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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 half-year ended 31 December 2023.

All amounts in this report are in US dollars unless stated otherwise.

Directors

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

Mr Samuel Jarvis, Non-executive Chairman appointed 19 October 2023. Appointed Non-executive Director 28 February 2018. Member of the Audit Committee. Chairman of Remuneration and Nominations Committee.

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

Mr Andrew Bald, Non-executive Director appointed 23 January 2024.

Mr Simon Johnson, Non-executive Director resigned 23 January 2024.

Company Secretary

Mr Robert Lees, appointed 30 June 2015.

Review of Operations

A Board of Director's review of the operations of the economic entity during the half-year and the results of those operations are as follows.

Exploration, Development and Production

In preparation for the divestiture of the Company's Appalachian and Illinois Basin assets, the team was primarily in cost control mode. As a result, no additional Exploration and Development work was completed in 2023. Although gas was produced to service the longer term and on system sales contracts, production was curtailed as the Henry Hub spot price continued to soften throughout the period.

Financial Review

AXP reported a loss of \$2,177,832 during the six months ended 31 December 2023 (2022: \$4,524,227 loss). The Group's financial performance during the six months was negatively impacted by:

- Loss from discontinued operations of \$1,488,781. During the period, the Group announced that it had entered into a binding letter agreement to sell its non-Colorado oil and gas assets in the Appalachian and Illinois Basins to Mountain V Oil & Gas, Inc.

a) Revenue (from continued operations)

- Gross production for the half-year was down by 7% to 5,359 BOE from 5,748 BOE;
- Sales revenue increased by 24% to \$313,897 from \$254,453. The increase was driven by increased pricing offset by decreased sales volumes;

b) Financial Position

The Group's net assets decreased 21% from \$10,520,690 to \$8,333,302, mainly as a result of the discontinued operations. The Group had a positive net working capital gain of \$3,004,771.

Significant Changes in the State of Affairs

During the period, the Company finalised an agreement with Mountain V Oil & Gas, Inc. to divest its non-Colorado oil and gas assets located in the Appalachian and Illinois Basins (the "transaction". Effective control of the assets transferred on 1 October 2023. The consideration for this transaction amounted to \$4,000,000 plus oil in tank inventory in cash, subject to closing adjustments, payable in stages. Discontinued operations were recognised from 29 September 2023. As of 31 December 2023, the assets and liabilities associated with the sale were reclassified as held for sale. The transaction concluded on 7 February 2024.

Other than noted in this director's report, there have been no other significant changes in the Group's state of affairs during the financial period.

Proceedings on Behalf of Group

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

Events Arising Since the end of the Reporting Period

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

- On 23 January 2024, Mr Andrew Bald was appointed as Non-executive Director following the resignation of Mr Simon Johnson on the same date.
- Following receipt of shareholder approval on 6 February 2024, the Group completed the transaction in order to divest its non-Colorado oil and gas assets, effective 7 February 2024.
- In March 2024, the Company entered into a settlement arrangement with one of its payment plan suppliers whereby the supplier and Company agreed to a final settlement of all amounts due and payable.

Rounding of amounts

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

Auditor's Independence Declaration

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

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



Samuel Jarvis
Non-executive Chairman

Dated this 14th day of March 2024

AUDITOR'S INDEPENDENCE DECLARATION

(overleaf)

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**AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF AXP ENERGY LIMITED AND ITS CONTROLLED
ENTITIES**

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

PITCHER PARTNERS BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD



MICHAEL LIPRINO
Executive Director
Perth WA, 14 March 2024

CONSOLIDATED PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME

CONSOLIDATED GROUP	Note	Half-year ended 31 December 23	Half-year ended 31 December 22
		\$	\$
Continuing operations			
Revenue	3	313,897	254,453
Lease and field operating expense		(175,447)	(181,064)
Depreciation, depletion, and amortisation		(87,933)	(73,296)
Other expenses	4	(696,513)	(827,827)
Impairments		-	(3,675,034)
Finance costs		(44,859)	(31,122)
Other gains		2,154	3,287
Loss before income tax		(688,701)	(4,530,603)
Income tax expense		(350)	-
Loss for the period from continuing operations		(689,051)	(4,530,603)
Discontinued operations			
(Loss) / profit from discontinued operations	19	(1,488,781)	6,376
Loss for the period		(2,177,832)	(4,524,227)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange rate differences on translation of foreign operations		(9,556)	(128)
Other comprehensive loss for the period net of tax		(9,556)	(128)
Total comprehensive loss for the period		(2,187,388)	(4,524,355)
Loss for the period attributable to: Members of the parent entity		(2,177,832)	(4,524,227)
Total comprehensive loss attributed to: Members of the parent entity		(2,187,388)	(4,524,355)
Earnings per share from continuing operations:			
Basic and diluted loss per share (in cents)	5	(0.01)	(0.08)
Earnings per share from discontinued operations:			
Basic and diluted loss per share (in cents)	5	(0.03)	(0.00)
Earnings per share attributable to the equity holders of AXP Energy Limited:			
Basic and diluted loss per share (in cents)	5	(0.04)	(0.08)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	31 December 2023 \$	30 June 2023 \$
Current assets			
Cash and cash equivalents		1,736,889	521,788
Trade and other receivables		56,171	2,312,853
Oil in tank inventory		15,708	344,961
Other current assets	6	606,882	743,875
Non-current assets classified as held-for-sale	19	12,270,320	-
Total current assets		14,685,970	3,923,477
Non-current assets			
Property, plant and equipment	7	10,839	888,651
Development and producing assets	8	1,291,935	9,155,067
Exploration and evaluation assets	9	3,889,701	3,889,701
Right of use assets	10	-	1,022,867
Deferred tax assets		670,355	670,355
Other assets	6	561,060	561,060
Total non-current assets		6,423,890	16,187,701
Total assets		21,109,860	20,111,178
Current liabilities			
Trade and other payables		1,295,439	4,280,580
Lease liability	10	-	411,201
Asset retirement obligation	11	-	274,875
Financial liabilities	12	310,941	191,831
Other current liabilities	13	2,000,000	-
Liabilities associated with non-current assets classified as held-for-sale	19	8,074,819	-
Total current liabilities		11,681,199	5,158,487
Non-current liabilities			
Lease liability	10	-	647,410
Asset retirement obligation	11	1,095,359	3,109,601
Financial liabilities	12	-	670,536
Other long-term liabilities		-	4,454
Total non-current liabilities		1,095,359	4,432,001
Total liabilities		12,776,558	9,590,488
Net assets		8,333,302	10,520,690
Equity			
Issued capital	14	90,431,638	90,431,638
Reserves		186,643	196,199
Accumulated losses		(82,284,979)	(80,107,147)
Total equity		8,333,302	10,520,690

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital	Share based payment reserve	Foreign currency reserve	Accumulated losses	Total
	\$	\$	\$	\$	\$
Balance at 1 July 2022	90,376,981	106,738	175,509	(73,980,933)	16,678,295
Loss for the period	-	-	-	(4,524,227)	(4,524,227)
Exchange differences on translation of foreign operations	-	-	(128)	-	(128)
Total comprehensive income loss	-	-	(128)	(4,524,227)	(4,524,355)
Conversion of performance rights	55,517	(55,517)	-	-	-
Share issue costs	(860)	-	-	-	(860)
Balance at 31 December 2022	90,431,638	51,221	175,381	(78,505,160)	12,153,080
Balance at 1 July 2023	90,431,638	51,221	144,978	(80,107,147)	10,520,690
Loss for the period	-	-	-	(2,177,832)	(2,177,832)
Exchange differences on translation of foreign operations	-	-	(9,556)	-	(9,556)
Total comprehensive loss	-	-	(9,556)	(2,177,832)	(2,187,388)
Conversion of performance rights	-	-	-	-	-
Share issue costs	-	-	-	-	-
Balance at 31 December 2023	90,431,638	51,221	135,422	(82,284,979)	8,333,302

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Half-year ended 31 December 23 \$	Half-year ended 31 December 22 \$
Cash flow from operating activities		
Receipts from customers	6,243,706	8,661,932
Payments to suppliers and employees	(6,639,443)	(9,178,206)
Interest received	2,154	3,606
Interest paid	(51,576)	(58,126)
Income tax paid	-	(149,965)
Net cash used in operating activities	(445,159)	(720,759)
Cash flow from investing activities		
Payments for exploration and evaluation activities	(33,009)	(305,998)
Payments for development and producing activities	(6,201)	(160,973)
Proceeds received in advance from disposal of other non-current assets (Note 13)	2,000,000	-
Net cash from / (used in) investing activities	1,960,790	(466,971)
Cash flow from financing activities		
Repayment of borrowings	(74,200)	(54,523)
Principal payment for lease liabilities	(220,885)	(162,942)
Share issue costs	-	(860)
Net cash used in financing activities	(295,085)	(218,325)
Net increase / (decrease) in cash held	1,220,546	(1,406,055)
Cash at the beginning of the period	521,788	3,386,466
Effects of exchange rate changes on cash & cash equivalents	(5,445)	(33,239)
Cash at the end of the period	1,736,889	1,947,172

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', 'Company' or 'AXP') and its controlled entities ('Group').

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

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

It is recommended that this condensed consolidated half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2023 and any public announcements made by AXP Energy Limited during the half-year in accordance with any continuous disclosure obligations arising under the Corporations Act 2001.

AXP is a company limited by shares, incorporated and domiciled in Australia. The address of the Company's registered office and principal place of business is AXP Energy Limited, Level 4, 8 Spring Street, Sydney, NSW 2000. The Company is a for-profit entity for the purpose of preparing the financial statements.

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

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

The condensed consolidated half-year financial report was authorised for issue by the directors on 14 March 2024.

(a) Basis of preparation

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

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

Except as disclosed in Note 1(b), the accounting policies applied in this condensed consolidated half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2023.

(b) Summary of accounting policies

Discontinued Operations

A discontinued operation is a component of the Group that has been disposed of in the current, or prior, reporting period or is classified as held for sale at the reporting date, and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are disclosed separately in the statement of profit or loss and other comprehensive income.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if it is highly probable their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Except in some limited circumstances, such as in the case of deferred tax balances and items measured at fair value on a recurring basis, non-current assets and assets and liabilities comprising disposal groups classified as held for sale are measured at the lower of their carrying amounts and fair values less costs of disposal.

An impairment loss is recognised when the carrying amount of a non-current asset or disposal group held for sale exceeds its fair value less costs of disposal and is recognised immediately in profit or loss. Any impairment loss on a disposal group is allocated first to any goodwill attributable to the disposal group, and then to the remaining assets and liabilities on a pro rata basis, except for inventories, deferred tax assets and assets otherwise measured at fair value on a recurring basis. Gains are recognised in respect of any subsequent increases in fair value less costs of disposal of non-current assets or disposal groups held for sale, but only to the extent of any cumulative impairment losses previously recognised.

New accounting standards effective during the period

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

The adoption of the new and amended Standards and Interpretations issued by the AASB did not have a material impact on the Group for the half-year ended 31 December 2023.

(c) Accounting standards issued but not yet effective

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

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current	1 January 2024
AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants	1 January 2024
AASB 2023-1 Amendments to Australian Accounting Standards – Supplier Finance Arrangements	1 January 2024

(d) Critical accounting estimates and judgements

Critical accounting estimates and judgements have been consistently applied with the previous financial year and the corresponding interim period.

NOTE 2 – GOING CONCERN

The financial report of the Group has been prepared on a going concern basis, which contemplates the continuity of normal business activities, the realisation of assets, and the discharge of liabilities in the ordinary course of business.

The Group made a loss for the half-year after tax of \$2,177,832 (half-year ended 31 December 2022: 4,524,227 loss) and incurred a net cash outflow from operating activities of \$445,159 (half-year ended 31 December 2022: \$720,759 outflow). Additionally, the Group had a working capital surplus of \$3,004,771 as of 31 December 2023 (30 June 2023: \$1,235,010 deficit).

The Group's ability to continue as a going concern is dependent on the continued generation of cash from operations, the sufficiency of current cash reserves to meet existing obligations and, if required, the ability to raise capital.

Subsequent to the end of the period, the Group completed the sale of its non-Colorado oil and gas assets located in the Appalachian and Illinois Basins, leading to a reduction in expenditure going forward.

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

NOTE 3 – REVENUE

	Half-year ended 31 December 2023	Half-year ended 31 December 2022
	\$	\$
Gas	-	10,131
Oil	313,897	244,322
Total revenue from continuing operations	313,897	254,453

Gas and oil revenues result from contracts with customers earned at a point in time.

NOTE 4 – OTHER EXPENSES

	Half-year ended 31 December 2023	Half-year ended 31 December 2022
	\$	\$
Director fees	62,650	84,483
Payroll and employee benefits	180,538	209,428
Superannuation	15,865	17,231
Professional fees	279,446	240,399
Regulatory compliance - G&A	35,738	104,954
Administrative and corporate costs	122,276	170,812
Other expenses	-	520
	696,513	827,827

NOTE 5 – EARNINGS PER SHARE & DILUTED EARNINGS PER SHARE

	Half-year ended 31 December 23 \$	Half-year ended 31 December 22 \$
Profit or loss attributable to the ordinary shareholders of AXP Energy Limited:		
- Loss from continuing operations	(689,051)	(4,530,603)
- (Loss) / profit from discontinuing operations	(1,488,781)	6,376
Loss used in calculating earnings and diluted earnings per share	(2,177,832)	(4,524,227)
	No of Shares	No of Shares
Weighted average number of ordinary shares used in calculating basic and diluted EPS	5,824,680,673	5,817,207,847
Continuing operations		
Basic and diluted EPS	(0.01) cents	(0.08) cents
Discontinuing operations		
Basic and diluted EPS	(0.03) cents	(0.00) cents
Earnings per share for profit attributable to the equity holders of AXP Energy Limited:		
Basic and diluted EPS	(0.04) cents	(0.08) cents

NOTE 6 – OTHER ASSETS

	31 December 2023 \$	30 June 2023 \$
Other current assets		
Bond deposits	432,782	431,588
Other deposits	125,466	135,840
Prepaid expenses and other	48,634	176,447
	606,882	743,875
Other non-current assets		
Bond deposits	546,060	546,060
Other deposits	15,000	15,000
	561,060	561,060

NOTE 7 – PROPERTY, PLANT AND EQUIPMENT

	31 December 2023 \$	30 June 2023 \$
Plant and equipment:		
- At cost	273,076	1,558,723
- Less: Accumulated depreciation	(262,237)	(670,072)
	10,839	888,651

Movement in property, plant and equipment at cost

Plant and equipment:	
Cost at the beginning of the period	1,558,723
Assets sold during the period	(55,189)
Classified as held for sale or included in a disposal group classified as held for sale (Note 19)	(1,230,458)
Cost at the end of the period	273,076

Movement in property, plant and equipment accumulated depreciation

Plant and equipment:

Accumulated depreciation at the beginning of period	(670,072)
Depreciation – continuing operations	(3,644)
Depreciation – discontinued operations	(64,201)
Assets sold during the period	55,189
Classified as held for sale or included in a disposal group classified as held for sale (Note 19)	420,491
Accumulated depreciation at the end of the period	(262,237)

NOTE 8 – DEVELOPMENT AND PRODUCING ASSETS

	31 December 2023 \$	30 June 2023 \$
Producing assets at cost	2,970,548	13,539,291
Accumulated amortisation	(1,678,613)	(4,384,224)
	1,291,935	9,155,067

Movement in carrying amounts

Carrying amount at the beginning of the period	9,155,067
Depletion expense – continuing operations	(84,289)
Depletion expense – discontinued operations	(215,000)
Asset retirement obligation changes (Note 11)	703,582
Classified as held for sale or included in a disposal group classified as held for sale (Note 19)	(8,267,425)
Carrying amount at the end of the period	1,291,935

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

There was no indicators of impairment identified in relation to the carrying amounts of developing and producing assets during the half-year ended 31 December 2023.

NOTE 9 – EXPLORATION AND EVALUATION ASSETS

	31 December 2023 \$	30 June 2023 \$
Exploration and evaluation assets at cost	3,889,701	3,889,701

As of 31 December 2023 and 30 June 2023, the Group's exploration and evaluation assets relate only to the Denver Julesburg area of interest.

The ultimate recoupment of exploration and evaluation expenditure carried forward is dependent on successful development and commercial exploitation or, alternatively, the sale of the respective area.

NOTE 10 – LEASE ASSETS AND LIABILITIES

	31 December 2023 \$	30 June 2023 \$
Lease assets:		
- At cost	-	1,898,039
- Less: Accumulated depreciation	-	(875,172)
	<u>-</u>	<u>1,022,867</u>

Reconciliation of the carrying amount of lease assets at the beginning and the end of the period:

Carrying amount at the beginning of the period	1,022,867
Depreciation - Discontinued	(115,799)
Classified as held for sale or included in a disposal group classified as held for sale (Note 19)	(907,068)
Carrying amount at the end of the period	<u>-</u>

Lease liabilities:		
- Current	-	411,201
- Non-current	-	647,410
	<u>-</u>	<u>1,058,611</u>

Lease expenses and cash flows:

Interest expense on lease liabilities – discontinued	31,722	81,898
Depreciation expense on lease assets – discontinued	115,799	411,407
Total cash outflow in relation to leases	284,326	489,313

NOTE 11 – ASSET RETIREMENT OBLIGATIONS

	31 December 2023 \$	30 June 2023 \$
Current	-	274,875
Non-current	1,095,359	3,109,601
	1,095,359	3,384,476
Carrying amount at the beginning of the period	3,384,476	
Accretion – continuing operations	31,265	
Accretion – discontinued operations	157,632	
Plugging and abandonment costs incurred	(8,469)	
Change in estimated asset retirement obligation	703,582	
Classified as held for sale or included in a disposal group classified as held for sale (Note 19)	(3,173,127)	
Carrying amount at the end of the period	1,095,359	

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 (Asset Retirement Obligation, or "ARO"). 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 an accretion charge. The Company estimated its pre-tax discount rate at 13% (FY23: 15%).

NOTE 12 – FINANCIAL LIABILITIES

	31 December 2023 \$	30 June 2023 \$
Current		
Working capital facility	310,941	33,150
Field vehicle/equipment financing (i)	-	158,681
	310,941	191,831
Non-Current		
Working capital facility	-	260,081
Field vehicle/equipment financing (i)	-	410,455
	-	670,536

(i) Reclassified as held for sale (Note 19).

Working capital facility

The Company entered into an unsecured working capital facility of \$500,000 with First Energy Partners (Pty) Ltd during financial year 2021. The facility attracts interest at the greater of 9% per annum or US prime rate + 2.75% interest per annum. The facility is available to be drawn upon or repaid through 11 November 2024. \$310,941 of the facility has been drawn upon as of 31 December 2023. The unused amount is \$189,059.

NOTE 13 – OTHER CURRENT LIABILITIES

	31 December 2023	30 June 2023
	\$	\$
Proceeds received in advance of disposal of non-current assets	2,000,000	-
	2,000,000	-

On 29 September 2023, the Company announced it had entered into a binding letter agreement to sell its non-Colorado oil and gas assets located in the Appalachian and Illinois Basins to Mountain V Oil & Gas, Inc. Effective control of the assets transferred on 1 October 2023. The consideration for this transaction was \$4,000,000 plus oil in tank inventory, subject to closing adjustments, payable in stages. Discontinued operations were recognised on 29 September 2023.

On 20 December 2023, the Company announced it had entered into an asset sale agreement. \$2,000,000 in connection with the sale was received as of 31 December 2023.

The assets and liabilities associated with the sale have were classified as held for sale as at 31 December 2023.

Shareholders approved the sale at a General Meeting held on 6 February 2024. The sale closed on 7 February 2024, and the final tranche of \$2,000,000, before closing adjustments, was received on 9 February 2024.

See Note 19 for information on discontinued operations and non-current assets classified as held for sale.

NOTE 14 – ISSUED CAPITAL

	# Shares	31 December 2023
		\$
a. Ordinary Shares		
At the beginning of the period	5,824,680,673	90,431,638
At the end of the period	5,824,680,673	90,431,638
b. Options		
		31 December 2023
		Number
Unlisted		
At the beginning of the period		95,000,000
- Issued		-
- Exercised		-
- Expired		(95,000,000)
At the end of the period		-

NOTE 15 – INTERESTS IN JOINT ARRANGEMENTS

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

Joint Operations

Following the acquisition of AXP Energy, Inc. during the year ended 30 June 2021, the Group has a portfolio of over ~1,500 wells. The Group holds an average Net Revenue Interests (NRI) in the acquired AXP Energy, Inc of approximately 75%.

The registered address of the Group's joint operations is as follows:

Appalachian Basin:	AXP Energy, Inc. P.O. Box 55627 Lexington, KY 40555 USA
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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.

On 29 September 2023, the Company announced it had entered into a binding letter agreement to sell its non-Colorado oil and gas assets located in the Appalachian and Illinois Basins to Mountain V Oil & Gas, Inc. (the "transaction"). The majority of the Group's joint operations reside within the Appalachian and Illinois Basins, and therefore, the Group's interest in these joint operations will be disposed of upon completion of the transaction.

Effective control of the assets transferred on 1 October 2023. The consideration for this transaction was \$4,000,000 plus oil in tank inventory, subject to closing adjustments, payable in stages. Discontinued operations were recognised on 29 September 2023.

Shareholders approved the sale at a General Meeting held on 6 February 2024. The sale closed on 7 February 2024, and the final tranche of \$2,000,000, before closing adjustments, was received on 9 February 2024.

NOTE 16 – SEGMENT REPORTING

Identification of reportable segments

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

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

Basis of accounting for purposes of reporting by operating segments

a) Description of segments:

The Group has identified the following reportable segments:

- **Appalachian and Illinois Basin** : These segments have been combined as a result of the asset sale announced on 29 September 2023.
- **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.
- **Corporate and Other**: Includes non-trading operations and unallocated corporate costs.

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

b) Segment information:

The Group's Chief Executive Officer uses segment revenue, segment result, segment assets and segment liabilities to assess each operating segment's financial performance and position. Amounts reported for each operating segment are the same amount reported in the internal reports to the Chief Executive Officer.

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

All revenue is generated in the United States of America.

The total amount of revenue during the half-year ending 31 December 2023 derived from customers whose revenue is greater than 10% of the Group's total revenue is \$1,908,251 (half-year ending 31 December 2022: \$10,441,391).

Revenue from customers whose revenue is greater than 10% of the Group's total revenue was generated by four (half-year ending 31 December 2022: three) customers during the half-year ended 31 December 2023.

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

Half-year ended 31 December 2023	Appalachian & Illinois Basin	Denver- Julesburg Basin	All other segments	Total
	\$	\$	\$	\$
Segment revenue	2,469,034	313,897	-	2,782,931
Production costs	(2,475,574)	(175,447)	-	(2,651,021)
DD&A	(384,249)	(87,933)	-	(472,182)
Other expense	(910,542)	(115,469)	(320,119)	(1,346,130)
Finance costs	(218,048)	(44,375)	(484)	(262,907)
Other (losses) / gains	(229,823)	1,194	960	(227,669)
Total loss before income tax	(1,749,202)	(108,133)	(319,643)	(2,176,978)
Income tax expense	(504)	(350)	-	(854)
Total loss	(1,749,706)	(108,483)	(319,643)	(2,177,832)
Total segment assets	15,327,539	5,736,124	46,197	21,109,860
Total segment liabilities excluding inter-company transactions	10,385,764	2,279,158	111,636	12,776,558
Half-year ended 31 December 2022	Appalachian & Illinois Basin	Denver- Julesburg Basin	All Other Segments	Total
	\$	\$	\$	\$
Segment revenue	12,774,693	254,453	-	13,029,146
Production costs	(10,378,178)	(181,064)	-	(10,559,242)
DD&A	(959,055)	(73,296)	-	(1,032,351)
Other expense	(1,073,914)	(417,376)	(410,451)	(1,901,741)
Impairments	-	(3,675,034)	-	(3,675,034)
Finance costs	(268,437)	(29,608)	(1,514)	(299,559)
Other gains	80	40	3,247	3,367
Total profit / (loss) before income tax	95,189	(4,121,885)	(408,718)	(4,435,414)
Income tax expense	(88,813)	-	-	(88,813)
Total profit / (loss)	6,376	(4,121,885)	(408,718)	(4,524,227)
Total segment assets (30 June 2023)	13,990,729	5,811,145	309,304	20,111,178
Total segment liabilities excluding inter-company transactions (30 June 2023)	7,181,759	2,245,696	163,033	9,590,488

Reconciliation of reportable segment information to amounts reported in the consolidated financial statements

	Half-year Ended 31 December 2023	Half-year Ended 31 December 2022
	\$	\$
Revenue		
Revenue from all reportable segments	2,782,931	13,029,146
Elimination of revenue from discontinued operations	(2,469,034)	(12,774,693)
Consolidated Revenue	313,897	254,453
Loss before income tax		
Total result for all reportable segments	(2,176,978)	(4,435,414)
Elimination of loss / (profit) from discontinued operations	1,488,277	(95,189)
Consolidated loss before income tax	(688,701)	(4,530,603)

NOTE 17 – FAIR VALUE MEASUREMENT

Unless otherwise stated, the carrying amounts of financial instruments approximate their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Refer to the Group annual financial report for the year ended 30 June 2023 for further information.

NOTE 18 – SUBSEQUENT EVENTS

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

- On 23 January 2024, Mr Andrew Bald was appointed as Non-executive Director following the resignation of Mr Simon Johnson on the same date.
- Following receipt of shareholder approval on 6 February 2024, the Group completed the transaction in order to divest its non-Colorado oil and gas assets, effective 7 February 2024.
- In March 2024, the Company entered into a settlement arrangement with one of its payment plan suppliers whereby the supplier and Company agreed to a final settlement of all amounts due and payable.

NOTE 19 – DISCONTINUED OPERATIONS AND NON-CURRENT ASSETS HELD FOR SALE

On 29 September 2023, the Company announced it had entered into a binding letter agreement to sell its non-Colorado oil and gas assets located in the Appalachian and Illinois Basins to Mountain V Oil & Gas, Inc. (the "transaction"). Effective control of the assets transferred on 1 October 2023. The consideration for this transaction was \$4,000,000 plus oil in tank inventory in cash, subject to closing adjustments, payable in stages. Discontinued operations were recognised on 29 September 2023.

On 20 December 2023, the Company announced it had entered into an asset sale agreement. \$2,000,000 in connection with the sale was received as of 31 December 2023.

The assets and liabilities associated with, or are expected to be realised as a result of the transaction, have been classified as held for sale as at 31 December 2023.

Shareholders approved the sale at a General Meeting held on 6 February 2024. The sale closed on 7 February 2024, and the final tranche of \$2,000,000, before closing adjustments, was received on 9 February 2024.

Results of discontinued operations for the half-year are presented below:

	Half-year ended 31 December 2023	Half-year ended 31 December 2022
	\$	\$
Financial performance information		
Revenue	2,469,034	12,774,694
Expenses	(3,675,063)	(12,679,505)
(Loss) / profit before income tax	(1,206,029)	95,189
Income Tax	(504)	(88,813)
(Loss) / profit after income tax of discontinued operations	(1,206,533)	6,376
Loss on sale of discontinued operations before income tax (i)	(282,248)	-
Income tax	-	-
Loss on sale of discontinued operations after income tax	(282,248)	-
(Loss) / profit from discontinued operations (ii)	(1,488,781)	6,376

- (i) The loss on sale of discontinued operations before income tax arises as a result of a writedown to the net assets of discontinued operations classified as held for sale being greater than the expected proceeds (net of costs of disposal).
- (ii) The amount of profit/(loss) from discontinued operations is attributable to the owners of AXP Energy Limited.

Cash flow information	Half-year ended 31 December 2023	Half-year ended 31 December 2022
	\$	\$
Net cash provided by / (used in) operating activities	(103,249)	(123,455)
Net cash provided by / (used in) investing activities	2,000,000	(160,973)
Net cash provided by / (used in) financing activities	(295,085)	(197,338)
Net cash flows from discontinued operations	1,601,666	(481,766)

The major classes of assets and liabilities of discontinued operations classified as held for sale at 31 December 2023 are presented below:

	31 December 2023
	\$
Assets	
Trade and other receivables	1,942,022
Oil in tank inventory	343,838
Property, plant and equipment	809,967
Development and producing assets	8,267,425
Right of use assets	907,068
Non-current assets held for sale	12,270,320
Liabilities	
Trade and other payables	3,565,851
Lease liabilities	845,656
Asset retirement obligations	3,173,127
Financial liabilities	485,731
Other long-term liabilities	4,454
Liabilities directly associated with non-current assets held for sale	8,074,819
Net assets of discontinued operations classified as held for sale	4,195,501

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. In the directors' opinion, the financial statements and notes thereto are in accordance with the Corporations Act 2001, including:
 - a) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - b) giving a true and fair view of the financial position of the Group as at 31 December 2023 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds, at the date of declaration, to believe that the Company will be able to pay its debts as and when they become due and payable.

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



Samuel Jarvis
Non-executive Chairman

Dated this 14th day of March 2024

INDEPENDENT AUDITOR'S REPORT

(overleaf)

For personal use only

AXP ENERGY LIMITED
ABN 98 114 198 471INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF AXP ENERGY LIMITED**Report on the Half-Year Financial Report****Conclusion**

We have reviewed the half-year financial report of AXP Energy Limited (the "Company") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of material accounting policies and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* ("ASRE 2410"). Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the "Code") that are relevant to our review of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

AXP ENERGY LIMITED
ABN 98 114 198 471

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

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

PITCHER PARTNERS BA&A PTY LTD

PITCHER PARTNERS BA&A PTY LTD



MICHAEL LIPRINO
Executive Director
Perth WA, 14 March 2024