AXPENERGY

2022 ANNUAL REPORT

TABLE OF CONTENTS

CHAIRMAN'S REPORT

Dear Shareholders,

On behalf of the Board of Directors, it's my pleasure to present this year's annual report for AXP Energy Limited following an exciting year of growth for the business. For AXP, FY22 was marked by the ongoing consolidation of its group business operations, as the Company continues its transition from explorer to an oil and gas producer servicing major US energy markets.

Through the successful execution of its growth-by-acquisition strategy in FY21, AXP now operates a diversified group of assets located primarily in the Illinois and Appalachian Basins – both of which are established and prolific US oil and gas regions.

Group operating results in FY22 were subsequently defined by new record highs in quarterly revenues and operating cash flow – direct evidence of the AXP management team's ability to leverage the expanded asset base into material topline and bottom line improvements.

Having established strong operating momentum, AXP also strengthened its Board during the period with the appointment of Mr. Christian Paech as a Non-Executive Director. Highly regarded in the oil and gas industry, Mr Paech's extensive career most recently included 10 years as General Counsel of ASX major Santos. He brings strong global networks and a detailed understanding of hydrocarbon extraction across multiple jurisdictions – key attributes that continue to help guide the Company's strategy at Board level.

Heading into FY23, AXP now has a unique opportunity to accelerate its current revenue trajectory through the further optimisation of its production base. That opportunity is a by-product of the group's broader strategy to extract value from its established portfolio of quality wells and infrastructure, as distinct from speculative oil and gas exploration. In that context, I'm confident that AXP will benefit from an engaged Board that continues to challenge management and hold the executive team accountable for operational execution.

The executive team's expansion strategy will be underpinned by both technical and commercial factors. On the technical side, initiatives such as low-cost workovers of existing wells complement the group's production profile. This, in turn, gives AXP a platform to leverage the quality of its newly acquired acreage through further development which we anticipate will rapidly generate additional stable revenues streams. Separately, the group is also working on commercial solutions for its produced natural gas liquids in order to improve revenue margins amid the rapidly expanding growth market for NGLs in the United States. Concurrently, the group has made significant headway in connection with its broader distribution strategy, where it continues to build and strengthen alliances with downstream infrastructure partners.

Taken in aggregate, these activities position the Company well to bolster oil revenues in a strong market, while also taking advantage of increasing demand for natural gas. Despite the emergence of clean energy investment thematic, the Board believes that oil and natural gas will continue for some decades to play a central role in delivering efficient and cost-effective energy solutions to industrial and retail customers.

Pleasingly for the Board, AXP Energy closed out the 2022 financial year with plenty of momentum. This is highlighted in the Q4 results where the Company generated positive operating cashflow of $1,609,952 on record quarterly net revenues of $7,513,165.

These results set the Company up with an exciting operating platform that facilitates the use of cash earnings to self-fund technical improvements and further organic growth.

In summary, FY22 marked an important step forward in AXP Energy's long-term growth strategy, where the Company reaffirmed its commitment to tangible value creation.

I would like to thank CEO Tim Hart and the AXP executive team, along with all of our US-based staff for their hard work over the past 12 months. In addition, my sincere thanks to our loyal shareholders for their support. The Company is well-placed for further growth and I look forward to rewarding our investors for their strong faith in the years ahead.

Yours faithfully,

Simon Johnson
Chairman

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 that 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 29 September 2022 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 2022.

All amounts in this report are in US Dollars, unless stated otherwise.

Directors

Directors in office during the full financial year and to the date of this report, unless otherwise stated, are:

Mr Simon Johnson – Non-Executive Chairman

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 is currently the CEO of Seadrill and has held senior positions at Borr Drilling and Noble Corporation. 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 Samuel Jarvis – Non-Executive Director. Member of the Audit Committee. Chairman of Remuneration and Nominations Committee.

Mr Samuel Jarvis has extensive experience in commercial management and development drilling as well as knowledge of the upstream oil and gas value chain. For the past 17 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 also 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. Chairman of the Audit Committee. Member of Remuneration and Nominations Committee.

Mr Middleton has extensive international resources experience as the Group Executive for TDS, Banpu Plc, Asian Energy Company (coal, oil, gas and power) with assignments assessing, managing and developing resources assets in China, Mongolia, Indonesia, Australia and Thailand, also previously having managed and developed major operations in Australia, the USA, Indonesia and Colombia. A 40+ year veteran of the energy & mining industry, Stuart has a strong business development base combining both Mining Engineering (Hons.) and a Masters in Commerce (majoring in Finance & Management) degrees (The University of Sydney) with operational, commercial and technical foundations, having held various C-suite/VP executive positions and statutory management roles across multiple mining ventures. During his engagements with major mining houses, Stuart has served as a Director and CEO (GM) of numerous companies and subsidiary or affiliated companies and held statutory positions as Registered Mine Manager.

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

Mr Christian Paech – Non-executive Director appointed 1 January 2022. Member of Audit Committee. Member of Remuneration and Nominations Committee.

Mr. Paech has considerable oil and gas industry and related legal experience, having been a member of the Senior Leadership Team at Santos Limited where he held the position of General Counsel for approximately ten years and was senior adviser to the Board and Management. Prior to joining Santos, Mr. Paech specialised in M&A and securities law in private practice, including roles with Ashurst in the United Kingdom and Herbert Smith Freehills in Australia. He is well versed in corporate governance, risk management and commercial matters as they relate to hydrocarbon exploitation across multiple jurisdictions.

Mr. Paech holds a bachelor's degree in both Commerce and Laws (Hons.) from The University of Adelaide. He is a member and Graduate of the Australian Institute of Company Directors (GAICD) and is actively engaged with a number of private and public companies. He is currently a non-executive director of ASX listed gold explorer Barton Gold Holdings Limited, where he is also Chairman of the Nominations and Remuneration Committee.

Other current or former listed directorships in the last 3 years: Barton Gold Holdings Limited (ASX: BGD)

Mr Peter Crown – Non-Executive Director (resigned 12 October 2021)

Mr Crown has over 20 years in investment markets, ranging from private (venture capital, private equity) through to public markets.

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

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 past 19 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 were:

DIRECTOR	DIRECTORS MEETINGS Attended / Held[1]	AUDIT COMMITTEE MEETINGS Attended / Held[1]
Simon Johnson	10 / 10	1/1[2]
Stuart Middleton	10 /10	2 / 2
Samuel Jarvis	10 / 10	2 / 2
Christian Paech	4 / 4	-[3]
Peter Crown (resigned 12/10/2021)	1 / 1	-

(1) Held whilst the director was in office
(2) Attended as an invitee
(3) Appointed after March 2022 meeting

The Group notes that a Remuneration and Nominations Committee existed however it did not formally meet during the year, with the full board acting in the role.

Principal Activities

The principal activities of the Group continued to be oil and gas exploration, development and production 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 the payments of dividends has been made.

Financial Review

The Group's financial performance during the year was favourably impacted by the inclusion of 12 months of the Appalachian Basin assets and acquisition of Trey assets in October 2021.

a) Revenue

(i) The production impact of the of Appalachian Basin assets and Acquisition of Trey assets during the year contributed to an 389% increase in sales revenue to $20,752,162 (2021: $4,240,354);

(i) Gross production was 807,153 BOE (2021: 256,792 BOE);

(iii) Sales volumes (net) increased by 227% year on year to 559,383 BOE (2021: 171,033 BOE) mainly due to the inclusion of 12 months of Appalachian Basin assets;

(iv) The average realised price (oil, gas & liquids) for the year was $37.1/BOE (2021: $24.8/BOE);

(v) Total Revenue from the Appalachian Basin asset for the year ended 30 June 2022 was $18,499,718 (2021: $3,833,320) of which $8,603,429 was gas, $5,251,255 NGLs, $4,515,086 oil and $129,948 other.

b) Profit and Loss

AXP reported a Group profit after tax of $606,945 for the year ended 30 June 2022 (2021: $4,064,607). Key contributing factors to the Group's profit include increased production (includes 12 months from Appalachian Basin; 2021 included 4 months from Appalachian Basin) and increased energy commodity prices. 2021 included a discount on acquisition on AXP Energy, Inc. of $6,184,844 (non-cash). The discount on acquisition arose as a result of the increase in fair value of the assets and liabilities acquired being greater than the purchase consideration.

c) Financial Position

The Group's net assets increased by 21% from $13,766,474 to $16,678,295. Key contributing factors to the increase in Group's net assets resulted from increased production, favourable energy commodity prices and the exercise of unlisted options during the year.

Operations Review

A review of the operations for AXP Energy during the 2022 financial year and the results of those operations are as follows:

During FY22, AXP Energy was focused on the further optimisation of its consolidated US asset portfolio, following a busy period of strategic mergers and acquisitions. Operational results were highlighted by several important developments in pursuit of the Company's strategy to build a diversified production base in well-established and productive US oil & gas jurisdictions.

Whilst AXP Energy has significantly increased revenues year-on-year, several opportunities were identified in FY22 to drive both revenue and margin growth further. Capitalising on those growth channels requires complex, multi-faceted solutions and the operational focus of the business over the last half of the year has been primarily directed to realising those opportunities.

The first priority in H2 was to build increased stability into the group's primary sales channel for its Appalachian Basin operations, particularly during the colder months of the year when the transport pipeline is subjected to freezing temperatures. In response, the AXP Operations team has been working with the midstream provider to improve system reliability. The necessary engineering and design changes are well underway and scheduled for completion by November 2022. In addition to these design changes, the team is also working on implementing a safeguard solution where gas will be redirected into an alternate sales channel during any outages that do occur.

The second priority during the year related to AXP's gas liquids production. To transport and sell the gas liquids, a costly blending process has been required and the AXP Operations team has been working to identify a solution which significantly reduces or eliminates this blending process from the cost structure. Pleasingly, a solution was implemented post year-end in late August to reduce the blending method for approximately one third of AXP's produced liquids. In turn, multiple solutions are now in the process of being developed to reduce or eliminate the blending requirement on the remaining two thirds of the liquids.

In Colorado, the solution to sell stranded gas to Elite Mining for their cryptocurrency mining operation announced late in 2021 commenced operation. All gas-to-power generation equipment was installed and commissioned on-site and the first of Elite's 3 mobile units was hooked up and first gas sales were made.

Elsewhere during FY22, AXP's management team successfully implemented an upgrade to the group's financial systems, to lower costs and streamline accounting operations following the expansion of its asset base in FY21. As a result, the group's financial functions (with the exception of Colorado's AusCo Petroleum) are now being managed out of the corporate head office in Lexington, Kentucky.

In addition, the Company initiated a field development plan focused on its asset base in two core US jurisdictions – the Appalachian Basin and the Illinois Basin. This plan includes an analysis of over 300 well projects that all have significant potential to increase production. Each one of the opportunities was quantified and evaluated for economic impact to the business before being included and prioritized.

In summary, FY22 has been primarily defined by integrating newly acquired assets into the Group's corporate structure, developing a better understanding of the AXP asset portfolio and working towards improving margins and cashflow. These efforts are ongoing and will ensure that the company has a solid foundation for the foreseeable future.

Strategy & Future Developments

AXP is now 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.

More specifically, heading into FY23, the AXP team will continue to work to identify opportunities to improve margins and cashflow, as our domain knowledge of the asset base continues to improve. In line with the broader group strategy, our well portfolio contains extensive opportunities for additional production through well-workovers and improvements. These include a significant number of wells with 'pay behind pipe', where additional reserves are accessible behind the existing well casing pipe.

The DPI-2605 well was one such example of this in FY22, where AXP carried out a successful recompletion in the June quarter and introduced production of ~50 barrels of oil per day. The plan now is to accelerate this type of field development and access new pay zones in five additional wells this year, with the intention of providing the Company with an additional near-term revenue stream to complement its existing production base.

Key Business Risks

There are specific business risks which may directly impact the Company's performance and there are other general risks, many of which are largely beyond the control of the Company. The business risks identified below, or other general risk factors, may have an impact on the Company's ability to deliver on the above strategy and may have a material impact on AXP's financial performance in the future.

a) Commodity prices

The Company's revenue is derived from the sale of oil, natural gas and NGLs. This exposes the Company's revenue to market volatility in the benchmark prices for these commodities. Such volatility and price fluctuations are caused by many factors beyond the control of the Company, including supply and demand fluctuations, technological advancements, forward selling activities and other macroeconomic and geopolitical factors.

The Company uses various mechanisms to hedge portions of its revenue against adverse oil and gas price movements however such mechanisms, when put in place, may also inhibit the Company's ability to realise revenue gains from favourable benchmark price movements.

b) Operational risk

The operations of the Company may be affected by various factors, including failure to achieve predicted well production flow rates, operational and technical difficulties encountered in field development and production, unanticipated reservoir problems which may affect field production performance, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment.

Specific operational risks also include:

(i) Access to services, equipment and infrastructure

The Company's operations are dependent on its ability to economically procure third-party oilfield goods and services, including both personnel and equipment, utilised in field development, production and hydrocarbon transportation to market. Whilst the Company has thus far been able to procure such services economically, the recent increase in activity in the oil and gas industry in the US may result in higher costs for such services in the future which may impact the Company's financial performance.

(ii) Retention of key personnel

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its board, senior management and its key personnel. There may be a detrimental impact to the Company if one or more of these employees cease their employment.

(iii) Midstream partners operational performance

The Company's ability to process and deliver a significant proportion of its produced gas and all of its NGLs to sales channels is entirely dependent on one or more midstream partners, with whom the Company has entered into certain tolling agreements. The operational performance of these midstream partners, and their ability to meet their obligations under the agreements, directly impacts the Company's production and revenue. Should one or more of these midstream partners experience operational or technical difficulties of their own, AXP's revenue may be materially impacted.

(iv) Production

There is a risk that aggregate production from existing resources or new or worked-over wells will not meet expectations and may decline beyond estimates. Disruption to or any reduction in the expected production of the Company's oil and gas field may negatively impact the Company's revenue and could have an adverse effect on the Company's financial performance and ongoing operations.

(v) Exploration & field development

Effective oil and gas exploration relies on certain sampling techniques, the correct interpretation of geological data, drilling, production and other data, as well as the inherent risks in drilling and completing wells withing target production zones. Effective field development has similar requirements, as well as the technical risks associated with well workovers on previously shut-in or idle wells, particularly where the well's integrity is uncertain. Lack of success in realising its exploration and development goals may impact the Company's future financial performance.

c) Legal & regulatory risks

The Company's exploration, development and production activities are subject to extensive US federal and state laws and regulations. The Company requires approval for drilling, and in some cases workovers, and these permits are issued by the relevant state oil and gas commissions.

Obtaining necessary approvals can be a time-consuming process and there is a risk that the Company may not obtain these approvals. The costs and delays associated with obtaining the necessary approvals and complying with applicable laws and regulations could materially delay or restrict the Company from proceeding with the development or the operation of its wells. Any failure to comply with applicable laws and regulations, even if inadvertent, could result in material fines, penalties or other liabilities. In extreme cases, failure could result in suspension of the Company's activities or forfeiture of one or more of its wells.

d) COVID-19

Whilst the impact to the Company's business due to COVID-19 moderated significantly in the reporting period, residual challenges remain. Whilst the reductions in the US workforce and the severe supply chain constraints experienced during the height of the pandemic have eased, neither has returned to pre-COVID levels yet. Ongoing workforce and supply chain constraints due to the COVID-19 pandemic may impact the Company's operations negatively.

Notwithstanding, the Company continues to respond to the challenges associated with the remaining effects of the COVID-19 pandemic by continuing to bring critical functions in-house and relying less on third-party vendors and contractors to accomplish business critical functions. This includes the finance function and some oil transport.

e) Health, Safety & Environment

As a participant in the oil and gas industry, the Group is subject to significant environmental and workplace health and safety regulations under federal and state laws in the USA. Compliance with the various federal and state laws and regulations is costly and the penalties for breaches or failure to comply can be substantial. It is the Company's intention to continue to conduct its activities to a high standard of environmental obligation, including compliance with all environmental laws and regulations. Nevertheless, there are certain risks inherent in the Company's activities such as accidental leakages or spills, or other unforeseen circumstances which could subject the Company to fines or other liability.

Corporate Matters (Issue of shares & gross proceeds)

- On 18 October 2021, the Company issued 856,666,664 shares @ A$0.003 upon exercise of options for $1,905,277;
- On 19 October 2021, the Company issued 16,666,666 shares @ A$0.003 upon exercise of options for $37,400;
- On 20 October 2021, the Company issued 48,780,488 shares @ A$0.006 in connection with performance rights for $218,576; nil purchase consideration;
- On 29 October 2021, the Company issued 68,387,668 shares @ A$0.005 upon exercise of options of $256,727;
- On 11 November 2021, the Company issued 6,666,667 shares @ A$0.005 upon exercise of options for $24,331;
- On 30 November 2021, the Company issued 13,166,666 shares @ A$0.005 upon exercise of options for $46,651; and
- On 6 December 2021, the Company issued 123,333,334 shares @ A$0.003 upon exercise of options for $260,659.

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 $90,376,981 (2021: $87,767,272). See Corporate Matters 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 on 12 July 2021.

c) Change in Presentation Currency

The Directors have elected to change AXP's presentation currency from Australian dollars ('*AUD'* or 'A$') to United States dollars ('*USD'* or 'U$') 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.

d) 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 $1,000,000 in October 2020, an additional payment of $450,000 in April 2021, and made a final payment of $450,000 in October 2021. Control was obtained on 1 October 2021 and the Trey operating results have been included in the Group operating results from this date. See Note 30 for further details regarding the Trey acquisition.

Environmental Regulations

The Group is subject to significant environmental regulations under federal, state and local laws in the areas within which it operates in the USA. After the reporting period, the Group Board was advised by management that an audit performed by a statutory environmental regulatory body in Colorado has found that certain historical emissions reporting requirements have not been fully complied with during calendar years 2020-2021. Management is now working closely with the authority to rectify, as far as possible, the reporting deficiencies. Notwithstanding management's ability to rectify the reporting deficiencies, either partially or entirely, the authority may impose a fine on the Company. The anticipated fine is not expected, at the reporting date, to be material.

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:

- On 16 September 2022 the Company announced the promotion of Mr Bradley Mervis (previously General Manager – Finance) to Chief Financial Officer, effective 16 September 2022;
- On 19 September 2022 the Company announced a change of its Australian corporate and registered address to Level 4, 8 Spring Steet, Sydney NSW 2000.

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. The Company did not grant any Performance Rights under the Performance Rights Plan to Executives during the reporting period (2021: 48,780,488 Performance Rights were granted).

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. Performance rights are valued using the share price at the date of grant.

The Board's intention is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board 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 A$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	2022	2021 Restated*	2020 Restated*	2019 Restated*	2018 Restated*
Basic EPS (US$)	0.01 cents	0.10 cents	(0.36) cents	(0.20) cents	(1.58) cents
Net profit/loss (US$)	606,945	4,064,607	(6,200,864)	(2,300,568)	(6,648,493)
Share Price	A0.40 cents	A0.30 cents	A0.40 cents	A0.90 cents	A0.60 cents

** Amounts have been restated into US$ from A$ as a result of the Group changing its presentational currency as previously described in this report.*

Remuneration Details

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

	POSITION HELD AT 30 JUNE 2022 AND CHANGES DURING PERIOD	DETAILS (DURATION & TERMINATION)
DIRECTORS		
Mr Simon Johnson	Non-executive Chairman	Retirement by rotation
Mr Stuart Middleton	Non-executive Director	Retirement by rotation
Mr Samuel Jarvis	Non-executive Director	Retirement by rotation
Mr Christian Paech	Non-executive Director (Appointed 1/1/2022)	Retirement by rotation
Mr Peter Crown	Non-executive Director	Resigned 12/10/2021
GROUP KEY EXECUTIVES		
Mr Tim Hart	President & CEO	N/A
Mr Russel Hamilton	VP and General Manager	N/A
Mr Lonny Haugen*	CFO	N/A

** The Group utilises the services of CFO Colorado, of which Mr Haugen is the owner, for accounting and taxation purposes. Mr Haugen resigned as CFO on 16 September 2022.*

There are no performance securities on issue during the reporting period.

2022	SHORT TERM BENEFITS		POST EMPLOYMENT	SHARE-BASED PAYMENTS			TOTAL [$]	%*
	A [$]	B [$]	C [$]	D [$]	E [$]	F [$]		
DIRECTORS								
Mr Simon Johnson	43,548	-	4,355	-	-	-	47,903	-
Mr Stuart Middleton	39,193	-	3,919	-	-	-	43,112	-
Mr Samuel Jarvis	39,193	-	3,919	-	-	-	43,112	-
Mr Christian Paech[1]	21,774	-	2,177	-	-	-	23,951	-
Mr Peter Crown[2]	10,064	73,839	-	-	-	-	83,903	-
GROUP KEY EXECUTIVES								
Mr Tim Hart	180,000	-	-	-	-	-	180,000	-
Mr Russel Hamilton	129,344	-	-	-	-	-	129,344	-
Mr Lonny Haugen[3]	-	-	-	-	-	-	-	-
TOTAL	**463,116**	**73,839**	**14,370**	**-**	**-**	**-**	**551,325**	**-**

2021	SHORT TERM BENEFITS		POST EMPLOYMENT	SHARE-BASED PAYMENTS			TOTAL [$]	%*
	A [$]	B [$]	C [$]	D [$]	E [$]	F [$]		
DIRECTORS								
Mr Simon Johnson	8,355	-	793	-	-	-	9,148	-
Mr Stuart Middleton	35,806	-	3,402	-	-	-	39,208	-
Mr Samuel Jarvis	35,806	-	3,402	-	-	109,165	148,373	74%
Mr Peter Crown[2]	35,806	-	-	-	-	109,165	144,971	75%
GROUP KEY EXECUTIVES								
Mr Tim Hart	124,796	-	-	218,576	-	-	343,372	64%
Mr Russel Hamilton	61,547	-	-	-	-	-	61,547	-
Mr Lonny Haugen[3]	-	-	-	-	-	-	-	-
TOTAL	**302,116**	**-**	**7,597**	**218,576**	**-**	**218,330**	**746,619**	

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

1 *Mr Paech was appointed 1 January 2022.*

2 *Mr Crown (resigned 12 October 2021) earned $10,064 director fees and a 2022 dispute settlement of $73,839 (included as part of share issue costs). 2021 earnings of $144,971 are $35,806 of director fees and $109,165 of success fees issued in stock. Mr Crown's payments were made to Resilient Investment Group.*

3 *Mr Haugen's salary and fees $0 (2021: 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 2022 were $339,224 (2021: USD $162,736). CFO Colorado is owed as at 30 June 2022 $46,377 (2021: $31,779) in fees. Mr Haugen resigned as CFO on 16 September 2022.*

All non-executive directors enter into a service agreement with the company in the form of a letter of appointment. 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. The chairman receives an annual director fee of A$72,000 (from 1 January 2022), previously A$48,000 per annum. The other non-executive directors receive an annual director fee of A$60,000 (effective 1 January 2022), previously A$48,000 per annum.

Share-based Compensation

In 2021, the directors received 97,560,976 shares amounting to $218,330 in success fees in relation to fund raising and restructuring convertible note conversion but received no performance rights. In 2021, Mr Hart also received 48,780,488 of performance rights totalling $218,576.

No performance rights or options were issued as remuneration to Directors or KMPs for the year ended 30 June 2022.

Shares Provided on Exercise of Remuneration Options

No options were exercised by directors or KMP during the year ended 30 June 2022, nor during the year ended 30 June 2021. Mr Hart exercised his 48,780,488 performance rights during the year, converting them each to one fully paid ordinary share at $Nil exercise price.

Director and KMP Shareholdings

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

2022	BALANCE 1 Jul 2021	EXERCISE OF RIGHTS	PURCHASED	SOLD	BALANCE 30 Jun 2022
DIRECTORS					
Mr S Johnson	-	-	-	-	-
Mr S Middleton	31,808,507	-	-	-	31,808,507
Mr S Jarvis	187,806,855	-	-	-	187,806,855
Mr C Paech[1]	-	-	-	-	-
Mr P Crown[2]	-	-	-	-	-
SUB-TOTAL	**219,615,362**	**-**	**-**	**-**	**219,615,362**
GROUP KEY EXECUTIVES					
Mr Tim Hart	22,968,877	48,780,488	10,000,000	-	81,749,365
Mr Russell Hamilton	-	-	-	-	-
Mr L Haugen	4,861,447	-	-	-	4,861,447
SUB-TOTAL	**27,830,324**	**48,780,488**	**10,000,000**	-	**86,610,812**
TOTAL	**247,445,686**	**48,780,488**	**10,000,000**	**-**	**306,226,174**

1 *Mr Paech appointed 1 January 2022.*

2 *Mr Crown resigned as Non-executive Director on 12 October 2021.*

2021	BALANCE 1 Jul 2020	GRANTED AS REUMENERTAION	PURCHASED	SOLD	BALANCE 30 Jun 2021
DIRECTORS					
Mr S Johnson	-	-	-	-	-
Mr S Middleton	22,683,507	-	9,125,000	-	31,808,507
Mr S Jarvis[1]	109,026,367	48,780,488	30,000,000	-	187,806,855
Mr P Crown[1,2]	109,414,876	48,780,488	-	(158,195,364)	-
SUB-TOTAL	**241,124,750**	**97,560,976**	**39,125,000**	**(158,195,364)**	**219,615,362**
GROUP KEY EXECUTIVES					
Mr Tim Hart	22,968,877	-	-	-	22,968,877
Mr Russell Hamilton	-	-	-	-	-
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 *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.*

2 *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.*

KMP Option Holdings

Directors and Key Management Personnel have no listed or unlisted options during the year ended 30 June 2022, nor during the year ended 30 June 2021.

KMP Performance Rights Holdings

2022	BALANCE (VESTED and EXERCISABLE) 1 Jul 2021	GRANTED AS REMUNERATION	RIGHTS EXERCISED	BALANCE (VESTED AND EXERCISABLE) 30 Jun 2022
DIRECTORS				
Mr S Johnson	-	-	-	-
Mr S Middleton	-	-	-	-
Mr S Jarvis	-	-	-	-
Mr P Crown	-	-	-	-
GROUP KEY EXECUTIVES				
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)**	**-**

2021	BALANCE 1 Jul 2020	GRANTED AS REMUNERATION	RIGHTS EXERCISED	BALANCE (VESTED AND EXERCISABLE) 30 Jun 2021
DIRECTORS				
Mr S Johnson	-	-	-	-
Mr S Middleton	-	-	-	-
Mr S Jarvis	-	-	-	-
Mr P Crown	-	-	-	-
GROUP KEY EXECUTIVES				
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**

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.

2022 Performance Rights

Mr Hart exercised his performance rights and 48,780,488 shares were issued.

2021 Performance Rights

KMP performance rights of 48,780,488 were issued to Mr Hart on 1 July 2020 at A$0.006 amounting to $218,576 for meeting four of four targets in the 2021 plan. The performance rights are vested but unissued as at 30 June 2021 as conversion to ordinary shares is at the discretion of the recipient. 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.

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 and exercised during the year

As of 30 June 2022 and the date of this report, there were 211,778,999 Unlisted Placement Options exercisable on payment of A$0.005 per option, expiring 20 April 2023 - due to applicants as a result of the 18 December 2020 issue (1 free attaching option for every 2 shares subscribed).

95,000,000 Unlisted Broker options granted 20 October 2021 at A$0.005 per option expiring 20 October 2023 (24 months after issue) have been issued in settlement of a fee for services. The options have been valued at $51,221, being the fair value of the serviced received.

During the year, 1,084,887,666 options with an average weighted exercise price of $0.002 per share were exercised, raising proceeds of $2,531,046.

See Note 25 and Note 34 for further information.

Unissued Performance Shares

Unissued performance rights of 12,500,000 (granted 9 April 2021) as of 30 June 2022. As of the date of this report 12,500,000 performance rights remain unissued.

Non-Audit Services

Only audit and review services were performed by the auditors during the fiscal year ended 30 June 2022.

Rounding

The company is 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 September 2022

AUDITOR'S INDEPENDENCE DECLARATION

(overleaf)

PITCHER PARTNERS

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

In relation to the independent audit for the year ended 30 June 2022, 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 September 2022

CONSOLIDATED PROFIT & LOSS AND OTHER CONSOLIDATED INCOME

CONSOLIDATED GROUP	Note	2022 $	2021 $ Restated
Revenue	5	20,752,162	4,240,354
Transportation, gathering and compression		(7,208,978)	(1,646,578)
Production and ad valorem taxes		(720,556)	(172,128)
Lease and field operating expense		(5,326,615)	(1,580,039)
Depreciation, depletion, and amortisation	6	(1,915,654)	(711,517)
Other expenses	6	(4,193,019)	(1,864,352)
Impairments	6	(146,629)	(207,404)
Finance costs	6	(737,528)	(395,744)
Other gains	6	14,851	44,171
Discount from acquisition	30	-	6,184,844
Profit before Income Tax		**518,034**	**3,891,607**
Income Tax Benefit	7	88,991	173,000
Profit for the Year		**606,945**	**4,064,607**
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss:			
Exchange rate differences on translation of foreign operations		(155,655)	(138,961)
Other Comprehensive (Loss) for Year Net of Tax		**(155,665)**	**(138,961)**
Total Comprehensive Income for Year		**451,290**	**3,925,646**
Profit for the Year Attributable to:			
Members of the parent entity		606,945	4,064,607
		606,945	**4,064,607**
Total Comprehensive Income Attributed to:			
Members of the parent entity		451,290	3,925,646
		451,290	**3,925,646**
Earnings per Share for Profit / (Loss) from Continuing Operations:			
Basic earnings per share	10	0.01 cents	0.10 cents
Diluted earnings per share	10	0.01 cents	0.08 cents

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	30 June 2022 US$	30 June 2021 US$ Restated	30 June 2020 US$ Restated
Current Assets				
Cash and cash equivalents	11	3,386,466	1,043,020	890,638
Trade and other receivables	12	2,529,543	1,987,844	8,630
Oil in tank inventory	13	249,290	292,785	-
Other current assets	14	765,054	2,212,204	-
Total Current Assets		**6,930,353**	**5,535,853**	**899,268**
Non-Current Assets				
Property, plant and equipment	15	757,600	318,857	80,165
Development and producing assets	16	13,149,686	12,026,959	1,489,943
Exploration and evaluation assets	17	7,917,824	7,737,913	7,846,883
Right of use assets	18	1,119,127	1,474,830	-
Deferred tax assets	7	150,550	-	-
Other assets	14	559,360	365,002	335,528
Total Non-Current Assets		**23,654,147**	**21,923,561**	**9,752,519**
Total Assets		**30,584,500**	**27,459,414**	**10,651,787**
Current Liabilities				
Trade and other payables	20	5,587,308	5,178,618	2,694,019
Lease liability	18	413,906	413,906	-
Asset retirement obligation	21	373,381	325,726	-
Shares to be issued	22	-	7,500	287,746
Financial liabilities	23	92,792	-	2,316,252
Deferred revenue	24	153,000	204,000	-
Total Current Liabilities		**6,620,387**	**6,129,750**	**5,298,017**
Non-Current Liabilities				
Other long-term liabilities	20	4,454	-	16,100
Financial liabilities	23	532,004	275,549	-
Lease Liability	18	761,823	1,077,376	-
Asset retirement obligation	21	5,987,537	6,069,811	913,583
Deferred tax liability	7	-	-	173,000
Deferred revenue	24	-	140,454	-
Total Non-Current Liabilities		**7,285,818**	**7,563,190**	**1,102,683**
Total Liabilities		**13,906,205**	**13,692,940**	**6,400,700**
Net Assets		**16,678,295**	**13,766,474**	**4,251,087**
Equity				
Issued capital	25	90,376,981	87,767,272	82,315,303
Reserves	26	282,247	587,080	588,269
Accumulated losses		(73,980,933)	(74,587,878)	(78,652,485)
Total Equity		**16,678,295**	**13,766,474**	**4,251,087**

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
	$	$	$	$	$	$
Balance at 30 June 2020 (Restated)	**82,315,303**	**118,144**	**-**	**470,125**	**(78,652,485)**	**4,251,087**
Profit for the year	-	-	-	-	4,064,607	4,064,607
Movement in FX reserve	-	-	-	(138,961)	-	(138,961)
Total comprehensive income / (loss)	-	-	-	**(138,961)**	**4,064,607**	**3,925,646**
Shares issued during the year	2,872,586		-	-	-	2,872,586
Conversion	2,724,536	(118,144)	-	-	-	2,606,392
Share issue costs	(145,153)		-	-	-	(145,153)
Performance rights issued during year	-	-	255,916	-	-	255,916
Balance at 30 June 2021 (Restated)	**87,767,272**	**-**	**255,916**	**331,164**	**(74,587,878)**	**13,766,474**
Profit for the year	-	-	-	-	606,945	606,945
Movement in FX reserve	-	-	-	(155,655)	-	(155,655)
Total comprehensive income / (loss)	-	-	-	**(155,655)**	**606,945**	**451,290**
Shares issued during the year	2,531,046		-	-	-	2,531,046
Share issue costs	(139,913)		-	-	-	(139,913)
Options issued during the year	-	-	51,221	-	-	51,221
Performance rights issued during year	-	-	18,177	-	-	18,177
Conversion of Performance rights	218,576		(218,576)	-	-	-
Balance at 30 June 2022	**90,376,981**	**-**	**106,738**	**175,509**	**(73,980,933)**	**16,678,295**

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	2022 $	2021 $ Restated
Cash Flow from Operating Activities			
Receipts from customers		19,314,218	4,284,681
Payments to suppliers and employees		(15,971,760)	(4,823,978)
Interest received		219	1,766
Interest paid		(108,648)	(42,189)
Net cash generated by/(used in) operating activities	29	**3,234,029**	**(579,720)**
Cash Flow from Investing Activities			
Cash received on acquisition. of AXP Energy, Inc.		-	2,377,086
Payment arising on final settlement of AXP Energy, Inc.		-	(1,021,883)
Payments for Trey acquisition		(546,838)	(1,781,063)
Payments for Kentucky Exploration JV interest	30	(44,070)	-
Payments for exploration and evaluation activities		(925,246)	(369,574)
Payments for development and producing activities		(754,731)	(99,626)
Payments for property, plant and equipment		(271,463)	(78,208)
Proceeds from disposal of property, plant and equipment		209,144	-
Loans to joint venture investment		(20,557)	(65,184)
Payments for security deposits and bonds		(316,989)	(290,000)
Net cash used in investing activities		**(2,670,750)**	**(1,328,452)**
Cash Flow from Financing Activities			
Proceeds from borrowings		-	-
Repayment of borrowings		(287,619)	(124,212)
Principal payment for lease liabilities		(315,553)	(73,715)
Proceeds of issue of shares		-	2,337,023
Proceeds from exercise of options		2,531,128	7,500
Receipt for shares to be issued		-	7,500
Share issue costs		(139,963)	(166,347)
Net cash provided by financing activities		**1,787,993**	**1,987,749**
Net increase in cash held		2,351,272	79,577
Cash at the beginning of the year		1,043,020	890,638
Effects of exchange rate changes on cash & cash equivalents		(7,826)	72,805
Cash at the end of the year	11	**3,386,466**	**1,043,020**

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. Significant 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 2022 was authorised for issue in accordance with a resolution of the Directors on 29 September 2022.

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

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

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 2021 except for the change in presentation currency.

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 39 for further details regarding the change in presentation currency.

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

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 30 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 and royalty interests.

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 Non-Financial 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 in joint arrangements 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.

As at balance date, following the acquisition of the remaining 50% in the Kentucky Exploration joint venture, the Group only holds interests in joint operations.

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.

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.

j) Leases

(i) Right-of-use Assets

The Group's right of use assets comprises compressor stations located in the Appalachian Basin, US head office located in Lexington, KY and a field office in Coldiron, KY.

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.

k) 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 parent entity's functional currency is A$, while its subsidiaries have a US functional currency. The consolidated financial statements are presented in US$. This is a change from the prior year, when the financial report was presented in A$. Refer to note 39 for further information.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates ruling at the date of the transaction. The average foreign exchange rate for 12 months ended 30 June 2022 was 1.3778 (2021: 1.3405) Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the year-end exchange rate. The closing exchange rate as at 30 June 2022 was 1.4516 (2021: 1.333).

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 the Group's US$ functional subsidiaries 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.

l) 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.

m) 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 determined 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. For equity-settled share-based payment transactions related to goods or serviced received, the group shall measure the goods or services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless that fair value cannot be estimated reliably.

n) 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.

o) 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.

p) 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.

q) 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.

r) 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. When options or performance rights are exercised, any amounts previously included in reserves for these instruments, are subsequently transferred to Issued Capital.

s) 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.

t) Comparative Figures

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

u) 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.

v) 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.

w) 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 acquiree, 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. Fair value less costs of disposal 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.

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 have 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 statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

The Group made a profit for the year after tax of $606,945 (2021: $4,064,607 profit) and incurred a net cash inflow from operating activities of $3,234,029 (2021: $579,720 outflow). Additionally, the Group had a working capital surplus of $309,966 as of 30 June 2022 (2021: $593,897 deficit).

The Group's ability to continue as a going concern is dependent on the continued generation of cash from operations, continued strength in energy commodity prices, the sufficiency of current cash reserves to meet existing obligations, continued workover of existing wells and general field development and, if required, the ability to raise capital.

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:

Statement of financial position	2022 $	2021 $ Restated
Total current assets	1,308,111	121,573
Non-current assets excl. inter-company receivables	-	267,653
Non-current inter-company receivables[(i)]	15,570,164	14,016,329
Total assets	**16,878,275**	**14,405,555**
Total current liabilities	199,980	268,337
Total non-current liabilities	-	370,745
Total liabilities	**199,980**	**639,082**
Net assets	**16,678,295**	**13,766,473**
Share capital	90,376,981	87,767,272
Reserves excluding foreign currency	106,738	255,916
Foreign currency reserve	(18,571,877)	(17,196,504)
Accumulated losses	(55,233,547)	(57,060,211)
Total equity	**16,678,295**	**13,766,473**
Statement of profit or loss and other comprehensive income		
Profit for the year after tax	1,826,664	3,427,505
Total comprehensive income	**1,826,664**	**3,427,505**

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

The parent entity has not provided any financial guarantees on behalf of its subsidiary. In the prior year, the parent entity accounted for its joint venture interest at cost. The parent entity did not have any contingent liabilities as at 30 June 2022 (2021: Nil). The parent entity had no contractual commitments as at 30 June 2022 (2021: Nil).

NOTE 5 – REVENUE

From continuing operations:

	2022 $	2021 $ Restated
Gas	8,834,077	2,254,449
Oil	6,536,882	1,257,214
Natural Gas Liquids (NGL)	5,251,255	571,016
Other revenue	129,948	157,675
Total revenue from operations	**20,752,162**	**4,240,354**

Gas, oil and NGL revenues is comprised of revenue from contracts with customers. Revenue is recognised at point in time. Refer to note 27 for disaggregation of revenue from contracts with customers based on geographic basins.

NOTE 6 – PROFIT FROM CONTINUING OPERATIONS

Profit before income tax has been determined after:

	2022 $	2021 $ Restated
Depreciation, depletion, and amortisation:		
Depreciation of plant and equipment	468,689	137,606
Depletion	1,432,225	572,143
Amortisation of plant and equipment	14,740	1,768
	1,915,654	**711,517**
Other expenses:		
Share based payments (see Note 34)	69,366	473,956
Director fees	153,772	135,368
Payroll and employee benefits	2,102,477	354,646
Superannuation	30,794	8,532
Professional fees	1,887,921	718,425
Regulatory compliance – DJ Basin	173,963	9,310
Administrative and corporate expenses	623,795	202,973
Other expenses	181,641	102,643
Overhead recovery from outside interests (non-operators)	(1,030,710)	(141,501)
	4,193,019	**1,864,352**
Impairments:		
Well assets (see Note 17)	-	207,343
Financial assets (see Note 19)	146,629	61
	146,629	**207,404**
Finance costs		
Accretion (see Note 21)	513,703	207,469
Interest expense	223,825	188,275
	737,528	**395,744**
Other gains		
Interest income	(351)	(1,871)
Gain on disposal of plant and equipment	(14,500)	-
Other income	-	(42,300)
	(14,851)	**(44,171)**

NOTE 7 – INCOME TAX EXPENSE / BENEFIT

	2022 $	2021 $ Restated
(a) The components of income tax expense / (benefit) comprise:		
Current Tax	30,566	-
Current Tax – return to provision	31,073	
Deferred Tax	(150,550)	(173,000)
	(88,911)	**(173,000)**
(b) The prima facie tax benefit on loss from ordinary activities is reconciled to the income tax as follows:		
Net Gain	518,034	3,891,607
Prima facie tax benefit on loss from ordinary activities before income tax at 25% (2021: 30%)	129,509	1,167,482
- Differences in tax rate for US	0	(223,395)
- Other allowable / (non-allowable) items		
- Impairment and write down	36,657	62,221
- Amortisation and depreciation	18,087	41,920
- Gain on sale of investment (tax impact only)	159,495	-
- US percentage depletion (IRC section 613)	(690,669)	-
- Return to provision true-ups	120,807	-
- Share based payment	17,342	142,187
- Bargain purchase gain	-	(1,855,453)
Tax effect of tax losses and temporary differences not brought to account as they do not meet the recognition criteria	119,861	665,038
Income tax attributable to operating profit	**(88,911)**	**-**

	2022 $	2021 $ Restated
(c) Deferred tax balances		
Deferred tax assets comprise:		
Allowance for doubtful debts	8,629	-
Asset retirement obligations – provision	1,472,012	-
Lease liabilities	294,522	-
Development and producing assets - depletion	98,216	-
Total deferred tax assets	1,873,379	-
Deferred tax liabilities comprise:		
Development and producing assets	1,344,833	-
Right of use assets	369,447	-
Property plant and equipment	8,549	-
Total deferred tax liabilities	1,722,829	-
Net deferred tax asset	**150,550**	**-**
(d) Unused tax losses and temporary differences for which no deferred tax asset has been recognised:		
- In Australia at 25% (2021: 30%)	3,366,778	4,414,757
- In USA at 25%	2,299,026	2,050,407
	5,665,804	6,465,164
(e) Deferred tax asset arising from temporary differences:		
- In USA at 25%	150,550	-
	150,550	**-**

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 2022.

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

	2022 $	2020 $ Restated
Short term employee benefits	463,116	302,116
Other benefits (see Note 32)	73,839	-
Post-employment benefits	14,370	7,597
Share based payments	-	436,906
	551,325	**746,619**

NOTE 9 – AUDITOR'S REMUNERATION

	2022 $	2021 $ Restated
Remuneration of auditor of consolidated Group for:		
Grant Thornton, Australia – interim review	-	54,037
Pitcher Partners BA&A Pty Ltd – audit and review of the Group's annual and interim financial reports(1)	239,407	121,591
	239,407	**175,628**

(i) Pitcher Partners were appointed auditors on 22 June 2021, following approval by shareholders on 28 January 2022.

No services other than audit services were performed by the auditors during the fiscal years ended 30 June 2022 or 30 June 2021.

NOTE 10 – EARNINGS PER SHARE & DILUTED EARNINGS PER SHARE

	2022 $	2021 $ Restated
Earnings used in calculating diluted earnings per share	606,945	4,064,607
	No of Shares	**No of Shares**
Weighted average number of ordinary shares used in calculating basic EPS	5,452,667,009	4,002,576,180
Effect of dilutive securities:		
Share options	306,778,999	1,009,166,665
Adjusted weighted average number of ordinary shares used in calculating diluted EPS	**5,759,446,008**	**5,011,742,845**
Basic EPS	0.01 cents	0.10 cents
Diluted EPS	0.01 cents	0.08 cents

Refer to Note 25 for option details.

NOTE 11 – CASH AND CASH EQUIVALENTS

	2022 $	$	2021 $ Restated
Cash at bank and on hand	3,386,466		1,043,020

The effective annual interest rate on cash at bank was 0.02% (2021: 0.19%) per annum.

NOTE 12 – TRADE AND OTHER RECEIVABLES

	2022	2021
	$ $	Restated
Trade receivables		
Customers	2,288,794	1,585,906
Other receivables		
Joint interest billings (JIB)	269,407	572,675
Expected credit allowance - JIB	(34,448)	(179,744)
GST Receivable	5,790	9,007
	2,529,543	**1,987,844**

	2022	2021
	$	$ Restated
Loss allowance at beginning of period	(179,744)	-
Recognised on acquisition	-	(559,464)
Decrease from write-off of pre-acquisition receivable	145,296	352,217
Decrease from derecognition	-	27,503
Loss allowance at end of period	**(34,448)**	**(179,744)**

The Group uses its historical experience, external indicators, and forward-looking information to calculate the expected credit losses using a provision matrix. The Group assesses impairment of trade receivables on a collective basis as they possess credit risk characteristics based on the days past due. There was a $34,448 credit loss allowance for AXP Energy, Inc. joint interest billing receivables as at 30 June 2022 (2021: $179,744 credit loss allowance). 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

	2022	2021
	$	$
	$	Restated
Oil in tank	249,290	292,785

Oil in tank is calculated using the lower of cost or market method and is included at cost as at 30 June 2022 and 30 June 2021. Adjustments to oil in tank inventory are recorded as lease and field operating expense in the profit or loss.

NOTE 14 – OTHER ASSETS

	2022	2021
	$	$
		Restated
Other current assets		
Bond deposits	431,508	431,565
Other deposits	135,833	-
Prepaid expense and other[i]	197,713	1,780,639
	765,054	2,212,204
Other non-current assets		
Bond deposits	534,360	340,000
Other deposits	25,000	25,002
	559,360	**365,002**

(i) 30 June 2022 includes general prepayments. During financial year 2021, 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. AXP made an initial payment of $1,000,000 in October 2020, an additional payment of $450,000 in April 2021, and made a final payment of $450,000 in October 2021. It was determined that AXP did not have control over the Trey assets as of 30 June 2021 and therefore the acquisition was classified as a prepayment until the final payment was made in October 2021. The $1,450,000 initial payments and the revenue and expenditures associated with these assets since October 2020 were recorded as a net prepayment of $1,670,000 as of 30 June 2021. AXP controlled the Trey assets after the final payment was made and now includes these as part of Development and Producing Assets.

NOTE 15 – PROPERTY, PLANT AND EQUIPMENT

	2022 $	2021 $ Restated
Plant and equipment:		
- At cost	1,227,947	638,549
- Less: Accumulated depreciation	(470,347)	(319,692)
	757,600	**318,857**

Refer to Note 23 for details surrounding additions in the year as a result of finance lease arrangements.

Movement in Property, Plant and Equipment at Cost

	2022 $	2021 $ Restated
Plant and equipment:		
Opening cost	638,549	365,697
Purchase of Kentucky Ex. JV interest additions	9,167	-
AXP Energy, Inc. acquisition land additions	-	194,644
Additions	774,875	78,208
Assets sold during period	(194,644)	-
	1,227,947	**638,549**

Movement in Property, Plant and Equipment Accumulated Depreciation

	2022 $	$ 2021 Restated
Plant and equipment:		
Opening: Accumulated depreciation	(319,692)	(288,380)
Depreciation	(150,655)	(31,312)
Assets sold during period	-	-
Closing Accumulated depreciation	**(470,347)**	**(319,692)**

NOTE 16 – DEVELOPMENT AND PRODUCING ASSETS

	2022 $	2021 $ Restated
Producing assets at cost	16,167,901	13,701,203
Accumulated depletion	(3,018,215)	(1,674,244)
	13,149,686	**12,026,959**

Movement in Carrying Amounts

	2022 $	2021 $ Restated
Balance at beginning of year	12,026,959	1,489,943
AXP Energy, Inc. acquisition development additions(i)	-	11,009,000
Trey asset acquisition additions (see Note 30)	2,295,774	-
Purchase of Kentucky Exploration interest (Note 30)	58,133	-
Other asset additions	754,732	132,084
Transfer from exploration and evaluation assets	62,063	-
Asset retirement obligation changes	(615,749)	(31,925)
Depletion expense	(1,432,226)	(572,143)
Balance at end of year	**13,149,686**	**12,026,959**

(i) AXP Energy, Inc. asset additions during the year ended 30 June 2021 are associated with the acquisition of AXP Energy, Inc. on 26 February 2021 as disclosed in the annual report for 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 2022 and 30 June 2021.

NOTE 17 – EXPLORATION AND EVALUATION ASSETS

	2022 $	2021 $ Restated
Exploration and evaluation assets at cost	7,917,824	7,737,913

Movement in Carrying Amounts:

	2022 $	2021 $ Restated
Balance at beginning of year	7,737,913	7,846,883
Additions	241,974	98,373
Transfer to development and producing assets	(62,063)	-
Exploration expenditure impairment	-	(207,343)
Balance at end of year	**7,917,824**	**7,737,913**

Impairment

No impairment was deemed necessary during the full year ended 30 June 2022.

During the prior year, the Group impaired exploration and evaluation asset balances, totaling $207,343, as follows:

- Workover costs of $34,343 allocated to Niobrara formation; and
- $173,000 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 2022 and 30 June 2021, the Group's exploration and evaluation assets relate to the Denver Julesburg area of interest.

NOTE 18 – LEASE ASSETS AND LIABILITIES

	2022 $	2021 $ Restated
Lease assets		
Carrying amount of lease assets	1,119,127	1,474,830
Office buildings under lease arrangements		
At cost	439,406	439,406
Accumulated depreciation	(167,299)	(42,602)
	272,107	396,804
Equipment		
At cost	1,143,486	1,143,486
Accumulated depreciation	(296,466)	(65,460)
	847,020	1,078,026
Total carrying amount of leases	**1,119,127**	**1,474,830**
Reconciliation of the carrying amount of lease assets at beginning and end of the financial year:		
Carrying amount at beginning of period	1,474,830	-
AXP Energy, Inc. acquisition right of use asset additions	-	1,582,892
Depreciation	(355,703)	(108,062)
Carrying amount at end of period	**1,119,127**	**1,474,830**
Lease liabilities		
Current lease liabilities	413,906	413,906
Non-current lease liabilities	761,823	1,077,376
Total carrying amount of lease liabilities	**1,175,729**	**1,491,282**
Lease expenses and cash flows		
Interest expense on lease liabilities	89,185	34,347
Expense relating to leases of 12-months or less for which a lease liability has not been recognised	81,324	85,914
Depreciation expense on lease assets	355,703	108,062
Total cash outflow in relation to leases	404,738	163,081

NOTE 19 – 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.

Commitments associated with Joint Operations are included within Note 33 of this financial report.

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. Accordingly, Kentucky Exploration LLC became consolidated into AXP Energy Inc as of 30 November 2021. Following the acquisition, the Group only holds interests in joint operations.

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 former joint venture was:

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

Following the Group's acquisition of the remaining 50% interest, the principal place of business relocated to the principal place of the business of the Group's joint operations (above).

KENTUCKY EXPLORATION LLC JOINT VENTURE	2022 $ (Through 30 Nov. 2021)	2021 $
Sales and other operating revenues	61,274	99,548
Operating and other expenses	(217,565)	(147,407)
Reversal of loan impairment on loan amounts due	200,463	-
Profit/(Loss) before taxation	**44,172**	**(47,859)**
Taxation	-	-
Profit/(Loss) for the year	**44,172**	**(47,859)**
Interest profit/(loss) for the year	**-**	**-**
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**
Net Liabilities	**(2,023,408)**	**(2,079,317)**

There were 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 five months ended 30 November 2021 (termination of JV arrangement) and the twelve months ended 30 June 2021, loans of $147K and $108K, 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 November 2021 and 30 June 2021, respectively.

NOTE 20 – PAYABLES

	2022 $	2021 $ Restated
Current		
Trade payables(i)	2,210,085	2,382,783
Revenue payable(ii)	592,612	1,200,598
Other payables(iii)	2,763,131	1,573,757
Contingent liability(iv)	21,480	21,480
	5,587,308	**5,178,618**
Non-Current		
Other long- term liabilities(i)	4,454	-

(i) Trade payables are generally due within 30 days of invoice. $1,182,547 of trade payables are on a payment plan through which $454,291 is expected to be paid over the twelve months ending 30 June 2023, $408,500 is to be paid over the twelve months ending 30 June 2024, $285,182 is to be paid over the twelve months ending 30 June 2025 and the remaining $34,574 is due over the twelve months ending 30 June 2026.

(ii) Revenue payables include revenues held in suspense of $538,703 (2021: $506,318) 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 $21,480 for royalties.

NOTE 21 – ASSET RETIREMENT OBLIGATIONS

	2022 $	2021 $ Restated
Current	373,381	325,726
Non-current	5,987,537	6,069,811
	6,360,918	**6,395,537**
Beginning balance	6,395,537	913,583
AXP Energy, Inc. acquisition additions (i)	-	5,306,410
Trey asset acquisition additions (see Note 30)	189,166	-
Purchase of Kentucky Exploration JV interest (Note 30)	95,147	-
Accretion	513,703	207,469
Plugging and abandonment costs incurred	(216,886)	-
ARO changes	(615,749)	(31,925)
Ending Balance	**6,360,918**	**6,395,537**

(i) 2021 asset retirement obligation additions during the year ended 30 June 2021 are associated with the acquisition of AXP Energy, Inc. on 26 February 2021 as disclosed in the annual report for the year ended 30 June 2021.

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 11% (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. 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

	2022 $	2021 $ Restated
Common stock liability	-	7,500

As at 30 June 2021, AXP had an option exercise payment on hand of $7,500 for which shares had not been issued. The shares were issued during financial year ending 30 June 2022.

NOTE 23 – INTEREST BEARING LIABILITIES

	2022 $	2021 $ Restated
Current		
Working capital facility	18,925	-
Field vehicle / equipment financing	73,867	-
	92,792	**-**
Non-Current		
Borrowings	273,294	275,549
Field vehicle / equipment financing	258,710	-
	532,004	**275,549**

Working capital

The Company entered into an unsecured working capital facility of $500,000 from a private company at the greater of 6% per annum or US prime rate + 2.75% interest per annum. The facility is available to be drawn upon or repaid through 11 November 2023. $292,219 of the facility has been drawn upon as of 30 June 2022. The unused amount is $207,781.

Field Vehicle / Equipment Financing

Interest bearing liabilities for field vehicle / equipment pertain to seven trucks and one crawler being used in in AXP's Appalachian Basin. Total financed vehicles / equipment amounted to $332,577 as of 30 June 2022 and is to be paid over an average remaining life of 4 years.

NOTE 24 – OTHER LIABILITIES

Deferred Revenue

	2022 $	2021 $ Restated
Current	153,000	204,000
Non-current	-	140,454
	153,000	**344,454**

During the year ended 30 June 2022 AXP recognized revenue of $191,454. 9 months of deferred revenue remain as of 30 June 2022.

During the year ended 30 June 2021, 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 was recognised in the 2021. Revenue has been and will be recognised over 20 months from 1 July 2021.

NOTE 25 – ISSUED CAPITAL

a. Issued Capital

	No of Shares	30 June 2022 US$	No of Shares	30 June 2021 US$ Restated
Ordinary Shares				
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	-	-
Performance rights issued at A$0.006/share (nil cash consideration)	48,780,488	218,576	-	-
Options exercised at A$0.005/share	88,221,002	327,709	-	-
- Less: Cost of capital raising	-	(139,913)	-	(145,153)
AT THE END OF THE REPORTING PERIOD	**5,812,180,673**	**90,376,981**	**4,678,512,519**	**87,767,272**

b. Options

Unlisted	2022 Number	2021 Number
At the beginning of the reporting period	1,009,166,665	12,500,000
- Issued	395,000,000	999,999,998
- Exercised	(1,084,887,666)	(3,333,333)
- Expired	(12,500,000)	-
At the end of the reporting period	**306,778,999**	**1,009,166,665**

Options Outstanding by Class

Unlisted Options	2022 Number	2021 Number
- $0.045 expire 15 July 2021	-	12,500,000
- $0.003 expire 30 September 2021	-	846,666,665
- $0.003 expire 30 November 2021	-	150,000,000
- $0.005 expire 20 April 2023	211,778,999	-
- $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 year ended 30 June 2022 and 30 June 2021.

c. Convertible Notes

	2022 Number	2021 Number
At the beginning of the reporting period	-	432,142,856
- Issued 9 January 2020	-	-
- Converted 3 September 2020	-	(432,142,856)
At the end of the reporting period	**-**	**-**

During the year ending 30 June 2021, the Company's convertible note and accrued interest were converted to shares as per shareholder approval at the General Meeting held 31August 2020.

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.

	2022	2021
	$	$
		Restated
Total borrowings	624,796	275,549
Less: cash and cash equivalents	3,386,466	1,043,020
Net (cash) / debt	**(2,761,670)**	**(767,471)**
Total equity	16,678,295	13,766,474
Total capital	90,376,981	87,767,272
Gearing ratio	**3.75%**	**2.00%**

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

NOTE 26 – RESERVES

	2022	2021
	$	$
		Restated
Foreign currency reserve	175,509	331,164
Share based payment reserve	106,738	255,916
	282,247	**587,080**

Foreign Currency Reserve

This reserve is used to record foreign currency translation differences arising on the translation of the Group's Australian entity (the parent) into US dollars.

Share Based Payments Reserve

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

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**: 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**: 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 (new segment)**: Spread across Western Kentucky, these AXP assets total approx. 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 derived from customers whose revenue is greater than 10% of the Group's total revenue is $15,648,962 (2021: $2,922,491).

Revenue from customers whose revenue is greater than 10% of the Group's total revenue was generated by three customers in the Appalachian Basin segment during the year ended 30 June 2022 and 30 June 2021, respectively.

2022	Appalachian Basin	Illinois Basin	DJ Basin	All Other Segments (unallocated)	Total
	$	$	$	$	$
Segment revenue	18,499,718	1,532,994	719,450	-	20,752,162
Production costs	(11,368,653)	(1,636,853)	(250,643)	-	(13,256,149)
DD&A	(1,468,234)	(149,088)	(298,332)	-	(1,915,654)
Other expenses	(1,964,771)	(157,170)	(860,911)	(1,210,167)	(4,193,019)
Impairments	-	(112,415)	(34,214)	-	(146,629)
Finance costs	(544,933)	(42,913)	(145,155)	(4,527)	(737,528)
Other gains	14,500	-	99	252	14,851
Discount from acquisition	-	-	-	-	-
Total profit / (loss) before income tax	3,167,627	(565,445)	(869,706)	(1,214,442)	518,034
Income tax benefit	88,911	-	-	-	88,911
Total profit / (loss)	**3,256,538**	**(565,445)**	**(869,706)**	**(1,214,442)**	**606,945**
Total segment assets	**16,584,186**	**2,946,680**	**9,745,524**	**1,308,110**	**30,584,500**
Total segment liabilities excluding inter-company transactions	**11,139,980**	**100,511**	**2,465,734**	**199,980**	**13,906,205**

2021	Appalachian Basin	Denver-Julesburg Basin	All Other Segments	Total
	$ Restated	$ Restated	$ Restated	$ Restated
Segment revenue	3,833,320	407,034	-	4,240,354
Production costs	(3,216,537)	(182,208)	-	(3,398,745)
DD&A	(472,110)	(239,407)	-	(711,517)
Other expenses	(412,745)	(341,311)	(1,110,296)	(1,864,352)
Impairments	-	(207,343)	(61)	(207,404)
Finance costs	(209,537)	(38,785)	(147,422)	(395,744)
Other gains	-	1,765	42,406	44,171
Discount from acquisition	6,184,844	-	-	6,184,844
Total profit / (loss) before income tax	5,707,235	(600,255)	(1,215,373)	3,891,607
Income tax benefit	-	173,000	-	173,000
Total profit / (loss)	**5,707,235**	**(427,255)**	**(1,215,373)**	**4,064,607**
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 28 – CONTROLLED ENTITIES

	Country of Incorporation	Equity Holding	
		2022	**2021**
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%	100%
AXP Energy, Inc. (Formerly Magnum Hunter Production, Inc.)	USA	100%	100%
NGAS Gathering, LLC[1]	USA	100%	100%
Daugherty Petroleum ND Ventures, LLC[1]	USA	100%	100%

[1] 100% owned by AXP Energy, Inc.

NOTE 29 – CASH FLOW INFORMATION

	2022 $	2021 $ Restated
Profit from ordinary activities after income tax	606,945	4,064,607
Non-cash flows in loss from ordinary activities		
Share based payments	69,366	473,956
Third party invoices paid in shares	-	34,997
Loss on disposal of asset	-	-
Depreciation, Depletion, Amortisation	1,912,089	711,517
Accretion	513,703	207,469
Accrued interest expense	139,518	146,085
Impairment and write down	146,629	207,404
Foreign currency – non cash	(227,936)	(51,166)
Discount on acquisition	-	(6,184,844)
Changes in assets and liabilities		
Increase in receivables	(659,470)	(139,961)
Decrease in inventory	154,238	15,327
Increase in payables	946,383	139,643
Increase in deferred tax assets	(150,550)	-
Decrease in deferred tax liability	-	(173,000)
Decrease in asset retirement obligations	(216,886)	(31,754)
Cash flow from operations	**3,234,029**	**(579,720)**

Non-cash financing and investing activities

Share based payments in the Profit or Loss is $69,366 (2021: $473,956) and is comprised of performance rights ($18,145) and options ($51,221). Refer to Note 34 for further information.

During the year the Group financed the purchase of field vehicle / equipment, totaling $497,348. Refer to Note 23 for further information.

NOTE 30 – ACQUISITIONS

AXP Energy, Inc.

Finalisation of the AXP Energy, Inc Acquisition in 2022

The acquisition of AXP Energy, Inc 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 year ended 30 June 2022, this accounting was finalised with no further material adjustments to the acquisition accounting.

Acquisition of AXP Energy, Inc in 2021

On 26 February 2021, the Group obtained control of 100% of the business AXP Energy, Inc. (formerly Magnum Hunter Production, Inc. (MHP)) and thereby gained 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 $258,014, as follows:

Details of the purchase consideration:

	$
Purchase consideration (12 November 2020 investment)	(17,576)
Purchase consideration (26 February 2021)	275,590
Total purchase consideration	**258,014**

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 $352,217 reduction in the expected credit loss recognised on acquisition of $559,464 resulting from a settlement agreed post acquisition.

Provisional business combination accounting is as follows:

	26 February 2021
Fair value of Assets and liabilities acquired	**$**
Cash and cash equivalents	2,377,086
Trade and other receivables[1]	2,260,836
Other current assets	19,174
Oil in tank	317,334
Development and producing assets	11,009,000
Property, plant and equipment	194,644
Other assets - non current	15,000
Right of use assets	1,582,892
Trade and other payables	(4,417,872)
Contingent liabilities	(21,480)
Asset retirement obligation	(5,306,410)
Lease liabilities	(1,582,892)
Other payables – non-current	(4,454)
Net identifiable assets acquired	6,442,858
Discount on acquisition	**(6,184,844)**

[1] *Net of $559,464 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 to 30 June 2021, AXP Energy, Inc. has contributed revenue of $3,833,320 and loss after tax of $477,610 excluding the $6,184,844 discount on acquisition. Had the combination occurred from the beginning of the reporting period, revenue for the Group is estimated to have been $11,499,960 and loss after tax would have been $1,432,830 excluding the $6,184,844 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 $21,480 for what it believes to be the maximum exposure for two disputes with outside interest owners regarding royalties.

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 $1,900,000. $1,000,000 was paid upon execution of the agreement on 1 October 2021 and the remaining $900,000 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 $450,000 be paid in April 2021 and the final $450,000 be paid 1 October 2021. Interest was paid for the six months ending October 2021 in the amount of $6,750 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 $450,000 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:

	$
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 of $546,838 for Trey during the year ended 30 June 2022 is comprised of the final $450,000 payment made in October 2021 and prepayments (revenue and expense) of $96,838 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 $50,000. Payment was made in January 2022. 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 19).

Details of the purchase are as follows:

	$
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 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:

	2022	2021
	$	$
		Restated
Financial Assets		
Cash and cash equivalents	3,386,466	1,043,020
Trade and other receivables	2,529,543	1,987,844
Bonds	965,868	771,565
Other deposits	160,833	25,002
	7,042,710	**3,827,431**
Financial Liabilities		
Trade payables	2,210,085	2,382,783
Revenue suspense (see Note 20(ii))	538,702	506,318
Common stock liability	-	7,500
Lease liability	1,175,729	1,491,282
Borrowings	624,796	275,549
	4,549,312	**4,663,432**

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 Australian 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 through AUD holdings at the end of the reporting period was as follows:

	2022	2021
	$	$
		Restated
Cash and cash equivalents	1,279,198	96,119
Trade and other receivables	28,912	9,005
Trade and other payables	199,980	260,838

Foreign Currency Sensitivity

Based on the financial instruments held at fiscal year end, 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:

	2022 $	2021 $ Restated
Change in profit		
Improvement in AUD to USD by 10%	(121,017)	(125,261)
Decline in AUD to USD by 10%	121,017	125,261
Change in equity		
Improvement in AUD to USD by 10%	(121,017)	(125,261)
Decline in AUD to USD by 10%	121,017	125,261

Interest Rate Sensitivity Analysis

At fiscal year end, 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:

	2022 $	2021 $ Restated
Change in profit		
Increase in interest rate by 1% (2021: 1%)	22,147	10,002
Decrease in interest rate by 1% (2021: 1%)	(22,147)	(10,002)
Change in equity		
Increase in interest rate by 1% (2021: 1%)	22,147	10,002
Decrease in interest rate by 1% (2021: 1%)	(22,147)	(10,002)

Price Sensitivity Analysis

At fiscal year end, 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:

2022	**Gas** **$**	**Oil** **$**	**NGL** **$**	**Total** **$**
Change in profit				
Increase in average price by 5%	441,704	326,844	262,563	1,031,111
Decrease in average price by 5%	(441,704)	(326,844)	(262,563)	(1,031,111)
Change in equity				
Increase in average price by 5%	441,704	326,844	262,563	1,031,111
Decrease in average price by 5%	(441,704)	(326,844)	(262,563)	(1,031,111)

2021	**Gas** **$** Restated	**Oil** **$** Restated	**NGL** **$** Restated	**Total** **$** Restated
Change in profit				
Increase in average price by 5%	112,722	62,861	28,551	204,134
Decrease in average price by 5%	(112,722)	(62,861)	(28,551)	(204,134)
Change in equity				
Increase in average price by 5%	112,722	62,861	28,551	204,134
Decrease in average price by 5%	(112,722)	(62,861)	(28,551)	(204,134)

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.

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 had an A$300,000 ($217,740) unsecured finance facility from a private lender at 10% interest that expired 31 March 2022. The line had never been drawn upon.

The Company entered into an unsecured working capital facility of $500,000 with a private company at the greater of 6% per annum or US prime rate + 2.75% interest per annum. The facility is available until 11 November 2023. $292,219 of the facility has been drawn upon as of 30 June 2022. The unused amount is $207,781.

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
2022	**$**	**$**	**$**	**$**	**$**
Trade and other payables	4,648,213	210,839	728,256	5,587,308	5,587,308
Lease liabilities	207,677	208,423	870,901	1,287,001	1,175,729
Field vehicle / equipment financing	60,378	60,378	362,268	483,024	332,577
Working capital facility	21,300	21,300	281,075	323,675	292,219
	4,937,568	500,940	2,242,500	7,681,008	7,387,833
2021	**$** Restated	**$** Restated	**$** Restated	**$** Restated	**$** Restated
Trade and other payables	4,047,103	275,515	856,000	5,178,618	5,178,618
Lease liabilities	206,591	207,315	1,290,001	1,703,907	1,491,282
Working capital facility	-	-	292,083	292,083	275,549
	4,253,694	482,830	2,438,084	7,174,608	6,945,449

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:

a) Directors and executives

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

b) 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 $339,224 (2021: $162,736). Mr Lonny Haugen is President of CFO Colorado Accounting & Tax Services.

During the year ended 30 June 2022, $10,064 (2021:$35,806) of director fees earned by Peter Crown and a dispute settlement of $73,839 (included as part of share issue costs) 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.

	2022 $	2021 $ Restated
Due within one year	225,386	136,225
Due between 2 and 5 years	691,062	636,142
Due between 6 and 10 years	1,388,429	1,006,803
	2,304,877	**1,779,170**

Capital commitments for the fiscal year ended 30 June 2022 and 30 June 2021 include AXP Energy, Inc. abatement commitments.

NOTE 34 – SHARE BASED PAYMENTS

Performance Rights

Performance rights are valued with to the share price of AXP at their grant date. All performance rights convert to one fully paid ordinary share upon exercise, at a $Nil exercise price. The number of performance rights accrued during the financial year and the respective accruals, are as follows:

	2022 Number	2021 Number
Beginning of year	57,113,821	-
Issued	4,166,667	57,113,821
Exercised	(48,780,488)	-
End of year (vested)	**12,500,000**	**57,113,821**

Share based payments in the Profit or Loss is $69,366 (2021: $473,956) and is comprised of performance rights ($18,145) and options ($51,221) issued to a consultant for brokerage services provided.

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.

2022 Performance Rights

During the Financial Year ended 30 June 2022, 4,166,667 performance rights vested to an employee. The fair value of the Performance Rights at grant date was $18,145, determined with reference to the Company's share price at the time of their issue. This has been recognized as of 30 June 2022.

Mr Hart exercised his performance rights (as detailed below) and 48,780,488 shares were issued.

2021 Performance Rights

48,780,488 Performance Rights were issued to Key Management Personnel on 9 April 2021 at AUD $0.006 amounting to $218,576 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 performance deliverables.

In addition, during the fiscal year ended 30 June 2021, a further 12,500,000 of Performance Rights (granted 9 April 2021) were allotted to an employee with vesting conditions based similarly on internal targets (e.g. Monthly management reporting) within the control of the employee. The fair value of the Performance Rights at grant date was $56,010 (as issue price of AUD$0.004 per right), of which an amount of $37,400 (issued and vesting of 8,333,333 performance rights) was recognised as of 30 June 2021 with the remaining amount issued and vesting in 30 June 2022 financial year.

Options

95,000,000 Unlisted Broker options issued on 20 October 2021 at A$0.005 per option expiring 20 October 2023 (24 months after issue) have been issued in settlement of a fee for services. The options have been valued at $51,221, being the fair value of the serviced received.

NOTE 35 – CONTINGENT LIABILITIES

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

NOTE 36 – COVID-19 IMPACT

Whilst the impact to the Company's business due to Covid-19 moderated significantly in the reporting period, residual challenges remain. Demand for oil and gas in calendar year 2022 is expected to remain below pre-Covid levels. The Company continues to respond to the challenges associated with the remnants of the COVID-19 pandemic by continuing the process of bringing critical functions in-house and relying less on outside vendors to accomplish critical tasks that impact the business. This includes the finance function and some oil transport.

NOTE 37 – SUBSEQUENT EVENTS

The following matters or circumstances have arisen since the end of the financial year:

- On 16 September 2022 the Company announced the promotion of Mr Bradley Mervis (previously General Manager – Finance) to Chief Financial Officer, effective 16 September 2022;
- On 19 September 2022 the Company announced a change of its Australian corporate and registered address to Level 4, 8 Spring Steet, Sydney NSW 2000.

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 2020 financial statements:

	Reported $ 30 June 2020	Adjustment $	Restated $ 30 June 2020
Consolidated Statement of Comprehensive Income (extract)			
Depletion	(117,633)	(63,554)	(181,187)
Loss for the year	**(6,137,310)**	(63,554)	**(6,200,864)**
Exchange rate differences on translation of foreign operations	5,586	(2,989)	2,597
Total comprehensive loss for the year	**(6,131,724)**	(66,543)	**(6,198,267)**
Basic and diluted loss per share	(0.35) cents		(0.36) cents
Consolidated Statement of Financial Position (extract)			
Non–Current assets			
Development and producing assets	1,156,900	333,043	1,489,943
Exploration and evaluation assets	8,432,126	(585,243)	7,846,883
Total Non-Current Assets	**10,004,719**	(252,200)	**9,752,519**
Non-Current liabilities			
Asset retirement obligation	810,305	103,278	913,583
Total Non-Current Liabilities	**999,405**	103,278	**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**

NOTE 39 – 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 currency is a voluntary change that is accounted for retrospectively. The financial report has been restated to US$ using the procedures outlined below and the exchange rates as included in Note 1 k(ii) of this report:

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.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and accompanying notes, as set out on pages 25 to 80 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 2022 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 September 2022

INDEPENDENT AUDITOR'S REPORT

(overleaf)

PITCHER PARTNERS

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 2022, the consolidated statement of profit or loss and 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 2022 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.

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.

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
Asset Acquisition – Trey Exploration Inc. ("Trey") Refer to Notes 1(w) and 30 to the financial report.	
On 1 October 2021 ("Transaction Date"), the Group completed the acquisition of 100% of the working interest in certain oil and gas leaseholds and wells (the "Acquisition") operated by Trey Exploration Inc. Under the terms of the Acquisition agreement dated 1 October 2020 and amended in April 2021, the Group paid a total of USD$1,900,000, plus interest of USD$40,500 over the period from October 2020 to October 2021. 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 judgement in determining key assumptions and estimates. These include: • Whether or not the acquisition represents the definition of a business under AASB 3; • Determining the fair value of the consideration transferred, including any acquisition-date fair value of contingent consideration; and • Determining the fair value of assets acquired and any liabilities (including contingent liabilities) assumed in the Acquisition. Due to the significance to the Group's financial report and the level of judgement involved in the accounting for the Acquisition, we consider this to be a key audit matter.	Our procedures included, amongst others: Understanding and evaluating the design and implementation of relevant controls associated with the Acquisition of Trey. Reading the purchase agreements to understand key terms and conditions, including the date control was obtained over the acquired oil and gas leaseholds and wells held by Trey. Critically evaluating the Group's determination of the assets and liabilities acquired in the Acquisition. Checking the mathematical accuracy of the calculations performed for the Acquisition . Assessing the Group's disclosures within the financial report and the appropriateness, including consistency with the key assumptions and judgements made by management.

Revenue Recognition

Refer to Notes 1(c) and 5 to the financial report.

For the year ended 30 June 2022, the Group had revenue of USD$20,752,162 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, performance 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 collection for 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.

PITCHER PARTNERS

AXP ENERGY LIMITED
ABN 98 114 198 471

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

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 2022, the consolidated statement of financial position included a provision for such obligations of USD$6,360,918.

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 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 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 and the adopted future cost estimates for asset retirement obligations;
- considering the appropriateness of the discount rate and inflation rates applied to future cash outflows used in calculating the provision; and
- recalculating the Group's relevant interests from the total rehabilitation provision for each operating lease.

Assessing the adequacy of the disclosures included in Note 1(h) and Note 21 of the financial report.

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 2022, the Group's statement of financial position included developing and producing assets, totalling USD$13,149,686. 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 three cash cash generating units ("CGU"s) held by the Group, namely the Appalachian Basin, Illinois Basin, 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: Understanding and evaluating the design and implementation of the relevant controls associated with the recognition of developing and producing assets, including capitalisation of expenditure. Evaluating the Group's consideration of internal and external sources of information, including market conditions, in assessing whether any indicators 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. Comparing the carrying value as at 30 June 2022 to reports provided by management appointed experts in the prior year, updated by management for units of production and forecast assumptions for the current year. 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. Considering the appropriateness of the qualifications and experience of the management consultant appointed as the preparer and an expert in his field Assessing the adequacy of the disclosures included within Note 1(h) and Note 16 of 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
Capitalisation of exploration and evaluation expenditure Refer to Note 1(h) and 17 to the financial report.	
As at 30 June 2022, the Group held capitalised exploration and evaluation expenditure of USD$7,917,824. 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 judgements 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 Denver-Julesburg Basin. 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 indicators. Conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including: • Examining the Groups 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 • 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.

AXP ENERGY LIMITED
ABN 98 114 198 471

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 2022 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 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.

PITCHER PARTNERS

AXP ENERGY LIMITED
ABN 98 114 198 471

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 20 of the directors' report for the year ended 30 June 2022. In our opinion, the Remuneration Report of AXP Energy Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Pitcher Partners BA&A Pty Ltd

PITCHER PARTNERS BA&A PTY LTD

J C PALMER
Executive Director
Perth, 29 September 2022

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 23 August 2022

CATEGORY	ORDINARY SHARES HOLDERS	TOTAL SHARES	% OF ISSUED CAPITAL
1- 1,000	188	57,934	0.00%
1,001 – 5,000	130	345,488	0.01%
5,001 – 10,000	73	557,192	0.01%
10,001 – 100,000	961	55,667,981	0.96%
100,001 and over	1,516	5,755,552,078	99.03%
TOTAL	**2,868**	**5,812,180,673**	**100.00%**

b) Unmarketable Parcels as of 23 August 2022:

There were 1,070 holders of unmarketable parcels (minimum parcel size: 83,333 shares) comprising 29,659,888 shares or 0.5103% of the total shares outstanding.

c) Substantial Shareholders

There are four substantial shareholders owning more than 5% of shares listed in the holding Group's register as at 23 August 2022.

NAME	FULLY PAID ORDINARY SHARES	PERCENTAGE HELD
MS MARGARET LYNETTE HARVEY	666,666,666	11.470%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	541,772,847	9.321%
BNP PARIBAS NOMINEES PTY LTD <DRP>	433,332,685	7.456%
CITICORP NOMINEES PTY LIMITED	402,397,415	6.923%

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 23 August 2022, are as follows:

NAME	FULLY PAID ORDINARY SHARES	PERCENTAGE HELD
MS MARGARET LYNETTE HARVEY	666,666,666	11.470%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	541,772,847	9.321%
BNP PARIBAS NOMINEES PTY LTD <DRP>	433,332,685	7.456%
CITICORP NOMINEES PTY LIMITED	402,397,415	6.923%
MR VICTOR LORUSSO	186,070,894	3.201%
B & C INVESTMENTS PTY LTD <MCINTOSH FAMILY S/F A/C>	166,666,666	2.868%
LOLOMA HOLDINGS PTY LTD <THE LEVUKA A/C>	154,583,375	2.660%
WFC NOMINEES PTY LTD <WFC NOMINEES AUSTRALIA A/C>	142,609,877	2.545%
MR BRUCE KENRIC GLOVER CROSSLEY	133,000,000	2.288%
CAPP SMSF PTY LIMITED <CAPP SUPER FUND A/C>	122,180,714	2.102%
MR BRIAN LAURENCE EIBISCH	115,397,536	1.985%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	111,574,374	1.920%
ALTOR CAPITAL MANAGEMENT PTY LTD <ALTOR ALPHA FUND A/C>	94,900,000	1.633%
MR TIMOTHY HART	81,749,365	1.407%
MONEX BOOM SECURITIES (HK) LTD <CLIENTS ACCOUNT>	62,929,788	1.083%
COVE STREET PTY LTD <THE COVE STREET A/C>	51,000,000	0.877%
MR WILLIAM LESLIE KELSO	50,000,000	0.860%
MR SAMUEL MCCANN JARVIS	48,780,488	0.839%
MR BOJAN KARAN	48,000,000	0.826%
CHALEYER HOLDINGS PTY LTD <RUBBEN FAMILY A/C>	40,000,000	0.688%
TOTAL	**3,653,612,690**	**62.861%**

Unquoted Securities

NAME	UNLISTED OPTIONS HELD	PERCENTAGE HELD
ALTOR CAPITAL MANAGEMENT PTY LTD <ALTOR ALPHA A/C>	33,000,000	15.582%
MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	23,333,334	11.018%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSCO ECA	16,666,667	7.870%
RIMOYNE PTY LTD	15,000,000	5.556%
RAT CONSULTING PTY LTD	12,166,666	5.556%
DOMAEVO PTY LTD <JCS NO 2 A/C>	10,000,000	5.000%
SPINITE PTY LTD	8,333,333	3.935%
MR GEOFF BARNES	8,333,333	3.935%
TEMPEST DAWN PTY LIMITED <SWT SUPER FUND A/C>	7,500,000	4.056%
MR SIMON WILLIAM TRITTON <INVESTMENT A/C>	7,500,000	3.333%
LEET INVESTMENTS PTY LIMITED	5,000,000	2.778%
AJM SUPER CO PTY LTD <AJM SUPER FUND A/C>	5,000,000	2.500%
SWEET AS DEVELOPMENTS PTY LTD <SWEETMAN MCNICKLE FAMILY A/C>	5,000,000	2.500%
MR LACHLAN YEATES	5,000,000	2.500%
MR VICTOR LORUSSO	4,279,000	1.667%
MX NOMINEES PTY LTD	3,333,333	1.667%
RAVEN INVESTMENT HOLDINGS PTY LTD <THE RAVEN SUPERFUND A/C>	3,333,333	1.667%
THREE ZEBRAS PTY LTD <THE JUDD FAMILY A/C>	3,333,333	1.667%
924 PTY LTD <ZOLOTO S/F A/C>	3,000,000	1.667%
DORIC WEALTH PTY LTD <PIVOT TRADING A/C>	3,000,000	1.426%
TOTAL	**182,112,332**	**85.992%**

b) *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%**

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	30 JUNE 2021		30 JUNE 2022		YEAR ON YEAR CHANGE
	NRI [%]	NET ACREAGE	NRI [%]	NET ACREAGE	
Appalachian Basin(1)					
Kentucky	72	65,533	74	63,009	- 4%
Virginia	84	4,701	83	4,504	- 4%
Tennessee	83	2,443	85	2,485	+ 2%
Illinois Basin(2)					
Kentucky	80	2,519	80	6,393	+ 154%
Indiana	80	1,951	78	2,011	+ 3%
Illinois	80	130	80	130	-
Denver-Julesburg Basin					
Colorado	76	12,902	76	12,902	-
TOTAL	-	90,179	-	91,434	1%

The year-on-year acreage changes were as a result of the following:

a) Appalachian Basin

In Kentucky and Virginia, the Company relinquished certain minor leases after the wells on those leases were plugged and abandoned. In Tennessee, the Company acquired an additional working interest on one of its existing leases to increase its NRI.

b) Illinois Basin

The Trey Exploration asset purchase, which closed on 1 October 2021, added 5,676 acres in Kentucky and a further 60 acres in Indiana.

Following the purchase by the Company on 30 November 2021 of the remaining 50% of the Kentucky Exploration LLC JV, Kentucky Exploration LLC became consolidated into AXP Energy, Inc on the same date and its 717 acres were added to the Company's tenements.

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 tables overleaf summarise AXP's reserve and contingent resources ('*R&R*') estimate as at 1 July 2022 and as at 1 October 2021 (announced 26 November 2021), respectively. Going forward the Company intends to report R&R estimates annually, as at the financial year end close, or at any time a significant or material changes in R&R estimates occurs. The percentage changes noted in the first table have been calculated from 1 October 2021.

All figures are *net* to the Company.

RESERVE & RESOURCE CATEGORY AS AT 1 JULY 2022	OIL [MBBL[(1)]]	GAS [MMCF[(2)]]	NGL [MBBL]	TOTAL [MBOE[(3)]]	% CHANGE[(4)]
Proved Developed (PDP & PDNP)	937	21,244	1,127	5,605	-
Proved Undeveloped (PUD)	20	138	-	43	-
Proved Reserves (1P)	**957**	**21,382**	**1,127**	**5,647**	+ 2%
Probable Reserves	179	8,325	55	**1,621**	+ 89%
Proved + Probable Reserves (2P)	**1,136**	**29,707**	**1,182**	**7,269**	+ 14%
Contingent Resource (2C)	**68,322**	**713,985**	**3,699**	**211,949**	0%

(1) MBBL means one thousand barrels of oil;
(2) MMCF means one million standard cubic feet of natural gas;
(3) MBOE means one thousand barrels of oil equivalent;
(4) The Company last reported an R&R estimate as at 1 October 2021. The percentage changes noted above are calculated based on the change from that evaluation date.

RESERVE & RESOURCE CATEGORY AS AT 1 OCTOBER 2021	OIL [MBBL]	GAS [MMCF]	NGL [MBBL]	TOTAL [MBOE]
Proved Reserves (1P)	**711**	**22,581**	**1,041**	**5,516**
Probable Reserves	348	2,120	130	**856**
Proved + Probable Reserves (2P)	**1,060**	**24,700**	**1,171**	**6,371**
Contingent Resource (2C)	**68,322**	**713,985**	**3,699**	**211,949**

Proved reserves (1P) have increased by 2% due to multiple workover and pipeline projects, primarily focused on oil production, completed throughout the year, and extended economic life due to increases in base product pricing. Further enhancements to the field development plan, coupled with the Company's first gas sales in Colorado, have resulted in an 89% increase in Probable Reserves resulting in a total 2P increase of 14% from the previous year.

Contingent Resources have remained unchanged since the 1 October assessment as field development was primarily focused on the build of reserves in each of the respective categories.

The Company's ongoing progress in field development planning and execution of the Company's FDP may, in the future, reclassify these resources as potential oil, gas or NGL off-take opportunities mature under the FDP.

Competent Persons Statement

Pursuant to the requirements of the ASX Listing Rules Chapter 5, the above R&R assessment is based on and fairly represents information and supporting documentation prepared by Mr. Russell Hamilton, the Vice President and General Manager of AXP Energy, Inc (US) or under his supervision by independent expert, Wright & Company, Inc (Tennessee).

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.

Other than the information provided above, the Company confirms that it is not aware of any new information or data that materially affects the R&R assessment provided above. All material assumptions and technical parameters utilised in carrying out the assessment continue to apply and have not materially changed.

DIRECTORS

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

COMPANY SECRETARY

Mr Robert Lees

REGISTERED OFFICE AND PRINCIPAL ADMINISTRATIVE OFFICE

AXP Energy Limited
Level 4
8 Spring Street
Sydney, NSW 2000, Australia
Phone: +61 2 9290 9580

USA OFFICE

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

AUSTRALIAN SECURITIES EXCHANGE

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

WEBSITE

The Company's website is www.axpenergy.com

ABN

The Company's Australian Business Number is 98 114 198 471

SHARE REGISTRY

Boardroom Pty Limited
Grosvenor Place Level 12
225 George Street
Sydney, NSW 2000, Australia
Phone: +61 2 9290 9600

AUDITORS

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

AUSTRALIAN LEGAL ADVISORS

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