



TABLE OF CONTENTS

DIRECTORS REPORT.....	2
AUDITOR'S INDEPENDENCE DECLARATION	5
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	7
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	8
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	9
CONSOLIDATED STATEMENT OF CASH FLOWS	10
NOTES TO THE FINANCIAL STATEMENTS.....	11
DIRECTORS' DECLARATION	27
INDEPENDENT AUDITOR'S REPORT	28

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 2025 (the "period").

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 Daniel Lanskey, Managing Director and Chief Executive Officer appointed 1 March 2025. Previously Non-Executive Director appointed 5 December 2024.

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

Mr James Dack OAM, Non-Executive Director appointed 24 March 2025.

Review of Operations

A Board of Directors' review of the operations of the Group during the half-year and the results of those operations are as follows.

Exploration, Development and Production

During the half-year ended 31 December 2025, AXP Energy Limited undertook exploration, development and production activities across its oil and gas assets located in Colorado and Oklahoma, USA.

In Oklahoma, the Company progressed activities on its Edwards Lease in Noble County, where it holds a 100% working interest and an 81.25% net revenue interest across approximately 1,400 acres. The Charlie #1 well was drilled to a total depth of approximately 4,725 feet and completed in the Mississippi Lime formation. Hydraulic fracture stimulation and flowback operations were undertaken during the period, with permanent surface production facilities installed and initial natural gas sales commencing.

Subsequent to the half-year end, upgraded pumping equipment was installed at the Charlie #1 well to increase fluid handling capacity and support stabilisation of production performance.

In Colorado, the Company continued production from existing wells while evaluating strategic options for its Pathfinder and Pierre leases. Pathfinder operations were suspended following completion of a gas-to-power trial due to declining gas volumes and regulatory constraints, and the Company has redirected development focus toward its Oklahoma assets.

Financial Review

The Group incurred a loss after tax for the six months ended 31 December 2025 of \$1,601,927 (31 December 2024: \$952,996 loss).

a) Results of operations

- Revenue from continuing operations was \$230,700 (HY25: \$261,269), comprising oil sales of \$190,095 and gas and power generation revenues of \$40,605.
- Lease and field operating expenses increased to \$307,702 (HY25: \$211,738), primarily reflecting higher equipment rental, environmental and regulatory costs.
- Depreciation, depletion and amortisation increased to \$261,085 (HY25: \$199,198) following additions to property, plant and equipment.
- The Group recognised an impairment charge of \$442,700 relating to its DJ Basin producing assets following a review of recoverable value assumptions including commodity prices, discount rates and the cessation of gas-to-power operations.
- The prior corresponding period included a loss from discontinued operations of \$167,751 and a gain of \$174,574 arising from a change in the estimate of asset retirement obligations.

b) Financial Position

- Net assets increased to \$2,966,118 (30 June 2025: \$2,932,664).
- The Group reported a net working capital deficit of \$447,357 (30 June 2025: \$661,318 deficit).
- Cash and cash equivalents at 31 December 2025 were \$105,434 (30 June 2025: \$424,752).
- Exploration and evaluation assets increased to \$3,053,830 (30 June 2025: \$2,243,490), reflecting drilling and completion activities undertaken in Oklahoma during the period.
- During the half-year, the Company raised A\$2,700,000 (before costs) through placements to sophisticated and professional investors and completed a 25-for-1 share consolidation.
- Subsequent to the half-year end, the Company received firm commitments for an A\$946,000 (before costs) capital raising.

Significant Changes in the State of Affairs

During the period, the Group acquired approximately 1,400 acres of oil and gas leases in Noble and Kay Counties, Oklahoma, and subsequently drilled its first vertical well on the acreage. The Company also ceased its gas-to-power operations in Colorado.

In addition, the Company raised A\$2,700,000 (before costs) through share placements to sophisticated and professional investors.

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.

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 2026, the Company announced that a larger pumpjack had been installed at the Charlie #1 Well to increase pumping capacity and support stabilisation of production rates.
- On 9 March 2026, the Company announced it had received firm commitments for an A\$946,000 (before costs) capital raising. The capital raising will be completed via a placement to sophisticated and professional investors through the issue of 78,833,332 new fully paid ordinary shares at A\$0.012 per share.

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 12th day of March 2026

AUDITOR'S INDEPENDENCE DECLARATION

(overleaf)

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

In accordance with section 307C of the *Corporations Act 2001*, I declare to the best of my knowledge and belief in relation to the review of the financial report of AXP Energy Limited for the half-year ended 31 December 2025, there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* in relation to the review.

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, 12 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

CONSOLIDATED GROUP	Note	Half-year ended 31 December 25	Half-year ended 31 December 24
		\$	\$
Continuing operations			
Revenue	3	230,700	261,269
Lease and field operating expense		(307,702)	(211,738)
Depreciation, depletion, and amortisation	4	(261,085)	(199,198)
Other expenses	4	(763,567)	(777,784)
Impairment expense	9	(442,700)	-
Finance costs	4	(30,374)	(45,289)
Share based payments	15	(55,570)	-
Change in estimate of asset retirement obligation	12	-	174,574
Other gains		28,371	12,921
Loss before income tax		(1,601,927)	(785,245)
Income tax expense		-	-
Loss for the period from continuing operations		(1,601,927)	(785,245)
Discontinued operations			
Loss from discontinued operations		-	(167,751)
Loss for the period		(1,601,927)	(952,996)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange rate differences on translation of foreign operations		(15,954)	(4,075)
Other comprehensive loss for the period net of tax		(15,954)	(4,075)
Total comprehensive loss for the period		(1,617,881)	(957,071)
Loss for the period attributable to the owners of AXP Energy Limited		(1,601,927)	(952,996)
Total comprehensive loss attributed to the owners of AXP Energy Limited		(1,617,881)	(957,071)
Earnings per share from continuing operations:			
Basic and diluted loss per share (in cents)	5	(0.48)	(0.34)
Earnings per share from discontinued operations:			
Basic and diluted loss per share (in cents)	5	(0.00)	(0.07)
Earnings per share attributable to the equity holders of AXP Energy Limited:			
Basic and diluted loss per share (in cents)	5	(0.48)	(0.41)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	31 December 2025 \$	30 June 2025 \$
Current assets			
Cash and cash equivalents		105,434	424,752
Trade and other receivables	6	50,472	134,318
Oil in tank inventory		33,963	35,247
Other current assets	7	584,620	694,648
Total current assets		774,489	1,288,965
Non-current assets			
Property, plant and equipment	8	230,087	225,946
Development and producing assets	9	304,680	862,871
Exploration and evaluation assets	10	3,053,830	2,243,490
Right of use assets	11	-	628,496
Total non-current assets		3,588,597	3,960,803
Total assets		4,363,086	5,249,768
Current liabilities			
Trade and other payables		1,084,573	1,298,578
Lease liability	11	-	490,552
Asset retirement obligation	12	73,662	106,076
Other financial liabilities	13	63,611	55,077
Total current liabilities		1,221,846	1,950,283
Non-current liabilities			
Other financial liabilities	13	131,223	127,669
Lease liability	11	-	142,581
Asset retirement obligation	12	43,899	96,571
Total non-current liabilities		175,122	366,821
Total liabilities		1,396,968	2,317,104
Net assets		2,966,118	2,932,664
Equity			
Issued capital	14	92,666,572	91,197,419
Reserves		381,179	214,951
Accumulated losses		(90,081,633)	(88,479,706)
Total equity		2,966,118	2,932,664

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 2024	90,431,638	51,221	134,423	(84,566,064)	6,051,218
Loss for the period	-	-	-	(952,996)	(952,996)
Exchange differences on translation of foreign operations	-	-	(4,075)	-	(4,075)
Total comprehensive loss	-	-	(4,075)	(952,996)	(957,071)
Balance at 31 December 2024	90,431,638	51,221	130,348	(85,519,060)	5,094,147
Balance at 1 July 2025	91,197,419	86,369	128,582	(88,479,706)	2,932,664
Loss for the period	-	-	-	(1,601,927)	(1,601,927)
Exchange differences on translation of foreign operations	-	-	(15,954)	-	(15,954)
Total comprehensive loss	-	-	(15,954)	(1,601,927)	(1,617,881)
Shares issued during the period	1,753,960	-	-	-	1,753,960
Share issue costs	(296,998)	-	-	-	(296,998)
Shares to be issued	-	12,308	-	-	12,308
Options issued during the period (Note 15)	-	182,065	-	-	182,065
Share-based payments (Note 14)	12,191	(12,191)	-	-	-
Balance at 31 December 2025	92,666,572	268,551	112,628	(90,081,633)	2,966,118

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Half-year ended 31 December 25 \$	Half-year ended 31 December 24 \$
Cash flow from operating activities		
Receipts from customers	273,301	280,927
Payments to suppliers and employees	(1,154,471)	(1,312,922)
Interest received	8,370	2,768
Interest paid	(30,364)	(13,653)
Income tax refunds	59,000	16,000
Net cash used in operating activities	(844,164)	(1,026,880)
Cash flow from investing activities		
Payments for exploration and evaluation activities	(699,025)	(159,065)
Payments for development and producing activities	(196,543)	(5,762)
Payments for property, plant and equipment	-	(50,000)
Payments for security deposits and bonds	(43,591)	(63,631)
Proceeds from refunds of security deposits and bonds	107,901	215,458
Net cash used in investing activities	(831,258)	(63,000)
Cash flow from financing activities		
Proceeds of issue of shares	1,753,960	-
Share issue costs	(153,029)	-
Repayment of borrowings	(28,179)	(352,597)
Principal payment for lease liabilities	(203,238)	(101,446)
Post closing net receipts from Mountain V	-	267,514
Net cash provided by / (used in) financing activities	1,369,514	(186,529)
Net decrease in cash held	(305,908)	(1,276,409)
Cash at the beginning of the period	424,752	1,464,487
Effects of exchange rate changes on cash & cash equivalents	(13,410)	(10,374)
Cash at the end of the period	105,434	177,704

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 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 consolidated half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2025 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 Group 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 consolidated half-year financial report was authorised for issue by the Directors on 12 March 2026.

(a) Basis of preparation

This 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 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 consolidated half-year financial report are consistent with those of the annual financial report for the year ended 30 June 2025.

(b) Summary of accounting policies

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 2025.

(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 of these standards has not been determined as of the date of this report.

Accounting Standard/Pronouncement	Effective for reporting periods beginning on, or after:
AASB 2024-2 Amendments to Australian Accounting Standards - Classification and Measurement of Financial Instruments	1 January 2026
AASB 2024-3 Amendments to Australian Accounting Standards - Annual Improvements Volume 11	1 January 2026
AASB 18 Presentation and Disclosure in Financial Statements	1 January 2027

(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 except in regards to asset retirement obligations as disclosed in Note 12.

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 incurred a loss after tax for the half-year of \$1,601,927 (half-year ended 31 December 2024: \$952,996 loss). Of this, \$nil (half-year ended 31 December 2024: \$167,751 loss) related to discontinued operations. Net cash outflow from operating activities for the half-year was \$844,164 (half-year ended 31 December 2024: \$1,026,880 outflow). As at 31 December 2025, the Group had a working capital deficit of \$447,357 (30 June 2025: \$661,318 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.

The Board considers 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 Group's cost base and deferral of discretionary capital expenditure where required;
- support of major creditors in respect of restructured payables obligations;
- reducing overhead and other costs through rationalisation initiatives;
- the ability to access capital markets and alternative funding sources, including equity, debt, farm-outs, joint ventures or asset sales, consistent with its historical ability to raise capital to fund operations;
- continued support from the Board and management in implementing funding and cost management initiatives; and/or
- the realisation of commodity prices in line with current market expectations.

Subsequent to the half-year end, the Company announced it had received firm commitments for an A\$946,000 (before costs) capital raising. The capital raising will be completed via a placement to sophisticated and professional investors through the issue of 78,833,332 new fully paid ordinary shares at A\$0.012 per share.

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.

Should the Group be unsuccessful with the initiatives detailed above then, there is a material uncertainty which may cast significant doubt as to whether the Group may in the future not be able to continue as a going concern and may therefore be required to realise assets and extinguish liabilities other than in the ordinary course of business with the amount realised being different from those shown in the financial statement.

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 Group does not continue as a going concern.

NOTE 3 – REVENUE

	Half-year ended 31 December 2025	Half-year ended 31 December 2024
	\$	\$
Oil	190,095	261,269
Gas	16,537	-
Power Generation	14,391	-
Performance Bonus – Power Generation	9,677	-
Total revenue from continuing operations	230,700	261,269

Revenue is comprised of revenue from contracts with customers. Revenue is recognised at a point in time.

NOTE 4 – PROFIT AND LOSS FROM CONTINUING EXPENSES

	Half-year ended 31 December 2025	Half-year ended 31 December 2024
	\$	\$
Depreciation, depletion and amortisation		
Depreciation	198,465	129,140
Depletion	62,620	70,058
	261,085	199,198

	Half-year ended 31 December 2025	Half-year ended 31 December 2024
	\$	\$
Other expenses		
Director fees	150,213	67,278
Payroll and employee benefits	113,489	198,228
Superannuation	17,381	16,823
Professional fees	212,485	203,000
Regulatory compliance - G&A	10,834	784
Administrative and corporate costs	242,490	291,671
Loss on derecognition of right of use assets	16,675	-
	763,567	777,784

	Half-year ended 31 December 2025	Half-year ended 31 December 2024
	\$	\$
Finance costs		
Accretion	13,296	31,265
Interest expense	17,078	14,024
	30,374	45,289

NOTE 5 – EARNINGS PER SHARE & DILUTED EARNINGS PER SHARE

	Half-year ended 31 December 25 \$	Half-year ended 31 December 24 \$
Profit or loss attributable to the ordinary shareholders of AXP Energy Limited:		
- Loss from continuing operations	(1,601,927)	(785,245)
- Loss from discontinued operations	-	(167,751)
Loss used in calculating earnings and diluted earnings per share	(1,601,927)	(952,996)

	No of Shares	No of Shares
Weighted average number of ordinary shares used in calculating basic and diluted EPS	334,504,949	232,987,697
Continuing operations		
Basic and diluted EPS	(0.48) cents	(0.34) cents
Discontinued operations		
Basic and diluted EPS	(0.00) cents	(0.07) cents
Earnings per share for profit attributable to the equity holders of AXP Energy Limited:		
Basic and diluted EPS	(0.48) cents	(0.41) cents

As detailed in Note 14, during the period, the Company completed a share consolidation on a 25-for-1 basis. Comparative earnings per share amounts have been restated to reflect this consolidation in accordance with AASB 133 Earnings per Share.

NOTE 6 – TRADE AND OTHER RECEIVABLES

	31 December 2025 \$	30 June 2025 \$
Trade receivables		
Customers	43,243	71,089
Other receivables		
Current tax asset	-	59,000
GST receivable	7,229	4,229
	50,472	134,318

NOTE 7 – OTHER ASSETS

	31 December 2025	30 June 2025
	\$	\$
Other current assets		
Bond deposits	544,788	669,873
Prepaid expenses and other	39,832	24,775
	<u>584,620</u>	<u>694,648</u>

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT

	31 December 2025	30 June 2025
	\$	\$
Plant and equipment:		
- At cost	813,507	772,757
- Less: Accumulated depreciation	(583,420)	(546,811)
	<u>230,087</u>	<u>225,946</u>

Movement in property, plant and equipment at cost

Plant and equipment:	
Cost at the beginning of the period	772,757
Additions during the period	40,750
Cost at the end of the period	<u>813,507</u>

Movement in property, plant and equipment accumulated depreciation

Plant and equipment:	
Accumulated depreciation at the beginning of period	(546,811)
Depreciation	(36,609)
Accumulated depreciation at the end of the period	<u>(583,420)</u>

NOTE 9 – DEVELOPMENT AND PRODUCING ASSETS

	31 December 2025 \$	30 June 2025 \$
Producing assets at cost	2,195,150	2,697,176
Accumulated amortisation	(1,890,470)	(1,834,305)
	304,680	862,871
Movement in carrying amounts		
Carrying amount at the beginning of the period	862,871	
Additions during the period	11,886	
Impairment of assets	(442,700)	
Depletion expense	(62,620)	
Asset retirement obligation changes (Note 12)	(64,757)	
Carrying amount at the end of the period	304,680	

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 DJ Basin assets' recoverable amount reduced to less than the carrying value as at 30 June 2025 as a result of the impact of adverse commodity prices, increased discount rate used in impairment testing from 17% to 23%, and cessation of gas-to-power operations, leading to an impairment charge of \$442,700.

NOTE 10 – EXPLORATION AND EVALUATION ASSETS

	31 December 2025 \$	30 June 2025 \$
Exploration and evaluation assets at cost	3,053,830	2,243,490

Movement in carrying amounts

Carrying amount at the beginning of the period	2,243,490
Additions during the period	814,416
Asset retirement obligation changes (Note 12)	(4,076)
Carrying amount at the end of the period	3,053,830

As of 31 December 2025 and 30 June 2025, the Group's exploration and evaluation assets relate to the Denver Julesburg area of interest & Oklahoma.

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.

Impairment

There were no indicators of impairment identified in relation to the carrying amounts of exploration and evaluation assets during the period ended 31 December 2025 (30 June 2025: nil).

NOTE 11 – LEASE ASSETS AND LIABILITIES

	31 December 2025 \$	30 June 2025 \$
Lease assets:		
- At cost	-	971,128
- Less: Accumulated depreciation	-	(342,632)
	<u>-</u>	<u>628,496</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	628,496	
Depreciation	(161,856)	
Derecognition of lease assets	(466,640)	
Carrying amount at the end of the period	<u>-</u>	
Lease liabilities:		
- Current	-	490,552
- Non-current	-	142,581
	<u>-</u>	<u>633,133</u>
Lease expenses and cash flows:		
Interest expense on lease liabilities	10,060	
Depreciation expense on lease assets	161,856	
Loss on derecognition of right of use assets	16,675	
Total cash outflow in relation to leases	216,779	

During the period, the Group ceased its gas-to-power operations in Colorado. Three wells were temporarily shut in, and all (two) generators were subsequently returned, resulting in derecognition of lease assets and associated liabilities.

NOTE 12 – ASSET RETIREMENT OBLIGATIONS

	31 December 2025 \$	30 June 2025 \$
Current	73,662	106,076
Non-current	43,899	96,571
	117,561	202,647
Carrying amount at the beginning of the period	202,647	
Accretion	13,296	
Plugging and abandonment costs incurred	(29,549)	
Change in estimated asset retirement obligation – development and producing assets	(64,757)	
Change in estimated asset retirement obligation – exploration and evaluation assets	(4,076)	
Carrying amount at the end of the period	117,561	

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 accretion charge.

At 31 December 2025 the Group performed a detailed review of its ARO liability. As a result of the review the Group revised its estimate on the pre-tax discount rate to 23% on 31 December 2025 (FY25: 17%) and extended the life of its wells. The estimates used to calculate the provision for rehabilitation were 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 development and producing assets and exploration and evaluation assets.

NOTE 13 – FINANCIAL LIABILITIES

	31 December 2025 \$	30 June 2025 \$
Current		
Vehicles and equipment financing	63,611	55,077
	63,611	55,077
Non-Current		
Vehicles and equipment financing	131,223	127,669
	131,223	127,669

Vehicles and equipment financing

Interest-bearing liabilities relate to the financing of vehicles and equipment used in AXP's operations. As at 31 December 2025, the total amount financed for these assets was \$194,834. These liabilities are being repaid over an average remaining term of 3.8 years. The financing arrangements are subject to fixed interest rates, averaging approximately 7% per annum.

NOTE 14 – ISSUED CAPITAL

	# Shares	31 December 2025
Ordinary Shares		
At the beginning of the period	6,684,680,675	91,197,419
Issue of ordinary shares at A\$0.001/share (19 Aug 25)	1,671,170,169	1,082,751
Effect of 25-for-1 share consolidation (13 Oct 25)	(8,021,616,340)	-
Issue of ordinary shares at A\$0.025/share (13 Oct 25)	41,153,193	671,209
Issue of shares in lieu of payment of director fees (27 Oct 25)	500,000	12,191
- Less: Cost of capital raising	-	(296,998)
At the end of the period	375,887,697	92,666,572

On 13 October 2025, the Company completed a share consolidation on a 25-for-1 basis, reducing issued capital from 8,355,850,844 to 334,234,504. There was no impact on total equity. Comparative earnings per share have been restated accordingly.

On 27 October 2025, 500,000 fully paid shares were issued to James Dack in lieu of services performed as Non-Executive Director of the Company for the period of 1 April 2025 to 30 September 2025. The fully paid ordinary shares were valued in line with the fair value of the services performed, amounting to \$12,191.

NOTE 15 – SHARE BASED PAYMENTS

During the period, the Company issued 16,800,000 unlisted options (post-consolidation) to the lead manager (12,000,000) and corporate advisors (4,800,000) in connection with capital raising and advisory services, respectively. The options are exercisable at A\$0.05 per option and expire on 8 October 2027.

The fair value of the options at the grant date was determined utilising a binomial option pricing model, with the following inputs:

Ordinary Shares	Amount
Grant date	8 October 2025
Share price on grant date	A\$0.025
Exercise price	A\$0.05
Expiry date	8 October 2027
Term (years)	2.01
Volatility*	160.81%
Risk-free rate	3.514%
Dividend yield	Nil
Fair value per option	A\$0.01651
Total fair value	US\$182,065

* Volatility was determined by conducting an analysis of the Company's share price volatility over the period following the capital consolidation.

The total fair value of the options has been recognised as an equity transaction as part of capital raising costs (US\$138,716) and a share-based payment expense (US\$43,349) in the Consolidated Statement of Profit or Loss and Other Comprehensive Income for the period ended 31 December 2025.

Share-based payment expense also includes shares issued or to be issued in lieu of payment of director fees (US\$12,221).

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:

- **Oklahoma:** Oil and gas assets are located in Kay County
- **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.
- **Appalachian and Illinois Basin:** These segments were disposed of during the year ended 30 June 2024.
- **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 amounts 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 2025 derived from customers whose revenue is greater than 10% of the Group's total revenue is \$190,095 (half-year ending 31 December 2024: \$261,269).

Revenue from customers whose revenue is greater than 10% of the Group's total revenue was generated by one (half-year ending 31 December 2024: one) customer during the half-year ended 31 December 2025.

Half-year ended 31 December 2025	Oklahoma	Denver- Julesburg Basin	Corporate and Other	Total
	\$	\$	\$	\$
Segment revenue	2,907	227,793	-	230,700
Production costs	-	(307,702)	-	(307,702)
Depreciation, depletion and amortisation	-	(236,974)	(24,111)	(261,085)
Other expense	(26,375)	(205,719)	(531,473)	(763,567)
Impairment expense	-	(442,700)	-	(442,700)
Finance costs	-	(27,253)	(3,121)	(30,374)
Share based payments	-	-	(55,570)	(55,570)
Other gains	-	14,797	13,574	28,371
Total loss before income tax	(23,468)	(977,758)	(600,701)	(1,601,927)
Income tax expense	-	-	-	-
Total loss	(23,468)	(977,758)	(600,701)	(1,601,927)
Total segment assets	835,664	3,328,235	199,187	4,363,086
Total segment liabilities excluding inter-company transactions	88,988	1,035,615	272,365	1,396,968

Half-year ended 31 December 2024	Appalachian & Illinois Basin (discontinued) \$	Denver- Julesburg Basin \$	Corporate and Other \$	Total \$
Segment revenue	-	261,269	-	261,269
Production costs	-	(211,738)	-	(211,738)
Depreciation, depletion and amortisation	(23,013)	(199,198)	-	(222,211)
Other expense	(120,595)	(345,837)	(431,947)	(898,379)
Finance costs	-	(44,658)	(631)	(45,289)
Change in estimate of asset retirement obligation	-	174,574	-	174,574
Other (losses) / gains	(24,143)	11,191	1,730	(11,222)
Total loss before income tax	(167,751)	(354,397)	(430,848)	(952,996)
Income tax expense	-	-	-	-
Total loss	(167,751)	(354,397)	(430,848)	(952,996)
Total segment assets (30 June 2025)	-	4,613,899	635,869	5,249,768
Total segment liabilities excluding inter-company transactions (30 June 2025)	-	2,059,866	257,238	2,317,104

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

	Half-year Ended 31 December 2025 \$	Half-year Ended 31 December 2024 \$
Revenue		
Revenue from all reportable segments	230,700	261,269
Elimination of revenue from discontinued operations	-	-
Consolidated Revenue	230,700	261,269
Loss before income tax		
Total result for all reportable segments	(1,601,927)	(952,996)
Elimination of loss from discontinued operations	-	167,751
Consolidated loss before income tax from continuing operations	(1,601,927)	(785,245)

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's annual financial report for the year ended 30 June 2025 for further information.

NOTE 18 – SUBSEQUENT EVENTS

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

- On 23 January 2026, the Company announced that a larger pumpjack had been installed at the Charlie #1 Well to increase pumping capacity and support stabilisation of production rates.
- On 9 March 2026, the Company announced it had received firm commitments for an A\$946,000 (before costs) capital raising. The capital raising will be completed via a placement to sophisticated and professional investors through the issue of 78,833,332 new fully paid ordinary shares at A\$0.012 per share.

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 2025 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 Group 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 12th day of March 2026

INDEPENDENT AUDITOR'S REPORT

(overleaf)

AXP ENERGY LIMITED
ABN 98 114 198 471

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of AXP Energy Limited (the "Company") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2025, 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 2025 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*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* ("the Code") that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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 review report.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report for the half-year ended 31 December 2025 which indicates that the Group has incurred a loss for the year after tax of \$1,601,927 (31 December 2024: \$952,996). The Group incurred a net cash outflow from operating activities of \$844,164 (31 December 2024: \$1,026,880). As at 31 December 2025, the Group had a working capital deficit of \$447,357 (30 June 2025: \$661,318). As at the date of this report there is a material uncertainty that the Group can meet its administrative and other committed expenditure for a period of at least the next 12 months. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our review conclusion is not modified in respect of this matter.

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.

AXP ENERGY LIMITED
ABN 98 114 198 471

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

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 2025 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*.

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, 12 March 2026