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ASX ANNOUNCEMENT **30 SEPTEMBER 2021**

EXTENSION OF REPORTING AND LODGMENT DATE FOR AUDITED FULL YEAR FINANCIAL REPORT

AXP Energy Limited (**ASX: AXP**) ('AXP', '*Company*') advises that it will be relying on ASX Class Waiver Decision – Extended Reporting and Lodgement Deadlines dated 3 May 2021 ('ASX Class Waiver') and ASIC Corporations ('Extended Reporting and Lodgment Deadlines – Listed Entities') Instrument 2020/451 as extended by ASIC Corporations (Amended) Instrument 2020/1080 and ASIC Corporations (Amended) Instrument 2021/315 dated 26 April 2021 (the 'Amended ASIC Relief'), to extend the lodgement date for its Audited Full Year Financial Report.

The Company advises that the following information provided for the full year ended 30 June 2021 is unaudited.

Under the ASX Class Waiver, the Company is required to release its audited full year accounts for the twelve months to 30 June 2021 at the earlier of: (i) when they are ready to be given to ASX; or (ii) when they must be given to ASIC under the Amended ASIC Relief.

The Company confirms that it will immediately make further announcement to ASX if it becomes aware of a material difference between the information provided below and its audited Full Year Financial Report.

This announcement has been authorised by the Board of AXP Energy Limited.

END

FURTHER INFORMATION

Robert Lees, Company Secretary: +61 2 9299 9580

ABOUT AXP ENERGY LIMITED

AXP ENERGY Limited (ASX: AXP) (formerly Fremont Petroleum Corporation Limited) is an oil & gas production and development company with operations in Colorado, Illinois, Kentucky, Tennessee and Virginia. AXP's focus is to aggressively grow daily production by improving current asset performance and opportunistically acquiring onshore USA oil & gas assets with the following characteristics: producing conventional oil & gas wells; production that can be enhanced through low-cost field operations and workovers; leases which are held by production and which do not require ongoing drilling commitments; and economies of scale which can be achieved by acquiring and carrying out similar enhancement strategies on contiguous or nearby fields with similar characteristics.

DISCLAIMER

This announcement contains or may contain "forward looking statements" within the meaning of Section 27A of the Securities Act of1933 and Section 21B of the Securities Exchange Act of 1934. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, goals, assumptions or future events or performance are not statements of historical fact and may be "forward looking statements." Forward looking statements are based on expectations, estimates and projections at the time the statements are made that involve a number of risks and uncertainties which could cause actual results or events to differ materially from those presently anticipated. Forward looking statements in this action may be identified through the use of words such as "expects", "will," "anticipates," "estimates," "believes," or statements indicating certain actions "may," "could," or "might" occur. Hydrocarbon production rates fluctuate over time due to reservoir pressures, depletion, down time for maintenance and other factors. The Company does not represent that quoted hydrocarbon production rates will continue indefinitely.

AXP ENERGY LIMITED – STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 30 June 2021

Consolidated Group

	Note	2021 $	2020 $
Revenue	5	5,684,443	596,668
Transportation, gathering and compression		(2,207,335)	-
Production and ad valorem taxes		(230,748)	(66,139)
Lease and field operating expense		(2,118,135)	(531,648)
Plug and abandon costs	6	-	(72,580)
Depreciation, depletion, and amortisation	6	(889,607)	(232,533)
Other expenses	6	(2,548,055)	(2,107,928)
Impairments	6	(278,036)	(6,104,844)
Loss on disposal of asset		-	(7,597)
Finance costs	6	(530,517)	(631,637)
Other gains	6	59,214	232
Discount from acquisition	30	8,055,641	-
Profit / (Loss) before Income Tax		**4,996,865**	**(9,158,006)**
Income Tax Benefit	7	231,916	-
Profit / (Loss) for the Year		**5,228,781**	**(9,158,006)**
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss:			
Exchange rate differences on translation of foreign operations		(660,176)	418,513
Other Comprehensive Income / (Loss) for Year Net of Tax		**(660,176)**	**418,513**
Total Comprehensive Income / (Loss) for Year		**4,568,605**	**(8,739,493)**
Profit / (Loss) for the Year Attributable to:			
Members of the parent entity		5,228,781	(9,158,006)
		5,228,781	**(9,158,006)**
Total Comprehensive Income / (Loss) Attributed to:			
Members of the parent entity		4,568,605	(8,739,493)
		4,568,605	**(8,739,493)**
Earnings per Share for Profit / (Loss) from Continuing Operations:			
Basic earnings per share	10	$0.0013	($0.0053)
Diluted earnings per share	10	$0.0010	($0.0053)

This statement should be read in conjunction with the notes to the financial statements.

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AXP ENERGY LIMITED – CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 30 June 2021

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Consolidated Group	Note	2021 $	2020 $
Current Assets			
Cash and cash equivalents	11	1,390,767	1,291,081
Trade and other receivables	12	2,650,598	12,508
Oil in tank inventory	13	390,401	-
Other current assets	14	2,949,762	-
Total Current Assets		**7,381,528**	**1,303,589**
Non-Current Assets			
Property, plant and equipment	15	425,165	116,198
Development and producing assets	16	16,436,963	1,676,904
Exploration and evaluation assets	17	10,317,764	12,222,252
Right of use assets	18	1,966,544	-
Other assets	14	486,693	486,343
Total Non-Current Assets		**29,633,129**	**14,501,697**
Total Assets		**37,014,657**	**15,805,286**
Current Liabilities			
Trade and other payables	20	6,905,190	3,905,050
Lease liability	18	551,904	-
Asset retirement obligation	21	434,324	-
Common stock liability	22	10,000	417,084
Convertible note and accrued interest	23	-	3,357,373
Deferred revenue	24	272,014	-
Total Current Liabilities		**8,173,432**	**7,679,507**
Non-Current Liabilities			
Other payables	20	-	23,337
Borrowings	23	367,418	-
Lease liability	18	1,436,577	-
Asset retirement obligation	21	7,955,797	1,174,525
Deferred tax liability	7	-	250,761
Deferred revenue	24	187,282	-
Total Non-Current Liabilities		**9,947,074**	**1,448,623**
Total Liabilities		**18,120,506**	**9,128,130**
Net Assets		**18,894,151**	**6,677,156**
Equity			
Issued capital	25	99,583,151	92,101,477
Reserves	26	10,274,369	10,767,829
Accumulated losses		(90,963,369)	(96,192,150)
Total Equity		**18,894,151**	**6,677,156**

This statement should be read in conjunction with the notes to the financial statements.

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AXP ENERGY LIMITED – CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2021

Consolidated Group	Issued Capital	Convertible Notes	Share Based Payment Reserve	Foreign Currency Reserve	Accumulated Losses	Total
	$	$	$	$	$	$
Balance at 30 June 2019	**90,747,407**	**-**	**166,400**	**10,173,349**	**(87,034,144)**	**14,053,012**
Loss for the year	-	-	-	-	(9,158,006)	(9,158,006)
Movement in FX reserve	-	-	-	418,513	-	418,513
Total comprehensive loss	**-**	**-**	**-**	**418,513**	**(9,158,006)**	**(8,739,493)**
Share issued during the year	1,420,323	-	-	-	-	1,420,323
Convertible note	-	175,967	-	-	-	175,967
Performance rights accrued	-	-	88,000	-	-	88,000
Performance rights issued	254,400	-	(254,400)	-	-	-
Share issue costs	(320,653)	-	-	-	-	(320,653)
Balance at 30 June 2020	**92,101,477**	**175,967**	**-**	**10,591,862**	**(96,192,150)**	**6,677,156**
Profit for the year	-	-	-	-	5,228,781	5,228,781
Movement in FX reserve	-	-	-	(660,176)	-	(660,176)
Total comprehensive income	**-**	**-**	**-**	**(660,176)**	**5,228,781**	**4,568,605**
Shares issued during the year	3,948,379	-	-	-	-	3,948,379
Conversion	3,729,176	(175,967)	-	-	-	3,553,209
Share issue costs	(195,881)	-	-	-	-	(195,881)
Performance rights accrued	-	-	342,683	-	-	342,683
Balance at 30 June 2021	**99,583,151**	**-**	**342,683**	**9,931,686**	**(90,963,369)**	**18,894,151**

This statement should be read in conjunction with the notes to the financial statements.

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Consolidated Group	**Note**	**2021 $**	**2020 $**
Cash Flow from Operating Activities			
Receipts from customers		5,743,865	664,010
Payments to suppliers and employees		(6,466,823)	(1,615,775)
Interest received		2,367	2,062
Interest paid		(56,557)	(26,971)
Net cash used in operating activities	29	**(777,148)**	**(976,674)**
Cash Flow from Investing Activities			
Cash received on acquisition of MHP	30	3,078,325	-
Payment arising on final settlement of MHP		(1,261,596)	-
Payments for Trey acquisition		(2,387,619)	-
Payments for exploration and evaluation activities		(538,004)	(3,231,248)
Payments for development and producing activities		(90,987)	-
Payments for plant and equipment		(104,283)	(2,422)
Loans to joint venture investment		(87,383)	(20,029)
Payments for security deposits and bonds		(388,762)	-
Net cash used in investing activities		**(1,780,309)**	**(3,253,699)**
Cash Flow from Financing Activities			
Proceeds from borrowings	23	-	3,025,000
Repayment of borrowings		(265,333)	(391,067)
Proceeds of issue of shares		3,132,916	1,250,000
Proceeds from exercise of options		10,000	-
Receipt for shares to be issued	22	10,000	417,084
Share issue costs		(222,997)	(320,653)
Net cash provided by financing activities		**2,664,586**	**3,980,364**
Net increase / (decrease) in cash held		107,129	(250,009)
Cash at the beginning of the year		1,291,081	1,558,697
Effects of exchange rate changes on cash and cash equivalents		(7,443)	(17,607)
Cash at the end of the year	11	**1,390,767**	**1,291,081**

This statement should be read in conjunction with the notes to the financial statements.

The financial report includes the consolidated financial statements and notes of AXP Energy Limited and controlled entities (Group) of AXP Energy Limited (AXP) which is a listed public Group, incorporated and domiciled in Australia.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of this financial report are presented below and have been consistently applied unless otherwise stated.

The financial report of AXP for the year ended 30 June 2021 was authorised for issue in accordance with a resolution of the directors on 30 September 2021.

The financial report has been prepared on an accruals basis and is based on historical costs modified, where applicable, the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

AXP is a for-profit entity for the purpose of preparing the financial statements.

No Changes in Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last consolidated annual financial statements for the year ended 30 June 2020.

(b) Principles of Consolidation

A controlled entity is any entity over which AXP, is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 28 to the financial statements. All controlled entities have a June financial year end.

As at the reporting date, the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year then ended. Where controlled entities have entered/(left) the consolidated Group during the year, their operating results have been included/(excluded) from the date control was gained/(ceased).

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All inter-Group balances and transactions between entities in the consolidated Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

(c) Revenue

Revenue from contracts with customers is recognised in the income statement when the performance obligations are considered met, which is when control of the hydrocarbon products or services provided are transferred to the customer. Revenue is recognised at an amount that reflects the consideration the Group expects to be entitled to, net of taxes.

Revenue from the sale of oil, gas and NGLs are recognised when the product is delivered at a fixed or determinable price, title has transferred, and collectability is reasonably assured.

Interest revenue is recognised on a proportional basis using the effective interest method taking into account the interest rates applicable to the financial assets.

Other revenue is recognised when it is received or when the right to receive payment is established.

(d) Income Tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted or are substantially enacted as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authorities.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which the benefits of the deferred tax asset can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

State and county severance taxes, ad valorem taxes and production taxes are accounted for as an expense and not an income tax.

(e) Trade and Other Receivables

Trade receivables and other receivables are carried at amounts due less any allowance for expected credit losses.

(f) Impairment of Assets

(i) Property, Plant and Equipment & Development and Producing Assets

At each reporting date, the Group reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(ii) Exploration and Evaluation Assets

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective area of interest. Each area of interest is reviewed half-yearly to determine whether economic quantities of reserves have been found or whether further exploration and evaluation work is underway or planned to support continued carry forward of capitalised costs. Where a potential impairment is indicated, assessment is performed using a fair value less costs to dispose method to determine the recoverable amount for each area of interest to which the exploration and evaluation expenditure is attributed.

This assessment requires management to make certain estimates and apply judgement in determining assumptions as to future events and circumstances, in particular, the assessment of whether economic quantities of reserves have been found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the policy, the Group concludes that it is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the statement of profit or loss.

(g) Interests in Joint Arrangements

The consolidated Group's share of the assets, liabilities, revenue and expenses of joint operations are included in the appropriate items of the consolidated financial statements. Details of the consolidated Group's interests are shown at Note 19.

The consolidated Group's interests in joint ventures are brought to account using the equity method of accounting in the consolidated financial statements.

Under the equity method, the share of the profit and losses of the joint venture is recognised in the profit or loss, and the share of post-acquisition movements in reserves recognised in other comprehensive income.

Unrealised gains and losses on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

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(h) Exploration, Evaluation and Development Expenditure and Restoration Provisions

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. 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.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Development and producing assets are accounted for under AASB 116 Property, Plant and Equipment.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly, the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(i) Property, Plant and Equipment

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

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not more than the recoverable amount from these assets. The recoverable amount is assessed based on the expected net cash flows that will be received from the asset's employment and subsequent disposal. The net expected cash flows have been discounted to their present values in determining recoverable amounts.

(j) Depreciation

Items of property, plant, and equipment, are depreciated over their estimated useful lives ranging from 3 to 40 years to write off the net cost of each asset during its expected useful life to the Group. The straight line method of depreciation is used.

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 from its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses are determined by comparing proceeds received with the asset's carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

(k) Leases

(i) Right-of-use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

(ii) Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(l) Foreign Currency Transactions and Balances

(i) Functional and Presentation Currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the year-end exchange rate.

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Exchange differences arising on the translation of monetary items are recognised in statement of profit or loss and other comprehensive income.

Exchange difference arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised, otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

(iii) Group Companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date; and
- Income and expenses are translated at average exchange rates for the period.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

Exchange differences arising on the translation of intercompany loans, on the basis that the repayment is not recoverable in the future, are taken to equity as a hedge of the net investment in the subsidiary.

(m) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to reporting date in respect of wages and salaries, annual leave, long service leave and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Employee benefits that are expected to be settled wholly within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be payable later than one year are measured as the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on high quality corporate bonds with terms to maturity which match the expected timing of cash flows.

Contributions made by the Group to employee superannuation funds are charged to expenses as incurred.

A 401(k) retirement plan is offered to Magnum Hunter Production, Inc. (MHP) employees. Employees are eligible to make deferrals and Roth contributions 30 days after hire, make safe harbor matching contributions 90 days after hire and participate in employer profit sharing 12 months after hire. MHP matches 100% of the first 3% of contributions and 50% of the next 2%. Employer matches are charged to expense as incurred. Employee contributions and employer contributions are always 100% vested. MHP may make discretionary contributions in the form of employer profit sharing. Employer profit sharing contributions vest based on years of service. Profit sharing is charged to expense as incurred.

(n) Equity-Settled Compensation

The Group measures the cost of equity settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of share options is

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determine by an external valuer using an appropriate valuation model. Performance rights are valued by reference to the value of the Company's equity instruments on the ASX at grant date.

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(o) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the Group.

(p) Financial Assets and Financial liabilities

Classification & Initial recognition

The Group classifies its financial assets and liabilities in the following categories: financial assets at fair value through profit and loss and amortised cost. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial Assets at Fair Value Through Profit or Loss

Financial assets initially recognised at fair value through profit or loss are assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term.

(ii) Amortised Cost

The Group classifies and initially recognises its financial assets as at amortised cost only if the asset is held within a business model whose objective is to collect the contractual cash flows, and the contractual terms give rise to cash flows that are solely payments of principal and interest.

Subsequent Measurement of Financial Liabilities

The Group's financial liabilities including borrowings, trade and other payables and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for financial liabilities held for trading or designated at FVTPL, that are carried subsequently at fair value with gains or losses recognised in profit or loss. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are including within finance costs or finance income.

(i) Convertible notes

The Group's convertible notes are treated as non-derivative financial liability carried at amortised cost. On initial recognition of the convertible note, the liability and equity components are identified and separately measured. The fair value of the liability component of the convertible notes is deducted from the fair value of the instrument, and the residual amount is recognised as an equity conversion right and not subsequent remeasured. The liability is subsequently recognised on an amortised cost basis until extinguished on the conversion or maturity of the notes.

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Recognition and Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent Measurement

Changes in the value of monetary securities denominated in a foreign currency and classified as financial assets at fair value through profit and loss are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences related to changes in the amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in equity.

(q) Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalent includes cash on hand and at call in banks net of overdrafts.

(r) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as expenses in the period in which they are incurred.

(s) Issued Capital

Ordinary share capital is recognised at the fair value of the consideration received. Any transaction costs arising on the issue of shares are recognised (net of tax) directly in equity as a reduction in the share proceeds received.

(t) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST. Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority

(u) Comparative Figures

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

(v) Segment Reporting

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

(w) Parent Entity Financial Information

The financial information for the parent entity, AXP Energy Limited, disclosed in Note 4 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in Subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of AXP Energy Limited.

(x) Business Combination

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of: (a) fair value of consideration transferred, (b) the recognised amount of any non-controlling interest in the acquire, and (c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (i.e. gain on a bargain purchase, disclosed as Discount on Acquisition) is recognised in profit or loss immediately.

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NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Key Estimates — Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets, such as outcomes of drilling projects, the Company's portfolio priorities and leasing requirements. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Exploration and Evaluation

The Group's policy for exploration and evaluation is discussed at Note 1(h). The application of this policy requires management to make certain estimates and assumptions as to future events and circumstances.

Any such estimates and assumptions may change as new information becomes available. If, after having capitalised exploration and evaluation expenditure, management concludes that the capitalised expenditure is unlikely to be recovered by future sales or exploitation, then the relevant capitalised amount will be written off through the statement of profit or loss and other comprehensive income.

Useful Lives of Depreciable Assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Asset Retirement Obligations

The Company incurs retirement obligations for wells. The fair values of these obligations are recorded as liabilities on a discounted basis, which is typically at the time the wells are drilled. In the estimation of fair value, the Company uses assumptions and judgments for the legal obligation for an asset retirement obligation, technical assessments of the wells, estimated amounts and timing of remediation, discount rates and inflation rates. Asset retirement obligations are disclosed in Note 21 to the financial statements.

Income Tax

Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Share-based payment transactions

The group measures the cost of equity-settled transaction with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the share price at the date of grant. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Pre-tax valuation of Development and Producing Assets

When the fair values of acquired Development and Producing Assets need to be determined, fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets (e.g. quoted forward prices) where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as timing of production, liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of Development and Producing Assets.

Estimate of reserve quantities

The estimated quantities of proven and probable hydrocarbon reserves reported by the Group are integral to the calculation of amortisation (depletion) and depreciation expense and to assessments of possible impairment of assets. Estimated reserve quantities are based upon interpretations of geological and geophysical models and assessment of the technical feasibility and commercial viability of producing the reserves. Management prepare reserve estimates which conform to guidelines prepared by the Society of Petroleum Engineers. These estimates are then verified by independent technical experts.

These assessments require assumptions to be made regarding future development and production costs, commodity prices, exchange rates and fiscal regimes. The estimate of reserves may change from period to period as the economic assumptions used to estimate the reserves can change from period to period, and as additional geological data is generated during the course of operations.

Leases

The Group has lease contracts in place. Management has applied judgement to determine the lease term for some of the lease contracts as well as the discount rate to be applied.

NOTE 3: GOING CONCERN

The financial report of the Group has been prepared on a going concern basis. The Group (consisting of AXP Energy Ltd and the entities it controlled at the end of, or during, the full-year ended 30 June 2021) made a profit for the year after tax of $5,228,781 (full year to 30 June 2020: loss of $8,117,522) and incurred a net cash outflow from operating activities of $0.77M (full year to 30 June 2020: $976,674). Additionally, the Group had a working capital deficit of $792K at 30 June 2021.

The Group's ability to continue as a going concern is dependent upon the generation of cash from operations, the sufficiency of current cash reserves to meet existing obligations, the ability to

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reschedule planned exploration and development activity, raising of further equity and the exercise of options issued.

During the financial year ended 30 June 2021, the Group raised $3,560,000 through the issue of 1,186,666,663 shares. The Directors are confident that the company is able to raise further equity from its shareholders and sophisticated and professional investors, if required.

At midday on the reporting date, the Group had received $2,175,000 in proceeds from the exercise of the unlisted options expiring 30 September 2021 (refer Note 25(b)), representing the conversion of 86% of outstanding September 2021 options. This has strengthened the Group's cash position.

The Directors believe that there are reasonable grounds to believe that the Company and the Group will continue as a going concern. The Group's ability to continue as a going concern is contingent on one or more of the following:

a) the receipt of additional proceeds from the exercise of a further 150,000,000 unlisted options (expiring 30 November 2021 – refer Note 25(b));
b) the continued ability to raise capital. The Group has the ability to issue up to 25% of the current issued share capital of 4,678,512,519 ordinary shares. The Group is confident that it is able to raise capital from shareholders, as it has done in the past, if required;
c) continued sell down of oil in tank inventory (17,002 barrels on hand at 12 September 2021);
d) the support of major creditors and the restructured payables obligations. The Group has successfully deferred 41% of current payables and continues to pay these down on schedule;
e) continued workover of existing wells and general field development to enhance production;
f) continued strength in energy commodity prices;
g) the ability to raise funds via debt, farm-outs, joint ventures, or a combination of these;

Accordingly, the Directors believe that the consolidated entity will be able to continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of this financial report. This financial report does not include any adjustments relating to the amounts or classification of recorded assets or liabilities that might be necessary if the consolidated Group does not continue as a going concern.

Subsequent to the reporting period, and as announced on 15 September 2021, the Group signed a Head of Agreement with US-based Elite Mining Inc ('EMI') to deliver gas to well-site power generators in Colorado. While the initial gas supply is modest at a minimum of 400 mcf/day, and the Group will earn some revenue from the sale of this gas, the larger and more immediate financial benefit flows from the oil revenue that can now be produced from the Pathfinder and Vespucci wells, currently shut-in due to gas flaring restrictions. Gross revenue from the initial 2 wells, assuming gas usage of 400 Mcf/day from 2 wells and including associated oil production, is expected to be in the range US$35,000 to US$60,000 per month based on US$30,000 capex by the Group. The HOA provides for the sale of up to 5,000 mcf/day of gas in the longer term and the parties are assessing opportunities to tap stranded gas across the Groups assets in several other states.

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NOTE 4: PARENT ENTITY FINANCIAL INFORMATION

The individual financial statements for the parent entity show the following aggregate amounts:

	2021 $	2020 $
Statement of financial position		
Total current assets	162,106	1,205,474
Non-current assets excluding inter-company receivables	356,889	50,000
Non-current inter-company receivables (i)	18,827,311	9,400,222
Total assets	**19,346,306**	**10,655,696**
Total current liabilities	357,802	3,978,542
Total non-current liabilities	494,353	-
Total liabilities	**852,155**	**3,978,542**
Net assets	**18,494,151**	**6,677,154**
Share capital	99,583,151	92,101,477
Reserves	342,683	-
Reserve for convertible notes	-	175,967
Accumulated losses	(81,431,683)	(85,600,290)
Total equity	**18,494,151**	**6,677,154**
Statement of profit or loss and other comprehensive income		
Profit/(Loss) for the year after tax	4,168,607	(8,739,492)
Total comprehensive income/loss	**4,168,607**	**(8,739,492)**

(i) Non-current inter-company receivables are eliminated upon consolidation.

The parent entity has not provided any financial guarantees on behalf of its subsidiary.

The parent entity accounts for joint ventures at cost.

The parent entity did not have any contingent liabilities as at 30 June 2021 (2020 Nil).

The parent entity had no contractual commitments as at 30 June 2021 (2020: Nil).

NOTE 5: REVENUE

From continuing operations:

	2021 $	2020 $
Gas	3,022,221	-
Oil	1,685,369	596,668
Non Gas Liquids (NGL)	765,480	-
Other revenue	211,373	-
Total revenue from operations	**5,684,443**	**596,668**

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NOTE 6: PROFIT AND LOSS FROM CONTINUING OPERATIONS

Profit / (Loss) before income tax has been determined after:

	2021 $	2020 $
Depreciation, depletion, and amortisation:		
Depreciation	184,468	57,003
Depletion	702,769	175,530
Amortisation	2,370	-
	889,607	**232,533**
Other expenses:		
Share based payments	684,146	88,000
Director fees	181,469	200,407
Payroll and employee benefits	486,862	496,361
Professional fees	963,091	598,303
Regulatory compliance - G&A	12,480	289,174
Administrative and corporate costs	272,097	435,683
Other	137,600	-
Overhead recovery from outside interests	(189,690)	-
	2,548,055	**2,107,928**
Impairments:		
Well assets	277,955	6,046,701
Financial assets	81	58,143
	278,036	**6,104,844**
Finance costs		
Accretion	278,124	96,326
Interest expense	252,393	535,311
	530,517	**631,637**
Other gains		
Interest income	(2,509)	(232)
Other income	(56,705)	-
	(59,214)	**(232)**

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NOTE 7: INCOME TAX EXPENSE

	2020 $	2020 $
(a) The components of income tax expense / benefit comprise:		
Current Tax	-	-
Deferred Tax	(231,917)	-
	(231,917)	-
(b) Deferred liability arising from temporary differences		
- In USA at 21%	-	250,761
	-	250,761

During the year the Group revised its estimate for deferred tax liability resulting in a tax benefit of $231,917 (US$173,000 – refer Note 17)

NOTE 8: INTEREST OF KEY MANAGEMENT PERSONNEL (KMP)

Refer to the remuneration report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel for the year ended 30 June 2021.

The totals of remuneration paid to KMP of the Group and the Group during the year are as follows:

	2021 $	2020 $
Short term employee benefits	322,496	732,130
Post-employment benefits	10,184	11,081
Share based payments	634,147	222,323
	966,827	**965,534**

NOTE 9: AUDITORS' REMUNERATION

	2021 $	2020 $
Remuneration of auditor of consolidated Group for:		
Grant Thornton, Australia	72,440	53,000
Pitcher Partners Advisors Pty Ltd	63,000	-
	135,440	**53,000**

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NOTE 10: EARNINGS PER SHARE & DILUTED EARNINGS PER SHARE

	2021 $	2020 $
Earnings used in calculating diluted earnings per share	5,228,781	(9,158,006)
	No of Shares	**No of Shares**
Weighted average number of ordinary shares used in calculating basic EPS	4,002,576,180	1,735,271,838
Effect of dilutive securities:		
Share options	1,009,166,665	-
Adjusted weighted average number of ordinary shares used in calculating diluted EPS	**5,011,742,845**	**1,735,271,838**
Basic EPS	$0.0013	($0.0053)
Diluted EPS	$0.0010	($0.0053)

See Note 25 for option details.

NOTE 11: CASH AND CASH EQUIVALENTS

	2021 $	2020 $
Cash at bank and on hand	1,390,767	1,291,081

The effective annual interest rate on cash at bank was 0.19% (2020: 0.02%) per annum.

NOTE 12: TRADE AND OTHER RECEIVABLES

	2021 $	2020 $
Trade receivables		
Purchaser	2,114,653	5,079
Other receivables		
Joint interest billings (JIB)	763,609	-
Allowance for doubtful accounts - JIB	(239,672)	-
GST Receivable	12,008	7,429
	2,650,598	**12,508**

The Group uses its historical experience, external indicators, and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assesses impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. There is a $240K credit loss allowance for MHP joint interest billing receivables as at 30 June 2021. Outstanding invoices are generally due within 30 days of the invoice date. Joint interest billing receivables are netted by royalty payments due, as applicable.

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NOTE 13: INVENTORY

	2021 $	2020 $
Oil in tank	390,401	-

The Group began accounting for oil in tank during the fiscal year ended 30 June 2021 in connection with its acquisition of Magnum Hunter Production, Inc. See Business Acquisition Note 30 for further details. Oil in tank is calculated using the lower of cost or market method and is included at cost as of 30 June 2021. Adjustments to oil in tank inventory are recorded as part of lease and field operating expense in the statement of profit or loss and other comprehensive income. Oil in tank was insignificant as of 30 June 2020.

NOTE 14: OTHER ASSETS

	2021 $	2020 $
Other current assets		
Bond deposits	575,451	-
Prepaid expense and other (i)	2,374,311	-
	2,949,762	**-**
Other non-current assets		
Bond and other deposits	486,693	486,343

(i)AXP entered into an agreement to acquire portfolio of producing oil and gas leases located in the Illinois Basin from Indiana based Trey Exploration, Inc in early October 2020. AXP made an initial payment of USD $1M in October 2020, an additional payment of USD $450K in April 2021, and expects to make a final payment of USD $450K in October 2021. It has been determined that AXP does not have control over the Trey assets as at 30 June 2021 and therefore the acquisition has been classified as a prepayment until the final payment has been made in October 2021. Once the final payment has been made AXP will control the Trey assets and include these are part of Development and Producing Assets. The USD $1.45M initial payments and the revenue and expenditures associated with these assets since October 2020 has been recorded as a net prepayment of A$2,228,467.

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

	2021 $	2020 $
Plant and equipment:		
- At cost	851,444	530,072
- Less: Accumulated depreciation	(426,279)	(413,874)
	425,165	**116,198**

Movement in Property, Plant and Equipment at Cost

	2021 $	2020 $
Plant and equipment:		
Opening cost	530,072	596,693
MHP acquisition land additions	252,064	-
Additions	104,283	2,423
Assets sold during period	-	(81,601)
Foreign currency difference	(34,975)	12,557
	851,444	**530,072**

Movement in Property, Plant and Equipment Accumulated Depreciation

	2021 $	2020 $
Plant and equipment:		
Opening: Accumulated depreciation	(413,874)	(400,476)
Depreciation	(41,974)	(57,003)
Assets sold during the year	-	57,121
Foreign currency difference	29,569	(13,516)
Closing Accumulated depreciation	**(426,279)**	**(413,874)**

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NOTE 16: DEVELOPMENT AND PRODUCING ASSETS

	2021 $	2020 $
Producing assets at cost	18,089,918	2,627,090
Accumulated amortisation	(1,652,955)	(950,186)
	16,436,963	**1,676,904**

Movement in Carrying Amounts

	2021 $	2020 $
Balance at beginning of year	1,676,904	1,818,277
Transfer from Exploration and Evaluation assets	780,373	-
MHP acquisition development additions (i)	14,256,655	-
Other asset additions	133,555	-
Asset Retirement Obligation changes	(42,568)	-
Foreign currency difference	334,813	34,157
Amortisation expense	(702,769)	(175,530)
Balance at end of year	**16,436,963**	**1,676,904**

(i) See Business Acquisition Note 30 for details regarding the MHP acquisition well asset additions during the year ended 30 June 2021.

At each period end, the Directors' review the carrying values of its development and producing assets to determine whether there is any indication that those assets have been impaired. For those prospects where the Directors believed such an indication existed at period end, they compared the asset's fair value less costs to sell and value in use to the asset's carrying value. Where it was not possible to estimate the recoverable amount of an individual asset, the Directors' estimated the recoverable amount of the cash-generating unit to which the asset belongs.

There was no impairment in the carrying amounts of developing and producing assets during the years ending 30 June 2021 and 30 June 2020.

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NOTE 17: EXPLORATION AND EVALUATION ASSETS

	2021 $	2020 $
Exploration and evaluation assets at cost	10,317,764	12,222,252

Movement in Carrying Amounts:

	2021 $	2020 $
Balance at beginning of year	12,222,252	13,280,139
Additions	177,413	4,694,787
Transfers to Development and Producing assets	(780,373)	-
Foreign currency difference	(1,023,573)	294,027
Exploration expenditure impairment	(277,955)	(6,046,701)
	10,317,764	**12,222,252**

The $780K transfer to D&P represents the ARO balance previously in the Exploration & Evaluation category.

Impairment

A $46K impairment of costs generally allocated to the Niobrara formation exploration and evaluation assets during the twelve months ended 30 June 2021 and a further amount of A$232K (US$173k) has been impaired. This amount arose on the acquisition of Incremental in 2017 and has now been deemed non recoverable. No additional impairment was deemed necessary.

The Company's exploration and evaluation assets were impaired by $6.00M during the twelve months ended 30 June 2020. This reflects the write down of the Powell and Vespucci wells to their projected cost and the write down of all non-producing Ausco Petroleum Inc. wells, excluding Seismic and Cimarex, to nil.

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NOTE 18: LEASE ASSETS AND LIABILITIES

	2021 $	2020 $
Lease assets		
Carrying amount of lease assets	1,966,544	-
Office buildings under lease arrangements		
At cost	569,327	-
Foreign currency difference	16,883	
Accumulated depreciation	(57,110)	-
	529,100	-
Equipment		
At cost	1,495,760	-
Foreign currency difference	29,438	
Accumulated depreciation	(87,754)	-
	1,437,444	-
Total carrying amount of leases at 30 June 2021	**1,966,554**	**-**
Reconciliation of the carrying amount of lease assets at beginning and end of the financial year:		
Carrying amount at 1 July 2020	-	-
MHP acquisition right of use asset additions	2,065,087	-
Foreign currency difference	46,321	
Depreciation	(144,864)	-
Carrying amount at 30 June 2021	**1,966,544**	**-**
Lease liabilities		
Current lease liabilities	551,904	-
Non-current lease liabilities	1,436,577	-
Total carrying amount of lease liabilities	**1,988,481**	**-**
Lease expenses and cash flows		
Interest expense on lease liabilities	46,044	-
Expense relating to leases of 12-months or less for which a lease liability has not been recognised	115,173	-
Depreciation expense on lease assets	144,864	-
Total cash outflow in relation to leases	218,619	-

AXP began accounting for right of use leases and lease liability accounting during the fiscal year ended 30 June 2021 in connection with its acquisition of Magnum Hunter Production, Inc. See Business Acquisition Note 30 for further details. While AXP adopted Lease Accounting AASB 16 from 1 July 2019, no leases prior met the requirements for asset and liability reporting prior to that date.

NOTE 19: INTERESTS IN JOINT VENTURES

Kentucky Exploration LLC

Kentucky Exploration LLC is the Group's joint venture and the ownership percentage is 50%. Kentucky Exploration LLC is domiciled in the United States of America and its principal activity is to develop and explore the subject prospect for oil and gas production. Its financial statements have been incorporated into the consolidated financial statements using the equity method of accounting. Currently there are no commitments with this JV.

	2021 $	2020 $
Sales and other operating revenues	133,450	176,830
Finance costs and other finance expense	(197,608)	(277,260)
Profit/(Loss) before taxation	**(64,158)**	**(100,430)**
Taxation	-	-
Profit/(Loss) for the year	**(64,158)**	**(100,430)**
Interest profit/(loss) for the year	**-**	**-**
Non-current assets	244,372	229,890
Current assets	174,253	84,347
Total assets	**418,625**	**314,237**
Non-current liabilities	2,932,531	3,037,156
Current liabilities	258,664	221,651
Total liabilities	**3,191,195**	**3,258,807**

There are no joint venture commitments.

Impairment

At each year end, the Directors' review the carrying values of the Kentucky Exploration LLC exploration and evaluation and development and producing assets to determine whether there is any indication that those assets are impaired. For those prospects where the Directors believe such an indication exists at period end, they compare the asset's fair value less costs to sell and value in use to the asset's carrying value. Where it is not possible to estimate the recoverable amount of an individual asset, the Directors' estimate the recoverable amount of the cash-generating unit to which the asset belongs.

50% of Kentucky Exploration LLC's loss was recorded in AXP's consolidated financials annually, except beginning the year ended 30 June 2017, in which only the portion of the loss that reduced the investment to $0 was recorded. No loss was recorded in 2021 or 2020 as the investment was already reduced to $0.

During the twelve months ended 30 June 2021 and 30 June 2020, equity contributions of $144K and $58K, respectively, were made to the Company's joint venture Kentucky Exploration LLC. The corresponding loan receivable was written down by these amounts as of 30 June 2021 and 30 June 2020, respectively.

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NOTE 20: PAYABLES

	2021 $	2020 $
Current		
Trade payables (i)	4,487,745	3,669,958
Revenue payable (ii)	1,600,882	-
Other payables (iii)	787,921	235,092
Contingent liability (iv)	28,642	-
	6,905,190	**3,905,050**
Non-current		
Other payables	-	23,337

(i) Trade payables are generally due within 30 days of invoice. USD $1.5M of trade payables are on a payment plan through which USD $649K is expected to be paid over the twelve months ending 30 June 2022, USD $478K is to be paid over the twelve months ending 30 June 2023, and the remaining USD $378K is due over the twelve months ending 30 June 2024.

(ii) Revenue payables are made up of two functions, current revenues payables of $926K (net of expenses owed) to third parties and revenues held in suspense of $675K until account is cleared of hold.

(iii) Other payables include accruals for the year ended.

(iv) AXP Energy's contingent liabilities arise on the acquisition of MHP and relate to two potential disputes, both pertaining to outside interests, in which the Company believes it has a maximum liability of $29K for royalties.

NOTE 21: ASSET RETIREMENT OBLIGATIONS

	2021 $	2020 $
Current	434,324	-
Non-current	7,955,797	1,174,525
	8,390,121	**1,174,525**
Beginning balance	1,174,525	1,062,626
MHP acquisition additions (see note 30)	6,830,455	-
Accretion	278,124	234,619
ARO changes	(42,568)	-
Foreign currency difference	149,585	(122,720)
Ending Balance	**8,390,121**	**1,174,525**

The Group records the present value of the estimated cost of legal and constructive obligations to restore operating locations in the period in which the obligation arises. The nature of restoration activities includes the removal of facilities, abandonment of wells and restoration of affected areas.

A restoration provision is recognised and updated at different stages of the development and construction of a facility and then reviewed on an annual basis. When the liability is initially recorded, the estimated cost is capitalised by increasing the carrying amount of the related exploration and evaluation assets. Over time, the liability is increased for the change in the present value based on a pre-tax discount rate appropriate to the risks inherent in the liability. The unwinding of the discount is recorded as accretion charge within lease operating expense.

NOTE 22: COMMON STOCK LIABILITY

	2021 $	2020 $
Common stock liability	10,000	417,084

As at 30 June 2021, AXP had an option exercise payment on hand of $10K for which shares had not been issued. Shares are to be issued under the next prospectus.

On 29 April 2020, AXP announced that it secured $3M of funding commitments through the direct placement of new shares at $0.003 per share. Shares are to be issued in two tranches under the placement. AXP issued 416,666,667 shares at $0.003 per share totalling $1.25M under Tranche 1 of the placement in May 2020. AXP received $417K over and above the $1.25M, for shares that could not be issued as a result of Listing Rule 7.1, which stipulates a maximum percentage of total shares to be issued. The $417K receipt is a deposit for which AXP issued shares for on 9 September 2020 upon shareholder approval 31 August 2020.

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NOTE 23: INTEREST BEARING LIABILITIES

	2021 $	2020 $
Current		
Convertible note	-	2,849,033
Accrued interest	-	508,340
	-	**3,357,373**

	2021 $	2020 $
Non-Current		
Borrowings	367,418	-

The Company entered into an unsecured working capital facility of US$500K (A$667K) from a private company at US prime rate + 2.75% interest per annum. The facility is available until 11 November 2022. $367,418 of the facility has been drawn upon as of 30 June 2021. The unused amount is $299,282.

The Company has an unsecured finance facility of $300K from a private lender at 10% interest per annum. The facility is available until 31 March 2022. The facility has not been drawn upon as of 30 June 2021.

The Company entered into secured convertible notes of USD $3.03M in October and November of 2019. Each convertible note has a face value of $0.007 and an interest rate of 1.5% during the initial term, a period of four months commencing on the issue date. The notes were to mature four months from the issue date. As the notes were not repaid or converted at that time, interest accrued at 2.5% thereafter. The notes were determined to be convertible into shares at the face value of the convertible note plus accrued interest divided by the renegotiated conversion rate of $0.003. The renegotiated rate enabled the extension of the conversion.

The Company has accounted for the convertible note as a compound financial instrument, in which the loan, including accrued interest, was valued at $3.36M and the equity valued at $176K as of 30 June 2020. The convertible note of $3.03M and accrued interest of $505K were converted to shares as per shareholder approval at the General Meeting held 31 August 2020.

NOTE 24: OTHER LIABILITIES

Deferred Revenue

	2021 $	2020 $
Current	272,014	-
Non-current	187,282	-
	459,296	**-**

During the period AXP received income in advance from one of its customers.

NOTE 25: SHARE CAPITAL

a. Ordinary Shares

	2021 $	2020 $
At the beginning of reporting period	92,101,477	90,747,407
Shares issued during the year		
- Issued 4 May 2020	-	1,250,000
- Issued 2 June 2020	-	236,521
- Issued 30 June 2020	-	188,202
- Issued 3 September 2020	3,729,176	-
- Issued 3 September 2020	341,463	-
- Issued 3 September 2020	46,916	-
- Issued 9 September 2020	750,000	-
- Issued 28 September 2020	550,000	-
- Issued 16 October 2020	250,000	-
- Issued 30 November 2020	200,000	-
- Issued 21 December 2020	1,800,000	-
- Issued 29 January 2021	10,000	-
	99,779,032	92,422,130
- Less: Cost of capital raising	(195,881)	(320,653)
	99,583,151	**92,101,477**

	2021 Number	2020 Number
At the beginning of reporting period	2,135,587,947	1,668,335,412
Shares issued during the year		
- Issued 4 May 2020	-	416,666,667
- Issued 2 June 2020	-	24,349,840
- Issued 30 June 2020	-	26,236,028
- Issued 3 September 2020	1,243,058,600	-
- Issued 3 September 2020	97,560,976	-
- Issued 3 September 2020	15,638,333	-
- Issued 9 September 2020	250,000,000	-
- Issued 28 September 2020	183,333,332	-
- Issued 16 October 2020	83,333,333	-
- Issued 30 November 2020	66,666,667	-
- Issued 21 December 2020	599,999,998	-
- Issued 29 January 2021	3,333,333	-
At the end of the reporting period	**4,678,512,519**	**2,135,587,947**

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At shareholder meetings, each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote by poll.

b. Options

	2021 Number	2020 Number
Unlisted		
At the beginning of the reporting period	12,500,000	531,414,308
- Expired 31 March 2020	-	(518,914,308)
- Issued 9 September 2020	849,999,998	-
- Exercised 29 January 2021	(3,333,333)	-
- Issued 30 November 2020	66,666,667	-
- Issued 1 December 2020	83,333,333	
At the end of the reporting period	**1,009,166,665**	**12,500,000**

Options Outstanding by Class

	2021 Number	2020 Number
Unlisted Options		
- $0.045 expire 15 July 2021	12,500,000	12,500,000
- $0.003 expire 30 September 2021	846,666,665	-
- $0.003 expire 30 November 2021	150,000,000	
At the end of the reporting period	**1,009,166,665**	**12,500,000**

All options were unlisted during the year ended 30 June 2021or 30 June 2020.

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c. Convertible Notes

	2021 Number	2020 Number
At the beginning of the reporting period	432,142,856	-
- Issued 9 January 2020	-	432,142,856
- Converted 3 September 2020	(432,142,856)	-
At the end of the reporting period	**-**	**432,142,856**

See details regarding convertible note and accrued interest at Interest Bearing Note 23.

See details regarding performance rights in Share Based Payments Note 34.

d. Management

Management controls the capital of the Group to maintain a good debt to equity ratio, provide the shareholders with adequate returns, and ensure the Group continues as a going concern.

The Group's debt and capital includes ordinary share capital, share options, drilling advances payable and bank debt. Management effectively manages the Group's capital by assessing the financial risks and adjusting the capital structure in response to those risks. These responses include share issues.

	2021 $	2020 $
Total borrowings	367,418	3,357,373
Less: cash and cash equivalents	1,390,767	1,291,081
Net (cash) / debt	**(1,023,349)**	**2,066,292**
Total equity	19,124,828	6,677,156
Total capital	99,583,151	92,101,477
Gearing ratio	**1.9%**	**50.3%**

Gearing ratio calculated as total interest-bearing debt divided by total shareholders' equity.

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NOTE 26: RESERVES

	2021 $	2020 $
Foreign currency reserve	9,931,686	10,591,862
Share based payment reserve	342,683	-
Convertible note reserve	-	175,967
	10,274,369	**10,767,829**

Foreign Currency Reserve

This reserve is used to record foreign currency translation differences arising on the translation of the Group's foreign entities into Australian dollars.

Share Based Payments Reserve

This reserve is used to record the fair value of performance rights or options issued.

Convertible Note Reserve

The Company has accounted for the convertible note as a compound financial instrument, in which the loan, including accrued interest, was valued at $3.36M and the equity valued at $176K as of 30 June 2020. The convertible note of $3.03M and accrued interest of $505K were converted to shares as per shareholder approval at the General Meeting held 31 August 2020.

NOTE 27: SEGMENT REPORTING

Identification of Reportable Segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of geographical location since the diversification of the Group's operations has notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Basis of Accounting for Purposes of Reporting by Operating Segments

(a) Description of segments:

The group's chief operating decision maker has identified the following reportable segments which are defined by geographic area within its major Oil & Gas basins in the US:

- Appalachian Basin (MHP): Occupying approximately 100,000 acres located primarily in the Eastern part of Kentucky, Western Virginia and North-Eastern part of Tennessee, these assets are located in a well-defined gas producing area of the Appalachian Basin. This basin has a long history of both oil and gas production dating back to the early 1800's. The majority of AXP's assets are conventional vertical wells located in the Eastern part of

Kentucky with multiple producing formations including the Berea, Big Injun, Bradley, Cleveland Shale, Gordon, Lower Huron Shale, Maxton and the Rosedale.

- Denver-Julesburg Basin (Ausco & Ausco Florence): These assets are located in the historic Florence oilfield and are geologically defined by the Canon City Embayment. This area is an extension of the prolific DJ Basin which spans across Colorado, Kansas, Montana and Wyoming. AXP's DJ Basin assets occupy approximately 20,000 acres located in Central Colorado near the town of Florence. Formations of interest in this area include the Pierre Shale, Niobrara Shale, Codell Sandstone & Greenhorn Limestone.
- Corporate and Other: Includes non-trading operations and unallocated corporate costs.

Operating segments have been identified based on internal reports reviewed by the group's chief executive officer in order to allocate resources to the segment and assess its performance.

(b) Segment information:

The group's chief executive officer uses segment revenue, segment result, segment assets and segment liabilities to assess each operating segment's financial performance and position. Amounts reported for each operating segment are the same amount reported in the internal reports to the chief executive officer.

Amounts of segment information are measured in the same way in the financial statements. They include items directly attributable to the segment and those that can reasonably be allocated to the segment based on the operations of the segment.

All revenue is generated in the United States of America.

The total amount of revenue derived from purchasers whose revenue is greater than 10% of the Group's total revenue is $3.92M (2020: $597K). Revenue from purchasers whose revenue is greater than 10% of the Group's total revenue was generated by three purchasers in the Appalachian Basin segment during the year ended 30 June 2021 and one purchaser in the Denver-Julesburg basin during the year ended 30 June 2020.

The only non-current asset attributed to Australia is AXP's investment in AXP US, which is eliminated upon consolidation.

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2021	**Appalachian Basin**	**Denver-Julesburg Basin**	**All Other Segments**	**Total**
	$	**$**	**$**	**$**
Segment revenue	5,138,790	545,653	-	5,684,443
Production costs	(4,311,955)	(244,263)	-	(4,556,218)
DD&A	(632,892)	(256,715)	-	(889,607)
Other expense	(553,310)	(457,549)	(1,537,196)	(2,548,055)
Impairments	-	(277,955)	(81)	(278,036)
Finance costs	(280,896)	(51,993)	(197,628)	(530,517)
Discount on acquisition	8,055,641	-	-	8,055,641
Other gains	-	2,367	56,847	59,214
Total profit / (loss) before income tax	7,415,378	(740,455)	(1,678,058)	4,966,865
Income tax benefit	-	231,916	-	231,916
Total profit / (loss)	**7,415,378**	**(508,539)**	**(1,678,058)**	**5,228,781**
Total segment assets	**21,150,860**	**13,358,262**	**2,505,535**	**37,014,657**
Total segment liabilities excluding inter-company transactions	**13,678,429**	**3,716,723**	**725,354**	**18,120,506**

2020	**Appalachian Basin**	**Denver-Julesburg Basin**	**All Other Segments**	**Total**
	$	**$**	**$**	**$**
Segment revenue	-	596,668	-	596,668
Production costs	-	(597,787)	-	(597,787)
P&A costs	-	(72,580)	-	(72,580)
DD&A	-	(232,533)	-	(232,533)
Other expense	-	(1,350,109)	(757,819)	(2,107,928)
Impairments	-	(6,104,844)	-	(6,104,844)
Loss on disposal of asset	-	(7,597)	-	(7,597)
Finance costs	-	(121,443)	(510,194)	(631,637)
Other gains	-	-	232	232
Total profit / (loss) before income tax	-	(7,890,225)	(1,267,781)	(9,158,006)
Income tax expense	-	-	-	-
Total profit / (loss)	**-**	**(7,890,225)**	**(1,267,781)**	**(9,158,006)**
Total segment assets	**-**	**14,549,812**	**1,255,474**	**15,805,286**
Total segment liabilities excluding inter-company transactions	**-**	**5,149,588**	**3,978,542**	**9,128,130**

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NOTE 28: CONTROLLED ENTITIES

Controlled Entities	Country of Incorporation	Equity Holding	
		2021	2020
Parent Entity:			
AXP Energy Limited	Australia		
Subsidiaries of AXP Energy Limited:			
AusCo Petroleum Inc (Formerly Aus-Tex Exploration Inc)	USA	100%	100%
AusCo Petroleum Florence, LLC	USA	100%	100%
Kentucky Exploration, Inc.	USA	100%	100%
AXP Energy (US) LLC	USA	100%	-
Magnum Hunter Production, Inc.	USA	100%	-
NGAS Gathering, LLC	USA	100%	-
Daugherty Petroleum ND Ventures, LLC	USA	100%	-
DPI Natural Gas Partners 2000-1 Drilling Program	USA	40%	-

NOTE 29: CASH FLOW INFORMATION

Reconciliation of Cash Flow from operations with profit / (loss) from ordinary activities after income tax:

	2021 $	2020 $
Profit / (Loss) from ordinary activities after income tax	5,228,781	(9,158,006)
Non-cash flows in loss from ordinary activities		
Share based payments	684,146	88,000
Director fees paid in shares	46,916	170,323
Loss on disposal of asset	-	7,597
Depreciation, Depletion, Amortisation	889,607	232,533
Accretion	278,124	96,326
Accrued interest expense	195,836	508,116
Impairment and write down	278,036	6,104,844
Foreign currency – non cash	(67,352)	-
Discount on acquisition	(8,055,641)	-
Changes in assets and liabilities		
(Increase)/decrease in receivables	(187,626)	80,432
Decrease in inventory	20,547	-
Increase in payables	185,962	893,161
Decrease in deferred tax liability	(231,916)	-
Decrease in asset retirement obligations	(42,568)	-
Cash flow from operations	**(777,148)**	**(976,674)**

NOTE 30: BUSINESS ACQUISITION

On 26 February 2021, the Group acquired 100% of the business Magnum Hunter Production, Inc. (MHP) and thereby control of the business. MHP is an oil and gas company based out of Lexington, Kentucky, USA.

The acquisition occurred across two transactions, whereby on 12 November 2020 the Group made a 15% investment in MHP, followed on 26 February 2021 by the acquisition of the remaining 85% stake in MHP. The total purchase consideration for 100% ownership, which consisted of purchase price plus/minus the working capital adjustments was $332,719, as follows:

Details of the purchase consideration:

	USD $	AUD $
Purchase consideration (12 November 2020 investment)	(17,576)	(24,169)
Purchase consideration (26 February 2021)	275,590	356,888
Total purchase consideration	**258,014**	**332,719**

The primary reason for this business combination was for the Group to increase its oil and gas footprint in a low-price environment. The business combination is consistent with the Group's growth strategy to acquire under-performing, conventional oil and gas leases with immediate production upside achieved from low-cost workovers and re-stimulation yielding improved return on investment. The combination is also consistent with the Group's focus of building greater scale in two mature basins in the US. The acquisition consists of a portfolio of ~1,300 wells spread over ~100,000 acres in the Appalachian and Illinois basins.

Assets acquired and liabilities assumed at the date of acquisition

The Group has provisionally recognised the fair values of the identifiable assets and liabilities upon the best information available as of the reporting date.

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Provisional business combination accounting is as follows:

	26 February 2021	
Fair value of Assets and liabilities acquired	**USD**	**AUD**
Cash and cash equivalents	2,377,086	3,078,327
Trade and other receivables	2,263,549	2,931,296
Other current assets	19,174	24,831
Oil in tank	317,334	410,948
Development and producing assets	11,009,000	14,256,655
Property, plant and equipment	194,644	252,064
Other assets- non current	15,000	19,425
Right of use assets	1,594,662	2,065,087
Trade and other payables	(4,417,872)	(5,721,144)
Contingent liabilities	(21,480)	(27,817)
Asset retirement obligation	(5,274,483)	(6,830,455)
Lease liabilities	(1,594,662)	(2,065,087)
Other payables – non current	(4,454)	(5,768)
Net identifiable assets acquired	6,477,498	8,388,360
Discount on acquisition	(6,219,484)	(8,055,641)

Contractual amounts
The fair value of receivables from contracts with purchasers equals the contractual amounts due.

Contribution since acquisition
Since the acquisition date of 26 February 2021, AXP US through MHP has contributed revenue of \$5.1M and loss after tax of \$0.6M excluding the \$8.1M discount on acquisition. Had the combination occurred from the beginning of the reporting period, revenue for the Group is estimated to have been \$15.4M and loss after tax would have been \$1.9M excluding the \$8.1M discount on acquisition.

Transaction costs
Transaction costs incurred in relation to the acquisition were immaterial. These costs were expensed in professional fees as incurred.

Contingent liabilities
AXP US has accrued US21K for what it believes to be the maximum exposure for two disputes with outside interest owners regarding royalties.

Significant gains and losses arising from business combination
A discount on acquisition of AS\$8.1M was recognised as a result of the fair value of the assets acquired being substantially greater than the total purchase consideration.

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NOTE 31: FINANCIAL INSTRUMENTS

Financial Risk Management Policies

The Group's activities expose it to a variety of financial risks: credit risk, market risk (including interest rate risk and currency risk) and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of foreign exchange and aging analysis for credit risk.

Risk management is carried out by the finance department under policies approved by the board of directors.

The Group holds the following financial instruments:

	2021 $	2020 $
Financial Assets		
Cash and cash equivalents	1,390,767	1,291,081
Trade and other receivables	2,650,598	12,508
Bonds	1,039,373	486,343
	5,080,738	**1,789,932**
Financial Liabilities		
Trade payables	3,852,337	3,905,050
Convertible note and accrued interest	-	3,357,373
Common stock liability	10,000	417,084
Lease liability	1,988,481	-
Borrowings	367,418	23,337
	6,218,236	**7,702,844**

(a) Market Risk

Foreign Currency Risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

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

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The Group's exposure to foreign currency risk at the end of the reporting period was as follows:

	2021	2020
	$	$
Cash and cash equivalents	1,262,602	92,922
Trade and other receivables	2,638,590	5,079
Trade and other payables	6,557,257	3,533,389

Foreign Currency Sensitivity

Based on the financial instruments held at 30 June 2021, had the Australian dollar weakened/strengthened by 10% against the US dollar with all other variables held constant, the Group's post-tax profit and equity for the year would have been the following:

	2021 $	2020 $
Change in profit		
Improvement in AUD to USD by 10%	(755,107)	(178,529)
Decline in AUD to USD by 10%	755,107	178,529
Change in equity		
Improvement in AUD to USD by 10%	(755,107)	(178,529)
Decline in AUD to USD by 10%	755,107	178,529

Interest Rate Sensitivity Analysis

At 30 June 2021 and 30 June 2020, the effect on profit and equity as a result of changes in the interest rate on cash and cash equivalents, with all other variables remaining constant would be as follows:

	2021	2020
	$	$
Change in profit		
Increase in interest rate by 2%	26,818	464
Decrease in interest rate by 2%	-	-
Change in equity		
Increase in interest rate by 2%	26,818	464
Decrease in interest rate by 2%	-	-

Price Sensitivity Analysis

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At 30 June 2021 and 30 June 2020, the effect on profit and equity as a result of changes in gas, oil and NGL prices (impacting revenues from operations), with all other variables remaining constant would be as follows:

2021	Gas $	Oil $	NGL $	Total $
Change in profit				
Increase in average price by 1%	30,222	26,070	7,655	63,947
Decrease in average price by 1%	(30,222)	(26,070)	(7,655)	(63,947)
Change in equity				
Increase in average price by 1%	30,222	26,070	7,655	63,947
Decrease in average price by 1%	(30,222)	(26,070)	(7,655)	(63,947)

2020	Gas $	Oil $	Ngl $	Total $
Change in profit				
Increase in average price by 1%	-	5,967	-	5,967
Decrease in average price by 1%	-	(5,967)	-	(5,967)
Change in equity				
Increase in average price by 1%	-	5,967	-	5,967
Decrease in average price by 1%	-	5,967	-	5,967

(b) Credit Risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, revenue and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of ‘A’ are accepted. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors, Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The compliance with credit limits by wholesale customers is regularly monitored by line management. Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk.

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The Group has a $300K unsecured finance facility from a private lender at 10% interest. The facility will be available until 31 March 2022. The line has not been drawn on as of 30 June 2021.

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The Company entered into an unsecured working capital facility of US$500K (A$667K) with a private company at US prime rate + 2.75% interest per annum. The facility is available until 11 November 2022. $367,418 of the facility has been drawn upon as of 30 June 2021. The unused amount is $299,282.

The Company entered into secured convertible notes of USD $3.03M in October and November of 2019. Each convertible note had a face value of $0.007 and an interest rate of 1.5% during the initial term, a period of four months commencing on the issue date. The notes were to mature four months from the issue date. As the notes were not repaid or converted at that time, interest accrued at 2.5% thereafter. The notes were determined to be convertible into shares at the face value of the convertible note plus accrued interest divided by the renegotiated conversion rate of $0.003. The renegotiated rate enabled the extension of the conversion. The convertible note of $3.03M and accrued interest of $505K were converted to shares based on 31 August 2020 shareholder approval.

The following table outlines the group's remaining contractual maturities for financial liabilities. The amounts presented in the table are the undiscounted contractual cash flows of the financial liabilities, allocated to time bands based on the earliest date on which the group can be required to pay.

	< 6 months	**6-12 months**	**1-5 years**	**Total contractual cash flows**	**Carrying amount**
2021	**$**	**$**	**$**	**$**	**$**
Trade and other payables	6,230,045	675,124	367,417	7,272,586	7,272,586
Lease liabilities	275,468	276,434	1,436,579	1,988,481	1,988,481
Borrowings	-	-	367,418	367,418	367,418
	6,505,513	951,558	2,171,414	9,628,485	9,628,485
2020					
Trade and other payables	3,905,050	-	23,337	3,928,387	3,928,387
Convertible note	3,357,373	-	-	3,357,373	3,357,373
	7,262,423	-	16,100	7,285,760	7,285,760

(d) Fair Value Measurements

The carrying value monetary financial assets and financial liabilities of the Group approximate their fair value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

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NOTE 32: RELATED PARTIES

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

i. Directors and executives

Disclosures relating to key management personnel are set out in Note 8.

ii. Transactions with Director-related entities

During the year, the Group utilised the services of CFO Colorado Accounting & Tax Services for the provision of accounting and taxation services at commercial rates. To the reporting date the costs of these services was $218K (2020: $125K) excluding GST). Mr Lonny Haugen is President of CFO Colorado Accounting & Tax Services.

During the year $48K of director fees earned by Peter Crown were made payable to Resilient Investment Group (RIG). Peter Crown is the sole director and shareholder of RIG.

NOTE 33: CAPITAL COMMITMENTS

The Group is required to meet minimum expenditure requirements of various Government bodies and joint venture agreements. These obligations may be subject to renegotiation, may be farmed out or may be relinquished and have not been provided for in the financial statements.

	2021 $	2020 $
- Due within one year	181,643	-
- Due between 2 and 5 years	848,234	-
- Due between 6 and 10 years	1,342,475	-
	2,372,352	**-**

Capital commitments for the fiscal year ended 30 June 2021 include MHP abatement commitments.

The Group expects to complete the Trey acquisition in October 2021 and will be required to make a final payment of US$450,000 (as disclosed in Note 14).

NOTE 34: SHARE BASED PAYMENTS

Performance Rights

The number of performance rights accrued during the financial year and the respective accruals, are as follows:

	2021 Number	2020 Number
Beginning of year	-	6,675,000
Accrued	57,113,821	11,875,000
Issued	-	(18,550,000)
End of year	**57,113,821**	**-**

Included as share based payments in the Statement of Profit or Loss and Other Comprehensive Income is $684K (2020: $88K) and is comprised of performance rights of $343K and director success fees of $341K.

The Company's Performance Rights Plan ("Plan") was approved by shareholders at the General Meeting held on 29 November 2019. The Plan enables the Company to reward, retain and motivate participants via grant entitlements to shares ("Performance Rights") and issue shares on conversion of Performance Rights. Section 4.12 of the Plan requires that the Company rely on Class Order (ASIC Class Order 14/1000) to make an offer and that the number of shares to be received on exercise of performance rights offered, when aggregated with the number of shares issued or that may be issued as a result of offers made at any time during the previous 3 year period under an employee incentive scheme covered by the class order (or an ASIC exempt arrangement of a similar kind to an employee incentive scheme), will not exceed 5% of the total number of shares on issue at the date of the offer. The Company is required to accrue for these performance rights during the year despite the rights requiring Shareholder approval.

2021 Performance Rights

Management performance rights of 48,780,488 were issued on 9 April 2021 at $0.006 amounting to $293K for meeting four of four targets in the 2021 plan. The performance rights have vested. An additional 8,333,333 performance rights have been accrued for as at 30 June 2021 amounting to $50K. These performance rights are calculated based on the share price at the date of grant.

2020 Performance Rights

Director performance rights were issued on 30 June 2020 at $0.006 amounting to $42K for meeting one of the four targets in the 2019 plan.

2019 Plan Director Targets

KPI#1	No safety LTA or Phase 1 environmental accidents
KPI#2	Production boost of 25% year over year
KPI#3	Achieve production of 200 Bopd for a minimum of 90 days
KPI#4	VWAP of $0.02 over 20 consecutive trading days

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NOTE 35: CONTINGENT LIABILITIES

On 14 May 2021, Resilient Investment Group (RIG), of which AXP Director Peter Crown is the sole director and shareholder, presented invoices to the Company totalling $303,600 and subsequently on 27 May 2021 RIG issued 2 statutory demands totalling $303,600 to the Company. On 5 August 2021 the statutory demands were unconditionally withdrawn by RIG and concurrently RIG advised the Company of its intention to file District Court proceedings to recover the amounts it claims are owed by the Company. At the date of filing these Financial Statements, such proceedings had not been initiated. However, proceedings may be initiated and whilst the Company intends to vigorously defend any such claim, a liability in respect of the claim may be realised.

The Company occasionally receives claims arising from its operations in the normal course of business including contractual, interest-owner, partner, third-party and contractor claims. It is the opinion the Directors that all such matters are either covered by insurance or, if not covered, are generally without merit or are of such a nature that the amount involved would not have a material impact on the Company's results,

With the exception of matters noted above, there are no other material contingent liabilities that exist at reporting date (2020: Nil).

NOTE 36: COVID-19 IMPACT

During this past year the uncertainties associated with the COVID-19 pandemic continue to create additional challenges for AXP as the global population experiences variations of the virus spread. The ongoing spread of the virus has resulted in additional restrictions on social gathering, "stay at home" orders in Australia and in some areas of the US. Although AXP is adapting to this new normal, this adaptation takes time and is not seamless.

For the year ending 30 June 2021 COVID-19 has impacted AXP specifically as follows:

- Reductions in the US workforce have slowed all facets of the supply chain and service industries down.
- Inability to sell down our oil inventory at the desired rate due to the limitations of transport resources.
- Limitations in the supply chain have extended project timeline estimates approx. 30%. This limitation has impacted AXP's ability to bring additional production online as quickly as desired.
- In some areas of the US limitations in fuel delivery services have required a reduced operations schedule impacting AXP's production and sales.

AXP continues to respond to the challenges associated with the COVID-19 pandemic by bringing critical functions in house and relying less on outside vendors to accomplish critical tasks that impact the business. In addition to this we have made adjustments to our procurement activities to accommodate for longer lead times in the supply chain.

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NOTE 37: SUBSEQUENT EVENTS

As per the ASX announcement dated 15 September 2021, AXP has signed a binding heads-of-agreement (HOA) with US based Elite Mining Inc. (EMI) to deliver in-situ power generation using stranded natural gas from AXP's Colorado leases for use in EMI's cryptocurrency mining operations. The signed HOA provides that if the first deployment is successful, the parties will work together to supply gas for additional mobile cryptocurrency mining units requiring up to 5,000 MCF/day of gas. Once operational, AXP will generate revenue through the sale of natural gas to power the mining units. The price per MCF/day that AXP earns is viable based on allocation of capital expenditure and maintenance operating expenses.

The Group expects to complete the Trey acquisition in 1 October 2021 and will be required to make a final payment of US$450,000. Total acquisition cost is US$1.9 million. Trey holds highly prospective production leases and a portfolio of producing wells in the states of Indiana, Illinois and Kentucky.

At midday on the reporting date, the Group had received $2,175,000 in proceeds from the exercise of the unlisted options expiring 30 September 2021 (refer Note 25(b)), representing the conversion of 86% of outstanding September 2021 options. This has strengthened the Group's cash position.

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DIRECTORS

Mr Simon Johnson	Non-Executive Chairman
Mr Peter Crown	Non-Executive Director
Mr Stuart Middleton	Non-Executive Director
Mr Samuel Jarvis	Non-Executive Director

COMPANY SECRETARY

Mr Robert Lees

REGISTERED OFFICE AND PRINCIPAL ADMINISTRATIVE OFFICE

AXP Energy Limited
CoySec Services Pty Limited
Suite 302
Level 3, 17 Castlereagh Street
Sydney, NSW 2000
Phone: 61 2 9299 9580

USA OFFICE

One Summit Square #201
120 Prosperous Place
Lexington, KY 40509
Phone +1 859 263 3948

SHARE REGISTRY

Boardroom Pty Limited
Grosvenor Place Level 12
225 George Street
Sydney, NSW 2000, Australia
Phone (inside Australia): 1300 737 760
Phone (outside Australia): 61 29290 9600

AUDITORS

Pitcher Partners
Level 11, 12-14
The Esplanade
Perth WAS 6000

AUSTRALIAN LEGAL ADVISORS

Steinepreis Paganin
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

AUSTRALIAN SECURITIES EXCHANGE

The Company is listed on the Australian Securities Exchange. The home exchange is Sydney.

ASX Codes (Shares): AXP