AXP ENERGY

2023 ANNUAL REPORT

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CHAIRMAN'S REPORT

Dear shareholders,

On behalf of the Board, I am pleased to present the 2023 Annual Report for AXP Energy ('*AXP*' or '*Company*'). The period was marked by ongoing execution of the management team's stated priorities to streamline operations and consolidate AXP's position as a reliable and cost-efficient oil & gas producer in the North American market.

The importance of this strategy was borne out during the year, amid an extended period of low oil & gas prices as global supply & demand dynamics recalibrated following a multi-year uptrend. Amid an environment of higher volatility, it was pleasing to see the Company move quickly to further consolidate its production operations and take advantage of higher-margin sales opportunities when they arose.

Most importantly, AXP's FY23 initiatives leave it well-placed to hit revenue targets and maximize profits and cash-flow in a more bullish environment for oil & gas prices. With upward momentum in global oil markets as at the date of this report, AXP is strongly positioned heading into FY24 with consistent production operations in well-established US oil & gas jurisdictions.

Concurrently, the Company took additional steps to reduce costs and cut production where necessary across its natural gas operations. These changes were the result of decisions taken by management during a period of extreme lows for gas prices, which bottomed out in the March quarter before rising slightly at the end of the financial year. The impact of lower NGL prices was exacerbated during the period by upward pressure on the cost of blending materials in the production process. In response, the Company consolidated the majority of its production operations in the KayJay field which has a strategic advantage in that it is not impacted by high processing costs and transport tariffs. With a reduced reliance of blended NGL materials, AXP has procured a large new NGL customer and is making good progress on a long-term sales agreement.

The group's initiatives in FY23 show that in response to challenging macro conditions, the Company has been able to maintain consistent levels of production with a streamlined cost base. Looking ahead, the management team is now focused on extracting additional value across AXP's established portfolio of oil & gas production fields. Profitable field operations are being further optimized, alongside a temporary shutdown of non-economic wells with high transport and processing costs.

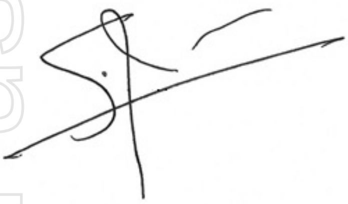
The Company also closed the financial year with a robust inventory buffer of 16,391 barrels of oil, providing it with increased flexibility in a global environment of rising oil prices. With consistent oil revenues throughout FY23, AXP's oil division presents a considerable upside opportunity when combined with increased production capacity and economies of scale.

Across the business, FY23 was defined by a disciplined effort to optimize production operations and streamline costs. With a strong platform for growth, the Company is also assessing in-market opportunities to add value through strategic M&A, Joint Ventures and other commercial partnerships.

assessing in-market opportunities to add value through strategic M&A, Joint Ventures and other commercial partnerships.

In closing, I would like to sincerely thank shareholders for their ongoing support. Whilst the 2023 financial year presented some operational challenges and difficult market conditions, the Board and management team are confident that the steps we have taken to streamline operations and improve margins position the Company to accelerate growth into FY24 and beyond. With a clearly defined growth strategy, I look forward to providing more updates in the year ahead as AXP executes on its next round of profit milestones.

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 2023 and are available on the Company's website, www.axpenergy.com.

DIRECTORS REPORT

The Directors of AXP Energy Limited ('*AXP*' or '*Company*'), 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 2023.

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 26 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 18 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: Nil

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 (resigned 28 April 2023)

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 Paech was appointed a Director of Barton Gold Holdings Limited on 12 February 2021.

Company Secretary

Mr Robert Edward Lees

Appointed on 30 June 2015, Mr. Lees is a member of Chartered Accountants Australia and New Zealand and a Fellow of the Governance Institute of Australia. He is a graduate of the University of Technology, Sydney, holding a Bachelor of Business (Accounting) and a Graduate Diploma in Data Processing. He also holds a Graduate Diploma in Corporate Governance. In the past 20 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	5 / 7	-
Stuart Middleton	7 / 7	2 / 2
Samuel Jarvis	7 / 7	2 / 2
Christian Paech (resigned 28/04/2023)	7 / 7	2 / 2

(1) Held whilst the director was in office

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

AXP reported a loss of $6,126,214 during the year ended 30 June 2023 (2022: $606,945 profit). The Group's financial performance during the year was negatively impacted by:

- a requirement to blend it's produced Natural Gas Liquids (NGLs) with a less volatile liquid prior to transport. Accordingly, the Company shipped in purchased NGL fractions to blend with its produced NGL at the processing plant. The Company was then able to transport its produced NGL to sales markets as a fraction of a blended product. The Company contracted with alternate US NGL offtakers which has eliminated the need to purchase blending materials in the winter and reduced the blend volume required as well as the cost of the blend material going forward. This was offset by increased trucking costs.

- recording a $3,849,231 impairment for the write down in Illinois Basin assets ($174,197) and Cimarex Lease located in Colorado ($3,675,034).

- reduced gas prices in the 2nd half of the year.

a) Revenue

- Production for the 12 months was down by 2% to 789,342 MBOE from 807,153 MBOE;
- Sales revenue decreased by 5% to $19,802,662 from $20,752,162. The decrease was driven by the reduction in sales volumes to 534,031 MBOE (2022: 559,383 MBOE);
- The average realised price for the year was $37.1/BOE (2022: $37.1/BOE);
- Total Revenue from the Appalachian Basin asset for the year was $17,245,057 (2022: $18,499,718) of which $8,984,214 was gas, $5,112,798 NGLs, $2,834,220 oil and $313,825 other.

b) Financial Position

The Group's net assets decreased 37% from $16,678,295 to $10,520,690. Contributing factors to the decrease in the Group's net asset balance is the recognition of a provision for impairment in exploration and evaluation assets, development and producing assets, and the impact of blending.

Operations Review

A review of the operations for AXP during the 2023 financial year and the results of those operations is as follows:

During the period, AXP's efforts focussed on cost management and the streamlining of operations during a period of lower oil & gas prices globally and establishing a framework to take advantage of the next upswing in the pricing cycle.

In response to a downturn in prices for NGL (natural gas liquids) in H1, the group prioritized a pivot away from NGL revenue streams that required a costly blending process to on-sell its liquids. Alongside a material reduction in blending expenses, the Company's active cost management strategy resulted in similar falls in overhead charges and field and lease operating expenses.

Concurrently, the management team took steps to secure a long-term arrangement for NGL sales and distribution with a view toward eliminating the blending process and establishing a framework for higher-margin sales as hydrocarbon prices rebound. The Company also negotiated temporary reductions in midstream processing tariffs and entered into a number of two-year contracts to improve the economics of its natural gas business.

Operationally, AXP consolidated the majority of its gas production in the KayJay field (which is not impacted by a high processing and transport tariff), with a focus on enhanced production for eight designated high-margin fields, and negotiated a new contract based on volume discounts to extract further cost savings.

During the June quarter, the Company announced plans by its midstream processor for the construction of a fractionation plant next to the liquids terminal, in order that the natural gas liquids stream can be broken down into its more valuable constituents. These fractions will in turn be sold and transported into local markets. This plant is expected to be completed by the end of this year and once completed, the costly blending process will no longer be required.

With clear results from its NGL cost management strategies, AXP's operational priorities during the period were led by a targeted focus on maximizing oil production and resulting sales volumes. Initiatives undertaken in this regard included an enhanced oil swabbing program in all fields, with a significant focus on the older horizontal wells in the Leatherwood lease. Swabbing is a proven method of enhancing a well's productive zones by removing accumulated frac fluid and other debris in order to free up the productive zones, improve bottom hole pressure and allow oil to flow more freely.

Outside of a strategic focus on the KayJay Field, oil & gas exploration activities in H2 were kept to a minimum in line with the Company's broader cost reduction strategies. Elsewhere during the period, AXP engaged with a leading provider of cloud based, SaaS well data analytics software, and an associated expert consultant group, with the goal of optimizing production throughout its 1,628 wells. The engagement was enacted with a view to build out the Company's existing software capacity for key performance indicators such as production forecasting and well diagnostics, in order to optimize field development to maximize production.

Strategy & Future Developments

Heading into FY24, the Company has a number of near-term focus areas to maintain and improve margin growth across its oil & gas portfolio. To drive additional cost savings in the NGL division, the Company has enacted measures to initiate either permanent or temporary shutdowns of gas wells with low Net Revenue interests and higher transport / processing costs. If required, AXP will also consider the divestment of non-core leases to further streamline the remaining operations.

Following on from its extensive efforts in FY23 to reduce the overall reliance on blending processes for NGL products, the Company has consolidated its production base to provide flexibility to ramp up activity as demand underpins a rise in prices heading into the northern winter period.

Concurrently, AXP has also put a strategic focus on maximizing oil production to the fullest extent possible within its existing production capacity, to take advantage of a consistent uptrend in global oil prices which has emerged in the second half of the 2023 calendar year. The recent focus on improved logistics and resumption of previously neglected wells resulted in quarterly production of 208,726 BOE in Q4 FY23 – the highest quarter on quarter production total of the year – and the Company is focused on converting high production rates to increased sales quotas in line with the forthcoming seasonal increase in North American energy demand.

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) 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 19 October 2022, the Company issued 12,500,000 shares @ A$0.006 in connection with performance rights for $55,517; nil purchase consideration.

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) Lapsing of Options

On 20 April 2023 211,778,999 Unlisted Placement Options lapsed.

There were no other significant changes in the state-of-affairs of the Group during the financial year.

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. During the year, the Group Board was advised by management that an audit performed by a statutory environmental regulatory body in Colorado found that certain historical emissions reporting requirements were not fully complied with during calendar years 2020-2021. Management worked closely with the authority to rectify the reporting deficiencies and incurred an immaterial fine. The issue is now closed. After the reporting period a spill occurred and was reported in the Appalachian Basin. The Company has worked in conjunction with regulatory and environmental agencies and the cleanup is now complete. There is no expectation of any penalty being assessed at this time.

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:

Sale of Appalachian Basin and Illinois Basin Assets

On 29 September 2023, the Company finalised an agreement to sell its non-Colorado oil and gas assets, including projects in Tennessee, Eastern Kentucky, Virginia, and the Illinois Basin, to Mountain V Oil & Gas, Inc.

Transaction Summary:

- Consideration: US$4 million, paid in stages;
- Closing Date: Expected on or before 30 November 2023.

The Company believes this sale will bring added value to shareholders, focusing on its Colorado project and seeking new acquisitions in the oil and gas sector with the proceeds.

Key Terms:

- No break fee; however, if the transaction fails any prepaid consideration is refundable.
- Effective control change date: 1 October 2023;
- Exclusive dealing period: Until 15 November 2023;
- Shareholder approval required.

Refer to the separate ASX announcement for more information.

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.

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	2023	2022	2021 Restated*	2020 Restated*	2019 Restated*
Basic EPS (US$)	(0.11) cents	0.01 cents	0.10 cents	(0.36) cents	(0.20) cents
Net (loss) / profit (US$)	(6,126,214)	606,945	4,064,607	(6,200,864)	(2,300,568)
Share Price	A0.20 cents	A0.40 cents	A0.30 cents	A0.40 cents	A0.90 cents

** Amounts have been restated into US$ from A$ as a result of the Group changing its presentational currency as previously reported in 2022 annual 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 2023 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	Resigned 28/04/2023
GROUP KEY EXECUTIVES		
Mr Tim Hart	President & CEO	N/A
Mr Greg Grotke[1]	COO	N/A
Mr Bradley Mervis[2]	CFO	N/A
Mr Russel Hamilton	VP and General Manager	N/A
Mr Lonny Haugen[3]	Former CFO (Resigned 16/9/2022)	N/A

1 *Mr Grotke was appointed interim COO on 7 November 2022.*
2 *Mr Mervis was appointed CFO on 16 September 2022.*
3 *The Group utilises the services of CFO Colorado, of which Mr Haugen is the owner, for accounting and taxation purposes.*

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

2023	SHORT TERM BENEFITS		POST EMPLOYMENT	SHARE-BASED PAYMENTS			TOTAL [$]	%*
	A [$]	B [$]	C [$]	D [$]	E [$]	F [$]		
DIRECTORS								
Mr Simon Johnson	48,406	-	5,083	-	-	-	53,489	-
Mr Stuart Middleton	40,338	-	4,235	-	-	-	44,573	-
Mr Samuel Jarvis	40,338	-	4,235	-	-	-	44,573	-
Mr Christian Paech[1]	33,615	-	3,530	-	-	-	37,145	-
GROUP KEY EXECUTIVES								
Mr Tim Hart	150,000	-	-	-	-	-	150,000	-
Mr Greg Grotke[2]	156,750		-				156,750	
Mr Bradley Mervis[3]	133,059		13,971				147,030	
Mr Russel Hamilton	145,000	-	-	-	-	-	145,000	-
Mr Lonny Haugen[4]	-	-	-	-	-	-	-	-
TOTAL	**747,506**	**-**	**31,054**	**-**	**-**	**-**	**778,560**	**-**

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	21,774	-	2,177	-	-	-	23,951	-
Mr Peter Crown[5]	10,064	73,839	-	-	-	-	83,903	-
GROUP KEY EXECUTIVES								
Mr Tim Hart[6]	180,000	-	-	-	-	-	180,000	-
Mr Russel Hamilton	129,344	-	-	-	-	-	129,344	-
Mr Lonny Haugen[4]	-	-	-	-	-	-	-	-
TOTAL	**463,116**	**73,839**	**14,370**	**-**	**-**	**-**	**551,325**	**-**

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

1 *Mr Paech resigned on 28 April 2023.*
2 *Mr Grotke was appointed interim COO on 7 November 2022.*
3 *Mr Mervis was appointed CFO on 16 September 2022.*

4 *Mr Haugen's salary and fees $0 (2022: 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 2023 were $37,873 (2022: USD $339,224). Mr Haugen resigned as CFO on 16 September 2022.*

5 *Mr Crown (resigned 12 October 2021). In 2022 earned $10,064 director fees and a 2022 dispute settlement of $73,839 (included as part of share issue costs). Mr Crown's payments were made to Resilient Investment Group.*

6 *Mr Hart was paid an additional $30,000 as part of back payments relating to 2021.*

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. The other non-executive directors receive an annual director fee of A$60,000.

Share-based Compensation

No performance rights or options were issued as remuneration to Directors or KMPs for the year ended 30 June 2023 (30 June 2022: nil).

Shares Provided on Exercise of Remuneration Options

No options were exercised by directors or KMP during the year ended 30 June 2023, nor during the year ended 30 June 2022.

Mr Mervis exercised his 12,500,000 performance rights during the year, converting them each to one fully paid ordinary share at $Nil exercise price during the year ended 30 June 2023.

Mr Hart exercised his 48,780,488 performance rights and converted them each to one fully paid ordinary share at $Nil exercise price during the year ended 30 June 2022.

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:

2023	BALANCE 1 Jul 2022	EXERCISE OF RIGHTS	PURCHASED	SOLD	BALANCE 30 Jun 2023
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]	-	-	-	-	-
SUB-TOTAL	**219,615,362**	**-**	**-**	**-**	**219,615,362**
GROUP KEY EXECUTIVES					
Mr T Hart	81,749,365	-	-	-	81,749,365
Mr G Grotke					
Mr B Mervis	-	12,500,000	-	-	12,500,000
Mr R Hamilton	-	-	-	-	-
Mr L Haugen	4,861,447	-	-	-	4,861,447
SUB-TOTAL	**86,610,812**	**12,500,000**	**-**	-	**99,110,812**
TOTAL	**306,226,174**	**12,500,000**	**-**	**-**	**318,726,174**

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	-	-	-	-	-
SUB-TOTAL	**219,615,362**	**-**	**-**	**-**	**219,615,362**
GROUP KEY EXECUTIVES					
Mr T Hart	22,968,877	48,780,488	10,000,000	-	81,749,365
Mr R 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 resigned as Non-Executive Director on 28 April 2023.*

KMP Option Holdings

Directors and Key Management Personnel have no listed or unlisted options during the year ended 30 June 2023, nor during the year ended 30 June 2022.

KMP Performance Rights Holdings

2023	BALANCE (VESTED and EXERCISABLE) 1 Jul 2022	GRANTED AS REMUNERATION	RIGHTS EXERCISED	BALANCE (VESTED AND EXERCISABLE) 30 Jun 2023
DIRECTORS				
Mr S Johnson	-	-	-	-
Mr S Middleton	-	-	-	-
Mr S Jarvis	-	-	-	-
Mr C Paech	-	-	-	-
GROUP KEY EXECUTIVES				
Mr T Hart	-	-	-	-
Mr G Grotke	-	-	-	-
Mr B Mervis	12,500,000	-	(12,500,000)	-
Mr R Hamilton	-	-	-	-
SUB-TOTAL	**12,500,000**	**-**	**(12,500,000)**	**-**
TOTAL	**12,500,000**	**-**	**(12,500,000)**	**-**

2022	BALANCE 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 C Paech	-	-	-	-
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 lapsed after 3 years on 29 November 2022. No new plan has been approved by shareholders.

2023 Performance Rights

Mr Mervis exercised his performance rights and 12,500,000 shares were issued.

2022 Performance Rights

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

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

On 20 April 2023 211,778,999 Unlisted Placement Options lapsed.

As of 30 June 2023 and the date of this report, there were 95,000,000 Unlisted Broker Options exercisable on payment of A$0.005 per option, expiring 20 October 2023. These were issued in settlement of a fee for services rendered. These options were valued in 2022 at $51,221, being the fair value of the services received.

See Note 25 and Note 33 for further information.

Unissued Performance Shares

There were no unissued performance rights as of 30 June 2023.

Non-Audit Services

Only audit and review services were performed by the auditors during the fiscal year ended 30 June 2023 (30 June 2022: Nil).

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 2023

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 2023, 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

MICHAEL LIPRINO
Executive Director
Perth, 29 September 2023

CONSOLIDATED PROFIT & LOSS AND OTHER CONSOLIDATED INCOME

CONSOLIDATED GROUP	**Note**	**2023**	**2022**
		$	**$**
Revenue	5	19,802,662	20,752,162
Transportation, gathering and compression		(9,726,993)	(7,208,978)
Production and ad valorem taxes		(1,199,349)	(720,556)
Lease and field operating expense		(5,310,440)	(5,326,615)
Depreciation, depletion, and amortisation	6	(2,038,194)	(1,915,654)
Other expenses	6	(3,476,675)	(4,193,019)
Impairments	6	(3,849,231)	(146,629)
Finance costs	6	(667,633)	(737,528)
Other gains	6	29,924	14,851
(Loss) / Profit before Income Tax		**(6,435,929)**	**518,034**
Income Tax Benefit	7	309,715	88,911
(Loss) / Profit for the Year		**(6,126,214)**	**606,945**
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss:			
Exchange rate differences on translation of foreign operations		(30,531)	(155,655)
Other Comprehensive (Loss) for Year net of Tax		**(30,531)**	**(155,665)**
Total Comprehensive (Loss) / Income for Year		**(6,156,745)**	**451,290**
(Loss) / Profit for the Year Attributable to:			
Members of the parent entity		(6,126,214)	606,945
		(6,126,214)	**606,945**
Total Comprehensive (Loss) / Income Attributed to:			
Members of the parent entity		(6,156,745)	451,290
		(6,156,745)	**451,290**
Earnings per Share for (Loss) / Profit from Continuing Operations:			
Basic (loss) / earnings per share (in cents)	10	(0.11)	0.01
Diluted (loss) / earnings per share (in cents)	10	(0.11)	0.01

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

CONSOLIDATED GROUP	Note	30 June 2023 $	30 June 2022 $
Current Assets			
Cash and cash equivalents	11	521,788	3,386,466
Trade and other receivables	12	2,312,853	2,529,543
Oil in tank inventory	13	344,961	249,290
Other current assets	14	743,875	765,054
Total Current Assets		**3,923,477**	**6,930,353**
Non-Current Assets			
Property, plant and equipment	15	888,651	757,600
Development and producing assets	16	9,155,067	13,149,686
Exploration and evaluation assets	17	3,889,701	7,917,824
Right of use assets	18	1,022,867	1,119,127
Deferred tax assets	7	670,355	150,550
Other assets	14	561,060	559,360
Total Non-Current Assets		**16,187,701**	**23,654,147**
Total Assets		**20,111,178**	**30,584,500**
Current Liabilities			
Trade and other payables	20	4,280,580	5,587,308
Lease liability	18	411,201	413,906
Asset retirement obligation	21	274,875	373,381
Financial liabilities	22	191,831	92,792
Deferred revenue	23	-	153,000
Total Current Liabilities		**5,158,487**	**6,620,387**
Non-Current Liabilities			
Other long-term liabilities	20	4,454	4,454
Financial liabilities	22	670,536	532,004
Lease Liability	18	647,410	761,823
Asset retirement obligation	21	3,109,601	5,987,537
Total Non-Current Liabilities		**4,432,001**	**7,285,818**
Total Liabilities		**9,590,488**	**13,906,205**
Net Assets		**10,520,690**	**16,678,295**
Equity			
Issued capital	24	90,431,638	90,376,981
Reserves	25	196,199	282,247
Accumulated losses		(80,107,147)	(73,980,933)
Total Equity		**10,520,690**	**16,678,295**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CONSOLIDATED GROUP	Issued Capital $	Share Based Payment Reserve $	Foreign Currency Reserve $	Accumulated Losses $	Total $
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**
Loss for the year	-	-	-	(6,126,214)	(6,126,214)
Movement in FX reserve	-	-	(30,531)	-	(30,531)
Total comprehensive loss	-	-	**(30,531)**	**(6,126,214)**	**(6,156,745)**
Shares issued during the year	-	-	-	-	-
Share issue costs	(860)	-	-	-	(860)
Performance rights issued during year	-	-	-	-	-
Conversion of Performance rights	55,517	(55,517)	-	-	-
Balance at 30 June 2023	**90,431,638**	**51,221**	**144,978**	**(80,107,147)**	**10,520,690**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

CONSOLIDATED GROUP	Note	2023 $	2022 $
Cash Flow from Operating Activities			
Receipts from customers		16,331,417	19,314,218
Payments to suppliers and employees		(17,450,598)	(15,971,760)
Interest received		6,998	219
Interest paid		(140,264)	(108,648)
Net cash generated by/(used in) operating activities	28	**(1,252,447)**	**3,234,029**
Cash Flow from Investing Activities			
Payments for Trey acquisition		-	(546,838)
Payments for Kentucky Exploration JV interest		-	(44,070)
Payments for exploration and evaluation activities		(328,187)	(925,246)
Payments for development and producing activities		(638,834)	(754,731)
Payments for property, plant and equipment		(45,676)	(271,463)
Proceeds from disposal of property, plant and equipment		23,000	209,144
Loans to joint venture investment		-	(20,557)
Payments for security deposits and bonds		(1,700)	(316,989)
Net cash used in investing activities		**(991,397)**	**(2,670,750)**
Cash Flow from Financing Activities			
Repayment of borrowings		(164,466)	(287,619)
Principal payment for lease liabilities		(407,415)	(315,553)
Proceeds from exercise of options		-	2,531,128
Share issue costs		(860)	(139,963)
Net cash (used in)/provided by financing activities		**(572,741)**	**1,787,993**
Net (decrease)/increase in cash held		(2,816,585)	2,351,272
Cash at the beginning of the year		3,386,466	1,043,020
Effects of exchange rate changes on cash & cash equivalents		(48,093)	(7,826)
Cash at the end of the year	11	**521,788**	**3,386,466**

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*') of AXP Energy Limited ('*AXP*') which is a listed public Company, 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 2023 was authorised for issue in accordance with a resolution of the Directors on 29 September 2023.

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 2022.

The presentation currency of the Group is the United States Dollar ('USD' or 'US$')

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 27 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.

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, a field office in Coldiron, KY and various plant and equipment under lease.

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$, while its subsidiaries have a US functional currency. The consolidated financial statements are presented in US$.

(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 2023 was 1.4874 (2022: 1.3778) 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 2023 was 1.5083 (2022: 1.4516).

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.

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. Impairment expense recognised during the year is disclosed in Note 17 to the financial statements.

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 prepares reserve estimates annually 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 financial and 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 and 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 obtains 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 be in a position to exercise significant influence over the entity, which is then accounted for as an associate.

Leases

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

NOTE 3 – GOING CONCERN

The financial report of the Group has been prepared on a going concern basis. The Group incurred a loss for the year after tax of $6,126,214 (2022: profit of $606,945). $3,849,231 of the loss was due to the non-cash impairments of its: (a) Cimarex lease (see Note 17) and (b) Illinois Basin assets. The Group incurred a net cash outflow from operating activities of $1,252,447 (2022: $3,234,029 cash inflow). Additionally, the Group had a working capital deficit of $1,235,010.

The Group's ability to continue as a going concern is dependent upon the sufficiency of current cash reserves to meet existing obligations, the ability to reschedule continued workover of existing wells and general field development, and, if required, the ability to raise capital. The Board remains confident in the ability of the Group to continue to improve returns from its existing portfolio through a focused review of its well portfolio.

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

- continued workover of existing wells and general field development to enhance production;
- continued sell down of oil in tank inventory;
- continued rationalisation and right-sizing of the Company's cost base and postponement of capital expenditure if required;
- support of major creditors in respect of the restructured payables obligations;
- the Group has the ability to issue up to 25% of the current issued share capital of 5,824,680,673 ordinary shares;
- the ability to raise funds via debt, farm-outs, joint ventures, asset sales or a combination of these; and/or
- the realisation of commodity prices in line with current global forecasts for oil, gas and NGLs.

Subsequent to the period end, on 29 September 2023, the Company finalised an agreement to sell its non-Colorado oil and gas assets, including projects in Tennessee, Eastern Kentucky, Virginia, and the Illinois Basin, to Mountain V Oil & Gas, Inc for $4 million, $0.5 million of which is to be prepaid to the Company upon execution of the binding letter agreement. The Board believes the asset sale will unlock significantly more value for shareholders than might otherwise be expected over the medium-term by continuing with the Illinois and Appalachian Basin projects. Refer to Note 35 for further information.

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.

NOTE 4 – PARENT ENTITY FINANCIAL INFORMATION

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

Statement of financial position	**2023 $**	**2022 $**
Total current assets	309,303	1,308,111
Non-current assets excl. inter-company receivables	-	-
Non-current inter-company receivables[(i)]	10,374,420	15,570,164
Total assets	**10,683,723**	**16,878,275**
Total current liabilities	163,033	199,980
Total non-current liabilities	-	-
Total liabilities	**163,033**	199,980
Net assets	**10,520,690**	**16,678,295**
Share capital	90,431,638	90,376,981
Reserves excluding foreign currency	51,221	106,738
Foreign currency reserve	(19,121,303)	(18,571,877)
Accumulated losses	(60,840,866)	(55,233,547)
Total equity	**10,520,690**	**16,678,295**
Statement of profit or loss and other comprehensive income		
(Loss) / Profit for the year after tax	(5,607,219)	1,826,664
Total comprehensive income	**(5,607,219)**	**1,826,664**

(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 2023 (2022: Nil). The parent entity had no contractual commitments as at 30 June 2023 (2022: Nil).

NOTE 5 – REVENUE

From continuing operations:

	2023 $	**2022 $**
Gas	9,145,378	8,834,077
Oil	5,230,661	6,536,882
Natural Gas Liquids (NGL)	5,112,798	5,251,255
Other revenue	313,825	129,948
Total revenue from operations	**19,802,662**	**20,752,162**

Gas, oil and NGL revenues is comprised of revenue from contracts with customers. Revenue is recognised at point in time. Refer to note 26 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:

	2023 $	2022 $
Depreciation, depletion, and amortisation:		
Depreciation of plant and equipment	595,468	468,689
Depletion (see Note 16)	1,389,631	1,432,225
Amortisation of computer software	53,095	14,740
	2,038,194	**1,915,654**
Other expenses:		
Share based payments (see Note 33)	-	69,366
Director fees	162,697	153,772
Payroll and employee benefits	2,294,486	2,102,477
Superannuation	34,633	30,794
Professional fees	1,110,478	1,887,921
Regulatory compliance – DJ Basin	91,518	173,963
Administrative and corporate expenses	595,400	623,795
Bad debts	192,375	-
Other expenses	31,968	181,641
Overhead recovery from outside interests (non-operators)	(1,036,880)	(1,030,710)
	3,476,675	**4,193,019**
Impairments:		
Development and producing assets (see Note 16)	174,197	-
Exploration and evaluation assets (see Note 17)	3,675,034	-
Financial assets	-	146,629
	3,849,231	**146,629**
Finance costs		
Accretion (see Note 21)	505,319	513,703
Interest expense	162,314	223,825
	667,633	**737,528**
Other gains		
Interest income	(6,924)	(351)
Gain on disposal of plant and equipment	(23,000)	(14,500)
	(29,924)	**(14,851)**

NOTE 7 – INCOME TAX EXPENSE / BENEFIT

	2023 $	2022 $
(a) The components of income tax expense / (benefit) comprise:		
Current Tax	-	30,566
Current Tax – return to provision	-	31,073
Prior year under / over provision	210,090	
Deferred Tax	(519,805)	(150,550)
	(309,715)	**(88,911)**
(b) The prima facie tax benefit on loss from ordinary activities is reconciled to the income tax as follows:		
Net Gain	(6,435,929)	518,034
Prima facie tax benefit on loss from ordinary activities before income tax at 25%	(1,608,982)	129,509
- Differences in tax rate for US	0	0
- Other allowable / (non-allowable) items		
- Impairment and write down	-	36,657
- Amortisation and depreciation	11,482	18,087
- Gain on sale of investment (tax impact only)	-	159,495
- US percentage depletion (IRC section 613)	(153,876)	(690,669)
- Return to provision true-ups	182,422	120,807
- Share based payment	-	17,342
Tax effect of tax losses and temporary differences not brought to account as they do not meet the recognition criteria	1,259,239	119,861
Income tax attributable to operating profit	**(309,715)**	**(88,911)**

	2023 $	2022 $
(c) Deferred tax balances		
Deferred tax assets comprise:		
Allowance for doubtful debts	3,170	8,629
Asset retirement obligations – provision	583,305	1,472,012
Lease liabilities	254,105	294,522
Development and producing assets - depletion	437,278	98,216
Tax losses	224,522	
Total deferred tax assets	1,502,380	1,873,379
Deferred tax liabilities comprise:		
Development and producing assets	379,658	1,344,833
Right of use assets	258,073	369,447
Property plant and equipment	194,294	8,549
Total deferred tax liabilities	832,025	1,722,829
Net deferred tax asset	**670,355**	**150,550**
(d) Unused tax losses and temporary differences for which no deferred tax asset has been recognised:		
- In Australia at 25%	3,212,630	3,366,778
- In USA at 25%	3,206,200	2,299,026
	6,418,830	5,665,804
(e) Deferred tax asset arising from temporary differences:		
- In USA at 25%	670,355	150,550
	670,355	**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 2023.

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

	2023 $	2022 $
Short term employee benefits	747,506	463,116
Other benefits (see Note 32)	-	73,839
Post-employment benefits	31,054	14,370
Share based payments	-	-
	778,560	**551,325**

NOTE 9 – AUDITOR'S REMUNERATION

	2023 $	2022 $
Remuneration of auditor of consolidated Group for:		
Pitcher Partners BA&A Pty Ltd – audit and review of the Group's annual and interim financial reports	138,119	239,407
	138,119	**239,407**

No services other than audit services were performed by the auditors during the fiscal years ended 30 June 2023 or 30 June 2022.

NOTE 10 – EARNINGS PER SHARE & DILUTED EARNINGS PER SHARE

	2023 $	2022 $
Earnings used in calculating diluted earnings per share	(6,126,214)	606,945
	No of Shares	**No of Shares**
Weighted average number of ordinary shares used in calculating basic EPS	5,820,913,550	5,452,667,009
Effect of dilutive securities:		
Share options	N/A	306,778,999
Adjusted weighted average number of ordinary shares used in calculating diluted EPS	**5,820,913,550**	**5,759,446,008**
Basic EPS	(0.11) cents	0.01 cents
Diluted EPS	(0.11) cents	0.01 cents

As the Group generated a loss for the financial year ended 30 June 2023, all potential ordinary shares on issue will not have a dilutionary effect and therefore no calculation of diluted earnings per share performed. Refer to Note 24 for option details.

NOTE 11 – CASH AND CASH EQUIVALENTS

	2023 $	2022 $
Cash at bank and on hand	521,788	3,386,466

The effective annual interest rate on cash at bank was 0.35% (2022: 0.02%) per annum.

NOTE 12 – TRADE AND OTHER RECEIVABLES

	2023 $	2022 $
Trade receivables		
Customers	1,948,185	2,288,794
Other receivables		
Joint interest billings (JIB)	375,347	269,407
Expected credit allowance - JIB	(12,564)	(34,448)
GST Receivable	1,885	5,790
	2,312,853	**2,529,543**

	2023 $	2022 $
Loss allowance at beginning of period	(34,448)	(179,744)
Recognised on acquisition	-	-
Decrease from write-off of pre-acquisition receivable	21,884	145,296
Decrease from derecognition	-	-
Loss allowance at end of period	**(12,564)**	**(34,448)**

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 $12,564 credit loss allowance for AXP Energy, Inc. joint interest billing receivables as at 30 June 2023 (2022: $34,448 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

	2023 $	2022 $
Oil in tank	344,961	249,290

Oil in tank is calculated using the lower of cost or market method and is included at cost as at 30 June 2023 and 30 June 2022. Adjustments to oil in tank inventory are recorded as lease and field operating expense in the profit or loss.

NOTE 14 – OTHER ASSETS

	2023 $	2022 $
Other current assets		
Bond deposits	431,588	431,508
Other deposits	135,840	135,833
Prepaid expense and other	176,447	197,713
	743,875	**765,054**
Other non-current assets		
Bond deposits	546,060	534,360
Other deposits	15,000	25,000
	561,060	**559,360**

NOTE 15 – PROPERTY, PLANT AND EQUIPMENT

	2023 $	2022 $
Plant and equipment:		
- At cost	1,558,723	1,227,947
- Less: Accumulated depreciation	(670,072)	(470,347)
	888,651	**757,600**

Refer to Note 22 for details surrounding additions ($345,562) in the year as a result of finance lease arrangements.

Movement in Property, Plant and Equipment at Cost

	2023 $	2022 $
Plant and equipment:		
Opening cost	1,227,947	638,549
Purchase of Kentucky Ex. JV interest additions	-	9,167
Additions	368,208	774,875
Assets sold during period	(37,432)	(194,644)
	1,558,723	**1,227,947**

Movement in Property, Plant and Equipment Accumulated Depreciation

	2023 $	2022 $
Plant and equipment:		
Opening: Accumulated depreciation	(470,347)	(319,692)
Depreciation	(237,157)	(150,655)
Assets sold during period	37,432	-
Closing Accumulated depreciation	**(670,072)**	**(470,347)**

NOTE 16 – DEVELOPMENT AND PRODUCING ASSETS

	2023 $	2022 $
Producing assets at cost	13,539,291	16,167,901
Accumulated depletion	(4,384,224)	(3,018,215)
	9,155,067	**13,149,686**

Movement in Carrying Amounts

	2023 $	2022 $
Balance at beginning of year	13,149,686	12,026,959
Trey asset acquisition additions (see Note 29)	-	2,295,774
Purchase of Kentucky Exploration interest (Note 29)	-	58,133
Other asset additions	638,834	754,732
Transfer from exploration and evaluation assets	262,513	62,063
Impairment of assets	(174,197)	-
Asset retirement obligation changes	(3,332,138)	(615,749)
Depletion expense	(1,389,631)	(1,432,226)
Balance at end of year	**9,155,067**	**13,149,686**

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.

The Illinois Basin assets recoverable amount reduced to less than the carrying value as at 30 June 2023 as a result of the impact of adverse commodity prices, leading to an impairment of $174,197.

There were no other impairments in carrying amounts of developing and producing assets during the year ended 30 June 2023.

There was no impairment in the carrying amounts of developing and producing assets during the year ending 30 June 2022.

NOTE 17 – EXPLORATION AND EVALUATION ASSETS

	2023 $	2022 $
Exploration and evaluation assets at cost	3,889,701	7,917,824

Movement in Carrying Amounts:

	2023 $	2022 $
Balance at beginning of year	7,917,824	7,737,913
Additions	28,234	241,974
Transfer to development and producing assets	(262,513)	(62,063)
Transfer to trade receivables (for recharge)	(118,810)	-
Exploration expenditure impairment	(3,675,034)	-
Balance at end of year	**3,889,701**	**7,917,824**

As of 30 June 2023 and 30 June 2022, the Group's exploration and evaluation assets relate only to the Denver Julesburg area of interest.

Impairment

During the year ended 30 June 2023, the Group recorded an impairment of exploration and evaluation asset balances totaling $3,675,034, in connection with its Cimarex lease in Colorado, to a carrying value of $nil. In consultation with Cimarex, the Company has not undertaken any development activity on this lease since the outbreak of the Covid-19 pandemic but there have been ongoing discussions with Cimarex as to the future of the lease. During the year ended 30 June 2023, the lease was placed under new ownership. The Company has held discussions with the new owners regarding lease tenure renewal, however it remains uncertain as to whether the new owners will permit the Company to maintain the lease operating license, and under what conditions. Notwithstanding the decision to impair the asset, the Company intends to continue good-faith discussions with the new lease owner in order to determine if continued tenure can be secured on acceptable terms. Therefore, the Company will not amend its reserves and resources until a final determination on tenure is made.

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

NOTE 18 – LEASE ASSETS AND LIABILITIES

	2023 $	2022 $
Lease assets		
Carrying amount of lease assets	1,022,867	1,119,127
Office buildings under lease arrangements		
At cost	439,406	439,406
Accumulated depreciation	(299,986)	(167,299)
	139,420	272,107
Equipment		
At cost	1,458,633	1,143,486
Accumulated depreciation	(575,186)	(296,466)
	883,447	847,020
Total carrying amount of leases	**1,022,867**	**1,119,127**
Reconciliation of the carrying amount of lease assets at beginning and end of the financial year:		
Carrying amount at beginning of period	1,119,127	1,474,830
Additions	315,147	-
Depreciation	(411,407)	(355,703)
Carrying amount at end of period	**1,022,867**	**1,119,127**
Lease liabilities		
Current lease liabilities	411,201	413,906
Non-current lease liabilities	647,410	761,823
Total carrying amount of lease liabilities	**1,058,611**	**1,175,729**
Lease expenses and cash flows		
Interest expense on lease liabilities	81,898	89,185
Expense relating to leases of 12-months or less for which a lease liability has not been recognised	144,624	81,324
Depreciation expense on lease assets	411,407	355,703
Total cash outflow in relation to leases	489,313	404,738

NOTE 19 – INTERESTS IN JOINT ARRANGEMENTS

During the year ended 30 June 2023, 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 32 of this financial report.

NOTE 20 – PAYABLES

	2023 $	2022 $
Current		
Trade payables(i)	1,770,262	2,210,085
Revenue payable(ii)	611,376	592,612
Other payables(iii)	1,877,462	2,763,131
Contingent liability(iv)	21,480	21,480
	4,280,580	**5,587,308**
Non-Current		
Other long- term liabilities(i)	4,454	4,454

(i) Trade payables are generally due within 30 days of invoice. $904,450 of trade payables are on a payment plan through which $72,500 is expected to be paid over the twelve months ending 30 June 2024, $379,756 is to be paid over the twelve months ending 30 June 2025, $390,000 is to be paid over the twelve months ending 30 June 2026 and the remaining $62,194 is due over the twelve months ending 30 June 2027.

(ii) Revenue payables include revenues held in suspense of $517,251 (2022: $538,703). These amounts will remain unpaid until confirmation of the rightful recipient(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

	2023 $	2022 $
Current	274,875	373,381
Non-current	3,109,601	5,987,537
	3,384,476	**6,360,918**
Beginning balance	6,360,918	6,395,537
Trey asset acquisition additions (see Note 29)	-	189,166
Purchase of Kentucky Exploration JV interest (Note 29)	-	95,147
Accretion	505,319	513,703
Plugging and abandonment costs incurred	(149,623)	(216,886)
Change in estimate Asset Retirement Obligations	(3,332,138)	(615,749)
Ending Balance	**3,384,476**	**6,360,918**

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 15% (FY22: 11%) used to calculate the provision for rehabilitation based on updated available information and to more correctly reflect the risks related to the asset retirement obligation and the related oil and gas assets. Additionally, the change in estimate will also have an impact of the amount unwound in future periods which is dependent on the life of the oil and gas wells.

The resulting change in the Asset Retirement Obligations has been recognised against developing and producing assets as at 30 June 2023.

NOTE 22 – INTEREST BEARING LIABILITIES

	2023 $	2022 $
Current		
Working capital facility	33,150	18,925
Field vehicle / equipment financing	158,681	73,867
	191,831	**92,792**
Non-Current		
Working capital facility	260,081	273,294
Field vehicle / equipment financing	410.455	258,710
	670,536	**532,004**

Working capital

During the year ended 30 June 2023, the Company entered into a revised arrangement with its Working Capital facility lender whereby the unsecured working capital facility is available to be drawn upon or repaid at or before 11 November 2024 (previously 11 November 2023). The facility will also attract interest at the greater of 9% (previously: 6%) per annum or US prime rate + 2.75% interest per annum. The Company deferred its monthly payments for a period of 6 months commencing 1 March 2023. $293,231 of the facility has been drawn upon as of 30 June 2023. The unused amount is $206,769.

Field Vehicle / Equipment Financing

Interest bearing liabilities for field vehicles / equipment used in AXP's Appalachian Basin. Total financed vehicles / equipment amounted to $569,136 as of 30 June 2023 and is to be paid over an average remaining life of 3.4 years. The financed field equipment under contract at fixed interest rates of 6-7%.

NOTE 23 – OTHER LIABILITIES

Deferred Revenue

	2023 $	2022 $
Current	-	153,000
Non-current	-	-
	-	**153,000**

During the year ended 30 June 2023 AXP recognized revenue of $153,000. Nil months of deferred revenue remain as of 30 June 2023.

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 2021. Revenue has been and will be recognised over 20 months from 1 July 2021.

NOTE 24 – ISSUED CAPITAL

a. Issued Capital

	No of Shares	2023 $	No of Shares	2022 $
Ordinary Shares				
At the beginning of the reporting period	5,812,180,673	90,376,981	4,678,512,519	87,767,272
Options exercised at A$0.003/share	-	-	996,666,664	2,203,337
Options exercised at A$0.005/share	-	-	88,221,002	327,709
Performance rights issued at A$0.006/share (nil cash consideration)	12,500,000	55,517	48,780,488	218,576
- Less: Cost of capital raising	-	(860)	-	(139,913)
At the end of the reporting period	**5,824,680,673**	**90,431,638**	**5,812,180,673**	**90,376,981**

b. Options

	2023 Number	2022 Number
Unlisted		
At the beginning of the reporting period	306,778,999	1,009,166,665
- Issued	-	395,000,000
- Exercised	-	(1,084,887,666)
- Expired	(211,778,999)	(12,500,000)
At the end of the reporting period	**95,000,000**	**306,778,999**

Options Outstanding by Class

Unlisted Options	2023 Number	2022 Number
- $0.005 expire 20 April 2023	-	211,778,999
- $0.005 expire 20 October 2023	95,000,000	95,000,000
At the end of the reporting period	**95,000,000**	**306,778,999**

All options were unlisted during the year ended 30 June 2023 and 30 June 2022.

See details regarding performance rights in Share Based Payments Note 33.

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.

	2023 $	2022 $
Total borrowings (interest bearing debt)	862,367	624,796
Less: cash and cash equivalents	521,788	3,386,466
Net debt / (cash)	**340,579**	**(2,761,670)**
Total equity	10,520,690	16,678,295
Total capital	90,431,638	90,376,981
Gearing ratio	**8.20%**	**3.75%**

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

NOTE 25 – RESERVES

	2023	2022
	$	$
Foreign currency reserve	144,978	175,509
Share based payment reserve	51,221	106,738
	196,199	**282,247**

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 26 – 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**: Located primarily in the Eastern part of Kentucky, Western Virginia and North-Eastern part of Tennessee, these assets are located in a well-defined gas producing area of the Appalachian Basin. This basin has a long history of both oil and gas production dating back to the early 1800's. The majority of AXP's assets are conventional vertical wells located in the Eastern part of Kentucky with multiple producing formations including the Berea, Big Injun, Bradley, Cleveland Shale, Gordon, Lower Huron Shale, Maxton and the Rosedale.
- **Denver-Julesburg ("DJ") Basin**: These assets are located in the historic Florence oilfield and are geologically defined by the Canon City Embayment. This area is an extension of the prolific DJ Basin which spans across Colorado, Kansas, Montana and Wyoming. Formations of interest in this area include the Pierre Shale, Niobrara Shale, Codell Sandstone & Greenhorn Limestone.

- **Illinois Basin**: Spread across Western Kentucky, 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 $11,830,133 (2022: $15,648,962).

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 2023 and 30 June 2022, respectively.

2023	Appalachian Basin	Illinois Basin	DJ Basin	All Other Segments (unallocated)	Total
	$	$	$	$	$
Segment revenue	17,245,057	2,079,868	477,737	-	19,802,662
Production costs	(14,394,132)	(1,503,079)	(339,571)	-	(16,236,782)
DD&A	(1,481,816)	(421,504)	(134,874)	-	(2,038,194)
Other expenses	(1,547,496)	(450,180)	(693,808)	(785,191)	(3,476,675)
Impairments	-	(174,197)	(3,675,034)	-	(3,849,231)
Finance costs	(466,436)	(110,526)	(86,003)	(4,668)	(667,633)
Other gains	208	-	23,080	6,636	29,924
Total profit / (loss) before income tax	(644,615)	(579,618)	(4,428,473)	(783,223)	(6,435,929)
Income tax benefit	309,715	-	-	-	309,715
Total profit / (loss)	**(334,900)**	**(579,618)**	**(4,428,473)**	**(783,223)**	**(6,126,214)**
Total segment assets	**10,089,143**	**3,901,586**	**5,811,145**	**309,304**	**20,111,178**
Total segment liabilities excluding inter-company transactions	**5,935,383**	**1,246,376**	**2,245,696**	**163,033**	**9,590,488**

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
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**

NOTE 27 – CONTROLLED ENTITIES

	Country of Incorporation	Equity Holding	
		2023	2022
Parent Entity:			
AXP Energy Limited	Australia		
Subsidiaries of AXP Energy Limited:			
AusCo Petroleum 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	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.	USA	100%	100%

NOTE 28 – CASH FLOW INFORMATION

	2022 $	2022 $
(Loss) / profit from ordinary activities after income tax	(6,126,214)	606,945
Non-cash flows in loss from ordinary activities		
Share based payments	-	69,366
Depreciation, Depletion, Amortisation	2,038,195	1,912,089
Accretion	505,319	513,703
Accrued interest expense	59,634	139,518
Impairment and write downs	4,041,606	146,629
Foreign currency – non cash	11,543	(227,936)
Changes in assets and liabilities		
Decrease / (increase) in receivables	163,218	(659,470)
(Increase) / decrease in inventory	(95,671)	154,238
(Decrease) / increase in payables	(1,180,649)	946,383
Increase in deferred tax assets	(519,805)	(150,550)
Decrease in asset retirement obligations	(149,623)	(216,886)
Cash flow from operations	**(1,252,447)**	**3,234,029**

Non-cash financing and investing activities

Share based payments in the Profit or Loss is $nil (2022: $69,366). Refer to Note 33 for further information.

During the year the Group financed the purchase of field vehicle / equipment, totaling $345,562 (2022: $497,348). Refer to Note 22 for further information.

During the year, the Group entered into various lease agreements for vehicles and equipment totalling $315,147 (2022: Nil). Refer to Note 18 for further information.

NOTE 29 – ACQUISITIONS

AXP Energy, Inc.

Finalisation of the AXP Energy, Inc Acquisition in 2022

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

Trey Exploration, Inc.

Acquisition of Certain Oil and Gas Leasehold and Well Assets in 2022

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 in 2022

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.

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 30 – 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:

	2023 $	2022 $
Financial Assets		
Cash and cash equivalents	521,788	3,386,466
Trade and other receivables	2,312,853	2,529,543
Bonds	977,648	965,868
Other deposits	150,840	160,833
	3,963,129	**7,042,710**
Financial Liabilities		
Trade payables	1,770,262	2,210,085
Revenue suspense (see Note 20(ii))	517,251	538,702
Lease liability	1,058,611	1,175,729
Borrowings	862,367	624,796
	4,208,491	**4,549,312**

All balances above are measured at amortised cost.

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:

	2023	2022
	$	$
Cash and cash equivalents	281,509	1,279,198
Trade and other receivables	27,795	28,912
Trade and other payables	163,033	199,980

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:

	2023 $	2022 $
Change in profit		
Improvement in AUD to USD by 10%	(78,322)	(121,017)
Decline in AUD to USD by 10%	78,322	121,017
Change in equity		
Improvement in AUD to USD by 10%	(78,322)	(121,017)
Decline in AUD to USD by 10%	78,322	121,017

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:

	2023 $	2022 $
Change in profit		
Increase in interest rate by 1% (2022: 1%)	19,541	22,147
Decrease in interest rate by 1% (2022: 1%)	(19,541)	(22,147)
Change in equity		
Increase in interest rate by 1% (2022: 1%)	19,541	22,147
Decrease in interest rate by 1% (2022: 1%)	(19,541)	(22,147)

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:

2023	**Gas** **$**	**Oil** **$**	**NGL** **$**	**Total** **$**
Change in profit				
Increase in average price by 5%	457,269	261,533	255,640	974,442
Decrease in average price by 5%	(457,269)	(261,533)	(255,640)	(974,442)
Change in equity				
Increase in average price by 5%	457,269	261,533	255,640	974,442
Decrease in average price by 5%	(457,269)	(261,533)	(255,640)	(974,442)

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)

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 Company entered into an unsecured working capital facility of $500,000 with a private company at the greater of 9% per annum or US prime rate + 2.75% interest per annum. The facility is available until 11 November 2024. $293,231 of the facility has been drawn upon as of 30 June 2023. The unused amount is $206,769.

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
2023	**$**	**$**	**$**	**$**	**$**
Trade and other payables	3,410,630	38,000	831,950	4,280,580	4,280,580
Lease liabilities	252,606	214,942	694,056	1,161,604	1,058,611
Field vehicle / equipment financing	94,056	94,056	546,430	734,542	569,136
Working capital facility	13,260	19,890	310,072	343,222	293,231
	3,770,552	366,888	2,382,508	6,519,948	6,201,558
2022	**$**	**$**	**$**	**$**	**$**
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

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 31 – 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 and Note 33.

b) Transactions with related entities of key management personnel:

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. Mr Lonny Haugen is President of CFO Colorado Accounting & Tax Services. Mr Haugen resigned as CFO on 16 September 2022 and ceased being a key personal on the same date. To 16 September 2022 the costs of these services was $37,873 (2022: $339,224).

During the year ended 30 June 2022 $10,064 of director fees earned by Mr Peter Crown and a dispute settlement of $73,839 (included as part of share issue costs) were made payable to Resilient Investment Group (RIG). Mr Crown is the sole director and shareholder of RIG. Mr Crown resigned 12 October 2021.

NOTE 32 – 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.

	2023	**2022**
	$	**$**
Due within one year	276,125	266,400
Due between 2 and 5 years	636,175	665,063
Due between 6 and 10 years	793,775	1,214,450
	1,706,075	**2,145,913**

Capital commitments for the fiscal year ended 30 June 2023 and 30 June 2022 include AXP Energy, Inc. abatement commitments.

NOTE 33 – 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	12,500,000	57,113,821
Issued	-	4,166,667
Exercised	(12,500,000)	(48,780,488)
End of year (vested)	**-**	**12,500,000**

There were no share based payments for the year ended 30 June 2023.

During the year ended 30 June 2022, share based payments in the Profit or Loss was $69,366 and is comprised of performance rights ($18,145) and options ($51,221) issued to a consultant for brokerage services provided.

The Group's Performance Rights Plan ('Plan') was approved by shareholders at the General Meeting held on 29 November 2019. The plan lapsed after 3 years on 29 November 2022. No new plan has been approved by shareholders.

2023 Performance Rights

Mr Mervis exercised his performance rights and 12,500,000 shares were issued. The performance rights were issued at A$0.006/share.

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. The performance rights were issued at A$0.006/share.

2022 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. Refer to note 24(b) for further details.

NOTE 34 – 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 35 – SUBSEQUENT EVENTS

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

Sale of Appalachian Basin and Illinois Basin Assets

On 29 September 2023, the Company finalised an agreement to sell its non-Colorado oil and gas assets, including projects in Tennessee, Eastern Kentucky, Virginia, and the Illinois Basin, to Mountain V Oil & Gas, Inc.

Transaction Summary:

- Consideration: US$4 million, paid in stages;
- Closing Date: Expected on or before 30 November 2023.

The Company believes this sale will bring added value to shareholders, focusing on its Colorado project and seeking new acquisitions in the oil and gas sector with the proceeds.

Key Terms:

- No break fee; however, if transaction the fails any prepaid consideration is refundable.

- Effective control change date: 1 October 2023;
- Exclusive dealing period: Until 15 November 2023;
- Shareholder approval required.

Refer to the separate ASX announcement for more information.

NOTE 36 – ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

AASB 2021-2 Amendments to Australian Accounting Standards –Disclosure of Accounting Policies and Definition of Accounting Estimates	1 Jan 2023
AASB 2021-5 Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 Jan 2023
AASB 2022-7 Editorial Corrections to Australian Accounting Standards and Repeal of Superseded and Redundant Standards	1 Jan 2023
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current	1 Jan 2024
AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants	1 Jan 2024
AASB 2023-1 Amendments to Australian Accounting Standards – Supplier Finance Arrangements	1 Jan 2024

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements and accompanying notes, as set out on pages 24 to 72 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 2023 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 2023

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 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial 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 2023 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 3 in the financial report for the year ended 30 June 2023 which indicates that the Group incurred a loss for the year after tax of $6,126,214 (2022: profit of $606,945). $3,849,131 of the loss was due to the non-cash impairments of its: (a) Cimarex lease (see Note 17) and (b) Illinois Basin assets. The Group incurred a net cash outflow from operating activities of $1,252,447 (2022: $3,234,029 cash inflow). Additionally, the Group had a working capital deficit of $1,235,010. These conditions, along with other matters as set forth in Note 3, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
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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.

Revenue Recognition Refer to Notes 1(c) and 5 to the financial report.	
For the year ended 30 June 2023, the Group had revenue of USD$19,802,662 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. Assessing the entitlement and recoverability for trade receivables, the basis of Management's approach for determining amounts that are deemed to be recoverable and corroborating key assumptions made. Considering the adequacy of the disclosures included within Note 1(c) and Note 5 of the financial report.

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Asset Retirement Obligations ("ARO")
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 2023, the consolidated statement of financial position included a provision for such obligations of USD$3,384,476. This amount represents 35% of total liabilities.

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.
- corroborating the completeness and timing of the ARO obligation with reference to the Group's most recent reserves report to ensure consistency.
- considering the appropriateness of the discount rate and inflation rates applied to future cash outflows used in calculating the provision; and

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

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 2023, the Group's statement of financial position included developing and producing assets, totalling USD$9,155,067. This amount represents 46% of total assets. AASB 136 *Impairment of Assets* ("AASB 136") requires an entity to test non-current assets where there are indicators of impairment. 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 impairment indicators within one of the three cash generating units ("CGU"s) held by the group. The Group's assessment that the recoverable amount was less than the CGU's carrying amount for the Illinois Basin, resulting in the Group recognising an impairment expense for Illinois Basin. The evaluation of the recoverable amount of the Group's cash generating units ('CGUs) requires significant Management judgement in determining the key assumptions and estimates, including but not limited to: ▪ growth rate assumptions; and ▪ discount factors supporting the expected future cash flows of the business and the utilisation of the relevant assets. Due to the significance to the Group's financial report and the level of Management judgment involved in assessing the recoverable amount of the Group's CGUs, we consider this to be a key audit matter	Our procedures included, amongst others: Obtaining an understanding of the design and implementation of the relevant controls associated with the preparation of the carrying value of developing and producing assets. Evaluating the Group's consideration of internal and external sources of information in assessing whether indicators of impairment or reversal 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 2023 to reports provided by management appointed experts in the current 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. Assessing the adequacy of the disclosures included within Note 1(h) and Note 16 of the financial report.

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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 2023, the Group held capitalised exploration and evaluation expenditure of USD$3,889,701. This amount represents 19% of total assets. 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. The Group recorded an impairment of exploration and evaluation asset balance totalling to $3,675,034, in connection with its Denver-Julesburg project. Given the size of the balance and the judgemental nature of the impairment indicator assessments associated with exploration and evaluation assets, we consider this is a key audit matter.	Our procedures included, amongst others: Obtaining an understating of and evaluating the design and implementation of the processes and controls associated with the capitalisation of exploration and evaluation expenditure, and those associated with the assessment of impairment, and reversal of impairment, indicators. Conducting a detailed review of management's assessment of trigger events prepared in accordance with AASB 6 including: • Examining the 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 Note 1(h) and Note 17 of the financial report.

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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
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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 2023 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.

AXP ENERGY LIMITED
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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 13 to 19 of the Directors' report for the year ended 30 June 2023. In our opinion, the Remuneration Report of AXP Energy Limited, for the year ended 30 June 2023, 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

MICHAEL LIPRINO
Executive Director
Perth, 29 September 2023

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 14 September 2023

CATEGORY	ORDINARY SHARES HOLDERS	TOTAL SHARES	% OF ISSUED CAPITAL
1- 1,000	185	54,238	0.00%
1,001 – 5,000	131	351,729	0.01%
5,001 – 10,000	69	527,836	0.01%
10,001 – 100,000	853	48,541,914	0.83%
100,001 and over	1,496	5,775,204,956	99.15%
TOTAL	**2,734**	**5,824,680,673**	**100.00%**

b) Unmarketable Parcels as of 14 September 2023:

There were 1,709 holders of unmarketable parcels (minimum parcel size: 83,333 shares) comprising 127,538,075 shares or 2.1896% of the total shares outstanding.

c) Substantial Shareholders

There are three substantial shareholders owning more than 5% of shares listed in the holding Group's register as at 14 September 2023.

NAME	FULLY PAID ORDINARY SHARES	PERCENTAGE HELD
CITICORP NOMINEES PTY LIMITED	885,694,837	15.206%
MS MARGARET LYNETTE HARVEY	666,666,666	11.446%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	433,044,346	7.435%

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 14 September 2023, are as follows:

NAME	FULLY PAID ORDINARY SHARES	PERCENTAGE HELD
CITICORP NOMINEES PTY LIMITED	885,694,837	15.206%
MS MARGARET LYNETTE HARVEY	666,666,666	11.446%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	433,044,346	7.435%
MR VICTOR LORUSSO	186,070,894	3.195%
MR BRIAN LAURENCE EIBISCH	168,397,536	2.891%
B & C FAMILY INVESTMENTS PTY LTD <MCINTOSH FAMILY S/F A/C>	166,666,666	2.861%
MR BRUCE KENRIC GLOVER CROSSLEY	131,200,000	2.252%
CAPP SMSF PTY LIMITED <CAPP SUPER FUND A/C>	122,180,714	2.098%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	106,029,536	1.820%
WFC NOMINEES PTY LTD <WFC NOMINEES AUSTRALIA A/C>	104,992,777	1.803%
ALTOR CAPITAL MANAGEMENT PTY LTD <ALTOR ALPHA FUND A/C>	94,900,000	1.629%
MR TIMOTHY HART	81,749,365	1.403%
MONEX BOOM SECURITIES (HK) LTD <CLIENTS ACCOUNT>	62,929,788	1.080%
LOLOMA HOLDINGS PTY LTD <THE LEVUKA A/C>	61,833,334	1.062%
DR PETER KENCH	60,000,000	1.030%
COVE STREET PTY LTD <THE COVE STREET A/C>	51,000,000	0.876%
MR WILLIAM LESLIE KELSO	50,000,000	0.858%
MR SAMUEL MCCANN JARVIS	48,780,488	0.837%
MR BOJAN KARAN	48,000,000	0.824%
CHALEYER HOLDINGS PTY LTD <RUBBEN FAMILY A/C>	40,000,000	0.687%
TOTAL	**3,570,136,947**	**612.861%**

Unquoted Securities

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 26(a) to the financial statements):

OPERATING SEGMENT	30 JUNE 2022		30 JUNE 2023		YEAR ON YEAR CHANGE
	NRI [%]	NET ACREAGE	NRI [%]	NET ACREAGE	
Appalachian Basin					
Kentucky [(a)]	74	63,009	74	62,769	0%
Virginia	83	4,504	83	4,504	-
Tennessee	85	2,485	85	2,485	-
Illinois Basin					
Kentucky	80	6,393	80	6,393	-
Indiana	78	2,011	78	2,011	-
Illinois	80	130	80	130	-
Denver-Julesburg Basin					
Colorado	76	12,902	76	12,902	-
TOTAL	-	90,179	-	89,939	0%

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

a) Appalachian Basin

In Kentucky, the Company relinquished certain minor leases after the wells on those leases were plugged and abandoned.

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 2023. The percentage changes noted in the first table have been calculated from 1 July 2022.

All figures are *net* to the Company.

RESERVE & RESOURCE CATEGORY AS AT 1 JULY 2023	OIL [MBBL[(1)]]	GAS [MMCF[(2)]]	NGL [MBBL]	TOTAL [MBOE[(3)]]	% CHANGE[(4)]
Proved Developed (PDP & PDNP)	821	18,181	1,230	5,082	- 9%
Proved Undeveloped (PUD)	-	-	-	-	- 100%
Proved Reserves (1P)	**821**	**18,181**	**1,230**	**5,082**	- 10%
Probable Reserves	148	7,504	62	1,460	- 10%
Proved + Probable Reserves (2P)	**969**	**25,685**	**1,292**	**6,542**	- 10%
Contingent Resource (2C)	**68,373**	**714,382**	**3,699**	**212,066**	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 percentage changes noted above are calculated based on the change from 1 July 2022.

AXP's reserves and contingent resources as at 1 July 2022 were as follows:

RESERVE & RESOURCE CATEGORY AS AT 1 JULY 2022	**OIL** [MBBL]	**GAS** [MMCF]	**NGL** [MBBL]	**TOTAL [MBOE]**
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**
Probable Reserves	179	8,325	55	1,621
Proved + Probable Reserves (2P)	**1,136**	**29,707**	**1,182**	**7,269**
Contingent Resource (2C)	**68,322**	**713,985**	**3,699**	**211,949**

Low current and forecast hydrocarbon pricing resulted in some wells either being uneconomic at current pricing or having a shorter economic lifespan due to forecast pricing. Predominantly as a result of this, and also through reserved depletion due to production in the period, there was a 9% reduction in the Proved Developed (1P) reserve category.

The small amount of Proved Undeveloped reserves assessed at 1 July 2022 was assessed in the current period to be uneconomic at current and forecast hydrocarbon pricing and were moved to Contingent resources – with the same risk level (2C).

Probable reserves have decreased by 10% for the same reasons stated above and this has resulted in an overall decrease of 10% year on year in the Proved + Probable Reserves category (2P).

There has been a fractional increase in Contingent Resources year on year due to the abovementioned movement of Proved Undeveloped Reserves into the Contingent Resource (2C) category.

The above totals represent an aggregation of the assessed Reserves for the Company's 3 producing areas. A more detailed breakdown of the assessed Reserves, segmented by both basin and development status, is provided in Appendix 2.

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

COMPANY SECRETARY

Mr Robert Lees

REGISTERED OFFICE AND PRINCIPAL ADMINISTRATIVE OFFICE

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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

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