AXP ENERGY

2025 HALF-YEAR REPORT

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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 2024 (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 Robert Lees, Non-executive Director resigned 28 February 2025, appointed 16 September 2024. Company Secretary appointed 30 June 2015.

Mr Andrew Bald, Non-executive Director resigned 16 September 2024.

Review of Operations

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

Exploration, Development and Production

The Colorado operations team setup a 90-day test to convert gas from the Pathfinder #2 well to electricity. During this 90-day window, 750 kW of power was generated reliability with only moderate drawdown of the wellhead pressures. During the test, the Pathfinder #2 well was brought back online to also contribute to oil production. At this same time, additional pipeline was installed, tying the Amerigo Vespucci well into the power generation system.

This successful test was instrumental in attracting interest in AXP's ability to supply reliable power in the Florence field and contributed to the existing Joint Development Agreement with US based, Blackhart Technologies Ltd.

The first 2 modular datacenter containers, along with 589 Bitmain Sj19Pro Antminers were delivered to the Pathfinder power generation site in mid November.

Following approvals from the Colorado State Government agencies, the system was configured and brought online in early February with two generators producing 1.5 MWh of electricity powering the two data centres. At the time of this report additional oil production from the Pathfinder #2 well and the Amerigo Vespucci well had recommenced.

Financial Review

The Group reported a loss of $952,996 during the six months ended 31 December 2024 (31 December 2023: $2,177,832 loss). The Group's financial performance during the six months was impacted by:

- Loss from discontinued operations of $167,751 associated with the Group's Appalachian and Illinois Basin operations, which were sold to Mountain V Oil & Gas, Inc. in the 30 June 2024 financial year.

a) Revenue (from continued operations)

- Gross production for the half-year was up by 8% to 5,780 BOE from 5,359 BOE;
- Sales revenue decreased by 17% to $261,269 from $313,897. The reduction was driven by decreased crude oil pricing and decreased sales volumes;

b) Financial Position

The Group's net assets decreased 16% from $6,051,218 (30 June 2024) to $5,094,147, mainly as a result of payments made in the ordinary course of business being greater than receipts. The Group had a positive net working capital gain of $405,671.

Significant Changes in the State of Affairs

During the period, the Company executed a binding Joint Development Agreement with Colorado based Blackhart Technologies Ltd. The agreement outlines a 3-year gas sales and energy conversion commitment with a recurring option to renew annually.

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 14 February 2025, the Company announced it had placed 750,000,002 fully paid ordinary shares at an issue price of A$0.0015 per share with sophisticated and professional investors raising A$1,125,000 (before costs). In addition, Directors of the Company applied for 110,000,000 fully paid ordinary shares (value A$165,000), and the issue of these shares is subject to shareholder approval at a General Meeting to be held in April 2025.
- On 28 February 2025, Mr Robert Lees resigned as Non-executive Director. Mr Lees will continue as Company Secretary.
- On 1 March 2025, Mr Daniel Lanskey was appointed Managing Director and Chief Executive Officer ("CEO") following the resignation of Mr Tim Hart as CEO on the same date. Mr Hart remains available as a consultant to the Group on an as required basis.

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 2025

AUDITOR'S INDEPENDENCE DECLARATION

(overleaf)

PITCHER PARTNERS

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 2024, 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 WA, 12 March 2025

CONSOLIDATED PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

CONSOLIDATED GROUP	Note	Half-year ended 31 December 24	Half-year ended 31 December 23
		$	$
Continuing operations			
Revenue	3	261,269	313,897
Lease and field operating expense		(211,738)	(175,447)
Depreciation, depletion, and amortisation	4	(199,198)	(87,933)
Other expenses	4	(777,784)	(696,513)
Finance costs	4	(45,289)	(44,859)
Change in estimate of asset retirement obligation	12	174,574	-
Other gains		12,921	2,154
Loss before income tax		**(785,245)**	**(688,701)**
Income tax expense		-	(350)
Loss for the period from continuing operations		**(785,245)**	**(689,051)**
Discontinued operations			
Loss from discontinued operations	18	(167,751)	(1,488,781)
Loss for the period		**(952,996)**	**(2,177,832)**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange rate differences on translation of foreign operations		(4,075)	(9,556)
Other comprehensive loss for the period net of tax		**(4,075)**	**(9,556)**
Total comprehensive loss for the period		**(957,071)**	**(2,187,388)**
Loss for the period attributable to the owners of AXP Energy Limited		(952,996)	(2,177,832)
		(952,996)	**(2,177,832)**
Total comprehensive loss attributed to the owners of AXP Energy Limited		(957,071)	(2,187,388)
		(957,071)	**(2,187,388)**
Earnings per share from continuing operations:			
Basic and diluted loss per share (in cents)	**5**	(0.01)	(0.01)
Earnings per share from discontinued operations: Basic and diluted loss per share (in cents)	**5**	(0.01)	(0.03)
Earnings per share attributable to the equity holders of AXP Energy Limited: Basic and diluted loss per share (in cents)	**5**	(0.02)	(0.04)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	31 December 2024 $	30 June 2024 $
Current assets			
Cash and cash equivalents		177,704	1,464,487
Trade and other receivables	6	409,351	446,502
Oil in tank inventory		14,330	9,001
Other current assets	7	904,446	1,289,163
Non-current assets classified as held-for-sale	18	210,329	210,329
Total current assets		**1,716,160**	**3,419,482**
Non-current assets			
Property, plant and equipment	8	68,914	48,296
Development and producing assets	9	309,085	1,213,595
Exploration and evaluation assets	10	4,213,539	3,889,701
Right of use assets	11	298,163	-
Total non-current assets		**4,889,701**	**5,151,592**
Total assets		**6,605,861**	**8,571,074**
Current liabilities			
Trade and other payables		802,402	882,454
Lease liability	11	210,405	-
Asset retirement obligation	12	138,565	-
Financial liabilities	13	-	329,662
Liabilities associated with non-current assets classified as held-for-sale	18	159,117	181,456
Total current liabilities		**1,310,489**	**1,393,572**
Non-current liabilities			
Lease liability	11	109,085	-
Asset retirement obligation	12	92,140	1,126,284
Total non-current liabilities		**201,225**	**1,126,284**
Total liabilities		**1,511,714**	**2,519,856**
Net assets		**5,094,147**	**6,051,218**
Equity			
Issued capital	14	90,431,638	90,431,638
Reserves		181,569	185,644
Accumulated losses		(85,519,060)	(84,566,064)
Total equity		**5,094,147**	**6,051,218**

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 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 income loss	-	-	**(9,556)**	**(2,177,832)**	**(2,187,388**
Balance at 31 December 2023	**90,431,638**	**51,221**	**135,422**	**(82,284,979)**	**8,333,302**
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**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Half-year ended 31 December 24 $	Half-year ended 31 December 23 $
Cash flow from operating activities		
Receipts from customers	280,927	6,243,706
Payments to suppliers and employees	(1,312,922)	(6,639,443)
Interest received	2,768	2,154
Interest paid	(13,653)	(51,576)
Income tax refunds	16,000	-
Net cash used in operating activities	**(1,026,880)**	**(445,159)**
Cash flow from investing activities		
Payments for exploration and evaluation activities	(159,065)	(33,009)
Payments for development and producing activities	(5,762)	(6,201)
Payments for property, plant and equipment	(50,000)	-
Proceeds received in advance from disposal of other non-current assets	-	2,000,000
Payments for security deposits and bonds	(63,631)	-
Proceeds from refunds of security deposits and bonds	215,458	-
Net cash (used in) / from investing activities	**(63,000)**	**1,960,790**
Cash flow from financing activities		
Repayment of borrowings	(352,597)	(74,200)
Principal payment for lease liabilities	(101,446)	(220,885)
Post closing net receipts from Mountain V	267,514	-
Net cash used in financing activities	**(186,529)**	**(295,085)**
Net (decrease) / increase in cash held	(1,276,409)	1,220,546
Cash at the beginning of the period	1,464,487	521,788
Effects of exchange rate changes on cash & cash equivalents	(10,374)	(5,445)
Cash at the end of the period	**177,704**	**1,736,889**

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 2024 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 consolidated half-year financial report was authorised for issue by the Directors on 12 March 2025.

(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 2024.

(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 2024.

(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.

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 for the half-year after tax of $952,996 (half-year ended 31 December 2023: $2,177,832 loss). $167,751 (half-year ended 31 December 2023: $1,488,781) of the half-year loss was due to discontinued operations. The Group incurred a net cash outflow from operating activities of $1,026,880 (half year ended 31 December 2023: $445,159 outflow). Additionally, the Group had a working capital surplus of $405,671 as of 31 December 2024 (30 June 2024: $2,025,910 surplus).

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 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 Group's cost base and postponement of capital expenditure if required;
- support of major creditors in respect of the restructured payables obligations;
- reducing overhead and other costs through rationalisation initiatives;
- the ability to raise funds via debt, farm-outs, joint ventures, asset sales, equity issues, or a combination of these; and/or
- the realisation of commodity prices in line with current global forecasts.

Subsequent to the end of the period, the Group placed 750,000,002 fully paid ordinary shares at an issue price of A$0.0015 per share with sophisticated and professional investors raising A$1,125,000 (before costs). In addition, Directors of the Company applied for 110,000,000 fully paid ordinary shares (value A$165,000), and the issue of these shares is subject to shareholder approval at a General Meeting to be held in April 2025. Prior to the General Meeting, the Group maintains the ability to issue up to around 11% of the current issued share capital of 6,574,680,675 ordinary shares.

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 2024 $	Half-year ended 31 December 2023 $
Gas	-	-
Oil	261,269	313,897
Total revenue from continuing operations	**261,269**	**313,897**

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

NOTE 4 – PROFIT AND LOSS FROM CONTINUING EXPENSES

Depreciation, depletion and amortisation	Half-year ended 31 December 2024 $	Half-year ended 31 December 2023 $
Depreciation	129,140	3,644
Depletion	70,058	84,289
	199,198	**87,933**

Other expenses	Half-year ended 31 December 2024 $	Half-year ended 31 December 2023 $
Director fees	67,278	62,650
Payroll and employee benefits	198,228	180,538
Superannuation	16,823	15,865
Professional fees	203,000	279,446
Regulatory compliance - G&A	784	35,738
Administrative and corporate costs	291,671	122,276
	777,784	**696,513**

Finance costs	Half-year ended 31 December 2024 $	Half-year ended 31 December 2023 $
Accretion	31,265	31,265
Interest expense	14,024	13,594
	45,289	**44,859**

NOTE 5 – EARNINGS PER SHARE & DILUTED EARNINGS PER SHARE

	Half-year ended 31 December 24 $	Half-year ended 31 December 23 $
Profit or loss attributable to the ordinary shareholders of AXP Energy Limited:		
- Loss from continuing operations	(785,245)	(689,051)
- Loss from discontinued operations	(167,751)	(1,488,781)
Loss used in calculating earnings and diluted earnings per share	**(952,996)**	**(2,177,832)**

	No of Shares	No of Shares
Weighted average number of ordinary shares used in calculating basic and diluted EPS	5,824,680,673	5,824,680,673
Continuing operations		
Basic and diluted EPS	(0.01) cents	(0.01) cents
Discontinuing operations		
Basic and diluted EPS	(0.01) cents	(0.03) cents
Earnings per share for profit attributable to the equity holders of AXP Energy Limited:		
Basic and diluted EPS	(0.02) cents	(0.04) cents

NOTE 6 – TRADE AND OTHER RECEIVABLES

	31 December 2024 $	30 June 2024 $
Trade receivables		
Customers	40,351	58,849
Other receivables		
Current tax asset	369,000	385,000
GST receivable	-	2,653
	409,351	**446,502**

NOTE 7 – OTHER ASSETS

	31 December 2024 $	30 June 2024 $
Other current assets		
Bond deposits	820,119	845,900
Other deposits	-	123,171
Amount owed by Mountain V Oil & Gas, Inc(i)	-	270,251
Prepaid expenses and other	84,327	49,841
	904,446	**1,289,163**

(i) During FY24, the Group sold its non-Colorado oil and gas assets located in the Appalachian and Illinois basins to Mountain V Oil & Gas, Inc. As part of the transition process, the Group assisted Mountain V Oil & Gas, Inc. with the payment of certain expenses (and continued to receive revenue from contracts with customers) until the payment details with various parties were updated. The Group received this net amount owing in full in July 2024.

NOTE 8 – PROPERTY, PLANT AND EQUIPMENT

	31 December 2024 $	30 June 2024 $
Plant and equipment:		
- At cost	486,809	436,809
- Less: Accumulated depreciation	(417,895)	(388,513)
	68,914	**48,296**

Movement in property, plant and equipment at cost

Plant and equipment:	
Cost at the beginning of the period	436,809
Additions during the period	50,000
Cost at the end of the period	**486,809**

Movement in property, plant and equipment accumulated depreciation

Plant and equipment:	
Accumulated depreciation at the beginning of period	(388,513)
Depreciation – continuing operations	(6,369)
Depreciation – discontinued operations	(23,013)
Accumulated depreciation at the end of the period	**(417,895)**

NOTE 9 – DEVELOPMENT AND PRODUCING ASSETS

	31 December 2024 $	30 June 2024 $
Producing assets at cost	2,136,094	2,970,548
Accumulated amortisation	(1,827,009)	(1,756,953)
	309,085	**1,213,595**

Movement in carrying amounts

Carrying amount at the beginning of the period	1,213,595
Depletion expense – continuing operations	(70,058)
Asset retirement obligation changes (Note 12)	(834,452)
Carrying amount at the end of the period	**309,085**

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 2024.

NOTE 10 – EXPLORATION AND EVALUATION ASSETS

	31 December 2024 $	30 June 2024 $
Exploration and evaluation assets at cost	4,213,539	3,889,701

Movement in carrying amounts

Carrying amount at the beginning of the period	3,889,701
Additions during the period	236,528
Asset retirement obligation changes (Note 12)	87,310
Carrying amount at the end of the period	**4,213,539**

As of 31 December 2024 and 30 June 2024, 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 11 – LEASE ASSETS AND LIABILITIES

	31 December 2024 $	30 June 2024 $
Lease assets:		
- At cost	420,936	-
- Less: Accumulated depreciation	(122,773)	-
	298,163	**-**

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	
Additions during the period	420,936
Depreciation – Continuing	(122,773)
Carrying amount at the end of the period	**298,163**

Lease liabilities:		
- Current	210,405	-
- Non-current	109,085	-
	319,490	**-**

Lease expenses and cash flows:

Interest expense on lease liabilities – continuing	8,742	-
Interest expense on lease liabilities – discontinued	-	31,722
Depreciation expense on lease assets – continuing	122,773	-
Depreciation expense on lease assets – discontinued	-	115,799
Total cash outflow in relation to leases	110,188	284,326

NOTE 12 – ASSET RETIREMENT OBLIGATIONS

	31 December 2024 $	30 June 2024 $
Current	138,565	-
Non-current	92,140	1,126,284
	230,705	**1,126,284**

Carrying amount at the beginning of the period	1,126,284
Accretion – continuing operations	31,265
Plugging and abandonment costs incurred	(5,126)
Change in estimated asset retirement obligation – development and producing assets	(834,454)
Change in estimated asset retirement obligation – exploration and evaluation assets	87,310
Change in estimated asset retirement obligation – profit and loss	(174,574)
Carrying amount at the end of the period	**230,705**

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 2024 the Group did a detailed review of it ARO liability, as a result of the review the Group revised its estimate on the pre-tax discount rate to 17% on 31 December 2024 (FY24: 15%), extended the life of wells, and revised its well rehabilitation and plug and abandonment costs. The estimates used to calculate the provision for rehabilitation was 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, exploration and evaluation assets and profit and loss as at 31 December 2024.

NOTE 13 – FINANCIAL LIABILITIES

	31 December 2024 $	30 June 2024 $
Current		
Working capital facility	-	329,662
	-	**329,662**

Working capital facility

The Group entered into an unsecured working capital facility of $500,000 with First Energy Partners (Pty) Ltd during financial year 2021. The facility attracted interest at the greater of 9% per annum or US prime rate + 2.75% interest per annum. The facility closed in July 2024.

NOTE 14 – ISSUED CAPITAL

	# Shares	31 December 2024 $
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**

NOTE 15 – 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 were disposed of during the year ended 30 June 2024.
- **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 2024 derived from customers whose revenue is greater than 10% of the Group's total revenue is $261,269 (half-year ending 31 December 2023: $1,908,251).

Revenue from customers whose revenue is greater than 10% of the Group's total revenue was generated by one (half-year ending 31 December 2023: four) customer during the half-year ended 31 December 2024.

Half-year ended 31 December 2024	**Appalachian & Illinois Basin**	**Denver-Julesburg Basin**	**All other segments**	**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	**210,329**	**5,614,715**	**780,817**	**6,605,861**
Total segment liabilities excluding inter-company transactions	**159,117**	**1,220,943**	**131,654**	**1,511,714**

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)
Depreciation, depletion and amortisation	(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 (30 June 2024)	**210,329**	**5,687,927**	**2,672,818**	**8,571,074**
Total segment liabilities excluding inter-company transactions (30 June 2024)	**181,456**	**2,096,491**	**241,909**	**2,519,856**

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

	Half-year Ended 31 December 2024 $	Half-year Ended 31 December 2023 $
Revenue		
Revenue from all reportable segments	261,269	2,782,931
Elimination of revenue from discontinued operations	-	(2,469,034)
Consolidated Revenue	**261,269**	**313,897**
Loss before income tax		
Total result for all reportable segments	(952,996)	(2,176,978)
Elimination of loss / (profit) from discontinued operations	167,751	1,488,277
Consolidated loss before income tax from continuing operations	**(785,245)**	**(688,701)**

NOTE 16 – 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 2024 for further information.

NOTE 17 – SUBSEQUENT EVENTS

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

- On 14 February 2025, the Company announced it had placed 750,000,002 fully paid ordinary shares at an issue price of A$0.0015 per share with sophisticated and professional investors raising A$1,125,000 (before costs). In addition, Directors of the Company applied for 110,000,000 fully paid ordinary shares (value A$165,000), and the issue of these shares is subject to shareholder approval at a General Meeting to be held in April 2025.
- On 28 February 2025, Mr Robert Lees resigned as Non-executive Director. Mr Lees will continue as Company Secretary.
- On 1 March 2025, Mr Daniel Lanskey was appointed Managing Director and Chief Executive Officer ("CEO") following the resignation of Mr Tim Hart as CEO on the same date. Mr Hart remains available as a consultant to the Group on an as required basis.

NOTE 18 – 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.

Shareholders approved the sale at a General Meeting held on 6 February 2024. The sale closed on 7 February 2024. Closing adjustments of $270,251 were received in full in July 2024.

As of 31 December 2024, all remaining assets and liabilities associated with operations in the Appalachian and Illinois Basin, and not subject to the transaction, were reclassified as held for sale.

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

	Half-year ended 31 December 2024 $	Half-year ended 31 December 2023 $
Financial performance information		
Revenue	-	2,469,034
Expenses	(143,608)	(3,675,063)
Loss before income tax	(143,608)	(1,206,029)
Income Tax	-	(504)
Loss after income tax of discontinued operations	(143,608)	(1,206,533)
Loss on sale of discontinued operations before income tax (i)	(24,143)	(282,248)
Income tax	-	-
Loss on sale of discontinued operations after income tax	(24,143)	(282,248)
Loss from discontinued operations (ii)	**(167,751)**	**(1,488,781)**

(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 being greater than the 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 2024 $	Half-year ended 31 December 2023 $
Net cash provided by / (used in) operating activities	(120,595)	(103,249)
Net cash provided by / (used in) investing activities	215,458	2,000,000
Net cash provided by / (used in) financing activities	(60,029)	(295,085)
Net cash flows from discontinued operations	**34,834**	**1,601,666**

The major classes of assets and liabilities of discontinued operations classified as held for sale at 31 December 2024 are presented below:

	31 December 2024 $	30 June 2024 $
Assets		
Property, plant and equipment	210,329	210,329
Non-current assets held for sale	**210,329**	**210,329**
Liabilities		
Financial liabilities	159,117	181,456
Liabilities directly associated with non-current assets held for sale	**159,117**	**181,456**
Net assets of discontinued operations classified as held for sale	**51,212**	**28,873**

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 2024 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 2025

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 2024, 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 2024 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 Consolidated Entity 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial report for the year ended 30 June 2024 which indicates that the Group has incurred a loss for the year after tax of $952,996 (31 December 2023: loss of $2,177,832). The Group incurred a net cash outflow from operating activities of $1,026,880 (31 December 2023: $1,488,781 cash outflow). Additionally, the Group had a working capital surplus of $405,671 as at 31 December 2024 (30 June 2024: $2,025,910). 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 2024 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 WA, 12 March 2025