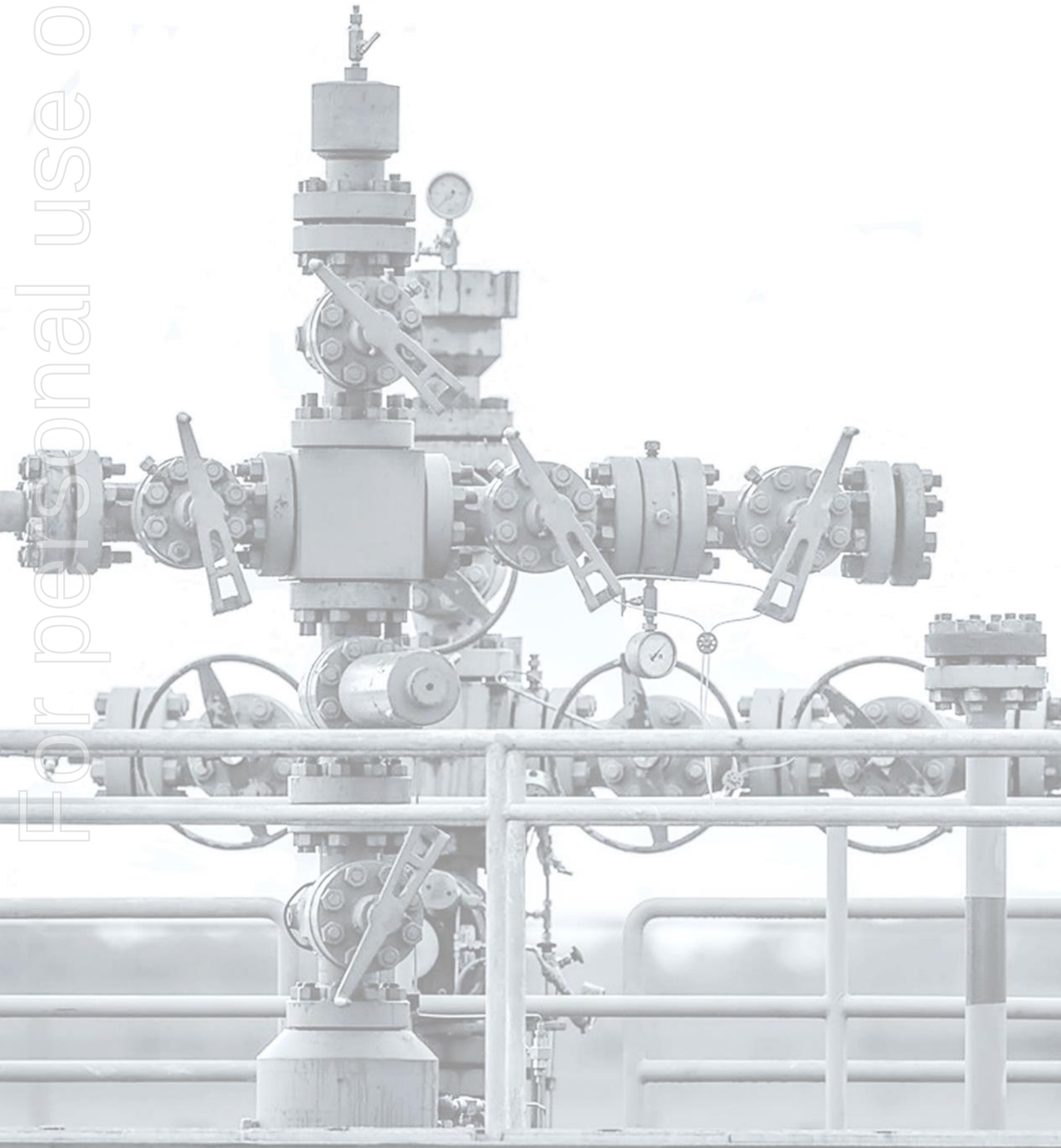
2021 ANNUAL REPORT



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CHAIRMAN'S REPORT

Dear Fellow Shareholders,

On behalf of the Board of Directors, I am pleased to present this year's annual report for AXP Energy Limited ('*AXP*' - formerly known as Fremont Petroleum Corporation Limited) in my first year as the Company's chairman.

I am pleased to bring my experience in the oil and gas sector to the Company at such an exciting time in its history. Complementing the skills of my fellow Directors and those of our very talented and committed management team, our primary focus is to continue the transformation of AXP Energy from a relatively small ASX listed oil and gas production company into something of much greater scale.

In line with this transformation, in July we changed the Company's name from Fremont Petroleum Corporation Limited to AXP Energy Limited. The re-brand and change in corporate identity better reflects our strategy of acquiring quality assets, expanding our lease holdings and increasing production. We believe that AXP Energy Limited better signifies that mindset and opportunity.

What attracted me initially to AXP Energy is its growth potential, particularly following the cornerstone acquisition of Magnum Hunter Production Inc. (now renamed to AXP Energy, Inc.) and its portfolio of natural gas wells in Kentucky, Virginia and Tennessee. These new Appalachian Basin assets have really established the foundation for AXP and are set to rapidly advance the transformation of the Company. We have already begun to see this take shape with a stable revenue stream the business delivers and a team of highly skilled individuals that have stayed with the business under AXP's ownership. The acquisition will act as both a blueprint and catalyst for much greater expansion in the US.

Following this significant acquisition, our focus shifted to building out a stable and predictable revenue base through the enhancement of our broader well portfolio across the Appalachian and Illinois Basins. This focus has seen the Company pivot away from making speculative investments in exploration projects and rather identify and pursue assets which will provide the Company with a reliable base for growth.

Another example of this is the Trey Exploration leases. Trey provides tremendous future field development opportunities for the Company and along with our other leases, we are only beginning to see the true production potential begin to materialise.

The commitment of the management team in the US under Tim Hart's leadership has been very encouraging. With limited resources at his disposal, Tim has managed a seamless integration of the team and the assets in a short period of time. MPH has delivered a very hard working committed cohort of individuals and Tim and the rest of the team in the US have been drawing on their skills to enhance the performance of assets across the US.

As a board and management team we are constantly exploring innovative strategies to make sure we are providing the best possible value for our shareholders. I am confident that the growth strategy implemented has set the Company on the right course and we will see a more productive 2022. I would like to thank my fellow directors, executives and operations personnel in the US for their ongoing support. Lastly, thanks to our loyal shareholders for whom we are committed to delivering value and growth.

Sincerely,

Simon Johnson
Chairman

CEO'S OPERATIONS REVIEW

A review of the operations of the economic entity during the financial year and the results of those operations are as follows:

AXP Energy Limited (AXP) is an oil and gas production and development company founded in 2006 and headquartered in Lexington, Kentucky USA with its Australian office located in Sydney, Australia. The company also has field offices in Coldiron, Kentucky and Florence, Colorado. With operations in the Appalachian, Illinois and the Denver-Julesburg basins the company's assets are well positioned in 3 of the most mature and prolific oil and gas areas of the US. These strategically selected areas provide a good balance for AXP's low-risk, low-cost production profile resulting in stable cashflows.

In October 2020, AXP entered into an agreement with Trey Exploration, Inc to acquire 115 oil wells holding approximately 5000 acres in the heart of the Illinois basin spanning Western Kentucky, Indiana and Illinois. These assets were selected for their stable production, additional opportunities for production enhancements and significant development potential. Two notable fields included in this acquisition are the North Hanson field located in Hopkins, County Kentucky and the Mt. Carmel Consolidated field in Knox County, Indiana. The North Hanson field (900 producing acres) was previously owned in part by Exxon USA, this field has 7 producing formations and has over 20 "in-fill" drilling locations. The Mt. Carmel field is comprised of 1,374 acres, it currently produces from 6 formations and has numerous additional drill locations and recompletion targets in existing wells.

Consistent with the companies "expansion through acquisition" model through the economic downturn of 2020, in late February 2021, the company acquired Magnum Hunter Production, Inc. This acquisition was transformational as it increased the company's production by approximately 1,700%. In addition to this production increase the acquisition also provided commodity diversification as these acquired assets were primarily gas and NGL producers. With this addition the company added approximately 100,000 acres and 1,300 wells in the Appalachian basin, spanning across Eastern Kentucky, Tennessee & Virginia. The opportunities for production enhancements and development potential are enormous within this asset as there has been limited historical investment.

With this significant expansion, AXP now operates approximately 120,000 acres and 1,500 wells in the most prolific areas of the American oil and gas basins.

Likely Developments

AXP is focused on the consolidation of its assets and streamlining its operational procedures in order to maximize profit margins. Expansion and development plans are being established to continually replenish and increase production. These plans include workovers, procedural enhancements, field development and drilling. AXP is also continually reviewing acquisition opportunities that meet the low cost, low risk profile of its existing asset base.

CORPORATE GOVERNANCE STATEMENT

AXP, through its Board of Directors ('Board') is responsible for the overall corporate governance of AXP and has adopted as a guiding principle that it acts honestly, conscientiously and fairly in accordance with the law and in the interests of the shareholders with a view to building sustainable value for them, the Company's employees and other stakeholders in the Company.

The Board has adopted a suite of governance materials, which are available in the Corporate Governance section of the Company's website. The governance materials have been prepared and adopted on the basis that corporate governance procedures can add to the performance of the Company and the creation of shareholder value and help to engender the confidence of the investment market.

ASX Corporate Governance Principles and Recommendations

This statement sets out the material governance principles and processes adopted by the Board. The Board supports the Corporate Governance Principles and Recommendations, 4th edition as released by the ASX Corporate Governance Council ("ASX Principles or "ASXCGC"). The Board considers and applies these recommendations to the extent there is a sound reason to do so, given the circumstances of the Company. The Corporate Governance Statements were reviewed and approved by the Board on 30 September 2021 and are available on the Company's website, www.axpenergy.com.

DIRECTORS REPORT

The Directors of AXP Energy Limited ('*AXP*' or '*Company*'), formerly Fremont Petroleum Corporation Limited ('*FPL*'), present their report, together with the financial statements of the Group, being the Company and its controlled entities, for the financial year ended 30 June 2021.

Directors

Directors in office during the year and to the date of this report are:

Mr Simon Johnson

Non-Executive Chairman appointed 6 April 2021.

Mr Johnson has extensive international oilfield experience having lived and worked in the USA, the Middle East, the Far-East and Europe over the past 25 years, including as a C-suite executive for several large cap NYSE-listed drilling contractors. He also has substantial experience in Board level engagement. Simon has held senior positions at Borr Drilling (NYSE: BDRL), Noble Corporation (NYSE: NE), Seadrill (NYSE: SDRL) with his early career at Diamond Offshore and others. He completed the Advanced Management Program at Harvard University and holds a double major in Economics and Finance from Curtin University.

Other current or former listed directorships in the last 3 years: Nil

Mr Peter Crown

Non-Executive Director from 6 April 2021. Appointed Non-Executive Chairman 5 December 2019. Resigned 12 October 2021.

Mr Crown has considerable experience and skills to the Company through over 20 years in investment markets, ranging from private (venture capital, private equity) through to public markets. Additionally, Mr Crown has extensive experience in developing and expanding businesses, with particular focus on project financing and asset development, in a broad range of industries.

Other current or former listed directorships in the last 3 years: Nil

Mr Samuel Jarvis

Non-Executive Director appointed 28 February 2018. Member of the Audit Committee.

Mr Samuel Jarvis was appointed as Non-Executive Director 28 February 2018. He has extensive experience in commercial management and development drilling as well as knowledge of the upstream oil and gas value chain. For the past 15 years, he has held senior Executive roles with leading global oil and gas drilling companies in SE Asia.

Mr Jarvis graduated with honours in engineering in 1995 and holds a degree in economics with a Finance Major.

Other current or former listed directorships in the last 3 years: QX Resources Ltd (ASX: QXR).

Mr Stuart Middleton

Non-Executive Director appointed 15 April 2015. Chairman of the Audit Committee.

Mr Middleton has extensive resources experience in as the Group Executive for TDS, Banpu Plc, Asian Energy Company (coal, oil, gas and power) with assignments in China, Mongolia, Indonesia, Australia and Thailand. Mr Middleton has also worked in the USA, Indonesia and Columbia. During his time in China, he was extensively involved in conventional and unconventional oil & gas drilling for CBM and oil/gas and has held advisory roles to both government and a major Asian Energy group relating to Asian American Gas Company on complex drilling operations. Mr Middleton was also General Manager of the Baal Bone operation in Lithgow, Australia and served on the Oakbridge board in Sydney and the Queensland North Goonyella Pty. Ltd board in Mackay amongst other numerous board positions. He holds a Bachelor's degree in Mining Engineering and a Master's Commerce degree with double majors in Finance and Technology Management from The University of Sydney. He has extensive experience as a chartered professional engineer and Registered Mine Manager.

Other current or former listed directorships in the last 3 years: Nil.

Directors Who Resigned During the Year

No directors resigned during the fiscal year ended 30 June 2021. Mr. Crown resigned as Non-Executive Director on 12 October 2021.

Company Secretary

Mr Robert Edward Lees

Appointed on 30 June 2015, Mr Lees is a member of Chartered Accountants Australia and New Zealand and a Fellow of the Governance Institute of Australia. He is a graduate of the University of Technology, Sydney, holding a Bachelor of Business (Accounting) and a Graduate Diploma in Data Processing. He also holds a Graduate Diploma in Corporate Governance. In the last 14 years he has provided company secretarial services to small ASX-listed companies.

Director Meetings

The number of director meetings and number of meetings attended by each of the directors of the Group during the financial year are:

DIRECTOR	DIRECTORS MEETINGS Attended / Held*	AUDIT COMMITTEE MEETINGS Attended / Held*
Stuart Middleton	8 / 8	3 / 3
Samuel Jarvis	8 / 8	3 / 3
Peter Crown	7 / 8	2 / 3
Simon Johnson	2 / 2	1 / 1

** Held whilst the director was in office*

The Group notes that a Remuneration and Nominations Committee existed however it did not formally meet during the year.

Principal Activities

The principal activities of the Group during the year consisted of the accumulation and operation of mineral prospective areas and the exploration for oil and gas in the United States of America.

Dividends Paid or Recommended

No dividends were paid or declared since the start of the year. No recommendation for payments of dividends has been made.

Review of Operations

A review of the operations of the economic entity during the financial year and the results of those operations is as follows:

a) Exploration, Development and Production

AXP is an Oil and Gas production and development company founded in 2006 and headquartered in Lexington, Kentucky USA with its Australian office located in Sydney, Australia. The Company also has field offices in Coldiron, Kentucky and Florence, Colorado. With operations in the Appalachian, Illinois and the Denver-Julesburg basins the company's assets are well positioned in 3 of the most mature and prolific oil and gas areas of the US. These strategically selected areas provide a good balance for AXP's low risk, low-cost production profile resulting in stable cashflows.

In October, AXP entered into an agreement with Trey Exploration, Inc ('*Trey*') to acquire 115 oil wells holding approximately 5,000 acres in the heart of the Illinois basin spanning Western Kentucky, Indiana and Illinois. These assets were selected for their stable production, additional opportunities for production enhancements and significant development potential. Two notable fields included in this acquisition are the North Hanson oilfield located in Hopkins, County Kentucky and the Mt. Carmel Consolidated field in Knox County, Indiana. The North Hanson field (900 producing acres) was previously owned in part by Exxon USA, this field has 7 producing formations and has over 20 "in-fill" drilling locations. The Mt. Carmel field is comprised of 1,374 acres, it currently produces from 6 formations and has numerous additional drill locations and recompletion targets in existing wells.

Consistent with the company's "expansion through acquisition" model through the economic downturn of 2020, in late February 2021, the company acquired Magnum Hunter Production, Inc ('MHP', renamed to AXP Energy, Inc.). This acquisition was transformational as it increased the Company's production by approximately 1,700%. In addition to this production increase the acquisition also provided commodity diversification as these acquired assets were primarily gas and NGL producers. With this addition the company added approximately 100,000 acres and 1,300 wells in the Appalachian basin, spanning across Eastern Kentucky, Tennessee & Virginia. The opportunities for production enhancements and development potential are enormous within this asset.

With this significant expansion, AXP now operates approximately 120,000 gross acres and over 1,500 wells in the most prolific areas of the American oil and gas basins.

b) Corporate Matters (Issue of Shares)

- On 3 September 2020, the Company issued 1,243,058,600 shares at $0.003 share to convert $3.73M of debt to equity;
- On 3 September 2020, the Company issued 97,560,976 shares to directors as a success fee totalling $293K;
- On 3 September 2020, the Company issued 15,638,333 shares in lieu of payment of invoiced fees for a total of $47K;
- On 9 September 2020, the Company issued 250,000,000 shares to raise $750K;
- On 28 September 2020, the Company issued 183,333,332 shares to raise $550K;
- On 16 October 2020, the Company issued 83,333,333 shares to raise $250K;
- On 30 November 2020, the Company issued 66,666,667 shares to raise $200K;
- On 21 December 2020, the Company issued 599,999,998 shares to raise $1.8M;
- On 29 January 2021, the Company issued 3,333,333 shares upon the exercise of options for $10K.

Financial Review

The Group's financial performance during the year was favourably impacted by the acquisition of the Appalachian Basin assets in February 2021.

a) Revenue

- The production impact of the acquisition during the year contributed to an 853% increase in sales revenue to $5.7million from $0.6m in FY20;
- Sales volumes increased by 1,775% to 171 MBOE resulting from the acquisition;
- The average realised price for the year was $24.8/BOE

- Total Revenue from the Appalachian Basin asset for FY21 was $5.1 million of which $3.0 million was gas.

b) Profit and Loss

AXP reported a Group profit of $5.2 million in FY21 (FY21: loss of $9.3 million). A key contributing factor to the Group's increased profit included a discount on acquisition on AXP Energy, Inc. of $ 8.1 million (non-cash). The discount on acquisition arose as a result of the fair value of the assets and liabilities acquired being greater than the purchase consideration.

c) Financial Position

The Group's net assets increased by 198% from $6.2 million to $18.4 million. Key contributing factors to the increase in Group's net assets result from acquisition of AXP Energy, Inc. and the acquisition of Trey (classified as a prepayment until final payment in October 2021).

Cash and cash equivalents at the end of the year was $1.4 million. Subsequent to year end the Group received $2.36M in proceeds from the exercise of unlisted options expiring on 30 September 2021.

Significant Changes in the State of Affairs

The following significant changes in the state-of-affairs of the Group occurred during the financial year:

a) Issued Capital

Net increase in issued capital to $99.53M (2020: $92.10M). See Capital Raising section above for details.

b) Name Change to AXP Energy Limited

As announced on 9 July 2021, Fremont Petroleum Corporation Limited changed its name from Fremont Petroleum Corporation Limited to AXP Energy Limited. The change was approved by shareholders on 10 June 2021 and became effective on the ASX 12 July 2021.

c) Trey Acquisition

the Group entered into an agreement to acquire a 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 made a final payment of USD $450K in October 2021. It has been determined that AXP has not asserted control over Trey during the period beginning 1 October 2020 to 1 October 2021. The USD $1.45M initial payments and the revenue and expenditures associated with these assets since, AUD $2.23M, has been recorded as a net prepayment in Other Current Assets on the Consolidated Statement of Financial Position. On 1 October 2021 the final payment was made and thereafter the Group will control the Trey assets and include these payments as part of Development and Producing Assets.

d) Appalachian Basin Acquisition

On 26 February 2021, the Group acquired 100% of the business Magnum Hunter Production, Inc. ('*MHP*', renamed as AXP Energy, Inc.) and thereby control of the business. AXP Energy, Inc 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 the company, followed on 26 February 2021 by the acquisition of the remaining 85% stake. The total purchase consideration for 100% ownership, which consisted of purchase price plus/minus the working capital adjustments was $333K.

AXP acquired the company to increase its oil and gas footprint in a low-price environment. The business combination is consistent with AXP'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 and with AXP's focus of building greater scale in two mature US basins. The acquisition consists of a portfolio of ~1,300 wells spread over ~100,000 acres in the Appalachian and Illinois basins. See Note 30, Business Acquisitions, for additional details.

e) Likely Developments

AXP is focussed on the consolidation of its assets and streamlining its operational procedures in order to maximize profit margins. Expansion and development plans are being established to continually replenish and increase production.

Environmental Regulations

The Group is subject to significant environmental regulations under federal and state laws in the USA. The Group has not been advised of any environmental breaches during the year.

Proceedings on Behalf of Group

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings. The Group was not a party to any such proceedings during the year.

Events Arising Since the end of the Reporting Period

The following matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect either:

- The entity's operations in future financial years.
- The results of those operations in future financial years, or

- The entity's state of affairs in future financial years.

At the reporting date, the Group had received $2,540,000 in proceeds from the exercise of the unlisted options expiring 30 September 2021, $80,000 in proceeds from the exercise of the unlisted options expiring 30 November 2021 (refer Note 25(b)) and $304,438 in proceeds from the exercise of the unlisted options expiring 20 April 2023, representing the conversion of 100% of outstanding September 2021 options, 17% of the outstanding November 2021 options and 20% of the outstanding April 2023 options. This has significantly strengthened the Group's cash position.

On 12 July 2021 the Company changed its name to AXP Energy Limited.

On 1 September 2021 Magnum Hunter Production, Inc changed its name to AXP Energy, Inc.

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 produced oil, as well as 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 closed the Trey acquisition on 1 October 2021 and made the final payment of US$450,000 on the same day. 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.

On 12 October 2021, a confidential settlement agreement was reached between AXP and Resilient Investment Group (RIG). Mr Crown resigned from the Board, effective the same day.

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of emoluments for each key management person of the Group, and for the executives receiving the highest remuneration.

Remuneration Policy

The Group's remuneration policy has been designed to align director and executive objectives with shareholder and business objectives, by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the Group's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for Board members and senior executives of the Group is as follows:

- The remuneration policy, setting the terms and conditions for senior executives, was developed and approved by the Board.
- All senior executives may receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and performance incentives.
- The Board regularly reviews executive packages by reference to the Group's performance, executive performance and comparable information from industry sectors.

The performance of executives is measured against criteria agreed annually with each executive and is based on a basket of measures including financial results, share price, production targets, safety and environmental issues. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the Performance Rights Plan providing an opportunity to obtain further shares.

Australian directors do not receive retirement benefits other than superannuation guarantee contributions.

All remuneration paid to directors and executives is valued at the cost to the Group and is expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

The Board's intention is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Remuneration and Nomination Committee determines payments to the non-executive Directors and reviews their remuneration regularly, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting and currently stands at $750,000 in total. Fees for non-executive directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the directors are encouraged to hold shares in the Group (but not trade in them) and have in the past been granted options.

Performance of Shareholder's Wealth

In considering the Group's performance and benefits for shareholder wealth, the Board have regard to the following indices in respect of the current financial year and the previous four financial years:

MEASURE	2021	2020 (Restated)	2019	2018	2017
EPS	$0.0013	($0.0053)	($0.0024)	($0.0204)	($0.0238)
Net profit/loss	5,213,338	(9,252,841)	(2,809,686)	(8,575,381)	(3,713,088)
Share Price	0.003	0.004	0.009	0.006	0.021

Remuneration Details

Details of the remuneration of the directors, the key management personnel of the Group (as defined in AASB 124 Related Party Disclosures) and executives of the Group are set out in the following table:

	POSITION HELD AT 30 JUNE 2021 AND CHANGES DURING PERIOD	CONTRACT DETAILS (DURATION & TERMINATION)	PROPORTION OF ELEMENTS OF ALL REMUNERATION NOT RELATED TO PERFORMANCE (2021)
DIRECTORS			
Mr Stuart Middleton	Non-executive Director	Retirement by rotation	100%
Mr Samuel Jarvis	Non-executive Director	Retirement by rotation	24%
Mr Peter Crown	Non-executive Director (Resigned 12/10/2021)	Retirement by rotation	22%
Mr Simon Johnson	Non-executive Chairman (Appointed 6/4/2021)	Retirement by rotation	100%
GROUP KEY MANAGEMENT PERSONNEL			
Mr Tim Hart	President & CEO	N/A	36%

Mr Russel Hamilton	Vice President and General Manager (Effective 26/2/2021)	N/A	0%
Mr Lonny Haugen*	CFO	N/A	100%

* *The Group utilises the services of CFO Colorado, of which Mr Haugen is the owner, for accounting and taxation.*

2021	SHORT TERM BENEFITS		POST EMPLOYMENT	SHARE-BASED PAYMENTS			TOTAL [$]	%*
	A [$]	B [$]	C [$]	D [$]	E [$]	F [$]		
DIRECTORS								
Mr Stuart Middleton	48,000	-	4,560	-	-	-	52,560	-
Mr Samuel Jarvis	48,000	-	4,560	-	-	146,341	198,901	74%
Mr Peter Crown[1]	48,000	-	-	-	-	146,342	12,264	75%
Mr Simon Johnson[2]	11,200	-	1,064	-	-	-	194,342	-
GROUP KEY MANAGEMENT PERSONNEL								
Mr Tim Hart[3]	167,296	-	-	292,683	-	-	459,979	64%
Mr Russel Hamilton[4]	82,508	-	-	-	-	-	82,508	-
Mr Lonny Haugen[5]	-	-	-	-	-	-	-	-
TOTAL	**405,004**	**-**	**10,184**	**292,683**	**-**	**292,683**	**1,000,554**	

* *Percentage of performance base remuneration*
A: *Salary & Fees paid*
B: *Other*
C: *Superannuation contribution*
D: *Performance Rights*
E: *Options*
F: *Shares*

2020	SHORT TERM BENEFITS		POST EMPLOYMENT	SHARE-BASED PAYMENTS			TOTAL [$]	%*
	A [$]	B [$]	C [$]	D [$]	E [$]	F [$]		
DIRECTORS								
Mr Timothy Hart[1]	190,566	-	-	12,000	-	26,839	229,405	5%
Mr Guy Goudy[6]	130,568	205,178	-	12,000	-	26,839	374,585	3%
Mr Stuart Middleton	-	-	4,560	6,000	-	48,000	58,560	10%
Mr Samuel Jarvis	-	-	4,560	6,000	-	48,000	58,560	10%
Mr Andrew Blow[7]	-	-	1,961	6,000	-	20,645	28,606	21%
Mr Peter Crown[4]	205,818	-	-	-	-	-	205,818	-
Mr Nigel Hartley[8]	-	-	-	-	-	-	-	-
Mr Andy Lydyard[9]	-	-	-	-	-	-	-	-
GROUP KEY MANAGEMENT PERSONNEL								
Mr Lonny Haugen	-	-	-	10,000	-	-	10,000	100%
TOTAL	**526,952**	**205,178**	**11,081**	**52,000**	**-**	**170,323**	**965,534**	

* *Percentage of performance base remuneration*
A: *Salary & Fees paid*
B: *Other*
C: *Superannuation contribution*
D: *Performance Rights*
E: *Options*
F: *Shares*

1 *Mr Crown was appointed 5 December 2019. 2021 earnings of AUD $194K are $48K of director fees and $146K of success fees issued in stock. 2020 earnings of $206K are $182K of contractor fees for service from a related entity prior to becoming a director and $24K of director fees. Mr Crown's payments were made to Resilient Investment Group. Mr Crown resigned as Non-Executive Director on 12 October 2021.*
2 *Mr Johnson appointed 6 April 2021.*
3 *Mr Hart's salary and fees USD $125K (2020: USD $128K). Mr Hart resigned from the Board 22 January 2020 and retains title as President and CEO.*
4 *Mr Hamilton's salary and fees of USD $62K is from 26 February 2021, date of AXP Energy, Inc. acquisition, through 30 June 2021.*
5 *Mr Haugen's salary and fees USD $0 (2020: USD $0); Lonny Haugen is President of CFO Colorado Accounting & Tax services. The Company uses CFO Colorado for its accounting services. Fees paid to CFO Colorado for the year ended 30 June 2021 were USD $163K (2020: USD $84K).*
6 *Mr Goudy's 2020 salary and fees USD $88K plus ex-gratia payment of USD $138K. Mr Goudy resigned 22 January 2020.*
7 *Mr Blow resigned 5 December 2019.*
8 *Mr Hartley was appointed 5 December 2019. Mr Hartley resigned 22 January 2020.*
9 *Mr Lydyard was appointed 4 February 2020. Mr Lydyard resigned 23 March 2020.*

Amounts in the remuneration tables above are in Australian Dollars; however, Mr Hart, Mr Goudy and Mr Hamilton reside in the United States and are therefore paid in US Dollars. Mr Hart's 2021 salary was USD $125K. Mr Hamilton's 2021 salary was USD $62K and is for the period 26 February 2021 through 30 June 2021 only. Mr Hart's and Mr Goudy's total 2020 salary, bonus and fees paid were USD $128K and USD $88K, respectively. Mr Goudy received and ex-gratia payment of USD $138K.

All directors are non-executive and hold office subject to a shareholder vote. The maximum term of office for directors is three years and one-third of the directors are required to resign each year.

Share-based Compensation

Directors received 97,560,976 shares amounting to $293K in success fees but received no performance rights during the year ended 30 June 2021. A KMP received 48,780,488 of performance rights totalling $293K.

No options were issued as remuneration for the year ended 30 June 2021.

Shares Provided on Exercise of Remuneration Options

No options were exercised by directors or KMP during the year ended 30 June 2021, nor the year ended 30 June 2020.

Director and KMP Shareholdings

The number of ordinary shares in AXP held by each director and KMP of the Group during the financial year is as follows:

2021	BALANCE 1 Jul 2020	GRANTED	PURCHASED	SOLD	BALANCE 30 Jun 2021
DIRECTORS					
Mr P Crown[1,2]	109,414,876	48,780,488	-	(158,195,364)	-
Mr S Middleton	22,683,507	-	9,125,000	-	31,808,507
Mr S Jarvis[2]	109,026,367	48,780,488	30,000,000	-	187,806,855
Mr S Johnson	-	-	-	-	-
SUB-TOTAL	**241,124,750**	**97,560,976**	**39,125,000**	**(158,195,364)**	**219,615,362**
GROUP KEY MANAGEMENT PERSONNEL					
Mr Tim Hart	22,968,877	-	-	-	22,968,877
Mr Russell Hamilton[3]	-	-	-	-	-
Mr L Haugen	4,861,447	-	-	-	4,861,447
SUB-TOTAL	**27,830,324**	-	-	-	**27,830,324**
TOTAL	**268,955,074**	**97,560,976**	**39,125,000**	**(158,195,364)**	**247,445,686**

1 *Mr Crown's shares were sold on the ASX as reported 14 May 2021. Mr Crown resigned as Non-executive Director on 12 October 2021.*

2 *At a General Meeting held 31 August 2020, shareholders approved the issue to Mr Crown & Mr Jarvis of 48,780,488 shares each for services including fund raising & restructuring Convertible Note conversion.*

3 *Mr Hamilton's employment is effective 26 February 2021.*

2020	BALANCE 1 Jul 2019	GRANTED	PURCHASED	SOLD	BALANCE 30 Jun 2020
DIRECTORS					
Mr P Crown	-	-	109,414,876	-	109,414,876
Mr A Blow[1]	8,992,856	5,530,092	-	-	14,522,948
Mr G Goudy[2]	16,270,781	7,369,380	-	-	23,640,161
Mr S Middleton	13,299,999	9,383,508	-	-	22,683,507
Mr S Jarvis	99,642,859	9,383,508	-	-	109,026,367
Mr T Hart[3]	15,599,497	7,369,380	-	-	22,968,877
Mr N Hartley	-	-	-	-	-
Mr A Lydyard	-	-	-	-	-
SUB-TOTAL	**153,805,992**	**39,035,868**	**109,414,876**	**-**	**302,256,736**
GROUP KEY MANAGEMENT PERSONNEL					
Mr L Haugen	3,611,447	1,250,000	-	-	4,861,447
TOTAL	**157,417,439**	**40,285,868**	**109,414,876**	**-**	**307,118,183**

1 *Mr Blow resigned 5 December 2019.*
2 *Mr Goudy resigned from the Board 22 January 2020.*
3 *Mr Hart resigned from the Board 22 January 2020 and retains title as President and CEO.*

Director and KMP Option Holdings

Directors and Key Management Personnel have no listed or unlisted options during the year ended 30 June 2021. The number of options over ordinary shares held by each director and KMP of the Group during the financial year ended 30 June 2020 was as follows:

2020	BALANCE 1 Jul 2019	OPTIONS PURCHASED	EXPIRED	BALANCE 30 Jun 2020
DIRECTORS				
Mr P Crown	-	-	-	-
Mr A Blow[1]	714,286	-	(714,286)	-
Mr G Goudy[2]	1,785,715	-	(1,785,715)	-
Mr S Middleton	2,142,858	-	(2,142,858)	-
Mr S Jarvis	47,535,715	-	(47,535,715)	-
Mr T Hart[3]	1,785,715	-	(1,785,715)	-
Mr N Hartley	-	-	-	-
Mr A Lydyard	-	-	-	-
SUB-TOTAL	-	-	-	-
GROUP KEY MANAGEMENT PERSONNEL				
Mr L Haugen	-	-	-	-
TOTAL	**53,964,289**	**-**	**(53,964,289)**	**-**

1 *Mr Blow resigned from the Board 5 December 2019.*
2 *Mr Guy Goudy resigned from the Board 22 January 2020.*
3 *Mr Hart resigned from the Board 22 January 2020 and retains title as President and CEO.*

Performance Rights Plan

The number of director and KMP performance rights accrued during the financial year is detailed in the first table overleaf.

As detailed in the second table overleaf, there are no director or KMP non-vested shares as at 30 June 2021. The 2,000,000 1 July 2019 performance rights vested during the fiscal year ended 30 June 2020. Performance rights were issued for this 2,000,000 and an additional 2,000,000 of vested performance rights during the fiscal year ended 30 June 2020. The 4,000,000 of vested performance rights were converted into shares during the fiscal year ended 30 June 2020.

2021	BALANCE 1 Jul 2020	VESTED PERF. RIGHTS	SHARES ISSUED	BALANCE 30 Jun 2021
DIRECTORS				
Mr P Crown	-	-	-	-
Mr S Middleton	-	-	-	-
Mr S Jarvis	-	-	-	-
Mr S Johnson	-	-	-	-
GROUP KEY MANAGEMENT PERSONNEL				
Mr T Hart	-	48,780,488	-	48,780,488
Mr R Hamilton	-	-	-	-
Mr L Haugen	-	-	-	-
SUB-TOTAL	-	**48,780,488**	-	**48,780,488**
TOTAL	-	**48,780,488**	-	**48,780,488**

2020	BALANCE 1 Jul 2019	VESTED PERF. RIGHTS	SHARES ISSUED	BALANCE 30 Jun 2020
DIRECTORS				
Mr P Crown	-	-	-	-
Mr A Blow[1]	500,000	500,000	(1,000,000)	-
Mr G Goudy[2]	1,000,000	1,000,000	(2,000,000)	-
Mr S Middleton	500,000	500,000	(1,000,000)	-
Mr S Jarvis	500,000	500,000	(1,000,000)	-
Mr T Hart[3]	1,000,000	1,000,000	(2,000,000)	-
Mr N Hartley	-	-	-	-
Mr A Lydyard	-	-	-	-
SUB-TOTAL	**3,500,000**	**3,500,000**	**(7,000,000)**	-
GROUP KEY MANAGEMENT PERSONNEL				
Mr L Haugen	625,000	625,000	(1,250,000)	-
TOTAL	**4,125,000**	**4,125,000**	**8,250,000**	-

1 *Andrew Blow resigned from the Board 5 December 2019.*
2 *Mr Guy Goudy resigned from the Board 22 January 2020.*
3 *Mr Hart resigned from the Board 22 January 2020 and retains title as President and CEO.*

The Group'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 three 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 was required in the prior year to accrue for these performance rights during the year despite the rights requiring shareholder approval.

2021 Performance Rights

KMP performance rights of 48,780,488 were issued on 1 July 2020 at $0.006 amounting to $293K for meeting four of four targets in the 2021 plan. The performance rights are vested but unissued as at 30 June 2021 and the reporting date. Performance targets were as follows:

a) Finalise, to the Board's satisfaction, the due diligence and a suitable Sale and Purchase agreement for the Trey Asset's ('Trey SPA') by 30 July 2020;
b) Execute the Trey SPA by 31 August 2020;
c) Finalise, to the Board's satisfaction, the due diligence and a suitable Sale and Purchase agreement for the Magnum Hunter Production LLC ('MHP SPA') by 31 January 2021;
d) Execute the MHP SPA by 31 March 2021

The number of Performance rights that may be exercised is 25% or 12,195,122 Performance Rights upon successful completion of each of the above 2 performance deliverables.

During the Financial Year ended 30 June 2021, a further 12,500,000 Performance Rights (subject to vesting conditions) were issued to an employee.

2020 Performance Rights

Director performance rights amounting to $42K vested and were issued on 30 June 2020 at $0.006 for meeting one of the four targets in the 2019 plan, as follows:

a) No safety LTA or Phase 1 environmental accidents;
b) Production boost of 25% year over year;
c) Achieve production of 200 BOPD for a minimum of 90 days;
d) VWAP of $0.02 over 20 consecutive trading days.

END OF REMUNERATION REPORT (AUDITED)

Retirement, Election and Continuation in Office of Directors

Directors are subject to retirement by rotation and election by shareholders at a general meeting. No director other than the Managing Director may remain on the Board for more than three years without re-election. Where a director is appointed during the year, the director will hold office until the next Annual General Meeting and then be eligible for election.

Indemnifying Officers

The Group has entered into Deeds of Indemnity with each of the Directors and Company Secretary and has taken out Directors and Officers Insurance (D&O) on behalf of each of the Directors and Company Secretary.

No liability has arisen under this indemnity as at the date of this report.

Shares Under Option

As at 30 June 2021, there were 12,500,000 unlisted options convertible to shares upon the payment of $0.045 per share to be exercised on or before 15 July 2021. These options have since expired. An additional 846,666,665 and 150,000,000 of unlisted options outstanding as of 30 June 2021 are convertible to shares upon payment of $0.003 to be exercised on or before 30 September 2021 and 30 November 2021, respectively. As at the date of this report all of the 846,666,665 30 September 2021 Options have been exercised and converted into shares. 26,666,666 of the 30 November 2021 $0.003 Options have been exercised.

Issued after 30 June 2021

300,000,000 Unlisted Placement Options exercisable on payment of $0.005 per option, expiring 20 April 2023 (18 months after issue) - due to applicants as a result of the December 2020 issue (1 free attaching option for every 2 shares subscribed), have been issued.

95,000,000 Unlisted Broker options at $0.005 per option expiring 20 October 2023 (24 months after issue) have been issued in settlement of a fee for services.

Unissued Stock

There are no unissued shares as at 30 June 2021 or as of the date of this report. Stock issuance is subject to shareholder approval.

Unissued performance rights are 61,280,488 as of 30 June 2021. As of the date of this report 48,780,488 have been converted to shares and 12,500,000 remain unissued.

Non-Audit Services

Only audit and review services were performed by the auditors during the fiscal year ended 30 June 2021.

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the directors' report and the financial statements are rounded off to the nearest dollar, unless otherwise indicated.

Auditor's Independence Declaration

A copy of the auditor's independence declaration, as required under section 307C of the Corporations Act 2001, has been included overleaf.

Signed in accordance with a resolution of the Board of Directors,

Simon Johnson
Non-executive Chairman

Dated this 29th day of October 2021

AUDITOR'S INDEPENDENCE DECLARATION

(overleaf)

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF AXP ENERGY LIMITED

In relation to the independent audit for the year ended 30 June 2021, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of AXP Energy Limited and the entities it controlled during the year.

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD

J C PALMER
Executive Director
Perth, 29 October 2021

CONSOLIDATED PROFIT & LOSS AND OTHER CONSOLIDATED INCOME

CONSOLIDATED GROUP	Note	2021 $	2020 $ Restated
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)
Depreciation, depletion, and amortisation	6	(953,830)	(327,368)
Other expenses	6	(2,499,275)	(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		**4,981,422**	**(9,252,841)**
Income Tax Benefit	7	231,916	-
Profit / (Loss) for the Year		**5,213,338**	**(9,252,841)**
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss:			
Exchange rate differences on translation of foreign operations		(618,568)	414,053
Other Comprehensive Income / (Loss) for Year Net of Tax		**(618,568)**	**414,053**
Total Comprehensive Income / (Loss) for Year		**4,594,770**	**(8,838,788)**
Profit / (Loss) for the Year Attributable to:			
Members of the parent entity		5,213,338	(9,252,841)
		5,213,338	**(9,252,841)**
Total Comprehensive Income / (Loss) Attributed to:			
Members of the parent entity		4,594,770	(8,838,788)
		4,594,770	**(8,838,788)**
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. See Note 38 regarding Restatement of prior period balances.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED GROUP	NOTE	2021 $	2020 $ Restated	2019 $ Restated
Current Assets				
Cash and cash equivalents	11	1,390,767	1,291,081	1,558,697
Trade and other receivables	12	2,650,598	12,508	89,605
Oil in tank inventory	13	390,401	-	-
Other current assets	14	2,949,762	-	-
Total Current Assets		**7,381,528**	**1,303,589**	**1,648,302**
Non-Current Assets				
Property, plant and equipment	15	425,165	116,198	196,217
Development and producing assets	16	16,036,795	2,159,650	2,383,397
Exploration and evaluation assets	17	10,317,764	11,373,942	12,446,214
Right of use assets	18	1,966,544	-	-
Other assets	14	486,694	486,343	406,852
Total Non-Current Assets		**29,232,962**	**14,136,133**	**15,432,680**
Total Assets		**36,614,490**	**15,439,722**	**17,080,982**
Current Liabilities				
Trade and other payables	20	6,905,190	3,905,050	1,543,167
Lease liability	18	551,904	-	-
Asset retirement obligation	21	434,324	-	-
Common stock liability	22	10,000	417,084	-
Convertible note and accrued int.	23	-	3,357,373	-
Other financial liability		-	-	350,541
Deferred revenue	24	272,014	-	-
Total Current Liabilities		**8,173,432**	**7,679,507**	**1,893,708**
Non-Current Liabilities				
Other long-term liabilities	20	-	23,337	93,933
Borrowings	23	367,418	-	-
Lease Liability	18	1,436,577	-	-
Asset retirement obligation	21	8,093,510	1,324,226	1,209,790
Deferred tax liability	7	-	250,761	246,509
Deferred revenue	24	187,282	-	-
Total Non-Current Liabilities		**10,084,787**	**1,598,324**	**1,550,232**
Total Liabilities		**18,258,219**	**9,277,831**	**3,443,940**
Net Assets		**18,356,271**	**6,161,891**	**13,637,042**
Equity				
Issued capital	25	99,534,371	92,101,477	90,747,407
Reserves	26	10,303,896	10,755,748	10,332,128
Accumulated losses		(91,481,996)	(96,695,334)	(87,442,493)
Total Equity		**18,356,271**	**6,161,891**	**13,637,042**

This statement should be read in conjunction with the notes to the financial statements. See Note 38 regarding restatement of prior period balances.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED GROUP	Issued Capital	Equity Reserve	Share Based Payment Reserve	Foreign Currency Reserve	Accumulated Losses	Total
	$	$	$	$	$	$
				Restated	Restated	Restated
Balance at 30 June 2019	**90,747,407**		**166,400**	**10,165,728**	**(87,442,493)**	**13,637,042**
Loss for the year	-	-	-	-	(9,252,841)	(9,252,841)
Movement in FX reserve	-	-	-	414,053	-	414,053
Total comprehensive income / (loss)	-	-	-	**414,053**	**(9,252,841)**	**(8,838,788)**
Share issued during the year	1,420,323	175,967	-	-	-	1,420,323
Convertible note	-	-	-	-	-	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**	**-**	**10,579,781**	**(96,695,334)**	**6,161,891**
Profit for the year	-	-	-	-	5,213,338	5,213,338
Movement in FX reserve	-	-	-	(618,568)	-	(618,568)
Total comprehensive income / (loss)	-	-	-	**(618,568)**	**5,213,338**	**4,594,770**
Shares issued during the year	3,899,599		-	-	-	3,899,599
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	**99,534,371**	**-**	**342,683**	**9,961,213**	**(91,481,996)**	**18,356,271**

This statement should be read in conjunction with the notes to the financial statements. See Note 38 regarding restatement of prior period balances.

CONSOLIDATED STATEMENT OF CASH FLOWS

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 AXP Energy, Inc.	30	3,078,325	-
Payment arising on final settlement of AXP Energy, Inc.		(1,261,596)	-
Payments for Trey acquisition (net)		(2,387,619)	-
Payments for exploration and evaluation activities		(495,436)	(3,231,248)
Payments for development and producing activities		(133,555)	-
Payments for plant and equipment	15	(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 & 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.

NOTES TO THE FINANCIAL STATEMENTS

The financial report includes the consolidated financial statements and notes of AXP Energy Limited (‘*Parent Entity*’ or ‘*Company*’) and its controlled entities (‘*Group*’) (formerly Fremont Petroleum Limited of AXP Energy Limited (‘*AXP*’) which is a listed public Group, incorporated and domiciled in Australia.

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 (‘*AASB*’)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 International Accounting Standards Board. 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 29 October 2021.

The financial report has been prepared on an accruals basis and is based on historical costs.

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 Group during the year, their operating results have been included/(excluded) from the date control was gained/(ceased).

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 Natural Gas Liquids are recognised when the product is delivered at a fixed or determinable price, title has transferred, and collectability is reasonably assured. Revenue from sources other than hydrocarbons include well and field work, oil and water hauling, water disposal and equipment rental and is recognized when services have been provided at a fixed and determinable price 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.

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.

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 AXP Energy, Inc. (formerly Magnum Hunter Production, Inc.) 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. AXP Energy, Inc 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. AXP Energy, Inc 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 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.

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.

Impairment of Financial Assets

The group applies the simplified approach under AASB 9 to measuring the allowance for credit losses for receivables from contracts with customers and contract assets. Under the AASB 9 simplified approach, the group determines the allowance for credit losses for receivables from contracts with customers and contract assets on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

The group determines expected credit losses using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the financial asset as well as current and future expected economic conditions relevant to the financial asset. When material, the time value of money is incorporated into the measurement of expected credit losses.

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.

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.

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.

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.

Accounting for Interests in Other Entities or Arrangements

Judgement is required in assessing the level of control obtained in a transaction to acquire an interest in another entity. Depending upon the facts and circumstances in each case, the Group may obtained control, joint control or significant influence over the entity or arrangement. Judgement is applied when determining the relevant activities of a project an if joint control is held over them.

Relevant activities include, but are not limited to, work program and budget approval, investment decision approval, voting rights in joint operating committees, amendments to permits and changes to joint arrangement participant holdings. If the Group obtain joint control of an arrangement, judgement is also required to assess whether the arrangement is a joint operation or a joint venture. If the Group has neither control nor joint control, it may in a position to exercise significant influence over the entity, which is then accounted for as an associate.

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 made a profit for the year after tax of $5,213,338 (full year to 30 June 2020: loss of $9,252,841) and incurred a net cash outflow from operating activities of $777,148 (full year to 30 June 2020: $976,674). Additionally, the Group had a working capital deficit of $791,904 at 30 June 2021.

The Group's ability to continue as a going concern is dependent upon the continued generation of cash from operations, the sufficiency of current cash reserves to meet existing obligations, the ability to reschedule planned exploration and development activity, the exercise of options issued and, if required, the ability to raise capital.

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 the reporting date, the Group had received $2,540,000 in proceeds from the exercise of the unlisted options expiring 30 September 2021, $80,000 in proceeds from the exercise of the unlisted options expiring 30 November 2021 (refer Note 25(b)) and $304,438 in proceeds from the exercise of the unlisted options expiring 20 April 2023, representing the conversion of 100% of outstanding September 2021 options, 17% of the outstanding November 2021 options and 20% of the outstanding April 2023 options. This has significantly 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:

- the receipt of additional proceeds from the exercise of the remainder of the outstanding 123,333,333 unlisted options expiring 30 November 2021, 20 April 2023 and 20 October 2023;
- the continued ability to raise capital if required. 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 would, if required, be able to raise capital from shareholders, as it has done in the past;
- continued sell down of oil in tank inventory (18,518 gross barrels on hand at 30 September 2021);
- continued support of major creditors in respect of the restructured payables obligations. The Group has successfully deferred 41% of current payables and continues to pay these down on schedule;
- continued workover of existing wells and general field development to enhance production;
- continued strength in energy commodity prices;
- the ability to raise funds via debt, farm-outs, joint ventures, or a combination of these.

In August 2020, AXP 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 produced oil, as well as 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.

Accordingly, the Directors believe that the Group 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.

NOTE 4 – PARENT ENTITY FINANCIAL INFORMATION

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

	2021 $	2020 $ Restated
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)]	18,689,429	8,884,957
Total assets	**19,208,424**	**10,140,431**
Total current liabilities	357,800	3,978,540
Total non-current liabilities	494,353	-
Total liabilities	**852,153**	**3,978,540**
Net assets	**18,356,271**	**6,161,891**
Share capital	99,534,371	92,101,477
Reserves	342,683	-
Reserve for convertible notes	-	175,967
Accumulated losses	(81,520,783)	(86,115,553)
Total equity	**18,356,271**	**6,161,891**
Statement of profit or loss and other comprehensive income		
Profit/(Loss) for the year after tax	4,594,770	(8,838,788)
Total comprehensive income/loss	**4,594,770**	**(8,838,788)**

(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**

Gas, oil and NGL revenues is comprised of revenue from contracts with customers.

NOTE 6 – PROFIT AND LOSS FROM CONTINUING OPERATIONS

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

	2021 $	2020 $ Restated
Depreciation, depletion, and amortisation:		
Depreciation	184,468	57,003
Depletion	766,992	270,365
Amortisation	2,370	-
	953,830	**327,368**
Other expenses:		
Share based payments	635,366	88,000
Director fees	181,469	200,407
Payroll and employee benefits	475,425	485,28
Superannuation	11,437	11,081
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)	-
	2,499,275	**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)**

NOTE 7 – INCOME TAX EXPENSE / BENEFIT

	2021 $	2020 $ Restated
(a) The components of income tax expense / (benefit) comprise:		
Current Tax	-	-
Deferred Tax	(231,916)	-
	(231,916)	-
(b) The prima facie tax benefit on loss from ordinary activities is reconciled to the income tax as follows:		
Net Gain/(Loss)	4,981,422	(9,252,841)
Prima facie tax benefit on loss from ordinary activities before income tax at 30%	1,494,427	(2,775,852)
- Differences in tax rate for US	(299,474)	(80,493)
- Other allowable / (non-allowable) items		
- Impairment and write down	83,387	1,831,453
- Amortisation	56,051	81,110
- Share based payment	190,610	26,400
- Bargain purchase gain	(2,416,692)	-
Tax effect of tax losses and temporary differences not brought to account as they do not meet the recognition criteria	891,691	917,382
Income tax attributable to operating loss	-	-
(c) Unused tax losses and temporary differences for which no deferred tax asset has been recognised:		
- In Australia at 30%	20,522,745	19,621,139
- In USA at 26%	10,944,760	4,059,444
	31,467,505	23,680,583
(d) Deferred liability arising from temporary differences		
- In USA at 26%	-	250,761
	-	250,761

During the year the Group revised its estimate for deferred tax liability resulting in a tax benefit of $231,916 (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	405,004	732,130
Post-employment benefits	10,184	11,081
Share based payments	585,366	222,323
	1,000,554	**965,534**

NOTE 9 – AUDITORS' REMUNERATION

	2021	2020
	$	$
Remuneration of auditor of consolidated Group for:		
Grant Thornton, Australia	72,440	53,000
Pitcher Partners BA&A Pty Ltd	163,000	-
	235,440	**53,000**

No services other than audit services were performed during the fiscal years ended 30 June 2021 or 30 June 2020.

NOTE 10 – EARNINGS PER SHARE & DILUTED EARNINGS PER SHARE

	2021 $	2020 $ Restated
Earnings used in calculating diluted earnings per share	5,213,338	(9,252,841)
	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		
Customers	2,114,653	5,079
Other receivables		
Joint interest billings (JIB)	763,609	-
Expected credit allowance - JIB	(239,672)	-
GST Receivable	12,008	7,429
	2,650,598	**12,508**

	2021 $	2020 $
Loss allowance at 1 July 2020	-	-
Recognised on acquisition	724,506	-
Decrease from write-off of pre-acquisition receivable	(456,121)	-
Decrease from derecognition	(36,869)	-
Foreign currency difference	8,156	
Loss allowance at 30 June 2021	**239,672**	**-**

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. A loss allowance of $725K was recorded in connection with the acquisition of AXP Energy, Inc. (formerly Magnum Hunter Petroleum, Inc.) on 26 February 2021. $456K of the loss allowance was reversed in connection with the settlement and write-off of a pre-acquisition dispute. $37K of the loss reserve was reversed during the four months ended 30 June 2021 as a result of collected receivables. No receivables were written off during that time. There is a $240K credit loss allowance for AXP Energy, Inc. 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.

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 AXP Energy, Inc. (formerly 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 profit or loss. 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 deposits	463,923	486,343
Other deposits	22,771	-
	486,694	**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 made 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 have been recorded as a net prepayment of $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
AXP Energy, Inc. 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)**

NOTE 16 – DEVELOPMENT AND PRODUCING ASSETS

	2021 $	2020 $ Restated
Producing assets at cost	18,269,238	3,625,101
Accumulated amortisation	(2,232,443)	(1,465,451)
	16,036,795	**2,159,650**

Movement in Carrying Amounts

	2021 $	2020 $
Balance at beginning of year	2,159,650	2,383,397
AXP Energy, Inc. acquisition development additions(i)	14,256,655	-
Other asset additions	133,555	-
Asset Retirement Obligation changes	(42,568)	-
Foreign currency difference	296,495	46,618
Amortisation expense	(766,992)	(270,365)
Balance at end of year	**16,036,795**	**2,159,650**

(i) See Business Acquisition Note 30 for details regarding the AXP Energy, Inc. 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.

NOTE 17 – EXPLORATION AND EVALUATION ASSETS

	2021 $	2020 $
Exploration and evaluation assets at cost	10,317,764	11,373,942

Movement in Carrying Amounts:

	2021	2020
	$	$
Balance at beginning of year	11,373,942	12,446,214
Additions	177,413	4,694,787
Foreign currency difference	(955,636)	279,642
Exploration expenditure impairment	(277,955)	(6,046,701)
	10,317,764	**11,373,942**

Impairment

During the year, the Group impaired exploration and evaluation asset balances, totaling $277K, as follows:

- Workover costs of $46K (US$36K) allocated to Niorara formation; and
- $232k (US$173K) in relation to the Florence field (forming part of the Niobrara formation) resulting from the reversal of a deferred tax liability previously booked on the Florence field's acquisition from Incremental in 2017.

As at 30 June 2021, the Group's exploration and evaluation assets relate only to the Denver Julesburg area of interest.

The Group'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 recoverable amount and the impairment of all non-producing Ausco Petroleum Inc. wells, excluding Seismic and Cimarex, to nil.

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	**1,966,544**	**-**
Reconciliation of the carrying amount of lease assets at beginning and end of the financial year:		
Carrying amount at 1 July 2020	-	-
AXP Energy, Inc. 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 AXP Energy, Inc. (formerly 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 ARRANGEMENTS

The Group holds interest in both Joint Operations and Joint Ventures in the United States of America, as follow:

Joint Operations

Following the acquisition of AXP Energy, Inc. during the year, the Group now has a portfolio of over ~1,500 wells. The Group holds an average Net Revenue Interests (NRI) in the acquired AXP Energy, Inc of approximately 73%.

The principal place of the business of the Group's joint operations is as follows:

Appalachian Basin:	AXP Energy, Inc. Head Office, One Summit Square #201 120 Prosperous Place, Lexington, KY 40509 USA

The Group operates the majority of its interests in the properties, however there is a small number for which the Group does not operate. Amounts relating to invoices for costs and revenue between the operator and non-operator are disclosed as Joint Interest Billings (JIBs) within these financial statements.

Joint Ventures

Kentucky Exploration LLC

Kentucky Exploration LLC is a joint venture, with the Group holding an ownership percentage of 50%. Kentucky Exploration LLC is domiciled in the United States of America with its principal place of business in the Colorado Head Office 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, as follows:

The principal place of the business of the Group's joint operations is as follows:

Colorado Head Office:	113 North Santa Florence, CO 81226 USA

	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

In accordance with the Group's accounting policy 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 $nil was recorded. No loss has been recorded since 2017 as the investment has been reduced to $nil.

During the twelve months ended 30 June 2021 and 30 June 2020, loans 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.

NOTE 20 – PAYABLES

	2021	2020
Current		
Trade payables(i)	3,177,212	3,669,958
Revenue payable(ii)	1,600,882	-
Other payables(iii)	2,098,454	235,092
Contingent liability(iv)	28,642	-
	6,905,190	**3,905,050**

(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 in the Group's role as operator (this can either be to non-operators, working interest holders or royalty holders over the Group's operated properties) and revenues held in suspense of $675K until account is cleared of hold (third party unknown, unclaimed or deceased etc.).

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

(iv) AXP Energy's contingent liabilities arise on the acquisition of AXP Energy, Inc. 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 $ Restated
Current	434,324	-
Non-current	8,093,510	1,324,226
	8,527,834	**1,324,226**
Beginning balance	1,324,226	1,209,790
AXP Energy, Inc. acquisition additions (see note 30)	6,830,455	-
Accretion	278,124	96,326
ARO changes	(42,568)	-
Foreign currency difference	137,597	18,110
Ending Balance	**8,527,834**	**1,324,226**

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. During the period AXP revised its estimate on the pre-tax discount rate to 10% (FY20: 11%) used to calculate the provision for rehabilitation based on updated available information and to more correctly reflect the risks related to the asset retirement obligation and the related oil and gas assets. Additionally, the change in estimate will also have an impact of the amount unwound in future periods which is dependent on the life of the oil and gas asset.

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.

NOTE 23 – INTEREST BEARING LIABILITIES

	2021 $	2020 $
Convertible note	-	2,849,033
Accrued interest	-	508,340
	-	3,357,373
Beginning balance	3,357,373	-
Convertible note	-	2,849,033
Interest	195,836	508,340
Conversion	(3,553,209)	-
Ending balance	-	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 to be drawn upon or repaid through 1 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. During the year, the convertible note, including $176K valued in equity as of 30 June 2020, the 30 June 2020 convertible note liability of $3.36M, and $196K of interest accrued during the fiscal year ended 30 June 2021, was converted to $3.73M of shares as per shareholder approval at the General Meeting held 31 August 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. A contract liability represents the group's obligation to transfer goods or services to the customer for which the group has received consideration from the customer. A contract liability arose in relation to gas sales when the consideration is received from the customer in advance of the services being performed. The amounts recorded as contract liabilities are subsequently recognised as revenue when the group transfers the contract goods or services to the customer. No revenue has been recognised in the period. Revenue will be recognised over 20 months from 1 July 2021.

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	292,683	-
- 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	-
	99,730,252	92,422,130
- Less: Cost of capital raising	(195,881)	(320,653)
	99,534,371	**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**

b. Options

Unlisted	2021 Number	2020 Number
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

Unlisted Options	2021 Number	2020 Number
- $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.

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 $ Restated
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	18,356,271	6,161,891
Total capital	99,534,371	92,101,477
Gearing ratio	**2.0%**	**54.5%**

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

NOTE 26 – RESERVES

	2021 $	2020 $ Restated
Foreign currency reserve	9,961,213	10,579,781
Share based payment reserve	342,683	-
Equity reserve	-	175,967
	10,303,896	**10,755,748**

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.

Equity Reserve

This reserve is used to record the equity transactions, including the equity portion of convertible notes.

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** (AXP Energy, Inc.): 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.

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)	(320,938)	-	(953,830)
Other expense	(553,310)	(457,545)	(1,488,420)	(2,499,275)
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	(804,674)	(1,629,282)	4,981,422
Income tax benefit	-	231,916	-	231,916
Total profit / (loss)	**7,415,378**	**(572,758)**	**(1,629,282)**	**5,213,338**
Total segment assets	**21,150,860**	**12,958,094**	**2,505,536**	**36,614,490**
Total segment liabilities excluding inter-company transactions	**13,678,428**	**3,854,437**	**725,354**	**18,258,219**

2020	Appalachian Basin	Denver-Julesburg Basin	All Other Segments	Total
	$	$	$	$
		Restated		Restated
Segment revenue	-	596,668	-	596,668
Production costs	-	(597,787)	-	(597,787)
P&A costs	-	(72,580)	-	(72,580)
DD&A	-	(327,368)	-	(327,368)
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	-	(7,985,060)	(1,267,781)	(9,252,841)
Income tax expense	-	-	-	-
Total profit / (loss)	**-**	**(7,985,060)**	**(1,267,781)**	**(9,252,841)**
Total segment assets	**-**	**14,184,248**	**1,255,474**	**15,439,722**
Total segment liabilities excluding inter-company transactions	**-**	**5,299,289**	**3,978,542**	**9,277,831**

NOTE 28 – 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	USA	100%	100%
Exploration Inc)	USA	100%	100%
AusCo Petroleum Florence, LLC	USA	100%	100%
Kentucky Exploration, Inc.	USA	100%	100%
AXP Energy (US) LLC	USA	100%	-
AXP Energy, Inc. (Formerly Magnum Hunter Production, Inc.)	USA	100%	-
NGAS Gathering, LLC[1]	USA	100%	-
Daugherty Petroleum ND Ventures, LLC[1]	USA	100%	-
NGAS Hunter, LLC[1]	USA	100%	-
[1] 100% owned by AXP Energy, Inc.			
			-

NOTE 29 – CASH FLOW INFORMATION

	2021 $	2020 $
Profit / (Loss) from ordinary activities after income tax	5,213,338	(9,252,841)
Non-cash flows in loss from ordinary activities		
Share based payments	635,366	88,000
Third party invoices paid in shares	46,916	170,323
Loss on disposal of asset	-	7,597
Depreciation, Depletion, Amortisation	953,830	327,368
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)**

Non-cash financing and investing activities

During the year, the convertible note, including $176K valued in equity as of 30 June 2020, the 30 June 2020 convertible note liability of $3.36M, and $196K of interest accrued during the fiscal year ended 30 June 2021, was converted to $3.73M of shares as per shareholder approval at the General Meeting held 31 August 2020.

$46K of third-party invoices were settled in shares in lieu of cash during the fiscal year ended 30 June 2021.

Share based payments in the Profit or Loss is $635K (2020: $88K) and is comprised of performance rights of $342K and director success fees of $293K. The Company issued 97,560,976 shares to directors as a success fee at $0.003 per share totalling $293K on 3 September 2020.

During the year, the group assumed $2.07M in lease liabilities as part of the acquisition of AXP Energy Inc. Refer to Note 30 and Note 18 for further information.

NOTE 30 – BUSINESS ACQUISITION

On 26 February 2021, the Group obtained control of 100% of the business AXP Energy, Inc. (formerly Magnum Hunter Production, Inc. (MHP)) and thereby control of the business. AXP Energy, Inc. 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 AXP Energy, Inc., followed on 26 February 2021 by the acquisition of the remaining 85% stake in AXP Energy, Inc.. 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. Given the timing of the acquisition, the Group has not yet lodged tax returns for AXP Energy, Inc. and its controlled entities (where required). In addition, management continue to review the other receivables – Joint Interest Billings (JIB) account. No measurement adjustments were recognised during the period against the provisionally accounting for JIB balance, with the $456K reduction in the expected credit loss recognised on acquisition of $724K resulting from a settlement agreed post acquisition.

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[1]	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)	(5,770)
Net identifiable assets acquired	6,477,498	8,388,360
Discount on acquisition	(6,219,484)	(8,055,641)

[1] Net of $724,506 expected credit loss on JIBs

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 Energy, Inc. 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 $28K (US$21K) 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 S$8.1M was recognised as a result of the fair value of the assets acquired being substantially greater than the total purchase consideration.

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	1,039,374	486,343
	5,080,739	1,789,932
Financial Liabilities		
Trade payables	3,177,212	3,905,050
Revenue suspense	675,126	
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
	6,218,237	**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.

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
	$	$
		Restated
Change in profit		
Improvement in AUD to USD by 10%	(748,685)	(798,507)
Decline in AUD to USD by 10%	748,685	798,507
Change in equity		
Improvement in AUD to USD by 10%	(748,685)	(798,507)
Decline in AUD to USD by 10%	748,685	798,507

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 1% (2020 2%)	13,409	464
Decrease in interest rate by 1% (2020 2%)	(13,409)	-
Change in equity		
Increase in interest rate by 1% (2020 2%)	13,409	464
Decrease in interest rate by 1% (2020 2%)	(13,409)	-

Price Sensitivity Analysis

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.

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 contract cash flows	Carrying amount
2021	**$**	**$**	**$**	**$**	**$**
Trade and other payables	6,230,045	675,124	367,439	7,272,608	7,272,608
Lease liabilities	373,881	385,047	1,734,697	2,493,625	1,988,481
Borrowings	-	-	389,463	389,463	367,418
	6,603,926	1,060,171	2,491,599	10,155,696	9,628,507
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		23,337	7,285,760	7,285,760

Convertible note was converted in fiscal year 2021 so there was no cash payment.

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.

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 AXP Energy, Inc. abatement commitments.

As at 30 June 2021, while the Group expected to complete the Trey acquisition in October 2021 and actually made a final payment of US$450,000 in October 2021(as disclosed in Note 14), this amount did not meet the definition of a commitment as the Group held the right under the agreement to reduce the properties acquired.

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
Issued	57,113,821	11,875,000
Exercised	-	(18,550,000)
End of year	**57,113,821**	**-**

Share based payments in the Profit or Loss is $635K (2020: $88K) and is comprised of performance rights of $342K and director success fees of $293K. The Company issued 97,560,976 shares to directors as a success fee at $0.003 per share totalling $293K on 3 September 2020 for those Director's services including fund raising & restructuring Convertible Note conversion.

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

48,780,488 Performance Rights were issued to Key Management Personnel on 9 April 2021 at $0.006 amounting to $293K for meeting four of four targets in the 2021 plan, as set out below. The Performance Rights were valued based on the share price of AXP as at grant date on 28 April 2021.

Performance Targets:

(a) Finalise, to the Board's satisfaction, the due diligence and a suitable Sale and Purchase agreement for the Trey Asset's ('*Trey SPA*') by 30 July 2020;
(b) Execute the Trey SPA by 31 August 2020;
(c) Finalise, to the Board's satisfaction, the due diligence and a suitable Sale and Purchase agreement for the AXP Energy, Inc. (formerly Magnum Hunter Production LLC (MHP) SPA by 31 January 2021;
(d) Execute the AXP Energy, Inc. (previously MHP) SPA by 31 March 2021;

The number of Performance Rights that may be exercised is 25% or 12,195,122 Performance Rights upon successful completion of each of the above 2 performance deliverables.

All of the performance rights have vested.

In addition, during the Financial Year ended 30 June 2021, a further 12,500,000 Performance Rights were issued to an employee with vesting conditions based on similarly on internal targets within the control of the employee. The fair value of the Performance Rights at grant date was $75K, of which an amount of $50k has been recognised as at 30 June 2021.

2020 Performance Rights

Director and KMP performance rights were issued on 30 June 2020 at $0.006 amounting to $-88K for meeting the first of the four targets in the 2019 plan, following:

2019 Plan Director Targets

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

NOTE 35 – CONTINGENT LIABILITIES

On 14 May 2021, Resilient Investment Group ('*RIG*'), of which AXP Director Peter Crown is a director, 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. On 12 October 2021 a confidential settlement agreement was reached between AXP and RIG.

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.

NOTE 37 – SUBSEQUENT EVENTS

At the reporting date, the Group had received $2,540,000 in proceeds from the exercise of the unlisted options expiring 30 September 2021, $80,000 in proceeds from the exercise of the unlisted options expiring 30 November 2021 (refer Note 25(b)) and $304,438 in proceeds from the exercise of the unlisted options expiring 20 April 2023, representing the conversion of 100% of outstanding September 2021 options, 17% of the outstanding November 2021 options and 20% of the outstanding April 2023 options. This has significantly strengthened the Group's cash position.

On 12 July 2021 the Company changed its name to AXP Energy Limited.

On 1 September 2021 Magnum Hunter Production, Inc changed its name to AXP Energy, Inc.

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 produced oil, as well as 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 closed the Trey acquisition on 1 October 2021 and made the final payment of US$450,000 on the same day. 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.

On 12 October 2021, a confidential settlement agreement was reached between AXP and Resilient Investment Group (RIG). Mr Crown resigned from the Board, effective the same day.

NOTE 38 – RESTATEMENT OF PRIOR PERIOD BALANCES

While preparing the financial statements of the Group for the year ending 30 June 2021, the Company identified that no asset retirement obligation (ARO) value had been attributed to three wells when the Ausco Florence wells were acquired in 2017. The reserve report had not identified those wells and thus no ARO value was assigned.

In addition, an ARO asset was incorrectly included in exploration and evaluation assets and should have been classified as development and producing assets from 2017, resulting in increased amortisation.

Together, the above adjustments had the following impact on the 30 June 2019 financial statements (refer overleaf):

	Reported $ 30 June 2019	Adjustment $	Restated $ 30 June 2019
Consolidated Statement of Financial Position (extract)			
Non–Current assets			
Development and producing assets	1,818,277	565,120	2,383,397
Exploration and evaluation assets	13,280,139	(833,925)	12,446,214
Total Non-Current Assets	**15,701,485**	(268,805)	**15,432,680**
Non-Current liabilities			
Asset retirement obligation	1,062,626	147,164	1,209,790
Total Non-Current Liabilities	**1,403,068**	147,164	**1,550,232**
Equity			
Reserves	10,339,749	(7,621)	**10,332,128**
Accumulated losses	(87,034,144)	(408,349)	(87,442,493)
Total Equity	**14,053,012**	(415,970)	**13,637,042**

Together, the above adjustments had the following impact on the 30 June 2020 financial statements:

	Reported $ 30 June 2020	Adjustment $	Restated $ 30 June 2020
Consolidated Statement of Comprehensive Income (extract)			
Depletion	175,530	94,835	270,365
Loss for the year	**(9,158,006)**	(94,835)	**(9,252,841)**
Exchange rate differences on translation of foreign operations	418,513	(4,460)	414,053
Total comprehensive loss for the year	**(8,739,493)**	(99,295)	**(8,838,788)**
Basic and diluted loss per share	(0.0053)		(0.0053)
Consolidated Statement of Financial Position (extract)			
Non–Current assets			
Development and producing assets	1,676,904	482,746	2,159,650
Exploration and evaluation assets	12,222,252	(848,310)	11,373,942
Total Non-Current Assets	**14,501,697**	(365,564)	**14,136,133**
Non-Current liabilities			
Asset retirement obligation	1,174,525	149,701	1,324,226
Total Non-Current Liabilities	**1,448,623**	149,701	**1,598,324**
Equity			
Reserves	10,767,829	(12,081)	**10,755,748**
Accumulated losses	(96,192,150)	(503,184)	(96,695,334)
Total Equity	**6,677,156**	(515,265)	**6,161,891**

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and accompanying notes, as set out on pages 25 to 81 are in accordance with the Corporations Act 2001:

   a) comply with Australian Accounting Standards including the Australian Accounting Interpretations and the Corporations Regulations 2001; and

   b) giving a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date; and

2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. The directors have been given the declarations by the Chief Executive Officer, Chief Financial Officer and Company Secretary required by Sec 295(a) of the Corporations Act 2001.

4. The consolidated financial statements comply with International Financial Reporting Standards as stated in Note 1(a).

This declaration is made in accordance with a resolution of the Board of Directors.

Simon Johnson
Chairman

Dated 29 October 2021

INDEPENDENT AUDITOR'S REPORT

(overleaf)

AXP ENERGY LIMITED
ABN 98 114 198 471

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AXP ENERGY LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of AXP Energy Limited (the "Company") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

(a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Emphasis of Matters – Restated Comparative Figures

We draw attention to Note 38 of the financial report, which describes the restatement of the prior year opening comparative figures. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

AXP ENERGY LIMITED
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AXP ENERGY LIMITED

Key Audit Matter	How our audit addressed the key audit matter
Acquisition of AXP Energy Inc. (formerly Magnum Hunter Production Inc.) Refer to Notes 1(x) and 30 to the financial report.	
During the year, on 26 February 2021 ("Transaction Date"), the Group completed the acquisition of AXP Energy Inc. (formerly Magnum Hunter Production Inc.) and its controlled entities for total cash purchase consideration of $332,719 (the "Transaction"), resulting in the recognition of a gain of $8,055,641, representing a discount on acquisition (bargain purchase). Accounting for the acquisition under *AASB 3 Business Combinations* ("AASB 3") as a business combination or under alternative Australian Accounting Standards as an asset acquisition requires judgment in determining key assumptions and estimates. These include: • Whether or not the Transaction represents the definition of a business under AASB 3; and • Determining the fair value of the consideration transferred, including any acquisition-date fair value of contingent consideration. • Determining the fair value of assets acquired and any liabilities (including contingent liabilities) assumed in the Transaction, including estimates and judgements involved. Due to the significance to the Group's financial report and the level of judgment involved in the accounting for the Transaction, we consider this to be a key audit matter.	Our procedures included, amongst others: Reading the purchase agreements to understand key terms and conditions, including the date control was obtained of AXP Energy Inc. Understanding and evaluating the design and implementation of the processes and controls associated with the assessment of the accounting required in relation to the Transaction. Critically evaluating the Group's judgements and estimates involved in determination of the fair value of the assets and liabilities acquired in the Transaction. Assessing the reports prepared and provided by management appointed experts, including whether their preparation basis is appropriate and consistent with the fair value measurement requirements of *AASB 13 Fair Value Measurement*. Assessing the Group's disclosures within the financial report and the appropriateness, including consistency with the key assumptions and judgements made by management.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AXP ENERGY LIMITED

Revenue Recognition Refer to Notes 1(c) and 5 to the financial report.	
For the year ended 30 June 2021, the Group had revenue of $5,684,443 from contracts with customers for its sale of gas, oil and non-gas liquids. The determination of revenue recognition requires management judgement in accounting for revenue, obligations, discounts, incentives and rebates in accordance with the Group's identified performance obligations as part of the transaction, as required under *AASB 15 Revenue from contracts with customers* ("AASB 15").	Our procedures included, amongst others: Understanding and evaluating the design and implementation of the relevant controls associated with the treatment of revenue, including, but not limited to, those relating to identification of performance obligations, discounts, incentives and rebates. Reviewing significant contracts to understand their terms and conditions, including specified performance obligations included within and whether managements' assessment for recognition of revenue under these contract terms is in accordance with AASB 15. Testing a sample of transactions by sighting evidence of signed contracts, related invoices and comparing the revenue amount recognised to the timing of when the Group satisfies performance obligations associated with the transaction in accordance with AASB 15. Considering the adequacy of the disclosures included within Note 1(c) and Note 5 of the financial report.

Asset retirement obligations

Refer to Notes 1(h) and 21 to the financial report.

As a result of the Group's interests in oil and gas properties in Kentucky, Illinois and Tennessee, the Group is jointly and severally liable to rehabilitate the environment disturbed by the historical operations. Rehabilitation activities are governed by a combination of legislative and licence requirements.

At 30 June 2021, the consolidated statement of financial position included a total provision for such obligations of $8,390,121.

This was a key audit matter given the determination of this provision requires evaluating the key assumptions used by management and judgement in the assessment of the nature and extent of future works to be performed, the future cost of performing the works, the timing of when the rehabilitation will take place and the economic assumptions such as the discount and inflation rates applied to future cash outflows associated with rehabilitation activities to bring them to their present value.

Our procedures included, amongst others:

Obtaining an understanding and evaluating the design and implementation of the relevant controls associated with the estimation of costs and other inputs utilised within the rehabilitation estimate model.

Obtaining the Group's assessment of its obligations to rehabilitate disturbed areas and the estimated future cost of that work, which forms the basis for the rehabilitation provision calculations for the Group's relevant oil and gas interests.

Evaluating and testing key assumptions and judgements, including economic assumptions through the performance of the following procedures:

- considering the appropriateness of the qualifications and experience of the preparer as an expert in his field
- examining supporting information for significant changes in future costs estimates from acquisition date and/ or prior year
- considering the appropriateness of the discount rate and inflation rates applied to future cash outflows used in calculating the provision
- recalculating the Group's relevant interests from the total rehabilitation provision for each operating lease.

Assessing the adequacy of the disclosures included in the financial report.

PITCHER PARTNERS

AXP ENERGY LIMITED
ABN 98 114 198 471

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AXP ENERGY LIMITED

Key Audit Matter	How our audit addressed the key audit matter
Carrying value of developing and producing assets Refer to Notes 1(h) and 16 to the financial report.	
As at 30 June 2021, the Group's balance sheet included developing and producing assets, totalling $16,036,795. The carrying value of developing and producing assets is assessed for impairment by the Group when facts and circumstances indicate that the carrying value may exceed its recoverable amount. At balance date, the Group concluded that there were no impairment indicators for the two cash cash generating units ("CGU"s) held by the Group, namely the Appalachian Basin (MHP) and Denver-Julesburg Basin. The assessment of indicators of impairment and reversal of impairment process is highly judgemental and is based on assumptions which are impacted by expected future performance and market conditions. The recoverable amounts of the CGUs are also sensitive to changes in the key assumptions, judgements and estimates used. Accordingly, this matter was considered to be a key audit matter.	Our procedures included, amongst others: Obtaining an understating of and evaluating the design and implementation of the relevant processes and controls associated with the carrying value of developing and producing assets, and those associated with the assessment of impairment indicators. Evaluating the Group's consideration of internal and external sources of information in assessing whether indicators of impairment or versal of impairment existed. Examining the Group's licence to operate, which included obtaining and assessing supporting documentation of the Group's operating leases on a sample basis. Considering the appropriateness of the qualifications and experience of management appointed experts involved in the assessment and determination of CGUs. Comparing the carrying value as at 30 June 2021 to reports provided by management appointed experts. Re-calculating the amortisation expense on a units of production basis and comparing inputs to the calculation to the reports provided by management's appointed experts. Assessing the adequacy of the disclosures included within the financial report.

PITCHER PARTNERS

AXP ENERGY LIMITED
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AXP ENERGY LIMITED

Key Audit Matter	How our audit addressed the key audit matter
Capitalisation of exploration and evaluation expenditure Refer to Note 1(h) and 17 to the financial report.	
As at 30 June 2021, the Group held capitalised exploration and evaluation expenditure of $10,317,764. In the prior year, the Group recognised an impairment of $6,046,701 against capitalised exploration and evaluation expenditure. In accordance with AASB 6 Exploration for and Evaluation of Mineral Resources, the Group is required to assess whether there are any triggers for impairment, or reversal of impairment. The determination as to whether there are any indicators to require the capitalised exploration and evaluation expenditure to be assessed for impairment involves a number of judgments including but not limited to: • Whether the Group has tenure of the relevant area of interest; • Whether the Group has sufficient funds to meet the relevant area of interest minimum expenditure requirements; and • Whether there is sufficient information for a decision to be made that the relevant area of interest is not commercially viable. During the year, the Group determined that there was an indicator of impairment in respect of capitalised exploration and evaluation expenditure relating to the Florence Area of Interest which gave rise to an impairment charge, totalling $277,955. Given the size of the balance and the judgemental nature of the impairment indicator assessments associated with exploration and evaluation assets, we consider this is a key audit matter.	Our procedures included, amongst others: Obtaining an understating of and evaluating the design and implementation of the processes and controls associated with the capitalisation of exploration and evaluation expenditure, and those associated with the assessment of impairment, and reversal of impairment, indicators. Conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including: • Examining the Group's right to explore in the relevant area of interest, which included obtaining and assessing supporting documentation on a sample basis and considering the status of the Group's licences as it relates to tenure. • Enquiring of management regarding their intentions to carry out exploration and evaluation activity in the relevant area of interest, including a review of management's budgeted expenditure and the alignment of budgeted expenditures to the Group's cashflow forecast. • Understanding whether any data exists to suggest that the carrying value of the capitalised exploration and evaluation expenditure is unlikely to be recovered through development and sale. Assessing the adequacy of the disclosures included within the financial report.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
AXP ENERGY LIMITED

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021 but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's

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report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 20 of the directors' report for the year ended 30 June 2021. In our opinion, the Remuneration Report of AXP Energy Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD

J C PALMER
Executive Director
Perth, 29 October 2021

ADDITIONAL INFORMATION REQUIRED BY ASX

Additional Information required by the ASX and not disclosed elsewhere in this report is set out below.

Shareholdings

a) Distribution of Shareholders as at 21 October 2021

CATEGORY	ORDINARY SHARES HOLDERS	TOTAL SHARES	% OF ISSUED CAPITAL
1- 1,000	183	57,488	0.00%
1,001 – 5,000	140	380,698	0.01%
5,001 – 10,000	78	589,548	0.01%
10,001 – 100,000	1,028	60,667,847	1.08%
100,001 and over	1,734	5,538,930,757	98.90%
TOTAL	**3,163**	**5,600,626,338**	**100.00%**

b) Unmarketable Parcels as of 21 October 2021:

There were 696 holders of unmarketable parcels (minimum parcel size: 33,333 shares) comprising 7,149,561 shares or 0.12766% of the total shares outstanding.

c) Substantial Shareholders

There are two substantial shareholders owning more than 5% of shares listed in the holding Group's register as at 21 October 2021.

Name	Number of Shares	Percentage
Ms Margaret Lynette Harvey	666,666,666	11.903%
Merrill Lynch (Australia) Nominees Pty Ltd	439,088,627	7.840%

d) Voting Rights

Fully Paid Ordinary Shares:

Subject to any rights or restrictions attached to any class of shares, at a meeting of members, on a show of hands, each member present (in person, by proxy, attorney or representative) has one vote and on a poll, each member present (in person, by proxy, attorney or representative) has one vote for each fully paid share they hold.

Options:

Options do not carry a right to vote.

Twenty Largest Shareholders

The names of the 20 largest holders of fully paid ordinary shares constituting a class of quoted equity securities on the Australian Securities Exchange Limited, including the number and percentage held by those at 21 October 2021, are as follows:

NAME	FULLY PAID ORDINARY SHARES	PERCENTAGE HELD
MS MARGARET LYNETTE HARVEY	666,666,666	11.903%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	439,088,627	7.840%
CITICORP NOMINEES PTY LIMITED	314,356,473	5.613%
BNP PARIBAS NOMINEES PTY LTD <DRP>	239,090,614	4.269%
MR VICTOR LORUSSO	186,070,894	3.322%
B & C INVESTMENTS PTY LTD <MCINTOSH FAMILY S/F A/C>	166,666,666	2.976%
LOLOMA HOLDINGS PTY LTD <THE LEVUKA A/C>	166,666,666	2.976%
WFC NOMINEES PTY LTD <WFC NOMINEES AUSTRALIA A/C>	151,666,667	2.708%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	113,697,255	2.030%
ALTOR CAPITAL MANAGEMENT PTY LTD <ALTOR ALPHA FUND A/C>	106,870,537	1.908%
MR BRUCE KENRIC GLOVER CROSSLEY	104,182,000	1.860%
CAPP SMSF PTY LIMITED <CAPP SUPER FUND A/C>	97,180,714	1.735%
MR TIMOTHY HART	71,749,365	1.281%
WFC NOMINEES AUSTRALIA PTY LTD	69,787,244	1.246%
MR AHN NGUYEN	66,500,000	1.187%
MR SAMUEL MCCANN JARVIS	48,780,488	0.871%
MORYTON PTY LTD	45,000,000	0.803%
MR BOJAN KARAN	40,000,000	0.714%
MR WILLIAM LESLIE KELSO	38,356,667	0.685%
ABN AMRO CLEARING SYDNEY NOMINEES PTY LTD <CUSTODIAN A/C>	37,600,000	0.671%
TOTAL	**3,169,977,543**	**56.600%**

Unquoted Secutities

a) Options over Unissued Shares – Exercisable on payment of $0.005 on or before 20 October 2023. The names of holders of these options, the number and percentage held is as follows:

NAME	UNLISTED OPTIONS HELD	PERCENTAGE HELD
COVE STREET ADVISORS PTY LTD	37,500,000	39.474%
CHALEYER HOLDINGS PTY LTD <RUBBEN FAMILY A/C>	20,000,000	21.053%
MR VICTOR LORUSSO	20,000,000	21.053%
FILMRIM PTY LTD <MAJUFE SUPER A/C>	10,000,000	10.526%
MR MICHAEL SHIRLEY	7,500,000	7.895%
TOTAL	**95,000,000**	**100.000%**

b) Options over Unissued Shares – Exercisable on payment of $0.005 on or before 20 April 2023. The names of holders of these options, the number and percentage held is as follows:

NAME	UNLISTED OPTIONS HELD	PERCENTAGE HELD
ALTOR CAPITAL MANAGEMENT PTY LTD <ALTOR ALPHA A/C>	33,000,000	11.000%
CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	20,000,000	6.667%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	16,666,667	5.556%
MR JAMES WILLIAM HUNT <JWH FAMILY A/C>	16,666,667	5.556%
MS JUSTINE DAVINA MICHEL <LAMBRECHT INVESTMENT A/C>	16,666,667	5.556%
WFC NOMINEES AUSTRALIA PTY LTD <WFC NOMINEES AUSTRALIA A/C>	15,000,000	5.000%
RIMOYNE PTY LTD	15,000,000	5.000%
RAT CONSULTING PTY LTD	12,166,666	4.056%
DOMAEVO PTY LTD <JCS NO 2 A/C>	10,000,000	3.333%
SPINITE PTY LTD	8,333,333	2.778%
MR GEOFF BARNES	8,333,333	2.778%
ST VINCENT TRADING PTY LTD <BRUCE FAMILY A/C>	7,500,000	2.500%
TEMPEST DAWN PTY LIMITED <SWT SUPER FUND A/C>	7,500,000	2.500%
MR SIMON WILLIAM TRITTON <INVESTMENT A/C>	7,500,000	2.500%
LEET INVESTMENTS PTY LIMITED	5,000,000	1.667%
AJM SUPER CO PTY LTD <AJM SUPER FUND A/C>	5,000,000	1.667%
JATHRO PTY LTD <IMON A/C>	5,000,000	1.667%
SWEET AS DEVELOPMENTS PTY LTD <SWEETMAN MCNICKLE FAMILY A/C>	5,000,000	1.667%
MR LACHLAN YEATES	5,000,000	1.667%
MR VICTOR LORUSSO	4,279,000	1.426%
TOTAL	**223,612,333**	**74.54%**

c) Options over Unissued Shares – Exercisable on payment of $0.003 on or before 30 November 2021. The names of holders of these options, the number and percentage held is as follows:

NAME	UNLISTED OPTIONS HELD	PERCENTAGE HELD
COVE STREET PTY LTD <THE COVE STREET A/C>	35,000,000	28.38%
CHALEYER HOLDINGS PTY LTD <RUBBEN FAMILY A/C>	15,000,000	12.16%
924 PTY LTD <ZOLOTO S/F A/C>	10,000,000	8.11%
DORIC WEALTH PTY LTD <PIVOT TRADING A/C>	10,000,000	8.11%
5114 PTY LTD	10,000,000	8.11%
FILMRIM PTY LTD <MAJUFE SUPER A/C>	10,000,000	8.11%
MR STEPHEN BRETT PERUCH & MRS SHARON SYLVIA PERUCH <PERUCH FAMILY SUPER FUND A/C>	6,666,667	5.41%
MR STEPHEN BRETT PERUCH & MRS SHARON SYLVIA PERUCH	5,000,000	4.05%
7812 PTY LTD <KORENEFF SUPER FUND A/C>	5,000,000	4.05%
MS DEANNA MARI PERUCH	5,000,000	4.05%
MRS LINDA ANN WILSON	5,000,000	4.05%
NOTEGRIN PTY LIMITED	5,000,000	4.05%
DORIC WEALTH PTY LTD <PIVOT TRADING A/C>	1,666,667	1.35%
TOTAL	**123,333,334**	**100.00%**

Tenement Schedule

The following table is a summary of the Group's tenements by operating segment (refer Note 27(a) to the financial statements):

OPERATING SEGMENT	NRI [%]	NET ACREAGE
Appalachian Basin(1)		
Kentucky	72.2	**65,533**
Virginia	83.5	**4,701**
Tennessee	83.2	**2,443**
Illinois Basin(2)		
Kentucky	80.0	**2,519**
Indiana	79.8	**1,951**
Illinois	80.0	**130**
Denver-Julesburg Basin		
Colorado	76.0	**12,902**
TOTAL	N/A	**90,179**

The Kentucky Joint Venture, not included in the above summary, has 717 acres with an Net Revenue Interest of 81.0.

The Appalachian Basin asset (AXP Energy, Inc.) was purchased on 26 February, 2021. The Illinois Basis Asset (the Trey Exploration asset purchase) was closed on 1 October 2021.

A detailed breakdown of the above summary table is provided on the Company's website, www.axpenergy.com, under the Tenements section.

Annual Reserves Statement

The table overleaf summarises AXP's reserve estimate for its Denver-Julesburg Basin and Kentucky JV assets only, representing 14.9% of the Group's net acreage (including the Kentucky JV). The reserve reports for the newly acquired Appalachian and Illinois Basin assets are currently under preparation.

RESERVE & RESOURCE CATEGORY AS AT 30 JUNE 2021	OIL [MMBBL][1]	% CHANGE FROM 2020[2]	GAS [MMCF][3]	% CHANGE FROM 2020[2]
Proved Reserves (1P)	**66.17**	-77%	**0**	0%
Probable Reserves	42.08		79.48	
Proved + Probable Reserves (2P)	**108.25**	-97%	**79.48**	-99.8%
Contingent Resource (2C)	**67.55**	-18.9%	**627.93**	-20.2%

1 *MMBBL means Million Barrels of oil;*

2 *MMCF means Billion Cubic Feet of gas;*

3 *Note that these percentage changes are based only on reserves held and assessed as at 30 June 2020.*

The reduction in reserves (as a percentage of reserves held in 2020, the significant majority of which were Denver-Julesburg Basin assets) is a result of several factors, including the shut-in of almost all Colorado production during calendar 2020 and into the early part of 2021, the lack of any current development drilling program for the asset, as well through the lapse of an option over the Chandler Creek lease.

The Company's ongoing review of development drilling plans may reclassify these reserves as potential gas off-take opportunities mature under proposed trials and development.

Competent Persons Statement

Pursuant to the requirements of the ASX Listing Rules Chapter 5, the above tenement and resource information has been prepared by Mr Russell Hamilton, the Vice President and General Manager of AXP Energy, Inc (US) or under his supervision by independent experts. Mr Hamilton is a licensed professional geologist in the state of Tennessee (license number 5624) and has been employed by AXP Energy, Inc, Kentucky, since 2005 including in the position of Senior Geologist. Mr Hamilton has also held positions at the Kentucky State Department of Mines and Minerals (Oil & Gas Conservation) as an Oil & Gas Inspector and Hinkle Environmental as an Environmental Scientist and Project Geologist. He holds a Bachelor of Geology from the Eastern Kentucky University, Richmond, Kentucky and has over 20 years' experience in the Appalachian and Illinois Basins' hydrocarbon geology.

DIRECTORS

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

COMPANY SECRETARY

Mr Robert Lees

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AUSTRALIAN SECURITIES EXCHANGE

The Company is listed on the Australian Securities Exchange. The home exchange is Sydney. ASX Codes (Shares): AXP