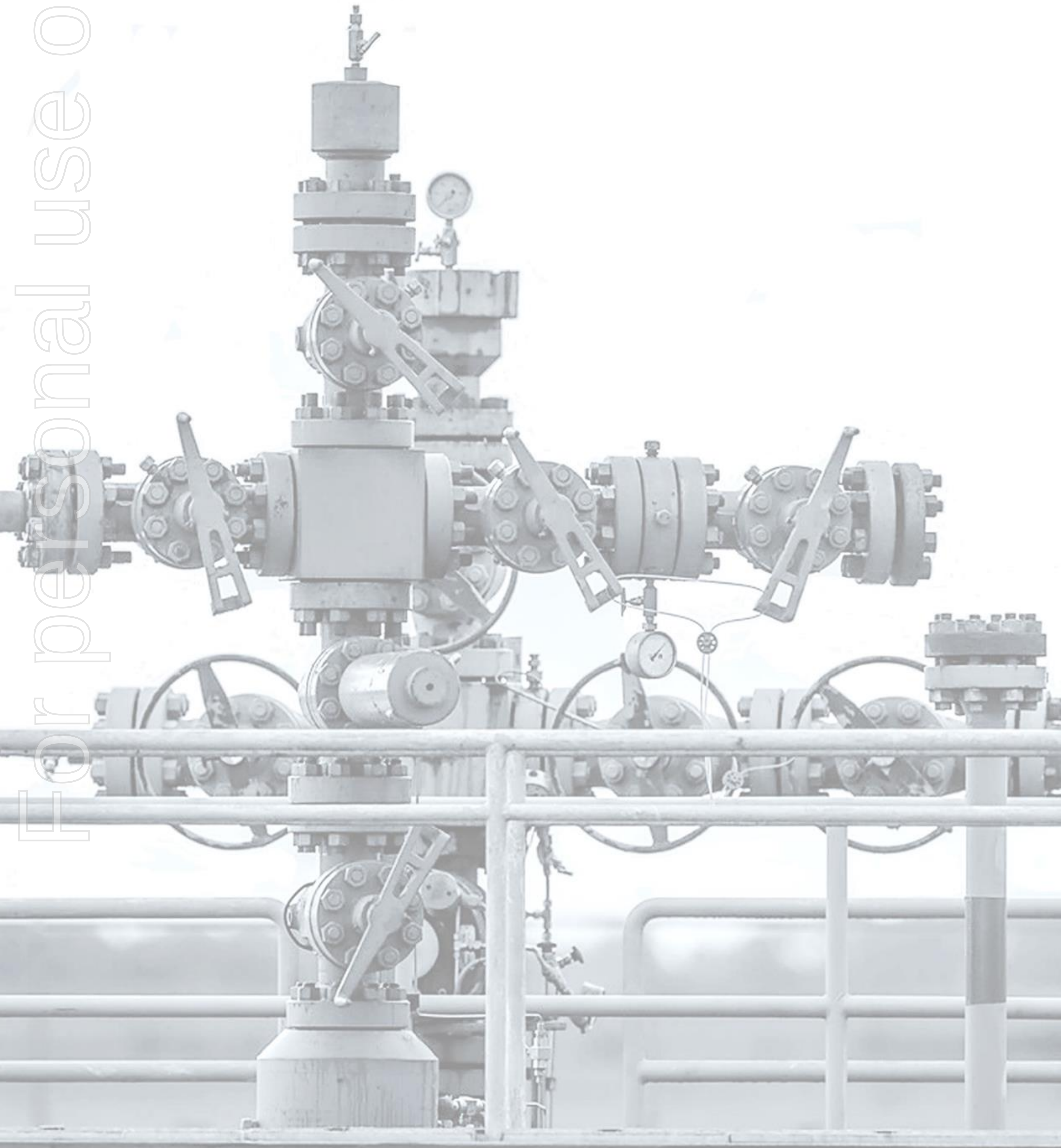
AXPENERGY

2022 HALF-YEAR REPORT



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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 half-year ended 31 December 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 Samuel Jarvis, Non-executive Director appointed 28 February 2018. Member of the Audit Committee.

Mr Stuart Middleton, Non-executive Director appointed 15 April 2015. Chairman of the Audit Committee.

Mr Christian Paech, Non-executive Director appointed 1 January 2022.

Mr Peter Crown, appointed Non-executive Chairman 5 December 2019. Resigned as Chairman on 6 April 2021 and remained as Non-executive Director until resignation on 12 October 2021.

Company Secretary

Mr Robert Lees.

Review of Operations

A Board of Director's review of the operations of the economic entity during the first half financial year and the results of those operations is as follows. All amounts stated are in US$.

Exploration, Development and Production

Consolidation efforts continued as the operations team worked to bring all of the assets from AXP Energy, Inc (formerly MHP), Trey Exploration and Kentucky Exploration under a single management structure. This effort is now complete and all assets with the exception of the company's Denver-Julesburg Basin assets are managed by the AXP's operations team from the headquarters in Lexington, Kentucky.

The team is continually reviewing the well portfolio to identify wells that require work to preserve or enhance production. The team is currently working from a list of 129 wells that have been identified as presenting potential for additional production. Additional wells come onto the list as they are identified. Well workovers are occurring at a rate of 1 every 7 days.

As the price of oil continues to increase, AXP's geologists have been hard at work identifying areas that can expand the company's productive base. The geology team has been primarily focused on the leases held in the Illinois Basin as these have the best potential for oil-bearing formations. In excess of 20 well locations have been identified and ranked across leases in Western Kentucky. A drilling program is under development and is anticipated to start in Q4 2022. In the process of developing drilling locations, 9 legacy wells have been identified that were drilled but never completed. These wells have been technically reviewed and 2 of this inventory are currently being completed.

Operations in the Denver-Julesburg are ramping up with the tie-in of the first cryptocurrency mining operation scheduled to commence operation in Q4 2022. This will be the first gas sales in the Pathfinder field which is also anticipated to have a positive impact on the oil production as we bring some of the previously shut-in wells online.

Financial Review

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

a) Revenue

- The production impact of the acquisition contributed to a 7693% increase in sales revenue to $8.3M during the six months ended 31 December 2021 from $106K during the six months ended 31 December 2020;
- Sales volumes increased YoY by 8,480% to 265.2 MBOE from 3.1 MBOE;
- The average realised price for the financial half-year was $31.2/BOE (HY 2021: $34.6/BOE);
- Total Revenue from the Appalachian Basin asset for the half year was $7.8M of which $4.4M was gas;

b) Profit and Loss

AXP reported a Group loss of $718K during the half-year ended 31 December 21 (half-year ended 31 December 2020: loss of $860K).

c) Financial Position

The Group's net assets increased 12% from $13.77M at 30 June 2021 to $15.41M at 31 December 2021. Key contributing factors to the increase in Group's net assets result from acquisition of AXP Energy, Inc. and the acquisition of Trey Exploration assets.

Cash and cash equivalents at 31 December 2021 were $2.71M. During the half-year ended 31 December 2021, the Group received $2.51M in proceeds from the exercise of unlisted options.

Significant Changes in the State of Affairs

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

a) Issued Capital

Net increase in issued capital to $90.39M (30 June 2021: $87.77M).

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 Asset 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 $1M in October 2020, an additional payment of $450K in April 2021, and made a final payment of $450K in October 2021 in addition to $40,500 in six interest instalments resulting from a variation from the original planned settlement timing. It has been determined that AXP did not assert control over Trey in the period beginning 1 October 2020 to 1 October 2021. Accordingly, the date control was obtained was 1 October 2021, with the Trey operating results included in the Group operating results from this date.

d) Change in Presentation Currency

The Directors have elected to change AXP's presentation currency from Australian dollars (A$) to United States dollars (US$) effective 1 July 2021. The change in reporting (presentational) currency, in the opinion of the Directors, results in the financial statements providing more relevant information about the effect of transactions on the entity's financial position, financial performance and cashflows given the Group's US based operations. The change in presentation currency is accounted for retrospectively in the financial statements.

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 half-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 half-year.

Events Arising Since the end of the Reporting Period

a) Non-executive Director

As announced 13 December 2021, AXP appointed Mr Christian Paech as Non-executive Director, effective 1 January 2022.

b) Elite Mining development

As announced 15 February 2022, AXP has received the necessary permits from the Colorado Oil & Gas Conservation Commission and the Colorado Department of Public Health and Environment for AXP and US-based Elite Mining Inc (EMI) to jointly deliver in-situ power generation using stranded natural gas from AXP's Colorado leases for use in EMI's cryptocurrency mining operations. In September 2021, AXP announced that it had executed a binding Heads of Agreement with EMI where AXP would provide EMI with natural gas so that EMI could operate a cryptocurrency mining operation on site. The receipt of the permits represents the first monetisation of natural gas from the Pathfinder field. With the permits received, EMI and AXP will now finalise the installation of associated infrastructure to commence operations.

Rounding of amounts to nearest dollars

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar, or in certain cases, to the nearest thousand dollar (where 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 16th day of March 2022

AUDITOR'S INDEPENDENCE DECLARATION

(overleaf)

PITCHER PARTNERS

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF AXP ENERGY LIMITED AND ITS CONTROLLED ENTITIES

In relation to the independent review for the half-year ended 31 December 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 period.

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD

J C PALMER
Executive Director
Perth, 16 March 2022

CONSOLIDATED PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME

CONSOLIDATED GROUP	Note	Half-year Ended 31 December 2021 US$	Half-year Ended 31 December 2020 US$ Restated
Revenue	3	8,277,179	106,207
Transportation, gathering and compression		(2,421,854)	-
Production and ad valorem taxes		(374,735)	-
Lease and field operating expense		(2,429,877)	(107,687)
Depreciation, depletion, and amortisation		(1,012,633)	(92,440)
Other expenses	4	(2,179,371)	(543,280)
Impairments		-	(15,295)
Impairment of financial asset		(146,630)	(65,685)
Finance costs		(444,933)	(143,158)
Other gains		14,582	851
Loss before Income Tax		**(718,272)**	**(860,487)**
Income Tax Expense		-	-
Loss for the period		**(718,272)**	**(860,487)**
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss:			
Exchange rate differences on translation of foreign operations		(91,621)	(142,347)
Other Comprehensive Income / (Loss) for the period net of Tax		**(91,621)**	**(142,347)**
Total Comprehensive Loss for the period		**(809,893)**	**(1,002,834)**
Loss for the Period Attributable to:			
Members of the parent entity		(718,272)	(860,487)
		(718,272)	**(860,487)**
Total Comprehensive Loss Attributed to:			
Members of the parent entity		(809,893)	(1,002,834)
		(809,893)	**(1,002,834)**
Earnings per Share from Continuing Operations:			
Basic earnings per share	5	(0.02) cents	(0.03) cents
Diluted earnings per share	5	(0.02) cents	(0.03) cents

This statement should be read in conjunction with the notes to the financial statements. See Note 16 regarding restatement of prior period balances and Note 17 regarding change in currency presentation.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED GROUP	NOTE	31 December 2021 US$	30 June 2021 US$ Restated	30 June 2020 US$ Restated
Current Assets				
Cash and cash equivalents		2,709,423	1,043,020	890,638
Trade and other receivables		2,623,843	1,987,844	8,630
Oil in tank inventory		339,281	292,785	-
Other current assets	6	741,928	2,212,204	-
Total Current Assets		**6,414,475**	**5,535,853**	**899,268**
Non-Current Assets				
Property, plant and equipment	7	782,810	318,857	80,165
Development and producing assets	8	13,623,670	12,026,959	1,489,943
Exploration and evaluation assets	9	7,872,184	7,737,913	7,846,883
Right of use assets		1,295,045	1,474,830	-
Other assets	6	558,860	365,002	335,528
Total Non-Current Assets		**24,132,569**	**21,923,561**	**9,752,519**
Total Assets		**30,547,044**	**27,459,414**	**10,651,787**
Current Liabilities				
Trade and other payables		5,954,247	5,178,618	2,694,019
Lease liability		413,906	413,906	-
Asset retirement obligation	10	432,307	325,726	-
Shares to be issued		-	7,500	287,746
Financial liabilities	11	386,335	-	2,316,252
Deferred revenue		204,000	204,000	-
Total Current Liabilities		**7,390,795**	**6,129,750**	**5,298,017**
Non-Current Liabilities				
Other long-term liabilities		4,454	-	16,100
Financial liabilities	11	288,980	275,549	-
Lease Liability		918,072	1,077,376	-
Asset retirement obligation	10	6,480,826	6,069,811	913,583
Deferred tax liability		-	-	173,000
Deferred revenue		51,000	140,454	-
Total Non-Current Liabilities		**7,743,332**	**7,563,190**	**1,102,683**
Total Liabilities		**15,134,127**	**13,692,940**	**6,400,700**
Net Assets		**15,412,917**	**13,766,474**	**4,251,087**
Equity				
Issued capital	12	90,424,991	87,767,272	82,315,303
Reserves		294,076	587,080	588,269
Accumulated losses		(75,306,150)	(74,587,878)	(78,652,485)
Total Equity		**15,412,917**	**13,766,474**	**4,251,087**

This statement should be read in conjunction with the notes to the financial statements. See Note 16 regarding restatement of prior period balances and Note 17 regarding change in currency presentation.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED GROUP	Issued Capital	Convertible Note	Share Based Payment Reserve	Foreign Currency Reserve	Accumulated losses	Total
	US$	US$	US$	US$	US$	US$
	Restated	Restated	Restated	Restated	Restated	Restated
Balance at 1 July 2020	**82,315,303**	**118,144**	**-**	**470,125**	**(78,652,485)**	**4,251,087**
Loss for the period	-	-	-	-	(860,487)	(860,487)
Movement in FX reserve	-	-	-	(142,347)	-	(142,347)
Total comprehensive loss	-	-	-	**(142,347)**	**(860,487)**	**(1,002,834)**
Share issued during the period	2,864,941	-	-	-	-	2,864,941
Convertible note	2,724,536	(118,144)	-	-	-	2,606,392
Share issue costs	(124,153)	-	-	-	-	(124,153)
Balance at 31 December 2020	**87,780,627**	**-**	**-**	**327,778**	**(79,512,972)**	**8,595,433**
Balance at 1 July 2021	**87,767,272**	**-**	**255,916**	**331,164**	**(74,587,878)**	**13,766,474**
Loss for the period	-	-	-	-	(718,272)	(718,272)
Movement in FX reserve	-	-	-	(91,621)	-	(91,621)
Total comprehensive income / (loss)	-	-	-	**(91,621)**	**(718,272)**	**(809,893)**
Share issued during the period	2,531,046	-	-	-	-	2,531,046
Performance rights accrued	-	**-**	54,533	-	-	54,533
Performance rights issued	255,916	-	(255,916)	-	-	-
Share issue costs	(129,243)	-	-	-	-	(129,243)
Balance at 31 December 2021	**90,424,991**	**-**	**54,533**	**239,543**	**(75,306,150)**	**15,412,917**

This statement should be read in conjunction with the notes to the financial statements. See Note 16 regarding restatement of prior period balances and Note 17 regarding change in currency presentation.

CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED GROUP	Half-year Ended 31 December 2021 US$	Half-year Ended 31 December 2020 US$ Restated
Cash Flow from Operating Activities		
Receipts from customers	8,315,684	91,224
Payments to suppliers and employees	(7,368,981)	(549,168)
Interest received	82	852
Interest paid	(55,943)	(2,430)
Net cash generated from / (used in) operating activities	**890,842**	**(459,522)**
Cash Flow from Investing Activities		
Cash received on purchase of Kentucky Exploration JV interest	5,930	-
Payments for Trey asset acquisition (net)	(546,838)	(1,000,000)
Payments for exploration and evaluation activities	(424,934)	(75,758)
Payments for development and producing activities	(34,226)	(96,086)
Payments for plant and equipment	(34,481)	-
Proceeds from disposal of plant and equipment	14,500	-
Loans to joint venture investment	(20,557)	(65,685)
Payments for security deposits and bonds	(221,414)	-
Net cash used in investing activities	**(1,262,020)**	**(1,237,529)**
Cash Flow from Financing Activities		
Repayment of borrowings	(297,006)	(6,061)
Proceeds of issue of shares	-	2,264,706
Proceeds from exercise of options	2,513,426	-
Share issue costs	(141,333)	(125,329)
Net cash provided by financing activities	**2,075,087**	**2,133,316**
Net increase in cash held	1,703,909	436,265
Cash at the beginning of the period	1,043,020	890,638
Effects of exchange rate changes on cash & cash equivalents	(37,506)	(70,696)
Cash at the end of the period	**2,709,423**	**1,256,207**

This statement should be read in conjunction with the notes to the financial statements. See Note 16 regarding restatement of prior period balances and Note 17 regarding change in currency presentation.

NOTES TO THE FINANCIAL STATEMENTS

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

NOTE 1 – BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This condensed consolidated half-year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2021 and any public announcements made by AXP Energy Limited (AXP or the Company) during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

This condensed half-year financial report covers the Company and its controlled entities as a consolidated entity. AXP is a company limited by shares, incorporated and domiciled in Australia. The address of the Company's registered office and principal place of business is AXP Energy Limited, CoySec Services Pty Limited, Suite 302, Level 3, 17 Castlereagh Street, Sydney, NSW 2000. The Company is a for-profit entity for the purpose of preparing the financial statements.

In accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar, or in certain cases, to the nearest thousand dollar (where indicated).

The half-year financial report was authorised for issue by the directors on 16 March 2022.

(a) Basis of preparation

This condensed consolidated half-year financial report has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting, as appropriate for for-profit entities, and the Corporations Act 2001. Compliance with AASB 134, as appropriate for for-profit entities, ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

The half-year financial report has been prepared under the historical cost convention.

Except as disclosed in Note 1(b and c), the accounting policies applied in this half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2021.

(b) Summary of significant accounting policies

In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

(c) Presentation currency

The Group has changed its presentation currency from Australian Dollars to United States Dollars ('USD' or US$). The change in reporting (presentational) currency, in the opinion of the Directors, results in the financial statements providing more relevant information about the effect of transactions on the entity's financial position, financial performance and cashflows given the Group's US based operations. The change in presentational currency is accounted for retrospectively in the financial statements. See Note 17, Change in Currency Presentation, for additional information.

d) Accounting standards issued but not yet effective

The following standards have been issued but are not yet effective. The effective dates are listed to the right of the pronouncement. The standards, when applicable, will be applied in accordance with the effective date. The impact that initial application of the Accounting Standard has not been determined as of the date of this report.

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current, AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date	1 Jan 2023
AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018 – 2020 and Other Amendments	1 Jan 2022
AASB 2021-2 Amendments to Australian Accounting Standards –Disclosure of Accounting Policies and Definition of Accounting Estimates	1 Jan 2023
AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 Jan 2023
AASB 2014-10: Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, AASB 2015-10: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and AASB 2017-5: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections	1 Jan 2025

NOTE 2 – GOING CONCERN

The financial report of the Group has been prepared on a going concern basis. The Group incurred a loss for the half-year after tax of $718K (half-year ended 31 December 2020: loss of $860K) and incurred a net cash inflow from operating activities of $891K (half-year ended 31 December 2020: $460K cash outflow). Additionally, the Group had a working capital deficit of $976K at 31 December 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 activities, and, if required, the ability to raise capital. Specifically, the Board is confident that, should the need arise, in an encouraging pricing outlook for the oil and gas sector, that it will be able to raise funds through a placement or rights issue. The Board remains confident in the ability of the Group to continue to improve returns from its existing portfolio through a focused review of its well portfolio.

During the half-year ended 31 December 2021, the Group raised $2.5M through the issue of 1,084,887,665 shares in connection with option exercises as follows: $1.9M in proceeds from the exercise of the unlisted options expiring 30 September 2021, $320K in proceeds from the exercise of the unlisted options expiring 30 November 2021 (refer Note 12) and $328K in proceeds from the exercise of the unlisted options expiring 20 April 2023, representing the conversion of 100% of outstanding September 2021 options, 100% of the outstanding November 2021 options and 29% of the outstanding April 2023 options. This has significantly strengthened the Group's cash position. As described below, the Directors are confident that the company is able to raise further equity from its shareholders and sophisticated and professional investors, if required.

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:

- continued workover of existing wells and general field development to enhance production;
- continued strength in energy commodity prices;
- continued sell down of oil in tank inventory (16,413 gross barrels on hand at 31 December 2021);
- continued support of major creditors in respect of the restructured payables obligations. The Group has successfully deferred 25% of current payables and continues to pay these down on schedule;
- the Group has the ability to issue up to 25% of the current issued share capital of 5,812,180,673 ordinary shares;
- the receipt of additional proceeds from the exercise of the remainder of the 306,778,999 outstanding unlisted options expiring 20 April 2023 and 20 October 2023; and/or
- the ability to raise funds via debt, farm-outs, joint ventures, or a combination of these.

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 3 – REVENUE

	Half-year Ended 31 December 2021 US$	Half-year Ended 31 December 2020 US$ Restated
Gas	4,426,645	-
Oil	2,471,089	106,207
Natural Gas Liquids (NGL)	1,365,968	-
Other revenue	13,477	-
Total revenue from operations	**8,277,179**	**106,207**

Gas, oil and NGL revenues results from contracts with customers.

NOTE 4 – OTHER EXPENSE

	Half-year Ended 31 December 2021 US$	Half-year Ended 31 December 2020 US$ Restated
Share based payments	17,885	211,573
Director fees	66,581	80,944
Payroll and employee benefits	621,666	34,306
Professional fees	738,914	140,074
Regulatory compliance - G&A	155,230	75
Administrative and corporate costs	1,153,920	76,308
Other	43,630	-
Overhead recovery from outside interests	(618,455)	-
	2,179,371	**543,280**

NOTE 5 – EARNINGS PER SHARE & DILUTED EARNINGS PER SHARE

	Half-year Ended 31 December 2021 US$	Half-year Ended 31 December 2020 US$ Restated
Earnings used in calculating diluted earnings per share	(718,272)	(860,487)

	No of Shares	No of Shares
Weighted average number of ordinary shares used in calculating basic EPS	4,782,972,042	3,338,185,905
Adjusted weighted average number of ordinary shares used in calculating diluted EPS	4,782,972,042	3,338,185,905
Basic EPS	(0.02) cents	(0.03) cents
Diluted EPS	(0.02) cents	(0.03) cents

See Note 12 for option details.

NOTE 6 – OTHER ASSETS

	31 December 2021 US$	30 June 2021 US$ Restated
Other current assets		
Bond deposits	482,304	431,566
Prepaid expense and other	259,624	1,780,639
	741,928	**2,212,205**
Other non-current assets		
Bond deposits	533,859	340,000
Other deposits	25,001	25,002
	558,860	**365,002**

Prepaid Expense

AXP 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 $1M in October 2020, an additional payment of $450K in April 2021, and made a final payment of $450K in October 2021. It has been determined that AXP did not have control over the Trey assets as at 30 June 2021 and therefore the acquisition was classified as a prepayment until the final payment was made in October 2021. Once the final payment was made AXP controlled the Trey assets and now includes these amounts as part of Development and Producing Assets.

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT

	31 December 2021 US$	30 June 2021 US$ Restated
Plant and equipment:		
- At cost	1,165,064	638,549
- Less: Accumulated depreciation	(382,254)	(319,692)
	782,810	**318,857**

Movement in Property, Plant and Equipment at Cost

Plant and equipment:		
Opening cost	638,549	365,697
Purchase of Kentucky Exploration JV interest additions	9,167	-
AXP Inc. acquisition land additions	-	194,644
Other additions	517,348	78,208
Assets sold during period	-	-
Closing cost	**1,165,064**	**638,549**

Movement in Property, Plant and Equipment Accumulated Depreciation

Plant and equipment:		
Opening accumulated depreciation	(319,692)	(285,532)
Depreciation	(56,861)	(34,160)
Other adjustments	(5,701)	-
Closing accumulated depreciation	**(382,254)**	**(319,692)**

NOTE 8 – DEVELOPMENT AND PRODUCING ASSETS

	31 December 2021 US$	30 June 2021 US$ Restated
Producing assets at cost	16,089,660	13,701,203
Accumulated amortisation	(2,465,990)	(1,674,244)
	13,623,670	**12,026,959**
Movement in Carrying Amounts		
Balance at beginning of year	12,026,959	1,489,943
AXP Energy, Inc. acquisition additions	-	11,009,000
Trey asset acquisition additions(i)	2,295,774	-
Purchase of Kentucky Exploration JV interest additions(i)	58,133	-
Other asset additions	33,144	132,084
Transfer from exploration and evaluation assets	62,063	-
Asset Retirement Obligation changes	(60,657)	(31,925)
Amortisation expense	(791,746)	(572,143)
Balance at end of year	**13,623,670**	**12,026,959**

(i)See Asset Acquisition Note 15 for details regarding the acquisition well asset additions during the half-year ended 31 December 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 half-year ended 31 December 2021 or year ended 30 June 2021.

NOTE 9 – EXPLORATION AND EVALUATION ASSETS

	31 December 2021 US$	30 June 2021 US$ Restated
Exploration and evaluation assets at cost	7,872,184	7,737,913

Movement in Carrying Amounts:

Balance at beginning of year	7,737,913	7,846,883
Additions	196,333	98,373
Transfer to development and producing assets	(62,063)	
Exploration expenditure impairment	-	(207,343)
	7,872,184	**7,737,913**

As at 31 December 2021 and 30 June 2021, the Group's exploration and evaluation assets relate only to the Denver Julesburg area of interest.

Impairment

No impairment was deemed necessary during the half-year ended 31 December 2021.

During the year ended 30 June 2021, the Group impaired exploration and evaluation asset balances totaling $207K largely in connection with the following:

- Workover costs of $36K allocated to Niobrara formation; and
- $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.

NOTE 10 – ASSET RETIREMENT OBLIGATIONS

	31 December 2021 US$	30 June 2021 US$ Restated
Current	432,307	325,726
Non-current	6,480,826	6,069,811
	6,913,133	**6,395,537**
Beginning balance	6,395,537	913,583
AXP Energy, Inc. acquisition additions	-	5,306,410
Trey asset acquisition additions (see Note 15)	189,166	-
Purchase of Kentucky Exploration JV interest additions (see Note 15)	95,147	-
Other additions	34,426	-
Accretion	305,190	207,469
ARO changes	(106,333)	(31,925)
Ending Balance	**6,913,133**	**6,395,537**

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 half-year ended 31 December 2021 AXP estimated its pre-tax discount rate at 10% (FY21: 10%) 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.

NOTE 11 – FINANCIAL LIABILITIES

	31 December 2021 US$	30 June 2021 US$ Restated
Current		
Working capital facility	298,929	-
Field vehicle/equipment financing	87,406	-
	386,335	**-**
Non-Current		
Working capital facility	-	275,549
Field vehicle/equipment financing	288,980	-
	288,980	**275,549**

Working Capital Facility

The Company entered into an unsecured working capital facility of US$500K 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. $299K (FY 21: $276K) of the facility has been drawn upon as of 31 December 2021. The unused amount is $201K.

Field Vehicle/Equipment Financing

Financing liabilities for field vehicle/equipment pertain to six trucks and one crawler used in AXP's Appalachian Basin. Total financed vehicles/equipment amounted to $376K as of 31 December 2021 and is to be paid over an average remaining life of 4.7 years.

NOTE 12: ISSUED CAPITAL

Ordinary Shares	# Shares	31 December 2021 US$	# Shares	30 June 2021 US$ Restated
At the beginning of reporting period	4,678,512,519	87,767,272	2,135,587,947	82,315,303
Conversion of note payable and accrued interest at A$0.003/share	-	-	1,243,058,600	2,724,536
Director Success Fee paid in shares at A$0.003/share	-	-	97,560,976	213,834
3rd party invoices paid in shares at A$0.003/share in lieu of cash	-	-	15,638,333	34,277
Fundraise stock issued at A$0.003/share	-	-	1,183,333,330	2,616,830
Options exercised at A$0.003/share	-	-	3,333,333	7,645
Options exercised at A$0.003/share	996,666,664	2,203,337	-	-
Conversion of Performance rights A$0.006/share	48,780,488	255,916	-	-
Options exercised at A$0.005/share	88,221,002	327,709	-	-
- Less: Cost of capital raising	-	(129,243)	-	(145,153)
At the end of the reporting period	**5,812,180,673**	**90,424,991**	**4,678,512,519**	**87,767,272**

b. Options	31 December 2021 Number	30 June 2021 Number
Unlisted		
At the beginning of the reporting period	1,009,166,665	12,500,000
- Issued at A$0.003	-	849,999,998
- Exercised at A$0.003	-	(3,333,333)
- Issued at A$0.005	-	150,000,000
- Expired at A$0.045	(12,500,000)	
- Exercised at A$0.003	(996,666,664)	-
- Allotted at A$0.005	395,000,000	-
- Exercised at A$0.005	(88,221,002)	
At the end of the reporting period	**306,778,999**	**1,009,166,665**

Options Outstanding by Class

Unlisted Options	31 December 2021 Number	30 June 2021 Number
- A $0.045 expire 15 July 2021	-	12,500,000
- A $0.003 expire 30 September 2021	-	846,666,665
- A $0.003 expire 30 November 2021	-	150,000,000
- A $0.005 expire 20 April 2023	211,778,999	-
- A $0.005 expire 20 October 2023	95,000,000	-
At the end of the reporting period	**306,778,999**	**1,009,166,665**

All options were unlisted during the half-year ended 31 December 2021and year ended 30 June 2021.

NOTE 13 – INTERESTS IN JOINT ARRANGEMENTS

During the period, the Group held interests in Joint Arrangements in the United States of America, as follow:

Joint Operations

Following the acquisition of AXP Energy, Inc. during the year ended 30 June 2021, the Group 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 75%.

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 Venture

Kentucky Exploration LLC

Kentucky Exploration LLC was a joint venture with the Group holding an ownership percentage of 50% until 30 November 2021, at which time AXP purchased the remaining 50% from Newtak as per Note 15. Kentucky Exploration LLC became consolidated into AXP Energy Inc as of 30 November 2021. It 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

	1 July 2021 to 30 November 2021 US$	Half-Year Ended 31 December 2020 US$ Restated
Sales and other operating revenues	61,274	27,887
Operating and other expenses	(217,565)	(78,852)
Write down of amount due to KEI reversal	200,463	-
Profit/(loss) before taxation	**44,172**	**(50,965)**
Taxation	-	-
Profit/(loss) for the year	**44,172**	**(50,965)**
Interest profit/(loss) for the year	**-**	**-**

	30 November 2021 Pre-Acquisition US$	30 June 2021 US$ Restated
Non-current assets	116,997	183,270
Current assets	111,402	130,683
Total assets	**228,399**	**313,953**
Non-current liabilities	2,123,106	2,199,282
Current liabilities	128,701	193,988
Total liabilities	**2,251,807**	**2,393,270**

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 half-years ended 31 December 2021 and 31 December 2020, loans of $147K and $66K, respectively, were made to the Company's joint venture Kentucky Exploration LLC. The corresponding loan receivable was written down by these amounts as of 31 December 2021 and 31 December 2020, respectively.

NOTE 14 – 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 results in 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 has identified the following reportable segments:

- **Appalachian Basin**: 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 ("DJ") Basin**: 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.
- **Illinois Basin**: Spread across Western Kentucky, these AXP assets total approximately 4000 acres situated largely in the heart, and most prolific section, of the basin. Formations of interest include the Palestine, Waltersburg, Tar Springs, Hardinsburg, Jackson, St. Genevieve, O'Hara, McClosky, Warsaw and Fort Payne.
- **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 during the half year ending 31 December 2021 derived from purchasers whose revenue is greater than 10% of the Group's total revenue is $4.8M (half-year ending 31 December 2020: $106K). 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 half-year ended 31 December 2021 and one purchaser in the Denver-Julesburg basin during the half-year year ended 31 December 2020.

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

Half-year Ended 31 December 2021	**Appalachian Basin**	**Illinois Basin**	**Denver-Julesburg Basin**	**All Other Segments**	**Total**
	US$	**US$**	**US$**	**US$**	**US$**
Segment revenue	7,794,554	171,40	311,222	-	8,277,179
Production Costs	(4,926,043)	(169,962)	(130,461)	-	(5,226,466)
DD&A	(780,036)	(71,429)	(161,168)	-	(1,012,633)
Other expense	(1,001,245)	2,106	(542,839)	(637,392)	(2,179,370)
Impairments	(112,416)	-	(34,214)	-	(146,630)
Finance costs	(349,634)	-	(92,619)	(2,681)	(444,934)
Other gains	14,500	-	53	29	14,582
Total profit / (loss) before income tax	639,680	(67,882	(650,026)	(640,044)	(718,272)
Income tax expense	-	-	-	-	-
Total profit / (loss)	**639,680**	**(67,882)**	**(650,026)**	**(640,044)**	**(718,272)**
Total segment assets	**16,414,630**	**2,332,687**	**9,759,732**	**2,039,995**	**30,547,044**
Total segment liabilities excluding inter-company transactions	**11,797,862**	**106,740**	**2,853,925**	**375,600**	**15,134,127**

Half-year Ended 31 December 2020	**Appalachian Basin**	**Denver-Julesburg Basin**	**All Other Segments**	**Total**
Restated		**US$**	**US$**	**US$**
Segment revenue	-	106,207	-	106,207
Production costs	-	(107,687)	-	(107,687)
DD&A	-	(92,440)	-	(92,440)
Other expense	-	(114,881)	(425,940)	(540,821)
Impairments	-	(80,980)	-	(80,980)
Finance costs	-	(1,369)	(144,249)	(145,618)
Other gains	-	773	79	852
Total loss before income tax	-	(290,377)	(570,110)	(860,487)
Income tax expense	-	-	-	-
Total loss	**-**	**(290,377)**	**(570,110)**	**(860,487)**
30 June 2021				
Total segment assets	**15,862,304**	**9,718,056**	**1,879,054**	**27,459,414**
Total segment liabilities excluding inter-company transactions	**10,258,278**	**2,890,674**	**543,988**	**13,692,940**

NOTE 15 – ACQUISITIONS

Finalisation of the AXP Energy, Inc Acquisition

On 26 February 2021, the Group obtained control of 100% of the business AXP Energy Inc. (formerly Magnum Hunter Petroleum, Inc. (MHP)) and thereby gained control of the business as described in the Group's 30 June 2021 annual report.

The acquisitions was accounted for provisionally at 30 June 2021, on the basis that the Group had not yet finalised the review of taxation and the Other Receivables –Joint Interest Billing (JIB) account.

During the financial period, this accounting was finalised with no further material adjustments to the acquisition accounting described in the 30 June 2021 financial report.

Trey Exploration, Inc.

Acquisition of Certain Oil and Gas Leasehold and Well Assets

On 1 October 2020, AXP entered into an Asset Purchase Agreement ('Agreement') to purchase the working interest held by Trey Exploration, Inc ('Seller') in certain oil and gas leaseholds and wells. Per the Agreement, the total purchase price to be paid to Seller was $1.9M. $1M was paid upon execution of the agreement on 1 October 2021 and the remaining $900K was to be paid at the original closing date of April 2, 2021.

The Agreement was amended in April 2021 per the Amendment to Asset Purchase Agreement ('Amendment') providing that $450K be paid in April 2021 and the final $450K be paid 1 October 2021. Interest was paid for the six months ending October 2021 in the amount of $6.75K per month. The Amendment resulted in a total purchase price of $1,940,500. This transaction closed on 1 October 2021 by way of the final $450K payment.

As AXP did not control the Trey assets until 1 October 2021, asset payments, $1,900,000, interest $40,500 and results of operations from 1 October 2020 through 30 September 2021, $240,404, were recorded as prepayments in Other Current Assets, $2,180,904 (30 June 2021: $1,671,267). On 1 October 2021, the $2,180,904 was assigned to Developed and Producing well assets, oil in tank inventory and asset retirement obligation.

The asset acquisition details are as follows:

	US$
Purchase price:	
As per agreement (including interest)	1,940,500
Loss during acquisition period (1 October 2020 - 30 September 2021)	240,404
	2,180,904
Assets acquired:	
Well assets	2,295,774
Oil in tank	74,296
Asset retirement obligation	(189,166)
	2,180,904

Cash paid for Trey during the six months ended 31 December 2021 of $547K is comprised of the final $450K payment made in October 2021 and prepayments (revenue and expense) of $97K incurred through 30 September 2021

Kentucky Exploration, Inc.

Purchase of Newtak Pty Ltd. Ownership Rights in Kentucky Exploration, Inc.

As per the Limited Liability Company Interest Purchase Agreement of Kentucky Exploration, Inc, AXP Energy, Inc purchased Newtak's 50% interest in Kentucky Exploration, LLC (KEL) effective 30 November 2021. In consideration for the sale, assignment, transfer and conveyance of interest, AXP Energy agreed to pay Newtak $50K. All capital calls, obligations and liabilities were assumed by AXP through the purchase of interest. AXP began consolidating KEL effective 30 November 2021. Prior to the purchase, AXP owned 50% of KEL and accounted for it as a joint venture (see Note 13).

Details of the purchase are as follows:

	US$
Purchase price:	
As per agreement	50,000
Assets acquired:	
Cash	5,930
Accounts receivable	18,331
Oil in tank	36,447
Bond deposit	50,693
Well assets	58,133
Fixed assets	9,167
	178,701
Liabilities:	
Payables	33,554
Asset retirement obligation - non-current	95,147
	128,701
Net Assets:	50,000

NOTE 16 – RESTATEMENT OF PRIOR PERIOD BALANCES

While preparing the financial statements of the Group for the year ended 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.

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.

It was determined the share price for issuance of shares to directors during the half-year ended 31 December 2021 was to be adjusted to the appropriate grant date resulting in decreased share-based payment expense (Other expense).

Together, the above adjustments had the following impact on financial statements for the half-year ended 31 December 2020 and as at 30 June 2020 (refer overleaf):

	Reported Half-year Ended 31 December 2020 US$	Adjustment	Restated Half-year Ended 31 December 2020 US$
Consolidated Statement of Comprehensive Income (extract)			
Revenue	222,737	(116,530)	106,207
Production	(296,131)	188,444	(107,687)
Other expense	(605,812)	62,532	(543,280)
Finance costs	(144,219)	1,061	(143,158)
Depreciation, depletion and amortisation	(68,486)	(23,954)	(92,440)
(Loss) / profit for the period	**(972,040)**	**111,553**	**(860,487)**
Exchange rate differences on translation of foreign operations	(107,085)	(35,262)	(142,347)
Total comprehensive (loss)/profit for the period	**(1,079,125)**	76,291	**(1,002,834)**
Basic and diluted loss per share	(0.03) cents		(0.03) cents

	Reported 30 June 2020 US$	Adjustment	Restated 30 June 2020 US$
Consolidated Statement of Financial Position (extract)			
Non–Current assets			
Development and producing assets	1,156,899	333,044	1,489,943
Exploration and evaluation assets	8,432,126	(585,243)	7,846,883
Total Non-Current Assets	**10,004,718**	(252,199)	**9,752,519**
Non-Current liabilities			
Asset retirement obligation	810,306	103,277	913,583
Total Non-Current Liabilities	**999,406**	103,277	**1,102,683**
Equity			
Reserves	596,604	(8,335)	588,269
Accumulated losses	(78,305,342)	(347,143)	(78,652,485)
Total Equity	**4,606,565**	(355,478)	**4,251,087**

This Note is presented in the 30 June 2021 annual report in Australian Dollars. It has been shown above in USD, translated based off the principles adopted in Note 17.

NOTE 17 – CHANGE OF PRESENTATION CURRENCY

The Directors have elected to change AXP's presentation currency from Australian dollars (A$) to United States dollars (US$) effective 1 July 2021. The change in reporting currency is a voluntary change that is accounted for retrospectively. The financial report has been restated to US$ using the procedures outlined below:

i) Income Statement and Statement of Cash Flows have been translated into US$ using average foreign currency rates prevailing for the relevant period.
ii) Assets and liabilities in the Statement of Financial Position have been translated into US$ at the closing foreign currency rates on the relevant balance sheet dates.
iii) The equity section of the Statement of Financial Position has been translated into US$ as follows: Foreign currency translation reserve, other reserves and accumulated losses have been translated to US$ using average foreign currency rates prevailing for the relevant period. Share capital has been translated into US$ using historical rates.
iv) Earnings per share has also been translated into US$ to reflect the change in reporting currency.

The functional currency of the Australian parent entity and its US subsidiaries remains unchanged. The Australian parent entity will retain A$ as its functional currency and the US subsidiaries retain US$ as their functional currency.

NOTE 18 – SUBSEQUENT EVENTS

Non-executive Director

As announced 13 December 2021, AXP appointed Mr Christian Paech as Non-executive Director, effective 1 January 2022.

Elite Mining development

As announced 15 February 2022, AXP has received the necessary permits from the Colorado Oil & Gas Conservation Commission and the Colorado Department of Public Health and Environment for AXP and US-based Elite Mining Inc (EMI) to jointly deliver in-situ power generation using stranded natural gas from AXP's Colorado leases for use in EMI's cryptocurrency mining operations. In September 2021, AXP announced that it had executed a binding Heads of Agreement with EMI where AXP would provide EMI with natural gas so that EMI could operate a cryptocurrency mining operation on site. The receipt of the permits represents the first monetisation of natural gas from the Pathfinder field. With the permits received, EMI and AXP will finalise the installation of associated infrastructure to commence operations.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and accompanying notes, as set out on pages 8 to 33 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 31 December 21 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 this 16th day of March 2022

INDEPENDENT AUDITOR'S REPORT

(overleaf)

AXP ENERGY LIMITED
ABN 98 114 198 471

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of AXP Energy Limited (the "Company") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit and loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of AXP Energy Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of AXP Energy Limited's financial position as at 31 December 2021 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* ("ASRE 2410"). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2021 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PITCHER
PARTNERS

AXP ENERGY LIMITED
ABN 98 114 198 471

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

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD

J C PALMER
Executive Director
Perth, 16 March 2022