	**69,865**
Total Not Yet Recognised J. Kendrick $	-	**30,940**	**38,925**	**69,865**
Total Not Yet Recognised A. Gilbert $	-	**30,940**	**38,925**	**69,865**

3,333,333 Performance Rights of the 3,333,333 from Tranche A lapsed during the year for each director.

Executives	Share Price A	Share Price B	Share Price C	Tenure	Total
Grant Date	7/12/2021	7/12/2021	7/12/2021	7/12/2021	
Expiry Date	31/1/2025	31/1/2025	31/1/2025	31/1/2025	
Fair Value Price $	0.012	0.022	0.019	0.026	
Exercise Price	Nil	Nil	Nil	Nil	Nil
Performance Rights – O Mortensen	**3,600,000**	**3,600,000**	**3,600,000**	**1,200,000**	**12,000,000**
Vested Rights	-	-	-	-	-
% Vested	-	-	-	-	-
Fair Value $ - O Mortensen	43,200	79,200	68,400	31,200	**222,000**
Total Fair Value $	**43,200**	**79,200**	**68,400**	**31,200**	**222,000**
Benefits Expensed during 2022 $					
O Mortensen	40,359	39,600	22,800	10,400	**113,159**
Total Expensed $	**43,200**	**42,204**	**24,299**	**11,084**	**120,787**
Benefits not yet recognised $					
O Mortensen	-	36,996	44,101	20,116	**101,213**
Total Not yet Recognised O. Mortensen $	**-**	**36,996**	**44,101**	**20,116**	**101,213**

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

Performance Rights were issued under four tranches except for those issued to directors on the 24/12/2021 which do not have a tenure tranche. The following reflect the performance conditions:

Tranche A, B and C (Share Price condition): tranches have a performance period of 12 months for tranche A, 24 months for tranche B and 36 months for tranche C, at which point the vesting conditions relating to absolute share price growth will be tested with total number of rights to vest dependant on outcome of testing

Tranche E (Tenure condition): tranche has non-market based vesting conditions attached that require the employee to remain employed with the Company up to including 3 years from date of issue

G Equity Instruments Issued on Exercise of Remuneration Options

No new shares were issued on exercise of Options during the 2022 financial year.

No remuneration options were exercised during the 2022 financial year.

H Voting and comments made at the Company's 2022 Annual General Meeting

The adoption of the Remuneration Report for the financial year ended 31 December 2021 was put to the shareholders of the Company at the AGM held 16 May 2022. The resolution was passed without amendment, on a poll.

I Loans with KMP

There were no loans made to / from any KMP during the year ended 31 December 2022 (2021: nil).

J Other Transactions with KMP

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

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

The following transactions occurred with related parties:

	2022	2021
	$	$
Derwent Resources Limited(i)	**49,321**	51,647

During the year, the Company paid £27,782 ; A$49,321 (2021: £27,782 : A$51,647) to Derwent Resources Limited for consultancy services. The amount has been translated to Australian Dollars at the average rate.

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

End of Audited Remuneration Report

Corporate Governance Statement

The Company's Corporate Governance Statement is set out on the Company's website: https://88energy.com/corporate-governance/

Financial Review

The financial results of the Group for the year ended 31 December 2022 are:

Metric	**31 Dec 22** **$**	31 Dec 21 $	Change %
Cash and cash equivalents	**14,123,731**	32,317,887	(56)%
Net Assets	**131,676,016**	139,840,134	(5)%
Revenue and other income	**3,339,637**	4,448,699	(2)%
Net loss after tax	**(70,721,918)**	(2,410,189)	2842%

The loss for the year was $70,721,918 (2021: $2,410,189)

At the end of the financial year, the Group had cash on hand of $14,123,731 (2021: $32,317,887), net assets of $131,676,016 (2021: $139,840,134) and current liabilities of $1,349,869 (2021: $5,942,620)

In 2022 the Company raised approximately $47 million (before costs) through the issue of new shares.

During the 2022 year the Merlin 1 and Merlin 2 exploration wells were plugged and abandoned with a total cost of $67,623,823.

Financial Position

Subject to the disclosures elsewhere in this report, the Directors believe the Group is in a stable financial position to continue to explore its projects and to identify new opportunities.

Significant Changes in State of Affairs

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

Dividends

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

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

Events Subsequent to Reporting Date

The Company announced that it has successfully completed a bookbuild to domestic and international institutional and sophisticated investors to raise A$17.5 million from the issue of 1,842,105,263 fully paid ordinary shares at A$0.0095 (refer ASX release 6th February 2023). The net proceeds of the Placement, together with the Company's existing cash reserves (A$14.1 million as at 31 December 2022), will strengthen the Company's balance sheet and will provide the Company with sufficient capital to fund the planned Hickory-1 well at Project Phoenix, payment for the new Project Leonis acreage, finance potential portfolio expansion / new ventures (should any be identified and pursued), and also additional working capital.

The Company announced the Permit to Drill for the Hickory-1 exploration well was approved on 6th February 2023 by the Alaska Oil and Gas Conservation Commission (AOGCC) (refer ASX release 6th February 2023). The Company is pleased to report that operations are underway with ice pad construction completed and the Nordic Calista Rig-2 will commence drilling of the Hickory-1 exploration well located in Project Phoenix.

On 7 December 2022, the Company submitted a unit application covering leases within the Project Phoenix acreage area, with the application open for public comment until 31 December 2022. Following consideration of the unit application on 28th February 2023, the Alaska Department of Natural Resources (DNR) approved the formation of the Toolik River Unit covering leases in the western and central area of Project Phoenix (refer to the ASX announcement dated 28 February 2023). The unit approval has extended those leases for Project Phoenix beyond their primary term accompanied by the unit plan of exploration through to February 2028. Approval provides an agreed program to assess commercialisation of the acreage as well as a pathway towards development and production.

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

Likely Developments

Likely developments, prospects, and business strategies of the operations of the Group and the expected results of those operations have not been included in this Report as the Directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the Group.

Environmental Issues

The Group is aware of its environmental obligations with regards to its exploration activities and ensures that it complies with all regulations when carrying out any exploration work.

The Directors of the Group are not aware of any breach of environmental legislation for the year under audit.

Proceedings on behalf of the Company

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

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

Indemnification of Directors, Officers and Auditors

During the year ended 31 December 2022, the Company paid premiums in respect of a contract ensuring the directors and officers of the Company against liabilities incurred as directors or officers to the extent permitted by the Corporations Act 2001.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity, and any other payments arising from liabilities incurred by the officers in connection with such proceedings.

This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for them or someone else or to cause detriment to the Company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the group are important.

Details of the amounts paid or payable to the auditors, BDO Audit (WA) Pty Ltd, for non-audit services provided during the year are set out below.

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

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

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

	31-Dec-22	31-Dec-21
Non-Audit Services		
Remuneration for other services		
BDO Rewards Perth	27,500	-
BDO USA	37,306	38,160
Total Non-Audit Services	64,806	38,160

Auditor's Independence Declaration

The Auditor's Independence Declaration is set out on page 35 and forms part of the Directors' Report for the financial year ended 31 December 2022.

Signed in accordance with a resolution of Directors made pursuant to s298 (2) of the Corporations Act 2001. This Report is made with a resolution of the Directors.

Mr Ashley Gilbert
Managing Director
Dated this 8th day of March 2023

AUDITOR'S INDEPENDENCE DECLARATION

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Australia

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

As lead auditor of 88 Energy Limited for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

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

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

Jarrad Prue

Director

BDO Audit (WA) Pty Ltd

Perth

8 March 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022	2021
		$	$
Other income	3(a)	**21,760**	4,448,699
Share of profit/(loss) from equity accounted investment	11	**3,317,877**	-
Administrative expenses	3(b)	**(2,778,962)**	(3,048,444)
Occupancy expenses		**(51,142)**	(86,765)
Employee benefit expenses	3(c)	**(2,335,914)**	(1,958,388)
Share-based payment expense	18	**(658,111)**	(738,965)
Depreciation and amortisation expense		**(60,307)**	(84,449)
Finance cost		**(8,583)**	(1,195,703)
Other expenses		**(12,869)**	(48,471)
Foreign exchange (loss) / gain		**493,647**	302,297
Exploration & Evaluation Impairment/Expense	3(d)	**(68,649,314)**	-
Loss before income tax		**(70,721,918)**	(2,410,189)
Income tax expense	4	**-**	-
Loss after income tax for the year		**(70,721,918)**	(2,410,189)
Other comprehensive income / (loss) for the year			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**6,378,972**	4,855,236
Other comprehensive income / (loss) for the year, net of tax		**(64,342,946)**	4,855,236
Total comprehensive income / (loss) for the year attributable to members of 88 Energy Limited		**(64,342,946)**	2,445,047
Loss per share for the year attributable to the members of 88 Energy Limited:			
Basic and diluted loss per share	5	**(0.0042)**	(0.0001)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	2022	2021
		$	$
ASSETS			
Current Assets			
Cash and cash equivalents	6	**14,123,731**	32,317,887
Trade and other receivables	7	**1,549,816**	935,930
Other Current Asset	7	**-**	10,224,959
Total Current Assets		**15,673,547**	43,478,776
Non-Current Assets			
Plant and equipment	8	**20,337**	9,675
Exploration and evaluation expenditure	9	**96,422,918**	101,357,767
Other Assets	10	**940,424**	936,536
Equity accounted investments	11	**19,968,658**	-
Total Non-Current Assets		**117,352,337**	102,303,978
TOTAL ASSETS		**133,025,884**	145,782,754
LIABILITIES			
Current Liabilities			
Trade and other payables	12	**1,105,132**	5,796,350
Provisions	13	**244,736**	146,270
Total Current Liabilities		**1,349,868**	5,942,620
TOTAL LIABILITIES		**1,349,868**	5,942,620
NET ASSETS		**131,676,016**	139,840,134
EQUITY			
Contributed equity	14	**340,972,669**	285,809,214
Reserves	15	**30,468,589**	23,074,244
Accumulated losses		**(239,765,242)**	(169,043,324)
TOTAL EQUITY		**131,676,016**	139,840,134

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Issued Capital	Reserves	Accumulated Losses	Total
	$	$	$	$
At 1 January 2022	**285,809,214**	**23,074,244**	**(169,043,324)**	**139,840,134**
Loss for the year	**-**	**-**	**(70,721,918)**	**(70,721,918)**
Other comprehensive income	**-**	**6,378,972**	**-**	**6,378,972**
Total comprehensive income/(loss) for the year after tax	**-**	**6,378,972**	**(70,721,918)**	**(64,342,946)**
Transactions with owners in their capacity as owners:				
Issue of share capital	**58,524,106**	**-**	**-**	**58,524,106**
Issue of Options	**-**	**360,260**	**-**	**360,260**
Settlement of vested PR's	**-**	**(2,998)**	**-**	**(2,998)**
Share-based payments	**-**	**658,111**	**-**	**658,111**
Share issue costs	**(3,360,651)**	**-**	**-**	**(3,360,651)**
Balance at 31 December 2022	**340,972,669**	**30,468,589**	**(239,765,242)**	**131,676,016**
At 1 January 2021	208,963,513	16,580,975	(166,633,135)	58,911,353
Loss for the year	-	-	(2,410,189)	(2,410,189)
Other comprehensive income	-	4,855,236	-	4,855,236
Total comprehensive income/(loss) for the year after tax	-	4,855,236	(2,410,189)	2,445,047
Transactions with owners in their capacity as owners:				
Issue of share capital	80,305,041	-	-	80,305,041
Issue of Options	-	1,072,790	-	1,072,790
Settlement of vested PR's		(173,722)		(173,722)
Share-based payments	-	738,965	-	738,965
Share issue costs	(3,459,340)	-	-	(3,459,340)
Balance at 31 December 2021	285,809,214	23,074,244	(169,043,324)	139,840,134

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANICAL YEAR ENDED 31 DECEMBER 2022

	Note	2022	2021
		$	$
Cash flows from operating activities			
Payment to suppliers and employees		**(4,907,742)**	(4,594,024)
Interest and other income received		**20,126**	841
Interest & finance costs		**-**	(1,052,539)
Net cash flows used in operating activities	6(b)	**(4,887,616)**	(5,645,722)
Cash flows from investing activities			
Payments for equity accounted investments		**(10,693,565)**	-
Payments for exploration and evaluation activities		**(52,644,427)**	(41,791,086)
Contribution from Joint Operation Partners in relation to Exploration		**1,078,866**	20,816,000
Proceeds (payment) for Bonds		**137,930**	(112,730)
Proceeds from Sale of tax credits		**-**	24,233,263
Distribution from Equity Accounted Investments		**4,281,910**	-
Net cash flows generated from/used in investing activities		**(57,839,286)**	3,145,447
Cash flows from financing activities			
Proceeds from issue of shares	14	**47,052,778**	42,521,478
Share issue costs		**(3,149,329)**	(2,523,150)
Repayment of borrowings		**-**	(20,909,692)
Net cash flows from financing activities		**43,903,449**	19,088,636
Net increase/(decrease) in cash and cash equivalents		**(18,823,453)**	16,588,361
Cash and cash equivalents at the beginning of the year		**32,317,887**	14,845,347
Effect of exchange rate fluctuations on cash held		**629,297**	884,179
Cash and cash equivalents at end of year	6(a)	**14,123,731**	32,317,887

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Summary of significant accounting policies

a) Reporting Entity

88 Energy Limited (referred to as "88 Energy" or the "Company") is a company domiciled in Australia and listed on the ASX, AIM and OTC Markets. The address of the Company's registered office and principal place of business is disclosed in the Corporate Directory of the Annual Report. The consolidated financial statements of the Company as at and for the year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "Consolidated Entity" or the "Group"). The Group is primarily involved in oil and gas exploration in Alaska.

b) Basis of Preparation

Statement of compliance

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

The annual report was authorised for issue by the Board of Directors on 8 March 2023.

Basis of measurement

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

Significant Judgements and Estimates

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

c) Principles of Consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of 88 Energy Limited ('Company' or 'parent entity') as at 31 December 2022 and the results of all subsidiaries for the year then ended. 88 Energy and its subsidiaries together are referred to in this financial report as the consolidated entity.

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

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

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

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

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

d) Foreign Currency Translation

Functional and presentation currency

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

Transactions and balances

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

Consolidated entity companies

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

assets and liabilities for each statement of financial position account presented are translated at the closing rate at the date of that statement of financial position.

income and expenses for each statement of profit or loss and other comprehensive income account are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

all resulting exchange differences are recognised in other comprehensive income.

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

e) Borrowings

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

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

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

f) Exploration & Evaluation Expenditure

The accounting policy adopted by the Group is as follows:

Pre-licence costs

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

Licence and property acquisition costs

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

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

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

Exploration and evaluation costs

The Company accounts for exploration and evaluation activities as follows:

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

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

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

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

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

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

g) Oil and Gas Properties

Producing asset at Cost

Recognition and measurement

i) Producing assets
Producing projects are stated at cost less accumulated depletion. The carrying value of oil and gas properties is reviewed annually by management to ensure it is not in excess of the recoverable amount. The recoverable amount of an asset or CGU is the greater of its fair value less costs of disposal (FVLCD) and its value-in-use (VIU), using an asset's estimated future cashflows (as described below) 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.

ii) Drilling and completion costs
Where the Company has a non-operated interest in an oil or gas property, it may periodically be required to make a cash contribution for its share of the Operator's estimated drilling and/or completion costs.

iii) Commencement of production
When a well comes into commercial production, accumulated expenditure for the relevant area of interest is depleted on a units of production basis.

iv) Depletion of producing projects
The Group uses the units of production (UOP) approach when depleting field-specific assets. Using this method of depletion requires the Group to compare the actual volume of production to the reserves and then to apply this determined rate of depletion to the carrying value of the depreciable asset. Capitalised producing project costs relating to commercially producing fields are depleted using the UOP basis once commercial quantities are being produced within an area of interest. The reserves used in these calculations are the proved plus probable reserves (2P) and are reviewed annually.

Key estimates and judgements
The carrying value of oil and gas assets is determined by capitalising expenditure once a field of interest has commenced commercial production.

Impairment
Assets are tested for impairment in line with AASB 136. Whenever events or changes in circumstances indicate that the carrying amount may not be recoverable, an impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, which is a product of quantity of reserves, prices, and operating costs, less the cost to sell and value in use. No impairment indicators were identified on oil and gas assets at 31 December 2022.

Depletion
Estimation of depletion of the oil and gas assets is based on the updated 2P reserves estimate as at 31 December 2022. Producing assets are amortised on a unit of production basis on 2P reserves. The reserves for Project Longhorn were compiled by 88 Energy's independent consultant. See below for judgements relating to reserve estimates.

Reserve Estimates
Estimation of reported recoverable quantities of proved and provable reserves include judgemental assumptions regarding commodity prices, market operational costs, discount rates and production and selling costs for future cash flows. It also requires interpretation of geological and geophysical models in order to make an assessment of the size, shape, depth and quality of reservoirs and their anticipated recoveries. The economic, geological and technical factors used to estimate reserves may change from period to period. Changes in reported reserves can impact assets' carrying amounts due to changes in expected future cash flows. Reserves are integral to the amount of depletion charged to the income statement as part of recording 88 Energy's share of equity accounted investments.

h) Income Tax

(i) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in other comprehensive income or equity is recognised in other comprehensive income or equity and not in profit or loss.

(ii) Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences except:

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

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

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

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

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

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

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

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

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

i) Goods and Services Tax

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

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

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

j) Revenue recognition

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

Interest income

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

Dividends

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

k) Cash and Cash Equivalents

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

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

l) Trade and Other Receivables

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

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

m) Plant and Equipment

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

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

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

Depreciation

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

Plant and Equipment 2 to 5 years

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

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

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

n) Impairment of Assets

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

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

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

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

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

o) Trade and Other Payables

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

p) Provisions

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

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

q) Employee Benefits

Short-term employee benefits

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

Other long-term employee benefits

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

r) Contributed equity

Ordinary shares are classified as equity.

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

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

s) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

The profit attributable to the members of the parent, excluding any costs of servicing equity other than ordinary shares.

By the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

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

The after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

The weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

t) Share-based Payments

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

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

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

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

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

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

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

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

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

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

u) Financial Instruments

Offsetting of financial instruments

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

Fair value of financial instruments

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

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

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

v) Comparative figures

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

w) Asset Acquisition not constituting a Business

When an asset acquisition does not constitute a business combination, the assets and liabilities are assigned a carrying amount based on their relative fair values in an asset purchase transaction and no deferred tax will arise in relation to the acquired assets and assumed liabilities as the initial recognition exemption for deferred tax under AASB 112 applies. No goodwill will arise on the acquisition and transactions costs of the acquisition will be included in the capitalised cost of the asset.

In determining when an acquisition is determined to be an asset acquisition and not a business, significant judgement is required to assess whether the assets acquired constitute a business in accordance with AASB 3. Under AASB 3 a business is an integrated set of activities and assets that is capable of being conducted or managed for the purpose of providing a return, and consists of inputs and processes, which when applies to those inputs has the ability or create outputs.

vi) Equity Accounted Investments

Joint ventures are joint arrangements in which the parties with joint control of the arrangement have rights to the net assets of the arrangement. Joint arrangements exist when two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. A separate vehicle, not the parties, will have the rights to the assets and obligations to the liabilities, relating to the arrangement. If more than an insignificant share of output from a joint venture is sold to third parties, this indicates that the joint venture is not dependent on the parties to the arrangement for funding and that the parties to the arrangement have no obligation for the liabilities of the arrangement. Joint ventures are accounted for using equity method.

Equity accounted investments are initially recorded at cost, including the value of any goodwill on acquisition. In subsequent periods, the carrying amount of the investment is adjusted to reflect the share of past-acquisition profit or loss and other comprehensive income. After application of the equity method, including recognising the Group's share of the joint venture's results, the value of the investment will be assessed for impairment if there is objective evidence that an impairment of the investment may have occurred. Where the carrying value of an equity accounted investment is reduced to nil after having applied equity accounting principles (and the Group has no legal or constructive obligation to make further payments, not has made payments on behalf of the associate or joint venture), dividends received from the associate or joint venture will be recognised as a 'Share of profit/(loss) of equity accounted investment'.

2 Critical accounting estimates and judgements and assessments

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

a) Impairment of capitalised exploration and evaluation expenditure

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

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

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

b) Recoverability of equity accounted investment

The carrying value of equity accounted investment is reviewed annually by management to ensure it is not in excess of the recoverable amount. The recoverable amount of an equity accounted investment is the greater of its fair value less costs of disposal (FVLCD) and its value-in-use (VIU), using an equity accounted investment's estimated future cashflows 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.

c) Share-based payments

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

Non-market based performance conditions are assessed by the Company for the best estimate of likelihood of conditions being met and vesting, and timing of recognition of expense.

d) Income taxes

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

e) Asset Acquisition

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

3 Revenue and expenses

	2022 $	2021 $
a) Income		
Interest revenue	**19,260**	1,422
Other income	**2,500**	4,447,277
	21,760	4,448,699
b) Administrative expenses		
Consultancy and professional fees	**467,130**	871,464
Legal fees	**204,084**	94,119
Travel costs	**220,722**	21,819
General and administration expenses, net of recoveries (i)	**1,887,026**	2,061,042
	2,778,962	3,048,444
c) Employee benefit expenses		
Wages and salaries	**1,853,656**	1,660,222
Superannuation	**154,363**	121,231
Annual leave accrued	**173,468**	98,359
Other employee expenses	**154,427**	78,576
	2,335,914	1,958,388
d) Exploration & evaluation Impairment/Expense		
Impairment – Merlin 1 and Merlin 2 projects (refer note 9)	**67,623,823**	-
Exploration & Evaluation expensed – Merlin 2	**1,025,491**	-
	68,649,314	-

(i) General and administrative expenses are shown net of recoveries of $516,725 mainly from the Icewine Joint Venture. The recoveries represent costs, including time spent by the Consolidated Group's employees on exploration and appraisal interest of the Joint Venture Projects, which get capitalised to the applicable exploration and appraisal area of interest.

4 Income tax

	2022 $	2021 $
(a) The components of tax expense comprise:		
Current tax	-	-
Deferred tax	-	-
Income tax expense reported in the of profit or loss and other comprehensive income	-	-
Loss before income tax expense	**(70,721,918)**	**(2,410,189)**
Prima facie tax benefit on loss before income tax at 30% (2021: 30%)	**(21,216,575)**	**(723,053)**

Under provision in prior year	**257,362**	**11,162**
Tax effect of:		
Foreign expenditure not brought to account	**896,609**	**917,326**
Tax Rate differential on non-Australian income	**5,896,640**	**(287,344)**
Non-assessable/deductible items:		
Non-deductible entertainment expenses	**3,056**	**3,006**
Other non-deductible expenses		**28,562**
Share based payments	**197,433**	**221,690**
Deferred tax asset on temporary differences and tax losses not brought to account	**13,965,475**	**(171,349)**
Income tax expense for the year	**-**	-

(b) Deferred income tax		
Deferred tax liabilities	**(136,146)**	**(137,504)**
Deferred tax assets	**68,446,877**	**53,623,893**
Deferred tax assets not recognised on temporary differences and tax losses	**(68,310,731)**	**(53,486,389)**
Net deferred tax assets	**-**	**-**

The Group has unutilised tax losses for which no deferred tax asset is recognised on the reporting date of $46,783,402 (2021: $44,503,139) which are available indefinitely for offset against future tax gains subject to continuing to meet relevant statutory tests.

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

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

5 Loss per share

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

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

	2022	2021
	$	$
Net (loss) for the year	**(70,721,918)**	(2,410,189)
Weighted average number of ordinary shares for basic and diluted loss per share.	**16,620,537,389**	13,065,042,522

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

Continuing operations		
Basic and diluted loss per share ($)	**(0.0042)**	(0.0001)

6 Cash and cash equivalents

	2022 $	2021 $
a) **Cash details**		
Cash at bank and in hand(i)	**14,123,731**	32,317,887
	14,123,731	32,317,887

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

(i) There is no restriction on cash for JV Operations for the year ended 31 December 2022 (31 December 2021: $0).

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

	2022 $	2021 $
Loss for the financial year	**(70,721,918)**	(2,410,189)
Adjustments for:		
Other Income	**(3,317,877)**	(4,447,277)
Other Expenses	**153,976**	-
Depreciation	**60,307**	84,449
(Loss)/Gain on foreign exchange	**(493,647)**	(302,297)
Share based payments	**658,111**	738,965
Finance Costs	**8,546**	590,314
Impairment of exploration & evaluation	**68,649,314**	36,873
Changes in assets and liabilities		
Decrease / (increase) in receivables	**24,722**	(7,072)
Increase / (decrease) in trade and other payables	**(7,616)**	263,441
Increase / (decrease) in provisions	**98,466**	(192,929)
Net cash used in operating activities	**(4,887,616)**	(5,645,722)

In 2021 the Company acquired the additional 50% working interest in Project Peregrine from APDC via a share issue (non-cash investment).

In 2021 the Company made vendor prepayments for suppliers of the Merlin 2 project via a share issue (non-cash investment).

In 2022 the Company acquired a ~73% working interest in an established conventional oil & gas production asset in Texas, USA. Acquisition was funded US$7.2m in cash and US$2.5 via a share issue (non-cash investment).

In 2022 the Company acquired a licencing agreement with SAE for the use of seismic data. This was funded US$2.0m in cash and US$1.0 via a share issue (non-cash investment).

7 Trade and other receivables

	2022 $	2021 $
Other deposits and receivables	**1,549,816**	935,930
	1,549,816	935,930
Other Current Asset (1)	**-**	10,224,959
	-	10,224,959

(1) Other current asset ($10,224,959) relates to vendor payments paid in advance via share allocation to Elko International see ASX Announcement on 6th December 2021.

Due to the short-term nature of other receivables, the expected fair value approximates their carrying values as at 31 December 2022 and 31 December 2021.

Allowance for impairment loss

Expected credit losses in accordance with the Group's accounting policy (refer Note 1) are nil (2021: Nil).

8 Plant and equipment

	2022	2021
	$	$
Opening net book amount	**9,675**	4,641
Additions	**16,150**	11,110
Depreciation charge	**(5,488)**	(6,076)
Closing net book amount	**20,337**	9,675
Cost	**226,649**	210,498
Accumulated depreciation	**(206,312)**	(200,823)
Net book amount	**20,337**	9,675

9 Exploration and evaluation expenditure

	2022	2021
	$	$
Carrying amount of exploration and evaluation expenditure	**96,422,918**	101,357,767
Movement reconciliation		
Balance at the beginning of the financial year	**101,357,767**	48,213,290
Additions	**61,289,179**	49,919,632
JV Contributions (i)	**(1,150,993)**	(16,890,351)
Less Impairment (ii)	**(67,623,823)**	-
Foreign currency translation	**2,550,788**	2,571,250
Acquisition 50% APDC (iii)	**-**	17,543,946
Closing balance	**96,422,918**	101,357,767

(i) JV Contributions received from Burgandy Xploration for expenditure incurred for leases and general G&A and G&G in relation to the Icewine Project well.
(ii) Impairment of the Merlin 1 and Merlin 2 exploration wells which were plugged and abandoned (P&A) with Merlin 2 P&A in April 2022.
(iii) 88 Energy acquired a 50% working interest from APDC via issue of 633,457,196 shares.

10 Other assets

	2022 $	2021 $
Investments	**442,804**	413,451
ROU Asset – Office Leases	**54,818**	109,634
Emerald House Environmental Bond	**442,804**	413,451
	940,426	936,536

11 Equity accounted investment

The Group's interest in equity accounted investment with the most significant contribution the Group's net profit/(loss) or net assets, are as follows:

Significant joint venture	Country of incorporation	Principal activity	Reporting date	Acquisition date	Ownership interest % FY22
Bighorn Energy LLC (i)	USA	Production of Oil & Gas	31 December 2022	18 Feb 2022(ii)	75

(i) While the Group holds a greater than 50 per cent interest in the joint ventures, joint control is contractually achieved as joint venture parties unanimously consent on decisions over the joint venture's relevant activities.
(ii) Effective date 1 January 2022

Investment in equity accounted investment	**31 Dec 2022 $**
At the beginning of the financial period	**-**
Acquisition – 75% interest in Bighorn Energy LLC	**14,127,130**
Contribution of capital - Refer note 14	**6,587,762**
Share of profit/(loss) of equity accounted investments (from effective date)	**3,317,877**
Foreign Exchange gain/(loss)	**217,799**
Distribution received from equity accounted investments	**(4,281,910)**
Carrying amount of equity accounted investments	**19,968,658**
Carrying amount of equity accounted investment	
Bighorn Energy LLC	**19,968,658**
Share of profit/(loss) of equity accounted investment	
Bighorn Energy LLC	**3,317,877**

Reconciliation of carrying amount of equity accounted investment	
Current Assets	**2,457,296**
Non – Current Assets	**29,008,661**
Current Liabilities	**(2,844,252)**
Non – Current Liabilities	**(1,099,029)**
Net Assets – 100%	**27,522,676**
Net assets – the Group's share	**20,320,132**
FX difference on sale of Escrow shares	**(351,474)**
Carrying amount of equity accounted investments	**19,968,658**

Reconciliation of share of profit/(loss) of equity accounted investment	
Revenue – 100%	**13,071,832**
Profit/(loss) after tax – 100%	**4,423,836**
Profit/(loss) after tax – the Group's share (75%)	**3,317,877**
Consolidated adjustments	**-**
Share of profit/(loss) of equity accounted investments	**3,317,877**

The Group's share of contingent liabilities and capital expenditure commitments of the significant equity accounted investment as at 31 December 2022 was U$0 and U$0 million respectively through to 31 December 2022.

The Group uses the term 'equity accounted investments' to refer to joint ventures.

Refer to Notes 1 (g) on the treatments of Oil and Gas Properties and 2 (b) on recoverability of equity accounted investments.

12 Trade and other payables

	2022	2021
	$	$
Current		
Trade payables (i)	**993,924**	1,110,573
Other payables (ii)	**111,208**	4,685,777
	1,105,132	5,796,350

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

(ii) On 29 May 2015, the Company received notification that the Moroccan Minister for Energy and Minister for Finance had executed the assignment document, finalising the divestment of the interests of DVM International SARL ("DVM", 88 Energy's subsidiary in Morocco) in the Tarfaya Offshore Block. A liability of the Company which is subject to the market capitalisation of 88 Energy reaching a determined level before September 2021 would trigger a potential liability of the Company of US$3.4m (A$4.70m). The triggering of this liability has been enacted and payment of U$3.4m has been made to GALP on 24th February 2022.

13 Provisions

	2022	2021
	$	$
Current		
Annual Leave	**187,258**	107,107
Long Service Leave	**57,478**	39,163
	244,736	146,270

14 Contributed equity

	2022		2021	
Issued and fully paid	**Number of shares**	**$**	Number of shares	$
Ordinary shares	**18,265,762,962**	**340,972,669**	14,811,076,196	285,809,214

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

Movement reconciliation	**Number**	**$**
At 1 January 2021	**10,602,304,716**	208,963,513
Issue of shares upon conversion of options @ $0.006	**11,666,667**	70,000
Issue of shares upon conversion of options @ $0.055	**500,000**	27,500
Issue of shares for Services	**1,204,269,048**	27,005,233
Issue of shares in February capital raise @ $0.008	**1,500,000,000**	12,000,000
Issue of shares for APDC Acquisition	**633,457,196**	17,150,686
Issue of shares in September capital raise @ $0.028	**855,856,369**	23,963,978
Performance Rights Conversion @ $0.029	**3,022,200**	87,644
Less equity raising shares		(3,459,340)
At 31 December 2021	**14,811,076,196**	285,809,214
At 1 January 2022	**14,811,076,196**	285,809,214
Issue of shares in February capital raise @ $0.035	**918,650,793**	32,152,777
Issue of shares for Bighorn acquisition @ $0.035	**98,101,898**	3,433,567
Issue of shares for Bighorn working capital @ $0.039	**57,378,519**	2,237,762
Issue of shares for seismic acquisition @ $0.008	**181,250,000**	1,450,000
Issue of shares for Bighorn working capital @ $0.008	**543,750,000**	4,350,000
Issue of shares in August capital raise @ $0.009	**1,655,555,556**	14,900,000
Less equity raising shares		(3,360,651)
At 31 December 2022	**18,265,762,962**	340,972,669

15 Reserves

	2022	2021
	$	$
Share-based payments	**20,358,941**	19,343,568
Foreign Currency Translation Reserve	**10,109,648**	3,730,676
	30,468,589	23,074,244
<u>Movement reconciliation</u>		
Share based payments reserve		
Balance at the beginning of the year	**19,343,568**	17,705,535
Equity settled share-based payment transactions (Note 18)	**658,111**	738,965
Issue of Options as part of Capital Raise	**360,260**	1,072,790
Settlement of vested Performance Rights	**(2,998)**	(173,722)
Balance at the end of the year	**20,358,941**	19,343.568

Foreign currency translation reserve;		
Balance at the beginning of the year	**3,730,676**	(1,124,560)
Effect of translation of foreign currency operations to group	**6,378,972**	4,855,236
Balance at the end of the year	**10,109,648**	3,730,676

Share-based payment reserve

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

Foreign currency translation reserve

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

16 Financial risk management objectives and policies

Market risk

Foreign exchange risk

The Group operates internationally and is exposed to foreign currency risk arising from various currency exposures, primarily with respect to the US Dollar and Great British Pounds. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Group's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting. The Group's exposure to foreign currency risk at the end of the reporting period, expressed in Australian dollars was as follows:

	2022		2021	
	USD	**GBP**	USD	GBP
Cash and cash equivalents	**10,376,843**	**444,876**	16,089,494	1,521,568
Trade and other payables	**926,051**	**-**	-	-

As shown in the table above the group is primarily exposed to changes in USD/AUD exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from US dollar-denominated assets (ie: cash and exploration and evaluations assets). Any reasonable possible change in GBP/AUD exchange rate would not result in a material change.

	Impact on post-tax profit	
	2022 - $'000's	2021 - $'000's
USD/AUD exchange rate – increase 9%	**648**	1,050
USD/AUD exchange rate – decrease 9%	**(648)**	(1,050)

Profit is less sensitive to movements in the Australian dollar/US dollar exchange rates in 2022 than 2021 because of the decreased amount of US dollar denominated cash and cash equivalents. Equity is more sensitive to movements in the Australian dollar/US dollar rates in 2022 than 2021 because of the decreased amount of foreign currency assets. The group's exposure to other foreign exchange movements is not material.

Interest rate risk

The Group is exposed to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest bearing financial instruments. The Group's exposure to this risk relates primarily to the Group's cash and any cash on deposit. The Group does not use derivatives to mitigate these exposures.

The Group manages its exposure to interest rate risk by holding certain amounts of cash in fixed and floating interest rate facilities.

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

	2022		2021	
	Weighted average interest rate	**Balance $**	Weighted average interest rate	Balance $
Cash and cash equivalents	**0.52%**	**14,123,731**	0.98%	32,317,887
Borrowings	**-**	**-**	-	-

Sensitivity

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

At 31 December 2022, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax losses and equity would have been affected as follows:

	Post-tax profit higher/(lower)		**Other comprehensive higher/(lower)**	
	2022	2021	**2022**	2021
Judgements of reasonably possible movements:	**$**	$	**$**	$
Cash and cash equivalents:				
+ 1.0% (100 basis points)	**98,866**	226,281	**-**	-
- 1.0% (100 basis points)	**(98,866)**	(226,281)	**-**	-
Borrowings:				
+ 1.0% (100 basis points)	**-**	-	**-**	-
- 1.0% (100 basis points)	**-**	-	**-**	-

Credit risk

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

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

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. There are no significant concentrations of credit risk within the Group except for cash and cash equivalents held in reputable major banks in Australia and Alaska.

Liquidity risk

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

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

The following are the contractual maturities of financial liabilities:

	6 months	6-12 months	1-5 years	> 5 years	Total
2022					
Trade and other payables	**1,105,132**	-	-	-	**1,105,132**
Borrowings	-	-	-	-	-
2021					
Trade and other payables	5,796,350	-	-	-	5,796,350
Borrowings	-	-	-	-	-

Capital risk management

The Group's objectives when managing capital are to:

Safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

Maintain an optimal capital structure to reduce the cost of capital.

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

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

In determining the funding mix of debt and equity (total borrowings/total equity), consideration is given to the relative impact of gearing ratio on the ability of the consolidated entity to service loan interest and repayment schedules, credit facility covenants and to generate adequate free cash available for corporate and oil and gas exploration. The debt to equity ratio is 0% at 31 December 2022 (0% at 31 December 2021).

Fair values

The management assessed that the carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective fair values largely due to the short-term maturities of these instruments. The carrying amounts are determined in accordance with accounting policies disclosed in Note 1.

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

Level 1 – the instrument has quoted prices (unadjusted) in active markets for identical assets and liabilities;

Level 2 – a valuation technique using inputs other than quoted prices within Level 1 that are observable for the financial instrument, either directly (i.e. prices), or indirectly (i.e. derived from prices); or

Level 3 – a valuation technique using inputs that are not based on observable market data (unobservable inputs).

As at 31 December 2022 and 31 December 2021, the Group did not have financial liabilities measured and recognised at fair value. Due to their short-term nature, the carrying amount of the current receivables and payables is assumed to approximate their fair value.

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

17 Related party disclosure

(a) Transactions with related parties

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

The following transactions occurred with related parties:

	2022	2021
	$	$
Derwent Resources Limited	**49,321**(i)	51,647

(i) During the year, the Company paid £27,782; A$49,321 (2021: £27,782 : A$51,647) to Derwent Resources Limited for consultancy services. The amount has been translated to Australian Dollars at the average rate.

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

(b) Key Management Personnel Compensation

Details relating to KMP are included in the Remuneration Report. At 31 December the following remuneration was paid:

	2022	2021
	$	$
Short-term benefits for KMP's	**1,466,940**	1,197,621
Post-employment benefits for KMP's	**100,823**	69,223
Share-based payments for KMP's	**765,339**	306,458
	2,333,102	1,573,302

18 Share based payments

The following share based payments were expensed during the period

	2022	2021
	$	$
(a) Recognised share-based payment expense transactions		
SBP Expenses on Performance Rights issued to Directors	**459,940**	251,641
SBP Expense on Performance Rights issued to employees	**187,625**	155,344
SBP Expense on Performance Rights issued to contractors	**10,546**	331,980
	658,111	738,965

Types of Instruments

a) Performance Rights

Performance Rights are subject to certain vesting conditions noted below. The fair value of these Performance Rights was treated as a share-based payment expense in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. The fair value per Performance Right and the following inputs were used in the Monte Carlo simulation-based model. There were 3,850,000 performance rights issued in 2022.

b) Options

On 22nd February 2022, the Company issued 36 million unlisted options at an exercise price of A$0.06 expiring on the third-year anniversary of completion to investors. Options are valued at $250,158 and included in share issue costs in the Statement of Changes in Equity. Volatility is determined at 150% and risk-free rate is 3.0%.

On 28th October 2022, the Company issued 90 million unlisted options at an exercise price of A$0.02 expiring on the third-year anniversary of completion to investors. Options are valued at $110,102 and included in share issue costs in the Statement of Changes in Equity. Volatility is determined at 150% and risk-free rate is 3.0%.

Summary of Options and Performance Rights granted during the year

	Date of Expiry	Exercise Price	Balance at the start of the year	Granted during the year	Exercised during the year	Expired and Other	Balance at the end of the year
Performance Rights	-	-	220,952,867	3,850,000	374,713	31,856,112	192,572,042
Placement fee options	02-09-24	$0.05	50,000,000	-	-	-	50,000,000
Placement fee options	22-02-25	$0.06	-	36,000,000	-	-	36,000,000
Placement fee options	28-10-25	$0.02	-	90,000,000	-	-	90,000,000
			270,952,867	**129,850,000**	**374,713**	**31,856,112**	**368,572,042**

19 Segment information

For management purposes during the period ended 31 December 2022 the Company was organised into the following strategic unit:

Oil and Gas exploration in Alaska, USA.

Oil & Gas production in Texas, USA.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

The Board of Directors review internal management reports on a periodic basis that is consistent with the information provided in the statement of profit or loss and other comprehensive income, statement of financial position and statement of cash flows.

Management has determined, based on the reports reviewed by the Board of Directors and used to make strategic decisions, that the Group has two reportable segments being Oil & Gas Exploration in Alaska, USA and Oil and Gas Production in Texas, USA. Such structural organisation is determined by the nature of risks and returns associated with each business segment and define the management structure as well as the internal reporting system.

Period ended 31 December 2022	Texas Production (A$)	Alaska Exploration (A$)	Other (A$)	Total (A$)
Segment Revenue	**-**	**963**	**20,797**	**21,760**
Segment Expenditure	**153,975**	**(68,683,091)**	**(5,224,489)**	**(74,061,555)**
Segment Net Profit (loss) before tax	**3,163,902**	**(68,682,128)**	**(5,203,692)**	**(70,721,918)**
Period ended 31 December 2021				
Segment Revenue	-	4,447,277	1,422	4,448,699
Segment Expenditure	-	(1,254,565)	(5,604,310)	(6,858,875)
Segment Net Profit (loss) before tax	-	3,192,712	(5,602,888)	(2,410,176)
Total Segment Assets				
31 December 2022	**19,968,658**	**101,755,854**	**11,301,372**	**133,025,884**
31 December 2021	-	118,551,602	27,231,152	145,782,754
Total Segment Liabilities				
31 December 2022	**-**	**753,700**	**596,168**	**1,349,868**
31 December 2021	-	584,052	5,358,568	5,942,620

20 Commitments and contingencies

Exploration commitments

Exploration Commitments as at year end 2022 are as follows:

Leases:

Holding costs for the acreage currently held by 88 Energy's subsidiaries is US$10 per acre for the first six years (or eight years and increase up to a maximum holding costs per acre of US$250 in the final two years of the leases (if eight or ten year lease term), however the company can apply to the State of Alaska for a rental reduction. The anticipated lease payment for 2022 totals US$2.7 million net to the Company, however the payment is discretionary, and the Company may choose to relinquish the acreage or a portion of acreage at any time, and therefore the Company has commitments for the remaining portion of the tenement life only.

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

Project Phoenix: Hickory-1 well:

88 Energy has a 75% working interest in Hickory 1 well located at Project Phoenix and will fund the exploration program with funds in bank. The former Icewine East area was renamed Project Phoenix to reflect the Company's refreshed exploration strategy for this acreage. Since its acquisition in 2014, exploration on the acreage targeted the unconventional HRZ play. Project Phoenix is focused on the oil-bearing conventional reservoirs identified during the drilling and logging of Icewine-1 and nearby offset drilling. Project Phoenix is strategically located on the Dalton Highway with the Trans-Alaska Pipeline System running through the acreage.

During H1 2022 the Company announced that permitting and planning was underway for the Hickory-1 exploration well. Hickory-1 is designed to appraise six conventional plays within the SMD, SFS, BFF and KUP reservoirs targeting 647 million barrels of oil. The optimised drilling location was informed by an extensive data suite and intersects and will test, the substantial potential oil volumes noted across all mapped play fairways, particularly the SMD, SFS and BFF reservoirs. Permitting and planning for the Hickory-1 well is now largely complete with the approval of the AOGCC permit to drill, ahead of targeted spud in early March 2023 to a permitted total depth of 12,500 feet. In December 2022, the Company executed a rig contract with Nordic Calista for Rig-2 to be used at Hickory-1.

Project Leonis:

On the 9 November 2022, the Company's wholly-owned subsidiary Captivate Energy Alaska, Inc. was declared the highest bidder for select acreage offered as part of the North Slope Areawide 2022W Oil and Gas lease sale. The Company's new acreage will be known as Project Leonis comprising ten leases covering approximately 25,600 contiguous acres. The Company is expecting approvals and award in H2 2023 with final bid payment and year-1 lease payment in H3 2023.

Corporate commitments

Commitments at 31 December 2022 are as follows:

	2022 $	2021 $
Within one year	**65,713**	63,477
After one year but not more than five years	**-**	65,713
	65,713	129,190

Exploration contingencies

Exploration Contingencies as at year end 2022 are as follows: none
Exploration Contingencies as at year end 2021 are as follows: none

21 Contingent assets

The Group has no contingent assets as at 31 December 2022.

22 Events after the reporting date

The following events were noted subsequent to the reporting date;

The Company announced that it has successfully completed a bookbuild to domestic and international institutional and sophisticated investors to raise A$17.5 million from the issue of 1,842,105,263 fully paid ordinary shares at A$0.0095 (refer ASX release 6th February 2023). The net proceeds of the Placement, together with the Company's existing cash reserves (A$14.1 million as at 31 December 2022), will strengthen the Company's balance sheet and will provide the Company with sufficient capital to fund the planned Hickory-1 well at Project Phoenix, payment for the new Project Leonis acreage, finance potential portfolio expansion / new ventures (should any be identified and pursued), and also additional working capital.

The Company announced the Permit to Drill for the Hickory-1 exploration well was approved on 6th February 2023 by the Alaska Oil and Gas Conservation Commission (AOGCC) (refer ASX release 6th February 2023). The Company is pleased to report that operations are underway with ice pad construction completed and the Nordic Calista Rig-2 will commence drilling of the Hickory-1 exploration well located in Project Phoenix.

On 7 December 2022, the Company submitted a unit application covering leases within the Project Phoenix acreage area, with the application open for public comment until 31 December 2022. Following consideration of the unit application on 28th February 2023, the Alaska Department of Natural Resources (DNR) approved the formation of the Toolik River Unit covering leases in the western and central area of Project Phoenix (refer to the ASX announcement dated 28 February 2023). The unit approval has extended those leases for Project Phoenix beyond their primary term accompanied by the unit plan of exploration through to February 2028. Approval provides an agreed program to assess commercialisation of the acreage as well as a pathway towards development and production.

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

23 Auditor's remuneration

	2022	2021
	$	$
During the year the following fees were paid or payable for services provided by BDO as the auditor of the Group:		
BDO Audit (WA) Pty Ltd		
Audit and review of the annual and half-year financial report	**66,896**	62,450
Total audit services	**66,896**	62,450
Non-audit services from BDO (Rewards):		
Executive Remuneration Project Work (BDO Rewards)	**27,500**	-
Non-audit services from BDO USA:		
BDO USA Tax advisory services and due diligence	**37,306**	38,160
Total non-audit services	**64,806**	38,160
Total auditor remuneration	**131,702**	100,610

24 Investments in controlled entities

	Principal Activities	Country of Incorporation	Ownership interest 2022 %	2021 %
Fotis Nominees Pty Ltd [(i)]	Investment	Australia	**100**	100
XCD Energy Pty Ltd	Oil Exploration	Australia	**100**	100
Accumulate Energy USA, Inc	Oil Exploration	USA	**100**	100
Accumulate Energy Alaska, Inc	Oil Exploration	USA	**100**	100
Regenerate Energy USA, Inc	Oil Exploration	USA	**100**	100
Regenerate Alaska, Inc	Oil Exploration	USA	**100**	100
Captivate Energy Alaska, Inc	Oil Exploration	USA	**100**	100
Emerald House, Inc	Oil Exploration	USA	**100**	100
Entek USA, Inc	Oil Exploration	USA	**100**	100
XCD Alaska, LLC	Oil Exploration	USA	**-**	100
Longhorn Energy USA, Inc	Oil Production	USA	**100**	-
Longhorn Energy Investments, LLC	Oil Production	USA	**100**	-

(i) This subsidiary is dormant

25 Parent entity

	2022 $	2021 $
Assets		
Current assets	**9,042,945**	26,976,194
Non-current assets	**123,229,240**	118,180,688
Total assets	**132,272,185**	145,156,882
Liabilities		
Current liabilities	**596,169**	5,316,424
Total liabilities	**596,169**	5,316,424
Net Assets	**131,676,016**	139,840,134
Equity		
Contributed equity	**340,972,669**	285,809,215
Reserves	**38,881,754**	23,270,240
Accumulated losses	**(248,178,407)**	(169,239,321)
Total equity	**131,676,016**	139,840,134
Loss for the year	**(5,224,462)**	(5,564,394)
Total comprehensive loss	**(5,224,462)**	(5,564,394)

Comparative Figures

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

Other Commitments and Contingencies

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

DIRECTORS' DECLARATION

In the Directors' opinion:

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

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

giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the year ended on that date

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

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

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

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

Mr Philip Byrne
Non-Executive Chairman

8 March 2023

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INDEPENDENT AUDITOR'S REPORT

To the members of 88 Energy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of 88 Energy Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 31 December 2022 and of its financial performance for the year ended on that date; and

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

Basis for opinion

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

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

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

Key audit matters

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

Carrying value of exploration and evaluation expenditure

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 9 to the Financial Report, the carrying value of capitalised exploration and evaluation expenditure represents a significant asset of the Group. Refer to Notes 1(f) and 2 (a) of the Financial Report for a description of the accounting policy and significant judgements applied to capitalised exploration and evaluation expenditure. In accordance with AASB 6 *Exploration for and Evaluation of Mineral Resources (AASB 6)*, the recoverability of exploration and evaluation expenditure requires significant judgment by management in determining whether there are any facts or circumstances that exist to suggest that the carrying amount of this asset may exceed its recoverable amount. During the year, the Group undertook an impairment assessment and recognised an impairment charge as disclosed in Note 9. As a result, this is considered a key audit matter.	Our procedures included, but were not limited to: • Obtaining a schedule of the areas of interest held by the Group and assessing whether the rights to tenure of those areas of interest remained current at balance date; • Considering the status of the ongoing exploration programmes in the respective areas of interest by holding discussions with management, and reviewing the Group's exploration budgets, ASX announcements and Director's minutes; • Considering whether any such areas of interest had reached a stage where a reasonable assessment of economically recoverable reserves existed; • Considering whether there are any other facts or circumstances existing to suggest impairment testing was required; • Evaluating and assessing the accuracy of the Group's calculation on the impairment recognised for the year ended 31 December 2022; and • Assessing the adequacy of the related disclosures in Notes 1(f), 2(a) and 9 to the Financial Report.

Equity accounting for investment in associate

Key audit matter	*How the matter was addressed in our audit*
The Group's carrying value of its investment in Bighorn Energy LLC represents a significant asset to the Group, as disclosed in Note 1(vi), 2(b) and 11. The Australian Accounting Standards require the Group to account for the investment as an Investment in Associate and assess whether there are any indicators of impairment in	Our work included but was not limited to the following procedures: • Assessing the accounting methodology used by the Group for the investment against the requirements of AASB 128;

accordance with AASB 128 *Investments in Associates and Joint Ventures ("AASB 128").* As the carrying value of the Interest in Associate represents a significant asset of the Group, this was considered to be a key audit matter.	• Reviewing the profit or loss of the associate recognised in the Group's profit or loss for compliance with AASB 128; • Considering management's assessment of the existence of impairment indicators of the investment; and • Assessing the adequacy of related disclosures in Note 1(vi), 2(b) and 11 to the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2022, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 22 to 35 of the directors' report for the year ended 31 December 2022.

In our opinion, the Remuneration Report of 88 Energy Limited, for the year ended 31 December 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

BDO Audit (WA) Pty Ltd

BDO

J Prue

Jarrad Prue

Director

Perth

8 March 2023

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange and not shown elsewhere in this Annual Report is as follows. The information is current as of 2 March 2023.

TWENTY LARGEST SHAREHOLDERS

1.	COMPUTERSHARE CLEARING PTY LTD <CCNL DI A/C>	4,488,652,727	22.32
2.	CITICORP NOMINEES PTY LIMITED	4,152,143,212	20.65
3.	BNP PARIBAS NOMS PTY LTD <DRP>	1,334,782,528	6.64
4.	BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	1,049,215,963	5.22
5.	RIDDHI GROUP OF HOTELS PTY LTD	170,000,000	0.85
6.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	156,887,607	0.78
7.	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	119,545,407	0.59
8.	HSBC CUSTODY NOMINEES <AUSTRALIA> LIMITED	113,189,088	0.56
9.	DR SEOW FOONG LOH	100,833,584	0.50
10.	MR ALAN RUSSELL BENDER	60,000,000	0.30
11.	SUPERHERO SECURITIES LIMITED <CLIENT A/C>	59,301,099	0.29
12.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	57,330,808	0.29
13.	1215 CAPITAL PTY LTD	57,124,687	0.28
14.	CELTIC CAPITAL PTY LTD <THE CELTIC CAPITAL A/C>	52,631,579	0.26
15.	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	52,435,767	0.26
16.	MR DAVID XING	50,789,682	0.25
17.	MR CRAIG WILLIAM SIMS	50,000,000	0.25
18.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	40,655,111	0.20
19.	MS CHUNYAN NIU	39,850,873	0.20
20.	SANLAM PRIVATE WEALTH PTY LTD <EASYEQUITIES A/C>	38,170,371	0.19
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES		**12,243,540,093**	**60.89**

DISTRIBUTION OF EQUITY SECURITIES

Ordinary share capital

20,107,868,225 fully paid shares held by 19,986 individual shareholders. All issued ordinary shares carry one vote per share and carry the rights to dividends.

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

Range	Total holders	Units	% of Issued Capital
1 - 1,000	521	66,017	0.00
1,001 - 5,000	287	918,586	0.00
5,001 - 10,000	780	6,464,371	0.03
10,001 - 100,000	9,889	479,464,200	2.38
100,001 Over	8,509	19,620,955,051	97.58
Rounding			**0.01**
Total	**19,986**	**20,107,868,225**	**100.00**

ASX ADDITIONAL INFORMATION

Unlisted Options

50,000,000 Unlisted Options with an exercise price of $0.05 and an expiry of 8 November 2024

36,000,000 Unlisted Options with an exercise price of $0.06 and an expiry of 13 February 2025

90,000,000 Unlisted Options with an exercise price of $0.02 and an expiry of 28 October 2025

Performance Rights

There are 192,572,042 Performance Rights on issue. The Performance Rights are subject to vesting conditions.

UNMARKETABLE PARCELS

Ordinary share capital

	Minimum Parcel Size	Holders	Units
Minimum $ 500.00 parcel at $ 0.0120 per unit	41,667	6,463	125,568,942

RESTRICTED SECURITES

The Company has no Restricted Securities on issue.

SUBSTANTIAL SHAREHOLDERS

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

	Number of Shares
COMPUTERSHARE CLEARING PTY LTD <CCNL DI A/C>	4,488,652,727
CITICORP NOMINEES PTY LIMITED	4,152,143,212
BNP PARIBAS NOMS PTY LTD <DRP>	1,334,782,528
BNP PARIBAS NOMINEES PTY LTD ACF CLEARSTREAM	1,049,215,963

ON-MARKET BUY-BACK

There is no current on-market buy-back.

ACQUISITION OF VOTING SHARES

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

TAX STATUS

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

FRANKING CREDITS

The Company has no franking credits.

TENEMENT SCHEDULE

Project Name	Location	Net Area (acres)	Company Interest
Project Phoenix	Onshore, North Slope Alaska	62,324	~75%
Project Icewine West	Onshore, North Slope Alaska	121,996	~75%
Project Peregrine(ii)	Onshore, North Slope Alaska (NPR-A)	125,741	100%
Project Longhorn	Onshore, Permian Basin Texas	964	~73%
Project Leonis(i)	Onshore, North Slope Alaska	25,600	100%
Umiat Unit	Onshore, North Slope Alaska (NPR-A)	17,633	100%
Yukon Leases	Onshore, North Slope Alaska	15,235	100%

COMPETENT PERSONS STATEMENT

Pursuant to the requirements of the ASX Listing Rules Chapter 5 and the AIM Rules for Companies, the technical information and resource reporting contained in this announcement was prepared by, or under the supervision of, Dr Stephen Staley, who is a Non-Executive Director of the Company. Dr Staley has more than 35 years' experience in the petroleum industry, is a Fellow of the Geological Society of London, and a qualified Geologist / Geophysicist who has sufficient experience that is relevant to the style and nature of the oil prospects under consideration and to the activities discussed in this document. Dr Staley has reviewed the information and supporting documentation referred to in this announcement and considers the prospective resource estimates to be fairly represented and consents to its release in the form and context in which it appears. His academic qualifications and industry memberships appear on the Company's website and both comply with the criteria for "Competence" under clause 3.1 of the Valmin Code 2015. Terminology and standards adopted by the Society of Petroleum Engineers "Petroleum Resources Management System" have been applied in producing this document.

i. Leases remain subject to an adjudication process, regulatory approvals and formal award which is expected in 1H 2023
ii. Reflects updated Peregrine acreage position as at 1 March 2023 when leases were paid